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NEWSLETTER



Chairman's Message



Ya Esa Suptesu Jagarti.
The Motto of our Institute which has been adopted from the Kathopnishad means "that person who is awake in those that sleep.

In today's fast changing scenario, Chartered Accountants are required to be always awake, alert & conscious about the latest changes in their respective areas & continuously update themselves. The Chartered Accountants are acknowledged and respected all across the Globe not only because of their expertise in the fields of Accounts, Finance & Taxation but also due to their adaptability to cope with the changes that are taking place in the emerging areas such as Sustainability, Forensic, Information Technology etc. The expectations of the Government & other stakeholders from our members are increasing everyday.

Today Chartered Accountants stand for high degree of reliability, integrity, values and financial discipline. With the criticality of their functions towards stable financial system and strong economy at large. With the globalisation of businesses and commercial operations, and resulting complexity and change in the international legal frameworks, role of Chartered Accountants has become all the more important and encompassing.
It is our duty to maintain a high degree of integrity and accountability in our domain and is possible through constantly updating with the changes happening.

The month of August holds a special significance for us, as we celebrate our independence, remember the hard work and sacrifices of our forefathers who made the dream of a free nation possible, as Independence Day on the 15th day of this month.

Our Independence Day means a strong memory of Mahatma Gandhi who chose a path of Ahimsa - a non-violent, yet resilient struggle and a path of truth that causes our Father of Nation to be remembered forever.

Independence day help us recollect our past, value our present and strive for a better future.

Let us reinforce our commitment to act responsibly and with integrity.
Just as national independence grants sovereignty and dignity to our country, independence of thought and action is the very soul of our profession.

For us , independence is not merely a regulatory mandate; it is a holy state of mind. Independence demands objectivity, being fearless, professional scepticism, and a stubborn loyalty to truth; Let us keep and maintain Independence as warranted by our profession .

"Freedom is never dear at any price. It is the breath of life. What would a man not pay for living?"— **Mahatma Gandhi**

Warm regards,
CA.JobbyGeorge
Chairman
Ernakulam Branch of SIRC of ICAI

Cash Flow Management in Business Entities: A Strategic Imperative for Financial Stability and Growth

Introduction

Cash flow management is a fundamental pillar of financial stability for all business entities, irrespective of size, sector, or stage of operations. While profitability is often used as a headline indicator of performance, it is ultimately cash flow that determines an entity's ability to sustain operations, meet obligations, and invest in future growth.

For Chartered Accountants, cash flow management represents a core area of financial stewardship thatextends beyond accounting compliance into strategic advisory, risk management, and business continuity planning.

Profitability Versus Liquidity: A Structural Distinction

A recurring challenge across business environments is the divergence between accounting profit and cash availability. Financial statements prepared under applicable reporting frameworks may reflect profitability while simultaneously masking liquidity constraints arising from timing differences in cash inflows and outflows.

Key drivers of this disconnect include:

- Credit-based revenue recognition and delayed collections
- Upfront operating expenditures such as payroll, rent, and supplier payments
- Capital-intensive investments with staggered cash recovery
- Taxation and regulatory cash outflows independent of accounting profits

This structural distinction reinforces the principle that liquidity is a more immediate determinant of financial health than profitability.

Cash Flow as a Measure of Financial Resilience

Cash flow is not merely an operational metric; it is a direct measure of financial resilience. Entities with strong earnings but weak cash flow often face heightened vulnerability during periods of market stress, credit tightening, or operational disruption.

Effective cash flow management enables:

- Timely settlement of liabilities
- Continuity of operations without financial strain
- Strategic investment in growth and capital expenditure
- Enhanced creditworthiness and stakeholder confidence

Accordingly, cash flow should be monitored as a primary key performance indicator alongside profitability metrics.

Cash Flow Forecasting and Scenario Planning

Reliable cash flow forecasting is central to proactive financial management. However, forecasting indynamic business environments requires more than static projections.

A robust framework should include:

- Rolling forecasts updated on a periodic basis
- Scenario analysis incorporating optimistic, base, and stressed conditions
- Sensitivity assessment of key drivers such as sales cycles, pricing, and cost structures
- Integration of operational and financial data for enhanced accuracy

Chartered Accountants play a critical role in designing forecasting models that are both practical and decision-oriented, rather than purely theoretical.

Working Capital Management as a Liquidity Lever

Working capital efficiency remains one of the most effective levers for optimizing cash flow without external financing. The management of receivables, payables, and inventory directly impacts liquidity position and operational flexibility.

Key focus areas include:

- Establishing disciplined credit control and receivables monitoring
- Aligning payment terms with cash conversion cycles
- Optimizing inventory levels to avoid cash

blockage
- Strengthening supplier relationship management to balance liquidity and continuity

Efficient working capital management enhances internal liquidity generation and reduces dependency on external funding sources.

Cost Structure Discipline and Capital Allocation

Sustainable cash flow management requires disciplined control over cost structures. Expenditure decisions must be evaluated not only on accounting grounds but also in terms of their cash impact and long-term value contribution.

Entities should focus on:

- Differentiating between essential and discretionary expenditures
- Evaluating return on investment for major outflows
- Implementing budgetary controls and variance monitoring mechanisms
- Ensuring alignment between strategic priorities and cash deployment

Effective capital allocation ensures that limited resources are directed toward activities that generate measurable economic value.

Funding, Financing Strategy, and Liquidity Risk

External financing—whether through equity, debt, or hybrid instruments—often complements internal cash generation. However, reliance on external funding introduces liquidity risk, particularly during periods of credit tightening or market uncertainty.

A sound financing strategy should consider:

- Adequacy of cash buffers to withstand funding delays
- Optimal capital structure balancing risk and cost of capital
- Timing of financing activities in relation to cash flow cycles
- Transparency and credibility of financial information presented to stakeholders

Chartered Accountants play a pivotal role in ensuring that financing strategies are supported by robust financial analysis and realistic assumptions.

Technology and Real-Time Cash Flow Visibility

The increasing adoption of financial technology has significantly improved cash flow monitoring and analysis. Integrated accounting systems and real-time dashboards enable better visibility and faster decision-making.

Key tools include:

- Automated cash position tracking
- Receivables and payables ageing analysis
- Predictive analytics for cash flow trends
- Scenario modelling tools for planning under uncertainty

Such systems enhance governance by enabling timely identification of liquidity risks.

Role of Chartered Accountants in Cash Flow Governance

Chartered Accountants are uniquely positioned to strengthen cash flow governance across entities.

Their role extends to:

- Designing and implementing cash flow monitoring frameworks
- Enhancing forecasting accuracy and financial discipline
- Advising on working capital optimization strategies
- Supporting risk management and financial planning functions
- Bridging operational realities with financial reporting insights

This positions them as key enablers of financial stability and strategic decision-making.

Conclusion

Cash flow management is a critical determinant of financial health across all business entities. In an increasingly uncertain economic environment, strong cash flow discipline is essential not only for operational continuity but also for long-term value creation.

For Chartered Accountants, this domain represents a significant opportunity to add strategic value by embedding rigor, foresight, and governance into financial management practices. Ultimately, effective cashflow management is not merely a technical requirement but a cornerstone of sustainable business success.



Reported Judicial Decisions



CA. P.M.Veeramani, *FCA*

Statute: Income Tax Act – Sec.2(47), 41, 45 – Cannot shift head
Title : Poonawalla Estate Stud and Agricultural Farmvs CIT
Citation: 487 ITR 101
Decision in favour of : Assessee
Bench: Bomaby HC

Department erred in shifting the amount of insurance claim received by the assessee from the head "capital gains" to "Income from Business" for the purpose of bringing the same to taxation under section 41(1) after having treated the asset as a capital asset.

Statute: Income Tax Act – Sec.36(1)(iii) – Business Loss
Title: CIT vs Star Investments Pvt Ltd
Citation: 487 ITR 469
Decision in favour of : Assessee
Bench: Madras HC

The Tribunal was right in holding that the assessee action of standing as guarantor for the loan availed by the sister concern and consequential invocation of the guarantee clause by the bank and appropriation of the amounts by the sale of shared held by the assessee to satisfy the dues of the defaulting sister concern was for the purpose of business and hence entitled for deduction of the same as business loss.

Statute: Income Tax Act – Sec.50 – Part of same block of assets
Title : N K Gems vs ITO
Citation: 135 ITR Trib SN 7
Decision in favour of : Assessee
Bench: ITAT Mumbai

Assessee selling assets forming part of block in November and purchasing new asset in the same block in March before financial year end . No capital gains on sale of assets as the block has a positive figure at the end of the year.

Statute: Income Tax Act – Sec.72A – Setting off loss on amalgamation
Title : Aspinwall and Company Ltd vs IAC
Citation: 487 ITR 428 SC
Decision in favour of : Revenue
Bench: Supreme Court of India

There was no provision under Kerala Agricultural Income Tax Act, 1961 in terms of which the losses suffered by the amalgamating company can be set off against income of the amalgamated company. There was a finding that the loss of the amalgamating company pertained to a period beyond eight years. Hence, in terms of section 12 of the 1991 Act, the assessee would not be entitled to any set off. Decision of Kerala High Court in [487 ITR 421 Ker] affirmed.

Statute: Income Tax Act – Sec.115BAA, 119(2)(b) – Delay to be condoned
Title : Cell Com Teleservices Private Ltd vs UOI
Citation: 487 ITR 47
Decision in favour of : Assessee
Bench: Allahabad HC

Filing of form 10-IC for availing benefit under section 115BAA prior to filing of the return is not manadatory and if "genuine hardship" is shown then delay may be condoned and in this respect the provision of law shall be taken as a beneficial piece of legislation.

Statute: Income Tax Act – Sec.148A(b), 148A(d) – Notice calling for details
Title : ITO vs Onir Infraspace Private Ltd
Citation: 487 ITR 420 SC
Decision in favour of : Assessee
Bench: Supreme Court of India

Department appeal dismissed with the reasons "having gone through the materials on records, we find no good ground to interfere with the impugned order passed by the High Court". The department appeal was against the HC order [487 ITR 412 Guj] allowing the appeal by the assessee against notice u/s 148A(b) calling upon assessee to submit various details for verification of data. HC held that notice could have been issued only after conducting the enquiry by the AO.

Statute: Income Tax Act – Sec.148 – Approval by lower authority
Title : Alag Property Construction Pvt Ltd vs ACIT
Citation: 487 ITR 440
Decision in favour of : Assessee
Bench: Bombay HC

Order passed and notice of re-assessment issued after three years from end of the assessment year 2017-18, required approval of authority specified under section 151(ii).The approval obtained from authority under section 151(i) not proper and hence notice and order not sustainable.

Statute: Income Tax Act – Sec.201 – Interest when expense is disallowed
Title : Embassy Property Developments Pvt Ltd vs CIT(TDS)
Citation: 217 ITD 463
Decision in favour of : Revenue
Bench: ITAT Bangalore

Mere disallowance of expenditure under section 40(a)(ia) would not absolve assessee from liability u/s 201 and interest u/s 201(1A), since consequences of both provisions operate independently.



GST UPDATES



CA. P. J. Johney, B.Sc. FCA

A. RECENT ADVANCE RULINGS UNDER GST

A1

Statute: Goods & Services Tax

Decision in Favour of: Not Applicable

Title: M/S Tushar Agarwal

Citation: RAJ/AAR/2026-27/10, Dated 30.07.2026

Bench/Court: Rajasthan Authority for Advance Ruling

M/s TUSHAR AGARWAL, A-IO, Scheme No.2. Girdhar Colony Sikar Road, Murlipura, Jaipur, Rajasthan-302039 (here in after "the applicant") is fit to pronounce advance ruling as they have deposited prescribed Fee under CGST Act and it falls under the ambit of the Section 97(2) given as under:

***(a)** Classification of goods and/or services or both*

***(b)** Applicability of a notification issued under the provisions of the Act*

***(c)** Determination of the liability to pay tax on any goods or services or both*

The applicant has sought advance ruling to the following questions;

***Q1)** What is the GST rate applicable on job work services in relation to handicraft items made of brass. The raw brass will be purchased under HSN 7403 and after job work processes, Statues of brass will be sold under HSN 8306? Whether the same CST rate on job work services will apply for handicraft items made of wood concerning HSN 4420?*

***Q2)** Whether Resin Statues/Vases are classifiable under HSN 97030090?*

Q3) Whether Deity made of Marble classifiable under Chapter 68 and Deity made Ot Wooden classifiable under Chapter 44 are exempt from GST under S. No.124 Of Notification No- 09/2025C-entral Tax (Rate) dated 17.09.2025 read With Corresponding Notification No. 10/2025-Integrated Tax (Rate) dated 17.09.2025 and What will be the Correct 8-digit HSN for Deity made Of Marble and Deity made Of Wooden?

The Applicant Shri Tushar Agarwal, Resident of A-IO, Scheme No. 2, Girdhar Colony, Sikar Road, Murlipura, Jaipur, Rajasthan-302039, Is presently un-registered and has obtained temporary user id 082600001830art on the common portal for the purpose of filing the present application. He intends to commence the business of handicraft items made of brass, wood, resin and marble in the proposed trade name of 'shree handicraft'. It is the business of the applicant that he would purchase raw brass falling under hsn 7403 and send the same to job workers for processing, and after such processing, brass statues would be sold under hsn 8306. He further intends to avail job work services in relation to handicraft items of wood covered under hsn 4420, to supply resin statues and vases, and to deal in deities made of marble and wood. It is on these proposed activities that the present ruling has been sought.

Before proceeding to the merits, we deal with the maintainability of the application. Clause (c) of section 95 of the GST act defines an "applicant" as any person.

- *Registered or desirous of obtaining registration under the act. The applicant, though un-registered as on date, is admittedly desirous of obtaining registration for his proposed business and has accordingly obtained a temporary user io; he is thus entitled to seek an advance ruling in respect of supplies proposed to be undertaken by him, as contemplated under section 95(a) read with section 97 of the GST act.*

As per 5th paragraph, the first question is related to the

rate of GST on job work services in relation to handicraft items of brass, where raw brass falling under HSN 7403 would be sent for processing and brass statues falling under hsn 8306 would emerge, and whether the same rate would also apply to job work services on handicraft items of wood covered under HSN 4420. To understand the issue, we may first refer to section 2(68) of the GST act, which defines "job work" to mean any treatment or process undertaken by a person on goods belonging to another registered person, and the expression "job worker" is to be construed accordingly. Section 143 of the GST act permits a registered principal to send inputs to a job worker without payment of tax, subject to the conditions prescribed therein. The rate of tax on job work services is governed bv Sl. No. 26 (heading 9988 — manufacturing services on physical inputs (goods) owned by others) of notification no. 11/2017-central tax (rate) dated 28.06-2017 and the corresponding state notification.

The applicant has placed reliance on item (i) of the said Sl. No. 26, as amended by notification no. 46/2017-central tax (rate) dated 14.11-2017, which, with effect from 15.11.2017, covered inter alia services by way of job work in relation to manufacture of handicraft goods. Attracting central tax at the rate of 2.5% (aggregating to 5% along with the corresponding state tax), the expression "handicraft goods" carrying the meaning assigned to it in notification no. 32/2017-central tax dated 15.09.2017. This, however, represents the position as it stood up to 21.09.2025 only.

It is pertinent to mention here that pursuant to the recommendations of the 56th GST council, Sl. No. 26 of notification no. 11/2017 - central tax (rate) has been substituted in its entirety, with effect from 22.09-2025, vide notification no. 15/2025-centrai tax (rate) dated 17.09.2025. Under the substituted entry, item covers services by way of job work in relation to handicraft goods, attracting central tax at 2.5% (i.e. CGST 2.5% plus SGST 2.5%, aggregating to 5%); item (iv) covers services by way of job work other than those specified in items (ii) and (iii), attracting tax at 9% (aggregating to 18%); and item (vii) covers services by way of any treatment or process on goods belonging to another person, other than items (v) and (vi), also attracting tax at 9% (aggregating to 18%). Clause (xxxxii) of paragraph 4 of the notification. As inserted by notification no. 15/2025-central tax (rate), continues to assign to 'handicraft goods' the same meaning as given in notification no, 32/2017-central tax dated as amended from time to time. Thus, though the entry has been recast, the concessional rate of 5% for job work in relation to handicraft goods remains available even after 22.09.2025.

In respect to whether the goods in question are handicraft goods, we find that the explanation to notification no. 22/2017-central tax dated 15.09.2017 defines "handicraft goods" to mean the products mentioned in the table thereto, when made by the craftsmen predominantly by hand even though some machinery may also be used in the process. Sl. No. 21 of the said table covers metal statues, images/statues, vases, urns and crosses or the type used for decoration, of metals of chapters 73 and 711, under HSN 8306, while Sl. No. 4 covers carved wood products under HSN 4420. The brass statues proposed to emerge from raw brass after processing, as also the carved wooden handicraft items, would, therefore, answer the description of handicraft goods, but only where such goods are in fact made by craftsmen predominantly by hand. Whether this condition is satisfied is essentially a question of fact, which would have to be seen in respect of each supply, and therefore, we refrain from recording any general finding in this regard.

There is, however, one aspect which cannot be lost sight of. As noticed above, the definition of "job work" under section 2(68) of the GST act takes within its fold only such treatment or process as is undertaken on goods belonging to another registered person. The applicant, as on date, is un-registered. So long as he remains un-registered. Any treatment or process undertaken by the processors on goods belonging to him would not amount to "job work" in the eyes of the law, and the concessional entry meant for job work in relation to handicraft goods would consequently not be available; such services would instead [all within the residual item (vii) of the substituted Sl. No. 26. Namely, services by way of any treatment or process on goods belonging to another person, attracting GST at 18% (CGST 9% plus SGST 9%). The distinction between services rendered to a registered person and those rendered to an un-registered person has also been clarified by the in circular no, 126/45/2019-GSTt dated 22.11.2019. It follows that the benefit of the rate of 5% would be available to the applicant only for the period during which he holds registration and sends the goods for 10b work as principal.

In view of the foregoing, are of the considered view that services by way of job work in relation to the handicraft items of brass, i.e. Raw brass Of HSN 7403 processed into brass statues of HSN 8306, would attract GST at 5% 'CGST 2.5% plus SGST 2.5%} under item of Sl. No. 26 (Heading 9988) of Notification No. 11/2017-central Tax (Rate) dated

28.06.2017, as substituted with effect from by notification No. 15/2025-Central Tax (Rate) dated 17.09.202S, and the corresponding state notification, provided firstly, that the applicant is a registered person at the relevant time, so that the process answers the definition of "job work" under Section 2(68) of the GST Act, and secondly, that the goods qualify as "handicraft goods" within the meaning of Notification NO. 32/2017-central tax dated 15.092017, i.e. are made by craftsmen predominantly by hand. The same rate of subject to the same conditions, would apply to job work services in relation to handicraft items of wood covered under HSN 4420, being carved wood products at Sl. No. 4 or the said notification. Where these conditions are not fulfilled, the services in question would attract GST at 18% under item (iv) or item (vii), as the case may be, of the said Sl. NO. 26.

As per 11th paragraph,the second question is whether resin statues/vases are classifiable under HSN 9703 00 90. Heading 9703 of the first schedule to the customs tariff act, 1975 covers original sculptures and statuary, in any material. However, chapter note 4 to chapter 97 makes it clear that heading 9703 does not apply to mass-produced reproductions or works of conventional craftsmanship of a commercial character, even if such articles are designed or created by artists. The heading is thus intended for original works of art executed by the sculptor himself, and not for articles produced commercially for sale in the ordinary course of trade. The resin statues and vases which the applicant proposes to deal in are, by their very nature, articles produced commercially, generally by casting or moulding in multiples. In our view, such articles cannot be regarded as original sculptures or statuary, and the applicant's claim for classification under heading 9703 cannot be accepted.

The question then is where such articles would properly fall. Resin is an artificial or synthetic plastic material, and in terms of note 1 to chapter 39 of the customs tariff, the expression "plastics" covers such materials. Articles of plastics not elsewhere specified arc covered under headline 3926. And sub-heading 3926 40 specifically covers statuettes and other ornamental articles. We therefore hold that resin statues merit classification under tariff item 3926 40 29 (statuettes: other) and ornamental resin vases under tariff item 3926 40 99 (other ornamental articles) of the customs tariff. And not under tariff item 9703 00 90_ we may add that if, in a given case, a particular article is shown to be an original sculpture or statuary executed by the artist, satisfying the requirements of chapter 97 read with the chapter notes, classification under heading 9703 could arise; no such facts arc, however, before us.

The third question concerns deities made of marble and of wood. With effect from 22.09.2025, exemption from central tax on intra-state supplies pf goods is governed by notification no, 10/2025-central tax (rate) dated 17.09.2025. Issued in supersession of notification no. 02/2017 central tax (rate) dated 28.06.2017. S.no, 124 of the schedules to the said notification exempts goods falling under 'chapter 44 or 68" and answering the description "deities made of stone, marble or wood" from the whole of the central tax. A corresponding exemption for interstate supplies is available at S.no. 124 of notification no. 10/2025-Integrated tax (rate} dated 17.09.202s, and the corresponding state notification grants exemption from state tax, we may point out that the applicant has described the exemption entry as S.No. 124 of "notification no. 09/2025-centrai tax (rate)"' this appears to be an inadvertent misdescription, since notification no. 09/2025-central tax (rate) dated 17.09.2025 is the rate schedule notification issued in supersession of notification no. 01/2017-central tax (rate), whereas the exemption entry relied upon, a copy of which has in fact been annexed by the applicant with the application, forms part of notification no. 10/2025-centrai tax (rate) dated 17.09.2025. We have proceeded on the correct reference.

On merits, we find no difficulty in accepting the applicant's contention- deities made of marble are classifiable under chapter 68 and deities made of wood under chapter 44 of the customs tariff, and both answer the description "deities made or stone, marble or wood" appearing against S.no. 124 ibid. The supply of such deities is accordingly exempt from GST with effect from 22.09.2025. We, however, clarify that the exemption is available only where the article supplied is in fact a 'deity', that is to say, an idol or murti of a god or goddess; decorative statues or figures which are not deities would not get the benefit of the said entry. Further, since the entry in column (2) against s.no. 124 is at the chapter level ("44 or 68"), the exemption does not depend upon any particular sub-classification at the eight-digit level.

In regard to the appropriate eight-digit classification sought by the applicant, deities made of marble, being worked monumental stone of marble, fall under heading 6802 of the customs tariff, and more specifically under tariff item 6802 9100 (other: marble, travertine and alabaster). Deities made of wood, being in the nature of statuettes and ornaments of wood, fall under heading 4420, and more specifically under tariff item 4420 11 00 where made of tropical wood, or tariff item 4420 19 00

where made of any other wood, depending upon the species 01 wood used.

Personal hearing in the matter was granted to the applicant on 13-07.2026. Mr. Ravi Gupta, Advocate authorized representative appeared for personal hearing. He reiterated the submission already made by the applicant.

As per ruling;

1) *what is the GST rate applicable on job work services in relation to handicraft items made of brass. The raw brass will be purchased under HSN 7403 and after job work processes, statues of brass will be sold under HSN 8306? Whether the same GST rate on job work services will apply for handicraft items made of wood concerning HSN 4420?*

Ans) *In terms of the discussion and findings recorded at para nos. 5 to 10 of the discussions and findings above.*

.....

2) *whether resin statues/vases are classifiable under HSN 97030090?*

Ans) *In terms of the discussion and findings recorded at para nos. 11 and 12 of the discussions and findings above.*

.....

3) *Whether deity made of marble classifiable under chapter 68 and deity made ot wooden classifiable under chapter 44 are exempt from GST under S. No.124 of notification no- 09/2025-central tax (rate) dated 17.09.2025 read with corresponding notification no. 10/2025-Integrated tax (rate) dated 17.09.2025 and what will be the correct 8-digit HSN for deity made of marble and deity made of wooden?*

Ans) *In terms of the discussion and findings recorded at para nos. 13 to 15 of the discussions and findings above.*

A2

Statute: Goods & Services Tax

Decision in Favour of: Not Applicable

Title: M/S Rajendra Prasad

Citation: RAJ/AAR/2026-27/06, dated 29.07.2026

Bench/Court: Rajasthan Authority For Advance Ruling

M/S Rajendra Prasad Purshotammoondra, Jeera Mandi Road, Jodhpur, Rajasthan- 342001, (hereinafter ethe applicant") is fit to pronounce advance ruling as they have deposited prescribed fee under CGST act and it falls under the ambit of the section as under:

(a) *classification of goods and/or services or both*

(b) *determination of the liability to pay tax on any goods or services or both*

The applicant has sought advance ruling to the following questions:

1) *Whether psyllium seeds (isabgol) supplied in their natural, raw and unprocessed form as procured through agricultural produce market committee (APMC) auctions directly from farmers, without undergoing any drying, freezing, crushing or other processing qualifies as "fresh" isabgol seeds and are exempted under entry 87 (HSN 1211) of notification no. 10/2025-central tax (rate) dated 17.09.2025 as "plants and parts of plants (including seeds and fruits) of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purpose, fresh or chilled"?*

2) *Alternatively, whether psyllium seeds (isabgol) as discussed above qualifies as "goods of seed quality" and are exempt from GST under entry 77 (HSN 12) of notification no. 10/2025-central tax (rate) dated 17.09.2025?*

The applicant has submitted that they are engaged in the trading business of psyllium seeds, commonly known as isabgol, to be purchased directly from farmers through official auctions conducted bv the agricultural produce market committees (APMCS) within the state of Rajasthan. The applicant proposes to supply such psyllium seeds (isabeol), without undertaking any processing or subsequent value addition. To isabgol processing units, and the said activities are proposed to be carried out in the ordinary course of business.

Since the applicant is of the opinion that the product supplied by him falls under heading 1211 of the first schedule to the customs tariff act, 1975 (51 of 1975), a reference will be required to be made to the chapter notes of chapter 12, headings 1211 of the first schedule to the customs tariff act, 1975 (51 of 1975) as well as the HSN notes to heading 1211.

We find that rate of is "exempted" or "s%". The test of eligibility hinges on whether the goods supplied by the applicant (not purchased by applicant) are “fresh or chilled” or “of seed chilled" or "frozen quality" or "frozen dried". We find that the applicant has detailed the entire process followed for obtaining psyllium seeds in their submission starting with:

(i) *Cultivation by farmers followed by*

(ii) *Harvesting of the plants*

(iii) *Threshing of the plants in thresher through which psyllium seeds are obtained*

(iv) *Collecting and packing of seeds by farmers in PP Baes*

(v) *Transport of seeds to APMC mandis through tractors, carts or trucks,*

(vi) *Primary sale to APMC through auction in APMC mandis*

(vii) *Procurement of psyllium seeds by APMC agent from*

farmers through APMC auctions in the same condition brought by farmers,

(vii) *Storage of seeds in dry and ventilated godowns to prevent moisture damage where manual removal of visible foreign matter such as straw or dust, if required is done and no mechanical clearing, grading, or polishing is undertaken.*

(ix) *Supply of seeds as received without drying, dehydration, freezing, grading, polishing, roasting, milling, crushing or any chemical treatment to the processing units. Husk separation from psyllium seeds is done mechanically by the processing units.*

We find that the process mentioned by applicant is not relevant for the purpose of deciding the condition in which goods are supplied by applicant. The above referred processes are relevant only upto the stage of supply of goods by farmers to applicant (purchase of applicant) through APMC. Hence whether the above-mentioned process involves drying or freezing etc., if of no significance after purchase of the goods by applicant because the question to be decided in this application is whether goods supplied by applicant at a later stage after purchase from farmers through apmc qualify as "fresh or chilled" or "frozen or dried" so as to apply rate of tax.

The applicant has further submitted that the psyllium seeds (Isabgol) from farmers will be obtained strictly through the apmc auction mechanism and will be procured in the same condition in which they are brought bv farmers, without any intervention or alteration and after procurement, the applicant will store the psyllium seeds (Isabgol) in dry and ventilated godowns to preserve their natural condition; that no artificial or intentional drying, no dehydration, no freezing and no processing of any kind will be undertaken at any stage by thc applicant; that the psyllium seeds (Isabgol) shall remain in the same natural form so harvested by the farmers, without any change or alteration, from the stage of procurement up to their supply to the processing unit; that processing of husk from the seeds will be carried out only by the processing units, where mechanical separation of the husk from the seed takes place resulting in psyllium (Isabgol) husk, which is a processed product; that the husk is a processed product, whereas the seeds remain agricultural raw material; that psyllium seeds (Isabgol) shall be traded exclusively as agricultural produce and shall be supplied only as raw material to processing units for further processing; that the seeds in the form proposed to be supplied by the applicant, shall have no direct consumable or therapeutic use and shall be marketed or sold as a finished product.

The applicant has also made a reference to FAQ F.No. 332/2/2017-TRU dated December 2017, wherein it is mentioned that Isabgol seeds are classifiable under heading 1211, fresh isabgol seeds attract nil rate of GST, dried Isabgol seeds attract 5% GST & Isabgol husk falls under heading 1211 attract GST rate of 5%. The applicant has also referred to circular no.163/19/2021 GST dated 06.10.2021 wherein clarification regarding GST rates and classification (goods) (based on the recommendation of the GST council in its 45th meeting held on 17.09.2021 at Lucknow) has been provided. The representatives of the applicant hove submitted a copy of the said circular during the course of personal hearing. They have also referred to para 3.2 of the said circular stating that the process of drying is discussed in para 3.2. Of circular no-163/19/2021- GST dated 06.10.2021.

Since the rate of GST and the notifications applicable to the psyllium seeds supplied by the applicant is mainly based on whether the product is 'fresh or chilled" or "frozen or dried", we find it prudent to refer to circular no. 163/19/2021-GST dated 06.102021 wherein it has been discussed threadbare as to what a fresh product or dried product or frozen product means. We find that para-3 of the said circular covers "applicability of gst on fresh and dried fruits and nuts."

From the submission of the applicant, we find that there is no justification supported by documentary evidences as to how long does it take during the period the goods are harvested by the farmer till the same are supplied by the applicant. It is universal fact that shelf life of agricultural produce is enhanced by drying and other processing and in the absence of evidence about the time duration as discussed above, it can not be accepted that the produce remains fresh and in the same condition in which they are brought by farmers to the APMC. The applicant has submitted that in established agricultural and commercial practice, there is no marketable product such as 'dried Isabgol seeds' or frozen Isabgol sords' in wholesale or retail trade. That psyllium seeds (Isabgol) are traded as it is, after being harvested, in the same form (fresh form) without any further categorisation. Hence. Seeds supplied in natural, unprocessed form must be treated as fresh. We do not agree that for a product to be "dried" it should be labeled as "dried".

Since the product namely psyllium seeds is an agricultural produce and the applicant is firmly of the view that their product is 'fresh', it becomes pertinent to ascertain the meaning of 'fresh agricultural produce' in common parlance. In common parlance, 'fresh agricultural produce' refers to raw, unprocessed food items derived from

farming, primarily including fresh fruits, vegetables, and root crops that have not been dried, frozen, or heavily processed. As per oxford learner's dictionary, 'fresh produce' refers to farm-grown food items that are recently picked or produced and have not been preserved, such as through freezing or canning. We find that there is nothing on record to establish that the subject goods reach the APMC immediately after plucked or harvested and for how much time they are stored by the applicant before being supplied. It is a common practice that plant products are dried to increase their shelf life so that they can be consumed for a longer time as their life cycle in the market before consumption is not definite and certain.

Now, since the applicant wants to know whether the psyllium seeds are exempted or taxable, we will be required to refer to notification no.09/2025-central tax (rate) dated 17.09.202s as well as notification no. 10/2025-ccntral tax (rate) dated 17.092025 to ascertain the aspect 01 GST liability.

We find that the aforementioned notification covers a comprehensive list of products/items which arc exempt (rom GST. on going through the aforementioned notification, we find that there are two entries i.e. Entry no.77 which reads as "ali goods of seed quality" covering chapter and the other is entry no.87 covering heading 1211 and reads as "plants and parts of plants (including seeds and fruits). Of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purpose, fresh or chilled". As discussed earlier, the product 'psyllium seeds' is part of plant (seed) and is used in pharmacy for the production of 'Isabgol'. Moreover, the said seeds cannot be termed as 'fresh' at the time of supply by applicant, as discussed in paras supra. Entry no.87 is a specific entry covering products of heading 1211 only and aptly covers 'psyllium seeds' which arc "fresh or chilled" only.

We also note, that the advance ruling no. GUJ/GAAR/R/2026/21 dated 29.05.2026 of the Gujarat authority for advance ruling in the case of M/S Jigneshkumar Narayandas Patel (trade name: Akshar traders), which has been referred by applicant said to be based on similar material facts, holding that psyllium seeds (Isabgol) supplied in natural, raw and unprocessed form, as procured through APMC auctions directly from farmers, without undergoing drying, freezing, crushing or other processing, qualify as 'fresh' Isabgol seeds exempt to tax under entry 87 (HSN 1211) of notification no. 10/2025-central tax {rate) dated 17.09.2075, cannot be relied upon to form an opinion in this case as we do not have access to the facts of that case. As per section 103 of *the CGST Act 2017, the above referred ruling. Decs not have a binding effect.*

As per ruling;

1) *whether psyllium seeds (Isabgol) supplied in their natural, raw and unprocessed form as procured through agricultural produce market committee (APMC) auctions directly from farmers, without undergoing any drying, freezing, crushing or other processing qualifies as "fresh" Isabgol seeds and are exempted under entry 87 (HSN 1211) of notification no. 10/2025-central tax (rate) dated 17.09.2025 as "plants and parts of plants (including seeds and fruits) of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purpose, fresh or chilled"?*

Ans) *No, psyllium seeds (Isabgol) supplied by the applicant can not be said to qualify as "fresh" Isabgol seeds and are not exempted under entry 87 (HSN 1211) of notification no.10/2025-centrai tax (raw) dated as "plants and parts of plants (including seeds and fruits) ot a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purpose, fresh or chilled." the same are liable to tax @ 5% under notification no. Dt 17.09.2025.*

.....

2) *Alternatively, whether psyllium seeds (isabgol) as discussed above qualifies as "goods of seed quality" and arc exempt from gst under entry 77 (hsn 12) of notification no. 10/2025-central tax (rate) dated 17.09.2025?*

Ans) *No, in view of answer to question 1*

A3

Statute: Goods And Services Tax

Decision in Favour of: Not Applicable

Title: M/S Canpac Trends Private Limited

Citation: GUJ/GAAR/R/2026/24, dated 03/07/2026

Bench/Court: Gujarat Authority For Advance Ruling

M/s. Canpac Trends Private Limited, Plot No.357, 321-1 A, I B, behind Kerala GIDC, Chiyada Village, Bavla, Ahmedabad, Gujarat — 382220 [for short 'applicant'] having GSTIN [24AEABCV9858MI ZL], is engaged in the manufacture and supply of paper-based packaging products, including paper bags, mono cartons, trays, and other paper containers and regularly undertakes the manufacture and sale of such goods domestically as well as exports the same. The product under consideration is a paper bag made of paper, manufactured by cutting, printing, folding and pasting paper sheets into a finished form suitable for packaging or carrying goods. The process of manufacture imparts to the goods the essential character of packing container, similar to other goods of heading 4819, which covers cartons, boxes, cases, bags

and other packing containers, of paper, paperboard, cellulose wadding, or webs of cellulose fibers.

The question raised by the applicant is as under:

1. *Whether the supply of 'paper bags' made out of paper or paper board, classifiable under heading 4819 and more specifically under tariff item 48194000 (sacks and bags, including cones, of paper, paperboard, cellulose wadding or webs of cellulose fibers), is liable to goods and service tax (GST) at the rate of 18 % under entry no. 185 of schedule 11 to notification no. 01/2017-central tax (rate), as amended, which specifically covers all goods under heading 4819 (except 4819. IO & 4819.20), including sacks and bags, or whether the same could fall under the general and residual entry no.319 of schedule I (5%) inserted vide notification no. 09/2025-central tax (rate) dated 17.09.2025 (pursuant to the 54th GST counsel meeting), which broadly refers to "paper sacks/bags" under I-ISN 39 and 48? "*

The applicant has submitted that they are engaged in the manufacture and supply of paper-based packaging products, including paper bags, mono cartoons, trays, and other paper containers and regularly undertakes the manufacture and sale of such goods domestically as well as export the same; that the product under consideration is a paper bag made of paper, manufactured by cutting, printing, folding and pasting paper sheets into a finished form suitable for packaging or carrying goods; that the process of manufacture imparts to the goods the essential character of packing container, similar to other goods of heading 4819, which covers cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding, or webs of cellulose fibres; as per the first schedule to the customs tariff act, 1975, the goods fall under heading 4819 are "cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding or webs of cellulose fibres" and tariff item 48194000 “sacks and bags, including cones, of paper, paperboard, cellulose wadding or webs of cellulose wadding or webs of cellulose fibres"; therefore, the subject goods squarely fall within heading 4819 and specifically under subheading 48 194000.

The applicant has further submitted that there are two entries under notification no.09/2025-central tax (rate) dated 17.09.2025 which are applicable to their product i.e. (i) entry no.319 of schedule I (5%) of notification no.09/2025- central tax(rate) dated 17.092025 covering paper sacks/bags and biodegradable bags of chapters 39 or 48 & (ii) entry no. 185, schedule 11 (18%) "4819 (except 4819. IO, 4819.20) — all goods (other than cartons, boxes and cases of, corrugated paper or paper board; or (b) non-corrugated paper or paper board)". The applicant has also submitted that entry 3 19, schedule I (5%) of notification no.09/2025-central tax(rate) dated 17.09.2025 is residual entry covering paper sacks/bags and biodegradable bags of chapters 39 or 48, meant for goods not specifically classified, it does not override the specific entry under 4819 whereas paper bags (HSN 48194000) are specifically covered by entry 185, schedule 11, taxable at 18% GST, hence entry 319 (5%) being general, is inapplicable. The applicant is therefore of the view that their product 'paper sacks/bags' classifiable under HSN 48194000 attracts GST.

Since the applicant is of the opinion that the product paper bags (classifiable under sub-heading 48194000 as submitted by the applicant) supplied by them is covered under entry no. 185 of schedule-ll of the notification no.09/2025-central tax (rate) dated instead of entry no.319 of schedule-I of the said notification, it becomes imperative to refer to the said notification. However, since the entries in the notifications are based on classification, it becomes obligatory to refer to the chapter notes of chapter 48, tariff heading 4819 as well as hsn notes the heading 4819 in order to confirm the classification of paper bags before proceeding further.

On going through the chapter notes of chapter 48 of the first schedule to the customs tariff act, 1975, the tariffheading 4819 as appearing in the customs tariff act, 1975 as well as the I-ISN notes to heading 4819, we find that the product paper sacks/bags of the applicant finds a specific entry under I leading 4819 specifically sub-heading 48194000. Hence, we find that the product of the applicant is classifiable under sub-heading 48194000 of the first schedule to the customs tariff act, 1975 (51 of 1975).

Now, the next aspect to be decided is the rate of GST applicable on the said product for which a reference will have to be made to notification no.09/2025- central tax (rate) dated 17.09.2025 which superseded the earlier notification no.01/2017-central tax (rate) dated 28.06.2017. As submitted by the applicant, there are two competing entries in the said notification i.e. entry no,319 of schedule-I of notification no.09/2025-central (rate) dated 17.09.2025 (wherein GST rate is 5%) and entry no. 1 85 of schedule-II of the said notification (wherein the rate of GST is 18%).

On going through the aforementioned notification, we find that there are two entries covering the product of the applicant. i.e. (i) entry no.319 of schedule I of the said notification which reads as "paper sacks/bags and bio-degradable bags" of chapter 39 & 48 wherein the GST rate is 5% and (ii) entry no.185 of schedule-II of the said

notification which reads as "all goods (other than cartons, boxes and cases of, (a) corrugated paper or paper board; or (b) non-corrugated paper or paper board) covering chapter heading 4819 (except 4819 io, 4819 20), wherein GST rate is 18% (9% CGST + 9% SGST).

Let us first take up the entry no.319 which reads as "paper sacks/bags and biodegradable bags" and covers chapters 39 & 48 of the first schedule to the customs tariff act, 1975 (51 of 1975). On verification, we find that this entry was not a part of any of the 6 schedules covering the earlier notification no.01/2017- central tax (rate) dated 28.06.2017 but has been newly inserted in schedule-I of existing notification tax (rate) dated (which superseded the earlier notification tax (rate) dated 28.06.2017). Further, as we find that there is a conjunction 'and' between 'paper sacks/bags' and 'biodegradable bags', we find it necessary to find out the relevance of usage of the conjunction 'and' in the context of the said entry. In this context, a question that naturally arises in the mind is whether paper sacks/bags also need to be biodegradable bags in order to be covered in this entry. It, therefore, becomes mandatory to know the background which necessitated the insertion of the said entry in the present notification which superseded the earlier notification no.01/2017- central tax (rate) dated 28.06.2017.

For the purpose, we find it obligatory 10 refer to the minutes of the 54th meeting of the GST council held on 9.09.2024 under the chairpersonship of the hon'ble Union Finance Minister, in order to unearth the background which could have possibly culminated in the insertion of entry no.319 in notification no.09/2025- central tax (rate) dated 17.09.2025. During the course of the meeting, when the joint secretary, I-RUI-I stated that the fitment committee, in the 531x' GST council meeting had recommended maintaining status quo regarding the rate on paper sacks which have always attracted a gst rate of 18%, the hon'ble Minister from Maharashtra informed/stated that along with several other states, they have implemented a ban on plastic bags to promote eco-friendly and environmentally friendly alternatives and were encouraging the use of paper sacks and paper bags across various municipal corporations and urban areas; that in line with the recommendation made in the 53rd GST council meeting to reduce the GST rate on corrugated boxes made of paperboard to 12%, the GST rate on paper sacks should also be reduced to 12%; that such a reduction would further the goal of increasing the use of paper sacks and paper bags over plastic alternatives in urban and semi- urban areas, thus supporting eco-friendly and environmentally friendly materials and products. Accordingly, the fitment committee was urged to consider this request. Subsequently, the hon'ble member from Meghalaya informed that in addition to what the hon'ble Minister from Maharashtra mentioned, they are also promoting biodegradable bags made from starch and numerous industries are being set up for these bags, which while resembling plastic, are actually made from starch and decompose automatically within 90 days. The hon'ble member emphasized to also include this category in the proposal under examination. The hon'ble Chairperson suggested assigning a separate HSN code for the biofriendly category of bags and urged the hon'ble member from Meghalaya to provide the necessary details.

Therefore, what appears to be forthcoming from the above discussions and the subsequent insertion of entry no.319 ('paper sacks/bags and biodegradable bags' covering chapter 39 & 48) in schedule-I of notification tax (rate) dated with a reduced GST liability of 5% is that the aspect of taxability of both paper sacks/bags as well as biodegradable bags have been taken into consideration by the government, culminating in the insertion of the said entry covering both paper sacks/bags and biodegradable bags. The very purpose of the government in inserting this entry appears to be to promote the production of paper sacks/bags and bio-degradable bags which are eco-friendly and environmentally friendly alternatives to plastic bags because paper decomposes completely within a few months and does not leave toxic microplastics in the environment. Also, they are made from trees, which can be sustainably grown and replanted if responsibly managed, paper is widely accepted in local recycling streams and decomposes without posing a threat to wildlife. Further, the purpose of inclusion of chapter 39 in the said entry appears to be to encourage production of plastic bags which are biodegradable in nature, eco-friendly and environmentally friendly. Biodegradable plastic bags are eco-friendly alternatives to conventional plastic that break down naturally through microorganisms into water, carbon dioxide, and biomass and unlike traditional plastics, they are manufactured from renewable plant-based materials or specialized polymers rather than fossil fuels, leaving no toxic or microplastic residues behind.

In view of the discussions in the paras supra, we find and conclude that the paper bags manufactured by the applicant, classifiable under chapter sub-heading no.48194000 of the first schedule to the customs tariff act, 1975 (51 of 1975), are aptly covered under entry no.319 of

schedule-I of notification no.09/2025- central tax(rate) dated 17.09.2025 and are liable to GST at the rate of further, since we have already decided the applicable entry under which the applicant's products are covered, we do not find the need to discuss the other entry referred to by the applicant i.e. entry no. 185 of schedule-II of notification no.09/2025-central tax (rate) dated 17.09.2025.

As per ruling;

1. *Whether the supply of 'paper bags' made out of paper or paper board, classifiable under heading 4819 and more specifically under tariff item 48194000 (sacks and bags, including cones, of paper, paperboard, cellulose wadding or webs of cellulose fibers), is liable to goods and service tax (GST) at the rate of 18 % under entry no. 185 of schedule 11 to notification no. 01/2017-central tax (rate), as amended, which specifically covers all goods under heading 4819 (except 4819. IO & 4819.20), including sacks and bags, or whether the same could fall under the general and residual entry no.319 of schedule I (5%) inserted vide notification no. 09/2025-central tax (rate) dated 17.09.2025 (pursuant to the 54th GST counsel meeting), which broadly refers to "paper sacks/bags" under I-ISN 39 and 48?*

Ans) *The supply of 'paper bags ' made out of paper or paper board, classifiable under heading 4819 and more specifically under tariff item 48194000 (sacks and bags, including cones, of paper, paperboard, cellulose wadding or webs of cellulose fibers), is covered under entry no. 319 of schedule I to notification no.09/2025- central tax (rate) dated 17.09.2025 and is liable to goods and service tax (GST) at the rate of 5%.*



B. JUDICIAL DECISIONS ON INDIRECT TAXES

B1

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: Golden Traders And Others Versus Deputy Assistant Commissioner of State Tax, Ananthapuram & Others

R. Raghunandan Rao & T.C.D. Sekhar, JJ

Citation: (2026) 157 GSTR 454: 2026 SCC OnLine AP 1289

Bench/court: In The High Court Of Andhra Pradesh

GST - cross-empowerment - detention and seizure in transit -inter-state goods - section 129 and section 130 - jurisdiction of state officers - integrated goods and services tax act – goods moving from outside state to outside state - state officer not empowered to exercise jurisdiction - cross-empowerment under section 6 of central goods and services tax act limited to taxpayers allotted to state - valuation dispute cannot be ground for seizure or confiscation - state officer may forward discrepancies to proper officer of consignee or consignor - proceedings set aside - integrated goods and services tax act (13 of 2017), SS. 4, 17 - central goods and services tax act (12 of 2017), SS. 6, 129, 130 - Andhra Pradesh goods and services tax act (16 of 2017), SS. 6, 129, 130 - constitution of India, arts. 246A, 269A.

B2

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: B.B. Metal Versus Joint Commissioner of State Tax & Others

G.S. Kulkarni & Aarti Sathe, JJ

Citation: (2026) 159 GSTR 1: 2026 SCC ONLINE BOM 4027

Bench/Court: In The High Court Of Bombay

GST - cross-empowerment - jurisdiction - bank accounts - provisional attachment - bar on parallel proceedings by state tax authority once central tax authority has initiated proceedings on same subject-matter for same period fraudulent availment of input-tax credit from suppliers whose GST registration cancelled - central tax authority having conducted search, blocked input-tax credit in electronic credit ledger and issued show-cause notice on identical subject-matter - state tax authority thereafter conducting search and provisionally attaching five bank accounts of assessee such parallel proceedings impermissible - attachment causing crippling effect on business violation of articles 265 and 300A of constitution of india - investigations by state tax authority against suppliers independent and may continue - provisional attachment orders quashed - central goods and services tax act (12 of 2017), SS. 6(2)(b) 67, 70- Maharashtra goods and services tax act (43 of 2017), S. 6(2)(b) - constitution of India, arts. 226, 265, 300A.

B3

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: ICAD School Of Learning Pvt. Ltd. Versus Union of India & Others

Anil L. Pansare & Nivedita P. Mehta, JJ

Citation: (2026) 159 GSTR 278: 2026 SCC OnLine Bom 927

Bench/Court: In The High Court Of Bombay

A. *GST show-cause notice single show-cause notice covering multiple financial years or tax periods impermissible - central goods and services tax act (12 of 2017), S. 74.*

B. *Precedent - binding effect - high court tribunal absence of jurisdictional high court ruling - tribunal bound to follow decision of another high court until contrary view expressed by jurisdictional or other competent high court binding on it.*

C. *Doctrine of merger - special leave petition - dismissal of special leave petition in limine and not on merits - judgment of high court attaining finality does not merge with supreme court order.*

B4

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: TATA Sons Private Ltd. Versus Union of India & Others

G.S. Kulkarni & Aarti Sathe, JJ

Citation: (2026) 159 GSTR 434: 2026 SCC OnLine Bom 5105

Bench/Court: In The High Court Of Bombay

GST- integrated goods and services tax - supply of services arbitral award - damages for breach of contract settlement of foreign arbitral award in enforcement proceedings -consent terms providing for withdrawal of UK and USexecution proceedings upon payment of award amount - not independent agreement - no separate consideration settlement not constituting "supply" under section 7 - entry 5(e) of schedule II attracted only where an independent agreement to refrain -from an act or to tolerate an act or situation exists for consideration - requirement not satisfied by consent terms in court proceedings - collateral enforcement proceedings integral to arbitral award withdrawal of proceedings natural corollary of satisfaction of award CBIC circulars binding on department liquidated and unliquidated damages alike representing mere flow of money and not consideration for any supply no taxable supply show-cause notice quashed writ petition alternative remedy - not a bar where assumption of jurisdiction wholly without authority -write petition maintainable central goods and services tax act (12 of 2017), S. 7; Sch. II, entry 5(e) - integrated goods and services tax act (13 of 2017), SS. 2(11), 5, 7(4), 13.

B5

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: GU Shipping India Pvt. Ltd Versus Assistant Commissioner Of CGST And Central Excise, Chennai, C. Saravanan, J

Citation: (2026) 159 GSTR 290: 2026 SCC OnLine Mad 5486: (2026) 108 GSTL 361

Bench/ Court: In The High Court Of Madras

GST - input-tax credit - concessional rate - exemption - transport of goods in vessel - time charter of vessels - concessional rate under notification subject to non-availment of input-tax credit - notification operates both as rate and exemption notification - condition - regarding non-availment of input-tax credit to be construed as referring to credit on goods or services used exclusively for supplying such service - wrong availment and utilisation of input-tax credit does not justify denial of substantive benefit of concessional rate - department cannot retain tax not legally due or augment revenue by denying otherwise available benefit - proper course is reversal of wrongly availed and utilised input-tax credit and recover consequential interest and penalty rather than deny concessional rate - fresh determination of wrongly availed input-tax credit and consequential liability directed - central goods and services tax act (12 of 2017), SS. 50, 74 - notification no. 11/2017-CGST (rate) dated June 28, 2017, serial nos. 9(ii), 10(ii), expln. (iv).

B6

Statute: Service Tax

Decision in Favour of: Appellant

Title: Sanmar Matrix Metals Ltd Versus Commissioner Of GST And Central Excise, Tiruchirappalli

N. Anand Venkatesh And K.K. Ramakrishnan, JJ

Citation: (2026) 159 GSTR 219: 2026 SCC OnLine Mad 3536

Bench/Court: In The High Court Of Madras

Service tax - cenvat credit - refund - limitation - appropriation of rebate during pendency of appeal - recovery stayed by tribunal - filing of appeal constituting protest against demand - departmental appropriation

effected despite subsisting stay order - appropriation deemed payment under protest - second proviso to section 11B applicable - one-year limitation inapplicable to refund of duty paid under protest - refund claim not time-barred - validity of appropriation order not subject-matter of collateral challenge - court concerned with legal effect of appropriation -order of tribunal set aside refund directed within specified time - central excise act (1 of 1944), SS. 11B, 35C, 35G - finance act (32 of 1994), S. 83.

B7

Statute: Services Tax

Decision in Favour of: Appellant

Title: Saryug Gautam Construction Pvt Ltd Versus Commissioner, CGST & Ce Commissionerate & Others

Harish Tandon, C.J. & Murahari Sri Raman, J

Citation: (2026) 159 GSTR 639: 2026 SCC ONLINE ORI 1219

Bench/Court: In The High Court Of Orissa

A. *Service tax - assessment - determination of tax liability - demand raised based solely on data received from central board of direct taxes regarding consideration disclosed in income-tax returns and deduction of tax at source - adjudicating authority not making any independent inquiry as to whether amounts treated as consideration related to any work executed within state - assessee contending that no work was executed in state of Odisha prior to introduction of goods and services tax on July 1, 2017 - finding of fact recorded by adjudicating authority held to be perverse - finance act (32 of 1994), SS. 73, 75.*

B. *Service tax - writs under constitution - alternative remedy - natural justice - inadequate opportunity to present case - one show-cause notice not served on assessee - ssssubsequent orders by principal commissioner at Ranchi dropping demand for 2015-2016 on ground of double taxation and tribunal setting aside demand for 2016-2017 to June 2017 on ground of limitation having come into existence after impugned order-in-original - assessee had no occasion to cite these orders or claim mega exemption notification before adjudicating authority - writ petition entertained despite availability of alternative remedy to grant one opportunity to petitioner - order-in-original and rectification order set aside with direction to pass fresh order - constitution of India, art. 226 - finance act (32 of 1994), SS. 73, 74, 75.*

C. *Service tax - assessment - natural justice - reasonable opportunity of being heard - assessment order to be passed only after affording assessee reasonable opportunity to present its case - availability of opportunity to produce evidence before first appellate authority or tribunal immaterial - validity of assessment must be tested on basis of assessment order itself - assessment order liable to be set aside and matter remanded for fresh adjudication after granting assessee adequate opportunity of being heard -finance act (32 of 1994), SS. 73, 75.*

B8

Statute: Services Tax

Decision in Favour of: Appellant

Title: Gouribidanur Venkatakrishna Kumar Versus Assistant Commissioner, CGST-Central Excise, Hubli

M. Nagaprasanna, J

Citation: (2026) 158 GSTR 581: 2026 SCC ONLINE KAR 1522

Bench/Court: In The High Court Of Karnataka

Service tax - show-cause notice – limitation - jurisdiction - writs under constitution - alternative remedy - service tax not leviable where value added tax paid on same transaction assessee discharging value added tax liability on disputed turnover – no suppression of turnover - extended period of limitation not invocable - show-cause notice invoking extended period of limitation without jurisdiction - proceedings wholly without jurisdiction - existence of alternative statutory remedy not an absolute bar to exercise writ jurisdiction -finance act (32 of 1994), S. 73(1) - constitution of India, art. 226.

B9

Statute: Goods & Service Tax

Decision in Favour of: Appellant

Title: Sahil Enterprises Versus Union of India & Others

M.S. Ramachandra Rao, C.J. & S. Datta Purkayastha, J

Citation: (2026) 154 GSTR 108: 2026 SCC OnLine Tri 4: (2026) 105 GSTL 177

Bench/Court: In The High Court Of Tripura

GST - Legislative powers - input-tax credit - constitutional validity of provision governing claim of - demand raised against bona fide purchaser when tax not deposited by seller in treasury - held: penalizing purchaser not justified when no mechanism for it to verify if tax paid by it deposited by seller - constitutional validity upheld albeit provision to be applied only in fraudulent or collusive transactions made by purchaser and not of bona fide purchaser - input-tax credit being conceptualized to avoid double taxation, purchaser not to be taxed second time by denying its input-tax credit - judgements passed by Apex

Court on same concept overlooked by high courts earlier now followed - input-tax credit allowed there being no collusion - central goods and services tax act (12 of 2017), SS. 16(2)(c) - constitution of India, arts. 14, 19, 265, 300A.

B10

Statute: Service Tax

Decision in Favour of: Appellant

Title: Nirmal Kumar Sharma Versus Union of India & Others

Soumitra Saikia, J

Citation: (2026) 156 GSTR 256: 2026 SCC ONLINE GAU 2817

Bench/Court: In The High Court Of Gauhati

Service tax - assessment - levy of tax - limitation - demand based on form 26AS - tax liability cannot be imposed on inference or analogy - reverse charge mechanism - services provided to public sector undertakings - service tax liability on service recipient - extended period of limitation - invocation without finding of fraud or suppression - demand set aside - finance act (32 of 1994), SS. 73, 75, 78.

B11

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: Rajasthan Technical University Versus Union of India & Others

Arun Monga & Yogendra Kumar Purohit, JJ

Citation: (2026) 157 GSTR 332: 2026 SCC OnLine Raj 3000

Bench/Court: In The High Court Of Rajasthan

GST - exemption - educational institution - university - affiliation fee --services provided by educational institution - show-cause notice issued proposing to levy tax on -grant of affiliation fee charged by university from affiliated colleges - section 7 provides that supply includes all forms of supply of goods or services made for consideration by person in course or furtherance of business - entry 66 of notification no. 12/2017-CT (rate) dated June 28, 2017, exempts services provided by educational institution to its students, faculty and staff and services relating to admission to or conduct of examination by such institution – grant of affiliation is statutory and regulatory function intrinsically connected with imparting education, conduct of examinations and conferment of degrees and does not amount to commercial activity - affiliation is mandatory, non-negotiable and devoid of quid pro quo affiliation fees are compulsory statutory levy and not consideration - even assuming affiliation to be service, it squarely falls within exemption under entry 66 being inseparably linked to admission and conduct of examinations - exemption position under GST is continuation of pre-gst service tax regime under which affiliation fees were never subjected to tax - show-cause notice quashed - central goods and services tax act (12 of 2017), SS. 2, 7, 9 - notification no. 12/2017-CT (rate) dated June 28, 2017.

B12

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: ITI Limited Versus Union of India & Other

Devashis Baruah, J

Citation: (2026) 157 GSTR 504: 2026 SCC ONLINE GAU 3315

Bench/Court: In The High Court Of Gauhati

GST - assessment - GSTR-1 and GSTR-3B mismatch - proper officer required to issue rule 88C notice - opportunity to explain mismatch mandatory - order passed without affording opportunity set aside - bona fide error in GSTR-1 correctable - tax recoverable only at rate imposed by statute - input-tax credit - section 16(4) bar overridden by retrospective insertion of section 16(5) - assessee entitled to input-tax credit for returns filed up to november 30, 2021 for financial years 2017-2018 to 2020-2021- order quashed - central goods and services tax act (12 of 2017), SS. 16(4), (5), 37, 73, 75(12) - central goods and services tax rules, 2017, RR. 59, 88C.

B13

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: Amzad Ali Versus State Of Assam & Others.

N. Unni Krishnan Nair, J

Citation: (2026) 157 GSTR 487: 2026 SCC ONLINE GAU 3314

Bench/Court: In The High Court Of Gauhati

GST - show-cause notice - summary of show-cause notice not substitute for proper show-cause notice - determination of tax attached to form DRC-01 not equivalent to show-cause notice - authentication by proper officer mandatory - order without digital signature invalid -order passed without opportunity of hearing violates section 75(4) - order set aside - de novo proceedings permitted - limitation period excluding intervening period - central goods and services tax act (12 of 2017), SS. 74, 75(4) - Assam goods and services tax act (28 of 2017), SS. 74, 75(4) - central goods and services tax rules, 2017, RR. 26(3), 142.

B14

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: Sona Enterprises Versus Assistant Commissioner Of Central Tax, Central CGST Division, Vishakapatnam & Others

R. Raghunandan Rao & T.C.D. Sekhar, JJ

Citation: (2026) 154 GSTR 568: 2026 SCC ONLINE AP 480

Bench/Court: In The High Court Of Andhra Pradesh

GST - recovery of tax interest - reverse charge mechanism - input-tax credit - coercive recovery without adjudication - section 75(12) permitting recovery only where tax liability clearly disclosed in returns filed and such liability remains unpaid - wrong utilisation of input-tax credit requiring adjudicatory proceedings - coercive recovery without adjudication impermissible - recovery process set aside with direction to refund interest payments - central goods and services tax act (12 of 2017), SS. 39, 73, 74, 75(12), 79(1)(c).

B15

Statute: Services Tax

Decision in Favour of: Appellant

Title: Relx India Pvt Ltd Versus Commissioner of GST & Central Excise, Chennai Outer Commissionerate, Chennai.

Vasa Seshagiri Rao, Member (Technical)

Citation: (2026) 156 GSTR 1: 2026 SCC ONLINE CESTAT 467

Bench/Court: In The Customs Excise & Service Tax Appellate Tribunal

A. *Service tax - refund - export of services - receipt in Indian rupees - consideration received in India from overseas customers through authorised banking channels via freely convertible vostro account of non-resident bank - condition under rule 3(2)(b) of export of services rules, 2005 satisfied - refund admissible - cenvat credit rules, 2004, R. 5 - export of services rules, 2005, R. 3(2)(b) - foreign exchange management act (42 of 1999), S. 2(n) - central excise act (1 of 1944), S. 11B.*

B. *Service tax - refund - export of services - centralized accounting - foreign inward remittance certificates addressed to delhi head office -export proceeds credited to Delhi bank account under centralized accounting system - foreign inward remittance certificates though addressed in name of delhi entity certify that remittance pertains to chennai operations - rule 3(2)(b) of export of services rules, 2005 requires receipt in convertible foreign exchange, not in account of service-providing unit - refund not deniable on ground of credit to centralized account - export of services rules, 2005, R. 3(2)(b) - cenvat credit rules, 2004, R. 5.*

B16

Statute: Services Tax

Decision in Favour of: Appellant

Title: S.M. Autokraft Pvt. Ltd. Versus Commissioner Of CGST & Central Excise, Guwahati

R. Muralidhar, Members (Judicial) & Rajeev Tandon, Member (Technical)

Citation: (2026) 159 GSTR 324: 2026 SCC ONLINE CESTAT 1639

Bench/Court: In The Customs Excise & Service Tax Appellate Tribunal

A. *Service tax - business auxiliary service - authorised dealer of vehicle manufacturers - operating on principal-to-principal basis - profit margin on sale of vehicles not "commission" - discounts and incentives received from manufacturer - constitute trade discount on sale -price - not consideration for any service - demand unsustainable - finance act (32 of 1994), S. 65(105) (zzb).*

B. *Service tax - limitation - assessee duly registered - filing ST-3 returns regularly - income-tax returns and balance sheets duly filed - no evidence of suppression or concealment - invocation of extended period unwarranted - second show-cause notice issued on same set of facts already in knowledge of department - allegation of suppression unsustainable finance act (32 of 1994), S. 73.*

B17

Statute: Goods & Services Tax

Decision in Favour of: Appellant

Title: Assistant Commissioner (Anti Evasion) & Another Versus Aerocom Cushions Pvt Ltd.

Dipankar Datta & Satish Chandra Sharma, JJ

Citation: (2026) 158 GSTR 537: 2026 SCC OnLine SC 1217

Bench/Court: In The Supreme Court of India

GST - supply of services leasehold rights - assignment of leasehold rights constitutes transfer of immovable property transaction has no nexus with business of company essential element of supply of service in course of business absent - assignment by sale and transfer of leasehold rights of plot allotted by industrial development corporation to lessee in favour of third party assignee for consideration shall be assignment of benefits arising out of immovable property - not subject to levy of goods and services tax - show-cause notice for non-payment of tax on transfer of leasehold rights quashed- central goods and services tax act (12 of 2017), SS. 7, 9; sch. II, Cl. 2(b), sch. III, Cl. 5.

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Overview of


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Inauguration




Ernakulam Branch (SIRC)


Ernakulam Branch (SIRC)
Inauguration




Ernakulam Branch (SIRC)
Shri. K. V. P. Krishnakumar
Municipal Councillor
Ernakulam South Division


Ernakulam Branch (SIRC)
Inauguration


Ernakulam Branch (SIRC)
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Technical Session - 2
Tax Audit under Income Tax Act
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Thank You




Technical Session - 2
Tax Audit under Income Tax Act
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