Tax
INFORM

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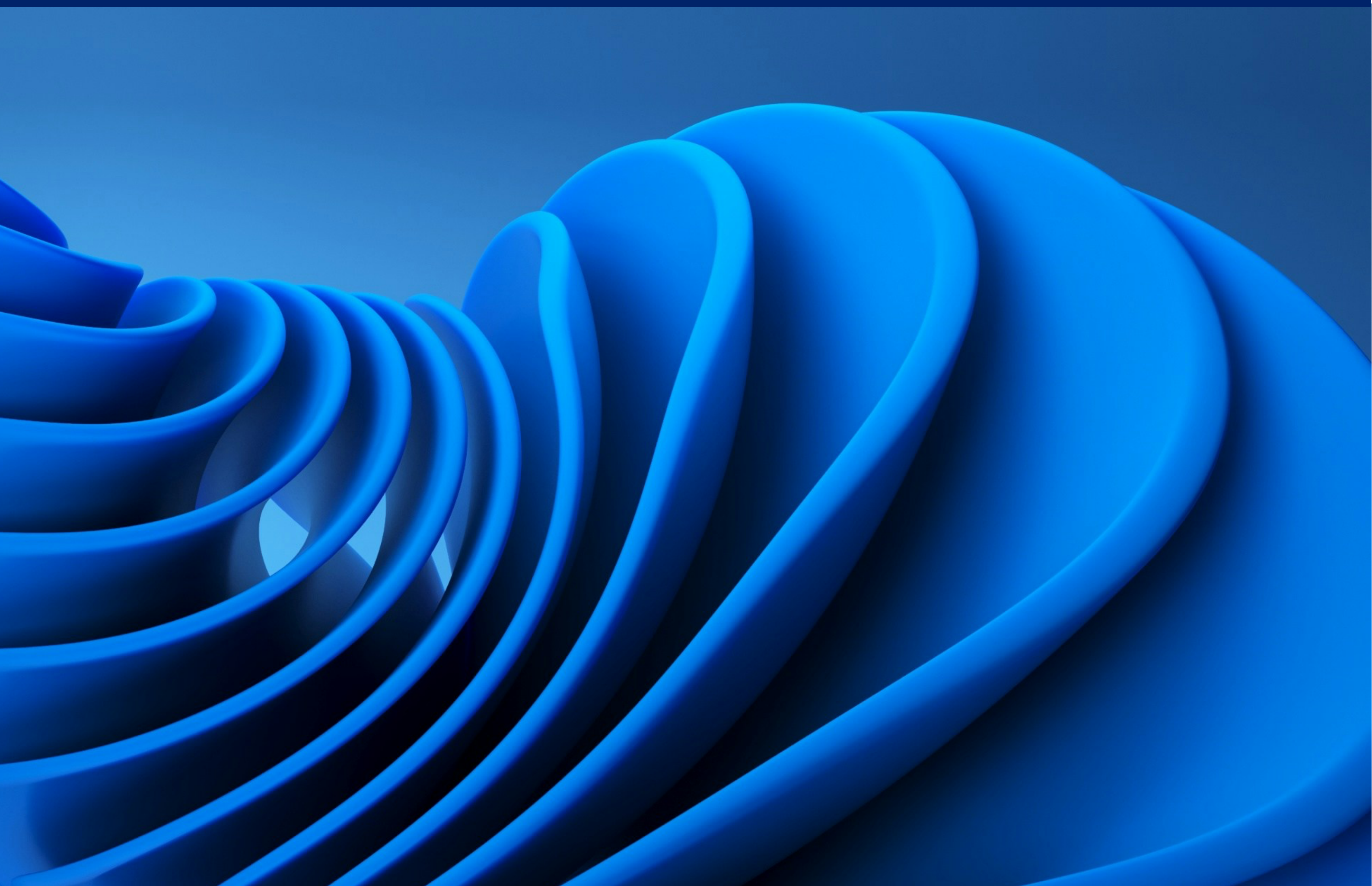

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DIRECT TAX

A. Recent Case Laws

Sudhakar Reddy Mettu v. Assistant Commissioner of Income Tax [Income Tax Tribunal Appeal No. 78 of 2025]

Telangana HC allows Section 54F exemption where the assessee invested the capital gains but the developer delayed completion and delivery of the residential property.

The Telangana High Court held that exemption under Section 54F of the Income-tax Act, 1961 (IT Act, 1961) cannot be denied merely because construction, possession or registration of the residential house was not completed within three years, where the assessee had invested the capital gains in the property and the delay was attributable to circumstances beyond the assessee's control. The Court held that Section 54F is a beneficial provision intended to encourage investment in residential property and must be construed liberally. The material requirement is investment of the consideration in the purchase or construction of a residential house, and not the completion of every consequential formality within the statutory period where the assessee has discharged all obligations within his control.

In this case, the Assessee, a non-resident individual, transferred his share in immovable property under a development agreement and earned long-term capital gains. Under the arrangement, the developer was required to construct and deliver a residential villa to the Assessee within thirty-six months. The Assessee claimed exemption under Section 54F on the basis that the capital gains had been invested in the villa. The Assessing Officer, the Dispute Resolution Panel (DRP) and the Income Tax Appellate Tribunal (ITAT) denied the exemption because construction had not been completed, possession had not been delivered and legal title had not been registered within three years. The Assessee contended that the delay arose from disputes between the developer's partners and was wholly beyond his control. The Revenue argued that construction was completed only several years later and that the Assessee had not taken adequate steps to compel timely completion.

Outcome: By judgment dated July 8, 2026, the Telangana High Court allowed the Assessee's appeal and set aside the ITAT's order. Relying on Commissioner of Income Tax v. C. Gopalaswamy [(2016) 384 ITR 307 (Karnataka)], the Court held that the Assessee had established that the capital gains were invested towards construction of the residential villa and could not be deprived of the exemption because of the developer's delay. The Court answered the substantial question of law in favour of the Assessee, held that the denial of exemption under Section 54F was arbitrary and illegal, and granted the Assessee the exemption, with no order as to costs.

Kattuputhur Srinivasaiyyengar Ramaswamy v. Assessment Unit, Income Tax Department & Ors. [W.P.(MD) Nos. 9187 and 9188 of 2026]

Madras HC quashes reassessment proceedings because the Section 148 notice was issued beyond the mandatory limitation period under Section 149(1).

The Madras High Court held that Section 149(1) of the Income-tax Act, 1961 (IT Act, 1961) imposes a mandatory outer limit for issuance of a reassessment notice under Section 148. The separate period available for passing an order under Section 148A(d) cannot extend this statutory ceiling. Where a notice under Section 148A(b) is issued shortly before expiry of limitation, only the periods specifically excluded or extended under the provisos to Section 149(1) may be considered while determining the last permissible date for issuing the Section 148 notice.

In this case, the Assessee had not filed a return for Assessment Year 2015-16. Based on information regarding cash deposits exceeding ₹1.42 crore, time deposits of ₹13 lakh and interest income, the Revenue issued a notice under Section 148A(b) on March 26, 2022, allowing seven days to respond. An order under Section 148A(d) and the consequential notice under Section 148 were issued on April 18, 2022. The reassessment was subsequently completed ex parte, determining tax liability of ₹53.44 lakh, followed by an equivalent penalty under Section 271(1)(c) and attachment of the Assessee's bank accounts. The Assessee contended that the Section 148 notice was barred by limitation and that the proceedings also violated the principles of natural justice. The Revenue argued that the order under Section 148A(d) could validly be passed within the separate period prescribed under that provision and that the reassessment notice was consequently within time.

Outcome: By judgment dated July 8, 2026, the Madras High Court allowed both writ petitions and quashed the notice under Section 148, the consequential reassessment order and the penalty order. The Court held that the six-year limitation period expired on March 31, 2022. After excluding the seven-day response period under the first proviso to Section 149(1) and applying the further seven-day extension under the fourth proviso, the outermost date for passing the Section 148A(d) order and issuing the Section 148 notice was April 9, 2022. The notice issued on April 18, 2022 was therefore time-barred. The Court also clarified that the Revenue's concession recorded in Union of India v. Rajeev Bansal [(2024) SCC OnLine SC 2693] arose in the specific context of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and was not independently applicable to the present case. The proceedings were quashed without costs.

Principal Commissioner of Income Tax & Anr. v. Shri Ravi Shankar Shetty [Income Tax Appeal No. 225 of 2021]

Karnataka HC holds that advances retained as liabilities cannot be treated as forfeited merely due to the passage of time and deletes the addition under Section 56(2)(ix).

The Karnataka High Court held that Section 56(2)(ix) of the Income-tax Act, 1961 (IT Act, 1961) applies only where money is received as an advance or otherwise during negotiations for the transfer of a capital asset, the amount is forfeited, and the negotiations do not result in the transfer of that capital asset. Since the provision uses the conjunction "and", each statutory condition must be cumulatively satisfied. The Court further held that mere efflux of time does not constitute forfeiture unless there is material establishing that the recipient has acquired an absolute right to retain the advance.

In this case, the Assessee was engaged in identifying, procuring and facilitating the acquisition of land for real estate projects. As of March 31, 2015, advances of ₹21.89 crore received principally from two entities for procuring land remained outstanding in the Assessee's books. The Assessing Officer added ₹21.11 crore under Section 56(2)(ix), reasoning that the amounts had effectively been forfeited because no refund had been claimed for nearly eight years and the Assessee had allegedly utilised the funds to acquire assets in his own name. The Commissioner of Income Tax (Appeals) upheld the addition, while the Income Tax Appellate Tribunal deleted it. The Assessee contended that the amounts were received for carrying out a land-procurement business activity, that the proposed lands constituted stock-in-trade rather than capital assets, and that the advances continued to be recognised as liabilities.

Outcome: By judgment dated July 8, 2026, the Karnataka High Court dismissed the Revenue's appeal and affirmed the Tribunal's order. The Court held that the amounts were not received during negotiations for transferring any capital asset belonging to the Assessee, but were entrusted to him for identifying and procuring land for the payers' business projects. It further held that the proposed land would constitute stock-in-trade, which is excluded from the definition of "capital asset" under Section 2(14) of the IT Act, 1961. Since the advances continued to be reflected and confirmed as liabilities, the Court rejected the Revenue's contention that the passage of eight years amounted to virtual forfeiture. The substantial questions of law were answered in favour of the Assessee, and the appeal was dismissed without costs.

Sun Aero Ltd. v. Principal Commissioner of Income Tax [ITA 527/2017]

Delhi HC quashes a block assessment because the Assessing Officer failed to issue the mandatory notice under Section 143(2) and relied on material gathered after the search.

The Delhi High Court held that issuance of a notice under Section 143(2) of the Income-tax Act, 1961 (IT Act, 1961) is a mandatory jurisdictional requirement where a block assessment is completed under Section 158BC read with Section 143(3), and that such notice must be issued within one year from the date on which the block return is filed. Failure to issue such notice is not a curable procedural irregularity and invalidates the block assessment. The Court further held that proceedings under Chapter XIV-B must be founded on undisclosed income detected through material unearthed during the search. Material subsequently collected through post-search investigation or regular assessment proceedings cannot independently sustain a block assessment. Jurisdictional questions of law may be raised at any stage, including before the High Court, even if they were not formally raised before the lower appellate authority.

In this case, the Assessee had received ₹21 crore upon transferring certain development rights to its holding company and claimed exemption under Section 47(v), which was accepted in the original scrutiny assessment under Section 143(3). Following a search conducted in 2000, the Assessing Officer initiated block assessment proceedings under Section 158BC on the ground that the Assessee was not a wholly owned subsidiary and added the ₹21 crore as undisclosed income. The Commissioner of Income Tax (Appeals) annulled the addition, and the Income Tax Appellate Tribunal initially dismissed the Revenue's appeal. After an earlier remand by the High Court, the Tribunal allowed the Revenue's appeal but declined to consider the Assessee's jurisdictional objections because no cross-appeal had been filed. Before the High Court, the Assessee contended that no notice under Section 143(2) had been issued and that the assessment was based on material gathered after the search. The Revenue argued that these objections could not be raised at that stage, but could not produce any Section 143(2) notice.

Outcome: By judgment dated July 8, 2026, the Delhi High Court allowed the Assessee's appeal and quashed the block assessment order and the Tribunal's order. Relying on Assistant Commissioner of Income Tax v. Hotel Blue Moon [(2010) 3 SCC 259] and Principal Commissioner of Income Tax v. Silver Line [(2016) 383 ITR 455 (Delhi)], the Court held that no notice under Section 143(2) had been issued during the Section 158BC proceedings and that the assessment was based on material collected after the search rather than evidence found during it. The first two substantial questions of law were answered in favour of the Assessee. Since the assessment was annulled on jurisdictional grounds, the Court expressly left open the third question concerning the substantive applicability of Sections 45 and 47(v).

Commissioner of Income Tax (International Taxation)-1, New Delhi v. Ernst and Young U.S. LLP [ITA Nos. 423, 424, 715, 753 and 760 of 2025]

Delhi HC holds secondment reimbursements taxable as FTS and remands other service receipts for fresh examination.

The Delhi High Court held that amounts received by a foreign entity towards the cost of seconded employees may constitute fees for technical services under Section 9(1)(vii) of the Income-tax Act, 1961 (IT Act, 1961) and fees for included services under Article 12 of the India-United States Double Taxation Avoidance Agreement (India-US DTAA), notwithstanding that the payments are described as cost-to-cost reimbursements without any mark-up. The taxability depends on the substantive employment relationship and the nature of services rendered. Where the foreign entity retains the employees' lien, employment relationship and overarching control, and the secondees impart training or transfer technical knowledge, skills, experience or processes that the Indian recipient can subsequently use independently, the "make available" requirement under Article 12(4)(b) is satisfied.

In this case, Ernst and Young U.S. LLP (EY US) seconded personnel to three Indian Ernst and Young entities for Assessment Years 2018-19 to 2022-23. The Indian entities exercised day-to-day supervision and deducted tax from the secondees' salaries, while EY US initially paid certain salary, social security and related costs that were reimbursed without a mark-up. The Assessing Officer and the Dispute Resolution Panel treated the reimbursements as fees for technical services, observing that the assignments were temporary, the employees returned to EY US, continued to receive overseas employment benefits and imparted training and group processes to the Indian entities. They also taxed specified receipts for services rendered to Indian clients from the United States, while granting the benefit of Article 12(5)(e) to receipts classified as professional services. The Income Tax Appellate Tribunal (ITAT) deleted the additions, holding that the secondees were employees of the Indian entities, the receipts were mere reimbursements and the services did not satisfy the "make available" test.

Outcome: By judgment dated June 18, 2026, the Delhi High Court set aside the ITAT's orders. Applying Centrica India Offshore Pvt. Ltd. v. Commissioner of Income Tax, the Court held that the secondees never ceased to be employees of EY US, which retained their employment lien and overarching control. It further held that their responsibilities, including training, implementation of group policies and maintenance of quality standards, transferred technical knowledge and skills to the Indian entities and therefore satisfied the "make available" test. The question concerning secondment reimbursements was answered in favour of the Revenue, and ITA No. 423 of 2025 was allowed. As regards the remaining receipts for services rendered to Indian clients, the Court held that the ITAT had failed to distinguish between services already accepted by the Assessing Officer as exempt professional services and those classified as technical or consultancy services. Those issues were remanded to the ITAT for reconsideration and a reasoned decision after examining the complete record.

Notifications/Circulars

Central Board of Direct Taxes (CBDT) Office Memorandum F. No. 370149/107/2026-TPL, dated July 6, 2026

CBDT clarifies the statutory framework governing proceedings, approvals and enforcement actions during the transition from the Income-tax Act, 1961 to the Income-tax Act, 2025.

The CBDT issued 23 Frequently Asked Questions (FAQs) addressing the operation of the repeal and savings provisions under Section 536 of the Income-tax Act, 2025 (IT Act, 2025), which came into force on April 1, 2026. The FAQs clarify that the applicable enactment ordinarily depends upon the tax period to which the proceeding relates, the date on which the underlying action was initiated and the specific savings provision governing the matter.

The principal clarifications include:

- Summons and information requests relating exclusively to periods before April 1, 2026 may be issued under Sections 131 and 133(6) of the Income-tax Act, 1961 (IT Act, 1961), read with Section 536 of the IT Act, 2025. For Tax Year 2026-27 onwards, the corresponding powers under Sections 246 and 252 of the IT Act, 2025 apply.

- Searches or requisitions initiated before April 1, 2026, including connected post-search proceedings, continue under the IT Act, 1961. Searches initiated on or after that date are governed by the IT Act, 2025.
- Provisional attachment, directors' liability, penalties, prosecution and retention of books are generally governed by the enactment applicable to the assessment, default, search or other underlying action.
- Existing registrations and approvals under Sections 12AB and 80G of the IT Act, 1961 remain valid. Pending applications seeking benefits from Tax Year 2026-27 onwards may be administratively processed under the corresponding provisions of the IT Act, 2025.
- Lower Deduction Certificate and No Deduction Certificate applications relating to Tax Year 2026-27 are to be processed under the IT Act, 2025, including applications filed before March 31, 2026 but pending on April 1, 2026.
- Recovery of demands pertaining to periods before April 1, 2026 is enabled under both enactments in accordance with the applicable savings provisions.

The FAQs provide an operational framework for determining the correct statutory provision during the transition. Tax authorities and taxpayers must identify the period to which the proceeding relates, the date of initiation of the underlying action and the nature of the relief or enforcement measure before applying the corresponding provision of either enactment. Existing rights, approvals and proceedings are preserved to the extent specifically provided under Section 536 of the IT Act, 2025.

Click Here to Read the Office Memorandum.

Central Board of Direct Taxes Notification No. 85/2026, dated July 15, 2026

The Central Government notified 384 as the Cost Inflation Index for Financial Year 2026-27.

In exercise of the powers conferred by Section 72(8)(a) of the Income-tax Act, 2025 (IT Act, 2025), the Central Government notified the Cost Inflation Index (CII) for Financial Year 2026-27, revised upward from 376 for Financial Year 2025-26.

The notification specifies the CII as follows:

Financial Year 2026-27: 384

The notified index applies to Tax Year 2026-27 with effect from April 1, 2026, and to subsequent tax years. Taxpayers must use the notified CII for indexation-based computations under the IT Act, 2025, wherever the relevant provision permits indexation. Indexation is, however, now available only in limited cases — principally certain transfers of land or buildings acquired before July 23, 2024 — and eligibility should therefore be confirmed before the index is applied.

Click Here to Read the Notification.

INDIRECT TAX

Goods & Services Tax

Recent Case Laws:

M/s Jai Ganesh Enterprise v. Union of India & Ors. [R/Special Civil Application No. 9269 of 2026]

Gujarat HC holds that State Goods and Services Tax officers may exercise powers under the Integrated Goods and Services Tax Act without a separate Central Government notification.

The Gujarat High Court held that Section 4 of the Integrated Goods and Services Tax Act, 2017 (IGST Act) directly authorises officers appointed under the State Goods and Services Tax enactments to act as proper officers under the IGST Act. A separate notification from the Central Government is necessary only if exceptions or conditions are to be imposed upon such authorisation. The Court further held that where an order under the IGST framework is passed by a State tax officer, the appellate remedy lies before the State appellate authority under Section 107 of the corresponding State Goods and Services Tax enactment.

In this case, the Petitioner, a registered dealer in pan masala and tobacco, challenged a confiscation order in Form GST MOV-11 dated March 27, 2026 and a summary order in Form GST DRC-07 dated April 24, 2026 confirming a demand of ₹88.69 lakh in respect of goods intercepted during inter-State transit. Although the quantity of goods matched the invoices and e-way bills, the authorities alleged that the accompanying documents had already been used for an earlier movement of goods. The Petitioner contended that Gujarat Goods and Services Tax officers lacked jurisdiction to exercise powers under Sections 129 and 130 of the Central Goods and Services Tax Act, 2017 (CGST Act), as applied through Section 20 of the IGST Act, in the absence of a specific Central Government notification granting cross-empowerment. It further argued that no effective appellate remedy was available against an order passed under the IGST Act. The Revenue contended that Section 4 itself conferred the requisite authority and that the Petitioner could appeal under the Gujarat Goods and Services Tax Act, 2017 (GGST Act).

Outcome: By judgment dated July 13, 2026, the Gujarat High Court dismissed the writ petition on the ground that an effective alternative remedy was available. The Court held that Section 4 of the IGST Act creates a direct statutory authorisation in favour of State tax officers and that the Gujarat Commissioner of State Tax had validly assigned functions to proper officers through the order dated June 23, 2017. Relying on decisions of the Punjab and Haryana, Calcutta and Madhya Pradesh High Courts, it rejected the contention that a further notification was necessary. Since the impugned orders had been passed by State tax officers, the Court held that the Petitioner could file an appeal before the State appellate authority under Section 107 of the GGST Act.

M/s Pokala Malleswara Reddy v. Commercial Tax Officer & Ors. [Writ Petition No. 10090 of 2026 (T-RES)]

Karnataka HC quashes Section 74 proceedings because the show cause notice contained no allegation of fraud, wilful misstatement or suppression of facts.

The Karnataka High Court held that an allegation of fraud, wilful misstatement or suppression of facts is a jurisdictional prerequisite for initiating proceedings under Section 74 of the Central Goods and Services Tax Act, 2017 (CGST Act) and the corresponding State enactment. A show cause notice that does not allege any circumstance from which fraud or deliberate suppression may be inferred cannot confer jurisdiction upon the adjudicating authority under Section 74.

In this case, the Petitioner was called upon to explain a mismatch between input tax credit reflected in Forms GSTR-3B and GSTR-2A for the period from April 2019 to March 2020. After the Petitioner's representative failed to submit a response, the Department issued a show cause notice in Form GST DRC-01 on September 30, 2025 and initiated proceedings under Section 74. The Petitioner contended that the notice contained no allegation of fraud, wilful misstatement or suppression and that Section 74 had been invoked merely to overcome limitation, particularly since proceedings for the subsequent financial year had been initiated under Section 73. The Revenue was unable to dispute that the show cause notice was silent on the jurisdictional ingredients required under Section 74.

Outcome: By order dated June 17, 2026, the Karnataka High Court allowed the writ petition and quashed the adjudication order passed under Section 74(9) and its summary in Form GST DRC-07, both dated February 24, 2026. The Court held that the complete absence of any imputation of fraud or deliberate suppression in the show cause notice deprived the adjudicating authority of jurisdiction to proceed under Section 74. Although the Court noted that the Petitioner's representative had undertaken to submit documents but failed to do so, it concluded that the proceedings could not be sustained due to the foundational jurisdictional defect.

Fanmade11 Fantasy Sports Private Limited v. Union of India & Ors. [Writ Petition (Civil) No. 153 of 2026]

SC directs online gaming Goods and Services Tax disputes to proceed through statutory adjudication and appellate remedies following its decision in Gameskraft.

The Supreme Court, disposing of the petitions without deciding the merits, indicated that challenges to show cause notices concerning Goods and Services Tax (GST) liability of online gaming and fantasy sports operators should ordinarily proceed through the statutory adjudication and appellate mechanism. Following its decision in Directorate General of Goods and Services Tax Intelligence v. Gameskraft Technologies Private Limited (Civil Appeal Nos. 8241–8244 of 2026, decided on May 27, 2026), the Court declined to examine such challenges on merits at the show cause notice stage and required affected taxpayers to first participate in adjudication and, if aggrieved by the final assessment, avail the statutory appellate remedy.

In this case, the Petitioner invoked the Supreme Court's jurisdiction under Article 32 of the Constitution of India to challenge a show cause notice (SCN) relating to its online fantasy sports operations and sought a stay on the adjudication proceedings. In a connected writ petition, another online gaming operator challenged an SCN and the relevant valuation rule and notifications. Although the Court had earlier directed that no coercive steps be taken in that matter, the Assessing Officer completed the adjudication and determined a tax liability of ₹6.3 crore. The petitioners sought direct interference from the Supreme Court instead of pursuing the remedies available under the GST enactments.

Outcome: By order dated July 13, 2026, the Supreme Court disposed of both writ petitions without adjudicating the substantive tax issues. In the Petitioner's case, the Court directed it to appear before the Assessing Officer and permitted it to file a statutory appeal if an adverse final assessment order was passed. In the connected petition, since a final assessment order had already been issued, the Court granted the petitioner four weeks to file an appeal and permitted it to raise all available contentions, including those concerning revaluation and pre-deposit, before the appellate authority. All pending applications were also disposed of.

M. M. Motors & Anr. v. The Senior Joint Commissioner of Revenue, Berhampore Circle, WBGST & Ors. [WPA 8929 of 2025]

Calcutta HC upholds an adjudication order digitally issued within limitation despite its subsequent upload on the Goods and Services Tax portal after the prescribed period.

The Calcutta High Court held that the expressions "issue" and "service" perform distinct functions under Section 73 of the Central Goods and Services Tax Act, 2017 (CGST Act) and the West Bengal Goods and Services Tax Act, 2017 (WBGST Act). The statutory limitation under Sections 73(9) and 73(10) applies to the issuance of the adjudication order and not to its service. An order validly authenticated and issued within the prescribed period does not become time-barred merely because it is communicated or uploaded subsequently. However, the order becomes enforceable, and the period for filing an appeal commences, only upon its service in accordance with Section 169.

In this case, the proper officer issued a show cause notice for Financial Year 2018-19 on December 20, 2023 and digitally signed the adjudication order under Section 73(9) on April 30, 2024, which was the last date of the limitation period as extended by notifications issued under Section 168A of the CGST Act. The order and its summary in Form GST DRC-07 were uploaded on the common portal on May 1, 2024. The Petitioners filed a statutory appeal, which resulted in modification of the demand, but subsequently challenged the adjudication proceedings on the jurisdictional ground that the order had not been uploaded or served within limitation. They contended that an order is not completely issued until it is communicated to the taxpayer and that uploading under Rule 142(5) was integral to its validity. The Revenue submitted that digital authentication completed the issuance of the order within limitation and that Section 169 separately governed its service.

Outcome: By judgment dated July 13, 2026, the Calcutta High Court dismissed the writ petition. The Court held that Section 73 consciously uses "issue" in relation to notices and adjudication orders while separately prescribing the modes of "service" under Section 169. It found that the digitally authenticated order had been issued within limitation and that its upload on the following day did not render it void. The Court clarified that issuance completes the adjudicatory function, whereas service communicates the order, makes it enforceable and triggers consequential remedies. The writ petition was dismissed without costs.

Ashok Parakh, M/s Ganapati Exports v. The State of West Bengal & Ors. [WPA 2425 of 2025]

Calcutta HC sets aside an ex parte assessment because the notices and order were displayed under the incorrect tab on the Goods and Services Tax portal.

The Calcutta High Court held that a taxpayer cannot be penalised for failing to participate in adjudication proceedings where the pre-show cause notice, show cause notice and adjudication order were displayed under the "Additional Notices/Orders" tab instead of the "Notices/Orders" tab prescribed in the Goods and Services Tax portal manual and frequently asked questions. Where the portal configuration creates a bona fide impression that no proceedings are pending, an ex parte assessment passed without effective notice violates the taxpayer's right to participate in the adjudication.

In this case, the Petitioner challenged an ex parte adjudication order dated August 17, 2024 passed under Section 73 of the West Bengal Goods and Services Tax Act, 2017 (WBGST Act), together with the appellate order dated September 16, 2025 dismissing its statutory appeal. The Petitioner regularly monitored the "Notices/Orders" tab but did not see the relevant communications because they were reflected under the separate "Additional Notices/Orders" tab. It discovered the assessment nearly a year later and filed an appeal after depositing ten per cent of the disputed tax, amounting to ₹2.52 lakh. The Revenue admitted that notices and orders issued through the tax officers' interface were displayed under the "Additional Notices/Orders" tab on the taxpayers' interface because of the portal design and that the separate tab was subsequently removed with effect from February 6, 2026 after the Goods and Services Tax Network (GSTN) became aware of the issue.

Outcome: By order dated July 7, 2026, the Calcutta High Court set aside the assessment order and the appellate order. The Court held that the Petitioner was under a bona fide impression that no notice or assessment order had been issued and could not be held responsible for the portal-related technical defect. The Revenue was granted liberty to issue a fresh notice and recommence adjudication within one month, with the limitation period commencing from the date of the fresh notice. The writ petition was accordingly disposed of.

Notifications/Circulars

Central Board of Indirect Taxes and Customs Circular No. 255/01/2026-GST, dated June 25, 2026

The Central Board of Indirect Taxes and Customs clarified how pending Goods and Services Tax proceedings must be handled when a taxable person migrates from one jurisdiction to another.

The Central Board of Indirect Taxes and Customs (CBIC) issued the circular to clarify the validity and continuation of proceedings under the Central Goods and Services Tax Act, 2017 (CGST Act) where the jurisdiction of a registered taxable person changes because of a change in its principal place of business. The governing principle is that jurisdiction must be determined as on the date when the relevant statutory power was exercised. A subsequent transfer of jurisdiction does not retrospectively invalidate an action validly taken by the erstwhile jurisdictional authority.

The circular provides that:

- Any investigation, audit, show cause notice, adjudication order, review order, appeal or other proceeding validly initiated or concluded by the transferor jurisdictional authority remains valid after migration.
- The transferee jurisdictional authority must take over pending proceedings from the stage at which they stood on the date of migration and complete all further or consequential actions.
- The transferor jurisdictional authority cannot initiate or continue any action after the taxable person has migrated. Any subsequent issue noticed by it must be communicated to the transferee authority.
- The transferee authority is competent to implement earlier orders and directions, conduct or defend proceedings, and file appeals before the appellate authority or the Goods and Services Tax Appellate Tribunal.

The clarification ensures continuity of proceedings while preventing simultaneous or competing exercise of jurisdiction. Taxpayers undergoing jurisdictional migration should therefore engage with the transferee authority for all actions arising after migration, even where the underlying investigation or proceeding was commenced by the former authority.

Click Here to Read the Circular.

Central Board of Indirect Taxes and Customs Circular No. 30/2026-Customs, dated July 3, 2026

The Central Board of Indirect Taxes and Customs clarified that customs drawback or refund relating to import duty paid through duty credit scrips must be granted through re-credit and not in cash.

The Central Board of Indirect Taxes and Customs (CBIC) issued the circular to address divergent practices followed by Customs field formations while granting drawback under Section 74 or refund under Section 27 of the Customs Act, 1962, where the import duty had been paid wholly or partly through duty credit scrips. While certain authorities were granting re-credit or issuing re-credit certificates, others were granting the admissible amount in cash.

The circular clarifies that:

- Where import duty was paid through Remission of Duties and Taxes on Exported Products (RoDTEP) or Rebate of State and Central Taxes and Levies (RoSCTL) scrips, the admissible drawback or refund must be re-credited to the electronic credit ledger of the Importer Exporter Code (IEC) holder. The re-credited amount may thereafter be used to generate electronic scrips in accordance with Notification No. 75/2021-Customs (N.T.) dated September 23, 2021.
- The Directorate General of Systems is developing the necessary functionality on the Customs Automated System and will issue a separate advisory once the module is operational.

- Where duty was paid through scrips issued under legacy schemes such as the Merchandise Exports from India Scheme (MEIS) or Service Exports from India Scheme (SEIS), and electronic re-credit is not feasible, the Customs authority must issue a re-credit certificate for revalidation of the duty credit scrip by the Directorate General of Foreign Trade (DGFT).

The clarification standardises the treatment of drawback and refund claims involving duty credit scrips and prevents conversion of non-cash duty credits into cash refunds. Importers seeking drawback or refund must therefore identify the scrip through which the original duty was discharged and follow the prescribed re-credit or revalidation mechanism.

Click Here to Read the Circular.

Goods and Services Tax Appellate Tribunal Order No. 156/2026, dated July 10, 2026

GSTAT introduced a token-generation mechanism that allows appellants to record their intention to file an appeal by July 31, 2026 and complete the filing within 60 days thereafter.

The GSTAT noted that its electronic filing portal for appeals under Section 112 of the Central Goods and Services Tax Act, 2017 (CGST Act) had been operational since September 24, 2025. Since the extended deadline for filing appeals under Sections 112(1) and 112(3) was July 31, 2026, the mechanism was introduced to facilitate timely filing and address practical difficulties in completing the entire electronic appeal process before the deadline.

Under the mechanism:

- An appellant may submit the prescribed minimum particulars and generate a token on or before July 31, 2026.
- Generation of the token records the appellant's intention to file the appeal within the prescribed deadline.
- The complete appeal must thereafter be filed within 60 days from the date on which the token is generated.

The mechanism was introduced under Rule 123 of the Goods and Services Tax Appellate Tribunal (Procedure) Rules, 2025 pursuant to directions of the President of GSTAT.

The Order provides transitional relief to appellants who may be unable to complete the full electronic filing process by July 31, 2026. Such appellants should generate and retain the token within the deadline and ensure that the complete appeal, including the prescribed documents and particulars, is filed within the subsequent 60-day period.

Click Here to Read the Order.

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