



# Brainery

Institute Of Commerce Studies  
(A Unit of Tharuns Brainery Pvt. Ltd)

## CA Final

# IDT

# AMENDMENTS

## For May 26 Exams

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## Supply - Sec. 7

**7(1) - Includes**

**7(1A) - Classification of supply as goods and services (Read with Schedule II)**

**7(2) - Excludes (Read with Schedule III)**

**7(3) - CG on the recommendations of GST council is empowered to notify Supply of goods as supply of services and viceversa**

**7(1)(a) - Any activity in the nature of DEBTSRLL for consideration in the course or furtherance of business**

**7(1)(aa) - Any activity or transaction between [a person other than Individual] and [its members] for a consideration**

**7(1)(b) - Import of services for consideration, whether or not in the course or furtherance of business**

**7(1)(c) - Activities in Schedule I even though not for consideration**  
 D - Disposal of business assets on which ITC has been availed  
 R - Related party transactions (incl. transaction between distinct persons)  
 I - Import of services by a person from related persons or establishment outside India  
 P - Principal Agent transactions, when agent is acting on behalf of principal

P - Posts (Govt, Constitutional and Nominated)  
 I - Insurance services jointly supplied (i.e., Co-insurance)  
 L - Legal Fees collected by Court or Tribunal  
 L - Land Sale (incl. Sale of immovable property, where entire consideration is received after obtaining completion certificate (or) first occupation whichever is earlier)  
 A - Actionable Claims other than specified actionable claims (HCBLOG)  
 R - Re-insurance commission  
 L - Liquor licence granted by SG  
 E - Employee to Employer in the course of employment  
 S - Sovereign functions (i.e., Panchayat /Municipality)  
 S - Sale before import (i.e., High Seas)  
 D - Death related (Funeral, Burial, crematorium, mortuary incl. Transportation of deceased etc.,)  
 O - Outside the country movement of goods  
 W - Warehoused goods under customs sold.  
 (Including goods warehoused in a SEZ (or) Free trade warehousing zone) before clearance for home consumption (or) export. (w.r.e.f 01/07/17). [However no refund can be claimed for past periods.]  
 Gifts by employer to employee not exceeding ₹ 50,000 in a FY (Excl GST) per employee is excluded from supply. Also, any benefit covered under salary offer document forms part of salary and is excluded from supply.

**Business entity = Any person engaged in doing business is known as business entity.**

D = Disposal  
 E = Exchange  
 B = Barter  
 T = Transfer  
 S = Sale  
 R = Rental  
 L = Licence  
 L = Lease

H = Horse racing  
 C = casinos  
 B = Betting  
 L = Lottery  
 O = Online Money gaming  
 G = Gambling



## Finance Act, 2025 – Amendment to Schedule III (GST) – SEZ / FTWZ Warehoused Goods

- A new Clause (aa) is proposed to be inserted in Paragraph 8 of Schedule III to the CGST Act.
- The amendment is retrospective w.e.f. 01.07.2017.
- **Scope of Clause (aa):** Transactions involving goods warehoused in SEZ or FTWZ Before their clearance for export, or for supply to Domestic Tariff Area (DTA) Shall be treated as neither supply of goods nor supply of services under GST. Hence, no GST is leviable on such transactions.
- **Explanation 3 inserted:** The terms “SEZ”, “FTWZ” and “DTA” shall have the same meaning as in Section 2 of the SEZ Act, 2005.
- **Refund restriction:** Although the amendment is retrospective, no refund shall be granted for any GST already collected on such transactions.
- **Objective / Rationale:** To align the GST treatment of goods warehoused in SEZ/FTWZ with goods stored in customs bonded warehouses. To ensure uniformity in tax treatment of warehoused goods under GST.
- **Link with existing Clause 8(a) of Schedule III:** Clause 8(a) already provides that supply of warehoused goods before clearance for home consumption is neither a supply of goods nor a supply of services.
  - **Warehoused goods generally fall into two categories:** Clearance from bonded warehouses to vessels (or) Clearance from non-bonded warehouses to vessels.
  - New Clause (aa) extends similar non-supply treatment to goods warehoused in SEZ / FTWZ before clearance.

### Question:

Apex Global Traders Pvt. Ltd., registered in Gujarat, imports specialised machinery parts from Germany in July 2024 and stores them in a Free Trade Warehousing Zone (FTWZ) in India. The CIF value of the goods is ₹80,00,000. While the goods are lying in the FTWZ and before any clearance either for export or for supply to the Domestic Tariff Area (DTA), Apex Global Traders sells the entire lot to Zenith Components Ltd., another registered person in India, for a consideration of ₹1,00,00,000. Out of the said goods, Zenith Components Ltd. exports 60% of the goods directly from the FTWZ, and clears the remaining 40% of the goods into the DTA after one month. The applicable GST rate on such goods is 18%. Apex Global Traders, being of the view that the sale to Zenith Components Ltd. constitutes a taxable supply, charges GST on the entire consideration of ₹1,00,00,000 and pays the same.

Examine the GST implications and customs duty implications of the above transactions and compute the correct GST liability, if any, on each stage, payable by the respective person. Also, briefly comment on whether Apex Global Traders can claim refund of GST already paid, if any, with reasons. [Note: Customs duty computation is not required]

### Answer:

In the given case, Apex Global Traders Pvt. Ltd. sells the goods to Zenith Components Ltd. while the goods are lying in the FTWZ and before any clearance for export or DTA for a consideration of ₹1,00,00,000. As per Sec. 7(2) of CGST Act 2017 read with Schedule III, such transaction is neither a supply of goods nor a supply of services. Hence, no GST is payable on this sale transaction by Apex Global Traders Pvt. Ltd.

Thereafter, Zenith Components Ltd. exports 60% of the goods directly from the FTWZ. Since exports take place without the goods entering the DTA, no GST is payable on this portion under GST, as export of goods from FTWZ does not involve a taxable supply within India at this stage. Also, Customs duty is payable, if such goods are dutiable for export as per Customs Tariff Act, 1975.

The remaining 40% of the goods are cleared into the DTA. Such clearance amounts to import into India and is chargeable to customs duties including IGST under the Customs Tariff Act, 1975. However, this liability arises at the time of clearance into DTA and the value shall be the original import value i.e., ₹1,00,00,000 × 40% = ₹40,00,000 and it is payable by Zenith Components Ltd.

Apex Global Traders had wrongly treated the FTWZ sale as a taxable supply and paid GST @ 18% on ₹1,00,00,000, i.e., ₹18,00,000. However, in view of the retrospective amendment, such tax was not required to be paid. Nevertheless, the amendment specifically provides that no refund shall be granted of any tax already collected on such transactions. Therefore, Apex Global Traders is not entitled to claim any refund of the GST already paid.

### IMPORTANT POINTS RELATING TO SPECIFIED ACTIONABLE CLAIMS

- "**Online Gaming**" means offering of a game on the internet or an electronic network and includes online money gaming;



- "**Online Money Gaming**" means online gaming in which players pay or deposit money or money's worth, including virtual digital assets, in the expectation of winning money or money's worth, including virtual digital assets, in any event including game, scheme, competition or any other activity or process, whether or not its outcome or performance is based on skill, chance or both and whether the same is permissible or otherwise under any other law for the time being in force.

### RATE OF GST ON SPECIFIED ACTIONABLE CLAIMS IS 40%

Online gaming falls under OIDAR Services but online money gaming treated as specified actionable claims and treated as Goods. Applicable rate is 40%, in case of specified actionable claims. However, in case of OIDAR services it is 18%.



#### Question:

Play Sphere Pvt. Ltd., a company registered under GST in Karnataka, operates an online digital platform during the month of October 2025 offering multiple gaming-related activities. It offers "Pro Chess Arena", where users pay a subscription fee of ₹500 per month to access prerecorded tutorials, practice games against AI and downloadable PDFs, and no cash prizes are offered. During the month, 2,000 users subscribed to this service. It also offers "Mega Fantasy League", where users pay an entry fee of ₹1,000 per contest to participate in online contests in which winners receive cash prizes. During the month, 1,200 users participated, and the entire entry fee is pooled and distributed to winners after retaining a platform fee of 10% by Play Sphere Pvt. Ltd. Further, it offers "Spin & Win", where users deposit money into their gaming wallet and participate in an online game with outcomes based purely on chance. During the month, total deposits amounted to ₹15,00,000, out of which Play Sphere retained ₹3,00,000 as its margin and the balance was paid out as winnings. Lastly, it offers "Stock Market Simulator", where users pay ₹300 per month to access a simulation game with real-time data and downloadable reports, but no real money can be won or withdrawn; during the month, 3,000 users subscribed. All supplies are made within India. The applicable GST rate on OIDAR services is 18% and on specified actionable claims (online money gaming) is 40%. Ignoring exemptions and input tax credit, determine the GST payable by Play Sphere Pvt. Ltd. for October 2025, giving reasons.

**Answer:**

Sl. No.	Particulars	Nature of Supply	Value of Supply (₹)	Rate of GST	GST Amount (₹)	Brief Reason
1	Pro Chess Arena (₹500 × 2,000 users)	OIDAR Service	10,00,000	18%	1,80,000	Subscription for digital content; no money staked or winnings
2	Stock Market Simulator (₹300 × 3,000 users)	OIDAR Service	9,00,000	18%	1,62,000	Access to digital simulation only; no money's worth can be won
3	Mega Fantasy League (₹1,000 × 1,200 users)	Online Money Gaming (Specified Actionable Claim)	12,00,000	40%	4,80,000	Entry fee paid in expectation of winning money
4	Spin & Win (Total deposits by users)	Online Money Gaming (Specified Actionable Claim)	15,00,000	40%	6,00,000	Money deposited to play with chance of winning money

# LEVY AND COLLECTION UNDER CGST

## COMPARATIVE DIFFERENCE BETWEEN SUBSECTIONS OF SEC. 9:

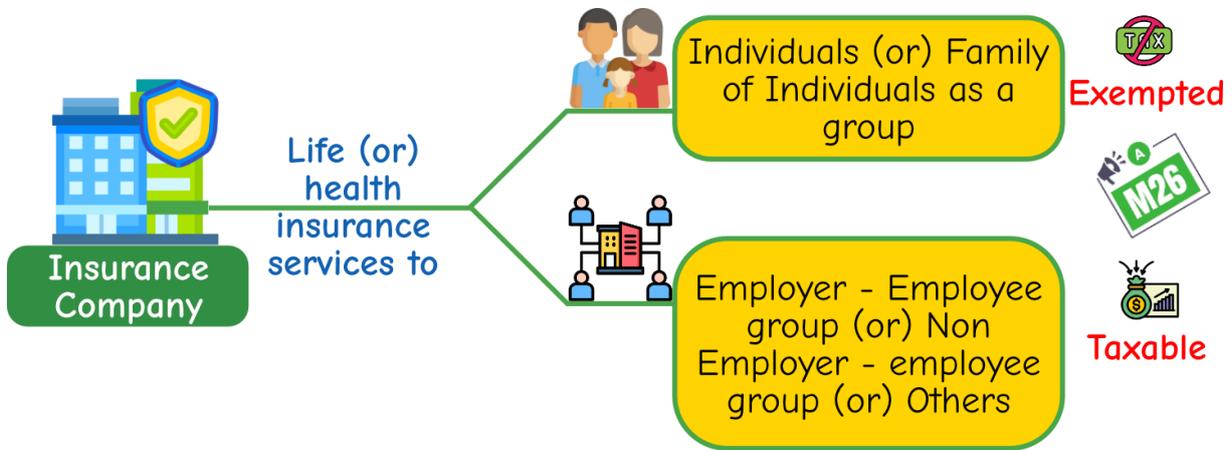
Section	Sec. 9(3)	Sec. 9(4)	Sec. 9(5)
When applicable?	Notified goods or Services supplied	Inward supplies by a notified RP from an URP	Supply of notified services through ECO
What are notified?	List of Services [Notification No: 13/2017] List of Goods [Notification No: 04/2017]	Purchases by a promoter or builder	<b>I = Instant local delivery (Eg. Swiggy genie)</b> <b>H = Housekeeping Services (Eg: Urban company)</b> <b>A = Accommodation Services (Eg: Goibibo)</b> <b>T = Transportation of passengers service (Eg: Ola, Uber)</b> <b>E = Eating food from restaurant (Eg: Swiggy, Zomato)</b> 
Who will pay GST?	Recipient	Recipient	ECO
Supplier	RP/URP	URP	[I, H & A = URP] [T & E = RP/URP]

## SEC. 9(5) – LIABILITY TO PAY GST ON E COMMERCE OPERATOR (ECO) IN CASE OF NOTIFIED SERVICES:

In case of following categories of services, GST on Intra state and Interstate supplies shall be paid by ECO:

	Notified Service	Supplier	Non applicability of Sec.9(5) i.e., Supplier shall pay GST
 I	Instant local delivery (Eg: Swiggy genie, Rapido parcel)	URP	If the supplier is liable to be registered
H	Housekeeping Service (Eg: Urban Clap, Quikr Services)	URP	If the supplier is registered
A	Accommodation Service (Eg: Goibibo, Make my Trip)	URP	If the supplier is registered
T	Transportation of passengers by any type of motor vehicle (Eg: OLA, UBER, REDBUS, RAPIDO), <b>other than OMNIBUS (Capacity &gt; 6 passengers) by a company.</b>	RP/URP	If transportation is through <b>OMNIBUS</b> by a company
E	Eating food from restaurant (Eg: Swiggy, Zomato) <b>Supply of food by a restaurant in a hotel having Value of supply of &gt; ₹7,500 per unit per day or equivalent, not covered under Sec. 9(5)</b>	RP/URP	If the restaurant is in the specified premises i.e., in a hotel having Value of supply > ₹7,500 per day

# EXEMPTIONS UNDER GST



The following services are exempt from GST:

- Services of life insurance business provided by an insurer to the insured, where the insured is not a group.
- Services of health insurance business provided by an insurer to the insured, where the insured is not a group.
- Reinsurance of the above exempt life and health insurance services.

**Note:**

1. The exemption applies where the insured is [an individual], or [an individual and family of such individual]. Family includes all individuals insured as family in the contract of insurance.
2. Group insurance contracts are not covered by this exemption. If the insured is a “group”, GST continues to apply. ‘Group’ means a group of persons who join together: With a commonality of purpose or For engaging in a common economic activity, other than availing insurance. It includes:
  - a. Employer–employee groups: Where an employer–employee relationship exists between the master/group policyholder and members of the group.
  - b. Non employer–employee groups: Where a clearly evident relationship exists between the master/group policyholder and members of the group for services/activities other than insurance.

**Question:**

M/s Secure Life Insurance Co. Ltd., a registered insurer, provided the following insurance services during the month of October 2025. The details of premiums collected (exclusive of GST, wherever applicable) are as under:

Sl. No.	Nature of Insurance Service	Insured	Premium Collected (₹)
1	Individual life insurance policy	Mr. A (individual)	1,20,000
2	Family health insurance policy	Mr. B and family	80,000
3	Group health insurance policy	XYZ Ltd. for its employees	2,50,000
4	Group personal accident policy	ABC Trade Association for its members	1,00,000
5	Reinsurance of individual health insurance policies	Another insurer	60,000
6	Reinsurance of group health insurance policies	Another insurer	90,000

Assume that:

- All policies are issued in India and are otherwise taxable unless specifically exempt.
- The insurer charges GST @ 18% on taxable insurance services.
- Ignore input tax credit and other procedural aspects.

You are required to Compute the total taxable value and the GST payable by M/s Secure Life Insurance Co. Ltd. for the month of October 2025.

**Answer:**

Sl. No.	Nature of Insurance	Insured	Premium (₹)	Exempt / Taxable	Reason
1	Individual life insurance	Mr. A (individual)	1,20,000	Exempt	Life insurance to individual (not a group)
2	Family health insurance	Mr. B & family	80,000	Exempt	Health insurance to individual & family
3	Group health insurance	XYZ Ltd. (employees)	2,50,000	Taxable	Group = employer-employee group
4	Group personal accident	ABC Trade Association	1,00,000	Taxable	Non employer-employee group with common purpose
5	Reinsurance of individual health policies	Another insurer	60,000	Exempt	Reinsurance of exempt health insurance
6	Reinsurance of group health policies	Another insurer	90,000	Taxable	Reinsurance of taxable group insurance

Particulars	Amount (₹)
Group health insurance (XYZ Ltd.)	2,50,000
Group personal accident (ABC Association)	1,00,000
Reinsurance of group health insurance	90,000
<b>Total Taxable Value</b>	<b>4,40,000</b>
GST = 18% of ₹4,40,000	₹79,200

### INSTANT LOCAL DELIVERY BY ECO (NOT THROUGH ECO) IS TAXABLE.

- Instant local delivery (Eg. Swiggy genie, Rapido parcel) whether by ECO (or) through ECO is taxable



#### Further Analysis:

- Services by way of local delivery have been notified under Section 9(5) of the CGST Act, 2017. As a result, the Electronic Commerce Operator (ECO) shall be liable to pay GST on such services. This shifts the tax liability from the actual service provider to the ECO. However, if the supplier of local delivery service is liable for registration under Section 22(1) of the CGST Act then Section 9(5) is not applicable, the actual supplier will remain liable to pay GST.
- The exemption available to services by way of transportation of goods shall NOT apply to Local delivery services provided by an ECO, or Through an ECO. Hence, local delivery services via ECO become taxable, even if similar transport services might otherwise be exempt.

- **Exclusions from GTA:** (i) ECO by whom services of local delivery are provided, and (ii) ECO through whom services of local delivery are provided. Thus, ECOs involved in local delivery are expressly kept outside the scope of GTA.
- **Local delivery by ECO Vs. Local delivery through ECO** – In case of local delivery by ECO, The ECO itself provides the delivery service using its own delivery fleet or riders. Eg: Amazon, Flipkart, Swiggy Instamart etc., However, in case of local delivery through ECO, The actual delivery is done by a third-party delivery person, but the service is arranged, booked, or facilitated through the ECO's platform. Eg: Porter, Rapido parcel, Shadowfax, Shiprocket etc.,

**Question:**

M/s QuickDrop Pvt. Ltd. operates a digital platform in Bengaluru facilitating hyperlocal delivery of goods within the city. During April 2025, the following transactions were undertaken:

- QuickDrop used its own delivery riders to deliver groceries from local shops to customers and collected ₹12,00,000 as delivery charges;
- through its mobile application, QuickDrop connected customers with independent delivery partners (not its employees) for local delivery of parcels and collected ₹18,00,000 as delivery charges from customers;
- Out of the partner-fleet deliveries, ₹5,00,000 pertains to deliveries carried out by M/s SpeedCart, a courier agency which is registered under GST and independently liable to be registered under section 22(1) of the CGST Act, 2017. All the above services are local deliveries provided on or after 01.04.2025. QuickDrop claims that the services are exempt as transportation of goods and also contends that, in respect of partner-fleet deliveries, the services are not provided by it but by third parties.

In the light of the provisions of section 9(5) of the CGST Act, 2017, Notification No. 17/2025–CT (Rate) dated 17.09.2025, and the amendment to the exemption notification and definition of GTA effective from 01.04.2025, examine the taxability and determine who is liable to pay GST in respect of the above services. Also, briefly comment on whether QuickDrop can be regarded as a Goods Transport Agency (GTA) for these services.

**Answer:**

As per Notification No. 17/2025–CT (Rate) dated 17.09.2025, services by way of local delivery have been notified under section 9(5) of the CGST Act, 2017. Consequently, the Electronic Commerce Operator (ECO) is made liable to pay GST on such services, as if it is the supplier of the service. However, this provision does not apply where the actual supplier of such services is independently liable for registration under section 22(1) of the CGST Act, 2017.

Further, the exemption for transportation of goods has been amended to specifically exclude local delivery services provided by or through an ECO. Therefore, such services are not eligible for exemption. Moreover, with effect from 01.04.2025, the definition of Goods Transport Agency (GTA) has been substituted to exclude an ECO by whom or through whom local delivery services are provided, and hence QuickDrop cannot be treated as a GTA for these services.

Applying the above provisions to the given facts, the tax liability is determined as under:

Particulars	Amount (₹)	Nature of Service	Person liable to pay GST	Reason
Own-fleet deliveries by QuickDrop	12,00,000	Local delivery by ECO	QuickDrop (ECO)	Own supplies and GST not payable under Section 9(5) (paid through ECL as well as ECRL)

Partner-fleet deliveries through platform (excluding SpeedCart)	13,00,000	Local delivery through ECO	QuickDrop (ECO)	Notified u/s 9(5); liability shifts to ECO – Paid only through ECL
Deliveries by SpeedCart (registered)	5,00,000	Local delivery through ECO	SpeedCart (supplier)	Exception applies as supplier is independently liable u/s 22(1)

Thus, GST shall be payable by QuickDrop Pvt. Ltd. on delivery charges of ₹25,00,000 (₹12,00,000 + ₹13,00,000). In respect of ₹5,00,000 attributable to M/s SpeedCart, GST shall be payable by SpeedCart itself, since it is independently liable for registration.

Further, QuickDrop's contention that the services are exempt as transportation of goods is not valid, since the exemption does not apply to local delivery services provided by or through an ECO.

Also, QuickDrop cannot be regarded as a GTA, as the amended definition of GTA specifically excludes ECOs providing or facilitating local delivery services with effect from 01.04.2025.

### RATE OF GST ON GTA INCREASED TO 18%.

GTA has an option to choose either FCM [GST @ **18% (with ITC)** (or) 5% (without ITC)] or RCM (GST@5%) during a Financial Year. However, Such option should be selected between 1<sup>st</sup> Jan & 31<sup>st</sup> March of previous year & option once selected remains till the subsequent selection is made.



#### Question:

M/s SwiftRoad Carriers, a Goods Transport Agency (GTA) registered under GST in Maharashtra, has exercised the option to pay GST under Forward Charge Mechanism (FCM) for the Financial Year 2025–26 within the prescribed time (between 1st January and 31st March of the previous year). Accordingly, it is eligible to charge GST @ 18% with full ITC or GST @ 5% without ITC on its outward supplies, at its option, for each consignment. For the month of August 2025, the following details are available:

#### Outward Supplies (Freight Charges Billed)

Particulars	Taxable Value (₹)	GST Rate Charged
Freight billed to registered manufacturing companies	18,00,000	18%
Freight billed to traders opting for concessional rate	12,00,000	5%

#### Inward Supplies during the Month (August 2025)

S. No.	Nature of Inward Supply	Taxable Value (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
1	Inputs (Diesel, spares & consumables)	3,00,000	27,000	27,000	54,000
2	Input Services (Vehicle repair & maintenance)	2,00,000	18,000	18,000	36,000
3	Capital Goods (Purchase of truck)	10,00,000	90,000	90,000	1,80,000

Total	15,00,000	1,35,000	1,35,000	2,70,000
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Assume that:

- All inward supplies are used exclusively for GTA services.
- There are no exempt supplies other than the GTA services taxed @ 5% without ITC.
- Ignore time of supply and any ineligible ITC provisions under section 17(5).
- All values are exclusive of GST.

Compute the net GST payable in cash by M/s SwiftRoad Carriers for the month of August 2025 under the CGST and SGST Acts.

**Answer:**

GTA paying tax @ 5% is not eligible for ITC. Hence, supplies taxed @ 5% are to be treated as "non-ITC eligible / exempt" for Rule 42 reversal purposes. Since common inputs, input services and capital goods are used for both Proportionate ITC reversal is required under Section 17(2) read with Rule 42 & Rule 43.

Inward supplies used commonly for both:

Particulars	CGST (₹)	SGST (₹)
Inputs	27,000	27,000
Input Services	18,000	18,000
Capital Goods	90,000	90,000
Total ITC	1,35,000	1,35,000
(-) ITC attributable to exempt supply (12/30)	(54,000)	(54,000)
Net Eligible ITC	₹81,000	₹81,000

Output GST Liability

Particulars	Taxable Value (₹)	Rate	CGST (₹)	SGST (₹)
GTA services @ 18%	18,00,000	9% + 9%	1,62,000	1,62,000
GTA services @ 5%	12,00,000	2.5% + 2.5%	30,000	30,000
Total Output Tax			1,92,000	1,92,000
(-) Eligible ITC			(81,000)	(81,000)
Net GST payable			₹1,11,000	₹1,11,000

# TIME OF SUPPLY (TOS)

Goods (Sec. 12)	Time of Supply	Services (Sec. 13)
Sec. 12(1)	Liability to pay GST based on TOS	Sec. 13(1)
Sec. 12(2)	ToS in case of FCM	Sec. 13(2)
Sec. 12(3)	ToS in case of RCM	Sec. 13(3)
<del>Sec. 12(4)</del>	<del>ToS in case of Vouchers</del>	<del>Sec. 13(4)</del>
Sec. 12(5)	ToS in residual cases	Sec. 13(5)
Sec. 12(6)	ToS in case of interest/late fee/penalty for delay in receipt of consideration	Services (Sec. 13)



Sec. 12(4) & 13(4), which prescribes the TOS in case of vouchers is omitted and at present TOS for goods (or) services supplied against such vouchers is to be determined as per regular provisions of Sec. 12/Sec. 13.



**Question:**

ZenFit Wellness Pvt. Ltd., a company registered under GST in Maharashtra, provides taxable wellness and physiotherapy services. On 10th January 2026, ZenFit issued gift vouchers worth ₹5,00,000 to Corporate Solutions Ltd. after receiving the full consideration on the same date. The vouchers were redeemable by the employees of Corporate Solutions Ltd. for availing services within six months. ZenFit treated the issuance of vouchers as a taxable supply and paid GST accordingly in January 2026.

Out of the said vouchers, vouchers worth ₹3,50,000 were redeemed on 20th February 2026, vouchers worth ₹1,00,000 were redeemed on 15th April 2026, and the balance vouchers worth ₹50,000 remained unredeemed even after expiry. Invoices for the services rendered by Zenfit Wellness Pvt. Ltd. is raised on 18<sup>th</sup> March 2026 for ₹4,50,000 to the customers who redeemed or intended to redeem the vouchers against services.

Assuming that the applicable GST rate on the services is 18% and ignoring input tax credit and exemptions, determine the correct time of supply of services, the taxability of unredeemed vouchers, and compute the GST payable for the relevant tax periods, giving reasons in brief.

**Answer:**

As per the CBIC clarification on vouchers, transactions in vouchers themselves are neither a supply of goods nor a supply of services, and GST is leviable only on the underlying goods or services when such vouchers are redeemed.

Further, vide the Finance Act, 2025, the specific provisions relating to time of supply of vouchers have been omitted, and vouchers are now treated merely as a mode of consideration. Accordingly, the date of redemption of the voucher is to be treated as the date of receipt of payment for the purpose of determining the time of supply of the underlying goods or services. In the present case, ZenFit issued vouchers worth ₹5,00,000 on 10th January 2026 and received the consideration on that date. However, since issuance of vouchers is not a supply, GST was not correctly payable in January 2026. The time of supply of services arises only when the vouchers are redeemed.

Therefore, in respect of vouchers worth ₹3,50,000 redeemed on 20th February 2026, the time of supply for services under Sec. 13(2) of CGST Act, as invoice is issued within due date, shall be -

- a) Date of invoice – 18<sup>th</sup> March 2026 and
- b) Date of payment received - 20th February 2026, being the date of receipt of consideration in terms of redemption, Whichever is earlier i.e., 20<sup>th</sup> February 2026.

Similarly, in respect of vouchers worth ₹1,00,000 redeemed on 15th April 2026, the time of supply for services under Sec. 13(2) of CGST Act, as the invoice is issued prior to supply of service, shall be -

- a) Date of invoice – 18<sup>th</sup> March 2026 and
- b) Date of payment received - 15th April 2026, being the date of redemption of voucher, whichever is earlier i.e., 18<sup>th</sup> March 2026.

As regards the balance vouchers worth ₹50,000 which remained unredeemed (breakage), the CBIC has clarified that where vouchers are not redeemed, there is no supply of underlying goods or services, and the amount retained cannot be treated as consideration for any supply. Accordingly, no GST is payable on such unredeemed vouchers.

# VALUE OF SUPPLY

- Earlier CBIC issued a Circular wherein supplier shall obtain a declaration from recipient / certificate from CA/CMA of recipient to ensure that recipient reversed ITC based on credit note issued by supplier.
- At present, this Circular is omitted.
- If credit notes are issued to unregistered recipient, question of ITC reversal shall not arise and supplier can report in GSTR-1 and liability of supplier gets reduced in GSTR-3B.
- If credit notes are issued to registered recipient and reported in GSTR-1, it is reflected in Invoice Management System (IMS) of recipient and in GSTR-2B as ITC reversal.

## TREATMENT OF SECONDARY (OR) POST SUPPLY DISCOUNT: - CBIC CIRCULAR

Situation	GST liability of supplier	ITC of recipient	Tax treatment
Financial/Commercial Credit Note (Not u/s 34)	Not reduced	Fully available & not required to reverse	Treated as Post-supply discount
Credit Note u/s 34	Reduced	Proportionate ITC reversed	Reported in GSTR-1 & GSTR-3B
Discount by manufacturer dealer as an inducement to sell to end customer	GST applicable to Dealer	ITC available to manufacturer based on dealers invoice	Discount received = Consideration earned by dealer
Discount by manufacturer to dealer for specific sales promotion services	GST applicable to Dealer	ITC available to manufacturer based on dealers invoice	Such discount is consideration for sales promotion service.
Discount by manufacturer to dealer for generic promotion	NO GST to Dealer	ITC not required to be reversed by Dealer	Discount received ≠ consideration

### Question:

Alpha Motors Ltd., a manufacturer of electronic appliances, supplies goods to Beta Distributors, a registered dealer, on principal-to-principal basis. During the month of December 2025, the following transactions took place:

1. Alpha Motors sold goods to Beta Distributors for a list price of ₹50,00,000 plus GST @ 18%. After the end of the month, Alpha Motors issued a financial/commercial credit note of ₹2,00,000 to Beta Distributors towards year-end performance incentives. The said credit note was not linked to any pre-agreed discount and no GST credit note was issued. Beta Distributors made payment to Alpha Motors after adjusting the said amount.
2. Out of the above goods, Beta Distributors sold certain goods to end customers at a discounted price of ₹55,00,000 as per a pre-existing agreement between Alpha Motors and the end customers. To enable this, Alpha Motors issued a financial credit note of ₹1,50,000 to Beta Distributors.

3. Separately, Beta Distributors undertook a special advertising and co-branding campaign for Alpha Motors as per a written agreement, for which Alpha Motors agreed to pay a fixed consideration of ₹1,00,000.

You are required to compute the amount of ITC, if any, to be reversed by Beta Distributors, and the GST payable, if any, by Beta Distributors and/or Alpha Motors on the above transactions.

**Answer:**

As per Section 16(1) of the CGST Act, 2017, a registered person is entitled to avail input tax credit (ITC) of the tax charged on supplies used in the course or furtherance of business. Further, as clarified by CBIC Circular No. 251/08/2025-GST, where a supplier issues financial/commercial credit notes (and not GST credit notes), the supplier is not entitled to reduce his output tax liability and, correspondingly, the tax charged from the recipient also does not get reduced. In the present case, Alpha Motors Ltd. sold goods to Beta Distributors for ₹50,00,000 plus GST @ 18% amounting to ₹9,00,000 and subsequently issued a financial/commercial credit note of ₹2,00,000 towards year-end incentives, which was not pre-agreed. Since this credit note does not result in any reduction in the transaction value or tax liability, Beta Distributors is not required to reverse any ITC attributable to such discount.

Further, in respect of the post-sale discount of ₹1,50,000 given by Alpha Motors to enable Beta Distributors to sell goods to end customers at a discounted price as per a pre-existing agreement between Alpha Motors and the end customers, the CBIC has clarified that such discount is in the nature of an inducement for the supply of goods by the dealer to the end customer and, therefore, forms part of the overall consideration for such supply by the dealer to the end customer. Therefore, value of supply shall be ₹55,00,000 + ₹1,50,000 = ₹56,50,000 and GST payable on above is ₹56,50,000 × 18% i.e., ₹10,17,000. However, this does not affect the original supply from Alpha Motors to Beta Distributors and does not require any reversal of ITC by Beta Distributors in respect of the original purchase.

Separately, Beta Distributors has undertaken special advertising and co-branding activities for Alpha Motors for a fixed consideration of ₹1,00,000 under a written agreement. As clarified, where a dealer undertakes specific promotional activities for the manufacturer for a clearly defined consideration, such activity constitutes a distinct supply of service by the dealer to the manufacturer and is liable to GST. Accordingly, Beta Distributors is liable to pay GST @ 18% on ₹1,00,000 i.e., ₹18,000.

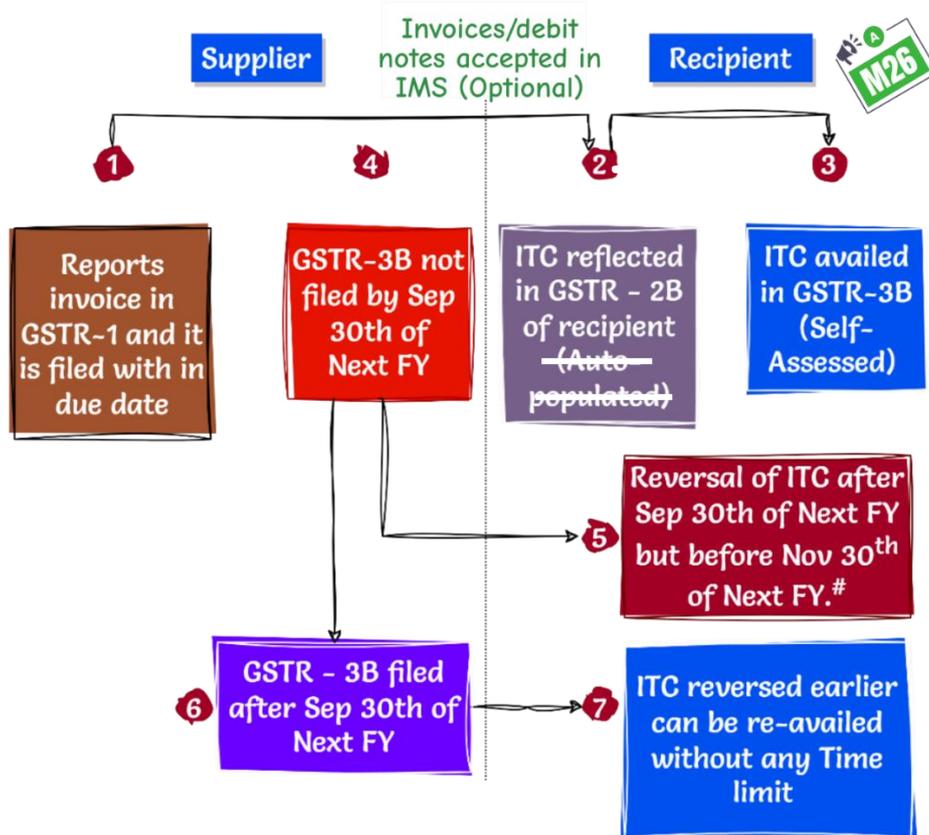
**VALUE OF SUPPLY IN CASE OF LOTTERY, BETTING, GAMBLING AND HORSE RACING [RULE 31A OF CGST RULES, 2017]:**

Specified Actionable Claim	Value of supply
Horse Racing	100% of face value of bet (or) amount paid into the totalisator*
Betting	
Gambling	
Lottery	[Price printed on ticket (or) notified by organizing State, whichever is HIGHER] × 100/140 Note: GST Payable @ 40% on HCBLOG.



# INPUT TAX CREDIT

## REVERSAL OF ITC IF SUPPLIER NOT FILED GSTR-3B (SEC 41 READ WITH RULE 37A)



## GST PAID UNDER RCM CAN BE AVAILED AS ITC BY ISD; ISD IS MANDATORY W.E.F. 1-4-24.

- Even GST paid under RCM can be availed as ITC by ISD and distributed to divisions
- While computing turnover under Rule 42 (or) 43 (or) Sec.20, Old indirect taxes i.e., Excise Duty, Central Sales Tax and Value Added Tax should be excluded. Also, value of supply of duty credit scrips should be considered as taxable turnover.
- w.e.f 01/04/2025, ISD is mandatory & any other method of distribution cannot be followed
- ISD shall distribute CGST/SGST credit as CGST/SGST credit to a unit in the same state where ISD is registered and as IGST credit to a unit registered in different state than that of ISD.
- ISD shall distribute IGST Credit as IGST credit to all the units
- Even ineligible credits or blocked credits should be distributed but recipient units cannot avail the same.

**Question:**

Apex Manufacturing Ltd. has its Head Office at Mumbai (Maharashtra) registered as an Input Service Distributor (ISD). It has three operational units under the same PAN:

Unit	State	Turnover in Preceding FY (₹)
Unit M	Maharashtra	60 crore
Unit G	Gujarat	30 crore
Unit K	Karnataka	10 crore

During April 2026, the ISD received the following invoices for input services:

Invoice	Nature of Service	Taxable Value (₹)	GST Charged	Attribution
A	Common Advertising Service	10,00,000	CGST 90,000 + SGST 90,000	Common to all three units
B	IT Maintenance Service	6,00,000	IGST 1,08,000	Attributable only to Unit G
C	Guest House Services (Blocked u/s 17(5))	4,00,000	CGST 36,000 + SGST 36,000	Common to all units (Ineligible ITC)
D	Legal Consultancy (RCM) paid by Unit M	5,00,000	IGST 90,000 (paid under RCM)	Common to all units (transferred to ISD)

Further, the following adjustments took place:

Particulars	Details
Credit Note (May 2026)	Issued by supplier of Invoice A reducing taxable value by ₹2,00,000 and CGST ₹18,000 + SGST ₹18,000
Debit Note (May 2026)	Issued by supplier of Invoice B for additional taxable value of ₹1,00,000 with IGST ₹18,000

Assume:

- All units are operational during the year.
- ISD follows Rule 39 for distribution.
- Ignore time limits and procedural lapses.

Required:

- Compute the ITC to be distributed by ISD for April 2026 to each unit (tax-wise).
- Compute the adjustments required in May 2026 on account of the above credit note and debit note.
- Briefly state the tax consequence if ISD wrongly distributed Invoice B ITC equally to all three units.

**Answer:**

As per Section 20 of the CGST Act read with Rule 39 (Rule 71A), an Input Service Distributor (ISD) shall distribute ITC of input services in the same month in which it is available, subject to conditions:

- Credit attributable to a single recipient shall be distributed only to that recipient;
- (ii) credit attributable to more than one or all recipients shall be distributed pro-rata on the basis of turnover of the recipients during the relevant period;
- eligible and ineligible ITC shall be distributed separately;
- IGST shall always be distributed as IGST;
- CGST/SGST shall be distributed as CGST/SGST to recipients in the same State as ISD and as IGST to recipients in other States.

Further, ITC of services paid under RCM can be transferred to ISD and distributed similarly. Any credit note/debit note requires proportionate adjustment in the same ratio as the original distribution. If ISD distributes credit in contravention, the excess credit is recoverable from recipients with interest under Section 21.

Particulars	Unit M (M.H)			Unit G (Gujarat)	Unit K (K.A)
	CGST	SGST	IGST	IGST	IGST
Invoice A – Common Advertising (Eligible)	90,000 X 60/100 = 54,000	90,000 X 60/100 = 54,000	-	1,80,000 X 30/100 = 54,000	1,80,000 X 10/100 = 18,000
Invoice B – IT Maintenance (Eligible, Attributable only to Unit G)	-	-	-	1,08,000	-
Invoice C – Guest House (Ineligible u/s 17(5), Common)	36,000 X 60/100 = 21,600	36,000 X 60/100 = 21,600	-	72,000 X 30/100 = 21,600	72,000 X 10/100 = 7,200
Invoice D – Legal Consultancy (RCM paid by Unit M, transferred to ISD; Common)	-	-	90,000 X 60/100 = 54,000	90,000 X 30/100 = 27,000	90,000 X 10/100 = 9,000
Total ITC					

#### Credit Note for Invoice A

Reduction: CGST ₹18,000 + SGST ₹18,000 → Apportion in same ratio as original:

Recipient	Share	CGST Reduction (₹)	SGST Reduction (₹)	IGST Reduction (₹)
Unit M (MH)	60%	10,800	10,800	—
Unit G (GJ)	30%	—	—	10,800
Unit K (KA)	10%	—	—	3,600
Total	100%	18,000	18,000	14,400

#### Debit Note for Invoice B

Additional tax: IGST ₹18,000, attributable only to Unit G → Distribute IGST ₹18,000 to Unit G in May.

If ISD wrongly distributed the entire IGST ₹1,08,000 of Invoice B equally to all three units, it would be in contravention of Section 20/Rule 39 (since it is attributable only to Unit G). As per Section 21, the excess credit so distributed shall be recovered from the recipients (i.e., Units M and K) along with interest, following Section 73/74/74A as applicable.

# REGISTRATION

## SIMPLIFIED GST REGISTRATION

Person whose estimated total liability  $\leq$  ₹2,50,000 p.m. Can opt for registration electronically. Based on data analysis & risk parameters, registration granted within 3 working days.



Sub-rule	Provision Summary
(1)	<b>Eligibility:</b> Any applicant under Rule 8 (i.e., new GST registration applicant) whose total monthly output tax liability $\leq$ ₹2.5 lakh may opt for registration under this simplified route.
(2)	<b>Aadhaar authentication mandatory.</b> Persons not opting for Aadhaar authentication (except those notified under Section 25(6D)) are <b>not eligible</b> .
(3)	Only <b>one registration per PAN per State/UT</b> under this rule.
(4)	After successful Aadhaar authentication, registration to be <b>granted electronically within 3 working days</b> .
(5)	<b>Withdrawal from this scheme:</b> The taxpayer can exit by filing <b>Form GST REG-32</b> , provided— (a) 3 months' returns filed (if before 1 Apr 2026) (b) 1 tax period's return filed (if after 1 Apr 2026) (c) All returns up to withdrawal date filed.
(6)	Any <b>change in registration particulars</b> (filed in REG-01) must be <b>updated under Rule 19</b> before applying for withdrawal.
(7)	While processing withdrawal application, <b>Aadhaar or biometric verification and document verification</b> may be done based on <b>risk parameters</b> .
(8)	Acknowledgment procedure under <b>Rule 8(5) &amp; (6)</b> applies <b>mutatis mutandis</b> to the withdrawal application.
(9)	Withdrawal application will be <b>verified as per Rule 9</b> .
(10)	After verification, officer will issue— <b>Order approving withdrawal (Form REG-33)</b> , or <b>Order rejecting application (Form REG-05)</b> —within the same time period as Rule 9.
(11)	Once withdrawal order is issued, taxpayer can <b>report output tax liability exceeding ₹2.5 lakh/month only from the following month</b> .
(12)	For prior periods (before withdrawal order month), taxpayer <b>cannot revise tax liability</b> beyond ₹2.5 lakh/month.
(13)	If <b>cancellation proceedings under Section 29</b> are initiated after withdrawal application, the <b>withdrawal will be rejected</b> , and <b>deemed approval under Rule 9(5)</b> will not apply.

## Simplified GST Registration and Withdrawal Process [Rule 14A]



**Question:**

M/s BrightEdge Solutions, a partnership firm located in Tamil Nadu, is engaged in providing taxable services exclusively to registered persons. Its total output tax liability (CGST + SGST + IGST + Cess) on such supplies is ₹2,10,000 per month. On 5th August 2026, the firm applied for GST registration through the common portal under Rule 8 and opted for Aadhaar authentication. Based on data analysis and risk parameters, the application was identified as low risk.

In another case, M/s Zenith Traders, a sole proprietorship in the same State, has a monthly output tax liability of ₹3,20,000 on supplies made to registered persons. It also applied for registration on 5th August 2026 but did not opt for Aadhaar authentication.

Further, Mr. R, who is already registered in Karnataka under the same PAN, applies for another registration in Karnataka on 10th August 2026 by opting for the facility under Rule 14A.

Assume that none of the applicants are persons notified under section 25(6D) of the CGST Act.

You are required to answer, with reasons:

- (a) Whether M/s BrightEdge Solutions is eligible to be granted registration electronically within three working days? If yes, under which rule and why?
- (b) Whether M/s Zenith Traders can be granted registration under Rule 14A? State the reason for your answer.
- (c) Whether Mr. R can obtain another registration in the same State under Rule 14A against the same PAN?
- (d) If M/s BrightEdge Solutions later wishes to withdraw the option availed under Rule 14A, which form should be used and what would be the consequence?

**Answer:**

- (a) As per Rule 14A of the CGST Rules, 2017, any person whose total output tax liability (CGST + SGST/UTGST + IGST + Cess) on supplies made to registered persons does not exceed ₹2,50,000 per month may opt for electronic grant of registration. If such option is availed and Aadhaar authentication is successfully completed, registration shall be granted within 3 working days from the date of application. In the given case, M/s BrightEdge Solutions has a monthly output tax liability of ₹2,10,000, which is within the prescribed limit, and it has opted for Aadhaar authentication. Further, the application is identified as low risk. Hence, M/s BrightEdge Solutions is eligible to be granted registration electronically within 3 working days under Rule 14A read with Rule 9A.
- (b) Rule 14A provides that any person who has not opted for Aadhaar authentication shall not be eligible for grant of registration under this rule. Further, the benefit is available only if the monthly output tax liability does not exceed ₹2,50,000. In the given case, M/s Zenith Traders has a monthly output tax liability of ₹3,20,000, which exceeds the threshold limit, and it has not opted for Aadhaar authentication. Therefore, M/s Zenith Traders is not eligible to be granted registration under Rule 14A.
- (c) As per Rule 14A, notwithstanding anything contained in Rule 11, a person registered under this rule in a State or Union territory shall not be eligible to obtain another registration in the same State or UT under this rule against the same PAN. Since Mr. R is already registered in Karnataka under the same PAN and seeks another registration in the same State by opting for Rule 14A, he is not eligible to obtain such registration under this rule.
- (d) The rules provide that the option availed under Rule 14A can be withdrawn subject to prescribed conditions. For this purpose, the taxpayer is required to file FORM GST REG-32 (Application for Withdrawal). Upon acceptance, the proper officer shall pass an order in FORM GST REG-33. Accordingly, if M/s BrightEdge Solutions wishes to withdraw the option, it must apply in FORM GST REG-32, and the withdrawal order will be issued in FORM GST REG-33.

# REFUNDS UNDER GST

## PROVISIONAL REFUND NOT GRANTED IN CERTAIN CASES.

- If applicant was prosecuted for an offence, where the tax evaded exceeds ₹2.5 crores, during any period of 5 years preceding the refund period.
- Based on risk parameters, system initiates scrutiny
- If applicant has not undergone Aadhaar authentication
- If the applicant is engaged in the supply of Areca nuts, Pan masala, Tobacco and manufactured tobacco substitute and Essential oils.



S.No.	Scenario	Answer
1	Riya Exports Ltd. filed a refund application for ₹80 lakh of unutilised ITC for the tax period June 2026 on account of zero-rated supplies. The proper officer is required to grant 90% provisional refund within 7 days. It is found that the company was prosecuted in April 2022 for an offence involving tax evasion of ₹2.80 crore under GST law. Examine whether provisional refund can be granted.	In the given case, Riya Exports Ltd. has applied for a refund of ₹80 lakh. However, it is found that the applicant was prosecuted in April 2022 for an offence involving tax evasion of ₹2.80 crore, which exceeds ₹2.5 crore and falls within the preceding five years. Provisional refund shall not be granted where the applicant has been prosecuted for an offence involving tax evasion exceeding ₹2.5 crore during the preceding five years. Since this condition is attracted, Riya Exports Ltd. is not eligible for provisional refund. Accordingly, although 90% of ₹80 lakh would ordinarily amount to ₹72 lakh, in this case no provisional refund can be sanctioned, and the amount payable at the provisional stage shall be Nil.
2	Maya Trading Co., a registered exporter, applied for a refund of ₹1.50 crore for August 2026. The GST system has flagged the application for detailed scrutiny based on risk parameters. The assessee has no past prosecution history and has completed Aadhaar authentication. Advise whether provisional refund is admissible.	Maya Trading Co. has filed a refund application of ₹1.50 crore, and the system has flagged the application for detailed scrutiny based on risk parameters. As per the relevant amendment, where the system initiates scrutiny of a refund application based on risk parameters, provisional refund is not to be granted. Even though the applicant has no prosecution history and has completed Aadhaar authentication, the presence of risk-based scrutiny is by itself sufficient to deny provisional refund. Therefore, Maya Trading Co. is not entitled to any provisional refund, and the amount that can be released at the provisional stage shall be Nil, notwithstanding that 90% of the claim would otherwise have been ₹1.35 crore.
3	Zenith Pharma Pvt. Ltd. filed a refund claim of ₹60 lakh for July 2026. The refund is otherwise in order. However, the authorised signatory has not completed Aadhaar authentication on the GST portal. Discuss the eligibility of the assessee for provisional refund	In this case, Zenith Pharma Pvt. Ltd. has applied for a refund of ₹60 lakh, but the authorised signatory has not completed Aadhaar authentication. As per the amended provisions, if the applicant has not undergone Aadhaar authentication, provisional refund shall not be granted. Since this mandatory condition is not satisfied, Zenith Pharma Pvt. Ltd. is not eligible for provisional refund. Accordingly,

		although 90% of the refund claim would normally be ₹54 lakh, no amount can be sanctioned provisionally, and the provisional refund shall be Nil.
4	<p>Herbal Aroma Exports, engaged in the export of essential oils, filed a refund application for ₹2 crore of accumulated ITC for September 2026. The firm has a clean compliance history and has completed Aadhaar authentication. The refund is not flagged for risk scrutiny.</p> <p>Examine whether provisional refund is available in this case</p>	<p>Herbal Aroma Exports, engaged in the export of essential oils, has filed a refund claim of ₹2 crore. The amendment specifically provides that provisional refund shall not be granted where the applicant is engaged in the supply of specified goods, including essential oils. Even though the applicant has a clean compliance history, has completed Aadhaar authentication and the application is not flagged for risk scrutiny, the mere fact that it is engaged in the supply of essential oils is sufficient to deny provisional refund. Therefore, Herbal Aroma Exports is not entitled to provisional refund, and the amount payable at the provisional stage shall be Nil, even though 90% of ₹2 crore would otherwise be ₹1.80 crore.</p>
5	<p>Bright Overseas Pvt. Ltd. applied for a refund of ₹90 lakh for October 2026. The company:</p> <ul style="list-style-type: none"> <li>• Was prosecuted in 2021 for tax evasion of ₹2.20 crore,</li> <li>• Has completed Aadhaar authentication,</li> <li>• Is not engaged in tobacco, pan masala, essential oils, etc.,</li> <li>• But the application is flagged for risk-based scrutiny by the system.</li> </ul> <p>Determine whether provisional refund can be granted.</p>	<p>Bright Overseas Pvt. Ltd. has applied for a refund of ₹90 lakh. Although the prior prosecution was for ₹2.20 crore, which does not exceed the threshold of ₹2.5 crore, and the company has completed Aadhaar authentication and is not engaged in the specified sensitive goods, the application has been flagged for risk-based scrutiny by the system. As per the amended provisions, if the refund application is selected for scrutiny based on risk parameters, provisional refund shall not be granted. Since this disqualifying condition is present, Bright Overseas Pvt. Ltd. is not eligible for provisional refund. Accordingly, even though 90% of ₹90 lakh would be ₹81 lakh, the provisional refund that can be sanctioned is Nil.</p>
6	<p>ClearWave Exports Pvt. Ltd. applied for a refund of ₹1.20 crore for November 2026. The company:</p> <ul style="list-style-type: none"> <li>• Has no prosecution history,</li> <li>• Has completed Aadhaar authentication,</li> <li>• Is not engaged in the specified sensitive goods, and</li> <li>• The application is not flagged for risk scrutiny.</li> </ul> <p>Determine the amount of provisional refund that can be granted and show the computation.</p>	<p>In the case of ClearWave Exports Pvt. Ltd., the refund claim is ₹1.20 crore. The company has no prosecution history, has completed Aadhaar authentication, is not engaged in the supply of specified goods such as tobacco or essential oils, and the application is not flagged for risk-based scrutiny. Since none of the disqualifying conditions prescribed under the amended provisions are attracted, ClearWave Exports Pvt. Ltd. is eligible for provisional refund. Accordingly, provisional refund at the rate of 90% of the refundable amount can be granted, which works out to ₹1.08 crore (90% of ₹1.20 crore).</p>

# SEARCH, SEIZURE, OFFENCES & PENALTIES

SECTION	TYPE OF OFFENCE	PENALTY
122B	If any person fails to comply with “Track and trace mechanism” u/s 148A w.r. To notified goods (or) persons to monitor movement of goods throughout the supply chain. They must affix Unique Identification Marking (UIM) on such goods. 	₹1,00,000 (or) 10% of tax payable on such goods, whichever is Higher.

## Section 148A – Track and Trace Mechanism for Certain Goods (CGST Act, 2017):

**Background:** Section 148A has been introduced to tackle large-scale tax evasion in high-risk goods such as tobacco and pan masala, where under-reporting of production, clandestine clearances and fake invoice-based ITC fraud are common. By mandating unique identification marking, electronic tracking of goods, disclosure of machinery details and system-based monitoring, the Track and Trace mechanism ensures end-to-end visibility of goods from manufacture to sale, thereby strengthening enforcement and preventing tax leakage.

Question	Answer
What is the objective of Section 148A?	To introduce a Track and Trace mechanism for specified goods to curb tax evasion and ensure end-to-end traceability in the supply chain.
Who can notify the goods and persons covered under Section 148A?	The Government, on the recommendation of the GST Council, may notify the goods and persons/class of persons to whom the section shall apply.
What system can the Government provide under Section 148A(2)?	A system for affixation of unique identification marking (UIM) and for electronic storage and access of information contained therein.
What can be prescribed regarding the unique identification marking?	The UIM and the information to be recorded in it may be prescribed by the Government.
What are the obligations of notified persons under Section 148A(3)?	They must (a) affix UIM on goods/packages; (b) furnish information and maintain records; (c) furnish details of manufacturing machinery (identification, capacity, duration, etc.); and (d) pay prescribed amount/charges for the system.
What type of goods does Section 148A apply to?	Only notified goods specified by the Government on GST Council's recommendation.
How does Section 148A help tax administration?	It enables electronic tracking of goods across the supply chain and helps prevent tax evasion, fake invoicing and unaccounted production.
Are the procedural details provided in the Act itself?	No, the operational details are to be prescribed by rules and notifications.
Is there any consequence for non-compliance?	Yes, non-compliance attracts penalty under the relevant penalty provision (e.g., Section 122B, as introduced).

# DEMAND & RECOVERY UNDER GST

## SPECIAL POINTS ON MONETARY LIMITS FOR NOTICE AND ORDER.

- The proper officer shall be determined based solely on the amount of tax demanded under Sec. 74A, excluding penalties from the calculation.
- If a proper officer issues a notice within their monetary limit but the tax demanded in a later statement exceeds that limit, the statement must be handled by the higher-ranked officer.
- When an appellate authority/ appellate tribunal or court rules that fraud/suppression is not proved, the same adjudicating officer who issued the original SCN will determine revised penalty payable (If there is no fraud involved in the offence).
- It has been clarified that where a show cause notice issued under section 74A of CGST Act, 2017 involves demand of both Central Tax and Integrated Tax (including cess), the proper officer shall be determined on the basis of the combined amount of Central Tax and Integrated Tax (including cess).
- It is also clarified that where a show cause notice is issued under section 127 of the CGST Act, 2017 for levying penalty under Section 122 of CGST Act, 2017 and involves demand of penalty in relation to both Central Tax and Integrated Tax, the proper officer shall be determined on the basis of the combined amount of penalty in relation to both Central Tax and Integrated Tax.



### Question:

M/s Alpha Industries Ltd., registered in Maharashtra, is engaged in the manufacture of electrical equipment. During audit proceedings for the financial year 2023–24, the department detected certain irregularities and initiated proceedings in October 2025. On 15th October, 2025, the Superintendent of Central Tax issued a show cause notice under section 74A(1) of the CGST Act, 2017, demanding CGST of ₹9.5 lakh and IGST of ₹9 lakh (total tax involved being ₹18.5 lakh, excluding interest and penalty). Subsequently, on 20th December, 2025, a statement under section 74A(6) was issued enhancing the demand to CGST of ₹12 lakh and IGST of ₹12 lakh (total tax involved being ₹24 lakh). In another matter relating to the same assessee, a show cause notice under section 127 of the CGST Act, 2017 proposing penalty under Section 122 of CGST Act, 2017 was issued by the Deputy Commissioner of Central Tax involving CGST penalty of ₹60 lakh and IGST penalty of ₹80 lakh (total penalty of ₹1.40 crore). Further, in a separate case, a show cause notice was issued under section 74(1) of the CGST Act, 2017 by the Assistant Commissioner alleging fraud and suppression of facts; however, on appeal, the Appellate Authority held that fraud and suppression were not proved. In the light of the provisions of the CGST Act, 2017 and Circular No. 254/11/2025-GST dated 27.10.2025, answer the following with reasons:

- Whether the Superintendent of Central Tax was the proper officer to issue the show cause notice dated 15.10.2025 under section 74A(1)?
- Who is the proper officer to adjudicate the demand after issuance of the statement dated 20.12.2025 enhancing the tax demand and what procedural step is required to be taken?
- Whether the Deputy Commissioner of Central Tax is the proper officer to issue and adjudicate the penalty proceedings under section 122 in the second matter?
- In the last case, after the appellate order holding that fraud/suppression is not proved, which officer will determine the tax liability and under which section?

### Answer:

- As per Circular No. 254/11/2025-GST dated 27.10.2025, the Superintendent of Central Tax is empowered as a proper officer to adjudicate cases under section 74A where the combined amount of CGST and IGST (including cess) does not exceed ₹20 lakh. In the given case, the SCN issued on 15.10.2025 involves CGST of ₹9.5 lakh and IGST of ₹9 lakh, aggregating to ₹18.5 lakh, which is within the

prescribed combined limit of ₹20 lakh. Since the determination of the proper officer is based only on the amount of tax demanded (excluding penalty and interest), the Superintendent was within his monetary jurisdiction. Hence, the Superintendent of Central Tax was the proper officer to issue the SCN under section 74A(1).

- (ii) On 20.12.2025, the statement issued under section 74A(6) enhances the demand to CGST of ₹12 lakh and IGST of ₹12 lakh, aggregating to ₹24 lakh, which exceeds the combined limit of ₹20 lakh prescribed for a Superintendent. As per the said Circular, where the initial SCN is issued within the monetary limit of an officer but the tax demanded in a subsequent statement exceeds that limit, the case must be handled by the higher-ranked officer as per the prescribed monetary limits. In the present case, a combined demand of ₹24 lakh falls within the jurisdiction of the Deputy/Assistant Commissioner (combined limit ₹20 lakh to ₹2 crore). Accordingly, the Deputy/Assistant Commissioner of Central Tax shall be the proper officer to adjudicate the matter. The earlier officer (Superintendent) is required to issue a corrigendum making the earlier notice and statement answerable to the Deputy/Assistant Commissioner.
- (iii) In this case, the SCN under section 122 proposes penalty of ₹60 lakh (CGST) and ₹80 lakh (IGST), aggregating to ₹1.40 crore. As per Circular No. 254/11/2025-GST, for penalty cases under section 127, the proper officer is determined based on the combined amount of CGST and IGST penalty. The monetary limits prescribe that the Deputy/Assistant Commissioner can adjudicate cases where the combined penalty is between ₹20 lakh and ₹2 crore. Since the total penalty involved is ₹1.40 crore, which falls within this range, the Deputy Commissioner of Central Tax is the proper officer to issue and adjudicate the proceedings under section 122.
- (iv) As per the clarification relating to section 75(2) in Circular No. 254/11/2025-GST, where an appellate authority, appellate tribunal or court holds that fraud or suppression is not proved, the same adjudicating officer who had issued the original SCN under section 74(1) shall proceed to determine the tax liability under section 73(1). Therefore, in the given case, the Assistant Commissioner who issued the original SCN under section 74(1) will determine the tax liability afresh under section 73(1).

# APPEALS

## Notified cases of appeals to principal bench:

- Cases pending before 2 (or) more state benches having identical question of law
- OIDAR cases (or) OMG cases
- ISD Cases



## Pre-deposit in case of any penalty order.

Particulars	Appeals under GST
First Appeal to commissioner (Appeals)/ Joint commissioner (Appeals)	<p><b>To Whom:</b>  <u>Commissioner (Appeals) → Against the order of Additional/Joint Commissioner</u>  <u>Joint Commissioner (Appeals) → Against the order of officer below the rank of Addl./Joint commissioner</u></p> <p><b>Time limit:</b>  <u>Assessee → Within 3 months + 1 month</u>  <u>Department → Within 6 months + 1 month (Review)</u>  <u>Pre-Deposit (Not applicable in case of dept appeal): 100% of admitted due + [10% of disputed tax, subject to a max of ₹20 crores]. In case of appeal against penalty order under any Section, Pre-deposit shall be 10% of such penalty.</u></p> <p><b>Fee:</b> N.A  <u>Time limit for disposal of appeal: 1 year (Not Mandatory)</u></p>
Second Appeal to GSTAT	<p><b>To Whom:</b>  <u>GSTAT → Against the order of Commissioner (Appeals) (or) Additional Commissioner (Appeals) (or) Revisional Authority</u></p> <p><b>Time limit:</b>  <u>Assessee → Within 3 months + 3 months</u>  <u>Department → Within 6 months + 3 months</u>  <u>Pre-Deposit (Not applicable in case of dept appeal): 100% of admitted due + [10% of disputed tax, subject to a max of ₹20 crores]. In case of appeal against penalty order, Pre-deposit shall be 10% of such penalty.</u>  <u>Fee (Not applicable in case of dept appeal): ₹1,000 for every ₹1,00,000 (or) part thereof subject to a max. of ₹25,000. [Minimum fee = ₹ 5,000]</u>  <u>Time limit for disposal of appeal: 1 year (Not Mandatory)</u>  <u>GSTAT may refuse to admit appeal if tax (or) ITC (or) Penalty involved ≤ ₹ 50,000</u>  <u>As GSTAT established recently, For adjudication orders passed before 01/08/24, time limit for filing appeal is 3 months (or) 6 months from 01/08/24</u></p>



## Rule 110A – Appeals before Single-Member Bench (GST Appellate Tribunal)

Question	Answer
What is Rule 110A about?	It prescribes the procedure for hearing appeals by a Single-Member Bench of the GST Appellate Tribunal.
Who is empowered under Rule 110A?	The President of the GST Appellate Tribunal or the Vice-President (if authorised) in respect of any State Bench.
In what manner can the appeal be taken up?	The President/Vice-President may act suo motu or on an application by the parties to the appeal.
What power is given regarding scrutiny of appeals?	They may scrutinise an appeal and transfer it to a Single-Member Bench of the respective State Bench.
When can an appeal be transferred to a Single-Member Bench?	Only if the appeal does not involve any question of law.
What if the Single-Member Bench finds a question of law during hearing?	It must record reasons in writing and return the appeal for reconsideration by the President/Vice-President.
What check must be done while scrutinising or reconsidering an appeal?	It must be verified whether the same issue for the same taxable person (for same or different tax period) has already been decided by a Two-Member Bench.
What if the issue has already been decided by a Two-Member Bench?	The appeal must be heard by such Two-Member Bench (one Judicial + one Technical Member).
What is the monetary threshold under section 109(8)?	₹50 lakh.
How is the ₹50 lakh limit to be computed?	On a cumulative basis considering tax, ITC, fine, fee or penalty across all issues and tax periods covered in the order under appeal.

### Question:

M/s Orion Automations Pvt. Ltd., registered in the State of Gujarat, is engaged in the manufacture of industrial automation equipment. The adjudicating authority passed a single order covering two tax periods, namely FY 2022–23 and FY 2023–24, confirming demands on multiple issues relating to tax, input tax credit, penalty and late fee. The details of the amounts confirmed in the said order are given below:

Particulars	FY 2022–23 (₹ in lakh)	FY 2023–24 (₹ in lakh)
Short payment of CGST	12	5
Short payment of IGST	18	8
Wrong availment of ITC	6	7
Penalty under section 122	4	—
Late fee	—	1

Aggrieved by the said order, the assessee proposes to file an appeal before the GST Appellate Tribunal. The President of the Tribunal is considering whether the appeal can be scrutinised and transferred to a Single-Member Bench under Rule 110A of the CGST Rules, 2017. Assume that the appeal does not involve any question of law.

In the light of the provisions of Rule 110A of the CGST Rules, 2017 and section 109(8) of the CGST Act, 2017, you are required to:

- (i) Compute the cumulative amount for the purpose of determining the ₹50 lakh monetary threshold; and
- (ii) Advise whether the appeal can be heard by a Single-Member Bench or is required to be heard by a Two-Member Bench, giving reasons for your answer.
- (iii) Also, briefly state the procedure to be followed if, during the hearing, the Single-Member Bench finds that the appeal involves a question of law.

Answer:

- (i) As per Rule 110A read with Section 109(8) of the CGST Act, 2017, the monetary threshold of ₹50 lakh is to be computed on a cumulative basis, considering the total amount of tax, input tax credit, fine, fee or penalty involved across all issues and tax periods covered in the order under appeal. Accordingly, the cumulative amount is computed as under:

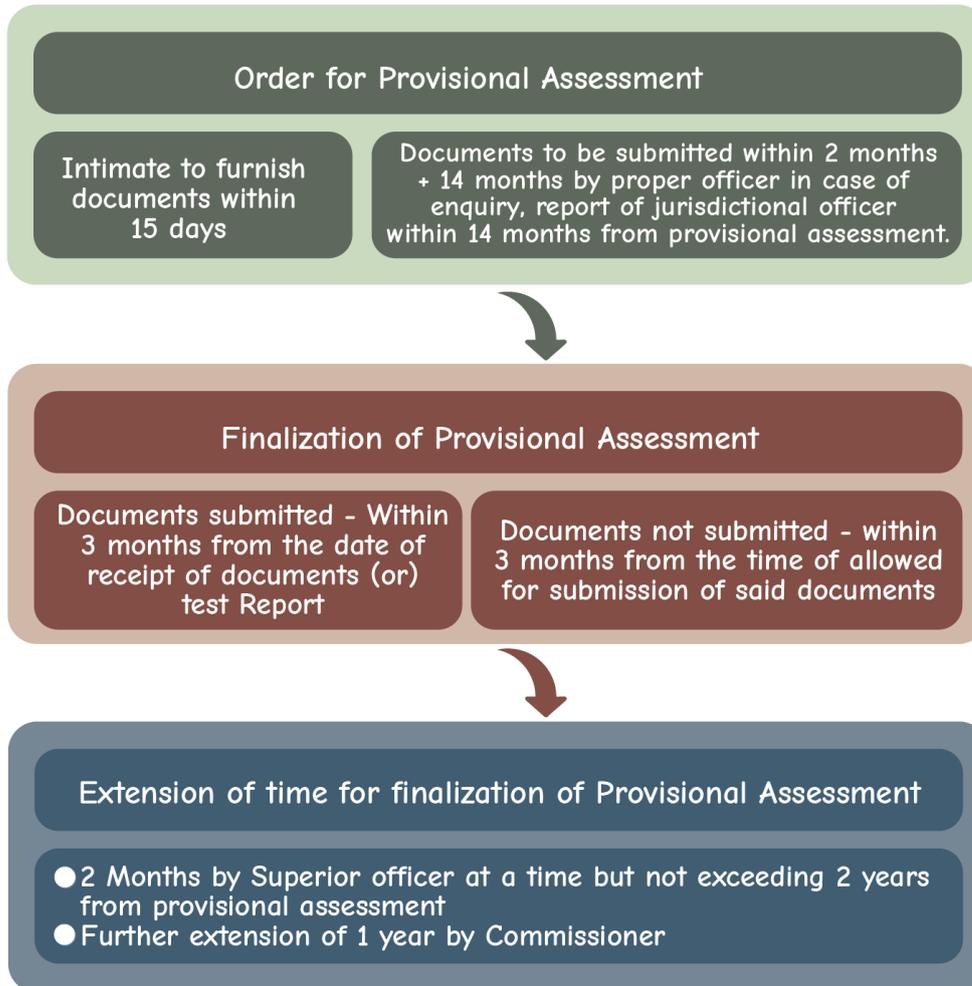
Particulars	FY 2022-23 (₹ in lakh)	FY 2023-24 (₹ in lakh)	Total (₹ in lakh)
Short payment of CGST	12	5	17
Short payment of IGST	18	8	26
Wrong availment of ITC	6	7	13
Penalty under section 122	4	—	4
Late fee	—	1	1
Cumulative amount			61

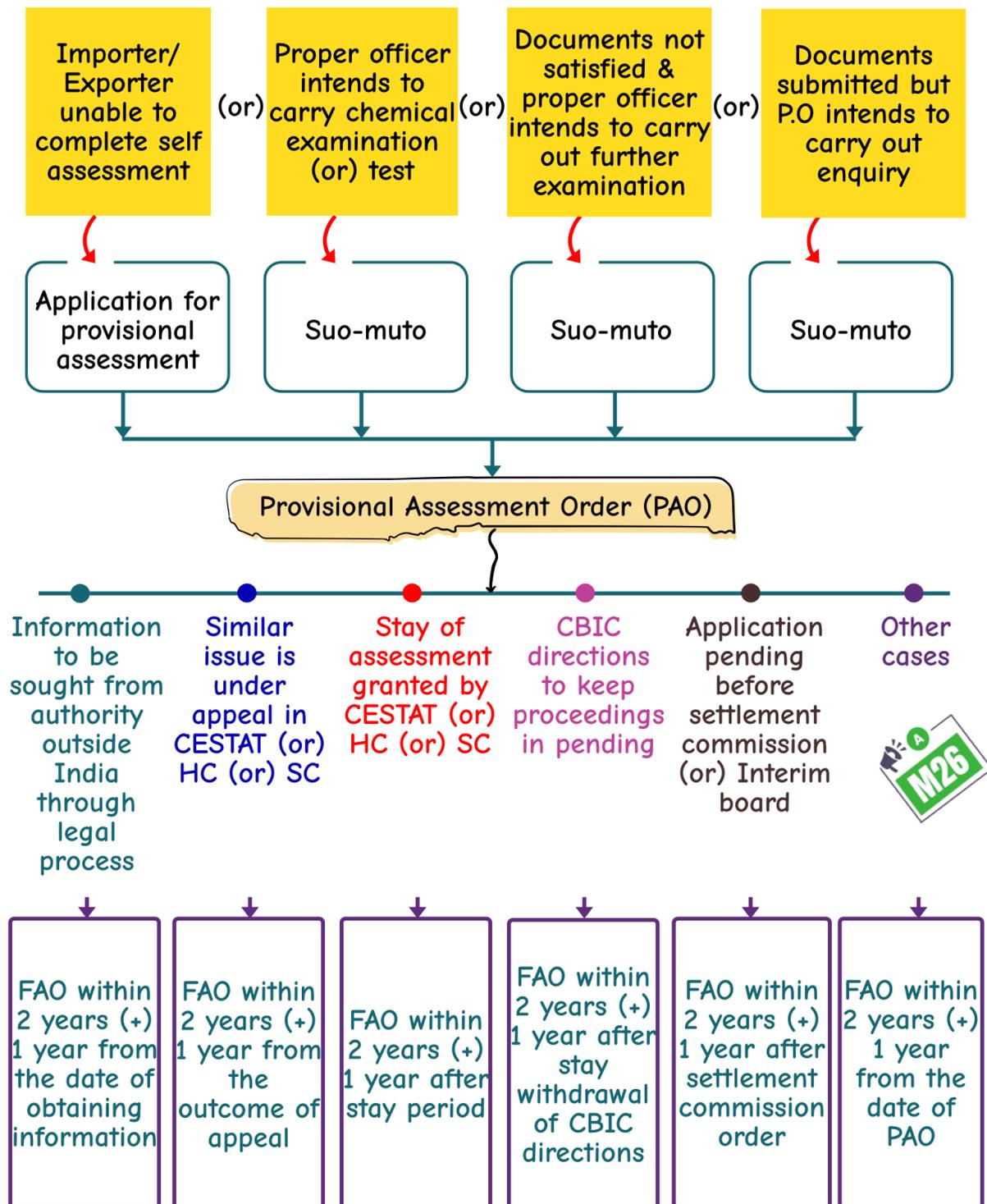
Thus, the cumulative amount involved in the order under appeal is ₹61 lakh.

- (ii) As per Section 109(8) of the CGST Act, 2017, an appeal can be heard by a Single-Member Bench only if the amount involved does not exceed ₹50 lakh. Further, Rule 110A provides that the President/Vice-President may transfer an appeal to a Single-Member Bench only if it does not involve any question of law and the monetary limit is within the prescribed threshold. In the given case, although it is assumed that the appeal does not involve any question of law, the cumulative amount involved is ₹61 lakh, which exceeds the monetary limit of ₹50 lakh. Hence, the appeal cannot be transferred to a Single-Member Bench and must be heard by a Two-Member Bench consisting of one Judicial Member and one Technical Member.
- (iii) As per Rule 110A, if during the course of hearing, the Single-Member Bench finds that the appeal involves a question of law, it shall:
- Record the reasons in writing, and
  - Return the appeal for reconsideration by the President or Vice-President of the Tribunal, who shall then ensure that the appeal is placed before the appropriate Two-Member Bench.

# PROCEDURES UNDER CUSTOMS

CUSTOMS (FINALIZATION OF PROVISIONAL ASSESSMENT) REGULATIONS, 2025:





(Note: Extension of 1 year granted by principal commissioner/commissioner based on reasons to be recorded in writing)

**Question:**

M/s Alpha Imports Ltd. filed a Bill of Entry for import of specialized machinery on 10th April 2025. Due to non-submission of a test report and certain valuation documents, the proper officer resorted to provisional assessment under section 18 of the Customs Act, 1962 on the same date. The proper officer intimated M/s Alpha Imports Ltd. in writing on 20th April 2025 to submit the required documents. The importer, however, submitted all the required documents only on 25th September 2025.

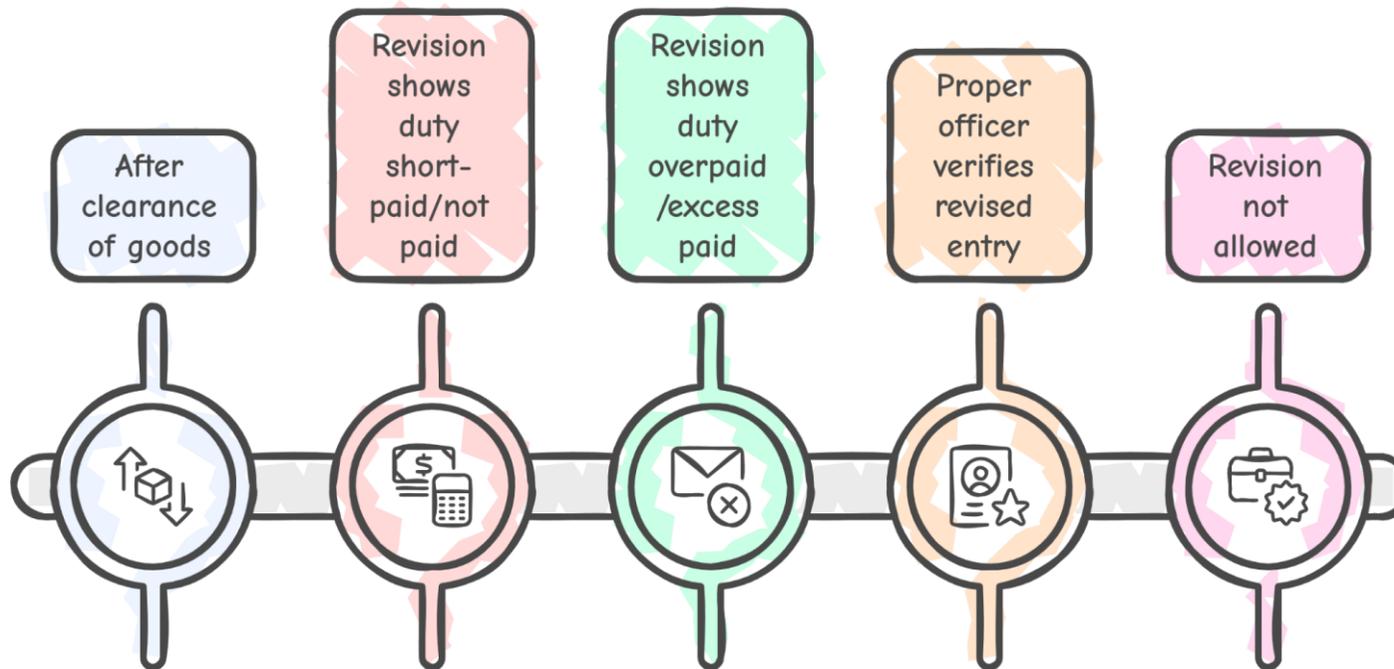
Meanwhile, during the pendency of the provisional assessment, M/s Alpha Imports Ltd. voluntarily paid ₹5,00,000 towards duty on 15th July 2025 based on its own ascertainment. After receipt of documents, the proper officer took time to finalise the assessment and eventually passed the final assessment order on 30th January 2026, which resulted in a differential duty payable of ₹1,20,000 after adjusting the amount already paid. In the light of the Customs (Provisional Assessment) Regulations, 2025 and Section 18 of the Customs Act, 1962, answer the following:

- (a) Examine whether the time taken by the importer to submit the documents is within the permissible time limits and whether the proper officer was justified in waiting till 25th September 2025 for finalisation.
- (b) State the time limit within which the proper officer is required to finalise the provisional assessment after receipt of documents and comment on the validity of the finalisation done on 30th January 2026.
- (c) Explain the treatment of the voluntary payment of ₹5,00,000 made by the importer and whether interest is payable on any amount.
- (d) Briefly state the procedure to be followed for recovery of the differential duty of ₹1,20,000, if the importer fails to pay the same.

**Answer:**

- (a) As per Customs (Provisional Assessment) Regulations, 2025, where provisional assessment is made due to non-submission of documents, the proper officer shall seek specific documents within 15 days and the importer must submit the same within 2 months from the date of requisition. The proper officer may allow a further extension not exceeding 2 months, and even the superior officer may allow additional time; however, no extension can go beyond 14 months from the date of provisional assessment. In the given case, provisional assessment was done on 10.04.2025 and the requisition was made on 20.04.2025. The importer submitted the documents on 25.09.2025, i.e., after about 5 months from the requisition date. This is beyond the initial 2 months but still within the maximum permissible outer limit of 14 months from the date of provisional assessment. Hence, the delay is within the permissible extended time, subject to proper extensions being recorded in writing.
- (b) As per Regulation 8, the proper officer shall, where possible, finalise the provisional assessment within 3 months from the receipt of documents or from the expiry of the time limit for submission, as the case may be, subject to permissible extensions and an overall cap of 2 years from the date of provisional assessment. Here, documents were submitted on 25.09.2025. Therefore, the normal 3-month period would expire on 25.12.2025. The final assessment was passed on 30.01.2026, i.e., beyond 3 months, but still within 2 years from 10.04.2025. Hence, the finalisation would be valid only if a proper extension was granted by the superior officer; otherwise, it would be time-barred under the regulations.
- (c) As per Regulation 7, an importer may voluntarily pay duty on self-ascertainment during the pendency of provisional assessment, and such amount shall be adjusted against the duty finally assessed or re-assessed. However, the importer is also liable to pay interest on such amount as per Section 18(3), consequent to the final assessment order. Accordingly, the amount of ₹5,00,000 paid on 15.07.2025 shall be adjusted against the final duty liability, and interest shall be payable as per Section 18 on the amount determined to be payable.
- (d) As per Regulation 9 and Regulation 10, where differential duty becomes payable after finalisation, the Bill of Entry shall be returned for payment and the importer shall also be liable to pay interest as per Section 18(2). If the amount due is not paid within 90 days and has attained finality, it shall be adjusted from the security furnished or recovered under Section 142 of the Customs Act, 1962, after due intimation to the importer.

**VOLUNTARY REVISION OF ENTRY POST CLEARANCE [SEC. 18A CUSTOMS ACT, 1962]**



Importer/exporter can revise entry (Bill of entry/Shipping bill/Bill of Export) electronically in ICEGATE with a fee of ₹1,000, at the same port where duty was paid. [ARN generated within 10 working days.]

Importer/exporter must voluntarily pay duty with interest @ 15% p.a. payable to Government.

Revised entry treated as refund application. If refund not granted within 3 months from the date of generation of ARN after revision, then interest @ 6% p.a is payable by Government.

Selection based on risk evaluation  
Either revision is accepted as per self-assessment (or) re-assessment, if self-assessment as per revised entry is incorrect. (PO can seek additional documents)

1. Audit or search proceedings already initiated
2. Duty already assessed by Proper officer (Re-assessment or final assessment)
3. Cases under EPCG, AA, IGCR, where separate procedure exist.

<b>Legislative background</b>	<b>Inserted by Finance Act, 2025 to enable voluntary post-clearance correction of entries and promote voluntary compliance without penalty.</b>
<b>Objective</b>	To allow importer/exporter to revise entries after clearance, self-assess duty, pay short-paid duty with interest or claim refund without waiting for departmental action.
<b>Statutory basis</b>	Section 18A of Customs Act, 1962 (overrides Section 149).
<b>Who can apply</b>	Importer / Exporter / Authorised person.
<b>Form &amp; manner</b>	Electronic application under Customs (Voluntary Revision of Entries Post Clearance) Regulations, 2025.
<b>Scope of application</b>	Only entries relating to one Bill of Entry / Shipping Bill / Bill of Export / Entry under Section 84 per application.
<b>Where to file</b>	At the port where customs duty was paid.
<b>Acknowledgement</b>	On acceptance, system generates Acknowledgement Reference Number (ARN).
<b>Payment of duty</b>	Duty + interest (if any) can be paid against the ARN.
<b>Revised Entry Reference</b>	Generated by system after payment of duty + interest (where applicable).
<b>Nature of process</b>	Self-assessment based; RMS decides whether facilitation or officer verification is needed.
<b>Verification by officer</b>	Proper officer may call for documents/information to verify revised entry.
<b>Re-assessment power</b>	If self-assessment is incorrect, Deputy/Assistant Commissioner (designated proper officer) may re-assess by passing a speaking order following principles of natural justice.
<b>If duty is short-paid</b>	Importer/exporter may pay short-paid / not-paid duty voluntarily with interest under Section 28AA.
<b>If excess duty is paid</b>	Revised entry deemed to be refund claim under Section 27 (no separate refund application needed).
<b>Date of refund claim</b>	Date of generation of ARN is deemed date of refund application.
<b>Revision-cum-refund cases</b>	Mandatorily routed to Proper Officer for verification.
<b>Acknowledgement timeline (refund cases)</b>	Proper Officer to issue acknowledgement within 10 working days from Revised Entry Reference (or from receipt of additional documents, if sought).
<b>Relevant date for Section 27A</b>	Date of receipt of complete application.
<b>Sanction of refund</b>	Proper Officer may sanction refund under Section 27(2) if satisfied.
<b>Output of process</b>	Statement of revised entry generated electronically and shared with importer/exporter and other agencies.
<b>Cases where revision NOT allowed</b>	(a) Where audit / search / seizure / summons initiated and intimated; (b) Cases already re-assessed under Section 17 or assessed under Section 18 or 84; (c) Other cases notified by Board.
<b>Additional exclusions</b>	Cases under IGCR Rules, EPCG Scheme, Advance Authorisation Scheme excluded via Notification 71/2025-Customs (N.T.).
<b>Self-declaration</b>	Applicant must submit self-declaration that excluded situations do not apply.
<b>Proper Officer for Sec 18A(4)</b>	Deputy/Assistant Commissioner of Customs (Notification 68/2025-Customs (N.T.)).
<b>Fee for application</b>	₹1,000 per electronic application (Notification 69/2025-Customs (N.T.)).
<b>Governing Regulations</b>	Customs (Voluntary Revision of Entries Post Clearance) Regulations, 2025 (Notification 70/2025-Customs (N.T.)).

**Question:**

M/s Zenith Components Pvt. Ltd. imported electronic parts and filed a Bill of Entry on 5th June 2025, on the basis of which the goods were cleared for home consumption on the same date after self-assessment and payment of duty. Subsequently, on 20th July 2025, the company discovered that due to an internal classification error, certain components were wrongly classified, resulting in short-payment of customs duty of ₹3,50,000. Before any audit, search, seizure or summons was initiated or intimated by the Customs Department, M/s Zenith Components Pvt. Ltd. decided to voluntarily correct the mistake. The company proposes to revise the entry under Section 18A of the Customs Act, 1962.

In the light of the provisions of Section 18A and the Customs (Voluntary Revision of Entries Post Clearance) Regulations, 2025, answer the following:

- (a) Whether M/s Zenith Components Pvt. Ltd. is eligible to revise the entry under Section 18A? Give reasons.
- (b) State the procedure to be followed for revision of entry and payment of duty.
- (c) Explain the consequence if, upon revision and self-assessment, the duty is found to be short-paid.
- (d) Briefly state the power of the proper officer in respect of verification and re-assessment of the revised entry.

**Answer:**

- (a) As per Section 18A(1) of the Customs Act, 1962, an importer may revise an entry after clearance in the prescribed form, manner and time. However, Section 18A(5) prohibits such revision where any audit, search, seizure or summons has been initiated and intimated, or where duty has already been re-assessed under Sections 17, 18 or 84, or in other notified cases.  
In the given case, M/s Zenith Components Pvt. Ltd. discovered the error before initiation of any audit or investigation and the case does not fall under any prohibited category. Hence, the importer is eligible to revise the entry under Section 18A.
- (b) As per the Customs (Voluntary Revision of Entries Post Clearance) Regulations, 2025, the importer shall file an electronic application at the port where duty was paid, for revision of the Bill of Entry. On acceptance, the system generates an Acknowledgement Reference Number (ARN). The importer shall self-assess the duty on the revised entry and pay the differential duty along with interest, if any, against the ARN. After payment, a Revised Entry Reference is generated. The application is processed on a self-assessment basis, subject to risk-based verification by the proper officer.
- (c) As per Section 18A(3)(a), where the revised entry and self-assessment result in duty short-levied, not levied, short-paid or not paid, the importer may voluntarily pay such duty along with interest under Section 28AA. Accordingly, in the given case, M/s Zenith Components Pvt. Ltd. shall pay the short-paid duty of ₹3,50,000 along with applicable interest.
- (d) Under Section 18A(4), the proper officer may verify the revised entry and self-assessment based on risk evaluation. If it is found that the self-assessment is not correct, the Deputy/Assistant Commissioner of Customs (designated proper officer) may re-assess the duty by passing a speaking order after following the principles of natural justice, without prejudice to any other action under the Act.