Tax INFORM

A Fox Mandal & Associates publication - for private circulation only.

Issue LVIII | November 2025

FoxMandal Solicitors & Advocates

www.foxmandal.in | info@foxmandal.in

Contents

Highlights of the Issue

DIRECT TAX

Domestic Tax Rulings:

- SC finds no impediment to Centre revisiting Vodafone Idea's AGR dues, considering its 49% stake and wider public interest.
- Intervening period between contracts does not amount to cessation of business, even without a permanent establishment or active contract: SC.
- Karnataka HC upholds assessment of director's income as salary and not professional income due to lack of proof of services rendered.
- ITAT Mumbai holds Netflix India to be a limited-risk distributor, deletes transfer pricing adjustment of ₹445 crore.
- Delhi ITAT dismisses domestic company's appeal, holds LTCGs also taxable at 22% once option under Section 115BAA is exercised.
- ITAT Mumbai deletes addition under Section 69 as investment was proved to be funded from accumulated foreign salary of a non-resident.

Circulars and Notifications:

- CBDT Notification No. 160/2025, dated November 10, 2025
- CBDT Circular No. 13/2025, dated September 19, 2025

INDIRECT TAX

Goods and Services Tax:

Case Laws:

- Karnataka HC allows refund of unutilised ITC as export realisation was already established on record.
- Refund of unutilised ITC cannot be denied to a 100% Export Oriented Unit that is the actual exporter and not a deemed exporter: Gujarat HC.
- Delay in filing a GST appeal may be condoned beyond the four-month limit where a proper explanation is shown: Calcutta HC.
- Customs authorities cannot bar Container Freight Stations from collecting GST on auction of uncleared cargo: Madras HC.
- Bombay HC rules that interest is payable on refund of IGST collected under the unconstitutional ocean freight levy.

Circulars and Notifications:

- CBIC Notification No. 18/2025 – Central Tax, dated October 31, 2025
- CBIC Circular No. 26/2025 – Customs, dated October 31, 2025

DIRECT TAX

A. Recent Case Laws

Vodafone Idea Ltd. & Anr. v. Union of India [W.P.(C) No. 882 of 2025]

SC finds no impediment to Centre revisiting Vodafone Idea's AGR dues, considering its 49% stake and wider public interest.

The Supreme Court has clarified that the Union of India is free to revisit and take a fresh policy decision on the additional Adjusted Gross Revenue (AGR) demand raised for periods up to Financial Year 2016–17 and with regard to comprehensively reassessing and reconciling all AGR dues, including interest and penalty, up to the said Financial Year, noting that such reconsideration falls within the executive policy domain. The Court observed that the Union's substantial equity infusion in the company and the potential impact on 20 crore consumers justified allowing a reassessment of the issue.

In this case, Vodafone Idea Ltd. sought to quash the additional AGR demands and requested reconciliation in accordance with the Deduction Verification Guidelines dated February 3, 2020. During the proceedings, the Solicitor General submitted that, considering the Union's recent acquisition of 49% equity and the larger public interest, the Government was willing to re-examine the matter.

By orders dated October 27, 2025, and November 3, 2025, the Supreme Court permitted the Union of India to reconsider the AGR liability in accordance with law and clarified that the relief was confined to Vodafone Idea Ltd., based on the peculiar facts placed before the Court.

Pride Foramer S.A. v. Commissioner of Income Tax & Anr. [Civil Appeal Nos. 4395–4397 of 2010]

Intervening period between contracts does not amount to cessation of business, even without a permanent establishment or active contract: SC.

The Supreme Court has held that a non-resident company is not required to have a permanent establishment or an active contract in India to be considered as carrying on business for purposes of Section 37 and Section 32(2) of the Income-tax Act, 1961. It ruled that the High Court adopted an unduly restrictive and legally incorrect interpretation by treating the absence of a contract and a permanent establishment as indicators of cessation of business. The Court emphasised that business includes all organised and purposeful activities directed towards continuing operations, and that attempts to secure contracts, maintain business correspondences, and undertake preparatory expenditure constitute carrying on of business.

In this case, the Assessee, a French oil drilling company, had completed a drilling contract with ONGC in 1993 and secured a fresh contract only in October 1998. During the intervening years, it continued extensive communication with ONGC regarding supply of manpower, submitted a drilling bid in 1996, incurred administrative and consultancy expenses, and pursued tax

refunds. The Assessing Officer and Commissioner of Income Tax (Appeals) denied deduction of business expenditure under Section 37 and carry forward of unabsorbed depreciation under Section 32(2), holding that the Assessee was not carrying on business in India. The Income Tax Appellate Tribunal reversed these findings, treating the period as a temporary break and allowing set off under Section 71 and carry forward of depreciation.

By judgment dated October 17, 2025, the Supreme Court set aside the High Court order and restored the Tribunal's decision. It held that continuous efforts to bid for contracts and maintain business presence demonstrate intention to carry on business, that failure to secure contracts does not amount to cessation, and that the existence of a permanent establishment is irrelevant for determining whether business was carried on under the domestic tax law. The appeals were allowed, and the Assessing Officer was directed to pass fresh assessment orders in accordance with the Tribunal's findings.

Sri Mukesh Gupta v. Deputy Commissioner of Income Tax, Circle 6(1)(2), Bengaluru [ITA No. 283 of 2022]

Karnataka HC upholds assessment of director's income as salary and not professional income due to lack of proof of services rendered.

Recently, the Karnataka High Court held that a receipt from a company in which the Assessee was a director could not be treated as professional income when the Assessee failed to establish that any professional or technical services were rendered. It observed that deduction of tax at source under Section 194J or the company's classification in its books was not determinative of the real character of the payment. The Court further agreed that interest expenditure could not be allowed in the absence of proof that the loan raised by mortgaging the Assessee's property was connected to any business activity of the Assessee.

In this case, the Assessee received ₹66 lakh from Smile Electronics Limited and claimed it as professional income, while also claiming a deduction of interest expenditure of ₹45.26 lakh on a loan raised in his own name and advanced to the company. The Assessing Officer and the Commissioner of Income Tax (Appeals) found that the Assessee had produced no documents to show the nature of services provided, and that the interest expenditure had no nexus with any business or profession. The Income Tax Appellate Tribunal agreed, holding that without proof of services, the receipt must be assessed as salary, and that the interest could not be allowed as it was neither incurred wholly nor exclusively for earning that income.

By judgment dated October 31, 2025, the Karnataka High Court dismissed the appeal, answering all substantial questions of law in favour of the Revenue. The Court held that the Assessee had not produced any evidence to support his claim of professional services or commercial expediency in advancing funds and therefore upheld the findings of the Tribunal on both income characterisation and interest disallowance.

Maharishi Education Corporation Pvt. Ltd. v. Income Tax Officer, Ward-16(1), Delhi [ITA No. 2639/DEL/2025]

Delhi ITAT dismisses domestic company's appeal, holds LTCGs also taxable at 22% once option under Section 115BAA is exercised.

The Delhi Bench of the Income Tax Appellate Tribunal has held that the concessional corporate tax regime under Section 115BAA of the Income-tax Act, 1961, applies a flat 22% rate to the total income of a domestic company and overrides the rate prescribed under Section 112 for long-term capital gains. It clarified that opting for Section 115BAA activates an overriding computation mechanism, leaving no scope to apply a lower rate available under any other provision.

In this case, the Assessee, a domestic company, had exercised the option under Section 115BAA by filing Form 10IC from Financial Year 2019–20 onward. For Assessment Year 2021–22, it declared income of ₹14.98 lakh comprising a small business loss and long-term capital gain of ₹15.18 lakh on sale of land. The Assessee applied a 20% tax rate under Section 112, but during processing under Section 143(1), the Revenue recomputed tax at 22% and raised a demand of ₹59,973. The Assessee contended before the Commissioner of Income Tax (Appeals) and the Tribunal that long-term capital gains must continue to be taxed under Section 112 despite opting for Section 115BAA.

By its order dated October 24, 2025, the Delhi ITAT dismissed the appeal and upheld the Commissioner of Income Tax (Appeals)'s view. The Tribunal held that once the option under Section 115BAA is exercised, the flat 22% rate applies to the total income without exception, and therefore long-term capital gains cannot be separately taxed at 20%.

Rajnish Kasturchand Ostwal v. Income Tax Officer, International Tax, Ward 3(2)(1), Mumbai [ITA No. 1898/Mum/2025]

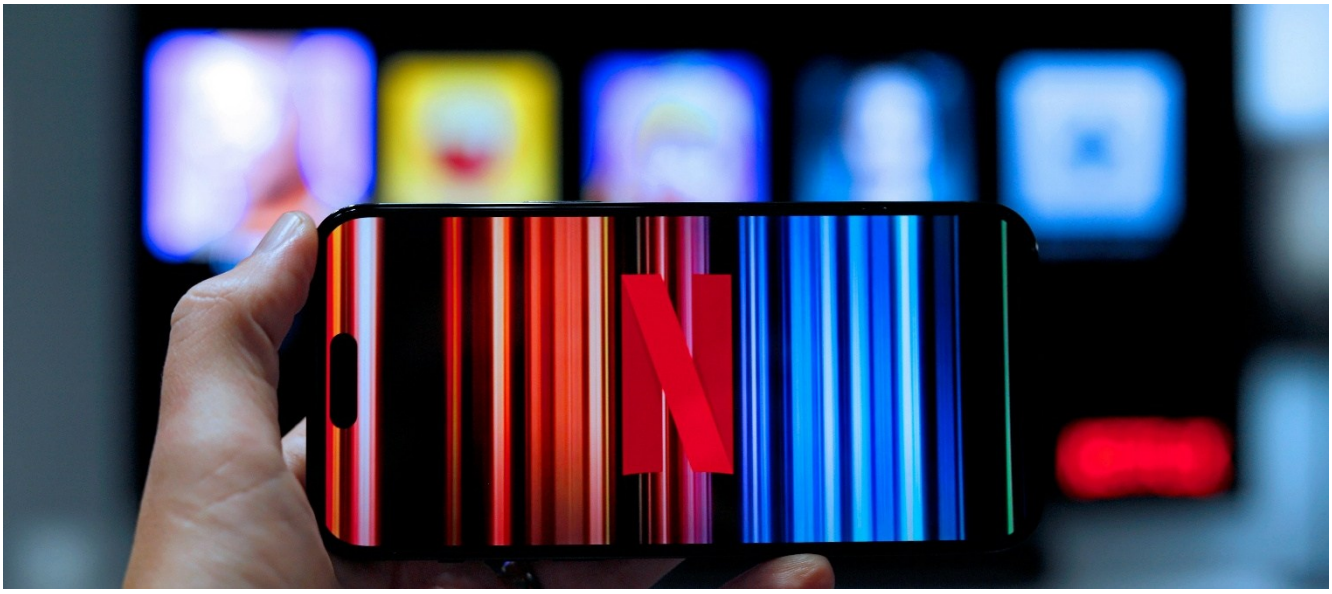
ITAT Mumbai deletes addition under Section 69 as investment was proved to be funded from accumulated foreign salary of a non-resident.

The Mumbai Bench of the Income Tax Appellate Tribunal has held that Section 69 cannot be invoked when the source of investment is satisfactorily demonstrated to be foreign salary income that is neither received nor accrued in India under Section 5(2) of the Income-tax Act, 1961. It found that the Assessee had produced a clear, complete and contemporaneous fund trail evidencing that the investment originated from long-term overseas employment income remitted lawfully through authorised banking channels into his NRE account. The Tribunal also observed that the Assessing Officer and the Dispute Resolution Panel rejected the evidence on mere suspicion without conducting any statutory verification despite having full powers to do so.

In this case, the Assessee, a Non-Resident Indian residing and employed in Dubai since 2001, invested ₹2 crore during Assessment Year 2016–17 towards the purchase of a residential property in India. A reassessment was initiated on the basis of third-party information. The Assessee explained that the entire investment came from accumulated foreign salary and furnished extensive documentary material including RAK Bank statements showing AED withdrawals, authorised dealer certificates, remittance records, NRE account credits, employment contract, salary slips, UAE residence visa, and an employee listing from the

official UAE Ministry of Labour portal. The authorities below nevertheless treated the investment as unexplained, citing unsubstantiated concerns about the authenticity of foreign documents and refusing to accept the explanation.

By order dated November 14, 2025, the Tribunal accepted the Assessee's explanation in full and deleted the entire addition. It held that the evidence fully corroborated the foreign source of funds, that no Indian source of income was identified, and that the deeming fiction under Section 69 could not apply where the Assessee's explanation was credible and unrebutted. The appeal was consequently allowed.



Netflix Entertainment Services India LLP v. Deputy Commissioner of Income Tax, Circle 23(1), Mumbai [ITA No. 6857/Mum/2024]

ITAT Mumbai holds Netflix India to be a limited-risk distributor, deletes transfer pricing adjustment of ₹445 crore.

The Mumbai Bench of the Income Tax Appellate Tribunal has held that Netflix Entertainment Services India LLP functions solely as a limited risk distributor of access to the global Netflix Service and does not own, control, or exploit any content, technology, or intellectual property. It ruled that the Transfer Pricing Officer and the Dispute Resolution Panel had fundamentally misconstrued the contractual framework and the Functions, Assets, and Risks profile by recharacterising the Indian entity as an entrepreneurial content and technology provider. The Tribunal held that the Transactional Net Margin Method, applied with Operating Profit to Operating Revenue as the Profit Level Indicator, remained the Most Appropriate Method under Rule 10B of the Income-tax Rules, 1962, and that the so called Other Method adopted by the Transfer Pricing Officer under Rule 10AB had no factual or legal foundation since it imputed a fictional royalty model divorced from the contractual and operational reality.

In this case, Netflix India was appointed under distribution agreements as a non-exclusive distributor of access to the Netflix Service, which is defined as access to a global video-on-demand platform owned and operated entirely by Netflix International B.V. and Netflix US. All

intellectual property rights, streaming technology, algorithms, service architecture, trademarks, and content were retained exclusively by the Associated Enterprises. The Indian entity performed only routine functions of promotion, invoicing, customer support, regulatory compliance, and local facilitation and earned a fixed, cost insulated return of 1.36% on sales. The Transfer Pricing Officer rejected the Distribution Agreement and the Terms of Use, treated Netflix India as a provider of content and technological platform, treated Open Connect Appliances as core technological assets, and benchmarked the transaction using unrelated royalty agreements that involved actual transfers of intellectual property. The Dispute Resolution Panel endorsed this reasoning and also created an ad hoc allocation grid attributing 43% of global revenue to Netflix India.

By its order dated October 17, 2025, the Mumbai Bench set aside the Transfer Pricing Officer and the Dispute Resolution Panel findings in their entirety. It held that Netflix India neither acquires nor licenses any content or technology, that Open Connect Appliances are only logistical caching devices with no role in intellectual property development or exploitation, and that the royalty-based benchmarking lacked comparability, methodology, and statutory backing. The Tribunal reinstated the Transactional Net Margin Method, accepted the arm's length margin declared by the Assessee, deleted the entire adjustment of ₹444.93 crore, and directed the Assessing Officer to correct the computational errors and give consequential relief.

B. Notifications/Circulars

CBDT Notification No. 160/2025, dated November 10, 2025

The Central Board of Direct Taxes has notified the entry into force of the Protocol amending the Agreement and Protocol between India and Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. The Amending Protocol was signed on March 9, 2017 and has now entered into force on June 26, 2025 following completion of legal procedures by both countries.

The notification gives effect to updated provisions relating to general definitions, exchange of information and assistance in the collection of taxes. Key amendments include the insertion of a definition for criminal tax matters, the replacement of Article 26 to permit exchange of information that is foreseeably relevant for the administration and enforcement of taxes, and a revised Article 27 providing for mutual assistance in the recovery of revenue claims. These changes align the treaty framework with international standards on transparency and cooperation.

With this notification taking effect, both countries can exchange and utilise information more efficiently for tax administration, extend cooperation for cross-border recovery of tax dues and support enforcement actions involving criminal tax matters.

Click here to read the Notification.

CBDT Circular No. 13/2025, dated September 19, 2025

The Central Board of Direct Taxes has issued an order under Section 119 of the Income-tax Act, 1961, to mitigate the hardship caused to taxpayers whose returns were processed with an incorrect rebate under Section 87A on incomes chargeable to tax at special rates. As incomes taxable under the special rate provisions of Chapter XII are excluded from the scope of Section 115BAC(1A), the incorrect allowance of rebate requires rectification, resulting in additional tax demands.

To address the consequential burden of interest under Section 220(2), the circular provides that taxpayers will not be charged such interest if the entire demand raised pursuant to the rectification by the Centralised Processing Centre is paid on or before December 31, 2025. This relief applies specifically to cases where the Section 87A rebate was wrongly allowed on income taxable at special rates and where rectification has been carried out to correct the error.

If the demand is not paid by December 31, 2025, interest under Section 220(2) will apply from the day immediately following the expiry of the period prescribed under Section 220(1).

Click here to read the Circular.

INDIRECT TAX

Goods & Services Tax

Recent Case Laws

Mavenir Systems Private Limited v. Union of India and Others [WP No. 15323 of 2022]

Karnataka HC allows refund of unutilised ITC as export realisation was already established on record.

The Court held that refund of unutilised input tax credit could not be rejected on the ground that eBRCs or FIRCs had not been submitted when the Assessee had in fact furnished those documents during the proceedings and the Department had full knowledge of the export realisation. Relying on the decision in Nokia Solutions, the Court reiterated that once receipt of export proceeds is established, procedural lapses cannot defeat a legitimate refund claim.

In this case, the Assessee had filed refund applications for FY 2018 to 2019 and FY 2019 to 2020 enclosing FIRCs and later providing eBRC details by email. Refunds were initially sanctioned, but the Department issued review notices alleging non-submission of realisation documents, beneficiary location mismatch, discrepancies in bank account details, incorrect purpose codes and treatment of the Assessee as an intermediary. The Assessee produced agreements and correspondence to show that the services were exported on a principal-to-principal basis and did not satisfy the statutory conditions for intermediary services.

By order dated November 6, 2025, the Karnataka High Court set aside the appellate and recovery orders. It held that the Department's findings on non-submission of realisation documents were factually incorrect, that the objections raised were hyper technical and that the Assessee's services were not intermediary services under the Goods and Services Tax law. The Court directed the Department to process the refund along with applicable interest within two months.

Shah Paperplast Industries Ltd. & Anr. v. Union of India & Ors. [R/Special Civil Application No. 18892 of 2023 & batch]

Refund of unutilised ITC cannot be denied to a 100% Export Oriented Unit that is the actual exporter and not a deemed exporter: Gujarat HC.

The Court held that a one hundred percent Export Oriented Unit (EOU) which directly exports goods as zero rated supplies without payment of tax is entitled to refund of unutilised input tax credit (ITC) under Section 54(3) of the Central Goods and Services Tax Act, 2017 (CGST Act) read with Rule 89(4) of the Central Goods and Services Tax Rules, 2017 (CGST Rules). It clarified that para 2.2 of Central Board of Indirect Taxes and Customs (CBIC) Circular No. 172/04/2022-GST, which excludes ITC relating to deemed export supplies from the "Net ITC" figure in the refund formula, applies only where the recipient has claimed refund as a deemed exporter under Section 2(39) and Section 147 and not where the unit is the actual exporter of finished goods. The Court further held that Rule 89(4A) applies only where the supplier has availed Notification No. 48/2017 as a deemed exporter and is inapplicable when supplies are treated and reported as normal business-to-business (B2B) transactions.

In this case, the petitioners, a one hundred percent EOU engaged in manufacture and export of tissue paper and related products, procured raw materials on payment of Goods and Services Tax (GST) from registered suppliers who did not treat such supplies as deemed exports, did not follow the special procedure under Circular No. 14/14/2017-GST and did not claim any deemed export refund. The petitioners exported finished goods without payment of tax under Letter of Undertaking and claimed refund of accumulated ITC under Section 54(3) read with Rule 89(4), after furnishing undertakings that neither they nor their suppliers had claimed any benefit as deemed exporters. Provisional and final refunds for December 2021 to April 2022 were sanctioned, but following Circular No. 172/04/2022-GST the authorities issued show cause notices, reviewed and appealed against the refund orders, and eventually withdrew the refunds on the footing that the supplies should be treated as deemed exports, that the refund should have been under Rule 89(4A), and that para 2.2 of the Circular barred inclusion of such ITC in the refund computation.

By judgment dated November 13, 2025, the Gujarat High Court allowed the petitions and quashed the orders withdrawing the refunds and the related show cause notices and appellate orders for all periods in the batch matters. The Court held that the petitioners were actual exporters of zero-rated supplies without payment of tax, that their inward supplies had never been treated as deemed exports, that Rule 89(4A) and para 2.2 of Circular No. 172/04/2022-GST were therefore inapplicable, and that the refund claims under Section 54(3) read with Rule 89(4) had been rightly sanctioned. Having decided the matter on merits, the Court left open the larger questions on the vires and retrospective operation of the Circular and the interplay between Sections 73, 74 and 107 of the CGST Act, and directed the Department to grant the refunds in accordance with law within twelve weeks.

Ashok Ghosh v. State of West Bengal and Others [MAT 82 of 2025]

Delay in filing a GST appeal may be condoned beyond the four-month limit where a proper explanation is shown: Calcutta HC.

The Court held that the timelines prescribed in Section 107(4) of the Central Goods and Services Tax Act, 2017 are directory in nature and not mandatory. It noted that the decisions in Singh Enterprises and Hongo India, relied on by the Single Judge to uphold dismissal of the appeal, were rendered under the Central Excise Act and do not control the interpretation of the GST framework. Relying on the Division Bench rulings in S. K. Chakraborty & Sons and Ram Kumar Sinhal, the Court reiterated that a stay granted by the Supreme Court in an appeal does not dilute the binding value of the High Court judgment as a precedent.

In this case, the Appellant's GST appeal challenging an order under Section 74 was dismissed by the Appellate Authority on the ground that it was filed beyond the maximum outer limit under Section 107(4). The Single Judge affirmed this approach, holding that delay beyond the statutory period could not be condoned. In the intra court appeal, the Appellant relied on decisions recognising that the delay period is directory and that the Appellate Authority retains power to condone delay where the circumstances justify it.

By order dated November 4, 2025, the Court set aside both the Single Judge order and the Appellate Authority's refusal to condone delay. It held that the Appellate Authority has the power to consider condonation of delay even beyond the four-month outer limit where a satisfactory explanation is shown and directed the Authority to reconsider the Appellant's application after granting opportunity to the parties.

National Association of Container Freight Stations v. Joint Commissioner of Customs (Chennai IV) & Others [WP Nos. 11222, 149 and 152 of 2022]

Customs authorities cannot bar Container Freight Stations from collecting GST on auction of uncleared cargo: Madras HC.

The Court held that when a Container Freight Station conducts auction of uncleared or unclaimed cargo under Section 48 of the Customs Act, 1962, the transaction constitutes a taxable supply of goods under Section 7(1) of the Central Goods and Services Tax Act, 2017, and Goods and Services Tax is leviable under Section 9(1). It observed that Integrated Goods and Services Tax paid on the initial import under Section 3(7) of the Customs Tariff Act is entirely distinct from Goods and Services Tax payable on the subsequent sale in auction, and both levies operate on different taxable events. The Court found that Circular No. 50/2005 itself contemplates levy of local taxes on auction sales and that the Public Notice contradicts this position.

In this case, the petitioners, being Container Freight Stations handling uncleared import cargo under the Handling of Cargo in Customs Areas Regulations, 2009, auctioned goods after

issuing notices under Section 48 and discharged customs duty and Integrated Goods and Services Tax on filing manual Bills of Entry on behalf of the highest bidder. Following complaints from auction purchasers, the Joint Commissioner issued Public Notice No. 17/2021 directing all Container Freight Stations not to collect Goods and Services Tax on the auctioned cargo, claiming that the bid amount already included Integrated Goods and Services Tax and that further levy would result in double taxation. Based on this Public Notice, further letters were issued threatening action against Container Freight Stations that collected Goods and Services Tax.

By judgment dated October 23, 2025, the Madras High Court allowed the writ petitions and quashed the Public Notice as wholly without jurisdiction. The Court held that Customs authorities have no statutory power under Sections 152, 157 or 159 of the Customs Act to issue directions regulating Goods and Services Tax levy or collection. It held that goods auctioned by Container Freight Stations lose their character as imported goods, that Container Freight Stations act as suppliers in such auctions, and that the successful bidder becomes the recipient liable to pay Goods and Services Tax on the bid value. The consequential letters issued by the authorities were also quashed, and the petitions were allowed.

West India Continental Oils Fats Pvt. Ltd. v. Union of India & Others [Writ Petition No. 3000 of 2023]

Bombay HC rules that interest is payable on refund of IGST collected under the unconstitutional ocean freight levy.

The Court held that IGST paid on ocean freight under the reverse charge mechanism pursuant to invalid notifications cannot be treated as tax under the Central Goods and Services Tax Act, 2017. Since the levy was declared unconstitutional in Mohit Minerals, refund of the amount must carry interest based on the principles of restitution, and the Department cannot rely on the sixty-day timeline in Section 54 read with Section 56 to avoid liability. The Court reaffirmed

that money collected without authority of law cannot be retained without compensatory interest.

In this case, the petitioner paid IGST on ocean freight while importing crude and refined palm oil. After the levy was struck down, the High Court directed refund of the IGST along with interest. Although the Department sanctioned the principal refund, it rejected the interest claim of ₹71.31 lakh on the ground that the refund application was processed within sixty days and that the petitioner had not sought refund within the eight-week period mentioned in the earlier writ order. The petitioner challenged this rejection.

By judgment dated October 17, 2025, the Court set aside the denial of interest and directed the Department to grant the quantified amount within four weeks. It held that the refund arose from an unconstitutional exaction, that Sections 54 and 56 apply only to lawful tax refunds, and that the Department had benefited from the petitioner's funds until refund. The Court concluded that denying interest would amount to permitting unjust enrichment by the State.

Notifications/Circulars

CBIC Notification No. 18/2025 – Central Tax, dated October 31, 2025

The Central Government has amended the Central Goods and Services Tax Rules, 2017 with effect from November 1, 2025. A new Rule 9A has been inserted to provide for automatic electronic grant of registration within three working days where applicants are identified as low risk based on data analysis. The amendment seeks to streamline processing of registration applications under Rule 8, Rule 12 and Rule 17 of the CGST Rules.

A new Rule 14A has also been introduced, allowing applicants with monthly output tax liability not exceeding ₹2.5 lakh to opt for a simplified registration route, subject to Aadhaar authentication and eligibility conditions. The rule sets out detailed provisions for withdrawal from this option, including filing of returns for specified periods and verification of particulars. The notification also amends Rule 10 and substitutes several registration-related forms, including Forms GST REG-03, REG-04, REG-05, REG-32 and REG-33, to align them with the new registration and withdrawal framework.

These amendments modernise the registration system by incorporating risk-based electronic approval, facilitating ease of doing business for small suppliers, and ensuring greater accuracy and verification in modification and withdrawal of registration details.

Click here to read the Notification.

CBIC Circular No. 26/2025 – Customs, dated October 31, 2025

The Circular provides operational guidance for implementing the newly introduced Section 18A of the Customs Act, 1962, which permits importers or exporters to voluntarily revise entries

after clearance of goods by declaring material facts and paying duty with interest. The Circular explains the Customs (Voluntary Revision of Entries Post Clearance) Regulations, 2025, notified through Notification No. 70/2025-Customs (N.T.), and clarifies that the mechanism is designed to encourage voluntary compliance while preventing misuse in cases where audits, searches, seizures or investigations have already commenced.

The Circular outlines the application process, including filing of an electronic application at the same port where duty was paid, acceptance of entries in the automated system, generation of an Acknowledgement Reference Number, and payment of any differential duty with interest. A Revised Entry Reference is generated thereafter. The application is processed under a self-assessment model, subject to risk management system parameters. In non-facilitated cases, the proper officer may call for documents, verify the nature of the revision, and pass a speaking order where self-assessment is found defective. For applications resulting in refund, the revised entry itself is treated as the refund claim under Section 27 and routed for mandatory verification.

The Circular also clarifies the exclusions notified through Notification No. 71/2025-Customs (N.T.), which bar revision in cases where obligations under schemes such as IGCR, EPCG or Advance Authorisation have not been fulfilled. A fee of ₹1000 per electronic application has been prescribed under Notification No. 69/2025-Customs (N.T.). The Circular stresses that Section 18A cannot be invoked after initiation of customs audits, searches, seizures or investigations, and requires applicants to submit an electronic self-declaration to this effect in the prescribed format. It concludes by directing field formations to widely publicise the procedure and escalate any technical issues to DG Systems.

Click here to read the Circular.

Key Contacts

G.V. GOPALA RAO

DIRECTOR – TAX
BANGALORE

+91 94835 12333
GOPALA.RAO@FOXMANDAL.IN

RANGANATH H.

DIRECTOR – TAX
BANGALORE

+91 98807 44482
RANGANATH@FOXMANDAL.IN

www.foxmandal.in

info@foxmandal.in

Offices at:

Ahmedabad | Bengaluru | Chennai | Hyderabad | Kolkata | Mumbai | New Delhi | Pune

Follow us: