NEWSLETTER
SEPTEMBER 2026

CUSTOMS AND GST ALERT

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CASE LAW UPDATES

GOODLUCK INDIA LTD v. UNION OF INDIA

[2026] 189 taxmann.com 330

Supreme Court holds that, by virtue of omission of rule 96(10) of the Central Goods and Services Tax Rules, 2017 (CGST Rules) (*which restricted assessees availing benefit of certain duty exemption schemes on import of goods, from undertaking export on payment of IGST and claiming refund thereof*), all pending proceedings shall stand concluded; observes that the rule resulted in unnecessary complications and its omission must not result in such complications being kept alive, insofar as the pending proceedings were concerned.

G.R. INFRA PROJECTS LTD v. STATE OF MADHYA PRADESH

[2026] 189 taxmann.com 764

Supreme Court holds that a show cause notice containing allegations of fraud, suppression of facts or wilful misstatement cannot rest on mere assertions and must disclose material which had persuaded the assessing officer to level the aforesaid allegations.

TORRENT POWER LTD. v. UNION OF INDIA

[2026] 189 taxmann.com 490

Gujarat High Court declares levy of GST on corporate guarantees furnished prior to 26.10.2023 to be unconstitutional; upholds levy commencing from the said date (including on continuing guarantees); also reads down rule 28(2) of the CGST Rules to the extent it declares the value of service to be 1% of the amount of guarantee offered per annum, despite the actual consideration being lower.

GAURAV JAIN v. JOINT COMMISSIONER (APPEALS-II), CGST DELHI ZONE

[2026] 188 taxmann.com 1113

Delhi High Court holds that the amendment in section 107(6) of the Central Goods and Services Tax Act, 2017 (CGST Act) (enforced w.e.f. 01.10.2025) requiring payment of 10% pre-deposit for filing appeal against an order imposing penalty (without tax) shall not apply to cases where the date of issuance of the underlying show cause notice was prior to the amendment coming into force; holds that the provisions governing appeals existing as on the date on which the *lis* commenced (i.e. date of the show cause notice) shall apply, as adjudication, appeal and further appeal constitute different parts of a single legal proceeding.

INCOMPRESSIBLE FLUID CONTROL SYSTEM v. ASSISTANT COMMISSIONER

[2026] 189 taxmann.com 367

Madras High Court, in respect of the interest and penalty waiver scheme introduced by section 128A of the CGST Act, holds that (i) initiation of proceedings under section 73 is a *sine qua non* for filing an application for waiver; (ii) if measures for recovery of interest have been initiated by the department without invoking section 73 by relying on section 75(12), an assessee would not be eligible for waiver, however, if the department has decided to determine liability under section 73, whether in relation to self-assessed tax or otherwise, the assessee would be eligible for waiver; (iii) once an order accepting the waiver application is issued, it is not open for the department to declare such order void by invoking rectification provisions or otherwise, except in two cases viz. where the assessee, after becoming eligible for filing application for waiver after conclusion of appellate proceedings, fails to pay additional tax, if any, determined pursuant to such proceedings, and where the assessee fails to pay interest and/or penalty in respect of demand pertaining to erroneous refunds, or demand pertaining to periods commencing on or after 01.04.2020, if any; (iv) if no order is issued within the prescribed time periods, the application for waiver shall be deemed to be approved and proceedings shall be deemed to be concluded, provided the substantive conditions of section 128A are complied; (v) cases relating to self-assessed tax cannot be excluded from the benefit of waiver; (vi) the scope and ambit of section 128A cannot be curtailed by Circular No. 238/32/2024-GST; and (vii) time limits for completion of various actions prescribed in rule 164 of the CGST Rules are mandatory.

COMMISSIONER OF CENTRAL TAX v. CHIMNEY HILLS EDUCATION SOCIETY

[2026] 186 taxmann.com 71

Karnataka High Court (division bench) holds that sections 73 or 74 of the CGST Act do not prohibit coverage of multiple financial years in a single show cause notice; holds that such notices are neither tax period-specific nor financial year-specific and finds no statutory bar to issuance of a common show cause notice covering multiple tax periods or financial years; reverses decision of the single bench.

VOSSLOH COGIFER TURNOUTS INDIA PVT LTD v. STATE OF UTTAR PRADESH & ANR

2026 (8) TMI 986

Allahabad High Court, observing no prohibition in the CGST Act, holds that where an assessee has permanently discontinued its business, refund of GST ought to be paid in cash and not by way of re-credit in the Electronic Credit Ledger.

SAI SRAVANTHI INFRA PROJECTS PVT LTD & ORS v. STATE OF KARNATAKA & ORS

2026 (8) TMI 977

Karnataka High Court holds that the activity of sanctioning a building plan does not constitute a supply of goods or provision of services under the CGST Act; consequently holds that the sanctioning authority is not entitled to collect GST on charges levied for such purpose.

RAJ MACHINE TOOLS v. THE ASSISTANT COMMISSIONER (ST) (FAC) TIRUVALLUR ASSESSMENT CIRCLE, CHENNAI

2026 (8) TMI 71

Madras High Court holds that there is no requirement for a three-month interval to be maintained between the issuance of a show cause notice and the passing of an adjudication order; however, holds that there should be a reasonable interval between the two actions so as to provide an opportunity to the assessee to respond to the show cause notice meaningfully and contest the tax proposals.

SHAKTI ENTERPRISES v. PRINCIPAL COMMISSIONER OF CENTRAL TAX

[2026] 189 taxmann.com 379

Karnataka High Court holds that the mandatory pre-deposit applicable to service tax appeals can be validly discharged by utilisation of CENVAT credit transitioned and reflected in the Electronic Credit Ledger maintained under the GST regime; holds that denial of the right to utilise lawfully available credit would impose an unreasonable burden and effectively impair the statutory right of appeal.

REGULATORY UPDATES

Foreign Trade Policy

NOTIFICATION NO 27/2026-27 AND PUBLIC NOTICE NO 25/2026-27

Directorate General of Foreign Trade has introduced an Inventory-based Cross-border E-Commerce Export Framework to enable e-commerce exports through an inventory model under which the Exporter-on-Record holds export-only inventory, undertakes export-related processes, exports goods, and assists and enables Sellers-on-Record to access global markets; modalities for operationalisation of the framework have also been notified.

NOTIFICATION NO 30/2026-27

Directorate General of Foreign Trade has notified that all export contracts and invoices can be denominated either in foreign currency or in Indian Rupees (*earlier required to be denominated only in freely convertible currency or Indian Rupees*), and that export proceeds can be realized either in foreign currency or in Indian Rupees (*earlier required to be realized only in freely convertible currency, or in Indian Rupees subject to conditions*).

TRADE NOTICE NO 16/2026-27

Directorate General of Foreign Trade has expanded the eligibility to register under the *Source from India* feature on the Trade Connect ePlatform to include start-ups recognised by the Department for Promotion of Industry and Internal Trade (DPIIT) holding an active Importer-Exporter Code (IEC) and not included in the Denied Entity List (DEL), even if such start-ups do not meet the prescribed export realization criteria.

TRADE NOTICE NO 21/2026-27

Directorate General of Foreign Trade has enabled an automated facility for grant of Export Obligation (EO) extension in respect of Advance Authorisation and EPCG Authorisation cases considered by the Policy Relaxation Committee / EPCG Committee, thereby eliminating the requirement to reapply for EO extension and subsequent manual processing and verification by the Regional Authority.

TRADE NOTICE NO 24/2026-27

Directorate General of Foreign Trade has enabled automated issuance of Free Sale and Commerce Certificates (FSC) on the DGFT Portal to exporters for items not covered under the Drugs & Cosmetics Act, 1940, to expedite turnaround times for trade and industry.

For any clarifications, please write to:

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