

GST ALERT

JULY 2025

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BUSINESS CLOSURE

- The Gujarat High Court in the case of *Pratik Surendrakumar Shah Vs State of Gujarat (2025) 125 taxmann.com 781* quashed the Order demanding Tax from a dissolved entity.
- The Assessee had contended that no GST demands could be raised since two intimations were served on the GST Authorities informing about the proposed voluntary liquidation and also inviting claims for dues under the Act.
- The Application for voluntary cancellation of the GST Registration was also submitted by the Entity only when no claims were received from the GST Authorities .

BUSINESS SLOWDOWN

- The Madras High Court in the case of ***AGN Lorry Service Vs. The Commercial Tax Officer, [TS-533-HC(MAD)-2025-GST]*** set aside the Order cancelling the GST Registration of the Petitioner for non-filing of returns for a continuous period of 6 months.
- The Court accepted the contentions of the Petitioner that they were regular ion filing returns till 2022-23 and only due to cancellation of major work orders and the consequent slowdown in business, they could not pay GST dues and file returns.
- The Court found slowdown in Petitioner's business to be a genuine reason for their non-compliance with return filing requirements and directed the restoration of GST Registration subject to conditions.

SERVICE ON PORTAL

- A Division Bench of the Patna High Court in the case of ***Binod Traders Vs. The Union of India [TS-553-HC(PAT)-2025-GST]*** set aside the ex-parte Order issued on the GST Portal, without affording an opportunity of hearing and pursuant to a Show Cause Notice also issued on the GST Portal.
- The Court held that uploading of show-cause notice in portal would not be sufficient service and RPAD and other modes of communication must be adhered to.
- A single Judge of the Madras High Court in a batch of cases including ***Axiom Gen Nxt India Private Limited Vs Commercial State Tax Officer (2025) 29 Centax 368 (Mad.)*** took a similar view and held that service through the GST Portal, although sufficient, was not effective and held that recourse must be taken to other modes of service prescribed in Section 169, such as RPAD in the event of unresponsiveness of the tax payer.
- Another Single Judge of the Madras High Court in a batch of cases including ***Poomika Infra Developers Vs State Tax Officer (2025) 29 Centax 394 (Mad.)*** held that service through the GST Portal was sufficient service. However, the Court suggested that additionally e-mail or message may be sent to the taxpayer as a facilitating measure.

SERVICE THROUGH WHATSAPP

- A Division bench of the Kerala High Court in the case of ***Mathai M. V. Vs Senior Enforcement Officer WA No.973 of 2025*** set aside the Order of the Single Judge wherein Proceedings that culminated in Confiscation of the Vehicle of the Petitioner was under Challenge.
- To the contention of the Petitioner that no Notice was served on him prior to such confiscation, it was submitted by the Revenue that the Notice proposing confiscation was served on the Petitioner through Whatsapp.
- The Court held that service through Whatsapp was not a prescribed mode of service under Section 169 of the CGST Act,2017 and set aside the Order of the Single Judge as well as the Impugned Order and remanded the matter for reconsideration.

'CUT AND PASTE' ORDER

- The Bombay High Court in the case of *GlobeOp Financial Services (India) Pvt Ltd Vs Deputy Commissioner of State Tax [TS-601-HC(BOM)-2025-GST]* set aside the Order and remanded the matter for reconsideration.
- The Petitioner was aggrieved by the fact that the Order suffered from non-application of mind by the Officer and found that the operative portion of the Order was a verbatim 'cut and paste' of the allegations in the Show Cause Notice.

PAYMENT UNDER PROTEST

- The Himachal Pradesh High Court in the case of *Shyama Power India Ltd. vs. State of H.P. & Ors. [TS-555-HC(HP)-2025-GST]* set aside the Order under Section 74, levying interest and penalty on the amount paid under protest by treating the same as 'admitted tax liability'.
- The Petitioner was unable to prefer an Appeal due to Portal restrictions and the Rectification application filed by the Petitioner was also rejected.
- The Court granted relief to the Petitioner by holding that once the petitioner had deposited the amount 'under protest', the same could not have been considered to be an admission of liability because the necessary corollary of deposit under protest is that the amount towards the alleged liability has been deposited without admitting the liability and inherent therein is his right to challenge the order.

REFUND-EXPORT OF SERVICE

- The Bombay High Court in the case of *Sundyne Pumps and Compressors India Pvt Ltd. Versus The Union of India [TS-530-HC(BOM)-2025-GST]* directed the granting of refund of ITC on zero rated supplies of design and engineering services by the Petitioner to overseas customers and related persons/group companies.
- The Department had rejected the refund claim on the ground that the Petitioner was an 'agent' of the overseas recipients and the supplies were not exports being hit by Section 2(6)(v) of the IGST Act, 2017 which provides that supplies between distinct persons would not qualify as exports.
- The Court granted the refund in view of Circular No. 161/2017/2021 dated 20.09.2021 and the terms of the agreement between the Petitioner and overseas recipients which clearly indicated that the Petitioner was an independent contractor and that neither the Petitioner nor its officers, directors, employees or sub-contractor are servants, agents or employees of the recipient of services.

ATTACHMENT-CASH CREDIT

- The Bombay High Court in the case of *Skytech Rolling Mill Pvt. Ltd. Vs. Joint Commissioner of State Tax [TS-528-HC(BOM)-2025-GST]* set aside the letter issued by the Respondent Authority provisionally attaching the cash credit account of the Petitioner under Section 83 of the MGST/CGST Act, 2017.
- Section 83 of the CGST Act, 2017 permits provisional attachment of the property of a taxable person to protect revenue in certain cases.
- The Court held that the phrase 'any property, including bank account' in Section 83 could not include a cash credit account as the same constituted a liability owed by the account holder to the bank for availing the loan facility and was not the property belonging to the account holder/Petitioner.

SECTION 168A

- The Madras High Court in a batch of Writ Petitions including ***Tata Play Limited Vs Union of India [TS-616-HC(MAD)-2025-GST]*** considered challenges to Notifications No.09/2023 and 56/2023 issued under Section 168A of the CGST Act,2017 to extend the limitation period for issuance of Orders under GST.
- The Court found Notifications No.09/2023 and 56/2023 to be bad in law and held that the period from 15.03.2020 to 28.02.2022 shall stand excluded while reckoning limitation under sub section (2) and (10) to Section 73 of CGST Act, in terms of the of the Supreme Court in ***Cognizance for Extension of Limitation 2022 (56) G.S.T.L. 385 (S.C.)*** dated 10.01.2022 passed under Article 142 of the Constitution .
- The Court found that instead of extending the limitation period as envisaged in Section 168A, the impugned Notifications had the effect of diminishing the limitation period as extended by the Supreme Court and therefore not sustainable.
- All the Impugned Orders were remanded for reconsideration.

Circular No. 250/07/2025-GST dated 24.06.2025

- Notification No. 02/2017 dated 19th June 2017 (as amended) read with circular No. 239/33/2024-GST dated 04.12.2024 designated Joint/Additional Commissioners posted in specified Commissionerates as Common Adjudicating Authority (CAA) in respect of show cause notices issued by Directorate General of GST Intelligence (DGGI).
- Presently, the Circular dated 24.06.2025 has been issued to prescribe the procedure for review, revision, and appeals against such Orders-in -Original (O-I-Os) passed by CAA pursuant to SCNs issued by DGGI as follows:

Authority	Function
The Principal Commissioner or Commissioner of Central Tax under whom the Common Adjudicating Authority (Additional/ Joint Commissioner) is posted	Reviewing and Revisional Authority and also the Departmental Representative in Appeals preferred against OIOs issued by CAA.
Commissioner (Appeals) corresponding to the territorial jurisdiction of the Principal Commissioner or the Commissioner of Central Tax, under whom the said Common Adjudicating Authority (Additional/ Joint Commissioner) is posted, as specified in Table III of notification No. 02/2017-Central tax dated 19th June, 2017	Appellate Authority for appeals preferred against OIOs issued by CAA and may appoint any officer subordinate to him to be the designated officer for filing departmental appeals.

OTHER CHANGES

- **GSTN Advisory regarding non-editable auto-populated liability in GSTR-3B dated 07.06.2025**
 - from July,2025 tax period for which form GSTR 3B will be furnished in August, 2025 amendments to the auto populated liability in GSTR-3B shall be routed through form GSTR 1A which can be filed for the same tax period before filing of GSTR 3B. Editing of form GSTR-3B to be disabled.
 - **Note:** Despite the provision of an alternative mechanism by way of form GSTR-1A the proposed move adds to the compliance burden of taxpayers and does not flow from any provision of the CGST Act,2017 or Rules. Additionally, it is not clear as to how GSTN can issue Advisory or implement changes when the law does not confer such power.

OTHER CHANGES

- **GSTN Advisories on barring of GST returns on expiry of 3 years dated 07.06.2025 and 18.06.2025**
 - Amendments were carried out to Sections 37, 39, 44 and 52 of the CGST,2017 vide Finance Act,2023 w.e.f 01.10.2023, whereby taxpayers were barred from filing returns on expiry of 3 years from the due date to file the said return.
 - GSTN has issued an advisory indicating the barred periods for various returns

CUSTOMS

LONG DRAWN LITIGATION- COMPENSATION

- The Madras High Court in the case of *M/s Adyar Gate Hotel Pvt Ltd Vs The Commissioner of Customs CMA 71 &131 OF 2025*, considered a claim of compensatory interest from the date of payment of duty .
- The Assessee was wrongfully denied benefit under the Export Promotion Capital Goods (EPCG) scheme despite holding a valid license issued by DGFT.
- The Court observed that the benefits under the license was denied to the Assessee by the Customs Authorities on the ground that the imported goods were not 'capital goods' despite a clear finding in the license that the goods to be imported by the Assessee constituted 'capital goods'.
- In view of the misconceived denial of concessional rate of Duty in violation of the 2002 Circular, terms of the License and Judicial Precedents causing a long drawn litigation, the Court held that the Assessee was entitled to compensatory interest from 1999 till 2025 in addition to interest under Section 27 A of the Customs Act, 1962 already granted.

DELAY IN ISSUE OF SCN

- The Madras High Court in the case of *Chemplast Sanmar Ltd Vs Deputy Commissioner of Customs(Export) WP NO.22298 of 2022* set aside the Bond Enforcement cum Demand Notice dt 08.02.2019, pertaining to period between 1998 and 2000 ,as the same was issued after a inordinate delay of over 17 years by the Department.
- It was the case of the Petitioner that due to the lapse of a long period of time they were able to retrieve and furnish only 13 of the 24 EODCs called for and the proposed action of enforcement of bond after such inordinate delay was prejudicial to their interests.
- In view of the Inordinate delay in issuing the Notice and Judicial Precedents on identical issues, the Court held that Notices must be issued within a reasonable time when the provision does not prescribe a time limit.

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