Tax INFORM

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DIRECT TAX

A. Recent Case Laws

L.K. Trust v. Commissioner of Income Tax & Anr. [Civil Appeal No. 527 of 2012]

SC allows deduction under Section 36(1)(iii) for interest paid on capital borrowed for business purposes, including acquisition of shares on grounds of commercial expediency.

The Supreme Court held that interest paid on capital borrowed is deductible under Section 36(1)(iii) of the Income-tax Act, 1961, where the borrowing is for the purposes of the assessee's business, including where funds are deployed on grounds of commercial expediency. The Court clarified that Section 36(1)(iii) concerns interest on money borrowed and not every debt or liability and that the expression "for the purpose of business" is wider than the expression "for the purpose of making or earning income" under Section 57(iii). It further reiterated that the transfer or use of borrowed funds must be examined from the standpoint of commercial expediency and not merely by testing whether the funds were directly used to earn profits.

In this case, the Assessee borrowed ₹3.80 crore from Corporation Bank to purchase shares of Shaw Wallace and Company Limited pursuant to an agreement dated November 19, 1987, and claimed a deduction of ₹21.74 lakh as interest paid on the borrowing. The Assessing Officer disallowed the deduction on the ground that the amount had been routed through Gayatri Holdings Private Limited, a group company, which in turn transferred funds for the purchase of shares. The Commissioner of Income Tax (Appeals) upheld the disallowance, while the Income Tax Appellate Tribunal allowed the Assessee's claim, holding that the borrowed funds were used for purposes integral to the Assessee's composite business, which included investment in shares. The Karnataka High Court reversed the Tribunal and held that the borrowed funds had ultimately been utilised for the benefit of the subsidiary/group company and not for the Assessee's business, thereby rejecting the Tribunal's finding on commercial expediency.

Outcome: By order dated May 7, 2026, the Supreme Court allowed the appeal and set aside the judgment of the Karnataka High Court. Relying on its earlier decisions, including *S.A. Builders Ltd. v. Commissioner of Income Tax and Sharp Business System v. Commissioner of Income Tax*, the Court held that the High Court had erred in disregarding the commercial expediency of the transaction and in treating the benefit to the subsidiary or group entity as fatal to the deduction. The Court agreed with the Tribunal's reasoning and declared that the Assessee was entitled to a deduction of the interest paid in respect of the capital borrowed for business purposes.

Sanand Properties P. Ltd. v. Joint Commissioner of Income Tax, Range 6 & Ors. [Civil Appeal Nos. 9107 of 2012, 744 of 2013 and 19487 of 2017]

SC upholds reassessment where fresh survey material revealed that income disclosed as AOP profit was, in substance, a taxable revenue receipt.

The Supreme Court held that reassessment is not barred on the ground of change of opinion where the Assessing Officer had not formed any conscious opinion during the original assessment on the fundamental nature of the income in question. The Court reiterated that mere production of books, agreements or documents does not amount to full and true disclosure unless the assessee brings the relevant primary facts and material clauses to the Assessing Officer's attention. It further held that where subsequent information reveals that income disclosed as profit of an Association of Persons (AOP) is in fact a share of gross revenue, the Revenue may reopen the assessment on the basis of tangible material indicating escapement of income.

In this case, the Assessee, Sanand Properties Private Limited, entered into an AOP agreement with Raviraj Kothari & Co. for development of a residential housing project. The Assessee disclosed income received from Fortaleza Developers as its share of profit from the AOP and claimed that no tax was payable in its hands, since the AOP was separately assessable. During a survey under Section 133A of the Income-tax Act, 1961, the Revenue impounded documents, including the AOP agreement, audited financial statements and related records, and recorded the statement of the Assessee's director. The Revenue thereafter formed a belief that the Assessee's receipt was not a share of AOP profit but 35% of gross sale receipts from residential units, being revenue taxable in the Assessee's hands. Reassessment notices were issued for Assessment Years 2007-08 and 2008-09, and the dispute also extended to the taxability of such receipts for Assessment Years 2008-09 and 2009-10.

Outcome: By judgment dated May 12, 2026, the Supreme Court allowed the Revenue's appeals and dismissed the Assessee's appeal. It held that the reassessment notices for Assessment Years 2007-08 and 2008-09 were valid, since the original assessment orders had not examined whether the Assessee's receipt from the AOP was a share of profit or revenue. On merits, the Court interpreted Clause 7 of the AOP agreement and held that the Assessee was entitled to withdraw 35% of the gross sale proceeds upfront, before deduction of project expenses, and that such entitlement was a diversion of revenue by overriding title in favour of the Assessee. Relying on Commissioner of Income Tax v. Sitaldas Tirathdas, the Court held that the receipt lacked the essential character of profit and was taxable in the Assessee's hands as a business

receipt. Accordingly, Civil Appeal No. 744 of 2013 and Civil Appeal No. 19487 of 2017 filed by the Revenue were allowed, while Civil Appeal No. 9107 of 2012 filed by the Assessee was dismissed.

Commissioner of Income Tax-LTU, Chennai v. Mahindra Holidays and Resorts (India) Ltd. [Tax Case (Appeal) No. 1419 of 2010]

Madras HC allows deferred recognition of time-share membership fee income over the contract period where continuing accommodation obligations subsist.

The Madras High Court held that the entire time-share membership fee received upfront by a resort operator need not be taxed in the year of enrollment where the receipt is coupled with continuing obligations over the tenure of the membership. The Court recognised that, under the matching principle and accepted revenue recognition standards, income from services rendered over a long-term contract may be spread over the period of performance. It further held that the liability to provide accommodation facilities to members was an accrued obligation and not a contingent liability merely because it was to be discharged in future or because its exact quantification involved estimation.

In this case, the Assessee, Mahindra Holidays and Resorts (India) Limited, was engaged in the time-share business and enrolled members on payment of membership fees, either upfront or in installments. Members were entitled to occupy and use resort facilities for specified days each year over a period of 25 or 33 years. For Assessment Year 2003-04, the Assessee recognised 60% of membership fees as revenue in the year of collection and deferred the balance of 40% over the remaining tenure of the contract. The Assessing Officer rejected this treatment and taxed the entire time-share subscription in the year of receipt, while the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal accepted the Assessee's deferred income approach, following the treatment adopted in earlier assessment years.

Outcome: By judgment dated April 28, 2026, the Madras High Court dismissed the Revenue's appeal and answered the substantial questions of law against the Revenue. The Court held that the time-share membership fee was not a mere entrance fee but consideration for a continuing right of occupation over the contract period and that the Assessee remained obliged to ensure accommodation or pay liquidated damages in case of default. It further held that annual maintenance charges and utility charges could not be interlinked with the membership fee so as to deny deferral. Relying on precedents including Calcutta Company Ltd. v. Commissioner of Income Tax, Metal Box Company of India Ltd. v. Their Workmen, Commissioner of Income Tax v. Winner Business Link (P) Ltd. and Commissioner of Income Tax-III v. Shyam Telelink Ltd., the Court upheld the Assessee's method of accounting and confirmed that a portion of the receipts could be spread over the period of the time-share contract.

Principal Commissioner of Income Tax, Central-1, Delhi v. Pradeep Wig & Anr. [ITA No. 681 of 2025 & batch]

Delhi HC holds that shareholders cannot be taxed on company-owned assets or income in the absence of a specific statutory provision.

The Delhi High Court held that a company is a separate juristic person from its shareholders, and shareholders, even if they collectively hold 100% of the company's share capital, do not become beneficial owners of the company's assets. The Court reiterated that fiscal liability must be founded strictly on the charging provisions of the Income-tax Act, 1961, and the Revenue cannot tax a subject by invoking a general doctrine of "substance over form" or by creating a deeming fiction unsupported by statute. It further held that piercing the corporate veil is permissible only where the structure is shown to be a sham, fraudulent, or tax evasive, and not merely because Indian residents hold shares in an offshore company.

In this case, the Assessees, Pradeep Wig and Neera Wig, along with their daughters, held shares in Carmichael Capital Limited, a company incorporated in the British Virgin Islands, which owned flats in London. During a search conducted at the Assessees' residence, the Department found documents relating to expenditure incurred on the upkeep, renovation, leasing and sale of the London properties. The Assessing Officer noted that the investment in the offshore company had been made through declared sources under the Liberalised Remittance Scheme of the Reserve Bank of India but nevertheless treated the Assessees as beneficial owners of the company's assets and taxed rental income and capital gains arising from those properties in their hands. The Commissioner of Income Tax (Appeals) sustained the taxability of the company's income in the Assessees' hands, while the Income Tax Appellate Tribunal reversed this finding and held that the Assessees were not beneficial owners of the company's properties or income.

Outcome: By judgment dated April 24, 2026, the Delhi High Court dismissed the Revenue's appeals and upheld the Tribunal's order. The Court held that the Assessees' investment in shares of Carmichael Capital Limited was made through proper banking channels and was not shown to violate any provision of law. It further held that the properties were owned by the company, the company had obtained loans in the United Kingdom, and tax had been paid under the laws of the United Kingdom. The Court clarified that only dividend income received by the Assessees in respect of their shares could be taxed in their hands, and not the rental income, capital gains or other income of the company itself. It concluded that there was no statutory basis under the Income-tax Act, 1961 to sustain the additions, and that the Assessing Officer's attempt to pierce the corporate veil was misplaced.

Graphite India Ltd. v. Commissioner of Income Tax-IV, Kolkata [ITA No. 407 of 2008]

The Calcutta HC holds that a sales tax remission subsidy for industrial expansion is a capital receipt and must be excluded from book profits under Section 115JB.

The Calcutta High Court held that a subsidy granted for expansion or modernisation of an industrial unit in a backward area is capital in nature where the object of the scheme is to induce capital investment, irrespective of the form or mechanism of disbursal. Applying the purpose test, the Court further held that once such a subsidy is characterised as a capital receipt, its mere routing through the profit and loss account does not alter its character or permit its inclusion in book profits under Section 115JB of the Income-tax Act, 1961. The Court also clarified that Section 80-IA (9) prevents double deduction of the same profits but does not authorise reduction of Section 80HHC deduction where Section 80-IA and Section 80HHC deductions arise from distinct and independent businesses.

In this case, the Assessee, Graphite India Limited, manufactured graphite electrodes and calcined petroleum coke and also generated power through captive power units. For Assessment Year 2002-03, it claimed a deduction under Section 80-IA on profits from power generation by adopting Karnataka State Electricity Board and Maharashtra State Electricity Board tariff rates as market value for captive consumption; claimed a deduction under Section 80HHC on export profits without reducing Section 80-IA profits, treated the sales tax remission subsidy of ₹70.46 lakh under the West Bengal Incentive Scheme, 1993 as capital receipt, and excluded the same from book profits under Section 115JB. The Assessing Officer excluded the electricity duty component from the power transfer price, reduced Section 80HHC eligible profits by Section 80-IA profits, treated the sales tax remission as a revenue receipt, and included it in book profits. The Commissioner of Income Tax (Appeals) partly allowed the transfer pricing claim but sustained the other adjustments, and the Tribunal upheld the Revenue's position on the disputed issues.

Outcome: By judgment dated April 21, 2026, the Calcutta High Court allowed the Assessee's appeal and answered all substantial questions of law in its favour. The Court held that the State Electricity Board tariff, including electricity duty, represented the market value for computing a deduction under Section 80-IA, since the open market tariff could not be artificially split. It further held that Section 80-IA profits from independent power undertakings could not be reduced while computing export profits under Section 80HHC, as there was no overlap of income or double deduction. On the subsidy issue, relying on Commissioner of Income Tax v. Ponni Sugars and Chemicals Ltd. and Principal Commissioner of Income Tax v. Ankit Metal & Power Ltd., the Court held that the sales tax remission was granted to promote industrial expansion in backward areas and was therefore a capital receipt not chargeable to tax. Consequently, the Court held that the subsidy could not be included in book profits under Section 115JB and allowed the appeal across all issues.

INDIRECT TAX

Goods & Services Tax

Recent Case Laws:

Tata Sons Private Ltd. v. Union of India & Ors. [Writ Petition No. 4914 of 2022]

Bombay HC quashes ₹1,524 crore IGST demand on Tata-Docomo arbitral award payments, holding that settlement of damages does not constitute "supply."

The Bombay High Court held that payment of damages pursuant to an arbitral award, and the consequential withdrawal or non-pursuit of enforcement proceedings by the award-holder, does not constitute a “supply” under Section 7 of the Central Goods and Services Tax Act, 2017 (CGST Act). The Court held that Entry 5(e) of Schedule II, covering an agreement to refrain from an act, tolerate an act or do an act, applies only where there is an independent agreement supported by consideration for such an obligation. It cannot be invoked where the alleged act of forbearance is merely incidental to satisfaction of a decree or arbitral award.

In this case, Tata Sons Private Limited and NTT Docomo Inc. were parties to a shareholders’ agreement in relation to Tata Teleservices Limited. Disputes arose after Tata was unable to comply with its contractual exit obligations, leading to arbitration before the London Court of International Arbitration. By arbitral award dated June 22, 2016, Tata was directed to pay damages, interest, arbitration costs and legal costs to Docomo. Docomo thereafter initiated enforcement proceedings in the United Kingdom, the United States of America and India. Before the Delhi High Court, the parties entered into consent terms under which Tata deposited the award amount and Docomo agreed to suspend and withdraw foreign enforcement proceedings upon receipt of payment. The Directorate General of GST Intelligence issued an intimation and show cause notice demanding IGST of ₹1,524.35 crore, alleging that Docomo had supplied a service by tolerating Tata’s contractual breach and refraining from further enforcement action, which is taxable under reverse charge as an import of service.

Outcome: By judgment dated April 30, 2026, the Bombay High Court partly allowed the writ petition and quashed the intimation and show cause notice. The Court held that the consent terms did not create any independent contract between Tata and Docomo and merely recorded the manner in which the arbitral award would be satisfied. It observed that once the

decree or award stood satisfied, withdrawal of collateral enforcement proceedings was a legal consequence and not a separate taxable forbearance. The Court further held that damages awarded by an arbitral tribunal are compensation for breach of contract and not consideration for any supply, and that applying GST to every settlement of a money decree would lead to an untenable result. Accordingly, the Court held that neither the CGST Act nor the Integrated Goods and Services Tax Act, 2017 was attracted, and Tata could not be fastened with IGST liability on the arbitral award payments.

D P Jain & Co. Infrastructure Private Limited v. Union of India & Ors. [Writ Petition No. 2087 of 2025]

Bombay HC quashes GST proceedings on corporate guarantees issued without consideration while upholding Rule 28(2).

The Bombay High Court held that execution of a corporate guarantee in favour of a subsidiary, without any fee, commission or other consideration, does not constitute a taxable supply of service under Section 7 read with Section 9 of the Central Goods and Services Tax Act, 2017 (CGST Act). The Court emphasised that consideration remains a foundational element of a taxable supply and held that, in the facts of the case, the corporate guarantees issued by the petitioner to its subsidiaries without any fee, commission or other consideration did not attract GST liability. It distinguished corporate guarantees from bank guarantees, observing that corporate guarantees are generally in-house financial support mechanisms extended to associate enterprises and are not issued commercially to the public in the ordinary course of business.

In this case, the Assessee, D P Jain & Co. Infrastructure Private Limited, had executed three corporate guarantees in favour of its subsidiaries, DPJ Pollachi HAM Project Private Limited, D P Jain Bangalore Chennai Expressways Private Limited and D P Jain TOT Toll Roads Private Limited, against term loans sanctioned by State Bank of India and Bank of Maharashtra. Each corporate guarantee deed expressly recorded that the Assessee had not received and would not receive any security, fee, commission or other consideration from the borrower for providing the guarantee. The Revenue initiated proceedings for non-payment of GST on the corporate guarantees, relying on Circular No. 204/16/2023-GST and Circular No. 225/19/2024-GST, and on Rule 28 of the Central Goods and Services Tax Rules, 2017, including amended Rule 28(2), to contend that corporate guarantee services between related persons were taxable and had to be valued at 1% per annum of the guaranteed amount or actual consideration, whichever was higher.

Outcome: By judgment dated May 6, 2026, the Bombay High Court partly allowed the writ petition and quashed the show cause notice and summons issued against the Assessee. Relying on the principles recognised in Commissioner of CGST & Central Excise v. Edelweiss Financial Services Ltd., the Court held that, in the facts of the case, the absence of any fee, commission or other consideration was fatal to the Revenue's attempt to levy GST on the

corporate guarantees. It accepted the Assessee's contention that a corporate guarantee is a contingent contract enforceable only upon borrower default and that the guarantees in question were issued merely to support subsidiaries in availing credit facilities. However, the Court rejected the challenge to the constitutional validity of Rule 28(2), holding that fiscal legislation enjoys a presumption of constitutionality and that courts should not lightly interfere with legislative or delegated tax policy. Accordingly, while Rule 28(2) was upheld, the proceedings against the Assessee were set aside on the facts, since the guarantees were issued without consideration.

Fateh Education Consulting Private Limited v. Assistant Commissioner & Ors. [W.P.(C) No. 17500 of 2025]

Delhi HC holds that education consultancy, marketing and recruitment support services provided to foreign universities are export of services and not intermediary services.

The Delhi High Court held that an Indian entity providing education consultancy, marketing and recruitment support services to foreign universities on its own account cannot be classified as an "intermediary" under Section 2(13) of the Integrated Goods and Services Tax Act, 2017 (IGST Act) merely because its services incidentally assist students in securing admission. The determinative factors are the nature of the service supplied, the contractual recipient of the service, and the person liable to pay consideration. Where the foreign university is the

contractual recipient and pays consideration to the Indian service provider, the service qualifies as export of services, subject to fulfilment of the statutory conditions.

In this case, the Assessee, Fateh Education Consulting Private Limited, provided education consultancy, marketing and recruitment support services to foreign universities. It filed a refund claim of ₹2.63 crore under Section 54 of the Central Goods and Services Tax Act, 2017 (CGST Act), for Integrated Goods and Services Tax paid during September 2023 to March 2024 on the export of services with payment of tax. The Assistant Commissioner rejected the refund claim on the ground that the Assessee promoted courses of foreign universities, identified prospective students, assisted in recruitment and received commission linked to tuition fees, thereby acting as an intermediary under Section 2(13) of the IGST Act. The Assessee contended that it received consideration only from foreign universities, charged no fee from students, had no authority to bind the universities, and could not guarantee admission.

Outcome: By judgment dated May 8, 2026, the Delhi High Court set aside the refund rejection order and directed the Revenue to process and grant the refund with applicable statutory interest within two months. Relying on Commissioner of Delhi Goods and Service Tax DGST v. Global Opportunities Private Limited and K.C. Overseas Education Pvt. Ltd. v. Union of India, the Court held that the Assessee's services were materially similar to services already held not to be intermediary services. The Court noted that the Revenue did not dispute the similarity of the Assessee's services with those considered in Global Opportunities Private Limited. Accordingly, the Court held that the Assessee was not facilitating a supply between two other persons but was providing services to foreign universities on its own account, and the refund could not be denied by treating the Assessee as an intermediary.

University of Mumbai v. Union of India & Ors. [Writ Petition No. 4389 of 2025]

Bombay HC holds that affiliation fees collected by a statutory university in discharge of statutory functions do not constitute taxable supply under GST.

The Bombay High Court held that affiliation granted by a statutory university under the Maharashtra Public Universities Act, 2016 is a statutory and regulatory function, not a commercial or business activity. The Court held that collection of affiliation fees for undertaking statutory activities such as verification of infrastructure, consultation, inspection and compliance checks cannot be treated as consideration for supply under Section 7(1)(a) of the Central Goods and Services Tax Act, 2017 (CGST Act). It further held that where the activity itself is not a "supply", the charging provision under Section 9 of the CGST Act cannot be invoked.

In this case, the Assessee, University of Mumbai, was established under State legislation and governed by the Maharashtra Public Universities Act, 2016. The Department issued a show cause notice under Section 74 of the CGST Act proposing GST on affiliation fees collected from colleges for Financial Years 2017-18 to 2022-23. The University contended that affiliation was a statutory function under the university legislation and that the fees collected were used for regulatory and academic functions connected with granting and continuing affiliation, not for any commercial service. The Department rejected this position and confirmed a GST

demand of ₹16.90 crore, along with interest and an equivalent penalty, treating the affiliation activity as a supply made for consideration in the course or furtherance of business.

Outcome: By judgment dated April 27, 2026, the Bombay High Court allowed the writ petition and quashed the order-in-original and rectification order. The Court held that the University's affiliation-related activities were carried out within the statutory framework for regulating higher education and could not be equated with trade, commerce, manufacture, profession, vocation or any analogous business activity. Relying on Goa University v. Joint Commissioner of Central Goods and Services Tax, Principal Additional Director General, DGGSTI v. Rajiv Gandhi University of Health Sciences and Rajasthan Technical University, Kota v. Union of India, the Court held that affiliation fees are not consideration for any taxable activity and that levy of GST on such fees was without authority of law. The Court also clarified that executive circulars cannot override substantive statutory provisions, although it did not separately adjudicate the validity of the impugned circulars.

Vodafone Idea Ltd. v. Union of India & Ors. [Writ Petition No. 6637 of 2025]

Bombay HC quashes GST proceedings initiated against an amalgamating entity after merger, holding them void ab initio.

The Bombay High Court held that once a scheme of merger or amalgamation is sanctioned, the amalgamating entity ceases to exist in law and no show cause notice or adjudication order can be issued against such a non-existent entity. The Court held that participation by the amalgamated entity, or the Department's ability to recover liabilities from the surviving entity, cannot cure the foundational jurisdictional defect. It further clarified that Section 87 of the Central Goods and Services Tax Act, 2017 (CGST Act) preserves taxability of inter se supplies between merging entities for the intervening period between the effective date and the order date but does not authorise proceedings against an entity that no longer exists.

In this case, Vodafone Mobile Services Limited and Vodafone India Limited merged with Idea Cellular Limited pursuant to an order of the National Company Law Tribunal dated August 30, 2018, resulting in Vodafone Idea Limited as the merged entity. The fact of the merger was communicated to the GST authorities at the time of amendment of Idea Cellular Limited's GST registration. The dispute arose from a business transfer agreement dated November 13, 2017, under which Vodafone Mobile Services Limited transferred its tower business to ATC Telecom Infrastructure on a slump sale basis. In 2024, the Directorate General of GST Intelligence issued a show cause notice in the name of Vodafone Mobile Services Limited demanding approximately ₹363 crore under Section 74 of the CGST Act, alleging that the transfer of a going concern was an exempt supply and that input tax credit had been wrongly availed. Vodafone Idea Limited objected that Vodafone Mobile Services Limited had ceased to exist after the merger and that proceedings against it were without jurisdiction.

Outcome: By judgment dated April 29, 2026, the Bombay High Court allowed the writ petition and quashed the adjudication order. Relying on Principal Commissioner of Income Tax v. Maruti Suzuki India Ltd., Reliance Industries Limited v. P. L. Roongta and HCL Infosystems Ltd. v. Commissioner of State Tax, the Court held that proceedings initiated against a non-existent amalgamating entity are void ab initio. The Court rejected the Revenue's reliance on Section

87 of the CGST Act, holding that the provision applies only to transactions between amalgamating companies during the intervening period and cannot validate a show cause notice issued to a non-existent entity after the merger. Accordingly, the Court held that the show cause notice itself was without jurisdiction and the consequent adjudication proceedings stood vitiated.

Notifications/Circulars

CBIC Notification No. 14/2026-Customs, dated April 30, 2026

CBIC amended multiple customs exemption notifications to align tariff references with revised customs tariff classifications.

The Central Board of Indirect Taxes and Customs (CBIC) amended 23 customs exemption notifications issued between 2004 and 2026, with effect from May 1, 2026. The amendments were issued under Section 25(1) of the Customs Act, 1962, and primarily update tariff item references across various exemption notifications.

The amendments are primarily consequential changes intended to align tariff item references in existing exemption notifications with the revised customs tariff structure. The affected notifications cover a wide range of goods, including food preparations, beverages, chemicals, paper products, leather, engineering goods, electrical equipment and transportation-related products. The notification also amends recent customs notifications including notifications issued in 2025 and 2026 to align exemption entries with the revised tariff nomenclature.

The amendments require importers to verify the revised tariff references before claiming exemptions under the amended notifications. Businesses dealing in the covered goods should update their classification records, exemption mapping, bill of entry templates and landed cost workings to ensure continued alignment with the revised customs entries.

Click Here to Read the Circular.

CBIC Notification Nos. 15/2026-Customs, 16/2026-Customs, 17/2026-Customs and 18/2026- Customs, dated May 12, 2026

CBIC revised customs duty entries for specified precious metals, spent catalyst, ash containing precious metals and related goods under Chapter 71.

The Central Board of Indirect Taxes and Customs (CBIC) amended multiple customs exemption notifications relating to goods falling under Chapter 71 of the Customs Tariff Act,

1975. The amendments primarily revise the effective duty structure for specified precious metals, precious metal compounds, spent catalysts or ash containing precious metals, coins, findings and goods imported under specified exemption or concessional duty schemes.

The key changes include an increase in the applicable customs duty rate from 5% to 10% for several entries under Notification No. 45/2025-Customs. A separate entry has also been inserted for spent catalyst or ash containing precious metals under heading 7112, subject to specified conditions and a sunset date of March 31, 2027. Corresponding amendments have been made to related customs notifications, including revisions to entries concerning social welfare surcharge, agriculture infrastructure and development cess, gold and silver findings, platinum findings, goods under heading 7118, and goods imported under Notification No. 57/2000-Customs.

The amendments take effect from May 13, 2026. Importers dealing in precious metals, spent catalyst, ash containing precious metals, jewellery findings, coins and goods imported for the recovery or recycling of precious metals should review their classification, exemption eligibility, end-use documentation and landed cost computations in light of the revised duty framework.

Click Here to Read the Circular.

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