

Latest developments in GST with special reference to landmark case laws (Supreme Court and High Courts)



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Latest Development in GST



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S. No	Topic
1	Electronic Credit Reversal and Re-claimed Statement & RCM Liability/ITC Statement
2	Auto Suspension of GST Registration due to Non-Furnishing of Bank Account Details as per Rule 10A
3	Simplified GST Registration Scheme
4	Introduction of Import of Goods details in IMS
5	Mandatory ISD Registration from Apr 25
6	Blocking of pending returns after expiry of three years

Latest Development in GST

S. No	Topic
7	Hard - Locking of auto-populated liability in GSTR-3B
8	Functioning of GST Tribunals
9	Reporting of HSN codes in Table 12 and list of documents in table 13 of GSTR-1/1A (B2B as well as B2C)

Electronic Credit Reversal and Re-claimed Statement & RCM Liability/ ITC Statement (Advisory dated 29-12-2025)

1. To ensure correct and accurate reporting of reversed and reclaimed ITC and to avoid clerical mistakes, **Electronic Credit Reversal and Re-claimed Statement (Reclaim Ledger)** was introduced on the GST portal from *August 2023 return period onwards for monthly taxpayers and from July-September 2023 quarter for quarterly taxpayers*. This Reclaim Ledger captures the ITC temporarily reversed in Table 4(B)2 and its subsequent reclaim in Table 4(A)5) and 4(D)1.
2. As of now taxpayer get a **warning message** if a taxpayer attempts to re-claim excess ITC in table 4D(1) than the available ITC reversal balance but the taxpayer is allowed to file its Form GSTR-3B.
3. To the taxpayers multiple opportunities have been given to report their opening balance which was earlier reversed ITC but was not reclaimed till that time, for the newly introduced Reclaim Ledger.
4. This statement can be viewed by the taxpayer by navigating to the **Dashboard > Services > Ledger > Electronic Credit Reversal and Re-claimed**.
5. To assist taxpayers in correctly reporting Reverse Charge Mechanism (RCM) transactions, another statement called "**RCM Liability/ITC Statement**" (**RCM Ledger**) was introduced on the GST Portal from August 2024 onwards for monthly filers and from July-September-2024 period for quarterly filers. The ledger captures and track the RCM liability shown in Table 3.1(d) of GSTR-3B and its corresponding ITC claimed in Table 4A(2) and 4A(3) of GSTR-3B for each return period.

Electronic Credit Reversal and Re-claimed Statement & RCM Liability/ ITC Statement (Advisory dated 29-12-2025)

FAQ –

1. How to view my Electronic Credit Reversal and Re-claimed Statement?

You can view the statement by navigating to the Dashboard > Services > Ledger > Electronic Credit Reversal and Re-claimed.

2. How to view my RCM Liability/ITC Statement?

You can view the RCM Liability/ITC Statement by navigating to the Dashboard > Services > Ledger > RCM Liability/ITC Statement.

3. What will be changed in the GSTR-3B in respect of Electronic Credit Reversal and Re-claimed Statement?

Shortly, taxpayer will not be able to file their GSTR-3B in case the ITC claimed in Table 4D(1) exceeds the closing balance in the Electronic Credit Reversal and Re-claimed Statement (ITC reclaim ledger) and the ITC reversed in Table 4B(2) of the current return period putting together.

Electronic Credit Reversal and Re-claimed Statement & RCM Liability/ ITC Statement (Advisory dated 29-12-2025)

4. How to file GSTR-3B if closing balance of Electronic Credit Reversal and Re-claimed Statement (ITC reclaim ledger) is already Negative?

If the closing balance of the ITC reclaim ledger is negative, it indicates that excess ITC was reclaimed earlier. Therefore, to file GSTR-3B, you must reverse the excess claimed ITC in Table 4B(2) of the respective return period, up to the amount of the negative closing balance. This will allow you to correct the discrepancy and proceed with filing the return. In case there is no ITC available, this reversal declared in table 4(B)2 will be added to your liability in current period while filing GSTR-3B.

Example: The closing balance of the ITC reclaim ledger for the current return period is -₹10,000, which means ₹10,000 of excess ITC has been reclaimed in earlier periods. To file your GSTR-3B, you would need to reverse this earlier excess reclaimed ITC of ₹10,000 in Table 4B(2) for the current period.

5. How will the validation mechanism work in GSTR-3B for RCM Liability/ITC Statement?.

The taxpayers will not be able to file GSTR-3B in case the claimed RCM ITC in Table 4A(2) or 4A(3) exceeds the available balance in the RCM Liability/ITC Statement and the RCM liability reported in Table 3.1(d) for the current return period put together.

Electronic Credit Reversal and Re-claimed Statement & RCM Liability/ ITC Statement (Advisory dated 29-12-2025)

6. How to file GSTR-3B if closing balance of RCM Liability/ITC Statement is Negative?

If the closing balance of the RCM Liability/ITC Statement is negative, it indicates that excess RCM ITC has been claimed earlier. To proceed with filing, you must either pay the outstanding RCM liability in Table 3.1(d) or reduce the ITC being claimed in Table 4A(2) or 4A(3) in the current return period, equivalent to the amount of the negative closing balance. Once the discrepancy is corrected, you will be able to file your return.

Example:

The closing balance of the RCM Liability/ITC Statement is -₹5,000. This means that ₹5,000 of excess RCM ITC has been claimed earlier. To resolve this and file your GSTR-3B, you can:

1. Pay the RCM liability: You can pay additional ₹5,000 in Table 3.1(d) for the current return period to cover the excess ITC claimed. OR
2. Reduce the ITC claimed: You can reduce ₹5,000 from the RCM ITC in Table 4A(2) or Table 4A(3) for the same period, if RCM ITC is available more than ₹5,000 in current period.

Once either the excess RCM liability is paid or the requisite ITC is reduced from available ITC to match the available negative closing balance, the discrepancy will be resolved, and you can proceed with filing your return.

Auto Suspension of GST Registration due to Non-Furnishing of Bank Account Details as per Rule 10A (Advisory dated 05-12-2025)

As per Rule 10A, taxpayers (except those registered under TCS, TDS, or Suo-moto registrations) must furnish their bank account details within 30 days of grant of registration or before filing details of outward supplies in GSTR-1 or IFF, whichever is earlier.

The following updates have been implemented on the GST Portal with respect to Rule 10A:

Automatic Suspension: - If a taxpayer fails to furnish bank account details within 30 days of registration, the system will automatically suspend the registration. The suspension order can be viewed at: Services > User Services > View Notices and Orders.

Adding Bank Account Details: You can add bank account details through a non-core amendment by navigating to: Services > Registration > Amendment of Registration (Non-Core Fields).

Auto Suspension of GST Registration due to Non-Furnishing of Bank Account Details as per Rule 10A (Advisory dated 05-12-2025)

Automatic Dropping of Cancellation Proceedings: - Once bank account details are furnished, cancellation proceedings will be automatically dropped by the system.

Manual Option to Drop Proceedings: - If the cancellation proceedings are not dropped automatically on the same day after adding bank details, the taxpayer can manually initiate the process using the "Initiate Drop Proceedings" button available at: Services > User Services > View Notices and Orders > Initiate Drop Proceedings.

Exemptions: - Furnishing bank account details is not mandatory for OIDAR and NRTP taxpayers. However, for OIDAR taxpayers who select "Representative Appointed in India" as 'Yes', furnishing bank account details is mandatory.

Speedier GST Registration – (Rule 9A wef 01-11-2025)

Provision	Explanation
Grant of registration electronically – Rule 9A	Based on data analysis and risk parameters, registration shall be granted, <u>within three working days</u> from the date of submission of application

Amended Rules for GST Registration – Non-Risky taxpayers (Rule 14A)

Eligibility Criterion	Explanation
Applicant Type	The option is available only to persons applying for normal registration under Rule 8
Threshold Limit	Eligible taxpayers have a total monthly output tax liability (including CGST, SGST/UTGST, IGST, and compensation cess on B2B supplies) not exceeding ₹2,50,000 per month. Liability from B2C supplies not considered
Aadhaar Authentication	Aadhaar authentication is mandatory for all applicants under Rule 14A
Restriction on Duplicate Registration	A person cannot obtain more than one registration in the same State or Union Territory under Rule 14A against the same PAN (Permanent Account Number).

Amended Rules for GST Registration – Non-Risky taxpayers (Rule 14A)

Eligibility Criterion	Explanation
Withdrawal Provisions	<p>Registered persons intending to withdraw must file Form GST REG-32, signed or verified through electronic verification code on the GST common portal.</p> <ul style="list-style-type: none"> - For applications filed before 1st April 2026 – Furnish Minimum 3 months returns - For applications filed after 1st April 2026 – Furnish Minimum 1 month returns - Withdrawal permitted only where no proceedings u/s 29 (registration cancellation proceedings) have been initiated against the registered person. - All pending returns must be filed for processing of withdrawal application
Prohibition on Backdating	<p>No amendment of output tax liability allowed to exceed the ₹2,50,000 limit for periods prior to the first day of the succeeding month when the withdrawal order is issued</p>
Post-Withdrawal Procedure	<p>Upon approval of withdrawal, one can furnish details of output tax liability exceeding the ₹2,50,000 limit from the first day of the succeeding month in which the order is issued.</p>

Introduction of Import of Goods details in IMS (Advisory dated - 30-10-2025)

The Invoice Management System (IMS) was introduced on the GST portal from the October 2024 tax period.

It enables recipient taxpayers to accept, reject, or keep pending their individual records uploaded by their suppliers through GSTR-1/1A/IFF.

To further enhance the taxpayer convenience, a new section for "Import of Goods" has been introduced in IMS wherein the Bill of Entry (BoE) filed by the taxpayer for import of goods including import from SEZ, will be made available in the IMS for taking allowed action on individual BoE. This functionality will be available from Oct-2025 period onwards.

It may be noted that, If no action is taken on an individual BoE, it will be treated as deemed accepted and based on the action taken, the GST Portal will generate the draft GSTR 2B for the recipient on 14th of subsequent month.

Advisory to file pending returns before expiry of three years (Advisory dated 29-10-25)

The Invoice Management System (IMS) was introduced on the GST portal from the October 2024 tax period.

It enables recipient taxpayers to accept, reject, or keep pending their individual records uploaded by their suppliers through GSTR-1/1A/IFF.

To further enhance the taxpayer convenience, a new section for "Import of Goods" has been introduced in IMS wherein the Bill of Entry (BoE) filed by the taxpayer for import of goods including import from SEZ, will be made available in the IMS for taking allowed action on individual BoE. This functionality will be available from Oct-2025 period onwards.

It may be noted that, If no action is taken on an individual BoE, it will be treated as deemed accepted and based on the action taken, the GST Portal will generate the draft GSTR 2B for the recipient on 14th of subsequent month.

Hard - Locking of auto-populated liability in GSTR-3B (Advisory dated 27-06-2025)

1. Pursuant to the advisory dated October 17, 2024 , regarding the restricting the editing of auto-populated liability in GSTR-3B from the January 2025 tax period.
2. However, various requests have been received from the trade seeking time for the same. Therefore, the decision of making non-editable of auto-populated liability in GSTR-3B is currently not being implemented from January tax period, on the GST Portal.
3. It may be noted that the above change will be introduced soon and trade will be informed accordingly. Taxpayers are encouraged to prepare for the said change.

Reporting of HSN codes in Table 12 and list of documents in table 13 of GSTR-1/1A (B2B as well as B2C) (Advisory dated 01-05-2025)

Vide Notification No. 78/2020 – Central Tax dated 15th October 2020, it is mandatory for the taxpayers to report minimum 4 digits or 6 digits of HSN Code in table-12 of GSTR-1 on the basis of Aggregate Annual Turnover (AATO) in the preceding Financial Year. T

o facilitate the taxpayers, these changes are being implemented in a phase-wise manner on GST Portal wherein Phase 2 was implemented on GST Portal effective from 01st November 2022.

In continuation of the phase wise implementation, Phase-3 of reporting of HSN codes in Table 12 of GSTR-1 & 1A shall be implemented from May 2025 return period.

Further , table 13 of GSTR-1/1A is also being made mandatory for the taxpayers from the said tax period.

Decisions of High Court and Supreme Court



1. ITC cannot be denied to bona fide purchaser despite supplier's failure to deposit GST

- **Sahil Enterprises V/s Union of India – (2026) 38 Centax 116 (Tripura) Decided on 06-01-2026 (Tripura High Court)**
Provisions - Sec 16, r/w Sec 37, of CGST and Rule 36 of CGST Rules, 2017

Supplier failed to deposit GST with Government. Whether benefit of ITC can be denied to purchaser

HELD: It is impossible for purchaser to check whether supplier had deposited tax paid by him to Government and then avail ITC. Purchasing dealer cannot be asked to do impossible, i.e., to identify a selling dealer who will not deposit with Government tax collected by him from purchasing dealers and avoid transacting with such selling dealers.

Sec 16(2)(c) of CGST Act places an onerous burden on a bona fide purchasing dealer. Denial of ITC to purchaser in a bona fide transaction would amount to double taxation.

Sec 16(2)(c) ought not to be interpreted to deny ITC to purchasers in a bona fide transaction and it should be read down and applied only where transaction is found to be not bona fide or is a collusive transaction or fraudulent transaction to defraud revenue.

In instant case, transaction between petitioner and supplier was a bona fide transaction and not a collusive transaction tainted by fraud etc. and conduct of supplier was blameworthy. Petitioner could not be penalised by invoking sec 16(2)(c). Respondents should forthwith allow petitioner ITC

2. Recovery can't be made from legal representative without issuing SCN to them

• **Sambul Shahid V/s State of U.P. – (2025) 37 Centax 379 (All.) Decided on 09-12-2025 (Allahabad High Court)**

Provisions - Sec 93, r/w Sec 73 of CGST Act, 2017

Proprietor died on 26.04.2021. Petitioner, legal representative, challenged determination in name of deceased under demand proceedings.

Determination order raised demand against deceased.

No notice was issued to legal representative

Revenue invoked liability provision to claim recovery from legal representative despite determination after death.

HELD: Notice and determination were issued post death. Liability provision contemplated only obligation of legal representative to pay where business was continued or discontinued after death. It did not authorize determination against dead person.

Notice to legal representative was sine qua non before determination. Determination against dead person without notice to legal representative was unsustainable.

Writ allowed and order quashed with liberty to proceed in accordance with law

3. PROVISIONAL ATTACHMENT OF BANK ACCOUNTS

- **Kesari Nandan Mobile v. Office of Assistant Commissioner of State Tax (2025) 33 Centax 224 (S.C.) - Decided on 14-08-2025**
- **Brief Facts:**
 - Provisional attachment orders of assessee's bank accounts were issued in **Oct 2023** under **Section 83 CGST Act, 2017**.
 - Assessee filed objections u/s **Rule 159(5), CGST Rules, 2017**, but objections were not disposed.
 - Under **Section 83(2)**, attachments automatically ceased after one year (Oct 2024).
 - Department, instead of fresh proceedings, issued —renewal attachment orders in **Nov & Dec 2024**.
 - Gujarat High Court upheld renewal citing fraud (₹18.97 crores ITC misuse).
 - Assessee appealed to Supreme Court.

3. PROVISIONAL ATTACHMENT OF BANK ACCOUNTS

Issue Involved:

Whether renewal/re-issuance of provisional attachment orders after expiry of one year is permissible under **Section 83(2) of CGST Act, 2017**.

Relevant Section / Provision Discussed:

- **Section 83(1) & (2), CGST Act, 2017** – Provisional attachment to protect revenue; ceases after 1 year.
- **Rule 159, CGST Rules, 2017** – Procedure for attachment and objections.
- Comparison with **Section 11DDA, Central Excise Act, 1944 & Section 28BA, Customs Act, 1962**, which allow extensions (not present in CGST Act).

3. PROVISIONAL ATTACHMENT OF BANK ACCOUNTS

- **Case Law Relied / Cited:**

- **Radha Krishan Industries v. State of Himachal Pradesh (2021) 48 G.S.T.L. 113 (SC)**

– followed.

- **Outcome / Ratio Decidendi:**

- **Supreme Court allowed the appeal. Held that renewal or re-issuance of provisional attachment beyond one year has no statutory backing.**
- Section 83(2) expressly limits the life of attachment to one year; permitting renewal would defeat legislative intent. **Bank accounts to be de-frozen forthwith.**
- Investigation may continue, but **attachment cannot be extended/renewed without statutory amendment**

4. PROCEEDINGS STAND CONCLUDED U/s 129(5) WITHOUT AN ORDER

• **ASP Traders v. State of Uttar Pradesh Citation: (2025) 32 Centax 446 (S.C.) - Date: 24 July 2025**

• **Brief Facts:**

- Appellant, a registered dealer in Red Arecanut, consigned goods to Delhi with proper e-way bill.
- Vehicle was detained by Mobile Squad at Jhansi; detention order (MOV-06) and notice under Section 129(3) (MOV-07) issued alleging discrepancies.
- Assessee filed reply denying allegations but, due to business exigencies, paid tax & penalty of ₹7,20,440 through DRC-03 to secure release of goods (MOV-05 issued).
- No final order under Section 129(3) (MOV-09) was passed. Repeated representations for order were ignored. Authorities claimed proceedings concluded under Section 129(5).
- High Court dismissed writ, upholding Revenue's view.

4. PROCEEDINGS STAND CONCLUDED U/s 129(5) WITHOUT AN ORDER

Issue Involved:

- Whether after payment of tax and penalty (voluntarily or otherwise) under Section 129(1), the proper officer is still **mandatorily required to pass a formal order in Form GST MOV-09** under Section 129(3), or whether proceedings stand concluded under Section 129(5) without such an order.

Relevant Section / Provision Discussed:

- **Section 129(1), (3), (4), (5) of the CGST Act, 2017.**
- **Rule 142(3) & (5) of CGST Rules, 2017.**
- **CBIC Circular No. 41/15/2018-GST dated 13.04.2018.**
- **Article 265 of the Constitution of India.**

4. PROCEEDINGS STAND CONCLUDED U/s 129(5) WITHOUT AN ORDER

- **Outcome / Decision:**

- Every SCN must culminate in a **reasoned final order**; adjudication is mandatory once objections are filed.
- Payment under DRC-03 cannot be treated as voluntary since portal has no option to pay - under protest.
- Section 129(5) does not dispense with officer's duty to pass a speaking order; deeming fiction cannot take away right of appeal.
- Absence of MOV-09 & DRC-07 deprives taxpayer of statutory appellate remedy.

5. Place of supply is determined by delivery destination and not origin

• Toyota Kirloskar Motor Pvt. Ltd. V/s Union of India – (2025) 37 Centax 329 (Kar.)

Decided on 27-11-2025 (Karnataka High Court)

- Petitioner had paid IGST on inter-State supply of goods. Revenue issued show cause notice demanding CGST and SGST on ground that.
- Petitioner had lost title over goods in question upon handing over goods to common carrier and consequently, petitioner was not was not liable to pay IGST and in event he paid same on erroneous premise, petitioner would have to pay necessary SGST & CGST and take recourse to such remedies for seeking refund of IGST so erroneously paid by them.
- **HELD:** Place of supply of goods is to be determined by considering place where movement of goods terminates for delivery to recipient and not at place where movement of goods originates.
- Supply of goods by petitioner was inter-State supply and not intra-State supply so as to attract CGST and SGST. There is no nexus between passing of title of goods by virtue of terms of Sample Dealership Agreement and liability to pay IGST.
- Petitioner had already paid IGST for goods as well as for freight charges. Any additional amount sought to be demanded would amount to double taxation.
- Non-payment of CGST and SGST would lead to **revenue neutral situation and would not cause prejudice to respondents**. Impugned show cause notice was to be quashed [Sec10-IGST Act, 2017]

6. Utilization of ITC in Electronic Credit Ledger for mandatory pre-deposit in statutory appeal held valid

- **Lenovo India Pvt. Ltd. V/s Comm.-CT (Appl-I), Bengaluru – (2025) 37 Centax 123 (Kar.) Decided on 31-10-2025 (Karnataka High Court)**
- **[Sec 107 of CGST Act, 2017 and Rule 86 of CGST Rules, 2017]**
- Petitioner, aggrieved by order-in-original, filed statutory appeal within limitation and made 10% pre-deposit by debiting Electronic Credit Ledger using available ITC.
- Appellate Authority dismissed appeal solely on ground that such deposit could not be made through ITC and treated payment as invalid.
- Petitioner invoked ***C.B.I. & C. Circular No. 171/03/2022-GST, dated 6-7-2022*** confirming permissibility of utilizing ITC for pre-deposit
- **HELD:** It was noted that payment towards mandatory pre-condition for appeal could be validly made by utilizing ITC in Electronic Credit Ledger as recognized by Circular and settled precedent.
- Appellate Authority fell in error in treating deposit as invalid and in declining to consider appeal on merits.
- Impugned order was set aside and matter was remitted for reconsideration on merits by treating ITC debit as valid deposit

7. SC upholds HC ruling that residential property leased to Co. for use as hostel is eligible for GST exemption

- **State of Karnataka V/s Taghar Vasudeva Ambrish – (2025) 37 Centax 102 (S.C.) Decided on 04-12-2025 (Supreme Court)**
- **[Sec 107 of CGST Act, 2017 and Rule 86 of CGST Rules, 2017]**
- Respondent co-owner leased residential building in Bengaluru to a company. Company sub-let rooms as long-term hostel to students and working professionals with stays of 3 to 12 months. AAR and AAAR denied exemption as provided by Entry 13 of Notification No. 9/2017. Integrated Tax (Rate), stating that company did not itself use premises as residence
- Respondent leased residential dwelling to registered company which sub-let as hostel. AAR and AAAR had denied exemption for pre-amendment period on ground that company did not itself reside. High Court allowed exemption. Entry 13 was amended w.e.f. 18.07.2022 to exclude cases where residential dwelling is rented to registered person. Explanation added w.e.f. 01.01.2023 carved exception for proprietors renting in personal capacity for own residence

7. SC upholds HC ruling that residential property leased to Co. for use as hostel is eligible for GST exemption

- **State of Karnataka V/s Taghar Vasudeva Ambrish – (2025) 37 Centax 102 (S.C.) Decided on 04-12-2025 (Supreme Court)**
- **[Sec 107 of CGST Act, 2017 and Rule 86 of CGST Rules, 2017]**
- HELD: Property qualified as residential dwelling since accommodation was for long-term stay and municipal records reflected residential nature. Condition 'use as residence' stood satisfied through sub-lessees; Entry 13 did not require immediate lessee to reside. Narrow interpretation would defeat legislative intent that residential use not suffer 18% GST. Exemption under Entry 13 was activity-specific, not person-specific. All three requirements stood fulfilled for 2019-2022; revenue pleas rejected; appeals dismissed
- From 18.07.2022, exemption unavailable where letting was to registered person, yet retrospective application to pre-amendment period was impermissible. Explanation indicated consistent intent to exempt genuine residential use in personal capacity. Exemption for pre-amendment period under unamended Entry 13 remained available. Appeals dismissed **[Sec 6, r/w Sec 5 of IGST Act, 2017]**

8. Telecommunication towers rightly held movable property; ITC admissible as section 17(5)(d) not attracted

- **Commissioner, CGST Appeal-1, Delhi V/s Bharti Airtel Ltd. – (2025) 33 Centax 302 (S.C.) - Decided on 08-08-2025 (Supreme Court)**
- Telecommunication towers for Period 1-7-2017 to 31-3-2024. High Court by impugned order held that Supreme Court in ***Bharti Airtel Ltd. v. Commissioner of Central Excise 2025 (391) E.L.T. 3/(2024) 24 Centax 266 (S.C.)***, has conclusively held that telecommunication towers cannot be construed as immovable property.
- Telecommunication towers would not qualify as immovable property as they neither qualify test of permanency nor can they be said to be attached to earth.
- Mobile towers can be dismantled and moved and they were never erected with an intent of conferring permanency.

8. Telecommunication towers rightly held movable property; ITC admissible as section 17(5)(d) not attracted

• **Commissioner, CGST Appeal-1, Delhi V/s Bharti Airtel Ltd. – (2025) 33 Centax 302 (S.C.) - Decided on 08-08-2025 (Supreme Court)**

- Their placement on concrete bases was only to enable those towers to overcome vagaries of nature.
- Mere specific exclusion of telecommunication towers from scope of phrase 'plant and machinery' would not lead one to conclude that statute contemplates or envisages telecommunication towers to be immovable property.
- Application of generic principles to concept of immovable property would, in explicit terms, conclude that telecommunication towers are liable to be treated as movable.
- Telecommunication towers would not fall within ambit of section 17(5)(d). Thus, denial of input tax credit, consequently, would not sustain.
- **HELD:** Instant Court was not satisfied that these are fit cases to exercise discretion under Article 136 of Constitution of India. Instant petitions were to be dismissed

[Sec 17 of CGST Act, 2017]

9. Writ dismissed due to factual dispute; assessee allowed to pursue appellate remedy against order

• **Gurbani Exports V/s Principal Comm. of CGST, Delhi North – (2025) 33 Centax 95 (Del.) - Decided on 22-07-2025 (Delhi High Court)**

- Assessee was accused of availing input tax credit without any supply of goods or services through various firms floated by him and his family members.
- Impugned order was passed demanding tax, interest and penalty.
- Assessee filed instant petition against impugned order
- **HELD:** Writ petition could not be entertained in matter relating fraudulent availment of ITC, however liberty was to be granted to assessee to avail appellate remedy under section 107.
- Appeal could be filed by assessee along with relevant pre-deposit
- [Sec 16, r/w Sec 107, of CGST Act, 2017]

10. ITC not available on electricity supplied to township maintained for employees' residence

• Bharat Aluminum Company Ltd. V/s State of Chhattisgarh – (2025) 36 Centax 30 (C.G.) Decided on 14-10-2025 (Chhattisgarh High Court)

- Assessee aluminium manufacturer operated captive power plants at Korba. Imported coal on payment of Compensation Cess and generated electricity.
- Electricity was used in manufacture and partly sold to SEBs and partly supplied to employees' residential township. Refund of ITC of Compensation Cess was claimed.
- Refund was rejected proportionate to electricity supplied to township and was upheld in appeal and writ petitions were dismissed. Intra-Court appeals were filed
- HELD: ITC being concessional benefit was available only as per statutory scheme. Electricity consumed in township was not used within factory for manufacture nor for captive consumption related to production.
- Supply to township was external and welfare related and was not integrally connected with business.
- Therefore, ITC including Compensation Cess attributable to such electricity was ineligible. **[Sec 16 &17 of CGST Act, 2017]**

11. No proceedings against recipient merely due to post-transaction cancellation of supplier's registration

- **Singhal Iron Traders V/s Additional Commissioner– (2025) 36 Centax 36 (All.). Decided on 26-09-2025 (Allahabad High Court)**
- Assessee, a registered dealer in iron scrap, purchased from a registered supplier. Proceedings against assessee was initiated under section 74 and a notice was issued to show cause as to why RITC and penalty may not be imposed as registration of supplier was cancelled and no business activity was undertaken.
- Assessee filed a detailed reply, and an order was passed in DRC 07 making RITC and imposing penalty. Being aggrieved, assessee filed an appeal, which was dismissed.
- Assessee submitted that at time when assessee purchased goods, seller dealer was registered.
- It was further submitted that supplier filed his return and deposited tax in form of GSTR-3B and GSTR-01

12. No proceedings against recipient merely due to post-transaction cancellation of supplier's registration

• **Singhal Iron Traders V/s Additional Commissioner– (2025) 36 Centax 36 (All.). Decided on 26-09-2025 (Allahabad High Court)**

- HELD: It was not in dispute that supplier filed its return in form GSTR-01 and GSTR-3B.
- Moreover, without making payment of due taxes, GSTR-3B can not be generated.
- Once tax was paid by petitioner in GSTR-01, no adverse inference could be drawn against assessee on premise that registration of supplier was cancelled.
- It was duty of authorities to verify said information as to whether at time of transaction in question, firm was in existence or not.
- In view of same, impugned orders could not be sustained and same were to be quashed

[Sec 16, r/w Sec 29, of CGST Act, 2017]

Thank you

Thanks for your Patience and Time

