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Chartered Accountants

# Thinking Beyond

Monthly Newsletter- October 2025

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Topics**





# Changes and Compliances in GSTR 9 & 9C-FY 2024-25



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## Introduction:

This article aims to provide clarity on the filing of annual returns (Form GSTR 9) and reconciliation statement (Form GSTR 9C) along with required reconciliations, best practices, advanced issues & solutions and tips as applicable for financial year (FY) 2024-25.

**Due date – 31st December 2025.** The due date is not expected to be extended this year despite the extension for tax audits to 31st October 2025.

Govt. changes w.r.t GSTR 9 & 9C FY 24-25:

- NN 13/2025-CT dated 17th September 2025
- Updated Form GSTR 9 & GSTR 9C available in CBIC portal (GST > Forms > Returns)
- FAQ on GSTR 9/9C for the FY 2024-25 by GSTN

## Reconciliations required:

1. Turnover - Audited Financial Statements (AFS/Books) vs Table 5A (consider all GSTINs)

2. Table 5N Vs Table 17 – As table 17 is now mandated, this reconciliation could be an internal check mechanism.

3. Outward taxes – Liability as per Books Vs Liability as per GSTR 3B + DRC-03 (if any)

[ensure RCM liability is included]

4. Outward taxes – Rate wise liability as per workings Vs Rate-wise Liability as per books

5. GSTR 1 Vs GSTR 3B (This will help update GSTR 9 easily)

6. Inward taxes – Credit as per books Vs Credit as per GSTR 3B to identify excess claim of ITC, if any and missed out ITC to claim before 30th November 2025 through October 3B returns.

7. ITC reconciliations as follows (linked to table ITC availed - 4.A; ITC reversed 4.B & Net ITC – 4.C):

1. ITC of previous year disclosed in current year
2. ITC of current year disclosed in current year
3. ITC of current year disclosed in subsequent year

*Invoice level + reconciliation with GSTR 2B.*

8. Closing balance [Cash + Credit] – Books Vs GST portal (consider all GSTINs)

9. Verify and provide for Spill over transactions of previous FY and maintain tracker for next FY

10. Identify rectification and modifications done beyond 30th November timeline. (Revised from 20th September).

## Form GSTR 9 – Annual Returns

1. Table 6 – Segregation of ITC claimed in respect of previous year and ITC pertaining to current year (Table 6A(1) and 6A(2)).

2. Table 6H – Changes in reporting of reclaimed ITC:

• First time claim to be reported in 6B. Reversal in Table 7 and Reclaim in Table 6H.

• ITC reversed due to Rule 37 or 37A in earlier years (upto FY 2023-24) and reclaimed in FY 24-25 to be reported in 6H.

• Any other ITC reversed in earlier year but claimed in current year to be reported in 6A(1).

3. Separate reporting of ITC-02 in Table 6M. Wordings modified, can no longer be used as a residuary ITC cell.

4. Table 7A1 & 7A2 – ITC reversals as per Rule 37 (180 day vendor payment) & Rule 37A (vendor GSTR 3B filing status) disclosures added in annual returns format.

1. Table 7 - All ITC reversals to be disclosed separately. Cannot be consolidated under Table 7H from FY 24-25 onwards.

2. Table 8A will be based on table 6B only from FY 2024-25 onwards. ITC reclaimed will not be reported in Table 8B, delinked from table 6H. Also, this table depicts ITC as per table

3(I) of Form GSTR 2B (from FY 23-24).

3. Table 8H1 introduced – ‘IGST Credit availed on Import of goods in next financial year’ to help bifurcate ITC reconciliation on import of goods in table 8.

4. Table 6J & table 8I – Difference calculations are modified to keep the effect of above changes. Table 6J is suggested to be maintained as zero.

5. Table 9 will now have upfront reporting of the difference between tax payable and tax paid.

To ensure clear reasons for positive variance and payment proof for negative variance.

6. Tables 10, 11, 12, and 13 have undergone cosmetic changes, i.e. ‘Particulars of the transactions for the financial year declared in returns of the next financial year till the specified period’.

7. Table 12 & 13 are now mandatory – ITC of FY 24-25, claimed and reversed in GSTR 3B of FY 25-26 (before 30th Nov.)

8. Payment of additional tax liability – Form GSTR 9 earlier mentioned to be paid in cash, now allows utilisation of input tax credit. Although, GST portal allowed credit utilisation in line with GST law.

### The relaxations that remain from the past are as follows:

9. Table 4 - Amendments, credit notes and debit notes cannot be shown as net figures in B2B, B2C, etc. now. Table 4I to 4L to be disclosed separately from FY 21-22

10. Table 5 - Exempted & Nil-rated can be consolidated in 'Exempted' column or shown separately. Table 5F - Non-GST to be shown separately from FY 21-22 onwards

11. Table 17 - HSN outward details mandated from FY 2021-22 onwards. (GSTR 1 (table 12) consolidated data can be used for table 17).

12. HSN disclosures to be performed at 6-digit level (when T/o > Rs. 5 crore) and 4-digit level (when T/o < Rs. 5 crore for B2B only)

13. Clarification that disclosures in GSTR 1 tables 9A, 9B & 9C must be disclosed in table 10 & 11 of GSTR 9.

14. Table 5 - Amendments, credit notes and debit notes can be shown as net figures in table 5.

15. Table 6 - ITC bifurcation into 'inputs'/'input services' not mandatory, total value can be consolidated under 'Inputs'. From FY 2019-20 - under 'Inputs' & 'Capital Goods'.

16. Table 6 - May consolidate ITC under RCM from registered and un-registered persons under registered persons' table.

17. Part V - Reversal/Availment of ITC in previous year - may not be filled (T12 & T13)

18. Table 15, 16 & 18 - Refund details, Info on inward supplies & deemed supply, HSN inward details remain optional.

### Clarification on Outward Supply disclosures:

19. Table 4G1 & 5C1 - E-commerce operator supplies liable under section 9(5) –Source of info - GSTR 1 - table 14(b), 15 & table 3.1.1.ii & i - GSTR 3B [ECO & Supplier respectively].

20. Consider return filing w.r.t GSTR 1A where applicable (along with GSTR 1).

21. HSN Table 17 - advances and schedule III items must not be disclosed here.

22. Outward supply of FY 23-24 disclosed in GSTR 3B of FY 24-25, where shown in GSTR 9

FY 23-24 in table 10 or table 11 – Should not form part of table 4 or 5 of GSTR 9 FY 24-25. [short/excess taxes paid in 23-24 adj. in 24-25]

• **Reason** – already disclosed and reconciled in GSTR 9 & 9C of FY 23-24

• **Impact** – Table 9 of GSTR 9 FY 24-25 would show this positive variance (not compensatory in nature)

23. Credit Note raised in FY 23-24 disclosed in GST returns of FY 24-25, where shown in GSTR 9 table 4 of FY 23-24 – Should not form part of table 4 or 5 of GSTR 9 FY 24-25.

• **Reason** – already disclosed and reconciled in GSTR 9 & 9C of FY 23-24

• **Impact** – Table 9 of GSTR 9 FY 23-24 (tax payable is <), in FY 24-25 (tax payable is >) would show this variance (compensatory in nature).

### ITC disclosure in GSTR 9:

To understand the disclosures appropriately, following tables have been created. The disclosures are dependent on whether the ITC has undergone a temporary reversal or not. The reason for differentiation is due to double disclosure in table 4.A of GSTR 3B leading to double disclosure in table 6A of GSTR 9.

### ITC claimed directly in GSTR 3B (no reversals)

Invoice date	Invoice date	GSTR-3B claim	GSTR 9 FY 24-25
FY 24-25	FY 24-25	FY 24-25	table 6B
FY 24-25	FY 24-25	FY 25-26	table 8C & 13, 6A1 of 25-26
FY 24-25	FY 25-26	FY 25-26	table 8C & 13 only <sup>1</sup> , 6A1 of 25-26
FY 23-24	FY 24-25	FY 24-25	table 6A1 <sup>2</sup>
FY 23-24	FY 24-25	FY 24-25	table 6A1 <sup>3</sup>
FY 25-26*	FY 24-25	FY 25-26	Table 8C4, 6A1 of 25-26

### ITC claimed directly in GSTR 3B (with temp. reversals)

Invoice date	Invoice date	GSTR-3B claim	GSTR-3B reclaim	Annual returns Disclosures
FY 24-25	FY 24-25	FY 24-25	FY 24-25	24-25 table 6B, 6H, t7
FY 24-25	FY 24-25	FY 24-25	FY 25-26	24-25 table 6B & t7 25-26 table 6A1 <sup>2</sup>
FY 24-25	FY 25-26	FY 25-26	FY 25-26	24-25 table 8C & t13 <sup>1</sup> 25-26 table 6B, t6H, t7
FY 23-24	FY 24-25	FY 24-25	FY 24-25	24-25 table 6A1, t6H, t7
FY 23-24	FY 24-25	FY 24-25	FY 24-25	24-25 table 6A1, t6H, t7
FY 23-24	FY 23-24	FY 24-25	FY 24-25	24-25 table 6A1, t6H, t7
FY 24-25	FY 25-26*	FY 24-25	FY 25-26	24-25 table 6B & t74 25-26 table 6A1

1 - Even though not part of GSTR 2B of FY 24-25, it forms part of table 8A of FY 24-25, GSTN FAQ on GSTR 9 clarifies accordingly.

2 - Even though it is part of GSTR 2B of FY 24-25, it will not form part of table 8A of FY 24- 25, GSTN FAQ on GSTR 9 clarifies accordingly.

3 - Annual return has been modified. ITC will be bifurcated between past and current year.

Such values may include temporary ITC reversed and reclaimed, but, must not include ITC re-claimed under Rule 37 (180 days) and Rule 37A (vendor 3B filing).

\* - Invoice dated FY 24-25 but accounted in FY 25-26 (books only).

4 - ITC must be claimed based on GSTR 2B. Disclose in table 8C as such entry would not display in GSTR 9 - table 8A of FY 25-26. ITC in GSTR 9C would have a compensatory impact Where re-claim is on account of r37 / 37A – the disclosure would be required in 6H instead of 6A1.

### Note-1: ITC Reversal disclosures –

When temporarily reversed – use table 7H (modify text - ‘temp reversal’)

When temporarily reversed u/R 37, 37A & 38 – use 7A, 7A1 & 7A2 resp.

When permanently reversed – use appropriate table – 7C, 7D, 7E

### Note-2: Internal check –

- Table 8C of previous year matches to Table 6A1 of next year
- Table 4D(1) of GSTR 3B for FY 24-25 = Table 6H + Table 6A1

### Open issues:

Previous year ITC re-claimed and reversed in GSTR 3B – This will create a variance in table 7J as the total formula includes table 6O and reversals in table 7, although does not include table 6A1, i.e. ITC re-claimed w.r.t past period.

Table 7J is linked to Form GSTR 9C, where ITC reconciliations with books of accounts also would lead to a mismatch due to incorrect value here. Solutions:

- Type 1) Disclose such re-claim in 6A1 and do not disclose such reversals in table 7 to avoid mismatch in table 7J.
- Type 2) Disclose such re-claim in 6A1, reversal in table 7 which would lead to a mismatch in table 7J. Raise a ticket (grievance redressal) for apparent mismatch and include reasons for different in table 13 of GSTR 9C.
- Type 3) - Disclose such re-claim in table 6H instead of 6A1 and also disclose the permanent reversal in table 7 (respectively). This will ensure Table 7J net ITC matches table 4C of GSTR 3B and would result in appropriate disclosure in GSTR 9C.

### Supplier Credit Notes in GSTR 9 -

The following situations may arise:

- Supplier credit note raised to cancel out invoice – net impact in GSTR 2B – Nil.
- Supplier credit note raised, acceptable to recipient – ITC would be reversed in GSTR 3B. Net value may be disclosed in table 6B. Avoid T7 disclosure to ensure table 8 (2B reco) is more accurate.
- {Open issue} - Supplier credit note raised, not acceptable to recipient – Do not consider disclosure in table 6, reconciliation difference would arise in table 8 (2B reco). Ensure appropriate documentation is maintained for the same.

### Table 6M – Balancing / Residuary cell

T6M can no more be utilised as a balancing figure to disclose temporary reversals, supplier credit notes, etc. Only ITC arising out of Form ITC-01, 02, 02A can be disclosed here. [other than thru GSTR 3B]. Where, T6M is disclosed per law, table 7J internal check to table 4C of GSTR 3B would vary to such an extent.

### Changes in Table 8

#### Table 8A details –

- Contains - ITC of invoices pertaining to FY 2024-25 appearing in GSTR 2B of FY 2024-25

- Contains - ITC of invoices pertaining to FY 2024-25 appearing in GSTR 2B of FY 2025-26

- Does not contain - ITC of invoices pertaining to FY 2023-24 appearing in GSTR 2B of FY 2024-25

*Note – Therefore, table 8A would static (unchanged) as on 1st December 2025. Ensure Annual returns are filed post such date only.*

### Domestic ITC –

Table 8C, i.e. GSTR 2B credit of current year claimed in the next year – due to implementation of table 6A1 the utility of this table is reduced. Better understood by way of an illustration:

ITC of FY 24-25 (2B) re-claimed in FY 25-26 (3B)  
Such credit was claimed, temporarily reversed in FY 24-25 and finally re-claimed in FY 25- 26 (within time limit)

*Disclosure in GSTR 9 FY 24-25: Table 6B, Table 6H & Table 7H (temp rev.)*

*Disclosure in GSTR 9 FY 25-26: Table 6A1*

### Imported Goods –

Additional table 8H1 has been introduced to disclose ITC w.r.t imported goods disclosed in GSTR 2B of current year but claimed in the next financial year.

Previously, the ITC disclosure was matched to GSTR 2B irrespective of actual credit claimed to avoid possible dispute of ITC on import of goods.

*Note – Time limit u/s 16(4) disputable on ‘bill of entry’ document. Applies to ‘invoice and debit note’ only.*

### Important information:

Taxpayers need not file annual return in FORM GSTR-9/9A for FY 2024-25 if their aggregate annual turnover is up to Rs. 2 crores. (If 9 not filed, 9C not required)

Taxpayers having turnover more than Rs. 5 crores are required to file GSTR 9C. Therefore, those persons between Rs. 2 crore & Rs. 5 crores need not file Form GSTR 9C but require filing GSTR 9.

Liability as per table 4 (incl. Adjustments in table 10 & 11) must be considered as final liability (as per books) irrespective of liability disclosed in GSTR 3B + Form DRC-03 during the FY.

Time period for transactions of previous year disclosed in next financial year until specified period means details disclosed for FY 2024-25 up to 30th November 2025.

Rule 42 - Annual re-computation of ITC reversal for the FY - deadline is September month, i.e. where GSTR 3B is due by 20th October.

Payments to be made through Form DRC-03. Utilization of ITC is now allowed.

As ITC claim and matching of credit is being checked via GSTR 2B Vs GSTR 3B vide Form DRC-01C, any notices raised based on table 8 disclosure of GSTR 9 would not seem relevant and appropriate anymore.

Late fees for annual returns incl. reconciliation statement are applicable only once, i.e. if both returns or either GSTR 9 or GSTR 9C are delayed beyond the due date, late fees would be collected only once. Relevant changes in GST portal are expected in this regard. Waiver of late fee based on turnover is provided in NN 07/2023-CT dtd 31.3.23.

GST portal has enabled Form GSTR 9 & Form GSTR 9C for FY 24-25 in the GST portal, table 8A vs GSTR 2B check may be warranted. If T8A is NIL in the portal, raise a grievance for the same, alternatively, it may reflect as on 1st December 2025 only.

## Form GSTR 9C – Reconciliation Statements

1. Table 7D1 introduced – Supplies on which tax is to be paid by ECO as per s9(5) [Supplier to report], as it would not form part of taxable turnover.

2. Table 9K2 introduced - Supplies on which tax is to be paid by ECO as per s9(5) [ECO to report]

3. Table 5B – Turnover reconciliation – Unbilled Revenue at the beginning of the year can be merged and disclosed in table 5O.

4. Other Turnover reconciliations from table 5C to 5N – Must be disclosed separately and cannot be clubbed under Table 5O. Earlier, relaxation was available till FY 2021-22 as single disclosure in table 5O.

5. Table 12B & 12C – No more optional, mandated to disclose such ITC details from FY 2023- 24 onwards.

6. Table 14 – Remains optional to fill expense wise ITC claim details (this may also be available from disclosure in clause 44 of Tax Audit Form 3CD).

*Note-1: Pre-requirement to 9&9C – all GSTR 1 & GSTR 3B for FY 2024-25 must be filed*

*Note-2: Form GSTR 9 & GSTR 9C – once filed cannot be revised. (suggested to file together)*

### Advanced Issues & Solutions

**1. Rule 37A compliance** – Ensuring vendors' file their GSTR 1 correctly is not sufficient anymore, vendors' must also file their GSTR 3B to ensure ITC is eligible to the recipient (rule 37A introduced in Dec '22 r/w s 16(2)(c)), GSTR-2A provides the status of vendor 3B filing status. ITC reversed under this rule can be claimed once vendor files the GSTR 3B. It can be disclosed under table 7A1. Such reversals practically are rare due to implementation of GSTR 1 filing only after GSTR 3B filing and automated form DRC-01B.

**2. Credit Note disclosures** – The wordings in table 4 of GSTR 9 is confusing as the heading is transactions for the year, whereas, CN raised against invoices above leads to an interpretation where CNs raised in the next financial year (within timelines) could be considered. In our view, CNs raised in next financial years must be disclosed in such period as it is not a transaction of the previous financial year.

3. Tackling Deferred ITC ledgers – After the restriction on ITC claim based on GSTR 2B reflection, many eligible ITC may not have been claimed and maintained in deferred ledgers. The disclosures for the same must be considered in Table 13 of GSTR 9 to the extent claimed in 1st Apr- 30th Nov 25 period. In GSTR 9C - Table 12A to include entire ITC as per books, table 12C can be matched with GSTR 9 table 13 figures. Similarly additional disclosures in the next financial year would be in table 6A1, 6B and 6H of GSTR 9, and Table 12B of GSTR 9C.

**4. Table 8C Vs Table 13 in GSTR 9** - The reasons for differences would be:

a. Table 13 consists of ITC on imports & inward supplies liable to reverse charge which must not be disclosed in 8C.

b. Goods/services in transit would need to be disclosed in table 8C but not in table 13. (those invoiced in current FY, but goods/services received and accounted in next FY)

c. Invoices accounted for the current FY, but appeared in GSTR 2B and claimed in GSTR 3B in the next FY. This would be disclosed in table 13 only.

**5. Table 8K – Lapsed ITC - analysis** – ITC to be lapsed does not specifically mean that such ITC will be reduced from electronic credit ledger directly. This is only an indication to the dept. for settlement purposes. (clarified in July 2019 press release). Although, with recent changes in ITC tables in FY 24-25, it may indicate revitalized utilization of table 8K.

**6. Negative ITC in table 4C of GSTR 3B** – The negative ITC (meaning tax liability) in table 4C of Form GSTR 3B will ensure in table 9-GSTR 9 such amount is considered in tax paid although such values would not reflect automatically and therefore, it may need manual addition in table 9 (tax payable) to ensure reconciliation. This would also impact similar disclosures in table 9 of GSTR 9C. Alternatively, reasons for variance in table 9 can be maintained without any such adjustments.

**7. Table 7E vs Table 9 of GSTR 9C** – Although this is not a mandated reconciliation, this check ensures that the taxable value as per books (considered rate wise) matches to the taxable value as reconciled in the previous tables. Verifies taxes calculated as per books is appropriate. Ensure that table 9 of GSTR 9C is filled only as per books irrespective of disclosure in GSTR 3B or GSTR 9.

### 8. Additional liability disclosures

a. Outward & RCM liability – this may be disclosed for the first time in table 4 of GSTR 9, which would display in table 9 which should be supported by a DRC-03. Alternatively, where accounted but missed, may be disclosed directly in GSTR 9C table 9 – mismatch with reasons having DRC-03 reference.

b. ITC reversal/excess claim – this may be disclosed in table 7 of GSTR 9. Manual addition to tax payable in table 9 of GSTR 9 may not be required where it forms part of mismatch in table 12F of GSTR 9C. Reasons for difference may be supported with DRC-03 reference.

c. Alternate option – Use Pt V of GSTR 9C – 'Additional liability due to non-reconciliation'.

### Best Practices & Tips:

1. Maintain 9 & 9C workings with links to all the relevant data. Avoid keyed-in workings.

2. Perform invoice level reconciliations - A very beneficial exercise to taxpayers, which will help not only in the process of filing the annual returns but also to identify the errors and provide info to department in the future.

3. Maintain separate details of ITC claimed, reversed, and re-claimed if the taxpayer fulfils the conditions mentioned u/s 16.

4. In case of amendments, outward register to be maintained with original values, so that it will be helpful while table 4 & 5 of GSTR9.

5. Invoice level GSTR 2B Vs ITC as per books reconciliation is to be performed for Table 8 disclosure in GSTR-9.

6. Credits as per books – unclaimed due to non-matching with GSTR 2B. Pass as expense in books of accounts of FY 2024-25 and verify option of recovery from continuing vendors.

7. Providing an “Annual GST - Management Report” which may consist of the following:

- Folder with final workings and filed Form GSTR 1, 3B, GSTR 9 & 9C for the FY.
- Reconciliations for the FY – Outward, Inward & RCM – birds eye view
- Reasons for variances and action taken (summarily)
- Where additional liability was noticed – summary details + payment documentation
- Suggestions on internal accounting/processes/reporting going forward

## Conclusion

The activity of filing Form GSTR 9 & 9C with the recent changes has become even more complex although it is expected to show the final values (with corrections if any) for a financial year appropriately. The department is also using this as a document for scrutiny. Therefore, using tools/software and procedures to ensure accurate data is extrapolated is imperative. Availing the services of expert professionals may help resolve various non-compliances made inadvertently and gain insights into data documentation and availability.

*I acknowledge CA Mahadev's contribution to this article.*

*Views expressed in this article are personal, not to be construed as legal opinion.*

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# B All About Inverted Duty Structure under GST (including the impact of GST 2.0)(Practical FAQs)



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## Introduction:

Under the GST regime, tax is levied on every stage of supply, but the credit of tax paid on inputs and input services is available subject to the fulfilment of conditions, and restrictions, provided under Chapter V of the CGST Act 2017, to avoid cascading and effectively tax the value addition. Value addition is intended to achieve fiscal neutrality and to obviate a cascading effect of taxation which traditional tax regimes were liable to perpetuate. Therefore, the tax collected by the exchequer would be on the final value of the goods and/or services consumed by the ultimate consumer.

Nevertheless, in some cases, the rate of GST on inputs are higher than the rate of GST on outward supplies resulting in accumulation of input tax credit, which would indirectly add cost to the working capital cycle. This situation is called an Inverted Duty Structure (IDS) though such name is not anywhere referred in the legislation.

In the erstwhile regime, there was no concept of IDS refund i.e. refund for such credit accumulation didn't exist. However, in GST, to neutralize this imbalance, Section 54(3) of the CGST Act, 2017, read with Rule 89(5) of the CGST Rules, 2017, addresses the concern and allows taxpayers to claim a refund of the accumulated Input Tax Credit (ITC) on account of such inversion subject to certain conditions.

With the introduction of GST 2.0 and the Government's rate rationalisation efforts, the idea is to reduce the scenarios of inverted duty structure by aligning input and output tax rates for certain sectors. Yet, rate reduction on certain finished goods has also created fresh cases of inversion, meaning those suppliers must now apply for IDS refunds.

This FAQ based note seeks to clarify the legal, procedural, and practical aspects of Inverted Duty Structure.

### Q1. What is meant by an "Inverted Duty Structure" under GST?

**A:** An inverted duty structure is a scenario, when the rate of tax on inputs is higher than the rate on the final product or output service. For example, if raw materials are taxed at 18% and the finished product is taxed at 5%, the situation is referred as inverted duty structure.

### Q2. What is the legal provision governing IDS refunds?

**A:** IDS refunds are governed by:

- Section 54(3) of the CGST Act, 2017, which **permits refund of unutilised** ITC where the credit accumulation is due to inverted tax structure; and
- Rule 89(5) of the CGST Rules, 2017, which prescribes the formula for computing the refund.

### Q3. Who can claim a refund for IDS under GST?

**A:** Taxpayers whose inputs attract higher GST than their output supplies, but not those making nil-rated or exempt supplies or those notified by the government as ineligible, can claim refunds under Section 54(3) and Rule 89.

### Q4. Can a taxpayer claim refund of ITC on both inputs and input services under IDS?

**A:** Though the section 54 of the CGST Act 2017 does not discriminate between inputs, input services and capital goods among the input tax credit, the rule 89(5) of the CGST Rules 2017 specifically confine the refund eligibility only to inputs.

The said analogy is confirmed by Honourable Supreme Court in the case of Union of India vs VKC Footsteps India Pvt. Ltd.1 wherein the court upheld the validity of dissection provided in the rule between inputs and input services, so long as there is no transgression of the fundamental principle underlying the doctrine of classification.

### Q5. Can businesses claim IDS refunds after a GST rate reduction on finished goods?

**A:** Yes, businesses can claim Inverted Duty Structure (IDS) refunds if a rate reduction on finished goods leads to a situation where the input tax rate becomes higher than the output tax rate.

For example, suppose a product earlier taxed at 18% is reduced to 5% under a GST rate rationalisation notification, while inputs continue to be taxed at 18%. This creates an inverted duty structure from that date onward.

### Q6. Where a trader purchased goods before the rate rationalisation (purchased at 18% rate) and sold goods after the rate rationalisation (sold at 5%) is eligible for IDS Refund

**A:** In terms of Circular 135/05/2020-GST and 173/05/2020-GST, it has been clarified by the CBIC that the input and output being the same in such cases, though attracting different tax rates at different points in time, such scenario is not covered under the ambit of Inverted Duty Structure. However, if such goods are supplied at lower rate of tax due to some concessional notification, then the said scenario shall be considered as Inverted Duty Structure. Recently in the context of rate rationalisation vide GST 2.0 too, Government has concurred with the above clarification via Q.no.10 of the FAQ

In our view, we would humbly distinguish from the above clarification due to the following reasons:

- i. The law does not provide any discrimination between the supply of same goods or different goods i.e., manufacturers/service providers and traders. As long as the rate of tax of inputs are higher than the rate of tax of output supplies, it is covered as inverted duty structure.

Various High Courts concurred with this view by reading down the said circular and allowed the refund even though the inputs and output are same. Reference High Court rulings are as follows: The Gauhati High Court in the case of BMG Informatics Pvt Ltd<sup>2</sup>, Rajasthan High court in the case of Baker Hughes Asia Pacific Limited<sup>3</sup>, Delhi High Court<sup>4</sup> in the case of Indian Oil Corporation Limited, Kerala High Court in the case of Malabar Fuel Corporation<sup>5</sup>.

iii. It is settled principle of law that the circular can only supplement the law and not supplant the law. Circulars might mitigate rigours of law by granting administrative relief beyond relevant provisions of the statute, however, Central Government is not empowered to withdraw the benefits or impose stricter conditions than postulated by the law<sup>6</sup>.

**Q7. Whether refund under IDS category available if the input and output goods are same and accumulation of credit happened due to minor inputs like packing materials, consumables, etc.**

**A:** Yes, IDS refund can be claimed as long as ITC accumulation happens to inputs rate being higher than the output rate. The same was confirmed by Karnataka High court in the case of M/s. Indian Oil Corporation Limited<sup>7</sup>, Madras High Court in the case of Eveready Spinning Mills P Ltd<sup>8</sup>.

For instance, in case of supply of Kerosene Oil via Public Distribution System is taxed at 5%, whereas the inward supplies for making such outward supplies are taxed at higher rate of tax and equal rate of tax in some cases like – Procurement of Kerosene – 5%/18%, Blue Dye – 18 , Repairs & Maintenance Materials – 18%/28%, Printing & Stationery items – 18%.

2 WP(C)/3878/2021, WP(C)/3675/2021, WP(C)/3880/2021, WP(C)/4120/2021  
 3 D.B. Civil Writ Petition No. 5714/2021  
 4 2024 (81) G.S.T.L. 252 (Del.)  
 5 2024 (86) G.S.T.L. 207 (Ker.)  
 6 Pitambar Books Pvt. Ltd W.P.(C) 627/2020  
 7 WP No. 14414 of 2024  
 8 W.P. (MD) 10033 of 2024

In such cases, even though the major input Kerosene is taxed at 5%, since other inputs for making the output supplies are taxed at higher rate of tax, it is covered within the ambit of inverted duty structure.

**Q8. What is the time limit for filing refund application under IDS Category?**

**A:** As per Section 54(1) of the CGST Act, 2017, the time limit for filing a refund application under the Inverted Duty Structure (IDS) category is two years from the “relevant date.” For IDS refunds, the “relevant date” is defined in Explanation (2) (e) to Section 54, The due date for furnishing of return under Section 39 for the period in which such claim for refund arises.

If you are filing a refund for, say, for the month June 2024, the due date for filing GSTR-3B for June 2024 (normally 20th July 2024) will be the “relevant date.”

Hence, the refund application must be filed within two years from 20th July 2024, i.e., by 19th July 2026.

**Q9. How many days it generally takes to process the refund**

**A:** As per the existing law the refund should be granted within 60 days from the date of receipt of application complete in all aspects. [Section 54(7) of the CGST Act 2017].

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Nevertheless, recently vide 56th GST council, the provisional basis refund i.e., granting 90% of the applied refund within 7 days from the date of issuance of acknowledgement for the refund application filed via GST RFD-02. The said proposal is yet to be notified. The same is expected to be notified vide the upcoming Finance Budget 2026.

**Q10. Will the service providers can be able to claim refund under IDS?**

**A:** IDS refund arises if the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on Output supplies (other than nil rated or fully exempt supplies). Output supplies include supply of services in addition to supply of goods. Service providers are not barred from claiming IDS refunds merely because their outputs are services. Service providers could claim refund under IDS Category if credit accumulated due to higher rate on inputs.

For example, if a contractor providing outward service which is chargeable at 5% outward tax. However, ITC accumulated due to purchase of steel and cement (18% or 28% as applicable), the service provider can claim refund under IDS Category if there is no specific restriction for the said service.

**Q11. What are the goods or services on which IDS refund is restricted**

**A:**

Sl. No.	Description of Goods/Services which are restricted from IDS refund	Relevant Notifications
01	<ul style="list-style-type: none"> <li>• Edible Oils falling under chapter 15,</li> <li>• Coal, lignite, peat falling under chapter 27,</li> <li>• Specific fabrics falling under chapter 50,51, 52, 53, 54, 55, 56, 58 &amp; 60,</li> <li>• Rail locomotives, coaches, wagons etc. falling under chapter 86.</li> </ul>	Notification No.05/2017, 20/2018, 9/2022 - Central Tax (Rate)
02	Construction of of a complex, building or a part thereof, intended for sale to a buyer, wholly or partly, where the amount charged from the recipient of service includes the value of land or undivided share of land, as the case may be, except where the entire consideration has been received after issuance of completion certificate , where required , by the competent authority or after its first occupation , whichever is earlier	Notification No. 15/2017, 15/2023 - Central Tax (Rate)

**Q12. When a product added to IDS restriction category, from when the IDS refund will be restricted.**

**A:** IDS Refund will be eligible for the supplies made before the restriction comes into existence even though the refund application filed after the restriction introduced.

In the case of Shree Proteins Private Limited<sup>9</sup>, Gujarat High Court affirmed that the refund of accumulated ITC under Inverted Duty Structure can be restricted only on the input tax credit only after the restriction posed via notification under section 54(3)(ii) of the CGST Act 2017. Such restriction shall not apply for the refund application where the refund is claimed on the accumulated input tax credit prior to such restriction.

**Q13. Whether the supplier making supplies to merchant exporters @ 0.1% eligible for IDS refunds**

**A:** The supplier who supplies goods at the concessional rate is also eligible for refund on account of inverted tax structure as per the provisions of clause (ii) of the first proviso to sub-section (3) of section 54 of the CGST Act. The same was clarified through Para No. 59 of Circular 125/44/2019 – GST

**Q14. Whether IDS refund can be claimed by the recipient if the supplier charges higher rate erroneously instead of lower rate applicable**

**A:** In terms of Section 54(3)(ii) of the GST Act, if the rate of tax on input is higher than the rate of tax on output, the person can certainly claim the refund. If the duty paid on input is 18% though it is chargeable at 5%, the recipient is entitled for refund in terms of the provision of the Section 54(3)(ii) of the GST Act. The same was decided in favour of the taxpayer by Madras High Court in the case of M/s Suzlon Energy Limited<sup>10</sup>.

**Q15. Can IDS refund be denied if only one input is taxed higher than the output?**

**A:** No. Courts clarify that if any input in the supply chain attracts higher GST than the output, refund eligibility arises, not just for the principal input. Check all purchased inputs for inversion.

**Q16. Can a supplier claim refund under both the categories under Export as well as IDS for the same goods**

**A:** Yes, A supplier can claim refund under both the categories as long as the conditions specified for each category are satisfied. The same was confirmed by the Madras High Court in the case of VSM Weavess India (P.) Ltd<sup>11</sup>

<sup>9</sup> 2023 (78) G.S.T.L. 87 (Guj.)  
<sup>10</sup> W.P.Nos.10852 & 10855 of 2021 and W.M.P.Nos.10772 & 10773 of 2021

**Q17. What are common examples of industries facing inverted duty structure?**

**A:** Though the recent rate rationalisation reform implemented by the Government focussed on reducing the inversion, there are still sectors which are affected by the inverted duty structure. Some examples are Textile & Apparel Sector, Electricals & Electronics, Packaging and Printing,

**Q18. If the credit accumulation happens due to the subsidy given by the State Government / Central Government, whether refund under IDS Category can be claimed?**

**A:** The law provides the refund entitlement under inverted duty structure when the rate of tax on inputs is higher than the rate of tax on output supplies. The said scenario does not cover the accumulation created due to abatement in the valuation i.e., subsidy given by the Government. The same analogy is affirmed by the Hon'ble SC in the case of VKC Footsteps<sup>12</sup>.

The fertilizers industry faces this issue practically even after the GST rate rationalisation where the rate of tax of inputs was reduced. The issue is under the purview of GST council for its consideration. Nevertheless, if even any one of the input's rate of tax is higher than the output tax, the transaction would be covered within the ambit of inverted duty structure. Refer Q.7 above.

**Q19. If the inputs which are common chargeable at various rates i.e. 5%, 12%, 18% and 28% and the outward supplies also chargeable at 5%, 12%, 18% and 28%, Whether IDS refund can be claimed?**

**A:** If the credit accumulation happens in such scenario, certainly refund under IDS category can be claimed. However, for the purpose of inverted turnover, the turnover of 5%, 12% and 18% put together can be considered. The same was confirmed in the case of Nahar Industrial Enterprises Limited Vs Union of India by the Honourable Rajasthan High Court

<sup>11</sup> 2024 (82) G.S.T.L. 402 (Mad.)  
<sup>12</sup> 2021 (52) G.S.T.L. 513 (S.C.)

**Q19. If the inputs which are common chargeable at various rates i.e. 5%, 12%, 18% and 28% and the outward supplies also chargeable at 5%, 12%, 18% and 28%, Whether IDS refund can be claimed?**

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**Q20. How is the refund amount calculated under Rule 89(5)?**

**A:** Rule 89(5) lays out a formula for the maximum refund, considering eligible ITC from input goods, output GST liability, and proportionate adjustments. The formula was updated in July 2022.

The eligible refund amount =

(Turnover of inverted rated supply × Net ITC ÷ Adjusted total turnover) – Tax payable on such inverted rated supply \* Net ITC ÷ ITC availed on inputs and input services.

Here, Net ITC refers only to the ITC on input goods, not services or capital goods.

**Q21. Are the rules for IDS refund applicable on imports as well?**

**A:** Yes. IGST paid on imported goods follows the revised GST rate schedule just like domestic goods from the date of change.

**Q22. How to apply for an IDS refund?**

**A:** Refund applications are filed electronically in Form GST RFD-01 through the GST portal within two years from the relevant date.

**Q23. What documents are required for filing an IDS refund claim?**

**A:** Typically:

- Statement 1A (auto-populated from GSTR-1 and GSTR-3B),
- Purchase invoices,
- Calculation sheet as per Rule 89(5),
- Declaration under Rule 89(2),
- Undertaking for non-passing of tax incidence (unjust enrichment).
- CA Certificate

**Q24. Can IDS refund be claimed if the output supply is exempt or nil-rated?**

**A:** No. Refund of unutilised ITC is **not allowed** if:

- The output supply is **nil-rated or exempt**, or
- The taxpayer has availed **duty drawback or refund of IGST paid on exports** for the same goods.

**Q25.Can a taxpayer carry forward ITC if rate rationalisation removes inversion?**

**A:** Yes. If inversion is removed (say both input and output now taxed at 5%), the refund claim for past periods remains valid, but going forward, ITC can only be utilised not refunded.

**Q26.What did the Supreme Court hold in the VKC Footsteps India Pvt. Ltd. case?**

**A:** The Court upheld the validity of **Rule 89(5)**, stating that:

- Refund is a statutory right arising from the Statute.
- Inverted Duty Structure is confined only to refund of accumulated ITC on account of input goods;
- Denial of refund on input services is not unconstitutional;
- Any policy change must be done through legislative amendment, not judicial direction.

**Q27.Will GST 2.0 completely remove the need for IDS refunds?**

**A:** Not entirely. The government's aim is to minimise IDS refunds by aligning rates, but as long as rate differentials exist across the value chain, IDS refunds will continue for some sectors and few sectors are newly added due to rate reduction on finished products.

**Q28.What is the future outlook for IDS refunds under GST 2.0?**

**A:** Rate rationalisation may:

- **Eliminate IDS refunds** for sectors where inputs and outputs are aligned, but **Create fresh inversions** where only outputs are rate-reduced. Hence, businesses must monitor rate notifications carefully and re-evaluate refund eligibility after each rate change

**Conclusion**

Inverted Duty Structure (IDS) refund under GST is a vital relief mechanism designed to address the cash flow challenges faced by businesses when the GST rate on inputs exceeds that on output supplies. This refund process ensures that genuine accumulation of input tax credit due to inverted rates is monetized, thus supporting business continuity.

While GST 2.0 aims to rationalize rates and reduce the incidence of IDS, certain rate reductions may still result in inversion, requiring affected taxpayers to understand and claim IDS refunds correctly.

This FAQ collection equips taxpayers with practical insights into eligibility, computation, documentation, and procedural requirements for IDS refunds, helping ensure compliance and timely recovery. Given the complexity of rate changes and legal developments, staying updated on relevant circulars, notifications, and court decisions is essential for effective management of inverted duty structure refunds under GST.

[For feedback or queries, please mail us at [arjun@hnaindia.com](mailto:arjun@hnaindia.com) or [rajeshmaddi@hnaindia.com](mailto:rajeshmaddi@hnaindia.com) ]

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# Payment of terminal handling charges and other charges directly to terminal operators instead of the shipping line- Kerala High Court quashed directions issued by the Ministry of Commerce



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Section 151A of the Customs Act gives power to board to issue orders, instructions and directions to officers of customs to implement provisions of the Customs Act. These instructions or circulars are clarificatory in nature, and they are binding on the officers only.

It is a settled principle that "A circular cannot override or detract from the provisions of the statute or notifications issued thereunder". The Hon'ble Apex Court has been upheld this view in many Judgements.

Under Customs Law a Public Notice is an administrative communication issued by the customs authority to inform trade and the public about procedural matters, operational instructions, or implementation of statutory or policy changes. Therefore, we can say that circular or public notice is not law but to clarify or facilitate trade in practical implementation of law.

Considering the above background, in the year 2020 there is one Public Notice No.05/2020 issued by the Commissioner of Customs, Cochin to allow an option to pay terminal handling charges and other charges directly to terminal operators instead of paying through shipping lines. This measure is taken to mitigate the variances of charges collected and paid to terminal operators by shipping lines

The exact para of the public notice is reproduced as follows:

In order to bring transparency, augment "Ease of Doing Business" and to reduce the logistics costs, it is decided that the importers having AEO status or DPD facility for containerized cargo may be allowed the facility of paying terminal handling charges and other charges of the port directly to the terminal operators instead of paying through shipping lines.

However, commerce ministry has misinterpreted the above public notice and issued directions to shipping lines not to collect any charges from shipper/recipient of goods over and above the terminal handling charges which Indian port has prescribed in accordance with Major Port Trust Act, 1963. These communications were challenged by the Container Shipping Line Association (Petitioner) in the Court.

***The Hon'ble High Court of Kerala [2025 (3) TMI 1151]*** held that communications/ directions issued were to be legally flawed and contrary to Public Notice based on below analysis:

In the absence of regulatory power, traceable to the provisions of any statute or contract, Court is of the view that such a power, that has the potential to interfere with the freedom of contract between parties, cannot be inferred from the terms of a Public Notice."

The Public Notice was not intended to alter or interfere with existing contracts but merely offered an option to importers regarding terminal handling charges.

***The Communications interpreting the public notice in a manner that interferes with private contracts is contrary and void and infringes the fundamental rights.***

To sum up, the Kerala High Court clarified that a Public Notice, being an administrative tool, cannot override legislation or alter private contracts unless specifically authorized by law. The purpose of Public Notice

No.05/2020 was to give importers an additional direct payment choice for terminal handling charges, not to restrict or modify existing contractual terms or fundamental rights. As such, interpreting the notice as granting regulatory power or curbing contract freedom lacks legal foundation and cannot be upheld.

For any clarifications, reach out to [leela@hnaindia.com](mailto:leela@hnaindia.com)

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# Supreme Court Says No Levy of Export Duty on Sale of Goods by Local Unit To Sez Unit



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The Special Economic Zones Act, 2005, was enacted primarily to promote exports through an expeditious single window approval mechanism and to make goods and services available free of taxes and duties, supported by integrated infrastructure for such export production.

Section 53 of the SEZ Act, 2005, envisages that the Special Economic Zone from the appointed day shall be deemed to be a territory outside the customs territory of India for the purposes of undertaking the authorized operations. Does this mean every transaction from the Domestic tariff unit to the SEZ unit will be treated as export and liable for export customs duties?

First, we must remember that Section 12(1) of the Customs Act, 1962, is the charging section for customs duty on imports or exports. Previously, Section 76F(a) of the Customs Act, 1962, specifically envisaged levy of export duty on supplies from Domestic Tariff Area to the Special Economic Zone, later with the enactment of SEZ Act, 2005 the related provisions of customs were omitted..

By going through the provisions of the SEZ Act, 2005,

Section 26(1) allows **duty-free imports** and exports by SEZ units, and it does not specify the duty on supply by DTA to SEZ units, subject to terms and conditions specified

Section 30(a) specifies that any goods removed from a SEZ to DTA shall be chargeable to customs duties

Section 53, an SEZ unit shall be deemed to be a territory outside the customs territory of India for the purpose of undertaking the Authorized Operations.

Rule 27 (1) an SEZ unit **may import or procure from DTA** without payment of duty, provided it will attract export duty in case export duty is leviable on items.

From the above, we can understand that there is no provision in the SEZ Act, 2005 that levies customs duty on DTA to SEZ supplies. However, Proviso to Rule 27 specifies the export duty would attract on these items when sold to SEZ Unit from DTA Unit, and Customs officers were demanding the export duty based on Rule 27.

Couple of taxpayers challenged this levy before the Constitutional Courts. The above issue was initially discussed in the case of *M/s. Essar Steel Ltd. v. UOI* [2010 (249) E.L.T. 3 (Guj.)], where the Hon'ble Gujarat High Court held that levy of export duty on goods supplied from the Domestic Tariff Area to the Special Economic Zone is not justified for the following reasons.

- Movement of goods from DTA to SEZ unit is not a taxable event to levy export duty as per the Customs Act, 1962.
- There cannot be a levy of duty which is impliedly contemplated unless there is a charging provision. The objective of the SEZ is to make available (to the unit) goods and services free of taxes and duties for export production, supported by an integrated infrastructure

- No corresponding provision akin to section 76F (removed w.e.f 2007) has been enacted in the SEZ Act, 2005, which categorically rules out reading in a purported intentment to levy duty.
- The Treatment of movement from DTA to SEZ unit as an export in the SEZ Act is only to provide actual benefits like exports, i.e., duty drawback and DEPB benefits, etc. in line with the objective of the SEZ Act.

The above decision was challenged by the revenue in the Hon'ble Supreme Court.

In the case of *M/s. TUF Metallurgical Private Limited v. UOI* [(2025) 35 Centax 280 (A.P.)], the Hon'ble Andhra Pradesh High Court also held that Rule 27 of SEZ Rules, 2006, as ultra vires the SEZ Act, 2005, based on the following analysis and landmark rulings

- The argument of the department that Section 53(1) says SEZ should be construed as located outside the customs territory of India should be rejected, as it was held by the Hon'ble Supreme Court of India in *Tirupati Udyog Ltd. v. Union of India* 2010 SCC OnLine AP 591 that Section 53(1) of the SEZ Act creates a legal fiction but the legal fiction is limited in its scope. ... **A legal fiction must be limited to the purposes for which it has been created and cannot be extended beyond its legitimate field. It is only for the limited purpose of undertaking authorized operations**, i.e., operations which the Central Government may authorise to be undertaken by a developer in a Special Economic Zone, is the Special Economic Zone to be deemed as a territory outside the customs territory of India and not for levy of customs duty.
- The Apex Court in *CIT v. McDowell and Co. Ltd.* [2009] 10 SCC 755, held that "law" in the context of Article 265 meant an Act of the legislature and not an executive order or Rule without express statutory authority
- Section 55 of SEZ Act, 2005 does not at all authorize, in any manner, the Central Government to levy customs duty on account of movement of goods from Domestic Tariff Area to Special Economic Zone
- **Ahmedabad Urban Development Authority v. Sharadkumar Jayantikumar Pasawalla** [1992] 3 SCC 285, wherein it was held that it appears to us that the delegated authority must act strictly within the parameters of the authority delegated to it under Act and it will not be proper to bring the theory of implied intent or the concept of incidental and ancillary power in the matter of exercise of fiscal power.

Based on the above principles, the Hon'ble High Court has held that even though the proviso to Rule 27(1) says that supplies from DTA to SEZ unit will attract export duty, since said rule does not have any delegative power from the provisions of the Act, it is ultra vires the SEZ Act, 2005, and accordingly struck down.

Based on the above principles, the Hon'ble High Court has held that even though the proviso to Rule 27(1) says that supplies from DTA to SEZ unit will attract export duty, since said rule does not have any delegative power from the provisions of the Act, it is ultra vires the SEZ Act, 2005, and accordingly struck down.

**Decision by the Hon'ble Supreme Court:** Recently, the Hon'ble Supreme Court in the case of *M/s. Adani Power Ltd. v. UOI 2025 (9) TMI 1355*, considering the above two High Court rulings, held that the High Courts have rightly arrived at the conclusions on the correct interpretation of provisions of the two Acts.

Section 12 of the Customs Act, 1962, is the charging Section. However, under Section 26 of the SEZ Act, power is reserved to grant an exemption or a concession.

**Further Course of Action:** Any payment of duty by the taxpayer in the past on this transaction can be applied for a refund, and the question of time limitation for these claims does not arise.

For any clarifications, reach out to [leela@hnaindia.com](mailto:leela@hnaindia.com)



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# Updates in GST

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## GST

### Notifications-Central Tax (Rate)

Notification No. and Date of issue	Subject
Notification no. 17/2025-CT-GST dated 18.10.2025	<p>Seeks to extend date of filing GSTR-3B.</p> <p><b>HNA Comments:</b></p> <p>Notification no. 17/2025-CT-GST (dated October 18, 2025) Seeks to extend the due date for furnishing FORM GSTR-3B for the month of September 2025 and the quarter (July – September 2025) to October 2025. The extension applies to both monthly and quarterly filers.</p> <p><b>Read more:</b><a href="https://taxinformation.cbic.gov.in/view-pdf/1010488/ENG/Notifications">https://taxinformation.cbic.gov.in/view-pdf/1010488/ENG/Notifications</a></p>
Notification no. 18/2025-CT-GST dated 31.10.2025	<p>Seeks to notify the Central Goods and Services Tax (Fourth Amendment) Rules 2025.</p> <p><b>HNA Comments:</b></p> <p>The Ministry of Finance issued the Central GST (Fourth Amendment) Rules, 2025, effective 1 November 2025, introducing Rule 9A for faster, data-based electronic GST registration within three days and Rule 14A for optional electronic registration for small taxpayers with monthly output tax below ₹2.5 lakh. It sets conditions, Aadhaar verification, and withdrawal procedures, introduces new Forms GST REG-32 and REG-33, and revises existing registration forms to support the new process. The amendment aims to simplify registration, enhance risk-based verification, and ease compliance, issued under section 164 of the CGST Act.</p> <p><b>Read more:</b><a href="https://taxinformation.cbic.gov.in/view-pdf/1010504/ENG/Notifications">https://taxinformation.cbic.gov.in/view-pdf/1010504/ENG/Notifications</a></p>

## GST

### Circulars

Notification No. and Date of issue	Subject
Circular no. 253/10/2025-GST dated 01.10.2025	<p>Regarding withdrawal of circular No. 212/6/2024-GST.</p> <p><b>HNA Comments:</b></p> <p>CBIC issued Circular No. 253/10/2025 on 1st October 2025, announcing the withdrawal of Circular No. 212/6/2024-GST dated 26th June 2024. The earlier circular had provided clarifications regarding the mechanism for suppliers to furnish evidence of compliance with Section 15(3)(b)(ii) of the CGST Act, 2017. CBIC has now decided to withdraw this guidance to ensure uniformity in the implementation of the law across all field formations. As a result, suppliers are no longer required to follow the procedure outlined in the June 2024 circular for demonstrating compliance with Section 15(3)(b)(ii).</p> <p><b>Read more:</b><a href="https://taxinformation.cbic.gov.in/view-pdf/1003292/ENG/Circulars">https://taxinformation.cbic.gov.in/view-pdf/1003292/ENG/Circulars</a></p>
Circular no.254/11/2025-GST dated 27.10.2025	<p>Assigning proper officer under section 74A, section 75(2) and section 122 of the Central Goods and Services Tax Act, 2017.</p> <p><b>HNA Comments:</b></p> <p>CBIC issued Circular No. 254/11/2025 – GST on October 27, 2025, to assign specific officers as the “proper officer” for adjudication under Section 74A, Section 75(2), and Section 122 of the Central Goods and Services Tax (CGST) Act, 2017, and Rule 142(1A). This clarification was necessary because no proper officer had been previously assigned for these specific provisions, which deal with the determination of tax short-paid from FY {2024-25} onwards (Sec. 74A), redetermination of tax when fraud is not established on appeal (Sec. 75(2)), and the imposition of penalties for various offences (Sec. 122). The Circular established monetary limits for the issuance of show cause notices (SCN) and orders under Section 74A (for tax demands) and Section 122 (for penalties), varying by the officer’s rank.</p> <p><b>Read more :</b><a href="https://taxinformation.cbic.gov.in/view-pdf/1003295/ENG/Circulars">https://taxinformation.cbic.gov.in/view-pdf/1003295/ENG/Circulars</a></p>

## Notifications-Central Tax (Rate)

Notification No. and Date of issue	Subject
Notification no. 18/2025-CT(R)-GST dated 31.10.2025	<p>Seeks to amend notification No. 26/2018-Central Tax(Rate) dated 31.12.2018.</p> <p><u><a href="#">HNA Comments:</a></u></p> <p>This Central Goods and Services Tax (CGST) Rate Notification (No. 18/2025) introduced an amendment to the existing Notification No. 26/2018-Central Tax (Rate), which is typically related to GST exemptions or concessional rates. The core change is the substitution of Clause (c) within the Explanation of the said notification. Clause (c), which defines “Nominated Agency,” has been updated to refer to lists specified in a corresponding Customs notification.</p> <p><u><a href="https://taxinformation.cbic.gov.in/view-pdf/1010490/ENG/Notifications">Read more : https://taxinformation.cbic.gov.in/view-pdf/1010490/ENG/Notifications</a></u></p>

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# Updates in Customs and FTP

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Type	Particulars	Subject
Customs Notification (Tariff)	44/2025 – Customs & 45/2025 – Customs dated 24.10.2025	<b>Mega Exemption List under the Customs Act</b> <b>Summary:</b> The CBIC has issued a comprehensive “Mega Exemption Notification” superseding 31 past notifications. This notification comes into effect from 01.11.2025. Existing exemptions have been continued. SWS/AIDC/Health Cess notifications have been aligned accordingly through 44/2025. <b>Comments:</b> This brings together all scattered customs duty exemptions, both general and specific, into a single and structured notification, making it much easier for businesses to navigate.
Customs Notification (Non-Tariff)	63/2025 – Customs dated 01.10.2025	<b>Proper Officer for Provisional Attachment of Bank Account</b> <b>Summary:</b> The CBIC has notified DC/AC Rank officer to perform functions in relation to provisional attachment of bank account. <b>Comments:</b> Earlier, no officer was notified for provisional attachment of bank account, leaving powers with the Commissioner or Principal Commissioner. With this notification, the CBIC has notified officers for attachment of bank account.
Customs Notification (Non-Tariff)	66/2025 – Customs dated 23.10.2025	<b>Notification of New ICD</b> <b>Summary:</b> The CBIC has notified Malur, Kolar District (KA) as Inland Container Depot for the purpose of unloading of imported goods and loading of export goods. <b>Comments:</b> Consequently, the Bangalore Commissionerate has appointed Adani Logistics as the custodian of the imported goods received at this ICD. EDI system at Malur ICD will commence from 30.10.2025.
Customs Notification (Non-Tariff)	1.68/2025 – Customs 2.69/2025 – Customs 3.70/2025 – Customs 4.71/2025 – Customs (all dated 30.10.2025) R/W Circular No. 25/2025 – Customs.	<b>Voluntary Revision of Entries Post Clearance</b> <b>Summary:</b> The CBIC has issued a set of Notifications and a Circular recently relating to Section 18A of the Customs Act, 1962, which provides for voluntary revision of entries in bills of entry / shipping bills post clearance. <b>Comments:</b> Through these section, the importer or exporter can make amendments in the classification, quantity, price etc., which either results in short payment or excess payment of duties. The rules provide for procedure, applicable fee, and proper officer.
Customs Circular	27/2025 – Customs dated 31.10.2025	<b>Invest India Portal for MOOWR Application</b> <b>Summary:</b> The CBIC has continued Invest India portal for filing MOOWR applications till 15.11.2025. <b>Comments:</b> The applicant can file application for MOOWR on Invest India portal till this date. Post this, the CBIC has developed a dedicated online module for MOOWR/MOOSWR licensing on the ICEGATE portal.
DGFT Public Notice	24/2025-26 dated 03.10.2025	<b>Extension of filing Annual RoDTEP Returns</b> <b>Summary:</b> The last date for filing RoDTEP Return by paying a composition fee of Rs. 10,000 is extended till 30.11.2025. <b>Comments:</b> For FY 2023-24, the original due date for filing the ARR was 31.03.2025, which was subsequently extended to 30.06.2025. Exporters who missed this extended deadline were allowed to file the ARR by 30.09.2025 on payment of a composition fee of Rs. 10,000. This facility to file the ARR with payment of the composition fee has now been extended further till 30.11.2025.
DGFT Policy Circular	06/2025-26 dated 27.10.2025	<b>Import of Silver Jewellery – No restriction for specified units</b> <b>Summary:</b> Import of silver jewellery by 100% EOU or SEZ or AA or DFIA holder is not restricted. However, in case of EOUs and SEZ, such goods shall not be sold domestically. <b>Comments:</b> Earlier, import of silver jewellery was restricted due to misuse of FTAs for the purpose of silver jewellery imports. This restriction is not applicable for the above units.

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# **GST Portal News and Updates**

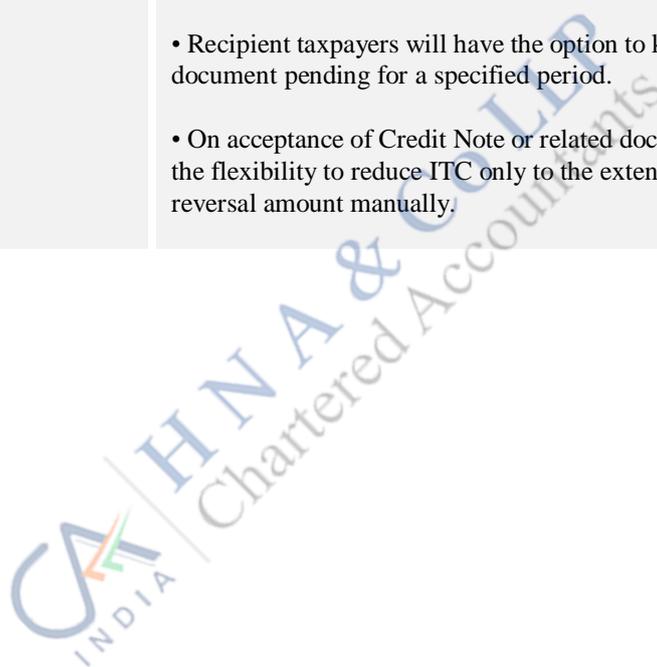
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# GST Portal Updates

Sl.No	Date	Functionality	Particulars																						
01	30.10.2025	<a href="https://services.gst.gov.in/services/advisoryandreleases/read/634">https://services.gst.gov.in/services/advisoryandreleases/read/634</a>	<p>The Invoice Management System (IMS) was introduced on the GST portal from the October 2024 tax period. It enables recipient taxpayers to accept, reject, or keep pending their individual records uploaded by their suppliers through GSTR-1/1A/IFF. To further enhance the taxpayer convenience, a new section for "Import of Goods" has been introduced in IMS wherein the Bill of Entry (BoE) filed by the taxpayer for import of goods including import from SEZ, will be made available in the IMS for taking allowed action on individual BoE. This functionality will be available from Oct-2025 period onwards.</p> <p>It may be noted that, If no action is taken on an individual BoE, it will be treated as deemed accepted and based on the action taken, the GST Portal will generate the draft GSTR 2B for the recipient on 14th of subsequent month. Please click here (<a href="https://tutorial.gst.gov.in/downloads/news/creative_advisory_on_boe_in_ims_final_30th_october_2025.pdf">https://tutorial.gst.gov.in/downloads/news/creative_advisory_on_boe_in_ims_final_30th_october_2025.pdf</a>) to read the detailed advisory on the new changes.</p>																						
02	29.10.2025	<a href="https://services.gst.gov.in/services/advisoryandreleases/read/633">https://services.gst.gov.in/services/advisoryandreleases/read/633</a>	<p>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 31th 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, GSR-1A, GSTR 3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR 8 and GSTR 9 or 9C.</p> <p>Hence, above mentioned returns will be barred for filing after the expiry of three years from the due date. The said restriction will be implemented on the GST portal from November 2025 Tax period which means any return whose due date was three years back or more and hasn't been filed till November Tax period will be barred from Filing. In this regard an advisory was already issued by GSTN on 29th October, 2024.</p> <p>Illustration: For ease of reference and better clarity, the latest GST returns that will be barred from filing w.e.f 1st December 2025 are detailed in the table below:</p> <table border="1"> <thead> <tr> <th>GST Forms</th> <th>Barred Period (w.e.f. 1st December)</th> </tr> </thead> <tbody> <tr> <td>GSTR-1/IFF</td> <td>October-2022</td> </tr> <tr> <td>GSTR-1Q</td> <td>July-Sep 2022</td> </tr> <tr> <td>GSTR-3B/M</td> <td>October-2022</td> </tr> <tr> <td>GSTR-3BQ</td> <td>July-Sep 2022</td> </tr> <tr> <td>GSTR-4</td> <td>FY 2021-22</td> </tr> <tr> <td>GSTR-5</td> <td>October-2022</td> </tr> <tr> <td>GSTR-6</td> <td>October-2022</td> </tr> <tr> <td>GSTR-7</td> <td>October-2022</td> </tr> <tr> <td>GSTR-8</td> <td>October-2022</td> </tr> <tr> <td>GSTR-9/9C</td> <td>FY 2020-21</td> </tr> </tbody> </table> <p>Hence, the taxpayers are once again advised to reconcile their records and file their GST Returns as soon as possible if not filed till now.</p>	GST Forms	Barred Period (w.e.f. 1st December)	GSTR-1/IFF	October-2022	GSTR-1Q	July-Sep 2022	GSTR-3B/M	October-2022	GSTR-3BQ	July-Sep 2022	GSTR-4	FY 2021-22	GSTR-5	October-2022	GSTR-6	October-2022	GSTR-7	October-2022	GSTR-8	October-2022	GSTR-9/9C	FY 2020-21
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03	17.10.2025	<a href="https://services.gst.gov.in/services/advisoryandreleases/read/631">https://services.gst.gov.in/services/advisoryandreleases/read/631</a>	<p>A new facility in the Invoice Management System (IMS) has been recently introduced on the GST portal wherein the taxpayers are allowed to keep credit notes as "Pending" for one tax period. Further, the IMS functionality have also been enhanced providing a flexibility to the taxpayers to modify their ITC reversal on acceptance of such credit notes thereby resolving many business disputes. In this regard please click here (<a href="https://tutorial.gst.gov.in/downloads/news/creative_faq_on_gstr9_for_24_25_dt_15_oct_25_v6_final.pdf">https://tutorial.gst.gov.in/downloads/news/creative_faq_on_gstr9_for_24_25_dt_15_oct_25_v6_final.pdf</a>) to go through some FAQs for a better understanding on the new facility.</p>																						

04	15.10.2025	<a href="https://services.gst.gov.in/services/advisoryandreleases/read/629">https://services.gst.gov.in/services/advisoryandreleases/read/629</a>	<p>GSTR-9/9C for FY 2024-25 has been enabled on the GST portal from 12th October 2025. Please ensure that all returns (GSTR 1 and GSTR 3B) for FY 2024-25 are filed to enable Tile of GSTR-9/9C. Further, detailed FAQ will be published shortly for assisting the taxpayer in filing GSTR-9/9C.</p>
05	08.10.2025	<a href="https://services.gst.gov.in/services/advisoryandreleases/read/628">https://services.gst.gov.in/services/advisoryandreleases/read/628</a>	<p>It has come to notice that some posts are circulating incorrect information regarding changes in GST return filing from October 1, 2025. We would like to clarify the following:</p> <p>I. No Change in Auto-Population of ITC: Input Tax Credit (ITC) will continue to auto-populate from GSTR-2B to GSTR-3B without any manual intervention. The mechanism of auto-population remains unchanged due to the implementation of the Invoice Management System (IMS).</p> <p>II. GSTR-2B Generation</p> <ul style="list-style-type: none"> <li>• GSTR-2B will continue to be generated automatically on the 14th of every month, without any manual intervention by taxpayers or based on the actions taken by the taxpayers.</li> <li>• Taxpayers can take actions in IMS even after generation of GSTR-2B till filing of GSTR-3B and can regenerate GSTR-2B accordingly, if required.</li> </ul> <p>III. Credit Note Handling (Effective October 2025 period onward)</p> <ul style="list-style-type: none"> <li>• Recipient taxpayers will have the option to keep a Credit Note or related document pending for a specified period.</li> <li>• On acceptance of Credit Note or related document, the recipient will also have the flexibility to reduce ITC only to the extent of its availment by adjusting the reversal amount manually.</li> </ul>



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# Firm Updates and Achievements

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