

# CUSTOMS AND GST ALERT

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## NEWS UPDATE

GSTN portal has made the 'pre-deposit' field in the appeals module editable, thereby allowing taxpayers to modify the pre-deposit percentage as applicable to their specific case and pay the required amount while filing appeal before the first Appellate Authority. The correctness of the pre-deposit amount and the mode of payment shall be verified by the Appellate Authority at the time of adjudication of the appeal.

## CASE LAW UPDATES

### TATA SONS PRIVATE LIMITED v. UNION OF INDIA & ORS

2026 (5) TMI 126

**Bombay High Court** holds that the payment of damages by one party to another under an arbitral award, and the consequential withdrawal or suspension of enforcement proceedings by the other party in satisfaction of that award, does not result in a 'supply of service' between the parties, which could be taxed under the CGST Act; observes that the flow of money was pursuant to the arbitral award and the same did not create any independent contract between the parties with reciprocal obligations *de hors* the award, and holds that such payment did not constitute 'consideration' for any service.

### MARUTI ENTERPRISE v. UNION OF INDIA & ORS

2026 (5) TMI 127

**Gujarat High Court** declines to read down section 16(2)(c) of the Central Goods and Services Tax Act, 2017 (CGST Act), which disallows input tax credit (ITC) to a recipient in case of non-payment of tax by the supplier; holds that the provision did not conflict with any constitutional or legal principle, the CGST Act itself provided a mechanism for reversal and later restoration of ITC, and hardship or practical difficulties could not justify reading it down or striking it down; reiterates that ITC was a statutory concession and not a vested or constitutional right, and therefore the prescribed conditions must be strictly complied; however, directs the Government to address the disproportionate financial and administrative burdens placed upon purchasers who have an honest claim of ITC.

### INSTAKART SERVICES PRIVATE LIMITED v. UNION OF INDIA & ORS

2026 (3) TMI 1674

**Karnataka High Court** reads down section 16(2)(c) of the CGST Act and rule 36(4) of the Central Goods and Services Tax Rules, 2017 (CGST Rules) in a manner that allows the benefit of ITC to *bona fide* recipients who have complied with all other conditions of section 16(2) of the CGST Act, despite any fault / lapse or non-payment of tax to the government by their suppliers.

### M/S SRI LAXMI BOREWELL AGENCIES v. ASSISTANT COMMISSIONER OF CENTRAL TAX, HOSAPETE

2026 (5) TMI 122

**Karnataka High Court** holds that the time limit prescribed for filing an application for availing benefit of the interest and penalty waiver scheme introduced by section 128A of the CGST Act, was directory and not mandatory.

### M/S ROLLMET LLP v. UNION OF INDIA & ORS.

2026 (4) TMI 1218

**Bombay High Court** observes that issuance of a consolidated show cause notice for multiple financial years is not expressly prohibited under the CGST Act, and states that, to hold that the

department has no authority to issue a show cause notice by clubbing multiple financial years would amount to re-writing the statutory provision; disagrees with contrary decisions of the Goa and Nagpur co-ordinate benches, notes divergent views by multiple High Courts, and refers the issue to a larger bench.

#### **A. M. MARKETPLACES PRIVATE LIMITED v. UNION OF INDIA**

[2026] 182 taxmann.com 665

**Bombay High Court** holds a gap of three months between issuance of notice and passing of final order under section 73 of the CGST Act is mandatorily required to be maintained to ensure that a reasonable opportunity of hearing was extended and the statutory protections guaranteed under the CGST Act were available to the assessee.

#### **GOLDEN TRADERS & ORS v. DEPUTY / ASSISTANT COMMISSIONER OF STATE TAX & ORS**

2026 (4) TMI 288

**Andhra Pradesh High Court** holds that State GST officers appointed at various check posts lacked jurisdiction to undertake valuation of transiting goods where both the origin and destination of goods were outside the State of Andhra Pradesh; further holds that (i) State GST officers could discharge functions under the Integrated Goods and Services Tax Act, 2017 (IGST Act) in relation to inter-state sales only when the State of Andhra Pradesh was entitled to an allocation of a share of the tax in relation to such transaction; (ii) State GST officers could not discharge functions under the IGST Act in relation to inter-state sales originating outside the State and culminating outside the State; and (iii) in the event of any discrepancies found during movement of goods, State GST officers may forward the requisite information to the proper officer of the consignee or consignor, to take further action.

#### **AWL AGRI BUSINESS LTD. v. JOINT COMMISSIONER**

[2026] 182 taxmann.com 829

**Andhra Pradesh High Court** holds that the amended formula in rule 89(5) of the CGST Rules for computing ITC refund on account of inverted duty structure (introduced pursuant to observations of Supreme Court in *VKC Footsteps India*) was clarificatory in nature and would

apply retrospectively; directs the adjudicating authority to apply the amended formula and re-consider the refund applications filed prior to the coming in force of the amendment.

## LITIGATION UPDATE

**CEAT Limited** has received significant relief in a long-standing central excise dispute, with the Commissioner of CGST & Central Excise, Mumbai Central, quashing four show cause notices issued by the DGCEI that had proposed a differential excise duty demand of approximately INR 276.7 crores for the period March 2011 to June 2017. The dispute pertained to whether the activity of assembling tyre sets by inserting tubes and flaps and strapping them together constituted “manufacture” or a “pre-packaged commodity” liable to duty under section 4A of the Central Excise Act read with the Legal Metrology Act, 2009. The adjudicating authority dropped the entire demand along with interest and penalty, thereby providing complete relief to CEAT.

## REGULATORY UPDATES

### Customs

#### **CIRCULAR NO 19/2026**

Central Government has clarified that in case of export cargo originally cleared from Special Economic Zones and currently lying at gateway ports on account of disruption in maritime routes due to closure of the Strait of Hormuz, the exporter may cancel the Let Export Order / Shipping Bill, and the Customs officer may allow movement of such cargo out of the port for return to the exporter or for re-routing, and permit de-stuffing and storage of such cargo at a Customs Bonded Warehouse. Such facility shall be permitted up to 15.05.2026.

#### **CIRCULAR NO 20/2026**

Central Government has clarified that (i) full remission / rebate under the Remission of Duties and Taxes on Exported Products (RoDTEP) and Rebate of State and Central Levies and Taxes (RoSCTL) schemes shall be available without deducting the agency commission and bank

charges, despite short realisation of sale proceeds by exporters on account of the said factors; and (ii) compensation of short realisation of sale proceeds from Export Credit Guarantee Corporation (ECGC) may be treated as receipt of sale proceeds and remission or rebate under RoDTEP and RoSCTL schemes may not be recovered, provided the RBI writes off the requirement of realisation of the sale proceeds on merits and the exporter produces a certificate from the concerned Foreign Mission of India about the fact of non-recovery of sale proceeds.

#### **CIRCULAR NO 22/2026**

Central Government has notified that the various facilities / concessions extended to mitigate challenges arising from disruptions in maritime routes due to the closure of the Strait of Hormuz shall continue to remain effective till 15.05.2026.

### **Foreign Trade Policy**

#### **NOTIFICATION NO 05/2026-27 AND PUBLIC NOTICE 01/2026-27**

Directorate General of Foreign Trade has notified that Certificates of Origin (CoO) can only be issued by agencies authorised for this purpose, and such agencies must accept applications and issue CoOs only through the notified electronic platforms and not through manual mode.

#### **POLICY CIRCULAR NO 01/2026-27**

Directorate General of Foreign Trade has clarified that the support extended under the *Resilience & Logistics Intervention for Export Facilitation (RELIEF)* scheme to encourage exporters to avail ECGC credit insurance cover for consignments destined either for delivery or transshipment to specified countries in the affected Gulf and West Asia region, shall also be available to exporters who obtain a new ECGC Whole Turnover Policy for the first time on or after 16.03.2026.

#### **TRADE NOTICE NO 02/2026-27**

Directorate General of Foreign Trade has introduced an online module on the DGFT portal for issuance of electronic Post Export EPCG Duty Credit scrips for use by the authorisation holders

as well as Regional Authorities, *inter alia* to alleviate difficulties being faced in utilization of the scrips issued manually / offline by the Regional Authorities.

**For any clarifications, please write to:**

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