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NEWSLETTER

Vol: 4 Issue: 5 August 2026

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From the Desk of the Director

Dear All,

The Government aims at the simplification of tax laws and administration thereof. As press reports, the Central Board of Indirect Taxes and Customs (CBIC) is planning a phased transition to a faceless Goods and Services Tax (GST) system, targeting refunds, registration, and assessments to reduce direct physical interface between taxpayers and tax officers.

Key highlights of phased rollout plan is as follows.
Faceless Refunds: In the initial phase, focus would be on making GST refunds completely digital and faceless, aiming for full implementation within six months.
Faceless Registration: CBIC is examining the possibility of introducing faceless GST registration for businesses operating exclusively through e-commerce platforms.
Faceless Assessments: CBIC proposes mirroring the faceless model adopted under the Income Tax regime for completely virtual and anonymous GST assessments.
According to sources, the proposed reforms aim to improve transparency, reduce physical interaction with tax authorities, and accelerate the processing of GST-related matters.

If the proposals receive the GST Council's approval, they could represent one of the most significant administrative reforms under the GST regime since its introduction, further aligning India's indirect tax system with digital governance initiatives.
Another important proposal for consideration by the GST Council is protecting genuine buyers from losing their Input Tax Credit (ITC) when suppliers fail to deposit the collected GST with the government. This proposal seeks to address a long-standing concern faced by businesses. The proposed change would shift the focus towards safeguarding bona fide taxpayers who have fulfilled their obligations.

We shall keep you updated on further developments.
Warm regards,

Sunil Nair

Director

NEWS

MCTC Seeks GSTAT Appeal Deadline Extension as Portal Glitches Hinder Filing

The Malad Chamber of Tax Consultants (MCTC) has submitted a representation to the Union Finance Minister seeking an extension of the statutory deadline for filing GSTAT appeals under Section 112 of the CGST Act, 2017 from 30 June 2026 to 31 December 2026.

The representation acknowledges the Government's efforts in operationalising the GST Appellate Tribunal but highlights practical difficulties arising from the newly launched GSTAT e-filing portal.

It points to a mismatch between the extension of relaxed scrutiny guidelines until 31 December 2026 and the unchanged filing deadline of 30 June 2026.

The representation cites persistent portal issues such as payment failures, Digital Signature and Aadhaar authentication errors, document upload restrictions, temporary ID generation problems, and system instability affecting over 4.8 lakh backlog appeals.
It warns that failure to extend the deadline may lead to widespread writ petitions, increased judicial burden, and denial of taxpayers' statutory appellate remedy. It also seeks interim manual filing or a ticket-

generation mechanism for portal-related filing failures.

(Source Representation Dated 26.06.2026)

Who is accountable if AI gets the law wrong? Supreme Court's warning sparks debate

The use of Artificial Intelligence (AI) is increasingly becoming common in the legal profession, with lawyers, law firms and even courts using it for research, drafting and administrative tasks. While AI promises greater efficiency, it has also sparked concerns about inaccurate or "hallucinated" outputs making their way into judicial proceedings.

The debate has gained urgency after the Supreme Court recently cautioned against the use of AI-generated material in courts while setting aside orders of the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT), which had relied on fake, AI-generated judgments.
The top court's intervention has triggered a wider debate — not on whether AI should be used, but how far its role should extend.

(Source: Indian Express Dated 4th July 2026)

Tamil Nadu Launches Virtual GST Hearings and Automated Refund Allocation Across State from 9 July 2026

The Commercial Taxes Department will introduce virtual personal hearings for taxpayers at its 15 appellate offices from July 9 and has also introduced a computer-based random allocation system for GST refund applications to improve transparency and speed up refund processing.

There are 338 assessment circles in the Commercial Taxes Department across the State, with 12.4 lakh registered traders under the GST Act. If any discrepancies are found in the GST returns filed by taxpayers, notices are issued to them after detailed scrutiny. This is followed by a personal hearing notice.

Under the present system, taxpayers are required to appear in person before the jurisdictional assessing officer to provide their explanation. So far, notices and personal hearings have been issued in 58,000 cases. To simplify the process and safeguard the interests of traders, guidelines have been issued for conducting personal hearings through virtual mode to ensure transparency and fairness, an official release said.
The virtual hearing facility will particularly benefit traders who are unable to appear in person due to various reasons, including those located in remote areas, by enabling them to participate in proceedings within the stipulated time. The virtual hearing system will be implemented in 15 appellate offices from July 9, the release said.

Further, to ensure transparency and eliminate bottlenecks, guidelines have been issued to disburse GST refunds promptly. During the previous financial year, the department disbursed around ₹5,000 crore as refunds, the majority of which related to unutilised Input Tax Credit (ITC) on exports. Such refund applications will now be allocated through a computer-based random system to any assessing officer within the concerned division to streamline the refund process and avoid delays, the release added.

(Source: The Hindu Dated July 08, 2026)

LEGAL UPDATE

Department of Commerce takes a step towards greater clarity in SEZ Authorised Services

In a significant move to simplify compliance and improve consistency, the Department of Commerce, Government of India, has initiated the alignment of the Default List of Authorised Services for SEZ units with the corresponding GST Service Accounting Codes (SAC Codes).

Through its communication dated 1 July 2026, the Department has circulated a draft mapping of the existing default authorised services with GST SAC Codes and has invited suggestions from all Zonal Development Commissioners for:
- Inclusion of any additional SAC Codes under existing service categories.
- Addition of new service categories, wherever required.

This initiative is expected to:
- Bring greater clarity in identifying authorised services.
- Reduce interpretational issues while claiming SEZ benefits.
- Ensure better alignment between SEZ regulations and the GST framework.
- Facilitate smoother compliance for SEZ developers and units.

The draft mapping covers a wide range of services, including:
• Banking & Financial Services
• Information Technology Services
• Legal, Accounting & Professional Services
• Management Consultancy
• Engineering & Architectural Services
• Construction & Infrastructure Services
• Logistics & Transportation
• Business Support Services
• Advertising & Marketing
• Security, Cleaning, Storage, Travel and several other service categories.

This is a welcome step towards harmonising India's indirect tax and SEZ regulatory ecosystem, making compliance more transparent and efficient for businesses operating in SEZs.

(Source: DoC Letter No. K-4302 2n 312023-5 EZ Dated 1st July 2026)

SEZ Compliance Update | APR Due Date Extended

The Ministry of Commerce & Industry has notified the Special Economic Zones (Second Amendment) Rules, 2026, bringing welcome relief for SEZ Units.

Key Changes:

Export Proceeds Realisation Period Extended - The time limit under Form H has been increased from 180 days to 9 months.

Annual Performance Report (APR) Timeline Extended - The due date for submission of the Annual Performance Report (APR) has been shifted from the Second Quarter to the Third Quarter of the financial year. Revised Due Date: 31 December

This amendment provides much-needed operational flexibility while maintaining compliance under the SEZ framework.

(Source: Notification Dated 9th July, 2026 issued by the Ministry of Commerce and Industry)

Standardization of sealing procedure / or uniform acceptance export containers of SEZ at all gateway ports

As at preset, SEZ units are facing difficulties at gateway ports due to non-uniform export container sealing practices leading to operational challenges for trade.
Going forward, only RFID seal on SEZ export containers covered under valid LEOs, in terms of CBIC Circular No. 41/2017-Cus. dated 30.10.2017, without insistence on

additional sealing requirements, for uniform acceptance at all gateway ports.

(Source: No. K-4302 21 1 82t2025-SEZ Dated 22nd July 2026)

RBI Introduces Unified Export Declaration Form (EDF) Framework under FEMA 2026

The Reserve Bank of India (RBI), through Notification No. FEMA 23(R)/2026-RB dated January 13, 2026, has notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, effective from 1 October 2026. The Regulations introduce a unified Export Declaration Form (EDF) for reporting exports of goods, services, and software under FEMA.

The EDF replaces separate reporting mechanisms, including the Shipping Bill and SOFTEX, with a single declaration process aimed at simplifying compliance, reducing duplication, and strengthening the role of Authorised Dealer (AD) Banks. Service exporters may file one consolidated monthly EDF within 30 days from the end of the month in which invoices are raised. Although the Regulations continue to recognize STPI as a Specified Authority for software exports from the DTA, the introduction of the EDF is expected to replace the existing SOFTEX reporting mechanism. The operational role of STPI under the new framework remains subject to further guidelines.

The Regulations also prescribe a 15-month timeline for realization and repatriation of export proceeds for goods and services, with AD Banks empowered to grant extensions in genuine cases.
The change from SOFTEX to Export Declaration Form (EDF) is one of the key reforms under the new Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, issued by the RBI.

(Source: RBI Notification No. FEMA 23(R)/2026-RB dated January 13, 2026)

CASE LAW

GST ITC Cannot Be Denied for Retrospective Cancellation of Supplier's Registration

The petitioner - Fathima Traders, challenged the orders primarily on the ground that its supplier was a registered GST dealer on the dates when the transactions took place. The petitioner contended that ITC had been denied solely because the supplier's GST registration was cancelled retrospectively with effect from 01.07.2017.

Relying on an earlier judgment of the High Court, it argued that retrospective cancellation of a supplier's registration alone cannot justify denial of ITC.
The Court referred to its earlier decision, which held that while a purchaser may be required to establish that the supplier existed at the relevant time and that the transactions were genuine through documents such as tax invoices, e-way bills, lorry receipts, delivery challans and proof of payment, ITC cannot be rejected solely because the supplier's registration was cancelled retrospectively.

Madras HC held retrospective cancellation of a supplier's GST registration alone cannot justify denial of ITC. Fresh assessment was ordered. ITC denial set aside because assessing officer failed to verify genuine transactions.

The Court ruled that authorities must examine invoices and supporting documents before rejecting ITC on retrospective cancellation grounds.

Retrospective GST Registration cancellation alone cannot defeat ITC claim

[Source: Tvl. Fathima Traders Vs Deputy Commercial Tax Officer (Madras High Court)]

Waste & Scrap Not Manufactured Goods Under Rule 6(3): CESTAT Delhi

The Tribunal noted there was no dispute that such goods were exempted from duty. However, it held that waste and scrap merely arise during the manufacture of the final product and are not themselves manufactured. Since Rule 6(1) applies only where exempted or non-excisable goods are manufactured using inputs or input services, it was held inapplicable to waste and scrap.

Consequently, the demand under Rule 6(3)(i) on waste and scrap was also held unsustainable. The Tribunal allowed all three appeals, set aside the impugned orders, and granted consequential relief to the appellant.

[Source: Tata Bluescope Steel Private Limited Vs Commissioner of CGST (CESTAT Delhi)]

HCs Should Not Entertain GST Writs When Statutory Appeal Exists: SC

In Assistant Commissioner of State Tax and Others Vs Commercial Steel Limited, the Supreme Court has ruled that a writ petition under Article 226 of the Constitution cannot be entertained if an alternative statutory remedy is available, except under four strict exemptions.
The Supreme Court judgment clarified the boundaries of High Court powers when businesses challenge tax authorities. It ruled that a High Court can only bypass this rule and entertain a writ petition under Article 226 in four exceptional circumstances.
1) Breach of Fundamental Rights: The state's action violates the core constitutional rights of the citizen or business.
2) Violation of Principles of Natural Justice: The taxpayer was not given a fair hearing or proper notice before an adverse order was passed.
3) Excess of Jurisdiction: The tax authority acted completely outside the powers given to it by law.
4) Challenge to the Vires of the Statute: The law or rule itself is being challenged as unconstitutional.
In this specific case, the High Court bypassed these limits, but the Supreme Court reversed the decision, ordering the taxpayer to pursue the standard statutory appeal process instead.

[Source: Assistant Commissioner of State Tax and Others Vs Commercial Steel Limited (Supreme Court of India)]

SEZ Service Tax Refund Rejection Set Aside as One-Year Limitation was Inapplicable: CESTAT Chandigarh

In Nokia Solutions and Networks India Private Limited v. Commissioner of Central Goods & Service Tax (CESTAT Chandigarh), the Tribunal has ruled that the one-year limitation period for claiming service tax refunds (under Notification No. 40/2012-ST and Notification No. 12/2013-ST) does not apply to Special Economic Zone (SEZ) units.
In the appeal before CESTAT Chandigarh, the appellant had challenged an order dated 22.06.2016 rejecting service tax refund claims aggregating to ₹2,27,14,436 for the period July 2012 to September 2013.
The tribunal has held that service tax notification conditions cannot impose a one-year refund limitation on an SEZ unit when the SEZ Act and SEZ Rules do not prescribe such a restriction.

This landmark ruling has established that the SEZ Act, 2005 overrides the provisions of the Finance Act, 1994, meaning notifications cannot restrict statutory exemptions or refunds for services used in authorized SEZ operations.

[Source: Nokia Solutions and Networks India Private Limited v. Commissioner of Central Goods & Service Tax (CESTAT Chandigarh)]

Single GST Assessment Order for Multiple Years Invalid: Andhra Pradesh HC

Venkata Naga Sai Stone Crushers, submitted a Writ Petition before the Andhra Pradesh High Court contesting the adjudication order dated 29 December 2025 passed by the Assistant Commissioner, Peddapuram Circle. The order was passed under Section 73 of the GST Act, 2017, and covered the financial years 2021-22 to 2023-24.
The petitioner primarily contended that passing a single assessment order for more than one financial year violated Sections 73 and 74 of the GST Act, 2017.
The Court quashed the impugned order on 29 December 2025. It furnishes a chance to the respondents to start fresh proceedings for each assessment year.

[Source: Venkata Naga Sai Stone Crushers Vs Assistant Commissioner (Andhra Pradesh High Court)]

Tax Authorities Cannot Invoke Repealed VAT Powers Or Retain Registration Deposits After GST Regime Without Statutory Basis; Tripura High Court

The High Court of Tripura has held that show-cause notices proposing penalty under Section 77 of the Tripura Value Added Tax Act, 2004, issued after delays of about nine years and after the TVAT regime had been replaced by GST, are arbitrary, illegal and vitiated by mala fides, and therefore liable to be quashed.
In a petition by a transporter-assessee challenging delayed penalty proceedings and non-refund of a registration security deposit, the Court further decided that the State cannot retain the security taken for VAT registration once the GST framework does not require such security from transporters, and directed refund of the security deposit of Rs.12,00,000 with interest while setting aside the consequential tax and penalty orders.

[Source: North East Carrying Corporation Ltd. Vs State of Tripura (Tripura High Court)]

Notice & Hearing on Same Day Violates Natural Justice: Allahabad HC Quashes GST Demand

The Allahabad High Court heard a writ petition filed by Hitachi Systems India Pvt. Ltd., challenging an order dated 23.08.2024 passed under Section 73 of the U.P. Goods and Services Tax Act, 2017 (GST Act), and an appellate order dated 22.09.2025, which dismissed the appeal as beyond the period of limitation.

The petitioner contended that no proper opportunity of personal hearing was granted before passing the Section 73 order. It was further argued that the dates of notice and personal hearing were the same. The High Court held that this practice denies the mandatory statutory safeguard of an effective personal hearing.
The Court set aside both the initial assessment order and the appellate order and remanded the matter back to the assessing authority.

[Source: Hitachi Systems India Pvt. Ltd. Vs State of U.P. (Allahabad High Court)]

CA Certificate Sufficient to Rebut Unjust Enrichment in Customs Refund Claims: Karnataka HC

The Karnataka High Court has dismissed a customs appeal filed by the department, reaffirming that a certificate issued by the importer's statutory Chartered Accountant is sufficient to rebut the statutory presumption of unjust enrichment in customs refund cases.

Assessee-company had imported goods after paying 4% SAD and later applied for a refund. Adjudicating Authority and the first appellate authority rejected the claim, holding that assessee had failed to sufficiently prove that the burden of the duty had not been passed on to its buyers. The Court has observed that where the Chartered Accountant certifies that the incidence of duty has not been passed on to buyers, such certification satisfies the legal requirement under the Customs Act in the absence of any contrary evidence.

[Source: Principal Commissioner of Customs Vs FESTO Controls Private Limited (Karnataka High Court)]

KNOWLEDGE KATTA

Reverse Charge Mechanism (RCM) under GST

Introduction

Under the GST framework - as introduced in India, generally speaking GST liability has to be discharged by the supplier of goods and services or both. This is known as 'Forward Charge'. However, in respect of notified class of goods and services, the recipient of goods or services has to discharge GST liability. This is known as 'Reverse Charge'.

Reverse Charge Mechanism (RCM) – GST Compliance

RCM continues to remain one of the most significant compliance areas under GST. This is so because GST compliance today is increasingly driven by return-level matching, GSTR-2B dependency, and automated discrepancy identification. As a result, reverse charge has gradually evolved into a reconciliation and process-oriented compliance mechanism requiring accurate classification, timely tax payment, proper documentation, and continuous monitoring.

Compliance Responsibilities and ITC eligibility

Under reverse charge, the recipient bears the entire responsibility relating to:

* identification of applicability
* payment of tax through electronic cash ledger
* reporting in GSTR-3B
* maintenance of supporting documentation and reconciliations

It would be pertinent to note that GST payable under reverse charge cannot be discharged through utilisation of ITC and must be paid in cash.
As regards ITC eligibility, it would important to note that Input Tax Credit (ITC) under reverse charge becomes available only after actual payment of tax.

Some of the major services presently covered under reverse charge include:

* Goods Transport Agency (GTA) services
* Legal services
* Director services
* Insurance agent services
* Sponsorship services
* Certain Government and local authority services
* Import of services

NOTE: For more details, you may please refer to Notification No. 13/2017–Central Tax (Rate) dated 28.06.2017, as amended from time to time.

Import of Services

Import of services remains a sensitive compliance area under GST.
Reverse charge becomes applicable where:
* supplier is located outside India
* recipient is located in India
* place of supply is in India
Common examples include software subscriptions, cloud-based services, consultancy arrangements, and digital licensing transactions.

Conclusion

RCM under GST has gradually evolved from a technical tax provision into a system-driven compliance framework requiring continuous monitoring and reconciliation. Such being the position, strict monitoring of internal controls, reconciliation processes, documentation discipline, and timely reporting would lead to minimise litigation exposure and ensure smoother availability of input tax credit under GST.

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Statutory Compliance Calendar – August 2026			
Indirect Tax Laws and SEZ, EOU, STP, Non-STP, SHTP Units etc			
Legislation	**Cut Off Date**	**Frequency**	**Particulars (Returns / Form)**
GST	11	Monthly	Outward Supply Return in Form GSTR- 1
GST	20	Monthly	Summary Return in Form GSTR-3B
GST	10	Monthly	Statement of TCS in Form GSTR-8
GST	13th of Next Month	Monthly	Monthly Return to be filed by Input Service Distributors in Form GSTR-6
SEZ	10	Monthly	Service Export Reporting Form (SERF)
SEZ	15	Monthly	Monthly Performance Report (MPR)
SEZ	Within 30 days from the last date of the export invoice	Monthly	SOFTEX
SEZ	10th of Every Month	Monthly	BLUT Reconciliation and Bond register submission (physical copy)
SEZ		Monthly	DTA Procurement - Services (DSPF)
SEZ		Monthly	DTA Service Procurement Form (DSPF)
STPI	10	Monthly	Service Export Reporting Form (SERF)
STPI	10	Monthly	Monthly Performance Report (MPR)
STPI	Within 30 days from the last date of the export invoice	Monthly	SOFTEX
Non-STP	10	Monthly	Service Export Reporting Form (SERF)
Non-STP	10	Monthly	Monthly Performance Report (MPR)
Non-STP	Within 30 days from the last date of the export invoice	Monthly	SOFTEX
Customs	10	Monthly	Form A
Notes:			
Refund of ITC - Application in FORM GST-RFD-01 to be filed within 2 years from the date of Export			
Reply to the notice issued by the Department - Reply to be filed within the time period as specified in the notice			

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The contents of this newsletter are meant for updating our clients on legal developments and enhancing their knowledge onimportant issues relating indirect taxation including GST, Customs, SEZ, NON STPI Units, matters administered by DGFT, Customs SVB etc.
The contents of this newsletter should not be considered as our opinion on the subject. Should you need our opinion on any ofthe matters covered in this newsletter, we would be happy to provide our opinion on receipt of your reference.