

CUSTOMS AND GST ALERT



NEWS UPDATE

The due date for filing appeals before the GST Appellate Tribunal has been extended till 31.07.2026, in respect of all orders communicated before 01.05.2026.

CASE LAW UPDATES

DIRECTORATE GENERAL OF GOODS AND SERVICES TAX INTELLIGENCE (HQRS) v. GAMESKRAFT TECHNOLOGIES PVT. LTD.

(2026) 42 Centax 495

Supreme Court upholds the constitutional validity of the statutory framework levying GST on actionable claims arising from *betting* and *gambling*; holds that placing of bets or stakes in online games, fantasy sports or gambling transactions gives rise to into actionable claims, leviable to GST, and that once monies or monies' worth are staked upon uncertain future outcomes, the activity acquires the character of betting and gambling irrespective of whether the underlying game predominantly involves skill or chance; holds that the online gaming platforms themselves are suppliers of such actionable claims (and not mere facilitators); finally holds that the gross value of the stake or bet constitutes consideration for GST valuation purposes (and not merely the platform fee / commission retained by the online gaming platforms).

D. P. JAIN & CO. INFRASTRUCTURE PVT. LTD. v. UNION OF INDIA

(2026) 42 Centax 208

Bombay High Court holds that in the absence of consideration, the issuance of a corporate guarantee by a company to its group entity does not constitute a “supply of service” chargeable to GST; quashes show cause notice demanding GST @1% p.a. on the amount of guarantee extended by the assessee.

MCLEOD RUSSEL INDIA LTD. v. UNION OF INDIA

2025 (12) TMI 756

Gauhati High Court reads down section 16(2)(aa) of the Central Goods and Services Tax Act, 2017 (CGST Act) (*which makes the buyer’s claim of input tax credit (ITC) contingent upon the invoice issued by the seller reflecting in Form GSTR-2A statement*), by holding the provision to be iniquitous and imposing an onerous burden on the buyer; holds that ITC benefit should not be denied to a *bona fide* buyer for non-compliance by the seller, and before denying ITC, the buyer must be given an opportunity to prove his *bona fides*.

TATA PROJECTS LTD. v. UNION OF INDIA

2026 (6) TMI 576

Gauhati High Court holds that there is no bar in issuance of a consolidated show cause notice and passing of a consolidated order for different financial years together under sections 73 or 74 of the CGST Act, so long as the statutory limitation periods in respect of the financial years for which the notice and order have been issued, have not expired; upholds jurisdiction of GST officers to issue / pass such consolidated notices and orders.

TECHNO WAXCHEM PVT. LTD. v. UNION OF INDIA

2026 (5) TMI 1652

Calcutta High Court holds that, upon omission of rule 96(10) of the Central Goods and Services Tax Rules, 2017 (CGST Rules) (*which restricted assessee’s availing benefit of certain duty exemption schemes on import of goods, from undertaking export on payment of IGST and*

claiming refund thereof), the demand order passed on the ground of violation of the said rule cannot survive.

CANARA BANK v. UNION OF INDIA

2026 (6) TMI 1301

Karnataka High Court observes that the requirement of maintaining a Minimum Average Balance (MAB) by customers with the bank was merely a condition of contract, and in the event of a breach thereof, the only consequence that ensued was the levy of a penalty, on which service tax was paid by the assessee (bank); therefore, holds that maintenance of MAB could not be treated as “consideration” paid by the customer to the bank as no pecuniary benefit accrued to the bank against such an activity; also observes that banks continued to provide services despite default by a customer to maintain the MAB; accordingly, holds that once service tax was paid on the penalty levied for non-maintenance of MAB, it would not be permissible to levy tax on the imputed value of services rendered by banks, as the same would result in double taxation; quashes show cause notices demanding service tax on the ground that maintenance of MAB by customers amounted to “consideration”.

PUSPA FURNITURE PVT. LTD. v. UNION OF INDIA & ORS.

(2026) 38 Centax 52

Calcutta High Court holds that GST authorities are not empowered to seize cash (currency notes), as the same is excluded from the definition of “goods” as per section 2(52) of the CGST Act; also holds seizure of cash to be impermissible on the ground that the GST department was not able to substantiate how such seizure would be useful or relevant to any proceeding to be initiated against the assessee, or how such cash could be correlated or traced to any transaction undertaken by the assessee.

ASSISTANT COMMISSINER OF CENTRAL TAXES, BENGALURU v. MERCK LIFE SCIENCE PVT. LTD.

(2026) 41 Centax 318

Karnataka High Court holds that (i) the limitation period of two years prescribed under section 54 of the CGST Act for filing refund applications is mandatory; (ii) remedy of filing a writ petition under Article 226 of the Constitution may be availed for seeking consideration of belated refund claims; (iii) if condonation of delay is granted by the Court, corresponding extension of time shall also be granted to the GST department to invoke all other applicable provisions, as may be necessary; (iv) if condonation of delay is granted by the Court, the claim shall be treated to be within limitation, thereby enabling all consequential benefits to the claimant; and (v) the scope of a writ petition would ordinarily be limited to the question of condonation of delay, and would not extend to determination of the refund claim itself, unless the entitlement to the refund is undisputed.

SOUTH INDIAN BANK LTD. v. JOINT DIRECTOR, DIRECTORATE GENERAL OF GST INTELLIGENCE, KALOOR

2026 (4) TMI 662

Kerala High Court holds that an assessee would be eligible to claim depreciation under provisions of the Income Tax law on that portion of the GST component of capital goods, ITC whereof had not been availed or had been reversed on account of application of provisions of section 17(2) of the CGST Act (*requiring reversal of ITC to the extent attributable to exempt supplies*), as claim of such depreciation shall not result in any double benefit to the assessee; holds that the prohibition on availing ITC would apply only to that portion of the GST component on which depreciation had been claimed, and the portion of the GST component on which no depreciation had been claimed, could not be subjected to such prohibition.

MIDAS TANKERS PVT. LTD. v. UNION OF INDIA

(2026) 42 Centax 273

Bombay High Court holds that GST is not applicable on supply of goods transportation services by a service provider situated in India to a customer situated outside India, where the

transportation is undertaken from a foreign country to India (import freight), on the ground that the cost of transportation would be included in the assessable value of imported goods, on which IGST would be paid by the Indian importer; holds that the service of transportation would be part of a composite supply of goods on which IGST would be paid by the Indian importer, and such service cannot attract any additional GST in the hands of the service provider, despite section 13(9) of the Integrated Goods and Services Tax Act, 2017 terming the “place of supply” of goods transportation services to be the destination of goods (*i.e. India, in case of import freight*), up to 30.09.2023.

REGULATORY UPDATES

Goods and Services Tax

CIRCULAR NO 255/01/2026

Central Government, in cases where the jurisdiction of the assessee undergoes a change on account of change in the Principal Place of Business, has clarified that (i) where any action or proceeding under the CGST Act and CGST Rules has been validly undertaken by the transferor jurisdictional authority having jurisdiction over the assessee on the date such action was undertaken, the same shall remain valid notwithstanding the subsequent transfer of the assessee to another jurisdictional authority. The transferee jurisdictional authority shall act upon and proceed on the basis of such earlier valid action taken by the transferor jurisdictional authority, as if it had itself initiated the same; (ii) the transferor jurisdiction authority shall not take any action or initiate proceedings against the assessee, after he has transferred to another jurisdiction and any issue that comes to the notice of the transferor jurisdictional authority should be intimated to the transferee jurisdictional authority for any further action; and (iii) where the assessee migrates to another jurisdiction during the pendency of any action or proceeding initiated by the transferor jurisdictional authority, the transferee jurisdictional authority shall take over and conclude the same from the stage at which it stood at the time of transfer, and shall be competent to take all further actions, including consequential proceedings that might arise therefrom.

Customs

CIRCULAR NO 28/2026

Central Government has clarified that in respect of export consignments, exporters may voluntarily obtain test reports of samples from NABL-accredited laboratories, accredited laboratories recognised by Export Promotion Councils, or other recognised agencies for the purpose of fulfilling regulatory requirements of the destination country. In such cases, where the test reports are submitted for compliance and there is no risk-based intervention or intelligence, the Customs department shall take such test reports into consideration without sending the samples to the Central Revenues Control Laboratory.

Foreign Trade Policy

NOTIFICATION NO 20/2026-27

Directorate General of Foreign Trade has notified that Special Economic Zone (SEZ) units and developers shall be entitled to avail exemption from applicability of Quality Control Orders (QCOs) issued under the Bureau of Indian Standards Act, 2016 for import of all permissible goods, including raw materials, components, consumables, spares, and capital goods, required for authorised operations within the SEZ. However, any removal, transfer or clearance of such goods, or goods manufactured or processed therefrom, from the SEZ into the Domestic Tariff Area shall be subject to compliance with the applicable QCOs, Bureau of Indian Standards requirements and other applicable laws in force at the time of such clearance.

NOTIFICATION NO 21/2026-27

Directorate General of Foreign Trade has notified 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 (Component-II of RELIEF), shall stand extended up to 30.09.2026.

For any clarifications, please write to:

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