GST Newsletter

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GST Digest

- Recent case laws

November 17, 2025

NEWS FEED

➢ **CLARIFICATION ON REQUIREMENT OF SEPARATE GST REGISTRATION FOR IMPORTERS STORING GOODS IN WAREHOUSES IN OTHER STATES-REG.**

The CBIC issued a clarification on whether importers or traders need separate GST registration in states where they store goods in third-party warehouses. It clarified that if a business in Delhi stores goods in Haryana and supplies them from that warehouse, it must obtain GST registration in Haryana since the warehouse constitutes a "place of business" under Section 2(85) of the CGST Act. Goods moved between Delhi and Haryana must be accompanied by valid invoices and e-way bills, and inter-state transfers between distinct registrations are taxable supplies under Section 25(4). Supplies made within Haryana from such a warehouse are treated as intra-state, attracting CGST and SGST of Haryana. Businesses must also maintain separate records and comply with return filings for each registration. Additionally, cold storage services are taxable in the state where the facility is located, and supplies from that location must align with the correct place-of-supply rules under the IGST Act. https://drive.google.com/file/d/1oHTCaWhrTAxJTAUskQGnqED7qU6Ibog8/view?usp=sharing

NEWS FEED

- **GSTN LAUNCHES SIMPLIFIED REGISTRATION SCHEME FOR SMALL TAXPAYERS UNDER RULE 14A**

The recent GST exemption on life insurance premium is likely to impact the profitability The GSTN has introduced a Simplified GST Registration Scheme under Rule 14A of the CGST Rules, 2017 to ease compliance for small taxpayers. The scheme is available to persons whose monthly output tax liability on supplies to registered persons does not exceed Rs. 2.5 lakh. Registration under this scheme requires mandatory Aadhaar authentication, and approval will be granted within three working days of ARN generation. Taxpayers opting to withdraw later must file all pending returns and fulfill the specified compliance requirements. (As per GSTN Advisory dated 01.11.2025)

- **FROM REFUNDS TO REGISTRATIONS: HOW GST CHANGES WILL RESHAPE COMPLIANCE FOR MSMEs FROM NOV 2025**

Starting November 2025, several key changes to India's Goods and Services Tax (GST) framework will come into effect, aiming to simplify compliance while enforcing stricter timelines. In a detailed explainer post on X (formerly Twitter), CA Nitin Kaushik broke down the latest Goods and Services Tax (GST) reforms that are set to reshape business compliance and refund processes starting November 2025. The proposed and active changes aim to make GST filings faster, more transparent, and less cumbersome — particularly for small taxpayers and exporters. According to Kaushik, the GST Council has proposed an auto-approval mechanism for businesses with a monthly output tax below ₹2.5 lakh. If implemented, registration applications will be approved within three working days. "This could help over 90% of small businesses, reduce waiting time and paperwork, and boost ease of doing business," Kaushik noted, adding that the proposal is currently being piloted by the government.

- **REMOVAL OF GST BRINGS A SURGE IN THE SALES OF HIGH VALUE HEALTH INSURANCE COVERS IN INDIA**

Removal of Goods and Services Tax (GST) from individual health insurance covers in India has had a positive impact on the sales of high-value health insurance plans according to a new study. Insurance aggregator PolicyBazaar.com has reported that demand for higher health insurance coverage has risen sharply up by 38%, as individuals are now prioritising financial security against healthcare costs. The PolicyBazaar.com report said almost half of the health insurance buyers' (45%) post-GST exemption are choosing higher coverage in the range of INR15,00,000 – INR25,00,000 ($17,000 - $28,000). Around 24% of the buyers have sought health covers in the range of INR10,00,000 – INR15,00,000 while only 18% have opted for covers below INR10,00,000.

NEWS FEED

- **EXPORTERS TURN TO PM MODI; SEEK INTEREST RELIEF, QUICKER GST REFUNDS**

  India's exporters in a recent meeting with Prime Minister Narendra Modi have asked for support that will help mitigate the adverse fallout of extra tariffs that their shipments to the US face, when compared to main competitors. While Indian exports to the US are subject to 50% extra tariffs, competitors pay around 20%. The 30% extra that Indian exporters have to pay is what is hurting shipments to the US. In the meeting with the PM on Monday, the exporters offered to bear 15% of the extra tariff and requested the government to take steps to blunt the impact of the balance 15%. They suggested that the Interest Equalisation Scheme (IES) be reintroduced. This, they said, would reduce the cost of credit and make Indian products more competitive. There was also a demand for automating the Goods and Services Tax refund of inverted duty structure in their sectors.

- **HIGHER DIVIDEND BY RBI LIKELY TO OFFSET REVENUE LOSS DUE TO GST RATIONALISATION IN FY 26: CAREEDGE**

  The net revenue shortfall arising from the recent Goods and Services Tax (GST) rationalisation, estimated at around 0.1% of GDP for the current fiscal, is expected to be offset by the higher dividend transfer from the Reserve Bank of India (RBI), noted a report by CareEdge Ratings. The report said that with tax collections having already moderated in the year so far, the lower nominal GDP growth projected for FY26 could pose additional challenges in meeting the full-year tax targets.

1. **KERALA HIGH COURT ORDERS GST OFFICERS TO RECONSIDER ITC MISMATCH CLAIMS**

The Kerala High Court in **GC–Nallepilli Arumughan Jyothikumari v. Deputy Commissioner of State Tax (WP(C) No. 6925/2023** and connected cases, judgment dated 28 June 2024) dealt with a batch of writ petitions concerning denial or mismatch of Input Tax Credit (ITC) under the GST regime. The petitions were grouped into three categories: (i) suppliers who remitted GST but failed to reflect it in their returns due to technical issues; (ii) recipients who had valid tax invoices and proof of payment but whose suppliers did not remit the tax; and (iii) recipients who had invoices without proof of payment or receipt of goods. Referring to its earlier decision dated 4 June 2024 in W.P.(C) No. 31559/2019, the Court reiterated that genuine taxpayers affected during the initial years of GST implementation could seek relief under CBIC Circular Nos. 183/15/2022-GST (27.12.2022) and 193/05/2023-GST (17.07.2023). The Court allowed petitioners to approach GST authorities within 30 days to claim benefits under these circulars, directing that their eligibility be examined accordingly. It also held that the amendment extending the due date for filing September returns to 30 November (introduced in 2022) was procedural and applied retrospectively from 01.07.2017, ensuring that ITC claims filed up to 30 November of the succeeding financial year are valid. The challenge to the constitutional validity of Sections 16(2)(c) and 16(4) of the CGST Act was rejected

2. **PURCHASER NOT LIABLE FOR SUPPLIER'S GST DEFAULT" — LANDMARK RULING BY ALLAHABAD HC**

In the case of **M/s R.T. Infotech vs. the State Tax Authorities, Uttar Pradesh (Writ Tax No. 1330 of 2022, judgment delivered 30 May 2025),** the Allahabad High Court held that a bona-fide purchaser who has obtained valid tax invoices and paid the GST through banking channels (RTGS/NEFT) cannot be denied input tax credit (ITC) merely because the supplier failed to deposit tax or file returns. The court emphasised that the purchaser has no control over the supplier's compliance and that recovery or penal action ought to be directed at the defaulting supplier first under sections such as Section 73 of the Central Goods and Services Tax Act, 2017 (CGST Act), rather than penalising the compliant buyer. The Court thus quashed the orders denying ITC and remanded the matter for fresh adjudication.

3. **ZAHID SCRAP TRADERS (ALLAHABAD HC) WT NO. 4736 OF 2025 (DOJ: 19/09/2025)**

Factual matrix in the matter is that the petitioner's registration under the Act was cancelled on 14.01.2019. Subsequent to the same, no business was carried out by the petitioner. It appears that a show cause notice was uploaded on the GST portal and subsequent to the same, the order impugned was passed under Section 73 of the Act. Once

the registration has been cancelled, the petitioner is not obligated to check GST portal. The mode of service of any show cause notice has to be by way of alternative means to the petitioner. We find that there has been violation of the principle of natural justice, and accordingly, the impugned order dated 05.12.2023 (FY 2017-18) is quashed and set aside

4. **ASHOK DRUGS (WHOLESALE) (KERALA HC) WP(C) NO. 5496 OF 2024 (DOJ: 15/10/2025)**

Case of the petitioner is that, while supplying data in GSTR 3B for January, 2018, the petitioner inadvertently paid IGST input credit, despite the fact that the petitioner was not having any interstate sales. The specific case of the petitioner is that, the wrong application of input tax credit cannot be a ground to initiate proceedings under Section 73 of the CGST Act. It is a case of adjustment of the input credit in a different head, the proceedings under Section 73 would not be attracted as there is no revenue loss caused.