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GST Digest

- Recent case laws

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➤ UNION MINISTER OF FINANCE AND CORPORATE AFFAIRS SMT. NIRMALA SITHARAMAN LAUNCHES GOODS AND SERVICES TAX APPELLATE TRIBUNAL (GSTAT) IN NEW DELHI, TODAY

The launch of GSTAT marks a major milestone in the evolution of the Goods and Services Tax regime and strengthens the institutional framework for indirect tax dispute resolution in the country. The launch was also attended by Union Minister of State for Finance Shri Pankaj Chaudhary; President of GSTAT, Justice Shri Sanjaya Kumar Mishra; Minister from the State of Haryana Shri Rao Narbir Singh, senior officers from the Department of Revenue, officers from State and Central GST formations, eminent members of the legal fraternity, and representatives from trade and industry.

➤ GSTAT MANDATES PHASED E-FILING OF APPEALS WITH DEADLINES UP TO JUNE 2026

The Goods and Services Tax Appellate Tribunal (GSTAT), through its order dated 24th September 2025, has mandated that all appeals and applications under Sections 107 and 108 of the CGST Act, 2017 be filed and processed electronically on the GSTAT portal developed by NIC. In view of the large number of appeals expected and to prevent system overload, the President of GSTAT has issued directions for a staggered filing schedule. Accordingly, appeals relating to different periods of orders passed by the



Appellate or Revisional Authorities will have to be filed in specific time slots beginning from 24th September 2025 and extending in phases until 30th June 2026. This phased timeline ensures smooth functioning of the portal, prevents technical disruptions, and provides appellants adequate opportunity to comply with filing requirements in an orderly manner.

➤ **INVOICE-WISE REPORTING FUNCTIONALITY IN FORM GSTR-7 ON PORTAL-REG**

Vide Notification No. 09/2025 – Central Tax dated 11.02.2025, Form GSTR-7 was amended to enable capture of invoice-wise reporting of tax deducted at source (TDS). In this regard, it is informed that the functionality for invoice-wise reporting in GSTR-7 has now been made operational on the GSTN portal. Hence from September 2025 tax period in Form GSTR-7 invoice level reporting is required. Accordingly, all TDS Deductors are requested to prepare the data accordingly so that they could furnish invoice-level details on which TDS has been deducted while filing FORM GSTR-7 for the September return period onwards. Due date for September tax period return filing is 10th October 2025. For any difficulty or concerns, it is advised to raise a grievance through the Self-Service Portal available on the GST Portal, along with all relevant details, to facilitate prompt and effective resolution.

➤ **ADVISORY TO FILE PENDING RETURNS BEFORE EXPIRY OF THREE YEARS**

As per the Finance Act, 2023 (8 of 2023), dt. 31-03-2023, implemented w.e.f 01-10-2023 vide Notification No. 28/2023 – Central Tax dated 31st July, 2023, the taxpayers shall not be allowed file their GST returns after the expiry of a period of three years from the due date of furnishing the said return under Section 37 (Outward Supply), Section 39 (payment of liability), Section 44 (Annual Return) and Section 52 (Tax Collected at Source). These Sections cover GSTR-1, GSTR-1A, GSTR 3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR 8 and GSTR 9 or 9C. Hence, above mentioned returns will be barred for filing after expiry of three years. The said restriction will be implemented on the GST portal from October 2025 Tax period. Which means any return for which due date was three years back or more and hasn't been filed till October Tax period will be barred from Filing. In this regard an advisory was already issued by GSTN on 29th October, 2024.

➤ **ADVISORY: NEW CHANGES IN INVOICE MANAGEMENT SYSTEM (IMS)**

This is to bring to your notice that several new changes have been introduced in the Invoice Management System (IMS) to simplify the taxation system and reduce the compliance burden on the taxpayers. The following are the key updates. Pending action for specified records: Taxpayers can keep specified records pending for a limited time period. For monthly taxpayers, this period is one tax period (months), for quarterly taxpayers also it is one tax period (quarter) only. LATEST GST NEWS UP.



➤ **REDUCE GST ON ALL READYMADE, MADE-UPS TO 5%: TG TEXTILE TRADE BODY**

Voicing concern over GST Council's decision imposing an 18% levy on garments priced above ₹2,500, the Telangana State Federation of Textile Associations has appealed for a 5% levy on all readymade and made-ups irrespective of their cost. "We request the Council to impose 5% GST on all products irrespective of cost considering," Federation president Ammanabolu Prakash said. In support, he cited how the textile and apparel sector contributes about 2.3% of the GDP, accounts for around 13% of India's industrial production and directly employs more than 45 million people, including a large number of women and rural workers. The decision to levy a higher rate of GST on garments priced above ₹2,500 creates a "sharp tax discontinuity between affordable and mid-priced garments, is price shock for consumers and may lead to [lower sales] volumes for the labour-intensive sector that employees millions," he said in a release.

➤ **NEXT GST COUNCIL MAY FIX NOTEBOOK PAPER TAX MISMATCH TO LOWER COST OF STUDY MATERIAL**

Notebook and textbook prices may remain high despite a zero Goods and Services Tax (GST) rate, as the paper used to manufacture them continues to attract 18 percent tax, creating a cost burden for publishers and consumers alike. This mismatch after ending the input tax credit for manufacturers has emerged as a classic case of inverted duty structure under the GST regime, which the government may address in the next council meeting. "In the paper and notebooks rate, the anomaly has come to the notice. The next GST Council will correct this anomaly," a senior government official told Moneycontrol, indicating the issue is on agenda for a review. The official added that the options under consideration include lowering GST on paper or alternatively, bringing notebooks into the 5 percent slab with input credit benefits. The next GST Council meeting is expected to be convened within the next three months. Exempting notebooks from GST while maintaining a higher levy on their raw material leads to cascading taxes and erodes affordability. Unless corrected, the distortion could lead to sustained price increases, he said. The Council's recent rate rationalisation reduced slabs to 5 percent and 18 percent to simplify the GST design.

➤ **GST PROCEDURE SIMPLIFIED AFTER RECENT REFORMS BY GOVERNMENT OF INDIA: CGST JOINT COMMISSIONER**

"The changes brought by the Union Government in the GST procedure are very simple, and there is no confusion," Rajesh Munde, CGST Joint Commissioner, told the participants of a seminar on GST reforms, organised by the Chamber of Commerce and Industries in Belagavi on September 24. "Prime Minister Narendra Modi had decided that the simplified GST should be implemented from the beginning of Navratri. Accordingly, it was implemented in the middle of the month. These are very far-sighted reforms. They are sure to benefit all sections of people," he said. Belagavi Chartered Accountants' Association President Veeranna Muragod said that GST is the best tax system in the world. "While many countries are struggling to adopt a better tax system, India has come a long way in this regard. GST-2 has been



implemented at a time when people are still trying to understand the GST that was implemented eight years ago. With the new system, the country's economy will soon see further improvement," he said.

➤ **HOSPITALITY BODY SEEKS 5% GST WITH 50% ITC ON HOTEL ROOMS UNDER ₹ 7,500**

The Hotel and Restaurant Association (Western India), or HRAWI, has requested the government to balance consumer benefits with industry sustainability, proposing 5 per cent goods and services tax (GST) with 50 per cent input tax credit (ITC) benefit, similar to provisions for banking institutions, or 18 per cent GST with full ITC on two-thirds of the value for room rates under Rs 7,500. HRAWI, which counts restaurants and hotels up to the five-star deluxe category among its members, said on Wednesday that it has submitted a comprehensive representation to the Prime Minister seeking urgent rationalisation of the newly announced GST structure for the hospitality industry. This follows the recent GST reforms, which reduced the tax slab on room rates up to Rs 7,500 from 12 per cent with ITC to 5 per cent without ITC benefits. "To balance consumer benefits with industry sustainability, we are proposing 5 per cent GST with 50 per cent ITC benefit similar to provisions for banking institutions, or 18 per cent GST with full ITC on two-thirds of the value for rooms under Rs 7,500," Dilip Kothari, tax advisor, HRAWI, said in a statement.

➤ **FPGST APPELLATE TRIBUNAL MUST ADDRESS LITIGATION DELAYS: FM SITHARAMAN**

Finance minister Nirmala Sitharaman on Wednesday said that outcome of GST Appellate Tribunal (GSTAT) must be straightforward with reduced legal frictions, greater simplicity, and should be proactively addressing delays in litigations to ensure better cash flow. "Until now, taxpayers had to navigate different product clarifications on various state interpretations, leading to delays and locked-up capital, especially for MSMEs. With GSTAT, disputes will converge at one forum. This is one nation, one tax, and now one adjudicating body," FM said while launching the tribunal, which she described as a milestone reform. The tribunal, with principal bench in the Capital and 31 state benches across 45 locations, will hear appeals against orders from the First Appellate Authority (FAA) of GST. It is also tasked with acting as the National Appellate Authority for Advance Ruling from April 2026, to bring consistency in rulings across states. The minister said GSTAT will focus on clear, jargon free rulings, digital filings, virtual hearings, and strict timelines.

➤ **FESTIVALS, SALE, GST CUT: E-RETAILERS DASH TO DELIVER**

From all-night deliveries and hiring more delivery staff to AI-led inventory planning and additional storage facilities, online platforms and logistics companies are pulling out all stops to get you your new phone or that pair of jeans in evershrinking timeframes. Festive season has always been about demand rush but this time, the shopping list has become bigger as many consumers deferred purchases to avail lower GST rates, which came into effect on Sept 22, the first day of Navratri. Keeping up with the quick commerce trend, logistics firms such as Delhivery and DTDC are fulfilling deliveries in 30 minutes to a few hours or on the same day (depending on locations). "This year, we are witnessing stronger demand across categories like electronics, fashion, lifestyle and gifting coupled with rising expectations of faster deliveries. We also expect demand



tailwinds owing to additional consumer spending expected from the GST benefits," Abhishek Chakraborty, CEO at DTDC Express, told TOI.

➤ **GST DEMAND NOTICES: CBIC TO SET MONETARY THRESHOLD**

The CBIC is working on a mechanism to set a monetary limit for issuing GST demand notices to ensure that notices are not issued on flimsy grounds, a senior official said on Tuesday. Central Board of Indirect Taxes and Customs (CBIC) member Shashank Priya said that the board will soon issue an instruction to the field formations in this regard. When we finalise our instruction, we will ensure some sort of mentoring by senior officers so that notices are not issued on flimsy ground, he said. "The messaging that we need to give is, we are not interested in demand just getting confirmed... We are working on setting up a monetary limit for demand notices," Shashank Priya said addressing an Assocham event here. He also said that once a demand is raised, field offices must ensure "fair adjudication". "...where demand is not fair we shouldn't be scared of dropping it. That is a cultural change we have to start working".

➤ **NOTEBOOKS TO COST MORE EVEN AS GST REDUCED TO ZERO**

The Indian Paper Manufacturers Association (IPMA) has stated that the importers of paper and paperboard get an additional benefit after the new GST slab rate comes into force from Monday and called for the imposition of IGST (Integrated Goods and Services Tax) of 18 per cent on import of paper. The association argued that the domestic paper products, already under significant stress due to "predatory imports" of paper and paperboard entering the country at zero or preferential import duties, would further be more uncompetitive.

1. GOODS SENT FOR WEIGHMENT WITHOUT DELIVERY CHALLAN—ALLAHABAD HIGH COURT UPHOLDS PENALTY FOR MISSING DOCUMENTS UNDER GST

The Allahabad High Court in the case of **Vrs Foods Ltd vs Additional Commissioner (Writ Tax No. 1016 of 2022, decided on 17/09/2025)** upheld the penalty imposed under Section 129 of the UP GST Act for transporting goods without proper documents. The case arose when goods (battery scrap) were being moved for weighment, and the vehicle was intercepted without any delivery challan or other prescribed papers. The petitioner argued that as per Rule 138(14)(n), no documents are required for movement within 20 kms for weighment and further stressed that there was no intention to evade tax, since payments were made through banking channels and documents were later furnished. However, the Court observed that even for short-distance weighment, goods in transit must be accompanied by at least a delivery challan, and the absence of any document at the time of interception constituted a clear violation. It also ruled that subsequent production of documents after detention cannot be accepted, as it would defeat the purpose of Section 129 and Rule 138. Accordingly, the writ petition was dismissed, reinforcing the principle that strict compliance with documentary requirements is mandatory for any movement of goods, even if no e-way bill is required

2. HC RULES COMPOSITE GST ASSESSMENT ORDERS FOR MULTIPLE PERIODS INVALID

The Andhra Pradesh High Court in the case of **S J Constructions (W.P. No. 11028/2025, dated 17/09/2025)** held that a single show cause notice or a composite assessment order cannot be issued for multiple tax periods. If the assessment is initiated before the due date of filing the annual return, it can only cover a single month, whereas if it is initiated after the annual return due date, it can cover a maximum of one financial year. Any attempt to club several months or years into a single assessment order is invalid. This judgment ensures that assessment proceedings remain clear, period-specific, and fair to taxpayers, avoiding the hardship of contesting composite orders spanning multiple years.

3. ANAND AND ANAND (LAW FIRM) V. CGST (ALLAHABAD HC, W.P. NO. 1263 OF 2023, DOJ: 04/09/2025)

The key issue before the Allahabad High Court was whether, under Section 107(11) of the CGST Act, 2017, the Appellate Authority has the power to send a case back to the Adjudicating Authority for a fresh decision.

The Court clarified that such remand is not permissible. Instead, the Appellate Authority itself must decide the matter in accordance with law. Accordingly, the writ petition was disposed of with a direction that the Joint Commissioner (CGST Appeals), NOIDA, should decide the appeals directly, and the order remitting the case back to the Adjudicating Authority was set aside.