Tax INFORM

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DIRECT TAX

A. Recent Case Laws

Vedanta Limited (Successor in Interest to Cairn India Limited) v. Assistant Director of Income Tax (International Taxation) [T.C.A. Nos. 1299 to 1301 of 2010]

Madras High Court allows deduction under Section 37(1) for an ascertainable provision towards mandatory site restoration costs and holds that Section 33ABA does not bar such deduction.

A provision made for expenditure arising from an existing contractual obligation is deductible under Section 37(1) of the Income-tax Act, 1961 (IT Act) where the liability has accrued and is capable of reasonable estimation, notwithstanding that the expenditure will be incurred in the future. Section 33ABA constitutes an optional incentive mechanism requiring a deposit in a site restoration account and does not override or restrict an otherwise admissible deduction under Section 37(1). Similarly, the special provisions governing petroleum operations under Section 42 do not preclude an assessee from claiming expenditure under the residuary provision where the prescribed conditions are satisfied.

In this case, the Assessee was engaged in petroleum exploration and production under a Production Sharing Contract (PSC) entered into with the Government of India and other consortium members. The PSC required the Assessee to restore the relevant sites upon abandonment of exploration activities, closure of wells, relinquishment or termination of the contract. The Assessee accordingly created provisions for site restoration costs and claimed deductions under Section 37(1). The Assessing Officer disallowed the claims on the grounds that no expenditure had been incurred during the relevant assessment years, the liability could be determined only upon cessation of production and the introduction of Section 33ABA excluded recourse to Section 37(1). Although the Commissioner of Income Tax (Appeals) allowed the deductions, the Income Tax Appellate Tribunal held that the provisions were not deductible under the normal provisions of the IT Act, while accepting them as ascertained liabilities for computation of book profits.

Outcome: By judgment dated June 2, 2026, the Madras High Court allowed the Assessee’s appeals and set aside the Tribunal’s order insofar as it upheld the disallowance. The Court held that the obligation to restore the sites arose directly from the PSC and that the provisions had been found to be ascertainable and quantifiable. It further held that Section 33ABA merely provides an optional incentive subject to a mandatory pre-deposit and does not render an otherwise eligible deduction under Section 37(1) inadmissible. The Court therefore allowed the deduction towards site restoration costs, with no order as to costs.

Deepak Maratha v. Union of India & Ors. [D.B. Civil Writ Petition No. 3625/2020]

Rajasthan High Court holds that the enhanced tax rate of 60% under Section 115BBE applies prospectively from Financial Year 2017–18 and cannot be imposed on income arising during Financial Year 2io016–17.

An amendment enhancing the principal rate of tax imposes a substantive fiscal burden and is presumed to operate prospectively unless the legislature expressly or by necessary implication provides otherwise. The law in force on the first day of a financial year governs the tax liability for that year. Accordingly, the amendment to Section 115BBE of the Income-tax Act, 1961 (IT Act), increasing the tax rate on income covered by Sections 68 to 69D from 30% to 60%, and the consequential penalty provision under Section 271AAC, became applicable only from April 1, 2017.

In this case, the Assessee, engaged in the jewellery and bullion business, deposited ₹66.17 lakh in his bank accounts during the demonetisation period in Financial Year 2016–17 and claimed that the deposits represented regular business receipts. The Assessing Officer rejected the books of account under Section 145(3), treated the deposits as unexplained income under Section 68 and applied the amended tax rate of 60% under Section 115BBE, along with surcharge, interest and consequential penalty proceedings under Section 271AAC. The Assessee challenged the retrospective application of the amendment, contending that the applicable rate for Financial Year 2016–17 was 30%. The Revenue argued that Parliament was competent to enact retrospective fiscal legislation and that the amendment, having been notified before the close of the financial year, applied to income arising during that year.

Outcome: By judgment dated May 27, 2026, the Rajasthan High Court held that the amendment to Section 115BBE was prospective and effective only from April 1, 2017. The Court observed that the Taxation Laws (Second Amendment) Act, 2016 expressly prescribed April 1, 2017 as the effective date and contained no language giving the enhanced rate retrospective operation. It held that doubling the principal tax rate altered the substantive fiscal consequences of completed transactions and could not be equated with a mere enhancement of surcharge. The Court therefore ruled that income arising during Financial Year 2016–17 was taxable at 30%, disposed of the writ petition and directed the appellate authority to decide the Assessee's pending appeal in accordance with this legal position.

Zoho Corporation Private Limited v. Deputy Commissioner of Income Tax [W.P. No. 6176 of 2022]

Madras High Court holds that reimbursements to a foreign subsidiary for online advertising costs do not attract equalisation levy.

Equalisation levy under Sections 164 and 165 of the Finance Act, 2016 applies only where a non-resident receives consideration from an Indian resident, or from a non-resident having a permanent establishment in India, for a statutorily defined specified service. A reimbursement of advertising expenses does not constitute a specified service when the legislation consciously omits reimbursements despite an expert committee's express recommendation to include them. Such levy cannot be imposed by inference, analogy or a substance-over-form approach. Further, the corporate veil may be pierced only upon proof of impropriety involving misuse of the corporate structure to conceal or avoid liability, and mere ownership, control or operational involvement is insufficient.

In this case, the Assessee, an Indian software company, marketed its products in the United States through its subsidiary, Zoho Corporation, USA (Zoho USA), which operated as a reseller. Zoho USA contracted with Google USA for advertising services under the Google AdWords Program, received invoices and made payments from its bank accounts. The Assessee subsequently reimbursed Zoho USA ₹332.84 crore and ₹550 crore towards advertising costs during Financial Years 2016–17 and 2017–18, respectively. It paid equalisation levy of ₹20.17 crore for Financial Year 2016–17 and ₹36.94 crore under protest for Financial Year 2017–18, and sought refunds. The Revenue rejected the claims, contending that Zoho USA was merely the ostensible recipient, while the Assessee was the actual recipient because its employees selected advertisements, accessed invoices and operated Zoho USA's bank accounts. The Assessee argued that the arrangement and reimbursement practice predated the levy, that reimbursements were deliberately excluded from the statutory definition and that the corporate veil could not be pierced in the absence of impropriety.

Outcome: By judgment dated June 1, 2026, the Madras High Court set aside the order rejecting the refund claims and disposed of the writ petition in favour of the Assessee. The Court held that Google USA had provided the specified services to Zoho USA, resulting in a transaction between two non-residents, and that the subsequent reimbursement by the Assessee was not covered by Sections 164 and 165. It further held that the contemporaneous documents established a genuine commercial arrangement that existed before the introduction of equalisation levy and disclosed no tax-avoidance device warranting piercing of the corporate veil. The Court directed the Revenue to reconsider and verify the refund claims for both financial years and refund the appropriate amounts within three months after giving the Assessee a reasonable opportunity of hearing, with no order as to costs.

Vickrapandiyam Primary Agricultural Co-operative Credit Society Ltd. v. Chief Commissioner of Income Tax & Anr. [W.P.(MD) Nos. 7261 of 2026 & batch]

Madras High Court condones the delay in filing returns and preserves the cooperative societies' entitlement to claim deduction under Section 80P.

Applications seeking condonation of delay under Section 119(2)(b) of the Income-tax Act, 1961 (IT Act) must be considered liberally where the delay is caused by genuine hardship and does not involve tax evasion. A circular issued by the Central Board of Direct Taxes (CBDT) to mitigate such hardship must receive a purposive interpretation, and the authority cannot insist on an explanation for each day's delay or restrict consideration solely to the period of delayed statutory audit. Where the default is procedural and the substantive conditions for deduction under Section 80P are otherwise satisfied, relief should not be denied through a hyper-technical approach.

In this case, several cooperative societies failed to file their returns within the time prescribed under Section 139(1), resulting in denial of deduction under Section 80P by virtue of Section

80AC. The societies attributed the delay to non-completion of statutory audits, lack of expertise in filing returns, the relatively recent introduction of the return-filing requirement and disruption caused by the COVID-19 pandemic. They applied for condonation under CBDT Circular No. 13/2023, read with Circular No. 14/2024. The Chief Commissioners of Income Tax rejected the applications, inter alia, because the societies did not furnish further particulars concerning completion of audits and did not explain the delay between issuance of the circulars and submission of the applications. The Revenue contended that the societies had repeatedly defaulted despite completion of audits and that prolonged non-compliance adversely affected timely completion of assessments.

Outcome: By judgment dated June 1, 2026, the Madras High Court allowed the writ petitions and set aside the orders rejecting the condonation applications. The Court held that the authorities had adopted an unduly restrictive approach inconsistent with the benevolent object of the CBDT circulars and treated the applications as allowed. It directed assessing authorities to consider the belated returns in pending assessments, and appellate authorities to treat the delay as condoned and, where necessary, remand completed assessments for reconsideration. It also permitted societies that had not filed appeals to do so with applications for condonation, directed that such delay be condoned, and recorded the Registrar of Cooperative Societies' undertaking to implement supervisory and technological measures to ensure timely filing of future returns. The petitions were allowed with no order as to costs.

Seyadu Beedi Company v. Assistant Commissioner of Income Tax, Central Circle 1 [W.P.(MD) Nos. 10728, 27713 and 27714 of 2024]

Madras High Court declines writ interference with the assessment and penalty orders, while leaving the applicability of Section 68 and the identity of the proper taxable person to be determined in statutory appeal.

Section 53A of the Transfer of Property Act, 1882 protects possession under a qualifying contract but does not transfer title or ownership. After the 2001 amendment, an unregistered contract cannot support a claim under Section 53A, and the absence of a written or registered instrument may therefore justify rejection of a claim that immovable property constitutes an asset eligible for depreciation under Section 32 of the Income-tax Act, 1961 (IT Act). Further, an assessment order does not violate natural justice merely because the final addition is made under Section 68 instead of Section 69 where the notices and correspondence have adequately disclosed the underlying factual discrepancies, the proposed addition and the documents required from the assessee.

In this case, the Assessee, a partnership firm, recorded seven properties valued at ₹3.61 crore as assets and claimed depreciation, asserting that the properties had devolved upon four legal heirs of a deceased partner and were thereafter transferred to the firm. The corresponding amounts were credited to the capital accounts of two legal heirs who were partners and to the accounts of the remaining two as creditors. Despite repeated notices under Section 142(1), the Assessee did not produce any written agreement, registered conveyance, title document, proof of transfer, valuation evidence or documents establishing utilisation of the properties. The show cause notice proposed treating the amount as unexplained investment under Section 69 read with Section 115BBE, whereas the final assessment disallowed depreciation of ₹31.65 lakh and treated the corresponding liability as unexplained credit under Section 68. The Assessee challenged the assessment and penalties under Sections 270A and 271AAC, alleging lack of jurisdiction, violation of natural justice and taxation in the wrong hands.

Outcome: By order dated June 1, 2026, the Madras High Court disposed of the writ petitions and declined to interfere with the assessment and penalty orders. It held that the Assessee's reliance on Section 53A was untenable because there was no written or registered instrument and that no jurisdictional error arose from the rejection of the ownership and depreciation claims. The Court further held that the notices had adequately disclosed the relevant discrepancies and that the change from Section 69 in the show cause notice to Section 68 in the assessment order was a consequential conclusion arising from the same factual inquiry, without violating natural justice. Questions concerning the substantive applicability of Section 68 and whether the amount was taxable in the hands of the firm, partners or creditors were left open for determination in statutory appeal. The Assessee was granted four weeks to file an appeal under Section 246A, which was directed to be treated as filed within limitation, with no order as to costs.

Notifications/Circulars

Income-tax (Amendment) Ordinance, 2026 (Ordinance No. 2 of 2026), dated June 5, 2026

The Ordinance exempts specified income from Government securities earned by Foreign Institutional Investors and the Bank for International Settlements.

The President promulgated the Income-tax (Amendment) Ordinance, 2026 to amend Schedule IV of the Income-tax Act, 2025 (IT Act). The Ordinance is deemed to have come into force on April 1, 2026.

The Ordinance inserts serial numbers 13D and 13E in Schedule IV to exempt the following income earned by a Foreign Institutional Investor (FII) and the Bank for International Settlements (BIS):

- interest on Government securities; and
- capital gains arising from the sale, exchange or transfer of Government securities.

The exemptions are subject to the FII or BIS furnishing information in the prescribed form and manner. For this purpose, an FII has the meaning assigned under Section 210(6)(a) of the IT Act, while "Government security" has the meaning assigned under Section 2(f) of the Government Securities Act, 2006. The amendment provides targeted tax relief to eligible institutional investors in respect of their investments in Indian Government securities, subject to prescribed reporting compliance.

Click here to read the Ordinance.

CBDT Guidelines for Compulsory Selection of Returns for Complete Scrutiny during Financial Year 2026–27, dated June 4, 2026

The Central Board of Direct Taxes prescribed the parameters and procedure for compulsory selection of income-tax returns for complete scrutiny during Financial Year 2026–27.

The Central Board of Direct Taxes (CBDT) issued guidelines under Section 536(2)(c) of the Income-tax Act, 2025 governing the compulsory selection of returns filed during Financial Year 2025–26 under the Income-tax Act, 1961.

The guidelines prescribe compulsory scrutiny for the following categories:

- cases involving surveys conducted under Section 133A, other than surveys under Section 133A(2A), on or after April 1, 2024;
- cases involving searches initiated under Section 132 or requisitions made under Section 132A on or after April 1, 2024;
- cases in which notices under Section 148 have been issued, subject to the procedural distinctions specified in the guidelines;
- entities claiming exemptions or deductions despite rejection, cancellation or withdrawal of the requisite registration or approval on or before March 31, 2025;
- recurring additions exceeding ₹50 lakh in the eight specified metropolitan charges or ₹20 lakh in other charges, where the earlier addition has become final or has been upheld in favour of the Revenue; and
- cases involving specific information concerning tax evasion received from a law-enforcement, investigation, intelligence or regulatory authority.

The guidelines allocate responsibility among jurisdictional assessing officers, the Directorate of Income-tax (Systems), the National Faceless Assessment Centre and the relevant administrative authorities. They also clarify that the statutory time limit for serving notices under Section 143(2) in respect of returns filed during Financial Year 2025–26 is June 30, 2026.

Click here to read the Ordinance.

INDIRECT TAX

Goods & Services Tax

Recent Case Laws:

Directorate General of Goods and Services Tax Intelligence (HQS) & Ors. v. Gameskraft Technologies Private Limited & Ors. [2026 INSC 595]

Supreme Court holds that online games involving monetary stakes constitute taxable supplies of actionable claims, irrespective of whether the underlying games predominantly involve skill or chance.

Once money or money's worth is staked upon an uncertain future outcome with an expectation of financial gain, the transaction acquires the character of betting and gambling for the purposes of the Goods and Services Tax (GST) framework, regardless of whether the underlying game involves skill or chance. The resulting contingent beneficial interest in the prize pool constitutes an actionable claim and may validly be treated as "goods" under Section 2(52) of the Central Goods and Services Tax Act, 2017 (CGST Act). Online gaming operators are suppliers of such actionable claims and not merely technological intermediaries. The entire stake amount constitutes consideration for the taxable supply, without deduction of the prize pool, winnings or payouts. Rule 31A of the Central Goods and Services Tax Rules, 2017 (CGST Rules), prescribing valuation based on the face value of bets, is a valid machinery provision, while the 2023 amendments introducing Rules 31B and 31C are clarificatory and retrospective.

In this case, the Directorate General of Goods and Services Tax Intelligence issued show cause notices to Gameskraft Technologies Private Limited and other online gaming operators, alleging that games such as rummy, poker and fantasy sports played for monetary stakes involved supplies of actionable claims in the nature of betting and gambling. The operators had classified their activities as platform services and discharged GST only on the platform fee or commission retained by them. The Karnataka High Court quashed the notices against Gameskraft, holding that games predominantly involving skill did not become gambling merely because stakes were involved. In the appeals and connected constitutional proceedings before the Supreme Court, the gaming companies contended that they merely facilitated contests between players, did not supply actionable claims and could not be taxed on amounts forming the prize pool. They also challenged Parliament's legislative competence, the validity of Rule 31A and the retrospective application of the 2023 amendments. The Revenue argued that staking money upon an uncertain outcome independently constituted betting and gambling and that the operators controlled the gaming architecture, collected stakes and distributed winnings.

Outcome: By judgment dated May 27, 2026, the Supreme Court allowed the Revenue's appeals, reversed the Karnataka High Court's judgment and rejected the constitutional and statutory challenges raised by the gaming industry. The Court held that Parliament was competent under Article 246A of the Constitution of India to tax supplies of actionable claims arising from betting and gambling and that the relevant taxable event was the supply created through organised staking, rather than the classification of the underlying game under penal gaming legislation. It upheld taxation on the entire stake amount and the validity of Rule 31A, and held that the 2023 amendments clarified the pre-existing position. The show cause notices and related proceedings were consequently revived for adjudication. In relation to casinos, the Court directed that valuation must conform to Rule 31C and left the correctness of computations, assumptions and allocations open for reconsideration by the respective adjudicating authorities.

Techno Waxchem Private Limited v. Union of India & Ors. [WPA 13772 of 2025]

Calcutta High Court holds that proceedings alleging contravention of Rule 96(10) cannot survive its unconditional omission without a saving clause.

Where a rule is omitted without an express saving provision, pending proceedings founded solely upon its alleged contravention lapse unless the transaction has become final and closed. Section 6 of the General Clauses Act, 1897, which preserves accrued liabilities upon repeal, applies to the repeal of a Central Act or regulation and not to the omission of a rule. Accordingly, once Rule 96(10) of the Central Goods and Services Tax Rules, 2017 (CGST Rules) was omitted, pending show cause notices, adjudication proceedings, non-final orders and appeals based on that rule could no longer continue.

In this case, the Assessee manufactured and exported chemical products and imported Resorcinol under Advance Authorisation licences without payment of Integrated Goods and Services Tax (IGST). It simultaneously exported finished goods on payment of IGST and obtained refunds aggregating to ₹6.28 crore for the period from October 2017 to March 2022.

The Department alleged that the Assessee had obtained a double benefit by claiming refund of IGST paid on zero-rated exports while availing exemption from IGST on imported inputs, contrary to Rule 96(10). A show cause notice was accordingly issued under Section 74 of the Central Goods and Services Tax Act, 2017 (CGST Act). Before adjudication, Rule 96(10) was omitted through Notification No. 20/2024-Central Tax. The Assessee contended that the omission extinguished the proceedings, while the Revenue argued that the omission operated prospectively because the refund and initiation of proceedings had occurred when the rule remained in force.

Outcome: By judgment dated May 22, 2026, the Calcutta High Court allowed the writ petition and quashed the order passed under Section 74(9) of the CGST Act. The Court found that the entire proceeding was founded on the alleged contravention of Rule 96(10) and held that, upon its omission without a saving clause, all pending proceedings based on that rule came to an end. It rejected the Revenue's contention that proceedings initiated before the omission remained valid and held that the adjudication order dated February 4, 2025, no longer survived. The Court directed that all consequential reliefs would follow and made no order as to costs.

Intertek India Pvt. Ltd. v. Assistant Commissioner of Central Taxes and Central Excise [W.P.(C) No. 30075 of 2024]

Kerala High Court holds that Input Service Distributor registration was not mandatory before April 1, 2025 and upholds the availment and cross-charge of input tax credit by the Kerala unit.

Before the amendment to Section 20 of the Central Goods and Services Tax Act, 2017 (CGST Act), distribution of input tax credit (ITC) through the Input Service Distributor (ISD) mechanism was optional and not the exclusive method for allocating credit among distinct persons. A registered person liable to pay tax under the reverse charge mechanism may claim ITC on the basis of a self-invoice issued under Section 31(3)(f), read with Section 16(2)(a) of the CGST Act and Rule 36 of the Central Goods and Services Tax Rules, 2017 (CGST Rules). The mandatory requirement to obtain ISD registration and distribute common input service credit exclusively through that mechanism was introduced prospectively with effect from April 1, 2025.

In this case, the Assessee's foreign parent supplied information technology support and infrastructure services to its Indian units between July 2017 and March 2019. Although the foreign supplier's invoices were addressed to the Assessee's Delhi corporate office, the Kerala unit paid the consideration, discharged Integrated Goods and Services Tax under the reverse charge mechanism, raised self-invoices and claimed ITC of ₹1.31 crore. Since the services were also used by the Assessee's branches in other States, the Kerala unit cross-charged the expenses and corresponding credit to those separately registered units. The Revenue alleged that the Kerala unit was not entitled to claim ITC because the foreign invoices were addressed to the Delhi unit and that the subsequent distribution of credit without ISD registration contravened the CGST Act.

Outcome: By judgment dated June 8, 2026, the Kerala High Court allowed the writ petition and quashed the impugned order to the extent it treated the ITC as ineligible and the cross-charge to other units as unlawful. The Court held that the Kerala unit qualified as the "recipient" under Section 2(93) because it had paid the consideration and discharged the reverse charge tax liability. It further held that the self-invoices issued under Section 31(3)(f), rather than the foreign supplier's invoices, constituted the relevant tax-paying documents for claiming ITC. The Court concluded that the unamended Section 20 did not mandate ISD registration and that the 2024 amendment, effective from April 1, 2025, introduced this requirement only prospectively. It also noted that the arrangement was revenue neutral and caused no loss to the exchequer. Accordingly, the demand and equal penalty imposed under Section 74 were declared legally unsustainable.

Ashish Tyagi v. Director General of GST Intelligence & Ors. [Habeas Corpus Writ Petition No. 509 of 2026]

Allahabad High Court declares an arrest under the Central Goods and Services Tax Act, 2017 illegal where the arrest documents lacked a mandatory Document Identification Number and failed to comply with prescribed safeguards.

An arrest under the Central Goods and Services Tax Act, 2017 (CGST Act) must strictly comply with the statutory and administrative safeguards governing arrest and detention. The grounds of arrest must be specifically communicated to the arrested person, and documents issued by the Central Board of Indirect Taxes and Customs (CBIC) authorities must bear a valid Document Identification Number (DIN) where mandated by the applicable departmental circular. An arrest memo must also record essential particulars, including the place of arrest, in accordance with the safeguards prescribed by the Supreme Court in D.K. Basu v. State of West Bengal. Non-compliance with these requirements renders the arrest and consequential detention illegal.

In this case, the Petitioner was arrested by officers of the Directorate General of Goods and Services Tax Intelligence (DGGI) in connection with alleged offences under Sections 132(1)(a), 132(1)(f) and 132(1)(i) of the CGST Act and was subsequently remanded to custody. He contended that the arrest memo did not specify the grounds of arrest or annex them to the memo but merely recorded that the grounds had been explained to him. He further alleged that several columns in the personal search memorandum were left blank, his signatures were obtained mechanically, the arrest memo did not disclose the place of arrest, and the purported grounds of arrest did not bear a CBIC-DIN. The Revenue filed a counter-affidavit but did not produce material rebutting these allegations or controvert the requirement that the relevant documents bear a DIN.

Outcome: By judgment dated May 29, 2026, the Allahabad High Court allowed the habeas corpus petition and declared the Petitioner's arrest and detention illegal. The Court held that the arrest memo violated the safeguards laid down in D.K. Basu v. State of West Bengal because it did not disclose the place of arrest and that the absence of a CBIC-DIN on the grounds of arrest contravened the applicable departmental circular and the mandate of law. It consequently directed the Petitioner's immediate release, while granting the Revenue liberty to initiate fresh proceedings strictly in accordance with law.

Mundeth Ply Boards v. State Tax Officer & Ors. [W.P.(C) No. 18982 of 2024; 2026:KER:34777]

Kerala High Court quashes best judgment assessments where the Revenue failed to establish service of the mandatory statutory notices.

A best judgment assessment under Section 62 of the Central Goods and Services Tax Act, 2017 (CGST Act) and the Kerala State Goods and Services Tax Act, 2017 (KSGST Act) cannot be sustained unless the taxpayer is first served with the prescribed notice and afforded the statutory opportunity to furnish returns. The Revenue must establish that the notice was served through one of the modes specified under Section 169 of the CGST Act. A mere recital in the assessment order that a notice had been issued does not prove its issuance or service, and an assessment passed without such service is null and void.

In this case, the Assessee, a plywood manufacturer, ceased business operations in September 2017 after migrating from the Kerala Value Added Tax regime to the Goods and Services Tax regime. It contended that it could not immediately cancel its registration because the proviso to Rule 20 of the Central Goods and Services Tax Rules, 2017, as then applicable, prohibited cancellation within one year of registration. The business premises were subsequently leased to another entity, which obtained a separate registration and regularly filed returns and paid tax. The Revenue nevertheless passed best judgment assessment orders for the period from February 2018 to February 2019 on the ground that the Assessee had failed to file returns despite notices. The Assessee challenged the orders, relying on screenshots of its Goods and Services Tax portal dashboard showing that no notices had been uploaded or served. The Revenue argued that the inability to cancel registration did not relieve the Assessee of its return-filing obligations.

Outcome: By judgment dated May 20, 2026, the Kerala High Court allowed the writ petition and quashed the assessment orders. The Court found that the Revenue had produced no document establishing that the statutory notices were issued or served through any mode prescribed under Section 169 of the CGST Act. It held that the references to notices in the assessment orders were insufficient to establish compliance with the mandatory procedural requirement. The Court directed the competent Assessing Officer to reconsider the matter after issuing fresh statutory notices under Section 62, if warranted, and directed the Assessee to appear before the Assessing Officer on June 18, 2026, since its registration had already been cancelled and portal access was unavailable.

Notifications/Circulars

GSTN Advisory on extension of timeline for mandatory Ship-to GSTIN and voluntary e-Way Bill closure functionalities, dated June 9, 2026

The Goods and Services Tax Network deferred implementation of the mandatory Ship-to GSTIN and voluntary e-Way Bill closure functionalities to August 1, 2026.

The Goods and Services Tax Network (GSTN) extended the implementation timeline for two e-Way Bill system changes: mandatory capture of the Ship-to Goods and Services Tax Identification Number (GSTIN) in Bill-to/Ship-to transactions and the voluntary closure of e-Way Bills after delivery.

The functionalities were originally scheduled to be implemented from June 15, 2026. Following representations from trade and industry regarding the time required for system modifications, testing, application programming interface and enterprise resource planning readiness, and master-data updates, GSTN deferred the implementation date to August 1, 2026.

Taxpayers, Goods and Services Tax Suvidha Providers, enterprise resource planning vendors and other system integrators should complete the necessary configuration, testing and operational preparations before the revised implementation date. Until August 1, 2026, the mandatory Ship-to GSTIN validation and voluntary closure facility will not operate in the production environment.

Click Here to Read the Circular.

CBIC Notification Nos. 26/2026-Central Excise to 29/2026-Central Excise, dated June 10, 2026

The Government prescribed nil rates of central excise duties and cesses on qualifying E22, E25, E27 and E30 ethanol-blended petrol.

The Central Government extended the existing central excise treatment applicable to ethanol-blended petrol to higher blends containing 22%, 25%, 27% and 30% ethanol. The measure prevents a second incidence of excise duty when duty-paid motor spirit and Goods and Services Tax-paid ethanol are blended to manufacture the specified products.

The notifications provide the following relief:
- Notification No. 26/2026-Central Excise prescribes nil Basic Excise Duty;
- Notification No. 27/2026-Central Excise prescribes nil Special Additional Excise Duty;
- Notification No. 28/2026-Central Excise prescribes nil Road and Infrastructure Cess; and
- Notification No. 29/2026-Central Excise prescribes nil Agriculture Infrastructure and Development Cess.

The benefit is subject to the prescribed proportions of motor spirit and ethanol, payment of the applicable duties or taxes on the constituent inputs, and conformity with Bureau of Indian Standards (BIS) Specification IS 19850. The notifications establish the necessary tax framework for higher ethanol blends but do not, by themselves, mandate or announce their commercial rollout.

Click Here to Read the Circular.

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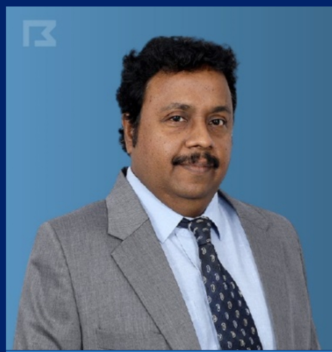

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