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## GST Digest

- Recent case laws

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### **GST COMPLIANCE OVERHAUL FROM JULY 2025: WHAT TAXPAYERS MUST BRACE FOR**

From stricter return filing timelines to new invoice rejection rules, July brings a fresh wave of GST compliance mandates that every taxpayer must take note of. While aimed at tightening tax administration and curbing leakages, tax experts warn that many of these changes are likely to increase the compliance burden on businesses.

- Auto-Populated GSTR-3B Becomes Non-Editable
- New Advisory on Rejected Credit Notes in IMS
- Amendment Required for Rejected Invoices
- GST Returns Can't Be Filed After 3 Years
- E-Way Bill 2.0 Portal Goes Live

### **RELIEF FOR TAXPAYERS: MADRAS HC ALLOWS DELAYED GST APPEAL**

While dismissing the Writ Petition, it is made clear that, if any money is available in the petitioner's bank account, the respondents shall permit the petitioner to withdraw the amount to the extent of 25% of the disputed tax, to discharge the conditions mentioned in the above order.



Further, it is made clear that, upon withdrawal of the amount of 25%, the petitioner shall remit the amount for the purpose of filing an appeal as ordered by this Court and thereafter, upon production of proof with regard to payment of 25%, the respondents shall pass appropriate orders to defreeze the petitioner's bank account forthwith. In view of the above orders, connected miscellaneous petitions are closed. No costs.

#### **DELHI GOVT MAY ROLL OUT ONE-TIME TAX AMNESTY SCHEME TO SETTLE PRE-GST DISPUTES**

Delhi govt. may soon roll out a one-time tax amnesty scheme to settle pre-GST disputes related to value-added tax (VAT), excise, and service tax. Sources said a proposal recommending the waiver of penalties and interest to expedite the recovery of the actual tax amount and reduce court cases is being prepared by the trade and taxes department, which is likely to be sent to the cabinet for its approval. If approved, the scheme is expected to offer relief to traders and boost state revenue while easing the administrative burden of long-pending litigation. According to officials, there are more than 3.5 lakh traders currently involved in tax-related litigation with the Delhi govt, and the total disputed tax amount is estimated to be over Rs 15,000 crore. Sources said the actual unrecovered value would be around Rs 5,500-6,000 crore, with the rest of the amount due from traders in the form of interest and penalties. They added that these legacy cases date back to before the rollout of GST in July 2017.

#### **BIG GST CUT ON INSURANCE IN THE WORKS? WHAT IT MEANS FOR YOUR PREMIUMS IN 2025**

In the upcoming GST Council meeting this month, life and health insurance policyholders can expect some relief. The all-powerful GST council is expected to reduce or completely abolish the GST on life and health insurance premium. This issue has been pending for a long time, but now there are indications that some concrete steps can be taken this time. The Group of Ministers (GoM) formed on insurance has also reportedly recommended the complete removal of GST on term life insurance and health policies of senior citizens. Apart from this, GST exemption has also been talked about on policies with health cover up to Rs 5 lakh, various reports suggest. Before taking a final decision on these recommendations, the opinion of the insurance regulatory body IRDAI was sought, which was submitted to the council in December 2024 itself. If these recommendations are approved, it will be considered a big step towards making health and life insurance cheaper for the general public.



### **NBFC'S MAY GET TAX RELIEF ON SENIOR CITIZEN'S FD INTEREST, GST EXEMPTION ON CO-LENDING FEES**

The government is considering offering limited tax relief to Non-Banking Financial Companies (NBFCs) in a bid to address long-standing concerns over regulatory parity with banks, a senior government source said. Specifically, the Finance Ministry may examine proposals to extend tax exemption benefits on fixed deposit (FD) interest for senior citizens and provide GST relief on co-lending service fees — two areas where NBFCs have sought equal treatment with banks.

### **USING UPI DATA, GOVT CRACKS DOWN ON UNREGISTERED TRADERS TO BOOST GST REVENUE**

In a significant move to increase tax collections, the govt has begun using Unified Payments Interface (UPI) data to identify traders, especially those accepting payments via QR codes, who have evaded goods and services tax (GST) registration. After analysing UPI transactions, the commercial taxes department recently issued notices to some 14,000 traders. Officials say these individuals have crossed the mandatory GST registration thresholds but failed to register. Under GST rules, traders selling goods with an annual turnover above Rs 40 lakh or offering services above Rs 20 lakh are required to register. Those with turnover below Rs 1.5 crore can opt for the composite scheme, paying 1% tax without availing input tax credit. Vipul Bansal, commissioner, commercial taxes, said the crackdown is not just about revenue but fairness. "While the drive would help us ramp up tax revenue, the main objective is to get those who evade taxes to pay up. They too should abide by the law. It is also fair to those who are already paying tax," Bansal said

### **SWEEPING RATE CUTS ON TABLE A NEXT GST COUNCIL MEET**

The GST Council, which will meet shortly, is expected to comprehensively review the eight-year-old regime focused on reducing tax on several consumer-focused items in the 12% bracket as well as lowering the burden on items such as air conditioners, which are in the top bracket. Besides, with the compensation cess - money released to states to offset any revenue loss because of switch to GST - due to end in March, a plan on imposing a cess on some of the sin goods, such as tobacco, is also expected to be finalised to ensure that states don't have to bear a significant revenue hit. Concern that they will be losing out on revenue has been among the principal factors why states oppose tax cuts, including those which they consider to be desirable. The Centre is keen on a liberal view on pure term insurance plans, which currently attract 18% GST and put it in the nil bracket, although the life insurance companies have lobbied for 12%

### **1. MADRAS HC ALLOWS APPEAL FILED WITHIN LIMITATION PERIOD DESPITE DELAY IN DISPATCH OF ORDER**

**Thankiyan Georgestephen (Madras HC) W.P (MD) No. 14282 of 2025 (DOJ: 22/05/2025)**

The contention of the petitioner is that the assessment order is dated 29-05-2023, physically it was dispatched on 31-05-2023. Appeal has to be filed within a period of 90 days and the respondents have stated that there is a delay of three days from the date of assessment order, dated 29-05-2023. The assessment order was physically dispatched on 31-05-2023. If that is also taken into account, the petitioner's appeal is well within the period of limitation. Therefore, as such, there is no question of delay in filing at all. Therefore, the impugned orders are set aside. The respondents are directed to take the appeal on file and hear it on merits and pass orders at the earliest.

### **2. UTTARAKHAND HC SETS ASIDE PENALTY AND CONFISCATION ORDER ON GROUNDS OF VIOLATION OF NATURAL JUSTICE**

**Gajanand Granite (Uttarakhand HC) WP (M/B) No. 358 of 2025 (DOJ: 12/06/2025)**

The petitioner contends that the lorry carrying their goods was intercepted, and based solely on a same-day inspection and show-cause notice, the authorities imposed a fine, penalty, and ordered confiscation. The entire process was completed without affording the petitioner an opportunity to be heard. The show-cause notice was responded to only by

the vehicle's driver, who had no connection with the ownership of the goods. The petitioner argues that the driver, being merely a transporter, could not validly represent them in such proceedings. It is submitted that the summary action taken has serious civil consequences and violates principles of natural justice. In that view of the matter, the order of confiscation and imposition of fine and penalty, is set aside.

### **3. INDIAN COMPANY PROVIDING SERVICES TO FOREIGN GROUP ENTITIES IS NOT AGENT—ENTITLED TO REFUND OF UNUTILIZED ITC ON ZERO-RATED EXPORT SERVICES UNDER CGST ACT**

**Sundyne Pumps and Compressors India Pvt. Ltd. (formerly known as HMD Seal/Less Pumps Industrial Pvt Ltd) Vs. Union of India & Ors. Writ Petition No.: 15228 of 2023 Court: Bombay High Court Dated: 16.06.2025**

**Issue:** Refund of unutilized Input Tax Credit (ITC) on zero-rated export services under CGST Act was denied on the grounds that the petitioner was acting as an agent of the foreign recipient.

**Facts:** Petitioner supplies engineering services and goods to its group companies/related persons located outside India – Authorities held that fixed mark-up pricing, control clauses, and related-party relationship constituted “agency” under Section 2(5) of CGST Act – Petitioner contended to be independent contractor and not acting on behalf of any third party – Petitioner provides design and engineering services to its customers on principal-to-

principal basis by employing its own manpower and other resources – No control by foreign recipient on petitioner – Relying on Xilinx India Technology Services (P.) Ltd. Vs. Special Commissioner Zone VIII no agency exists as services rendered on principal-to-principal basis and no third party involved – CBIC Circular No.161/17/2021-GST dated 20.09.2021 clarified transactions between sister/group companies and holding/subsidiary companies not covered under condition (v) to Section 2(6) of the IGST Act Condition (v) of Section 2(6) IGST Act fully satisfied

**Held:** The petitioner is not an agent, and is entitled to refund of unutilized ITC along with interest, to be processed within four weeks