

CUSTOMS AND GST ALERT

NEWS UPDATES

Major Recommendations of the 57th GST Council Meeting

The 57th GST Council meeting was held on 08.10.2026, with a focus on simplifying GST compliance, reducing litigation and facilitating ease of doing business. Major recommendations include:

Input Tax Credit and Refunds: Expansion of ITC eligibility and refund entitlements, alongside introduction of expedited and automated refund mechanisms.

Place of Supply: Omission of Section 13(3)(a) of the IGST Act, 2017, so that the place of supply for services involving goods made physically available by the recipient is determined under Section 13(2), i.e., the recipient's location. This is expected to facilitate access to GST export benefits for Indian service providers serving foreign recipients.

Simplification of Compliance: Streamlining of GST registration, return-filing procedures and other compliance requirements to reduce the burden on taxpayers.

Arrest and Prosecution: Proposed removal of GST officers' powers of arrest and rationalisation of offences, prosecution thresholds and penalties.

Movement of Goods: Restrictions on interception of goods in transit, rationalisation of detention and confiscation proceedings, and curtailment of enforcement powers in transit States.

Export Facilitation: Measures to facilitate exports, including through e-commerce platforms, and clarification of the GST treatment of specified transactions.

Implementation Timeline: While certain recommendations may be implemented through notifications, circulars and amendments to the CGST Rules, changes requiring amendments to the Central Goods and Services Tax Act, 2017 (CGST Act) may be introduced through the Finance Bill, 2027. The recommendations will take effect in accordance with the applicable implementing instruments.

CASE LAW UPDATES

TATA STEEL LIMITED v. UNION OF INDIA

[2026] 189 taxmann.com 520

Supreme Court holds that the foundational facts leading to inference of fraud / wilful misrepresentation / suppression for invocation of extended period of limitation for adjudication proceedings, must be evident from the show cause notice itself; holds that the notice must make out a case of a deliberate device employed by the assessee to evade tax, and that the satisfaction of the department must not merely be as regards short-payment of tax, but it has to be that such short-payment of tax was a result of either fraud / wilful misrepresentation / suppression.

KATYANI EXPORTS v. UNION OF INDIA

[2026] 190 taxmann.com 582

Delhi High Court upholds the validity of Circular No. 31/05/2018-GST and the amending Circular Nos. 169/01/2022-GST and 239/33/2024-GST, to the extent they specify that, where a composite show cause notice is issued upon multiple noticees falling within the territorial jurisdiction of different GST commissionerates, such notice shall be adjudicated by the officer having jurisdiction over the noticee against whom the highest amount of demand is raised; observes that the Circular merely operates as an administrative allocation-of-business

direction and not as an instrument conferring jurisdiction, since it merely selects one officer from among several who are already equally competent to adjudicate show cause notices; also holds that the 'highest demand' criterion is in conformity with Article 14 of the Constitution as the same is objective, quantifiable, uniformly applicable and bears a rational nexus with the legitimate object of ensuring a single and consistent adjudication of, essentially, a single cause of action arising from one investigation.

GUDLA VANAJA v. ASSISTANT COMMISSIONER (ST)

[\[2026\] 191 taxmann.com 70](#)

Telangana High Court (larger bench) holds that (i) presence of a digital signature on the statutory Form GST DRC-01 (summary of show cause notice) and Form GST DRC-07 (summary of order) is not a statutory requirement; (ii) such forms electronically authenticated by the proper officer and uploaded on the common portal are valid; (iii) making available show cause notices and/or orders on the online GST portal amounts to a valid service; (iv) however, absence of Document Identification Number (DIN) or Reference Number (RFN) would render such documents invalid; and (v) period of limitation to avail statutory remedy would run from the date of uploading these documents on the online GST portal.

SMT LALITHA S v. DEPUTY COMMISSIONER

[\[2026\] 189 taxmann.com 745](#)

Karnataka High Court holds that an amount received as compensation towards expropriation of property by the government is not subject to GST; observes that GST is a tax on supply of goods or services and holds that acquisition of property by the State in exercise of its power of eminent domain did not fall within the expression "supply of goods or services".

INDU CONSTRUCTION v. NAGPUR IMPROVEMENT TRUST AND ORS

[2026 \(9\) TMI 732](#)

Bombay High Court holds that reimbursement of GST which came to be newly levied during the term of a public works contract entered in the pre-GST regime cannot be denied merely because the tender document required the quoted rates to be inclusive of "all applicable taxes"; holds

that such a clause did not refer to any future taxes, and the taxes that were not recoverable as on the date of tender could not have been factored by the contractor / bidder while quoting the rates; also holds that a contrary clarification in the pre-bid meeting was inapplicable and concludes that the contractor's claim for GST reimbursement cannot be denied.

INTERTEK INDIA (P) LTD v. ASSISTANT COMMISSIONER OF CENTRAL TAXES AND CENTRAL EXCISE

[2026] 187 taxmann.com 475

Kerala High Court holds that, prior to 01.04.2025, the CGST Act only contained an enabling provision providing for distribution of ITC through the mechanism of input service distributor (ISD), and the said provision did not provide for compulsory registration as an ISD for distribution of ITC among "distinct persons"; therefore concludes that, prior to 01.04.2025, the legislature never intended to confine distribution of ITC only through the ISD mechanism.

DILIP BABUBHAI PATEL v. STATE OF GUJARAT

[2026] 187 taxmann.com 1063

Gujarat High Court holds refund of an amount representing accumulated ITC of VAT transitioned into the GST regime to be barred, in terms of the second proviso to section 142(3) of the CGST Act; holds that a taxpayer could either seek a refund under the pre-GST laws to be paid in cash, or choose to transition the ITC into the GST regime, but not both; however, holds that upon rejection of claim, such amount could be re-credited into the assessee's electronic credit ledger and the same could be used to discharging future GST liabilities.

NIKHIL DEBNATH v. UNION OF INDIA & ORS

Writ Petition (C) No. 708 of 2025

Tripura High Court, after considering divergent views of several High Courts on the subject, holds that issuance of consolidated / composite show cause notices and passing of common orders covering more than one financial year, was not permissible under the CGST Act, and therefore such actions were without jurisdiction; however, grants liberty to the GST department to initiate fresh proceedings for each year separately.

IBM INDIA PVT LTD v. UNION OF INDIA

[2026] 189 taxmann.com 996

Bombay High Court holds that an appellant who had partially succeeded in appellate proceedings, on account of which some demand imposed against it was dropped, was entitled to proportionate refund of pre-deposit, notwithstanding that the appellant intended to file a further appeal to the extent of the demand confirmed; observes that the amount paid as a condition precedent for hearing an appeal did not bear the character of duty but was only akin to a security deposit.

IDFC FIRST BANK LTD v. UNION OF INDIA

2026 (7) TMI 1520

Bombay High Court holds that, where an amalgamating entity had become non-existent after its merger into the amalgamated entity, and a show cause notice and demand order were issued against such amalgamating entity after the date of the merger, such proceedings would be void, since the amalgamating entity had ceased to exist in the eyes of law; however, holds that proceedings for recovery of taxes and other liabilities may be initiated in the name of the amalgamated company.

REGULATORY UPDATES

Customs

CIRCULAR NO 43/2026

Central Government has clarified that (i) Under the India-UK Comprehensive Economic and Trade Agreement (CETA), an Origin Declaration completed by the UK exporter / producer in the prescribed manner constitutes the proof of origin for claiming preferential tariff treatment on imports and accordingly, a claim supported by a valid Origin Declaration shall be processed without requiring Form-I under the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020, except in cases where the proper officer has reason to believe, based

on system-flagged risks, that the origin criteria have not been met; (ii) non-furnishing of confidential information from the exporter or producer shall not, by itself, be a ground for denying preferential tariff treatment to the importer; (iii) where the available information is insufficient to determine origin, verification may be undertaken through the Verification Authority of the exporting Party in accordance with the CETA; (iv) although an earlier determination denying preferential tariff treatment can be applied to subsequent imports of identical goods from the same producer or exporter, goods shall not be treated as “identical” merely because they have the same description, tariff classification, exporter, producer or technical characteristics; (v) before applying an earlier determination, the importer must be given an opportunity to furnish additional information relating to such subsequent import consignments and where the information establishes that the goods satisfy the country-of-origin criteria, the earlier determination must not be applied.

Foreign Trade Policy

NOTIFICATION NO 37/2026-27

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 31.03.2027.

NOTIFICATION NO 41/2026-27

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 31.12.2026, with the pre-existing rates and value caps.

For any clarifications, please write to:

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