

CUSTOMS AND GST ALERT



NEWS UPDATES

- Union Budget 2024-25 was introduced by the Central Government in Parliament on 01.02.2025, along with the Finance Bill, 2025. Highlights of the Customs and GST amendments proposed therein can be accessed [here](#).
- GSTN has deferred the decision of implementing hard-locking of auto-populated liability figures in Form GSTR-3B. The revised date of implementation shall be intimated soon.

CASE LAW UPDATES

UNION OF INDIA AND ORS v. FUTURE GAMING SOLUTIONS PVT LTD AND ANR

2025 (2) TMI 483

Supreme Court holds that the relationship between State Government and distributors of lottery tickets is that of principal to principal and not principal to agent. Thus, holds that service tax could not be levied on transactions between the aforesaid parties, since the element of 'agency' was absent. Court also holds that during the period in question (prior to 2016), power to levy tax on 'betting and gambling' was with the States and not the Centre.

PRIYANKA REFINERIES PVT LTD v. DEPUTY COMMISSIONER ST AND ORS

2025 (2) TMI 302

Andhra Pradesh High Court strikes down Circular No. 181/13/2022-GST which essentially stated that refund of unutilised input tax credit (ITC) on account of inverted duty structure shall not be allowed in respect of goods which have been notified to be ineligible, even for periods

prior to the date on which such goods were so notified; sets aside orders rejecting refund applications pertaining to periods prior to the date on which the goods were notified to be ineligible, despite the applications having been filed post such date.

BLA INFRASTRUCTURE PVT LTD v. STATE OF JHARKHAND AND ORS

2025 (2) TMI 352

Jharkhand High Court, in a petition challenging rejection of refund of pre-deposit (pursuant to a favourable appellate order) on the ground of delay, holds that the time limit of two years prescribed under section 54 of the Central Goods and Services Tax Act, 2017 (CGST Act) is directory (not mandatory). Court also observes that the prescribed time limit is in conflict with provisions of the Limitation Act, 1963 (which permits money suits to be filed within three years).

REJIMON PADICKAPPARAMBIL ALEX v. UNION OF INDIA AND ORS.

2024 (12) TMI 399

Kerala High Court holds that inadvertently availing ITC of IGST as ITC of CGST and SGST shall not be seen as excess availment of ITC of CGST and SGST, as the situation was revenue neutral; quashes demand order issued in this respect.

KAMAL ENVIROTECH PVT LTD AND ZEON LIFE SCIENCES LTD v. COMMISSIONER OF GST AND ORS

2025 (1) TMI 983

Delhi High Court holds that provisions pertaining to levy of penalty for improper transportation or storage of goods contained in section 129 of the Central Goods and Services Tax Act, 2017 (CGST Act) must be guided by principles of moderation, restraint and reasonableness embodied in section 126 of the CGST Act and cannot be considered mandatory in nature.

CENTRAL ELECTRICITY REGULATORY COMMISSION AND ANR v. ADDITIONAL DIRECTOR DIRECTORATE GENERAL OF GST INTELLIGENCE AND ORS

2025 (1) TMI 887

Delhi High Court holds that the regulatory functions discharged by *Central and State Electricity Regulatory Commissions* would not fall within the definition of “business” under the CGST Act, and fees collected against such functions shall not be liable to GST.

NAND KISHORE GUPTA v. ADDITIONAL DIRECTOR GENERAL, DIRECTORATE GENERAL OF GST INTELLIGENCE & ORS

2025 (1) TMI 513

Delhi High Court holds that powers of seizure conferred upon enforcement agencies under the CGST Act does not extend to seizure of cash or any other valuables.

REGULATORY UPDATES

Goods and Services Tax

NOTIFICATION NO 07/2025-CT

Central Government has introduced a provision for granting a “Temporary Identification Number” to persons who are not liable to be registered under the CGST Act but are required to make any payment under the provisions of the said Act.

NOTIFICATION NO 08/2025-CT AND CIRCULAR NO 246/03/2025

Central Government has clarified that late fee is normally leviable for the delay in furnishing of complete annual return, i.e. both Form GSTR-9 and Form GSTR-9C (wherever applicable) and the late fee shall be calculated for the period from the due date of furnishing of annual return up to the date of furnishing of both Form GSTR-9 and Form GSTR-9C. However, Central Government has waived the late fee on delayed filing of Form GSTR-9C, to the extent of delay that has occurred from the date of furnishing Form GSTR-9 onwards, for FY 2017-18 to FY 2022-23, subject to Form GSTR-9C being filed up to 31.03.2025. However, no refund of late fee previously paid, if any, shall be available.

NOTIFICATION NO 09/2025

Central Government has notified that the amendments made in the Central Goods and Services Tax Rules, 2017 in July 2024 pertaining to (i) document verification / taking photograph for processing GST registration applications; (ii) generation of e-way bills by unregistered persons; (iii) format of Form GSTR-3B return ('payment of tax' details), shall be brought into force with effect from 11.02.2025, and amendments pertaining to (i) procedure for distribution of ITC by Input Service Distributor; (ii) formats of Form GSTR-7 (TDS) and Form GSTR-8 (TCS) returns, shall be brought into force with effect from 01.04.2025.

CIRCULAR NO 244/01/2025

Central Government has regularized the GST liability on (i) activity of apportionment of co-insurance premium by the lead insurer to the co-insurer; and (ii) services by insurer to the reinsurer against ceding commission or reinsurance commission from 01.07.2017 on 'as is where is' basis.

CIRCULAR NO 245/02/2025

Central Government has clarified the following issues:

Sr. No.	Issue	Clarification
1.	Applicability of GST on penal charges being levied by Regulated Entities for non-compliance with material terms and conditions of loan contract by the borrower.	No GST is payable on such penal charges
2.	Applicability of GST exemption to payment aggregators in relation to settlement of up to INR 2,000/- in a single transaction, transacted through credit card, debit card, charge card or other payment card services	GST exemption is available, but is limited to payment settlement function only, which involves handling of money, and does not cover Payment Gateway services.

Sr. No.	Issue	Clarification
3.	GST on supply of research and development services by Government entities against grants received from Government entities	GST liability has been regularized for the period 01.07.2017 to 09.10.2024 on 'as is where is' basis.
4.	GST on services provided by Training Partners approved by the National Skill Development Corporation, which were exempt prior to 10.10.2024	GST liability has been regularized for the period 10.10.2024 to 15.01.2025 on 'as is where is' basis.
5.	GST on facility management services provided to Municipal Corporation of Delhi	GST is applicable on such services.
6.	Whether Delhi Development Authority (DDA) is a “local authority” under the CGST Act	DDA is not a “local authority” under the CGST Act.
7.	GST on renting of immovable property other than residential dwelling (commercial property) by unregistered person to registered person under composition levy	GST liability has been regularized for the period 10.10.2024 to 15.01.2025 on 'as is where is' basis.
8.	GST on incidental or ancillary services to the supply of transmission or distribution of electricity supplied by an electricity transmission or distribution utility	GST liability has been regularized for the period 10.10.2024 to 15.01.2025 on 'as is where is' basis.
9.	GST on services provided by <i>M/s Goethe Institute / Max Mueller Bhawans</i>	GST liability has been regularized for the period 01.07.2017 to 31.03.2023 on 'as is where is' basis.

CIRCULAR NO 247/04/2025

Central Government has clarified that (i) pepper of genus Piper, whether green (fresh), white or black, is covered under HS 0904 and attracts 5% GST; (ii) agriculturist supplying dried pepper or raisins is not liable to obtain GST registration; (iii) ready-to-eat popcorn mixed with salt and spices is classifiable under HS 2106 90 99 and attracts 5% GST, if the same is not sold in a pre-packaged and labelled form, and attracts 12% GST if the same is sold in a packaged and labelled form; (iv) popcorn mixed with sugar is classifiable under HS 1704 90 90 and attracts 18% GST; (v) GST liability on ready-to-eat popcorn mixed with salt and spices has been regularized for the period up to 14.02.2025 on 'as is where is' basis; (vi) autoclaved aerated concrete (AAC) blocks containing more than 50% fly ash content are classifiable under HS 6815 and attract 12% GST; and (vii) amendment extending levy of 22% GST Compensation Cess to all motor vehicles known as utility vehicles by whatever name called, with engine capacity exceeding 1500cc, length exceeding 4000mm and ground clearance of 170mm and above, shall apply with effect from 26.07.2023.

INSTRUCTION NO 02/2025

Central Government has instructed that, where the taxpayer pays full tax demanded in an order for availing benefit of waiver of interest and penalty under the recently introduced settlement scheme, and the department is in appeal or under the process of filing an appeal only on account of wrong interest calculation and/or wrong imposition or non-imposition of penalty, the department may proceed towards withdrawing such appeal filed, and in case where the order is under review stage only, accept the same.

Customs

NOTIFICATION NO 07/2025-NT

Central Government has amended the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, whereby (i) various statements thereunder shall now be required to be filed on a quarterly (instead of monthly) basis; (ii) maximum period for which

goods could be sent for job-work has been extended to one year (from six months); and (iii) in respect of unutilised or defective goods imported by availing benefit of a concessional rate notification, the importer shall have an option to either re-export or clear the same for home consumption within one year from the date of import (as opposed to six months), where no time period has been specified in the notification (extendable for a further period of three months if sufficient cause is shown).

CIRCULAR NO 03/2025

Central Government has clarified that in case of export of *Lab Grown Diamonds (HPHT/CVD) weighing less than one carat*, declaration of additional qualifiers will only be voluntary. However, the same shall continue to be mandatory in all other cases.

Foreign Trade Policy

NOTIFICATION NO 51/2024-25

Directorate General of Foreign Trade has extended the “free” Import Policy on *Tur / Pigeon Peas (Cajanus Cajan)* up to 31.03.2026.

NOTIFICATION NO 53/2024-25 AND PUBLIC NOTICE NO 42/2024-25

Directorate General of Foreign Trade has introduced the *Diamond Imprest Authorization (DIA) Scheme* to boost exports of diamonds from India, to be effective from 01.04.2025. Exporters with Two Star Export House status or above, having achieved minimum export performance of USD 15 million in Cut and Polished Diamonds shall be eligible to obtain Diamond Imprest Authorization.

NOTIFICATION NO 54/2024-25

Directorate General of Foreign Trade has restricted import of *Glufosinate and its salts* if CIF value is below INR 1,289/- per kg.

NOTIFICATION NO 55/2024-25

Directorate General of Foreign Trade has revised import policy for *Patrol or surveillance boat, air cushion vehicle, remote operated vehicle or others* to “free”.

NOTIFICATION NO 56/2024-25

Directorate General of Foreign Trade has prohibited export of *De-Oiled Rice Bran* up to 30.09.2025.

NOTIFICATION NO 58/2024-25

Directorate General of Foreign Trade has revised classification of *Vintage Motor Vehicles* to align with the Central Motor Vehicle Rules, 1989.

TRADE NOTICE NO 28/2024-25

Directorate General of Foreign Trade has clarified that all manually issued Preferential Certificates of Origin (CoO) on or after 17.01.2025 and all manually issued Non-Preferential CoOs on or after 01.01.2025 shall be considered null and void and liable to be rejected by Customs authorities of the recipient countries.

TRADE NOTICE NO 29/2024-25

Directorate General of Foreign Trade has digitised the Enforcement-cum-Adjudication processes and other associated actions. Online submission of documents and payment of penalties has now been made mandatory.

TRADE NOTICE NO 30/2024-25

Directorate General of Foreign Trade has notified the procedure to be followed for filing applications for allocation of Tariff Rate Quota of Gold Bullion under the India-UAE Comprehensive Economic Partnership Agreement, for FY 2025-26. The last date of submission of applications has been notified to be 28.02.2025.

PUBLIC NOTICE NO 43/2024-25

Directorate General of Foreign Trade has notified the amendments in Handbook of Procedures for implementation of e-Certificate of Origin and in-lieu Certificate of Origin and Back-to-back Certificate of Origin. Non-Preferential Certificate of Origin (CoO) can be obtained online by submitting applications on <https://trade.gov.in> to any of the agencies listed in Appendix 2E

PUBLIC NOTICE NO 45/2024-25

Directorate General of Foreign Trade has revised the Standard Input Output Norms (SION) and wastage permissible, in respect of export of jewellery.

PUBLIC NOTICE NO 48/2024-25

Directorate General of Foreign Trade has invited applications for import of *Calcined Petroleum Coke (CPC)* and *Raw Petroleum Coke (RPC)* for FY 2025-26. The last date of submission of applications has been notified to be 28.02.2025.

POLICY CIRCULAR NO 11/2024-25

Directorate General of Foreign Trade has issued policy circular to re-fix the Annual Average Export Obligation for EPCG Authorizations for FY 2023-24. Such adjustment has been made to provide relief to exporters of those sectors where total exports in that sector / product group had declined by more than 5% as compared to previous year.

For any clarifications, please write to:

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