



coriolis corp

Pre-eminent biz solutions

NEWSLETTER

Vol: 4 Issue: 6 October 2026	
Table of Contents	Page No.
FROM THE DESK OF THE DIRECTOR	2
NEWS:	
Vyapar Pe Vichar 2026 – EXIM Trade Talk	2
GST Council meeting postponed to Oct 7, 2026	2
DGFT to set up central processing unit for faceless trade facilitation system	3
Centre extends RoDTEP scheme for three months for exporters till December 31	3
LEGAL UPDATES:	
GSTN Enables Appeals Against NIL or Zero Demand Orders	4
SEZ Online System - 2-factor authentication made mandatory effective from 23.09.2026	4
Unified EDF – Effective from 1 October 2026	4
CASE LAW:	
Madras HC Upholds Negative Blocking of Electronic Credit Ledger Under Section 79	5
Vague Fraud Allegation Cannot Invoke GST Section 74 (SC)	5
Supplier's Tax Non-Payment Bars Buyer's ITC: Rajasthan High Court	6
GST Order Ignoring Emailed Reply Violates Natural Justice: Allahabad HC	7
GST Recovery Barred while Statutory Period to Approach GSTAT still Available: Madras HC	7
DRC-03 Payment Without Tax Ascertainment Not Voluntary: Karnataka High Court	7
Delhi HC Flags Rampant Fraudulent GST Registrations Using PAN and Aadhaar	8
Section 74 fraud allegations require specific supporting facts in GST notices; generic assertions cannot justify extended limitation (SC)	8
Supreme Court Stays Allahabad HC Order on GST Section 122 Jurisdiction	8
Supplier Tax Default Condition for ITC Constitutionally Valid: Rajasthan HC	9
GST Audit Findings Do Not Trigger Recovery Without Further CGST Action: Bombay HC	9
GST Interest on Belated Returns: Kerala HC Applies Section 50 Retrospectively	9
KNOWLEDGE KATTA	
GST Notices issued by GST Authorities - Key Issues	10-11
STATUTORY COMPLIANCE CALENDAR – OCTOBER 2026	12

From the Desk of the Director

Dear All,

The deadline for filing Annual Return in FORM GSTR-9 and Annual Reconciliation Statement in FORM GSTR-9C for FY 2025-26 is fast approaching. Further, GST law prescribes the timeline of 30 November 2026 for some of the crucial actions that are to be taken in respect of transactions pertaining to FY 2025-26.

Almost all the actions have to be taken by filing GST Returns in FORM GSTR-1 / GSTR-3B and for meeting the timeline of 30th November, 2026, all the actionable issues must be identified and covered in the GST Returns for the month of October, 2026.

Some of the important actionable issues to be covered in GST Returns for the month of October, 2026 include

- Issuance of credit notes for invoices pertaining to FY 2025-26
- Availment of input tax credit in respect of invoices and debit notes pertaining to FY 2025-26
- GSTR-2B reconciliation for ITC pertaining to FY 2025-26
- Reversal of ITC on account of non-payment of consideration to suppliers within 180 days
- Rectification of errors / omissions in form GSTR 3B filed for FY 2025-26
- Reversal of input tax credit other than non-payment of consideration to suppliers within 180 days
- Payment of tax for transactions liable to RCM and the ITC thereon
- E-invoice and E-way bill reconciliation

Keeping in view the position as above, it is suggested that the data of outward / inward supplies for filing of GST Returns for the month of October, 2026 is complete and correct.

We specifically invite your attention to two important legal updates, listed hereinbelow, covered in this Newsletter under 'Legal Updates' section.

- SEZ Online System - 2-factor authentication made mandatory effective from 23.09.2026
- Unified EDF – Effective from 1 October 2026

Should you need any further information or clarification in this regard, we would be happy to provide the same. Further, we have prepared a ppt explaining the FEMA Regulatory changes effective from 1st October, 2026. We would be happy to share the ppt, if you so desire.

Warm regards,

Sunil Nair

Director

NEWS

Vyapar Pe Vichar 2026 – EXIM Trade Talk

Grateful to be part of Vyapar Pe Vichar 2026 – EXIM Trade Talk!

It was a wonderful experience representing **CORIOLIS CORP** and connecting with professionals from the EXIM, Customs & Trade Compliance ecosystem. The event offered an insightful platform to exchange perspectives and discuss important areas such as BIS, SCOMET, and evolving aspects of international trade compliance.

A special thanks to **Customs & Trade Compliance - India Group (CTC India IN)** for organizing this insightful event and bringing together professionals from across the industry.

Beyond the discussions, the opportunity to meet, interact, and exchange knowledge with industry peers made the experience truly valuable. Looking forward to staying connected, continuing the knowledge exchange, and exploring meaningful opportunities for collaboration.

(Source: Team Coriolis Corp)

GST Council meeting postponed to Oct 7, 2026

The GST Council meeting scheduled for

September 12, 2026, postponed to October 7, 2026 sources told *TNIE*. The possible postponement is due to the meeting clashing with the 18th BRICS Summit, which will be held in New Delhi on September 12-13.

A Finance Ministry source told *TNIE* that holding the GST Council meeting on September 12, the first day of the BRICS Summit, could create a logistical challenge. The GST Council has not met in over a year since its 56th meeting on September 3, 2025, when it approved a major rate overhaul, reducing the number of GST rates to three — 5%, 18% and 40%.

Experts said the Council should focus on streamlining input tax credit (ITC) by reducing blocked credits on works contracts and motor vehicles and allowing businesses to use accumulated ITC to pay GST under the reverse charge mechanism. They also called for changes to the refund formula to include input services in inverted-duty refund calculations, as well as safeguards to protect bona fide taxpayers from losing credit due to supplier defaults.

A key question before the Council is whether a compliant buyer should lose ITC because a supplier has failed to deposit the tax with the government. Experts said both legal and technology-led measures should be considered to safeguard bona fide recipients of ITC when suppliers default, citing recent court rulings on the issue.

Another major challenge is the growing volume of GST litigation. Experts said the Council should focus on reducing interpretational ambiguity and consider mechanisms to regularise legacy tax positions, particularly in sectors such as online gaming. They also called for measures to address genuine ITC hardships arising from supplier defaults and streamline GST administration for large PAN-India businesses.

(Source: *The New Indian Express* Dated

September 15, 2026)

DGFT to set up central processing unit for faceless trade facilitation system

The commerce ministry has decided to set up a Central Processing Department (CPD) in the Directorate General of Foreign Trade (DGFT) to implement a faceless trade facilitation system, a move aimed at making it easier for exporters and importers to process trade-related applications.

According to an office memorandum issued by the DGFT, the CPD will function as a central unit for processing such applications and will be located in the central licensing area in Delhi. The system is proposed to be dedicated to the nation during the second fortnight of October 2026.

The faceless trade facilitation system is a key government initiative aimed at enabling faceless, paperless and jurisdiction-free processing of trade-related applications. By centralising the processing function, the system is expected to reduce the time taken to deal with applications while bringing greater transparency and consistency to the process. For exporters and importers, trade-related approvals and applications form an important part of the regulatory process involved in conducting cross-border business. A system that allows applications to be processed without being tied to a particular jurisdiction is intended to simplify these interactions and reduce procedural friction.

The move also represents an effort to make greater use of digital processes in foreign trade administration. Shifting towards paperless processing can reduce dependence on physical documentation, while faceless processing is designed to minimise the need for applicants to interact with individual offices or officials for routine regulatory matters.

(Source: *PTI* - September 14, 2026)

Centre extends RoDTEP scheme for three months for exporters till December 31

The Government on Wednesday (30.09.2026) extended the duty refund scheme, Remission of Duties and Taxes on Exported Products (RoDTEP), for exporters by three months till December 31.

The scheme was set to end on September 30, 2026.

The RoDTEP scheme is extended and shall apply to eligible exports from DTA (domestic tariff area), AA (advance authorisation), SEZ (special economic zone) and EOU (export-oriented unit) units up to December 31, 2026, the Directorate General of Foreign Trade (DGFT) said in a notification.

The scheme, launched in 2021, provides a refund of taxes, duties, and levies incurred by exporters in the process of manufacturing and distributing goods that are not reimbursed under any other mechanism at the Centre, state, or local level.

Refunds under the scheme range from 0.3 per cent to 3.9 per cent.

(Source: DGFT Notification No. 41/2026-27 Dated 30.09.2026 and New Reports in The New Indian Express Dated 30.9.2026)

LEGAL UPDATES

GSTN Enables Appeals Against NIL or Zero Demand Orders

GSTN has enabled taxpayers to file appeals against demand orders where the demand amount is reflected as “NIL” or “Zero” but a dispute regarding liability continues to exist. The change addresses cases where taxpayers had already made payment before issuance of the demand order, resulting in the order reflecting no outstanding demand. Earlier, a validation on the GST Portal restricted taxpayers from filing an appeal against such NIL or Zero demand orders. That

validation has now been removed.

Consequently, taxpayers facing such cases can file an appeal in Form GST APL-01 against the relevant demand order even though the demand amount displayed in the order is NIL or Zero.

The change is significant where the taxpayer disputes the underlying liability or findings recorded in the order notwithstanding that the monetary demand has already been discharged before the order was issued.

(Source: GSTN advisory Dated 7th September, 2026)

SEZ Online System - 2-factor authentication made mandatory effective from 23.09.2026

SEZ online system login based on 2-factor authentication will now be made mandatory effective 23.09.2026. A facility to turn off 2-FA login was made available as a transitional measure so that all users can verify their mobile numbers on the system and start logging in with 2-factor authentication.

Two-Factor Authentication (2FA) is a security process that requires two separate, distinct forms of identification to verify your identity before granting access to an account or system. Users who have not yet completed the verification of their registered mobile number and email address are requested to complete the verification process on or before the above-mentioned date to ensure uninterrupted access to the system.

(Source: SEZ Online System Notice No.: NDML/SEZ Online/2026/88 Date: 16th September 2026)

Unified EDF – Effective from 1 October 2026

The new Unified Export Declaration Form (EDF) will come into effect from 1 October 2026. The revised framework introduces a unified mechanism for declaration and reporting of export transactions, covering

exports of goods, services and software, as applicable under the new regulations. The Export Declaration Form (EDF) is being introduced as part of the revised regulatory framework for reporting export transactions. The objective is to streamline the reporting of export-related information to the authorised dealer bank and strengthen monitoring of export proceeds and compliance requirements.

The revised framework is relevant to exporters, including businesses providing services to overseas customers, subject to the applicability and reporting requirements prescribed under the regulations. The process will involve submission of relevant export details through the prescribed authority and coordination with the authorised dealer bank for monitoring of export proceeds and related compliance.

Move to Unified EDF

- Discontinue SOFTTEX filings
- Start filing monthly consolidated EDF
- Submit EDF through AD Bank / STPI / SEZ, as applicable
- Regularly track and reconcile EDPMS entries

(Source: FEMA Update - Regulatory Changes)

CASE LAW

Madras HC Upholds Negative Blocking of Electronic Credit Ledger Under Section 79

An assessment order dated 17.03.2023 was issued in respect of assessment period 2017 – 2020. Assailing such assessment order primarily on the ground of clubbing of assessments relating to multiple assessment periods, the petitioner filed W.P.No.41890 of 2025. An interim stay was granted in relation to recovery measures on 25.02.2026. Prior thereto, the petitioner's electronic credit ledger was blocked on 04.02.2025. Such blocking order is the subject of challenge in this writ

petition.

The first contention of learned counsel for the petitioner is that the blocking order cannot survive in light of order dated 25.02.2026. The second contention is that such blocking order travels beyond the scope of Section 79 of applicable GST enactments. Comparing and contrasting the language of Rule 86A with Section 79, learned counsel contends that negative blocking is impermissible under Section 79.

On the scope of Section 79, the Court examined Section 79(1), which permits the proper officer to recover amounts payable to the Government through one or more specified modes. These include deduction from money under the control of the proper officer, recovery through detention and sale of goods, garnishee proceedings, distraint and sale of movable or immovable property, recovery through the Collector, and recovery through the appropriate Magistrate.

The Court distinguished Rule 86A from Section 79. It observed that Rule 86A is a provisional measure typically undertaken at the pre-determination-of-liability stage, whereas Section 79 provides wider powers because the measures under it operate at the post-determination stage for recovery of amounts due and payable to the Government.

The Court held that, the proper officer entitled to recover amounts payable by adopting one or more of the modes specified in clauses (a) to (f) of Section 79 (1) of the CGST Act. The Court specifically concluded that blocking of the credit ledger, including negative blocking, clearly falls within the scope of those clauses.

[Source: Zigma Machinery & Equipment Solutions Vs Assistant Commissioner Coimbatore (Madras High Court)]

Vague Fraud Allegation Cannot Invoke GST Section 74 (SC)

The Supreme Court in M/s G.R. Infra Projects

Limited Ratlam vs. The State of Madhya Pradesh & Ors. has held that merely using the expressions “fraud” or “suppression of facts” in a GST show cause notice is insufficient to invoke the extended limitation period under Section 74 of the CGST Act.

The company’s case was that the SCN merely used the words “fraud or suppression of facts” without explaining what the actual fraud or suppression was. According to the company, such vague and mechanical wording cannot justify invoking the extended five-year period under Section 74.

The department, through its counsel, tried to rely on the counter affidavit filed before the Court to explain and elaborate on the allegations of fraud and suppression, arguing that these details justified proceeding under Section 74. The Supreme Court refused to look at the counter affidavit for this purpose. The Court held that for the extended limitation period to apply to the specific facts and reasoning that lead to an inference of fraud or suppression must come out from the notice itself. Simply repeating the words “fraud, wilful misstatement or suppression of facts” without describing the conduct that is said to amount to any of these will not satisfy the requirement of Section 74.

[Source: M/s G.R. Infra Projects Limited Ratlam vs. The State of Madhya Pradesh & Ors (SC)]

Supplier’s Tax Non-Payment Bars Buyer’s ITC: Rajasthan High Court

The Rajasthan High Court dismissed the writ petition filed by M/s Shree Karni Electrovision challenging the validity of Section 16(2)(c) of the Central Goods and Services Tax Act, 2017 read with the Rajasthan Goods and Services Tax Act, 2017.

The petitioner, engaged in supplying electronic goods, had procured goods from M/s Techno Kart India Limited, a retail arm of the Videocon Group, for Rs.59,42,860.91/-. Tax

of Rs.13,00,000/-, comprising Rs.6,50,000/- CGST and Rs.6,50,000/- RGST, arose on transactions during December 2017 to January 2018.

The petitioner had claimed Input Tax Credit on the basis that the supplier was responsible for depositing the corresponding tax with the Government. The supplier subsequently became insolvent and proceedings were initiated under the Insolvency and Bankruptcy Code, 2016.

The petitioner contended that the respondents had failed to lodge their tax claim against the supplier in the insolvency proceedings and could not thereafter impose the unpaid tax liability upon the purchaser under Section 16(2)(c).

Reliance was placed upon *Ghanashyam Mishra & Sons (P.) Ltd. Vs. Edelweiss Asset Reconstruction Co. Ltd.*, on the effect of approval of a resolution plan and extinguishment of claims not forming part of the plan.

This Court considered the judgment of the Hon’ble High Court of Gujarat at Ahmedabad in *Maruti Enterprise*. The said judgment has considered the challenge to the constitutional validity of Section 16(2)(c) of the Act of 2017, the plea for reading down the said provision on the ground of *lex non cogit ad impossibilia*, and the interplay of Sections 16(2)(c), 41 and 155 of the Act of 2017 read with Rule 37A of the CGST Rules, 2017. The High Court of Gujarat has held that the conditions contained in Section 16(2) are to be read conjointly, that the burden lies upon the person claiming Input Tax Credit to establish his eligibility thereto, and that Section 16(2)(c) does not give rise to any constitutional or legal infirmity.

In light of the aforesaid, this Court finds no ground to interfere with the impugned order dated 24.11.2022. The judgment in *Ghanashyam Mishra & Sons (P.) Ltd.* (supra), relied upon by learned counsel for the petitioner, deals with the consequences flowing from an approved resolution plan under the IBC and does not dispense with the

statutory condition governing the petitioner's entitlement to Input Tax Credit under Section 16(2)(c) of the Act of 2017.

[Source: Shree Karni Electrovision Vs Union of India (Rajasthan High Court)]

GST Order Ignoring Emailed Reply Violates Natural Justice: Allahabad HC

In this case before the Allahabad HC, the petitioners submitted that they had been disabled from filing their reply on the Common Portal and, therefore, communications between the parties had taken place through e-mail.

In that context, the petitioner asserted that a detailed reply to the Show Cause Notice dated 24.09.2025, together with supporting documents, had been sent on 06.03.2026 to the e-mail address provided by the Adjudicating Authority. However, while passing the impugned order dated 25.03.2026, the Adjudicating Authority recorded that no written submissions/reply had been filed by the petitioner firm and the other three firms even till 09.03.2026.

The High Court held that when an assessee submits a comprehensive response via the specific official email address permitted or provided due to portal limitations, authorities have a mandatory duty to examine it. Disregarding it and proceeding *ex parte* vitiates the proceedings.

The Court directed the Adjudicating Authority to afford a fresh hearing with a minimum of 15 days' notice and conclude the adjudication within three months.

[Source: Shakti Industries Vs Directorate General of GST Intelligence Lucknow And 2 Others (Allahabad High Court)]

GST Recovery Barred while Statutory Period to Approach GSTAT still Available: Madras HC

The Madras High Court considered a writ petition filed by M/s.Hirotec India Private

Limited challenging an appellate order dated 30.12.2025 and the consequential recovery notice dated 01.08.2026. The petitioner invoked Article 226 of the Constitution of India and sought quashing of the appellate order.

The petitioner submitted that the appellate order had been received on 14.05.2026 and that the limitation period for filing a further appeal before the GST appellate tribunal had not expired. According to the petitioner, the recovery notice had nevertheless been issued without waiting for the limitation period to expire.

The petitioner has placed on record evidence of receipt of the appellate order on 14.05.2026. Reckoned from the date of communication of the appellate order, the limitation period for filing further appeal before the GST appellate tribunal is still available.

Considering this aspect, the respondents shall not take further proceedings pursuant to the recovery notice until 13.09.2026. The writ petition is disposed of on these terms without any order as to costs. Consequently, connected miscellaneous petitions are closed.

[Source: Hirotec India Private Limited Vs Union of India (Madras High Court)]

DRC-03 Payment Without Tax Ascertainment Not Voluntary: Karnataka High Court

A payment made by an assessee during an ongoing search, inspection or investigation cannot be branded as a "voluntary payment" merely because it was routed through Form GST DRC-03.

Voluntariness must be established from the surrounding circumstances and the statutory procedure prescribed under the GST law must be scrupulously followed.

"Pay First, Argue Later" Is Not Voluntary Payment - The Karnataka High Court directed the Department to refund ₹53,97,352, together with interest at 6% per annum from the respective dates of payment till the date of refund.

[Source: Hukkeri Taluka Samagra Grameen Abhivraddi Sangh Vs State of Karnataka (Karnataka High Court)]

Delhi HC Flags Rampant Fraudulent GST Registrations Using PAN and Aadhaar

The Delhi High Court considered two connected writ petitions, concerning allegations that fraudulent GST registration had been obtained by other persons by misusing the PAN Card and Aadhaar Card particulars of innocent citizens.

The Court had earlier noted that the issue appeared to involve rampant fraudulent GST registrations in the names of persons who were not connected with the underlying businesses and that substantial liabilities could consequently be created in their names.

The Delhi High Court has directed authorities across the country not to grant any new Goods and Services Tax registration without biometric-based Aadhaar authentication, taking serious note of fraudulent GST registrations obtained by misusing the PAN and Aadhaar details of innocent citizens.

[Source: Neha Vs Union of India & Ors. (Delhi High Court)]

Section 74 fraud allegations require specific supporting facts in GST notices; generic assertions cannot justify extended limitation (SC)

The Hon'ble Supreme Court in *M/s G.R. Infra Projects Limited Ratlam Versus The State of Madhya Pradesh & Ors* has held that section 74 invocation for an extended GST demand period requires a show cause notice to contain specific allegations and material facts supporting fraud, wilful misstatement, or suppression of facts to evade tax. Mechanical or alternative use of these expressions, without identifying the relevant conduct and evidentiary basis, does not establish extended limitation. Non-payment of GST alone is insufficient. Investigation must disclose

material evidence of the statutory ingredients, and that evidence must form part of the show cause notice.

The landmark Judgement passed by the Apex Court is binding on all the tax officials all over India as the matter has been concluded.

In the case before the Division Bench of the SC, there were no concrete findings on suppression or mis-statement or fraud and no mention was there in the show cause notice as to how the department concluded that section 74 is applicable.

When this issue was raised by Appellant before Supreme Court, the Court ruled that a bare reading of the notice would indicate that but for a bland statement of 'fraud or concealment of facts' nothing is stated as to how fraud was inferred or concealment of facts were detected. What is required for the extended time to be applied are the allegations, which lead to the inference of a fraud or the concealment as attempted by the assessee resulting in suppression of facts, should emanate from the notice itself. It cannot be a mechanical use of the words 'fraud, willful misstatement or suppression of facts' without listing out the aspects which persuades the assessing officer to conclude that there has been employed either of these surreptitious devices by the assessee.

The Supreme Court also held that the notice in question could not survive as a valid demand under Section 73 because it was time-barred. The Court set aside the Madhya Pradesh High Court's earlier order and quashed the ₹1.52 crore SCN issued for FY 2018–19.

[Source: M/s G.R. Infra Projects Limited Ratlam v. State of Madhya Pradesh & Ors. (SC)]

Supreme Court Stays Allahabad HC Order on GST Section 122 Jurisdiction

The Hon'ble Supreme Court in *M/s Nageen Traders and Molding India Pvt. Ltd.*, has issued notice and stayed the operation of the

judgment of the Hon'ble Allahabad High Court, Lucknow Bench, wherein the High Court had held that the Deputy Commissioner of State Tax was competent to issue a show cause notice under Section 122 of the Uttar Pradesh Goods and Services Tax Act, 2017 ("the UPGST Act") and had relegated the assessee to the statutory appellate remedy by applying the doctrine of election.

In this case, the Petitioner had challenged the show cause notice and the Impugned Order before the High Court under Article 226 contending that the expression "proper officer" has not been defined for the purposes of Section 122; that the CBIC, noticing this lacuna, issued Circular No. 254/11/2025-GST dated October 27, 2025 prescribing the proper officer and monetary limits for notices under Sections 74A and 122; that a penalty above Rs. 1 crore could be proposed only by an Additional or Joint Commissioner; and that unless the State issued a corresponding circular, the notice issued by the Deputy Commissioner was without jurisdiction.

[Source: Nageen Traders And Molding India Pvt. Ltd. Vs State of U.P & Ors. (Supreme Court of India)]

Supplier Tax Default Condition for ITC Constitutionally Valid: Rajasthan HC

The Rajasthan High Court rejected Sumetco Alloys Private Limited's constitutional challenge to Section 16(2)(c) of the Central Goods and Services Tax Act, 2017 and declined to interfere with show cause notice dated 26.09.2025 and order-in-original dated 10.04.2026 raising a demand of Rs. 56,44,08,265/- for financial years 2020-21 to 2023-24. The Court held that Section 16(1) does not confer an unconditional right to input tax credit and that the conditions prescribed in Section 16(2), including clause (c), are cumulative. Section 16(2)(c), read with

Section 41, provides for reversal where the supplier has not paid tax and permits re-availing after the supplier discharges the liability; consequently, the denial is contingent and reversible.

Relying materially on Supreme Court's ruling in Bhandari Scrap Traders v. Union of India, the High Court held that the constitutional challenge and plea to read down Section 16(2)(c) could not succeed.

[Source: Sumetco Alloys Private Limited Vs Union of India (Rajasthan High Court)]

GST Audit Findings Do Not Trigger Recovery Without Further CGST Action: Bombay HC

The Bombay High Court in M/s. SVS Aqua Technologies LLP has held that GST audit findings communicated in Form GST ADT-02 do not by themselves trigger direct recovery without statutory adjudication.

The Court observed that the apprehension that recovery would be effected merely on the basis of the audit findings was misconceived. Further, the Court observed that the GST Department would take further action in accordance with the provisions of the CGST Act.

The communication of audit findings is an administrative step under Rule 101(5). The department must follow due process by issuing a show-cause notice and conducting formal adjudication under Section 73 or 74 before any recovery action.

The writ petition was disposed of/dismissed as the department assured the Court that due statutory process for adjudication would be followed.

[Source: SVS Aqua Technologies LLP Vs Superintendent (Bombay High Court)]

GST Interest on Belated Returns: Kerala HC Applies Section 50 Retrospectively

The petitioner, A.M Distributors, a taxpayer under the CGST/KGST Act, challenged Exts.P2 and P2A notices issued by the first respondent demanding interest under Section 50 of the CGST Act for belated filing of returns during 2017-2018 and 2018-2019. The petitioner contended that the interest demand was unsustainable because sufficient amounts were available in its electronic credit ledger during the relevant period.

Relying on the proviso to Section 50 of the CGST Act, the petitioner argued that, for belatedly furnished returns, interest is payable only on the portion of tax discharged by debit to the electronic cash ledger and that no interest is contemplated on the portion discharged from the electronic credit ledger. The Kerala High Court found merit in the petitioner's submission. It examined Section 50(1), which generally provides for interest where a taxpayer fails to pay tax within the prescribed period, together with the proviso specifically dealing with interest in cases of belated filing of returns.

According to the Court, the proviso confines the accrual of interest, in the circumstances covered by it, to the portion of tax paid by debiting the electronic cash ledger and does not contemplate interest on payments made by debiting the electronic credit ledger.

[Source: A.M Distributors Vs Assistant Commissioner (Kerala High Court)]

KNOWLEDGE KATTA

GST Notices issued by GST Authorities - Key Issues

The levy of GST in India is 'Self-assessed' levy. Being so, the taxpayers are required to determine the amount of tax payable to the Government and pay net GST payable after considering eligible amount of Input Tax Credit (ITC). Further, the taxpayers have to file periodical returns in FORM GSTR-1 and GSTR-3B and Annual Return in FORM

GSTR-9 and GSTR-9C.

The GST Department has been monitoring the compliance of the GST Act and the Rules made thereunder by the Taxpayers and has been issuing notices for the discrepancies noticed during the scrutiny of the GST Returns. In addition to scrutiny of returns, GST Department has been conducting Assessment / Audit of the Taxpayers during which correctness of the returns is cross checked with the books of accounts. Normally, the issues identified by the GST Authorities includes turnover mismatches, ITC differences, supplier compliance, classification, exemptions, RCM, discounts, credit notes, inter-State registrations, SEZ supplies, exports, refunds and e-way bill compliance etc.

What Kind of GST Notice Can a Taxpayer Receive?

The following are the common communications / intimations received from the GST Department.

GST Form No.	Nature of notice / communication	Common issue	Usual action
ASMT-10	Scrutiny notice	Difference in returns, ITC, turnover, tax liability etc.	Reconcile and submit explanation/reconciliation
DRC-01A	Pre-SCN intimation	Department has quantified proposed tax liability	Contest/pay before SCN; submit submissions in Part B
DRC-01	Show Cause Notice	Tax, interest and penalty proposed	File detailed reply and supporting documents
DRC-07	Summary of demand/order	Demand confirmed after proceedings	Pay or pursue statutory appeal
DRC-09	Recovery-related order	Recovery of confirmed demand	Examine demand, stay/recovery remedies
GSTR-3A	Notice for non-filing of return	GSTR-3B/GSTR-1 etc. not filed	File pending return and address late fee/interest
ADT-01	GST audit notice	Departmental audit under Section 65	Produce books, returns and supporting records
ADT-02	Audit findings	Discrepancies identified during audit	Examine observations and respond/contest
ADT-03	Special audit direction	Special audit under Section 66	Coordinate with nominated CA/CMA and provide records
INS-01	Inspection/search-related authorization	Investigation/enforcement proceedings	Preserve records and obtain professional advice
EWB-03	E-way bill verification report	Verification of goods/conveyance	Examine discrepancies and respond
RFD-08	SCN for rejection/reduction of refund	Refund proposed to be rejected	File reply with documentary evidence
RFD-06	Refund order	Refund sanctioned/rejected/partly sanctioned	Examine reasoning and appeal if required

In addition, the following are the common areas of GST scrutiny.

1. GSTR-1, GSTR-3B, GSTR-9 and Books of Account not matching
2. ITC Claimed in GSTR-3B exceeding GSTR-2A/GSTR-2B
3. ITC from cancelled, Non-filing or Non-compliant Suppliers
4. Ineligible ITC and failure to reverse common credit
5. Wrong GST rate, HSN classification or exemption
6. Post-Sale discounts, Dealer incentives and Credit Notes

Conclusion:

It is true that issuance of GST Notices by the Tax Administrators are on the rise. Therefore, it would be advisable to initiate timely actions on the above said common areas of GST Scrutiny including keeping close watch on defaulting non-compliant suppliers.

Statutory Compliance Calendar – October 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	EDF
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)
SEZ	Within 30 days from the end of half year	Half Yearly	Half yearly Performance Report (HPR)
SEZ	Within 30 days from the end of Quarter	Quarterly	Quarterly Performance Report (QPR)
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	EDF
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	EDF
Customs	10	Monthly	Form A
Customs	10	Quarterly	Quarterly Return
Customs	10	Six Monthly	Six Monthly Return
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			

Disclaimer:

For Private Circulation Only.

The contents of this newsletter are meant for updating our clients on legal developments and enhancing their knowledge on important 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 of the matters covered in this newsletter, we would be happy to provide our opinion on receipt of your reference.