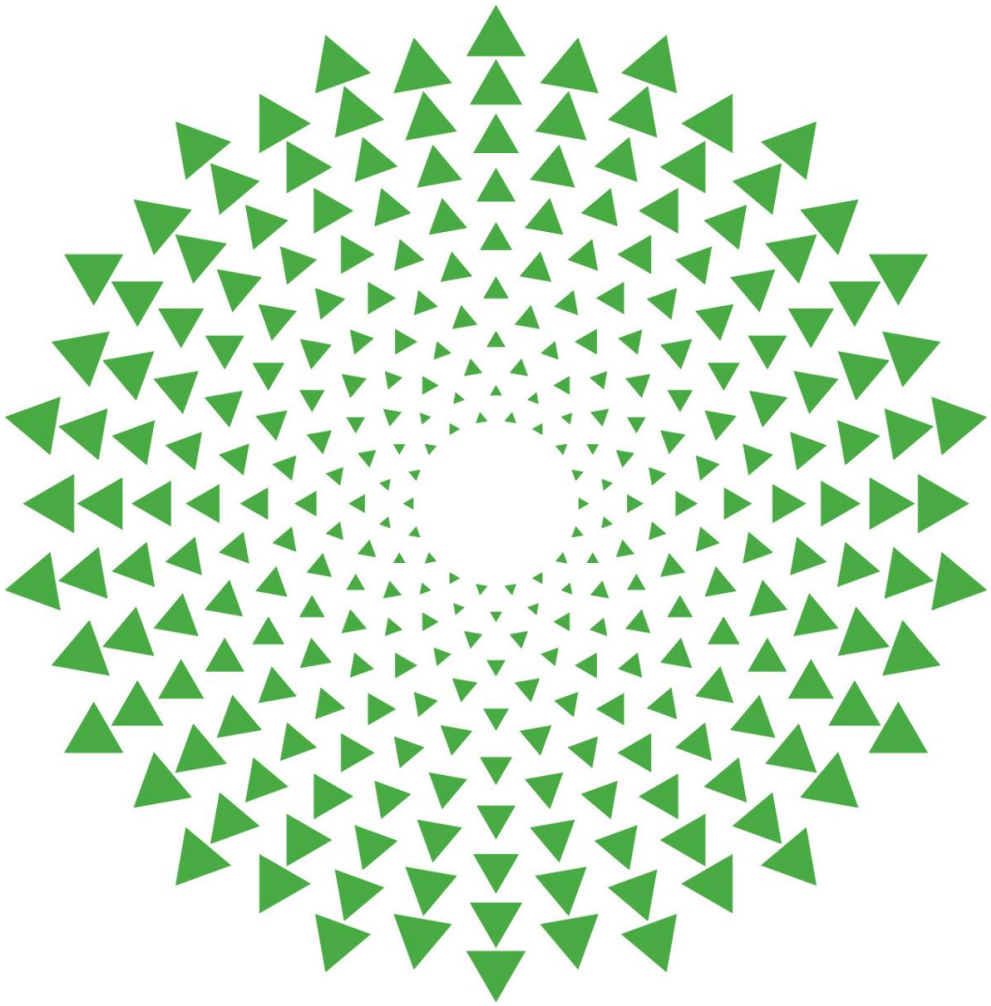
Deloitte.



Indirect Tax newsletter

Indirect Tax updates

December 2025

We are delighted to share a few important judgements/advance rulings passed under the Goods and Services Tax (GST), Central Excise and Service Tax that were available in the public domain from July 2025 to November 2025. This issue also covers some updates from the Indirect Tax perspective.

GST

M/s Armour Security (India) Ltd. vs. Commissioner, CGST, Delhi East Commissionerate and others
2025-VIL-63-Supreme Court

The petitioner received a show cause notice (SCN) issued by the State Goods and Services Tax (SGST) authorities. Furthermore, a search was conducted, and summons were issued to the petitioner by the Central Goods and Services Tax (CGST) authorities.

Aggrieved by such summons, the petitioner filed a writ petition before the Delhi High Court, contending that an investigation had already been conducted regarding the same issue by the State Tax Officer. Hence, the Central Tax Officer does not have the jurisdiction under the GST law in terms of Section 6(2)(b) of the CGST Act, 2017. The petition was dismissed by the Delhi High Court on the ground that a search or an investigation cannot be construed to be included under the scope of “any proceedings” in terms of Section 6(2)(b) of the CGST Act. According to Section 6(2)(b) of the CGST Act, if a proper officer has initiated any proceedings on a subject matter under the SGST Act, no proceedings shall be initiated by the proper officer under the CGST Act on the same subject matter. Thus, the petitioner filed the present special leave petition.

The Supreme Court held that for the purposes of Section 6(2)(b) of the CGST Act, the initiation of proceedings commences only upon the issuance of an SCN. Investigative actions, such as issuance of summons under Section 70 of the CGST Act, are merely a step during investigation and do not constitute proceedings. At the stage of summons, the Department still retains the discretion not to initiate any proceedings, and due to this, investigative actions cannot be considered the initiation of proceedings. It was later held that where the proceedings concern distinct infractions, the same would not constitute the same subject matter even if the tax liability, deficiency or obligation is the same or similar, and the bar under Section 6(2)(b) of the CGST Act would not be attracted. The Court held that the subject matter is considered the same only if both the factual basis and the relief or demand are identical.

Furthermore, the Court held that for the purpose of administrative convenience, the GST Council has sought to divide the taxpayer base between central and state administrations; however, with respect to intelligence-based enforcement actions, both central and state authorities are empowered to act across the entire value chain. The Court has laid down guidelines to be followed in cases where, after the commencement of an inquiry or investigation by one authority, another inquiry or investigation on the same subject matter is initiated by a different authority. According to the Court, it is imperative that the Departments act in harmony and maintain heightened vigilance with respect to intelligence inputs received by them to give full effect to the legislative intent underlying the GST regime. The special leave petition was therefore disposed of.



Union of India and Others vs. Patson Papers Private Limited
Special Leave Petition (Civil) Diary No(s). 49578/2025 (Supreme Court)

In this case, the Supreme Court dismissed the Special Leave Petition (SLP) against a favourable Gujarat High Court order.

The petitioner had purchased coal on payment of compensation cess and used it in the manufacturing of goods that were exported as zero-rated supplies. While the Integrated Goods and Service Tax (IGST) paid on exports was refunded by the authorities, the refund of unutilised Input Tax Credit (ITC) of cess was denied, referring to Circular No. 125/44/2019 dated 18 November 2019, read with para 5 of Circular No. 45/19/2018 dated 30 May 2018. It stated that such a refund of unutilised ITC qua cess is only admissible when goods are exported without payment of tax.

Gujarat High Court held that the Department had misinterpreted the circulars and the petitioner would be eligible to claim a refund of unutilised ITC of compensation cess paid on coal used in the manufacture of goods that were exported with payment of IGST. The Supreme Court dismissed the special leave petition against the Gujarat High Court order.

Umicore Autocat India Private Limited vs. Union of India and others 2025-VIL-746-BOM (Bombay High Court)

The petitioner (transferee company) is a private limited company formed pursuant to a scheme of amalgamation. The transferor company intended to transfer ITC available in its Electronic Credit Ledger (ECL) to the transferee company using the GST ITC-02 Form on the GST portal. However, the portal reflected an error that the transferee and transferor are not registered in the same state. Aggrieved by such rejection, the petitioner filed a writ petition.

The Court held that Section 18(3) of the CGST Act, along with Rule 41 of the CGST Rules, 2017, does not impose any such condition on the transfer of unutilised ITC of the transferor to the transferee. The Court later noted that the scheme of amalgamation clearly provided for the transfer of liabilities. Hence, the conditions underlined in the said section were fulfilled. The Court allowed the transfer of ITC with respect to the CGST and IGST components of ITC.

Xilinx India Technology Services Pvt. Ltd. vs. Assistant Commissioner State Tax Zone VIII Ward 94 New Delhi 2025-VIL-802-DEL (Delhi High Court)

The petitioner filed refund applications, which were granted. However, no interest was given to the petitioner on the delayed refunds. Aggrieved by the same, the petitioner filed the present writ petition.

The Court relied on the judgement of the Delhi High Court in the case of Raghav Ventures vs. Commissioner of Delhi Goods and Services Tax, wherein it was held that interest is payable automatically in case the refund is not granted within 60 days of receipt of the application by the authorities in terms of provisions of Section 56 of the CGST Act. It held that the claim of interest cannot be denied to the petitioner on the grounds that it has not claimed interest in its refund application. Therefore, the Court held that interest will be paid to the petitioner in accordance with the provisions of Section 56 of the CGST Act.

M/s Nspira Management Services Private Limited vs. Assistant/Deputy Commissioner Of Central Tax, Nellore
2025-VIL-1009-AP (Andhra Pradesh High Court)

The petitioner was engaged in managing educational institutions and providing hostel accommodation to students. For this purpose, the petitioner took residential dwellings on rent from landlords who, despite a statutory exemption, charged GST on the rent invoices. The petitioner, in turn, paid such tax to the landlords even though renting residential dwellings for use as a residence is exempt under the GST law.

Realising that the payment was made on an exempt service, the petitioner filed refund applications claiming a refund of the GST paid to the landlords. The Department, however, issued deficiency memos rejecting the claims on the ground that they were filed beyond the two-year limitation prescribed under Section 54 of the CGST Act, 2017.

Aggrieved, the petitioner preferred writ petitions and challenged the deficiency memos, contending that since the tax was collected without authority of law, the refund claim was not governed by Section 54 of the CGST Act, and limitation could not be a bar.

The Andhra Pradesh High Court observed that any collection of tax shall be in accordance with Article 265 of the Constitution of India, which postulates that tax cannot be collected without authority of law. In this case, the petitioner is not liable to pay tax; the same was paid based on the invoices raised by the landlords. Therefore, it filed an application seeking a refund of the same. It relied on the Gujarat High Court judgement in the case of Cosmol Energy Pvt. Ltd., wherein it was held that when duty or tax is collected illegally, Section 54 of the CGST Act does not apply, and the Limitation Act would govern refund claims. The Andhra Pradesh High Court set aside the deficiency memos and directed the authorities to consider the petitioner's application for a refund of tax without addressing the question of limitation.

Union Of India vs. Sicpa India Private Limited
2025-VIL-933-SIK (Sikkim High Court)

The taxpayer was engaged in the manufacture of security inks in Sikkim and had accumulated unutilised ITC in their electronic credit ledger. On account of the discontinuance of business operations in Sikkim and the sale of their plant and machinery, they filed an application claiming a refund of unutilised ITC under "any other" category under Section 49(6) of the CGST Act.

The Assistant Commissioner rejected the refund application, asserting that the claim was legally untenable, which was upheld by the Appellate Authority. Aggrieved, the taxpayer filed a writ petition before the Sikkim High Court, wherein the Ld. single judge examined the refund provisions and referred to the decision of the Karnataka High Court in Slovak India Trading Company Private Limited. They observed that there was no express prohibition in Section 49(6), read with Section 54 and 54(3) of the CGST Act, for claiming a refund on the closure of a unit. Although Section 54(3) of the CGST Act deals only with two circumstances in which refunds can be made, the statute does not provide for the retention of tax without authority of law. Consequently, it was held that the company was entitled to a refund of unutilised ITC claimed by them. The Revenue then filed an appeal before the Division Bench (DB) of the Sikkim High Court.

The DB of Sikkim High Court relied upon the Supreme Court's decision in VKC Footsteps (India) (P) Ltd., wherein it was held that refunds are strictly governed by statutory provisions. It noted that Section 49(6) of the CGST Act does not provide an independent right to claim a refund. Section 54(3) of the CGST Act restricts refunds to two specific circumstances: zero-rated supplies and inverted duty structures. Closure of business does not fall under these circumstances. Thus, a refund of unutilised ITC is not permissible in such cases. It also evaluated the judgements of the erstwhile Central Value Added Tax (CENVAT) regime. It was observed that, in principle, upon closure of business, the accumulated credit is required to be reversed under Section 29(5) of the CGST Act, and no refund can be granted under Sections 49(6) or 54(3) of the CGST Act.



M/s BSH Household Appliances Manufacturing Pvt Ltd vs. Commissioner of Central Tax, Bengaluru South GST Commissionerate 2025-VIL-831-KAR (Karnataka High Court)

The petitioner has expatriate employees seconded from its overseas group company for the period from July 2017 to June 2022. They are on the petitioner’s payroll and operate under the complete control and supervision of the petitioner. They are paid a salary in INR and foreign currency, which is deposited into their bank accounts located in India and Germany, respectively. Both components are part of the salary to be paid for the services they will render in India. Based on the Supreme Court’s ruling in the case of the Northern Operating Systems, which was rendered in May 2022, the petitioner immediately paid GST on such secondment for the past period in July 2022. The Department, however, issued orders demanding interest and penalty under Section 74 of the CGST Act.

The issue before the Karnataka High Court for consideration was whether a taxpayer, who initially succeeds in a particular matter before the Tribunal but whose order is reversed by the Apex Court, is liable to pay interest and a penalty in terms of Section 74 of the CGST Act.

The Karnataka High Court held that the secondment arrangement was fully disclosed in the petitioner's books and known to the authorities. It was only the interpretation that was in question, and initially, the Tribunal held in favour of the assessee, but subsequently, the Apex Court held it against the assessee. The basic requirement of Section 74 that there is evasion of tax or a wilful misstatement or suppression would not be attracted. No penalty could be levied on the services availed of by the petitioner in terms of Section 74. However, the petitioner would be liable to pay interest on the belated payment of tax from the date of availing the service, as may be determined by the authorities.



M/s BI Worldwide India Pvt Ltd vs. Additional Director Directorate General Of GST Intelligence, New Delhi
2025-VIL-830-KAR (Karnataka High Court)

The petitioner purchased vouchers/gift cards of different products from different brands and provided them to its clients, who then distributed them to recipients of their choice. The petitioner is entitled to a five percent margin. For example, if a voucher has a face value of INR100, it is purchased by the petitioner at INR95 and sold to its client at INR100. The Department made the entire transaction of purchase of the voucher exigible to GST. The issue before the Karnataka High Court for consideration was whether the transaction entered into by the petitioner, in purchasing vouchers/gift cards from the vendors and selling them to its clients, would be exigible for GST.

The Karnataka High Court examined the Circular No.243/37/2024 GST dated 31 December 2024 and noted that it distinguishes between (i) Principal-to-Principal (P2P) trading, where distributors buy vouchers on their own account and earn margin and (ii) agency/commission models, where distributors act as agents of the issuer and their commission is taxable.

The High Court held that the petitioner purchases the vouchers from the voucher issuer and sells them to its clients at a margin mutually agreed between both parties. It does not render any services to the voucher issuer, such as marketing, promotion and/or distribution of vouchers. Relying on Circular No.243/37/2024 GST dated 31 December 2024, it was held that the trading margin earned by the petitioner will not be exigible to GST.

M/s Khurja Scrap Trading Company vs. Additional Commissioner Grade-2 (Appeal) and Another
2025-VIL-926-ALH (Allahabad High Court)

The petitioner is engaged in the business of plastic roofing sheets and has purchased roofing sheets on which ITC was claimed on the basis of a tax invoice issued by the supplier. The proceedings under Section 74 of the GST Act were initiated on the premise that the selling dealer was not found at the business premises during inspection. An order imposing a penalty and interest was passed. The appeal against the said order was dismissed, and the petitioner filed a writ petition.

The Allahabad High Court observed that it is not in dispute that the transactions between the petitioner and the selling dealer were held, and the registration of the selling dealer was cancelled after four months of the said purchases. Furthermore, the supplier had duly filed its Goods and Services Tax Return (GSTR)-1/1FF and GSTR 3-B. The High Court observed that the authorities ought to have verified the same, but instead, proceedings were initiated based on a subsequent inspection, during which the selling dealer was not found at the business premises, and an adverse view was drawn. When the registration of the selling dealer was cancelled after the transaction, it could be verified on the GST portal on GSTR-2A. Proceedings under Section 74 can only be invoked when there is a fraud, wilful misstatement or suppression of facts to evade tax on the part of the taxpayer. In this case, no such finding was recorded by the authorities. At the time the transaction took place, the selling dealer was registered. Therefore, no adverse view should have been taken against the petitioner. The impugned orders were quashed, and the matter was remanded for fresh consideration.

M/s Provident Housing Ltd vs. Union Of India
2025-VIL-941-BOM (Bombay High Court)

The petitioner, a real estate developer, entered into a Joint Development Agreement (JDA) with the landowner for the construction of a residential project. The Directorate General of GST Intelligence (DGGI) insisted on payment of GST on the premise that it is due and payable on the construction service provided by the petitioner to the landowner. The developer, under pressure, paid INR7 crore under protest and subsequently filed a writ petition in the instant case.

The Revenue initially argued that GST was payable on the date of the JDA itself. However, in a later affidavit, it accepted that Notification 4/2018-CTR dated 25 January 2018 specifically provides that in JDA cases, GST liability arises only when possession or any right in the completed structure is transferred to the landowner through a conveyance deed, allotment letter or similar instrument. Considering the admission on the part of the Revenue, the Bombay High Court held that the liability did not arise for the petitioner on the date on which the JDA was entered. There was a further development that the landowner subsequently sold the entire land to the petitioner, and both parties contractually declared that the JDA stood extinguished and had no further force. Accordingly, the Bombay High Court held that tax liability does not rest with the petitioner and therefore, the amount paid under protest must be refunded with an interest of six percent per annum.



Stark Photo Book vs. Assistant Commissioner (Intelligence)
(2025) 35 Centax 121 (Ker.) (Kerala High Court)

The petitioner, engaged in operating an offset printing press, was involved in printing and selling brochures, books, magazines, posters, leaflets, photo books, notices, etc. The petitioner received digital content from customers and produced printed outputs using their own materials, such as ink and paper, and classified the supply under HSN 4911, treating it as a supply of goods taxable at 12 percent GST. However, the tax authorities reclassified the activity under SAC 998386, which deals with photographic and videographic processing services and applied GST at the rate of 18 percent.

The Kerala High Court observed that the main aim of printing is to convert the figures, letters, photographs, etc. provided by the customer in a digital form, into a physical format by printing them on the paper supplied by the petitioners. When printed material is supplied to customers by petitioners after the printing process is complete, no transfer of title occurs, since the title never passes on to the petitioners. Although supplying printing materials provides a supply of goods in the form of paper used for printing, it is only a material or means used for printing the actual property, which is the photographs, figures, etc. It held that the activity carried out by the petitioner constituted a composite supply with the principal supply being a service; thus, the applicable rate of GST would be 18 percent.

Sharma Trading Company vs. Union of India (2025) 35 Centax 59 (Del.) (Delhi High Court)

The petitioner, a distributor of Hindustan Unilever Ltd. (HUL), continued to sell Vaseline VTM 400 ML at the same Maximum Retail Price (MRP) of INR213 even after the GST rate was reduced from 28 to 18 percent in November 2017. A complaint was filed against the petitioner, stating that the petitioner continued to charge the same amount despite the reduction in the GST rate, before the National Anti-Profiteering Authority (NAPA). NAPA held that the petitioner had profiteered by not passing on the benefit availed by the reduction in GST rates to the consumers. The petitioner argued that the increase in product quantity/grammage justified the unchanged MRP.

The Delhi High Court reaffirmed its earlier ruling of Reckitt Benckiser India (P) Ltd. v. UOI (2024) 14 Centax 374 (Del.), which upheld the constitutional validity of Section 171 of the CGST Act and Rule 126 of the CGST Rules. It further held that Section 171 requires a commensurate reduction in price, not indirect benefits such as extra grammage or freebies. The Delhi High Court observed that the legislative mandate is that the reduction of the tax rate or the benefit of ITC must be reflected in the reduction of prices, and it must also reach each recipient of the goods or services. Such a mandate cannot be tampered with by the supplier by substituting the benefit in the form of an actual price reduction with any other form, such as an increase in volume or weight, or by supplying additional or free materials. Further, the argument that it is legally impossible to pass on the benefits by reducing the price of goods in cases of low-priced products is untenable in law. The profiteered amount already deposited by the petitioner to the Directorate General of Anti-Profiteering (DGAP) was directed to be transferred to the Consumer Welfare Fund, and penalty proceedings were dropped following the Delhi High Court judgement in the case of Reckitt Benckiser (supra).

West India Continental Oils Fats Pvt. Ltd. vs. Union of India and Ors. 2025: BHC-OS:19595-DB (Bombay High Court)

The petitioner had paid IGST on ocean freight under the Reverse Charge Mechanism (RCM). In an earlier case of the petitioner, the Bombay High Court relied on the Supreme Court judgement in the case of Mohit Minerals Pvt. Ltd. (2022) 61 G.S.T.L. 257 (S.C.) and held that the notifications were unconstitutional to the extent they sought to levy IGST on ocean freight. The Court also directed the Department to refund the amount of IGST along with applicable interest thereon. The petitioner had filed applications claiming a refund of the IGST paid along with interest. However, the authorities sanctioned the refund of the IGST amount that was paid but rejected the claim towards interest. The refund of IGST was paid within the 60-day time limit prescribed under Section 54 of the IGST Act. Aggrieved by the impugned order that rejected the interest claim, the petitioner filed a writ petition before the Bombay High Court.

The petitioner contended that interest was payable from the date of deposit, as the IGST was collected without authority of law. The Department's contention was that the refund of IGST was provided within the 60-day time limit as prescribed under Section 54 of the IGST Act. Hence, interest was not payable.

The Bombay High Court observed and held that the claim of the petitioner towards the grant of interest is justified as Section 54 applies only to the refund of tax paid under the said Act. It does not apply to IGST collected without authority of law, as that cannot be considered tax. Rejection of the interest claim would violate the constitutional mandate under Article 265 of the Constitution of India. The petitioner had paid the amount of IGST, which the respondents, i.e. Revenue authorities, utilised up to the date of the grant of refund. Denying the petitioner interest in the given facts would be contrary to the legal principle of restitution. The writ petition was allowed, and the Revenue was directed to pay the interest within four weeks.



Bharat Aluminium Company Ltd. vs. State of Chhattisgarh
(2025) 33 Centax 209 (Chhattisgarh High Court)

The petitioner was a leading manufacturer and exporter of aluminium products with captive power plants. It imported coal for electricity generation and paid GST compensation cess.

While electricity was primarily used for manufacturing, some portion was sold to the State Electricity Board, and a portion was supplied to the residential township maintained by the petitioner for its employees. The petitioner, an exporter of aluminium products, had filed a claim for a refund of the compensation cess paid on the import of coal.

The Revenue allowed a provisional refund to the extent of 90 percent of the refund amount, but rejected the refund of a particular amount on the grounds that the electricity generated through one of the plants was supplied to the residential township, which is liable to be reversed under Rule 42 of the CGST Rules. The sale of duty scrips is an exempt supply and should be included in exempt supplies as well as total turnover for the purpose of reversal of ITC. On appeal, the Appellate Authority held that the provision of electricity for the consumption of residents of the township is not intrinsically connected to the business activity of the petitioner. Furthermore, the sale of Duty Credit Scrips (DCS) is an exempt supply and the quantum of ITC attributable to such exempt supplies warrants reversal. Aggrieved, the petitioner filed a writ petition in the instant case.

The petitioner argued that the maintenance of the township is intrinsically connected to its manufacturing operations, which are referred to as "business" under Section 2(17) of the CGST Act. Therefore, the supply of electricity to the township is a business activity.

The Chhattisgarh High Court observed that ITC is a statutory concession and must be availed of strictly in accordance with the scheme of the CGST Act. It also observed that the expression "in the course or furtherance of his business" has not been defined in the CGST Act, and it may refer to the activities which are integrally related to the business activity and not welfare activity. It was held that the petitioner would not be entitled to ITC in respect of electricity consumed for the maintenance of its township.

The Court also held that the sale of DCS is an exempt supply. An ITC reversal would be required up to the amendment in Explanation 1(d) of Rule 43 dated 05 July 2022, which excluded it from exempt supply. The said amendment is held not to be clarificatory. Thus, there is no retrospective effect.



M/s Grand Centre Mall
2025-VIL-111-AAR (Kerala Authority of Advance Ruling)

The applicant is engaged in providing rental services of immovable property. It issues invoices to its licensees and pays GST at 18 percent on its outward supply. The applicant has installed a rooftop solar power plant. The electricity generated from the solar power plant is exclusively used to power the mall's common facilities.

The applicant filed an advance ruling to ascertain whether it is eligible to avail ITC on the purchase and installation of the solar power plant.

The Authority of Advance Ruling (AAR) held that since the solar power plant is installed to operate common facilities within the mall in a cost-effective and sustainable manner, it is integrally linked to the applicant’s business operations. Hence, the condition specified in Section 16(1) of the CGST Act with respect to inward supplies being used in the course or furtherance of business is satisfied.

The AAR further held that since the solar panels and systems are mounted without major civil structures and can be dismantled without significant damage or effort, they do not qualify as immovable property, ITC on which is restricted in terms of Clauses (c) and (d) of Section 17(5) of the CGST Act.

Further, as the electricity generated is not sold or invoiced separately to the licensees but rather used internally and integrally for the provision of common area maintenance services, which are taxable under GST, it does not qualify as an exempt supply under GST. Therefore, Section 17(2) of the CGST Act, which mandates ITC reversal for exempt supplies, is also not applicable. Hence, it was held that the applicant is eligible to claim full ITC on the purchase and installation of a solar power plant.

M/s. Geton Yoga Private Limited
2025-VIL-93-AAR (Kerala Authority of Advance Ruling)

The applicant operated an online platform for marketing and promoting yoga courses conducted by various yoga institutions. It charges a consolidated fee that includes the course fees charged by the yoga institution, applicant's platform charges and applicable GST. Since some of the institutions on the applicant's platform have availed GST exemptions on their services, the applicant filed an advance ruling to ascertain whether the GST exemption would continue to apply to such institutions in case they market their courses through the applicant's platform. The applicant contended that, as it merely collects the yoga course fees on behalf of the institutions, it should not be liable to pay GST on that portion of the transaction.

The AAR noted that the exemption of GST on yoga course fee in terms of Entry No. 80 of Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017 (exemption notification) applies only to charitable entities registered under Section 12AA (now 12AB) of the Income Tax Act, 1961. It specifically applies when they provide services by way of training or coaching in recreational activities relating to arts, culture or sports (which includes yoga). Additionally, the exemption applies only to the institution providing the course itself and does not extend to intermediary or aggregator entities such as the applicant. In the instant case, the applicant is a private limited company and not a registered charitable entity under Section 12AA/12AB. It cannot independently claim GST exemption on the course fees it collects, even if the end service, i.e. yoga instruction, is delivered by an exempted charitable institution.

The AAR further held that the services of the applicant are not in the nature of services by a "pure agent" under the provisions of Rule 33 of the CGST Rules, as the conditions based on the said rule are strict and cumulative. Unless all conditions therein are satisfied, the applicant cannot be treated as a pure agent and cannot exclude the yoga course fees from its taxable value. It relied on the judgement of the Supreme Court in the case of Intercontinental Consultants and Technocrats Pvt. Ltd., wherein it was held that mere reimbursement is not sufficient to exclude an amount from the taxable value unless such reimbursement satisfies the legal criteria. The conditions include the existence of a contractual arrangement with the recipients authorising the applicant to incur expenses on their behalf, a separate indication of such amounts in the invoice and strict pass-through of actual costs without markup or benefit. In the absence of such evidence, it is not possible to conclude that the applicant is operating as a pure agent within the meaning of Rule 33. Hence, the applicant cannot exclude the yoga course fees from its taxable value unless it conclusively demonstrates that it is a pure agent. It was, however, clarified that if, in any future arrangement, the applicant is able to fulfil all the conditions laid down under Rule 33 and establish itself as a pure agent, then the yoga course fees component may be excluded from the taxable value, and GST will apply only to the platform service fees.

The Indian Institute of Information Technology Management
2025-VIL-91-AAR (Kerala Authority of Advance Ruling)

The applicant (lessee) is an educational institution which entered into a long-term lease of land in the pre-GST regime with Technopark (lessor). However, the lease is proposed to be cancelled prematurely to comply with certain statutory requirements. Accordingly, the applicant will be paid a refund of a proportionate amount corresponding to the unamortised lease period.

The applicant filed an application before the AAR to ascertain whether the cancellation of the lease agreement, originally executed under the pre-GST regime, would be treated as a "supply" under the provisions of the GST law.

The AAR relied on Circular No. 178/10/2022-GST dated 03 August 2022, wherein it was clarified that compensation provided for the cancellation of an agreement, in case such cancellation is statutory and not contractual, shall not be treated as consideration for agreeing to tolerate an act. Hence, the AAR held that the transaction in the instant case is merely a return of consideration for the unutilised lease period and does not entail any agreement to perform, refrain from or tolerate an act. Therefore, the same would lie outside the scope of GST.

M/s. MRF Limited
2025-VIL-145-AAR (Tamil Nadu Authority of Advance Ruling)

The applicant holds a regular GST registration in Tamil Nadu and a GST Input Service Distributor (ISD) registration for distributing ITC availed on common input services to the respective states. It receives various input services that are attributable to and consumed across multiple states, including Tamil Nadu. However, the invoices/bills for these services are raised by the suppliers against the applicant's regular GST registration of the Head Office (HO). The HO distributes ITC to branches by issuing tax invoices under Section 31 of the CGST Act, following a cross-charge mechanism, as clarified in the Central Board of Indirect Taxes and Customs (CBIC) Circular No.199/11/2023-GST. According to the amendment vide Finance Act, 2024 (effective 01 April 2025), any office receiving invoices for common input services is required to distribute ITC only through the ISD mechanism. The applicant has implemented the distribution of common ITC through the ISD mechanism, effective from April 2025.

The issue before the AAR for consideration is to provide clarification as to the applicability of Rule 54(1A) of the CGST Rules, which enables the transfer of common ITC from the regular GST registration to the ISD registration. The ISD registration can thereafter distribute the said ITC through the ISD mechanism to the respective states.

The Tamil Nadu AAR noted that, according to the amendment, it is mandatory to receive and distribute ITC of common input services only through the ISD mechanism w.e.f. 01 April 2025. The applicant's practice involves receiving invoices from vendors for common input services in the name of the HO's regular Goods and Services Tax Identification Number (GSTIN), raising invoices under their ISD registration and thereby distributing the common credit to the various branches/states. This practice is not consistent with the legal position post-amendment. The applicant cannot continue this post-amendment, and the ITC of common input services must be distributed only through the ISD mechanism.

Notifications/circulars/instructions

GST portal enabled to file an appeal against the waiver order in Form GST SPL-07

The GST portal now allows taxpayers to file appeal applications in Form GST APL-01 against rejection orders issued in Form GST SPL-07 in response to applications filed under the GST Amnesty Scheme.

Goods and Services Tax Network (GSTN) advisory dated 16 July 2025)

CBIC notifies CGST (Third Amendment) Rules, 2025

CBIC has amended the CGST Rules, 2017, wherein key changes are as follows:

a. Various forms for Goods and Services Tax Appellate Tribunal (GSTAT) appeals are notified

b. Amendments in CGST rules and forms. Key amendments include:

- 90 percent provisional refund on zero-rated supplies to be granted, subject to identification and evaluation of risk by the system and certain exceptions, wherein the following are not eligible for a provisional refund:

  i. Person who has not undergone Aadhar authentication
  ii. Peron engaged in the supply of products such as areca nuts, pan masala, tobacco and manufactured tobacco substitutes, and essential oils

(Notification No. 13/2025-Central Tax dated 22 September 2025 and Notification No. 14/2025-Central Tax dated 17 September 2025)

CBIC exempts small taxpayers from filing an annual GST return for FY2024-25 onwards

From FY2024-25 onwards, the government has exempted registered persons with an annual aggregate turnover of up to INR2 crore from filing the Annual Return (Form GSTR-9) for that financial year. Earlier, this exemption was issued annually through separate notifications. For example, Notification No. 14/2024-Central Tax, Notification No. 32/2023-Central Tax, Notification No. 10/2022-Central Tax and Notification No. 31/2021-Central Tax. However, this notification now provides a standing exemption for FY2024-25 and subsequent years, eliminating the need to notify such exemption on an annual basis.

(Notification No. 15/2025-Central Tax dated 17 September 2025)

Notifications/circulars/instructions

CBIC notifies 01 October 2025 as the effective date for prescribed GST amendments under the Finance Act, 2025

The government has declared 01 October 2025 as the effective date for implementing Clauses (ii) and (iii) of Section 121 and Sections 122 to 124 and 126 to 134 of the Finance Act, 2025. A summary of the said provisions of the Finance Act, 2025, is as follows:

Section of the Finance Act, 2025	Summary
Section 121 (ii)	Amendment to the definition of Section 2(69) of the CGST Act; the word "fund" was added in the definition of Local Authority to clarify the scope of the definition.
Section 121 (ii)	Insertion of Section 2(116A) in the CGST Act, titled "Unique Identification Marking."
Sections 122 and 123	Sections 12(4) and 13(4) of the CGST Act, which dealt with the time of supply of vouchers, are omitted.
Section 124	Amendment to Section 17(5) of the CGST Act, i.e. "plant or machinery" was replaced with "plant and machinery," effective retrospectively from 01 July 2017. Also, an explanation was inserted to override conflicting judicial interpretations.
Section 126	Amendment to Section 34(2) of the CGST Act regarding Credit Notes. A supplier shall not be permitted a reduction in output tax liability if the registered recipient does not reverse the ITC availed, and in other cases, if the incidence of tax on such supply has been passed on to any other person.
Section 127	Amendment to Section 38 of the CGST Act relates to the communication of details of inward supplies and input tax credit, providing a legal framework for the generation of Form GSTR-2B based on the Invoice Management System (IMS) for the purpose of availing ITC.

Notifications/circulars/instructions

Section of the Finance Act, 2025	Summary
Sections 129 and 130	Amendment to Sections 107(6) and 112(8) of the CGST Act. Pre-deposit rationalised to 10 percent for appeal before the Appellate Authority and Appellate Tribunal in cases involving only penalty without any tax demand.
Sections 131 and 132	A new provision, Section 148A, was inserted in the CGST Act to enable the track and trace mechanism for specified commodities, and penalties for contravention were specified in Section 112B of the CGST Act.
Sections 133 and 134	Amendment to Schedule III of the CGST Act. A supply of goods warehoused in the Special Economic Zone (SEZ)/Free Trade Warehousing Zone (FTWZ) before export or clearance to the Domestic Tariff Area (DTA) will not be treated as a supply of goods and/or services, effective retrospectively from 01 July 2017. No refund of tax already paid for such transactions.

(Notification No. 16/2025-Central Tax dated 17 September 2025)

CBIC notifies inclusion of local delivery services under Electronic Commerce Operator (ECO)

The CBIC has amended Notification No. 17/2017-Central Tax (Rate) dated 28 June 2017, which deals with the taxability of ECO. Vide the new notification, a new clause (v) has been inserted to notify “services by way of local delivery” under Section 9(5) of the CGST Act. Accordingly, GST on such intra-state local delivery services supplied through an ECO shall be paid by the ECO itself, except where the person supplying these services is liable for registration under Section 22(1) of the CGST Act. The notification took effect from 22 September 2025.

Notification No. 17/2025-Central Tax (Rate) dated 17 September 2025

Notifications/circulars/instructions

Government notifies cases/class of cases to be heard by the Principal Bench of the GST Appellate Tribunal

The government has specified the following cases that must be heard only by the Principal Bench of the GST Appellate Tribunal:

- Cases pending before multiple State Benches where the President is satisfied that an identical question of law is involved
- Cases involving issues pertaining to Sections 14 or 14A of the IGST Act relating to the supply of online information and database access or retrieval services (OIDAR services) or supply of specified actionable claims by a person located outside the taxable territory, respectively
- Cases involving issues covered under Section 20 of the CGST Act relating to the manner of distribution of credit by ISD

(Notification S.O. 4219(E) dated 17 September 2025)

Timelines notified for filing appeals before the GST Appellate Tribunal

The government has notified 30 June 2026 as the last date for filing appeals before the GST Appellate Tribunal for all orders communicated before 01 April 2026.

For orders communicated on or after 01 April 2026, the standard time limit will apply, i.e. appeals must be filed within three months from the date of communication of the order.

(Notification S.O. 4220(E) dated 17 September 2025)

Notifications/circulars/instructions

CBIC notifies CGST (Fourth Amendment) Rules, 2025

- Rule 9A has been inserted, which provides that when an application is identified on the common portal using data analysis and risk-based parameters, the registration shall be issued electronically within three working days from the date of submission.

- Rule 14A has been inserted for taxpayers having a monthly output tax liability below INR2,50,000 to obtain registration electronically. Only individuals who have opted for Aadhaar authentication can obtain registration under this rule, and only one registration is allowed per state/Union Territory (UT) against the same Permanent Account Number (PAN). After successful Aadhaar authentication, registration will be granted within three working days.

- Furthermore, changes have been made in GST registration forms to align with new, simplified and risk-based GST registration rules, and new forms for withdrawal of registration have been added.

These rules took effect from 01 November 2025.

(Notification No. 18/2025-Central Tax dated 31 October 2025)

CBIC notifies new GST rates for goods and services

The 56th meeting of the GST Council inter alia made recommendations relating to changes in GST tax rates. In line with these recommendations, the CBIC has issued Notification No. 9/2025-Central Tax (Rate) dated 17 September 2025 to Notification No. 16/2025-Central Tax (Rate), both dated 17 September 2025, revising the GST rates on goods and services, effective from 22 September 2025.

Similarly, corresponding notifications are being issued under the IGST Act and State GST Acts. Notification No. 02/2025-Compensation Cess (Rate) dated 17 September 2025 has been issued to give effect to the change in compensation cess rates.

Notifications/circulars/instructions

New changes have been introduced in the IMS to simplify the taxation system and reduce the compliance burden on the taxpayers. Key updates have been introduced in the following areas:

- Pending action for specified records (viz. specified credit notes, invoices/debit notes and ECO document)
- Declaring the ITC reduction amount
- Option to save remarks

The changes of keeping credit notes pending and declaring the ITC amount shall be made effective on the portal from the October tax period.

The new changes will be available only for records filed by suppliers after the production rollout of these changes. Taxpayers are advised to carefully review them before taking action and filing their returns.

(GSTN advisory dated 23 September 2025)

Invoice-wise reporting functionality enabled in Form GSTR-7 on the portal

The GSTN has activated the functionality for invoice-wise reporting of TDS in Form GSTR-7 from the September 2025 tax period onwards, pursuant to the amendments made via Notification No. 09/2025-Central Tax dated 11 February 2025. TDS deductors are now required to furnish invoice-level details for the same period.

(GSTN advisory dated 26 September 2025)

Circulars/instructions

The Central Board of Indirect Taxes and Customs (CBIC) issues various circulars

The circulars are in respect of the following matters:

Circular number	Clarification
F. No. 190349/43/2025-TRU dated 09 September 2025	The Department is directed to collate the monthly reports of price change data for commodities pre- and post-GST rate rationalisation w.e.f. 22 September 2025 for the next six months.
Circular No. 251/08/2025-GST dated 12 September 2025	The circular clarifies the GST treatment of secondary or post-sale discounts. Key clarifications are as follows: i. When suppliers issue financial or commercial credit notes (i.e. without GST adjustment), recipients do not need to reverse ITC because the supplier's tax liability remains unchanged. ii. Post-sale discounts offered by the manufacturer to the dealer/distributor would be treated as a consideration for inducement to the dealer's supply of the same goods to the end customer if there is an agreement between the manufacturer and the end customer to supply goods at a discounted price. In cases where such an agreement does not exist, the discount would not be treated as consideration under GST, as it does not constitute an inducement for the further supply of goods. iii. Post-sale discounts given by manufacturers to dealers shall not be treated as consideration in lieu of promotional activities undertaken by dealers if no explicit agreement exists between them. If there is an explicit agreement to undertake specific sales promotional activities, the dealer provides a distinct service to the supplier, and accordingly, GST would be chargeable.

Circulars/instructions

Circular number	Clarification
Office Order No. 159/2025 dated 16 September 2025	The Principal Bench, GSTAT, New Delhi, will function in accordance with the yearly calendar of the Honourable High Court of Delhi.
Circular No. 252/09/2025-GST dated 23 September 2025	Clarification provided that, for communications dispatched using the public option in CBIC's eOffice application, the verifiable eOffice "issue number" shall be deemed to be the Document Identification Number (DIN), and such communication shall be treated as a valid communication. The DIN generated through the DIN utility shall continue to be mandatorily quoted on all other communications which have either not been dispatched using the public option in CBIC's eOffice application or which do not bear the verifiable Reference Number (RFN) generated on the GST common portal.
Circular No. 253/10/2025-GST dated 01 October 2025	Circular No. 212/6/2024-GST has been withdrawn. The previous requirement for suppliers to provide evidence of compliance with Section 15(3)(b)(ii) of the CGST Act is no longer applicable.
Instruction No. 06/2025-GST dated 03 October 2025	Instructions issued in respect of the provisional sanction of refund claims on the basis of identification and evaluation of risk by the system.
Circular No. 254/11/2025-GST dated 27 October 2025	CBIC has assigned proper officers for Sections 74A, 75(2) and 122 of the CGST Act and Rule 142(1A) of the CGST Rules.

For more information, please contact:

Mahesh Jaising
Deloitte Touche Tohmatsu India LLP
mjaising@deloitte.com

Nitesh Kancharla
Deloitte Touche Tohmatsu India LLP
knitesh@deloitte.com

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