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GST Digest

- Recent case laws

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➤ AUTO FIRMS REQUEST GOVT TO IMPLEMENT NEW GST RATES BEFORE NAVRATRI: SOURCES

The automobile industry has requested the Centre to expedite its implementation of new GST rates, to coincide with the Navratri period on September 22, people in the know told CNBC-TV18. The automobile companies are fearing a negative impact on festive sales as await the new GST rates. The automotive industry has also sought the resolution of procedural issues, including those related to input tax credit, sources added. The anticipation of possible GST rate cuts on automobiles has already begun to weigh on sales momentum across the industry. As per Nuvama Institutional Equities' dealer channel checks last week, customer enquiries were healthy but fresh bookings witnessed a sharp slowdown over the past week as buyers adopt a wait-and-watch approach.

➤ FESTIVE RETAIL SALES GET HIT, BUYERS AWAIT GST, PRICE CUT

The news of a reduction in goods and services tax (GST), while cheering consumers and companies, has also led to a peculiar problem for retailers - both offline (on ground) and online. Companies say that festive demand, that usually begins from Ganesh festival in Maharashtra and Onam in the south, is turning out to be a muted affair as buyers wait for the GST rates to actually come down, which



eventually will see fall in retail prices. "We are worried as the festive opening is normally a bumper period, running up to Dussehra and Diwali. But the news of a GST rate cut and impending reduction in retail prices is keeping buyers out of the market till the time a decision finally happens on the ground," car and consumer goods companies and retailers told TOI. The situation is the same for white goods retailers, such as TVs, air-conditioners, and dishwashers. "We are already getting numerous queries from buyers about price cuts and when they will actually happen. Buyers say they will now wait for the price reduction before taking deliveries," CEO of one of the top consumer goods companies said. The exercise to rationalise GST rates is likely to see the government bring down the taxes on certain categories of consumer goods and autos. For example, small cars and two-wheelers are likely to see GST rates come down from 28% to 18% slab.

➤ **BIG BIKES ABOVE 3500CC MAY BE COSTLIER UNDER GST OVERHAUL, SMALLER BIKES GET RELIEF**

The proposed Goods and Services Tax (GST) regime overhaul is poised to make small-capacity two-wheelers cheaper, with the current 28 per cent rate to be brought down to 18 per cent for motorcycles and scooters up to 350 cc. However, buyers interested in bigger bikes will have to shell out more once the new slabs are implemented. Under the proposed changes, motorcycles displacing 350 cc and higher will face a higher GST rate of 40 per cent. The government of India introduced the GST regime in 2017 with a four-slab tax structure for goods and services: 5, 12, 18 and 28 per cent. The proposed change is part of a broader effort to simplify GST by eliminating the 12 per cent and 28 per cent slabs and moving forward with just two standard rates: 5 per cent for essentials and 18 per cent for standard goods, with a special rate of 40 per cent for sin goods and luxury items such as premium cars and motorcycles. The reforms have not yet been implemented, but will be discussed further by the GST Council in its upcoming September meeting.

➤ **GST REFORMS MAY OFFSET DONALD TRUMP'S TARIFF IMPACT: REPORT**

The upcoming Goods and Services Tax (GST) reforms, which aim to cut rates and boost private consumption, could offset the US tariff impact, BMI, a Fitch Solutions company, said on Thursday, adding that India is likely to remain one of the fastest-growing emerging market economies in Asia through this decade. India's GDP is projected to hold above 6 per cent, even as additional US tariffs hit certain industries, according to the note by BMI. "We forecast India's economic growth to steadily slow to just above 6.0 per cent by the decade's end, slightly below the 2010-2019 pre-pandemic average of 6.5 per cent, yet still positioning India among Asia's fastest-growing economies," BMI said. It further stated that productivity is projected to grow around 5 per cent over the coming decade, providing substantial momentum to GDP growth. "We previously estimated that a 25-percentage point increase in the 'reciprocal' tariff would slow real GDP growth in FY2025/26 (April-March) and FY2026/27 by a further 0.2 per cent. As such, we have revised down our forecasts accordingly and now expect the



economy to expand by 5.8 per cent in FY2025/26 and 5.4 per cent in FY2026/27," it said.

➤ GOVT WORKING TO ENSURE BENEFITS OF GST RATE CUTS PASSED ON TO CUSTOMERS

The government is considering reactivating an anti-profiteering mechanism alongside next month's expected GST rate rationalisation to ensure businesses immediately pass on the benefits of lower GDP rates to consumers, people familiar with the matter said. The move comes as the GST Council prepares to meet on September 3-4 in New Delhi to discuss the Centre's proposal to slash tax slabs from four to two, potentially making everyday items significantly cheaper ahead of the festive season. There is a pressing need to reinstate oversight mechanisms because the proposed changes would see 99% of items currently taxed at 12% move to the 5% bracket, while 90% of goods in the 28% slab would shift to 18%—creating substantial scope for businesses to pocket savings rather than reduce prices, people familiar with the matter said.

➤ GST COUNCIL MEET LIKELY TO DISCUSS ENDING COMPENSATION CESS BY OCTOBER 31

The Goods and Services Tax Council, which meets September 3-4, is likely to deliberate ending the compensation cess by October 31, ahead of the deadline, as loans raised during the pandemic years approach full repayment, government sources said. The deadline for the cessation of the GST compensation cess is March 31, 2026 but discussion are underway to end the cess collection earlier, as the repayment of loans raised during the COVID-19 pandemic years to compensate states for revenue shortfall nears completion. Government sources suggested the cess could cease by this October 31, leaving a surplus of approximately Rs 2,000-3,000 crore to be distributed equally between the Centre and the states.

➤ NEW GST RATES LIKELY BY SEPTEMBER 22: SOURCES

The Goods and Services Tax Council, chaired by Finance Minister Nirmala Sitharaman, is expected to roll out the new GST tax slabs by September 22, government sources have told NDTV Profit. The implementation of the new GST rates is likely to coincide with the Navratri celebrations. Prime Minister Narendra Modi announced on August 15 to bring "next-generation" GST reforms that will reduce the tax burden across the country. "The government will bring next-generation GST reforms, which will bring down the tax burden on the common man. It will be a Diwali gift for you," he said while addressing the nation on the 79th Independence Day. The GST Council, comprising finance ministers of all states and UTs besides the Centre, will meet on September 3-4 in Delhi to discuss the proposed simplified two-tier GST tax slab of 5% and 18% suggested by the Centre.



➤ **INDIAN MEDICAL ASSOCIATION SUPPORTS GOVERNMENTS GST RELIEF ON ESSENTIAL MEDICINES**

The Indian Medical Association (IMA) has welcomed the Goods and Services Tax (GST) Council's decision to reduce GST on several cancer-related and other essential medicines, calling it an essential move to make healthcare more affordable for millions of patients across India. The association expressed its gratitude to the Council and the Government of India in a press release. IMA further highlighted that medical equipment is a crucial part of healthcare delivery, and lowering GST rates on such equipment would bring down operational costs for hospitals and clinics. "This would make treatment more affordable for patients while reducing the strain on healthcare providers," the IMA noted. According to the release, the decision is expected to ease the financial burden on families struggling with life-threatening illnesses such as cancer, chronic kidney disease, and serious infections. "The reduction in GST on critical drugs reflects the Government's commitment to strengthening public health infrastructure and supporting those battling serious medical conditions," the association said.

➤ **GST REFORMS: CENTRE MAY PUSH FOR EARLY ROLLOUT TO BOOST FESTIVE DEMAND**

The Centre may implement the Goods and Services Tax (GST) rate overhaul at the earliest to spur demand in the economy, CNBC-TV18 reported on Monday. According to sources cited by CNBC-TV18, the government is likely to even press the GST Council to approve the changes for immediate effect. The government is reportedly concerned about the possibility of slowing sales across key sectors and is working on mechanisms to address states' apprehensions over potential revenue losses arising from the cuts. The GST Council, chaired by Finance Minister Nirmala Sitharaman, is slated to meet in New Delhi on September 3-4 to deliberate on the Centre's proposal for a simplified two-rate structure of 5% and 18%. According to sources cited by NDTV Profit, the rollout of the new tax slabs is likely around September 22, to coincide with the Navratri festive season. Notifications are anticipated within five to seven days of the Council's decision.

➤ **ADVISORY – SYSTEM ENCHANCEMENT FOR ORDER-BASED REFUNDS**

The GSTN has enhanced the system for *order-based refunds* (ASSORD category). Earlier, taxpayers could only claim refunds if the overall Demand ID showed a negative balance with "Refund Due" status, which blocked cases where only minor heads showed negative balances. Now, refunds can be claimed regardless of Demand ID status, even when the cumulative balance is zero or positive, as long as a minor head reflects a negative balance. Only negative balances will auto-populate in Form RFD-01, preventing claims for positive amounts. The system also provides automatic order number suggestions and tooltips for clarity. A detailed user manual and FAQs will follow, and issues can be raised with the GST helpdesk.

1. CLERICAL MISTAKE IN FILING GSTR-3B PERMITTED TO BE CORRECTED IN ACCORDANCE WITH THE DETAILS FURNISHED IN GSTR-1

GC-OM TRADERS VS UNION OF INDIA (PATNA HIGH COURT, CWJC NO. 16509 OF 2024, DECIDED ON 13.05.2025), Om Traders, a Bihar-based firm, inadvertently made errors while filing its GSTR-3B for April 2019, leading to excess payment under IGST instead of CGST/SGST. Despite rectification requests, authorities rejected corrections and demanded over ₹2.49 crore in tax, interest, and penalty. The firm argued this violated principles of natural justice and cited similar High Court rulings, including a Bombay High Court decision (Aberdare Technologies case) later upheld by the Supreme Court. The Patna High Court found that rectification caused no loss to the revenue and followed the precedent. It quashed the impugned orders, allowed the petition, and directed authorities to permit rectification of GSTR-3B in line with GSTR-1 through manual application within one month, with grievance redressal to follow.

2. TRANSFER OF LEASEHOLD RIGHTS IN INDUSTRIAL PLOTS HELD NOT TO CONSTITUTE A TAXABLE SUPPLY UNDER SECTION 7(1)(a) OF THE GST ACT

In the case of, **BVM Pharma Through Partner Alkaben Paneri vs Union of India & Ors. (Gujarat High Court, SCA No. 2429 of 2025, decided on 27.03.2025)**. BVM Pharma, after transferring its GIDC industrial plot to Dayaram Pharma Chem, was issued a GST demand of about ₹49.26 lakh (tax, interest, and penalty) on the transfer of

leasehold rights. The firm challenged the demand, arguing that such assignments of leasehold rights are not taxable under GST. The Gujarat High Court relied on its earlier ruling in *Gujarat Chamber of Commerce and Industry v. Union of India* (2025), which held that transfer of leasehold rights in land constitutes transfer of immovable property and falls outside the scope of GST. Following this precedent, the Court quashed the demand order dated 29.08.2024 and the related show-cause notice, ruling that no GST is leviable on such transactions.

3. AP HIGH COURT QUASHES TIME-BARRED GST REVISIONAL ORDER; COVID LIMITATION EXTENSION NOT APPLICABLE TO TAX AUTHORITIES

The Andhra Pradesh High Court in the case of **Gupthas Constructions (WP No. 19273/2025, order dated 06.08.2025)** quashed a GST revisional order issued beyond the statutory limitation period. Under Section 108(2) of the AP GST Act, 2017, revisional orders must be passed within three years from the date of the original order; however, the department passed the revisional order on 15.02.2025 against an assessment order dated 29.11.2021, thereby exceeding the permissible limit of 29.11.2024. The authorities argued that the Supreme Court's COVID-19 directions excluding the period from 15.03.2020 to 28.02.2022 should extend the limitation, but the High Court held that such extensions apply only to litigants approaching judicial or quasi-judicial bodies, not to tax authorities. Relying on earlier rulings and precedents such as *S. Kasi v. State* and *Vikas WSP Ltd. v. Directorate Enforcement*, the Court confirmed that executive authorities cannot claim the benefit of the COVID

extension. Consequently, the impugned revisional order was declared time-barred and set aside, with the writ petition allowed. The judgment underscores that GST authorities must strictly adhere to statutory timelines, as COVID-related relaxations of limitation cannot be invoked by revenue officers.

4. [Tvl. Shri Bharathi Weaves \(Madras HC\) W.P. No. 26175 of 2025 \(DOJ: 21/07/2025\)](#)

SCN dated 23.11.2024 was issued in respect of incorrect tax liability while filing their annual returns for the assessment year 2020-21. In order to produce the required documents, the petitioner sought further extension of 15 days and the respondent fixed the personal hearing on 11.02.2025. However, it is clear and evident that the respondent has passed the impugned assessment order on 10.02.2025, i.e., one day prior to the date of personal hearing. Thus, without providing an opportunity of personal hearing, the respondent passed the impugned order, which is a clear violation of principles of natural justice. This Court is inclined to set aside the impugned order dated 10.02.2025.