

CASE LAW UPDATES

AEROCOM CUSHIONS PVT LTD v. ASSISTANT COMMISSIONER (ANTI-EVASION), CGST, NAGPUR-I

[2026] 182 taxmann.com 432

Bombay High Court holds that assignment of leasehold rights in a plot of land allotted by the Maharashtra Industrial Development Corporation (MIDC) by the lessee in favour of a third-party assignee represents *transfer of benefits arising out of an immovable property*, and is not a *supply of service*. The Court holds that, in such a transaction, the essential element of *supply of service in the course or furtherance of business* is absent, rendering the transaction outside the levy of GST.

SAHIL ENTERPRISES v. UNION OF INDIA

[2026] 182 taxmann.com 144

Tripura High Court holds that section 16(2)(c) of the Central Goods and Services Tax Act, 2017 (CGST Act) ought not to be interpreted to deny input tax credit (ITC) to the purchaser in a *bona fide* transaction, and it should be read down and applied only where the transaction is found to be not *bona fide* or collusive. The Court holds that the provision places an onerous and disproportionate burden on the purchaser by asking them to do the impossible (i.e. check compliances of sellers).

MERCK LIFE SCIENCE PVT LTD. v. UNION OF INDIA

[2025] 180 taxmann.com 593

Karnataka High Court holds that (i) the period of two years prescribed under section 54 of the CGST Act for filing refund applications is mandatory; (ii) it is open to any person filing a belated refund application to file a writ petition before the High Court seeking condonation of delay; and (iii) condonation of delay, if granted by the Court, shall be subject to the condition that corresponding extension of time is granted in favour of the department to invoke other applicable provisions, as may be necessary.

C.H. ROBINSON WORLDWIDE FREIGHT INDIA PVT LTD v. ADDITIONAL COMMISSIONER, CGST-DELHI-SOUTH & ORS.

2025 (11) TMI 186

Delhi High Court holds that taxpayers must be provided a minimum period of three months for filing reply to show cause notices issued under section 73 of the CGST Act. In other words, there should mandatorily be a gap of three months between issuance of show cause notice and passing of adjudication order.

PANCHHI TRADERS v. STATE OF GUJARAT

[2025] 181 taxmann.com 540

Gujarat High Court holds that goods and conveyance cannot be confiscated in the absence of any *intention to evade payment of tax*. The Court holds that the action of confiscation of goods and conveyance invites serious consequences, and such an action therefore cannot be resorted to merely on the basis of suspicion, without any concrete material.

REGULATORY UPDATES

Customs

NOTIFICATION NO 11/2026

Central Government has notified concessional rates of duties on specified goods (such as calcareous building stone and alabaster, dolomite, hydraulic cements, asbestos, petroleum

coke, not calcined, colloidal precious metals, animal or vegetable fertilizers, modelling pastes, plastic floor coverings, etc.) manufactured by a unit in a Special Economic Zone (SEZ) (not being a Free Trade and Warehousing Zone) for removal to the Domestic Tariff Area (DTA), which shall be valid only for FY 2026-27. The concessional rates shall be subject to certain conditions, including that the unit must have had commenced production on or before 31.03.2025. The Central Government has also notified that the concessional rates shall not apply to goods which after importation in the SEZ are removed, as such or after use, to the DTA.

CIRCULAR NO 09/2026

Central Government has prescribed the procedure for ensuring expeditious handling of cargo, where export cargo is brought back to Indian ports due to closure of the Strait of Hormuz or similar disruptions. The master of the vessel / Captain can submit an undertaking stating that the vessel has not crossed territorial waters of India, or that the vessel has crossed territorial waters of India but has returned without calling any foreign ports, as the case may be, in which case the vessel may be permitted to berth at the Indian port without filing Sea Arrival Manifest.

CIRCULAR NO 10/2026

Central Government has clarified that in view of the exceptional situation affecting international shipping routes due to closure of the Strait of Hormuz, wherever amendment or cancellation of export documents becomes necessary due to *force majeure* circumstances, the Customs department may allow such amendment or cancellation without insisting on payment of additional fees.

CIRCULAR NO 12/2026

Central Government has prescribed the procedure for ensuring expeditious handling of cargo, where export cargo is brought back to Indian ports other than the original port of departure due to closure of the Strait of Hormuz or similar disruptions. In such a case, the Shipping Line or its authorised agent can file the Sea Arrival Manifest at the port of landing. In case a vessel carrying liquid bulk / break bulk cargo destined for foreign ports are compelled to divert to an Indian port

due to maritime security concerns, such a vessel may be permitted temporary unloading and storage of cargo for the limited purpose of onward international transshipment or re-export.

CIRCULAR NO 14/2026

Central Government has clarified that the facility of self-sealing permission, once granted to an eligible exporter / merchant exporter, does not have any prescribed validity period. Such permission shall continue to remain valid unless it is specifically withdrawn, suspended, or cancelled by the jurisdictional Customs authority due to non-compliance, misuse or any other valid reason.

CIRCULAR NO 15/2026

Central Government has clarified that in view of the ongoing disruption in maritime routes, international transshipment of both Full Container Load (FCL) and Less than full Container Load (LCL) cargo shall be permitted from all seaports and international airports, including cases involving transshipment through other Customs stations.

CIRCULAR NO 18/2026

Central Government has notified that, whenever a bill of entry is filed for clearance of goods manufactured by a unit in an SEZ for removal to the DTA, such bill of entry shall be assessed under the faceless assessment mechanism.

INSTRUCTION NO 02/2026

Pursuant to the decision of the Delhi High Court in *M/s Aims Retail Services Private Limited & Ors. v. Union of India & Ors.*, 2025 (2) TMI 596 (also upheld by the Supreme Court), the Central Government has directed Customs Authorities to not disallow claims of duty drawback in cases where mobile phones are exported after unlocking / activation, as such an activity does not amount to the mobile phone being 'taken into use' after manufacture.

Foreign Trade Policy

NOTIFICATION NO 65/2025-26

Central Government has notified a time-limited support for Indian Exporters, named *Resilience & Logistics Intervention for Export Facilitation* (RELIEF) under the Export Promotion Mission to address elevated export risks arising from geopolitical disruptions in the Gulf and West Asia maritime corridor. The intervention consists of three components: (i) enhanced war / political risk support for exporters who have already obtained ECGC credit insurance cover; (ii) time-limited support to encourage and facilitate ECGC credit insurance coverage for eligible exporters for upcoming exports; and (iii) time-limited reimbursement support for extraordinary freight and insurance surcharge burden borne by eligible non-ECGC-insured Micro, Small and Medium Enterprise (MSME) exporters in respect of customs-cleared cargo.

NOTIFICATION NO 66/2025-26 AND NOTIFICATION NO 74/2025-26

Directorate General of Foreign Trade has extended the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for all eligible export products up to 30.09.2026, and removed the 50% rate and value caps previously introduced in the scheme.

NOTIFICATION NO 67/2025-26

Directorate General of Foreign Trade has withdrawn the value limit of INR 10,00,000/- per consignment for exports through courier service with effect from 01.04.2026.

TRADE NOTICE NO 30/2025-26

Directorate General of Foreign Trade has constituted an Inter-Ministerial Group for Supply Chain Resilience, which shall monitor global developments affecting supply chains, assess sector-wise export and critical import vulnerabilities, facilitate coordination among Ministries / Departments, engage with stakeholders including Export Promotion Councils, and recommend appropriate mitigation measures, wherever required.

TRADE NOTICE NO 31/2025-26

Directorate General of Foreign Trade has implemented the *Credit Assistance for E-Commerce Exporters* intervention under the Export Promotion Mission. Under this Intervention, credit guarantee cover will be available to banks for credit assistance extended by them in the form of Cash Credit, Overdraft, or other Working Capital facilities to eligible beneficiary entities (MSMEs), in accordance with the coverage parameters. These facilities will also be supported through interest subvention, in accordance with the notified ceilings.

TRADE NOTICE NO 32/2025-26

Directorate General of Foreign Trade has implemented *The Support for Emerging Export Opportunities* intervention under the Export Promotion Mission. Under this Intervention, risk-sharing support, backed by the Central Government through the Export-Import Bank of India (Exim Bank), will be available. This will help MSMEs involved in international value chains to access trade finance for exports to under-served markets and boost competitiveness through non-recourse trade finance instruments from banks.

PUBLIC NOTICE NO 51/2025-26

Directorate General of Foreign Trade has extended the Export Obligation period in respect of Advance Authorisations and EPCG Authorisations, where such period was originally scheduled to expire between 01.03.2026 and 31.05.2026, till 31.08.2026. It has been clarified that the above extension shall be automatic, and no separate application, composition fee, amendment, or endorsement shall be required in this respect.

For any clarifications, please write to:

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