



Anivesh
Legal Consultants

Indirect Tax Updates From 1st August 2025 to 15th August 2025

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GST Updates

On the 79th Independence Day, Prime Minister Narendra Modi highlighted the transformative role of Goods and Services Tax (GST) since its implementation in 2017 and announced GST 2.0 primarily highlighting:

➤ **Structural Reforms**

- Correction of inverted duty structures to reduce excess input tax credit and boost domestic value addition.
- Resolve classification issues to simplify compliance and reduce disputes.
- Ensure stability and predictability in GST rates for long-term business confidence.

➤ **Rate Rationalisation**

- Reduction of taxes on common-man items and aspirational goods to boost affordability and consumption.
- Move towards a simpler structure with two slabs (standard & merit), special rates only for limited items.
- End of compensation cess provides fiscal space for aligning and rationalising rates.

➤ **Ease of Living**

- **Registration:** Seamless, digital, and time-bound, especially for small businesses and startups.
- **Returns:** Pre-filled GST returns to reduce mismatches and manual intervention.
- **Refunds:** Faster, automated refunds for exporters and sectors facing inverted duty structures.

Anivesh (ALC) Comments: In essence, the Government is moving towards a simplified 2-slab GST system, correcting structural issues, and making compliance easier, with the goal of making GST more predictable, citizen-friendly, and growth-oriented.

GST Updates

Appointment of Technical and Judicial Members

- The Government of India has issued an update regarding appointment of Technical members (State & Centre Bench) and Judicial members (State Bench) of GST Appellate Tribunal.
- The Appointments Committee of the Cabinet (ACC) has approved the proposals of the Department of Revenue.
- **Principal Bench, New Delhi**
 - Two members appointed as Technical Members (State and Centre respectively).
 - One member appointed as Judicial Member.
- **State Bench**
 - 31 members appointed as Technical Members (Centre) for 31 State Benches.
 - 52 members appointed as Judicial Members.
- The appointed candidates will serve as Technical and Judicial Members of GSTAT with a salary of Rs. 2,25,000/- per month, for a period of 04 years w.e.f. the date of assumption of charge of the post, or till attaining the age of 67 years, whichever is earlier.

Important Case Laws

1. M/s Armour Security (India) Ltd vs. CCGST [Supreme Court: SLP (C) 6092 Of 2025]

Issuance of summons does not constitute initiation of proceedings u/s 6(2)(b) of the CGST Act

The State GST authority had already issued a SCN under Section 73 of CGST Act for FY 2020–21 raising demand of Rs. 1.24 crore for under-declared turnover and excess ITC. Later, the Central GST (CGST) Authority conducted a search under Section 67 of the CGST Act and issued summons Section u/s 70 of the CGST Act to Petitioner's directors for documents. The Petitioner argued this was barred under Section 6(2)(b) CGST Act since proceedings on the 'same subject matter' were already initiated by the State Authority. The Delhi High Court dismissed petition, holding that summons/investigation are not 'proceedings' under Section 6(2)(b) of the CGST Act.

The Supreme Court held that Summons under Section 70 are only a part of inquiry/investigation to gather information. "Proceedings" under Section 6(2)(b) begin only when a SCN under Sections 73/74 is issued, as that is the foundational document crystallizing liability. Hence, summons/search are not barred by Section 6(2)(b) of the CGST Act.

Important Case Laws

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Further, it has been observed that the subject matter is crystallized only in the SCN (which specifies charges, grounds, and demand. Mere overlap in investigation does not attract the bar for initiating proceedings under Section 6(2)(b) of the CGST Act. Accordingly, the Supreme Court held that Summons by CGST authority were valid. It do not constitute “initiation of proceedings” under Section 6(2)(b). Section 6(2)(b) bars parallel adjudication, not parallel investigation. Petition dismissed and Order passed by High Court was upheld.

Anivesh (ALC) Comments: Section 6(2)(b) prevents double adjudication on same liability, but does not restrict multiple authorities from conducting inquiries. Taxpayers will face summons from different authorities even on overlapping issues. Protection from parallel proceedings applies only once SCN is issued. This judgment will open another pandora box of litigation by emboldening GST department officers. It is high time for Government to clearly lay down statutory safeguards against overlapping enforcement actions.

Important Case Laws

2. CCGST vs. M/s Bharti Airtel Limited [Supreme Court: SLP 35416/2025]

ITC is available on Telecommunication towers as they are movable property

The issue was whether telecommunication towers are to be treated as immovable property under Section 17(5)(d) of the CGST Act, 2017, thereby making them ineligible for ITC?

The Delhi High Court earlier held that telecommunication towers are not immovable property. Consequently, denial of ITC under Section 17(5)(d) was held to be unsustainable. The Department challenged the Delhi High Court ruling before the Supreme Court. The Supreme Court dismissed the SLP filed by the Petitioner and accordingly, held that it was not satisfied that the matter was fit for interference under Article 136 of the Constitution.

Anivesh (ALC) Comments: Telecom companies can claim ITC on telecommunication towers, as it is not treated as ‘immovable property’ under Section 17(5)(d) CGST Act. This judgment is in line with the principles laid down by landmark judgment of Hon’ble SC in the case of ***Bharti Airtel (2024)*** given in context on availability of CENVAT credit in Excise regime on telecommunication towers.

Important Case Laws

3. CST vs. M/s Vodafone India Limited [Supreme Court: Civil Appeal 12468-12471 of 2024]

Services provided to foreign recipients qualify as ‘export’ despite services being performed in India or for Indian beneficiaries

The issue was whether services provided by Indian entities to overseas clients, with consideration received in convertible foreign exchange, qualify as “export of services” under the Export of Service Rules, 2005 and Place of Provision of Service Rules, 2012. The services were performed partly in India, and in some cases, the ultimate beneficiaries were located in India. The Department contended that since the services were either performed in India or consumed in India by beneficiaries, they did not qualify as exports and were taxable within India.

The Supreme Court held that service tax is a contract-based levy, and the determinative factor is the location of the contractual service recipient, not the place of performance or the ultimate beneficiary. Since the contractual recipients were located outside India and payments were received in convertible foreign exchange, the services qualified as “exports.” The Revenue’s reliance on the “place of performance” test was rejected. The appeals by the Department were dismissed.

Important Case Laws

4. CCGST vs. Kalpataru Projects International Ltd [Supreme Court: Civil Appeal 6900 of 2025]

Transport/insurance charges not includible in taxable value of erection/installation services

The Assessee supplied transmission line towers and parts on ex-works basis under a supply contract. The Department demanded service tax on transportation and insurance charges received by Assessee in the gross value of erection/installation service, alleging that these should be included in the gross value of erection and installation service of transmission towers. The Department contended that arranging transportation and insurance was incidental to the erection and installation service and hence liable to service tax.

The Supreme Court found no merit in the Revenue's contention and held that transportation and insurance were part of the ex-works supply contract, not the service of erection and installation. Since these charges were recovered separately and related to supply of goods, they could not be clubbed with the value of services for taxation. The Court further noted that the Department's appeal suffered from delay apart from lacking substance, and therefore dismissed it on both counts delay as well as on merits.

Anivesh (ALC) Comments: This judgement reinforces that separate supply elements under ex-works contracts cannot be artificially merged into service valuation.

Important Case Laws

5. BSH Household Appliances Manufacturing Pvt Ltd vs. CCT [Bengaluru HC: W.P. 11574 of 2025]

Penalty u/s 74 of the CGST Act not imposable in case of bona fide legal interpretational dispute

Expatriate employees seconded to India under delegation agreement and Salaries paid in India and partly in abroad. Following the Supreme Court's ruling in *Northern Operating Systems (2022)*, the petitioner voluntarily paid the applicable GST with returns. The Department, however, issued orders under Section 74 of the CGST Act, 2017, demanding interest and penalty, alleging willful suppression. The issue before the Karnataka High Court was whether penalty under Section 74 could be levied when the non-payment of tax was due to a bona fide interpretational dispute that was only settled by the Apex Court judgment.

The Karnataka High Court held that the Petitioner had disclosed all facts in its books, and the dispute was purely interpretational, the conditions of fraud, willful misstatement, or suppression under Section 74 were not satisfied. Accordingly, the penalty was quashed, though the matter was remitted to the authority for determining the factual liability of interest on delayed payment of tax.

Important Case Laws

6. Satyadevi Alamuri vs. ACGST [Madras HC: W.P. 28930 of 2024]

Deposit in Cash Ledger is valid tax payment on account of non-filing of GSTR-3B due to liquidation

The Petitioner, acting as liquidator of a company under voluntary liquidation pursuant to an NCLT order. The Petitioner has deposited the entire GST liability into the Electronic Cash Ledger for the relevant period through challans. However, since the company's GST registration was cancelled during liquidation, the GSTR-3B returns could not be filed to debit the ledger and discharge the liability. The Department, treating the deposit as not being actual payment of tax, passed an Order-in-Original confirming demand of tax, interest, and penalty. The issue was whether an amount deposited into the Electronic Cash Ledger under Section 49 of the CGST Act, 2017 must be treated as payment of tax even though GSTR-3B could not be filed due to liquidation and cancellation of registration.

The Madras High Court held that deposit of money in the Electronic Cash Ledger amounts to payment to the Government, and debit through GSTR-3B is only a procedural formality. Since the failure to file the return was due to liquidation and cancellation of registration, which were beyond the petitioner's control, refusal to recognize the payment was legally untenable. The Court quashed the impugned demand order and directed the Department to appropriate the amounts deposited in the Cash Ledger against the tax liability.

Anivesh (ALC) Comments: Similar principles were followed by Madras HC in the case of *Eicher Motors* wherein it was held that if cash payment is made in E-cash ledger before due date of GSTR 3B, but GSTR 3B filed after due date, no interest will be levied.

Important Case Laws

7. Bharat Mint & Aroma Chemicals vs. UOI [Allahabad HC: W.P. 3189 Of 2025]

Substantive refund claim cannot be defeated by typographical error in Form GST RFD-01

The Petitioner filed a claim for refund of excess CGST, but due to a typographical or software error, the amount was entered under the IGST head in form GST RFD-01. The Petitioner was otherwise entitled to the refund. The Department rejected the claim, holding that refund applications not filed under the correct tax head and lacking supporting evidence cannot be processed, relying on Section 77(1) of the CGST Act, 2017. The issue before the Court was whether a substantive claim for a tax refund can be denied solely due to a typographical or technical error in the refund application.

The Allahabad High Court held that a substantive right cannot be defeated by a mere technicality. The typographical error or incorrect citation of tax head could not justify rejecting the refund claim. Further, the finding regarding failure to adduce evidence violated principles of natural justice, as the petitioner was not given an opportunity to be heard. Accordingly, the impugned orders were quashed, and the matter was remitted to the appellate authority for fresh determination on merits.

Anivesh ALC Comments: Refund claims cannot be rejected merely due to typographical/technical mistakes in forms when entitlement is otherwise clear. Authorities must adjudicate on substance over form and respect principles of natural justice.

Important Case Laws

8. R.P. Techsoft International Pvt Ltd vs. Deputy Commr. SGST [Calcutta HC: MAT/969/2025 with IA no: can/1/2025]

State Tax Authority cannot deny transitional credit by solely relying on Central Tax verification report without independent assessment as per CBIC guidelines.

The Petitioner claimed transitional credit (TRAN-1/TRAN-2). The State Tax Authority (SGST) rejected the claim, solely relying on the verification report of the Central Tax Authority (CGST). The Single Judge dismissed the writ petition citing availability of alternate remedy. The issue was whether the State Tax Authority can reject transitional credit solely based on the CGST verification report, without independently examining the petitioner's submissions.

The Calcutta High Court held that the State Tax Authority acted in violation of principles of natural justice and has not followed the CBIC Circular dated November 10, 2022. The Court directed that the State Authority must independently evaluate the admissibility of transitional credit after considering submissions made by the Petitioner. The Impugned Order was set aside, and the matter remanded for a fresh personal hearing and a reasoned order on merits.

Important Case Laws

9. Shri Sarabjeet Singh vs. CSGST [Delhi HC: W.P. 10392/2025]

The Assessee cannot be treated as ‘Defaulter’ when appeal is pending before Appellate Authorities

The Petitioner’s earlier GST registration (No. 07AYGPS6777E1ZW) was cancelled after a demand of Rs. 21,72,324/-. The Petitioner challenged the order in W.P.(C) 4326/2025, and the Court on April 2025 allowed him to pursue an appeal under Section 107 of the CGST Act with the requisite pre-deposit. Meanwhile, he applied for a new GST registration on 05 May 2025, but the Department refused, citing that he was a “defaulter” and that a No Objection Certificate (NOC) could not be issued until full payment of demand.

The Delhi High Court held that once the Petitioner had filed an appeal with the mandatory pre-deposit, Section 107(7) of the CGST Act came into play, whereby recovery proceedings for the balance amount are automatically stayed. Hence, the Petitioner cannot be treated as a defaulter while the appeal is pending. The Department was directed to process the fresh GST registration application and issue the NOC accordingly.

Anivesh (ALC) Comments: Taxpayer who files GST appeal with the statutory pre-deposit cannot be treated as a defaulter; demand recovery remains stayed under Sec. 107(7) CGST Act, and denial of fresh GST registration on that ground is invalid.

Important Case Laws

10. DGAP vs. M/s. Urban Essence (Subway Franchisee) [GSTAT, Anti-Profiteering Division, New Delhi: Appeal No. NAPA/31/PB/2025]

GSTAT first ruling confirmed profiteering by raising prices after reduction of GST from 18% to 5%

In instant case, the Respondent allegedly failed to reduce prices following GST rate cut on restaurant services from 18% to 5% effective from November 15, 2017. The DGAP's investigation expanded beyond complained product to all 340 menu items, finding profiteering of Rs. 5,47,005/- between November 2017 to October 2019, factoring in a 7.54% denial of ITC. The Department argued the scope should be limited, claimed price increases were justified by rising costs, sought ITC credit for July 2017 to October 2017 invoices, and attributed price changes to operational necessity.

The Hon'ble GSTAT upheld DGAP's expanded investigation under Section 171(2) and Rule 129(2) and reaffirmed legal principles favouring consumer benefit from tax reductions. It rejected Respondent's cost justification due to lack of evidence, dismissed ITC claim for absence of invoices, and found 'overnight price hike' argument implausible. The Tribunal ordered the Respondent to deposit Rs. 5,47,005/- along with interest @18% into Consumer Welfare Fund within 3 months.

Anivesh (ALC) Comments: This is first Order since transition from NAA to GSTAT which reinforces anti-profiteering enforcement, strengthens consumer protection, and sets a precedent where further appeal lies only with Supreme Court, highlighting the need for businesses to document compliance with GST rate changes.

Important Case Laws

11. Siemens Ltd vs. Commissioner Of Customs [CESTAT Mumbai: Appeal No. 86843 of 2022]

Self-assessment can be modified u/s 149 and 154 apart from Section 128 of the Customs Act, 1962

The Petitioner filed two Bills of Entry in September 2019, self-assessed under RMS and paid duty. Later sought reassessment under Section 149, using Advance Authorisation to discharge duty liability. On reassessment, duty initially paid in cash became refundable. The refund applications filed in December 2019. The Refund got rejected by Adjudicating Authority and Commissioner (Appeals), citing SC ruling in ITC Ltd. (2019-VIL-32-SC-CU) that self-assessment can only be modified via appeal under Section 128.

The Hon'ble Mumbai CESTAT held that the Commissioner (Appeals) had misinterpreted judgment passed by Supreme Court in ITC Ltd. The Supreme court's decision in such case held that refund cannot be granted unless the assessment is modified in accordance with law, either via Section 128 or other relevant provisions.. Also, the Bombay HC in *Dimension Data* confirmed that modifications can be made under Sections 149 & 154 of the Customs Act as well. Hence, Commissioner (Appeals) has erred in holding reassessment ab initio void. Since the assessment was validly modified under Section 149, refund claim was maintainable. Impugned order passed by Commissioner (Appeals) set aside and Refund of initially paid duty was admissible.

Anivesh (ALC) Comments: Refund claim is sustainable where self-assessment is validly modified under Section 149 or 154, in addition to Section 128. *ITC Ltd.* does not confine reassessment strictly to appellate remedy.

Important Case Laws

12. M/s JSW Energy Ltd. vs. Commr. Of Customs [CESTAT Hyderabad: Appeal No. 30834 of 2017]

Refund is not admissible without filing appeal against the original assessment under Section 128 of the Customs Act

The Appellant imported Indonesian steam coal under six Bills of Entry and initially paid CVD at 2%. On finalisation of provisional assessment, CVD was demanded at 6%, and the differential 4% was paid under protest. Appellant deposited the differential 4% duty with interest under protest and later sought refund. The Deputy Commissioner re-assessed the Bills of Entry and allowed refund. On appeal by the Department, the Commissioner (Appeals) set aside the re-assessment, holding that refund could not be entertained without first challenging the original assessment.

The Tribunal held that the adjudicating authority cannot modify/reopen its own assessment orders. Once assessment is finalized, the, not refund claim or suo motu reassessment. Since the Appellants has not pursued the appeal remedy under Section 128 of appeal and instead sought refund by short-circuiting the process, their claim was not maintainable. The appeals were found to be devoid of merit and were accordingly dismissed.

Anivesh (ALC) Comments: Refund claims cannot be used to bypass appeal, and cannot be invoked to substantively alter assessment orders.

Customs – Notifications

1. **Notification No. 26/2025-Customs (ADD) dated August 4, 2025:** Anti-dumping duty on import of ‘Black Toner in powder form’ originating in or exported from China PR, Malaysia and Taiwan to be applicable for a period of five years.
2. **Notification No. 27/2025-Customs (ADD) dated August 6, 2025:** Anti-dumping duty already imposed on import of ‘Woven Fabric (having more than 50% Flax content)’ commonly known as ‘Flax Fabric’ originating in or exported from China PR and Hong Kong, extended up to February 9, 2026.
3. **Notification No. 50/2025-Customs (N.T.) dated August 14, 2025:** Tariff values of specified imported goods revised w.e.f. August 15, 2025.

Customs – Instructions

1. **Instruction No. 25/2025 dated August 6, 2025**: The Officers are being informed that specified authorized officials (FSSAI officials or Customs officials) appointed on specified entry ports.
2. **Instruction No. 26 dated August 14, 2025**: Guidelines issued for handling suspected SCOMET exports:
 - CBIC maintains a repository of SCOMET clarifications (link on CBIC website). Field formations must refer to this repository for suspected SCOMET items before further escalation.
 - If clarification is not available and determination cannot be made, the case may be referred to Customs-III Section (Strategic Controls Nodal Point) with prior written approval of the Commissioner. Reference must include Technical documents (drawings, specs, end-use details, images). Customs-III Section will seek clarification from DGFT and share with field formations.
 - Chartered Engineer (CE) Certificates are not required for SCOMET classification/export clearance under FTP 2023.
 - Directorate of International Customs (DIC) entrusted with examining AEO with DU status.

Customs – Miscellaneous Updates

The Carriage of Goods by Sea Act, 2025 (Act No. 19 of 2025), received Presidential assent on August 8, 2025. The Act replaced the Carriage of Goods by Sea Act, 1925, and aligns Indian law with international maritime conventions to regulate rights, liabilities, and responsibilities of carriers in the carriage of goods by sea.

- Applicable to all shipments from Indian ports to domestic or international destinations.
- Bills of lading issued in India must expressly state applicability of rules under the Act.
- No implied absolute obligation on carriers to provide a seaworthy ship under contracts governed by the Act.
- Special provisions for sailing ships and for bulk cargoes where weight is certified by third parties.
- Empowers Central Government to issue directions, amend the Schedule by notification, and resolve implementation difficulties (within 2 years of commencement).
- Carriers and shippers may enter into special agreements (non-negotiable receipts), provided not contrary to public policy.

Foreign Trade Policy Updates

1. **Notification No. 24/2025 dated August 11, 2025:** Import of specified jute products (HS Codes 531090, 560890, 560790, and 630510) from Bangladesh shall not be allowed from any land port on India-Bangladesh Border. However, import of such goods allowed only through Nhava Sheva Seaport.
2. **Public Notice No. 18/2025-26 dated August 01, 2025:** Quantity of 5,841 of MT for export of Sugar to EU from India allocated under TRQ for the year 2025-26 (October 2025 to September 2026). APEDA, New Delhi will be implementing agency for export of such TRQ items to EU.

THANK YOU

See You Next Time



+91 9717587750
+91 8077648656



mohit.gupta@aniveshgroup.com
ayush.agarwal@aniveshgroup.com



aniveshgroup.com
anivesh.in



C-2465, Basement, Opposite Peach Tree
Gate no. 1, Sushant Lok 1, Sector 43,
Gurgaon 122002.



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Legal Consultants

