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THINKING BEYOND

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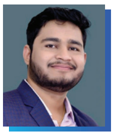
Insightful Article on GST, Customs and Foreign Trade Policy

Pre-deposit on Penalty-Only Orders: When Does the Finance Act 2025 Amendment Bite?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A Doctrinal and Practical Analysis of Sections 107(6) and 112(8) of the CGST Act Post-01.10.2025

1. Introduction

With effect from 1 October 2025, every appeal filed against an order that imposes penalty alone — without any tax demand — must now be accompanied by a pre-deposit of ten per cent of the disputed penalty before the Appellate Authority, and a further ten per cent before the Goods and Services Tax Appellate Tribunal (GSTAT).
1 This is the combined effect of Sections 129 and 130 of the Finance Act 2025, which respectively substitute the proviso to Section 107(6) and insert a new proviso to Section 112(8) of the Central Goods and Services Tax Act, 2017 ("CGST Act"). The amendments were brought into force by Notification No. 16/2025-Central Tax dated 17 September 2025.

The change is doctrinally significant. Until 30 September 2025, a penalty-only order — whether under Section 122 (penalties in case of offecnes), Section 125 (residuary penalty), Section 73/74/74A (where the order finally crystallises only penalty), section 129 or 130 or any other provision — attracted no statutory pre-deposit at all. From 1 October 2025, such orders attract a fixed cash deposit at both appellate stages. The deposit must be paid from the Electronic Cash Ledger; input tax credit is not admissible against a penalty pre-deposit.

The amendment is, however, conspicuously silent on transitional cases. It contains no saving clause, no grandfathering proviso, and no statement of retrospective intent. That silence is the source of the practical problem. Penalty-only orders passed under the erstwhile regime are still being agitated at the first appellate stage; the GSTAT, which is likely to become fully functionaly only in 2026, will now hear thousands of second appeals that all relate to pre-amendment proceedings. Two questions therefore arise daily across draft appeals, advice notes and writ petitions:

(a) From when? — Is the amendment triggered by the date of appeal, the date of order, or the date of show-cause notice?

(b) To which cases? — Does it apply to orders already on the books? To appeals that became "appealable" but were not yet filed on 1 October 2025? To live show-cause notices that mature into orders post-01.10.2025?

This article tests those questions against four foundational Supreme Court doctrines — Garikapatti Veeraya, Hoosein Kasam Dada, Shiv Shakti and Vatika Township — and against the line of High Court decisions which, between 2014 and 2019, upheld the analogous amendment to Section 35F of the Central Excise Act, 1944. It concludes that, on settled principles, the right of appeal in fiscal proceedings vests no later than the issuance of the show-cause notice, and that — in the absence of a saving clause — the 2025 amendment must operate prospectively.

2. The Amendment and Its Transitional Gap

2.1 The substituted text

Section 129 of the Finance Act 2025 substitutes the proviso to Section 107(6) of the CGST Act. As substituted, it reads:

"Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent. of the said penalty has been paid by the appellant."

Section 130 of the Finance Act 2025 inserts a corresponding proviso to Section 112(8):

"Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent. of the said penalty, in addition to the amount payable under the proviso to sub-section (6) of section 107 has been paid by the appellant."

The earlier proviso to Section 107(6) was limited to orders under Section 129(3) (detention/seizure in transit) and required 25 per cent of the penalty. The substituted proviso is materially wider: it covers every penalty-only order at a lower rate, with no upper cap.

2.2 The Law Committee's reasoning

The amendment traces to the Law Committee's note placed before the 55th GST Council. The Committee identified the anomaly squarely:

"There may be some cases where no tax demand is raised by adjudicating officer and only penalty is imposed. For such cases, no requirement of pre-deposit for filing appeal before Appellate Authority and Appellate Tribunal is presently available… This may lead to filing of frivolous appeals in such cases."

The recommendation was that the existing proviso to Section 107(6) — limited to Section 129(3) — should be omitted and replaced by a generic ten-per-cent rule applicable to all penalty-only orders. The Council accepted the recommendation, and Parliament gave it effect in Sections 129 and 130 of the Finance Act 2025 w.e.f 1-10-2025.

2.3 The missing saving clause

What the Committee did not recommend, and what Parliament did not enact, is a transitional rule. There is no clause saving pending appeals, no clause saving pending show-cause notices, and no clause confining the new regime to orders passed on or after 1 October 2025. Whether that omission matters — and to which of the 2014 precedents it is relevant — is taken up at Section 5.1 below, in connection with the Ganesh Yadav line.

3. The Four Permutations

The transitional question can be reduced to four time-line permutations. Because the GSTAT became operational only in 2025 and fully functional in 2026, the practically important trigger is no longer the first-appeal date alone but the date on which the second appeal — the GSTAT appeal — is filed. The four permutations therefore look at three dates: the showcause notice (SCN), the order-in-appeal (OIA) of the Appellate Authority, and the date the GSTAT appeal is filed.

Permutation	Show-cause notice	Order-in-Appeal (first appeal)	GSTAT appeal filed
P1	Pre 01.10.2025	Pre 01.10.2025	Pre 01.10.2025
P2	Pre 01.10.2025	Pre 01.10.2025	Pre 01.10.2025
P3	Pre 01.10.2025	Pre 01.10.2025	Pre 01.10.2025
P4	Pre 01.10.2025	Pre 01.10.2025	Pre 01.10.2025

P1 is largely academic — the GSTAT did not function before 2025, so the number of penalty-only GSTAT appeals fully concluded before 1 October 2025 will be small, and where one exists, no deposit can be demanded once the appeal is already filed. P4 is equally straightforward: every event post-dates the amendment. P2 and P3 are the live battlegrounds and will, in practice, account for the overwhelming majority of penalty-only GSTAT appeals over the coming years. A first-appeal version of the same table tracks SCN, OIO and first-appeal filing, with the same logic applying.

4. The Doctrinal Test: Where Does the Right Vest?

Four Supreme Court decisions answer the question of when a right of appeal vests.

4.1 Garikapatti Veeraya — the foundation

The Constitution Bench in *Garikapatti Veeraya v. N. Subbiah Choudhury* distilled the law into five propositions, of which the third, fourth and fifth are dispositive of the issue in hand:

(i) That the legal pursuit of a remedy, suit, appeal and second appeal are really but steps in a series of proceedings all connected by an intrinsic unity and are to be regarded as one legal proceeding.

(ii) The right of appeal is not a mere matter of procedure but is a substantive right.

(iii) The institution of the suit carries with it the implication that all rights of appeal then in force are preserved to the parties thereto till the rest of the career of the suit.

(iv) The right of appeal is a vested right and such a right to enter the superior court accrues to the litigant and exists as on and from the date the lis commences and although it may be actually exercised when the adverse judgment is pronounced such right is to be governed by the law prevailing at the date of the institution of the suit or proceeding and not by the law that prevails at the date of its decision or at the date of the filing of the appeal.

(v) This vested right of appeal can be taken away only by a subsequent enactment, if it so provides expressly or by necessary intendment and not otherwise."

The right accrues when the lis commences; it is governed by the law of that date; it survives until the proceeding ends; and it cannot be cut down except by express words or necessary intendment.

4.2 Hoosein Kasam Dada — fiscal application and the "whittling down" test

Hoosein Kasam Dada (India) Ltd. v. State of Madhya Pradesh applied Garikapatti in a tax statute and is the most directly analogous Supreme Court authority. The facts are almost identical to the problem we face today: a return filed on 28 November 1947 under a section that conditioned an appeal only on deposit of the admitted tax; the section substituted on 25 November 1949 to require deposit of the full disputed tax; the assessment order on 8 April 1950 and the appeal on 10 May 1950, both under the new regime. The State argued that the new section, in force at the date of appeal, governed the appeal. The Supreme Court rejected that argument and laid down both the vesting and the whittling-down tests:

"There can be no doubt that the new requirement 'touches' the substantive right of appeal vested in the appellant. ... A provision which is calculated to deprive the appellant of the unfettered right of appeal cannot be regarded as a mere alteration in procedure. ... the new requirement ... in truth whittles down the right itself and cannot be regarded as a mere rule of procedure."

On when the lis arises, the Court held that controversy crystallises at the show-cause stage:

"Whenever there is a proposition by one party and an opposition to that proposition by another a 'lis' arises... The circumstance that the authority who raises the dispute is himself the judge can make no difference, for the authority raises the dispute in the interest of the State and in so acting only represents the State."

The result followed: *"the pre-existing right of appeal is not destroyed by the amendment if the amendment is not made retrospective by express words or necessary intendment."* For fiscal proceedings, Hoosein Kasam Dada therefore settles three points: (i) the lis arises at the show-cause stage, (ii) a new pre-deposit "whittles down" the right and is substantive, and (iii) absent express words or necessary intendment, the old law governs.

4.3 Shiv Shakti — appeal as continuation of the original proceeding

Shiv Shakti Coop. Housing Society v. Swaraj Developers re-affirmed the Garikapatti principle in modern terms:

"An appeal is essentially continuation of the original proceedings and the provisions applied at the time of institution of the suit are to be operative even in respect of the appeals. That is because there is a vested right in the litigant to avail the remedy of an appeal."

The significance of Shiv Shakti for our purpose is that it ties the Garikapatti vesting principle to a continuity rule: because the appeal is not a fresh proceeding but a continuation of the original, the law that governs the original governs the appeal — including the conditions, if any, on which the appeal may be brought.

4.4 Vatika Township and Hitendra Vishnu Thakur — the presumption against retrospectivity

The Constitution Bench in CIT v. Vatika Township (P) Ltd.

reaffirmed the foundational presumption (paragraphs 31 and 34):

"this principle of law is known as lex prospicit non respicit: law looks forward not backward. As was observed in Phillips vs. Eyre, a retrospective legislation is contrary to the general principle that....

Read the full article here.

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Legal Updates

Consolidated Show Cause Notice For Multiple Financial Years Valid Under Sections 73 And 74 Of CGST Act

[Commissioner of Central Tax & Ors. v. Chimney Hills Education Society – Writ Appeal No. 1751/2024 – Karnataka High Court]

01 Facts of the Case

The Adjudicating Authorities had issued consolidated/ common show cause notices under Section 73 and 74 of the CGST Act, 2017 covering multiple financial year alleging short payment of tax, wrongful availment of input tax, suppression of facts, misstatement, and fraud.

The assesses challenged the validity of such notice issued for consolidated financial years before the Karnataka High Court on the groundthat the GST framework is financial year specific. It was contended that filing of returns, reconciliation statements, annual returns, assessments and limitation provisions are all structured with reference to a financial year and therefore separate show cause notices were mandatory for each financial year.

The learned Single Judge accepted the contentions of the assesses and quashed the Show Cause Notices while granting liberty to the Department to issue fresh notices separately for each financial. Aggrieved by the decision of the Single Judge, the Revenue preferred appeals before the Division Bench.

02 Question in Dispute

Whether consolidated/ common show cause notices issued under Sections 73 and 74 of the CGST Act covering multiple financial years or tax periods are legally permissible?

03 Judgment

The Karnataka High Court allowed the Revenue's appeals and held that consolidated/ common show cause notices covering multiple financial years or tax periods under Sections 73 and 74 of the CGST Act are legally valid and permissible. The Court undertook a detailed analysis of the statutory framework under the CGST Act and gave the following reasoning:

The Court observed that Sections 73 and 74 consciously employ the expression "any period" and do not restrict proceedings to a particular financial year. The legislature, despite specifically using the term "financial year" in several other provisions of the Act, intentionally refrained from using such restrictive language in Sections 73 and 74. Therefore, importing a limitation restricting proceedings to one financial year would amount to reading words into the statute.

Further, it was observed that merely because returns and annual compliances may be structured around financial years, that by itself does not imply a statutory prohibition against issuance of consolidated notices. The Court observed that procedural provisions relating to filing of returns cannot control or curtail the substantive powers conferred under Sections 73 and 74.

The Court further clarified that limitation prescribed under Sections 73(10) and 74(10) would continue to apply independently to each relevant tax period irrespective of whether a consolidated notice is issued. Therefore, the validity of demands for each period would still be tested individually with reference to the applicable limitation period.

The Court rejected the contention that consolidated notices would affect pecuniary jurisdiction of adjudicating authorities and held that administrative circulars prescribing pecuniary limits cannot curtail the substantive statutory powers under Sections 73 and 74 of the CGST Act,2017.

The argument based on Forms GST DRC-01, DRC-07 and ADT-01 was also rejected. The Court held that statutory forms cannot restrict the scope of substantive provisions where the parent statute itself does not impose such limitation. The Court further observed that writ petitions challenging show cause notices are generally not maintainable when the assessee has an opportunity to submit replies and contest the proceedings before the adjudicating authority.

While arriving at the above conclusion, the Court relied upon the decisions in Mathur Polymers v. Union of India [(2026) 154 GSTR 443 (Delhi)], Ambika Traders v. Commissioner [(2025) 33 Centax 189 (Delhi)] and M/s SA Aromatics Pvt. Ltd. v. Union of India (Allahabad High Court), wherein consolidated show cause notices covering multiple financial years were upheld as valid under GST law.

Accordingly, the Division Bench set aside the orders passed by the learned Single Judge quashing the consolidated show cause notices and upheld the validity of such notices under Sections 73 and 74 of the CGST Act.

04 HNA Comments

The Karnataka High Court in the above judgment has upheld the validity of a consolidated GST show cause notice covering multiple financial years is an important development in adjudicating GST notices. However, divergent views continue to exist across various High Courts and the issue has not yet been conclusively settled by the Supreme Court. Accordingly, while tax authorities may increasingly issue consolidated SCNs relying on the Karnataka decision, taxpayers shall retain grounds to challenge such notices, particularly where clubbing of multiple years causes prejudice, affects limitation rights, or impairs an effective defence. Until the Supreme Court settles the issue or the Government brings in an amendment to the provisions, the legal position remains arguable and will depend upon the jurisdictional High Court and the specific facts of each case.

Section 16(2)(C) Held Constitutionally Valid Tax Liability To Be Recovered From Supplier Instead Of Denial Of ITC To Bonafide Purchaser

[Maruti Enterprise v. Union of India [SCA No. 7369 of 2025 – Gujarat High Court]

01 Facts of the Case

The Batch of petitions were filed challenging the constitutional validity of Section 16(2)(c) of the CGST Act, 2017. The petitioners contended that denial of Input Tax Credit ("ITC") to bona fide purchasers merely because the supplier failed to deposit tax with the Government was arbitrary and violative of Articles 14, 19(1)(g), 265 and 300A of the Constitution of India.

The petitioners argued that once the purchaser possesses a valid tax invoice, and receives the goods/services, the purchasing dealer cannot be expected to ensure that the supplier actually deposits the tax with the Government. Reliance was placed on decisions such as On Quest Merchandising India Pvt. Ltd., Shanti Kiran India Pvt. Ltd. and Sahil Enterprises, wherein similar provisions under VAT laws or GST were read down in favour of bona fide purchasers.

The Revenue opposed the petitions contending that ITC is a statutory concession subject to fulfilment of statutory conditions and that the GST framework, particularly Sections 41, 53 and 155 of the CGST Act read with Rule 37A of the CGST Rules, materially differs from the earlier VAT regime.

02 Question in Dispute

Whether Section 16(2)(c) of the CGST Act, which conditions availment of ITC upon actual payment of tax by the supplier to the Government, is unconstitutional or liable to be read down in favour of bona fide purchasing dealers?

03 Judgment

The Gujarat High Court upheld the constitutional validity of Section 16(2)(c) of the CGST Act and held as follows:

The Statement of Objects and Reasons of the CGST Act itself clarifies that ITC is available only in respect of "taxes paid". Therefore, actual payment of tax to the Government is a foundational requirement for availment of ITC. Thus, ITC is not a vested or absolute right but a statutory concession subject to fulfilment of conditions prescribed under the Act, including Section 16(2)(c).

The GST framework materially differs from the earlier VAT regime considered in On Quest Merchandising India Pvt. Ltd. and Shanti Kiran India Pvt. Ltd., since the GST law contains specific provisions such as Sections 41, 53 and 155 of the CGST Act read with Rule 37A of the CGST Rules.

Relying upon the Kerala High Court judgment in M Trade Links v. Union of India, the Court observed that GST is a destination-based tax system involving inter-State transfer of tax credits. Therefore, allowing ITC without actual receipt of tax by the Government would adversely affect revenue settlement between States.

The Court further held that reversal of ITC under Section 41(2) read with Rule 37A is not permanent, since the recipient becomes entitled to re-avail the credit once the supplier deposits the tax. Hence, denial of ITC under Section 16(2)(c) does not result in double taxation.

The Court rejected the argument based on impossibility of compliance and held that the conditions prescribed under Section 16 form part of a self-policing GST mechanism intended to protect Government revenue. Further, the Court also referred to Section 155 of the CGST Act and observed that the burden of proving eligibility of ITC lies upon the claimant.

Further, the Court, observed that the Department must first undertake recovery proceedings against the supplier and exhaust all possible modes of recovery before proceeding against the purchasing dealer.

Accordingly, the Court held that Section 16(2)(c) of the CGST Act is constitutionally valid and notliable to be struck down or read down.

04 HNA Comments

The Court rejected the plea to read down Section 16(2)(c) and distinguished the earlier VAT-era decisions such as On Quest and Arise India, observing that the GST framework, particularly Sections 41, 53 and Rule 37A, operates differently. Accordingly, taxpayers should not rely solely on the bona fide purchaser defence and should strengthen vendor due diligence and contractual safeguards, including indemnity clauses. However, since contrary High Court decisions exist, the legal ground may still be preserved in ongoing litigation pending final resolution by the Supreme Court. Post January 2022, Section 16(2)(aa) of the CGST Act, 2017 adds more emphasis on matching even though the practical mechanism to validate is absent in the current framework.

Payment Of Damages Under Arbitral Award Not Taxable As 'Supply' Under GST

[Tata Sons Private Limited v. Union of India [2026 (5) TMI 126 – Bombay High Court]

01 Facts of the Case

The Petitioner and NTT Docomo Inc. had entered into a Shareholders Agreement in relation to Tata Teleservices Limited. Disputes arose between the parties regarding the exit obligations under the agreement, which led to arbitration proceedings before the London Court of International Arbitration (LCIA) The arbitral tribunal passed an award directing the Petitioner to pay damages, interest and costs to Docomo. For enforcement of the award, Docomo initiated proceedings before courts in the United Kingdom, United States and the Delhi High Court. During the enforcement proceedings before the Delhi High Court, the parties entered into consent terms pursuant to which Petitioner agreed to pay the award amount and Docomo agreed to withdraw the foreign enforcement proceedings upon receipt of the payment.

Subsequently, the DGGI issued DRC-01A intimation and Show Cause Notice proposing levy of IGST on Petitioner under reverse charge mechanism on the ground that Docomo had agreed to "tolerate an act" and "refrain from an act" by withdrawing the enforcement proceedings, thereby constituting a taxable supply under Entry 5(e) of Schedule II to the CGST Act.

Aggrieved thereby, Petitioner filed the present writ petition before the Bombay High Court challenging the proceedings.

02 Question in Dispute

Whether payment of damages under an arbitral award and consequential withdrawal/suspension of enforcement proceedings would amount to "supply" under Section 7 read with Entry 5(e) of Schedule II of the CGST Act so as to attract levy of GST?

03 Judgment

The Bombay High Court allowed the writ petition and quashed the impugned DRC-01A intimation and Show Cause Notice issued against Petitioner and held as follows:

The arbitral award passed in favour of Docomo was an award of damages for breach of contractual obligations under the Shareholders Agreement. Such damages retained their character as compensatory payments and could not be treated as consideration for any independent supply of service.

The consent terms entered before the Delhi High Court did not create any separate or independent commercial arrangement between Petitioner and Docomo. The suspension and withdrawal of enforcement proceedings before the UK and US Courts were merely consequential and incidental to satisfaction of the arbitral award.

The Court observed that once the Petitioner discharged the award liability, the foreign enforcement proceedings naturally became infructuous and their withdrawal could not be artificially treated as a separate taxable supply. The Court further held that Entry 5(e) of Schedule II can apply only where there exists an independent contract supported by separate consideration specifically for tolerating an act, refraining from an act or doing an act in the course or furtherance of business.

Reliance was placed on CBIC Circular No. 178/10/2022-GST dated 03.08.2022 and Circular dated 28.02.2023, wherein it was clarified that payments made towards liquidated damages, compensation or penalty for breach of contract are generally not taxable unless there exists a separate agreement for tolerating an act or situation.

The Court also relied upon the Delhi High Court's findings in the arbitral enforcement proceedings that the amounts payable to Docomo were in the nature of damages and not consideration for transfer of shares or any service.

The Department's objection regarding availability of alternate remedy was also rejected. The Court held that where the assumption of jurisdiction itself is wholly untenable, writ jurisdiction under Article 226 can be exercised notwithstanding availability of alternate statutory remedies.

Accordingly, the Court held that the impugned proceedings seeking to levy GST on payment of arbitral damages were wholly without jurisdiction and liable to be quashed.

04 HNA Comments

Taxpayers facing GST demands on damages, compensation, arbitral awards, settlement amounts, liquidated damages, or payments made pursuant to court/arbitral orders should strongly contest such demands by relying on the Bombay High Court's ruling that damages awarded for breach of contract do not constitute a "supply" under Section 7 read with Entry 5(e) of Schedule II, as there is no independent agreement to tolerate an act or refrain from an act for consideration.

The judgment also reinforces CBIC Circular No. 178/10/2022-GST and Circular No. 214/1/2023, which clarify that compensation for contractual breach is generally outside the GST net. Accordingly, taxpayers should evaluate pending notices and ongoing litigation involving similar allegations of "toleration of an act" and seek dropping of proceedings wherever the payment is merely compensatory in nature and arises from judicial/arbitral determination rather than a separate commercial arrangement.

However, caution should be exercised where settlement agreements create fresh independent obligations or consideration for forbearance, as the tax department may still attempt to distinguish such cases on facts.

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Updates in GST, Customs and FTP.

Customs-Tariff	
Notifications	
Notification No. and Date of issue	**Subject**
Corrigendum dated 19-May-2026	Corrigendum to Notification No. 14/2026-Customs dated 30.04.2026. **Summary:** The Ministry of Finance, Department of Revenues, has issued a corrigendum to Notification No. 14/2026-Customs introducing key corrections to an earlier notification released on April 30, 2026. The Government has corrected the wording in of the earlier notification by replacing the term "inserted" with "substituted". The tariff item "2209 91 29" has now been corrected to "2202 99 29". The corrigendum also inserts an additional entry relating to Notification No. 45/2025-Customs dated October 24, 2025. Effective from May 1, 2026, the notification significantly impacts importers by ensuring precise classification, improving transparency in exemption eligibility, and aligning India's customs framework with evolving global trade practices. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1010659/ENG/Notifications**
15/2026-Customs(T) dated 12-May-2026	Seeks to further amend notification No. 45/2025-Customs dated the 24th October 2025, so as to notify BCD related changes. **Summary:** CBIC through notification No. 15/2026-Custom dated 12 Mat 2026 issued by the Ministry of Finance, amended Notification No. 45/2025-Customs to revise customs duty rates on various precious metal imports, primarily increasing the concessional customs duty from 5% to 10% on several categories of gold, silver, and related products. The revised rates apply to gold dore bars containing up to 95% gold, silver dore bars containing up to 95% silver, gold bars and gold coins imported by eligible passengers, gold ornaments and tola bars, silver imports including ornaments, gold and silver findings used in jewellery, and other specified precious metal goods. The notification also inserted a new entry, S. No. 200A, prescribing a 10% customs duty on spent catalyst or ash containing precious metals under tariff heading 7112, with the concession remaining effective only until 31 March 2027. Further, Entry No. 202 was substituted to provide a uniform 10% duty on specified precious metal tariff items including platinum and related products, except goods covered under the newly inserted S. No. 200A. The amendment was issued under Section 25(1) of the Customs Act, 1962 and Section 3(12) of the Customs Tariff Act, 1975 in public interest. The revised customs duty structure is aimed at increasing import duties on precious metals and related goods, thereby impacting import costs, passenger baggage imports, jewellery trade components, and recycling materials containing precious metals. The notification comes into effect from13 May 2026. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1010649/ENG/Notifications**
16/2026-Customs(T) dated 12-May-2026	Seeks to amend notification No. 11/2018-Customs and notification No. 11/2021-Customs so as to revise SWS and AIDC applicable on certain items. **Summary:** The Ministry of Finance (Department of Revenue) has issued Notification No. 16/2026-Customs dated 12th May 2026, bringing into effect targeted revisions to two foundational customs notifications — Notification No. 11/2018-Customs and Notification No. 11/2021-Customs. The primary objective of this amendment is to restructure the Social Welfare Surcharge (SWS) and Agriculture Infrastructure and Development Cess (AIDC) framework applicable to imports of precious metals, precious metal alloys, jewellery findings, spent catalysts, and related goods. The revised notification came into force on 13th May 2026. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1010650/ENG/Notifications**

Notification No. and Date of issue	Subject
17/2026-Customs(T) dated 12-May-2026	Seeks to amend notification No. 57/2000-Customs dated 8th May 2000, which provides concessional rate for gold, silver and platinum imported under specified schemes. **Summary:** Notification No. 17/2026-Customs dated May 12, 2026, further amends Notification No. 57/2000-Customs, which governs concessional import duty schemes for gold, silver and platinum imports. Under the amendment, the applicable customs duty rate under Sl. No. 1 of the notification has been increased from 4.35% to 10% wherever applicable. The revised rate will become effective from May 13, 2026. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1010652/ENG/Notifications**
18/2026-Customs(T) dated 12-May-2026	Seeks to amend notification No. 22/2022-Customs dated 30th April 2022 to revise rates under India-UAE CEPA. **Summary:** Through Notification No. 18/2026-Customs dated 12th May 2026, the Ministry of Finance (Department of Revenue) has introduced targeted amendments to the existing concessional tariff structure laid down under Notification No. 22/2022-Customs dated 30th April 2022. This revision forms part of an ongoing series of customs adjustments being undertaken by the Government in relation to bilateral trade concessions, particularly in the context of precious metals and related categories of imports. the revised preferential customs duty rates became operative with effect from 13th May 2026. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1010652/ENG/Notifications**
19/2026-Customs(T) dated 30-May-2026	Seeks to prescribe BCD and AIDC on Raw Cotton for a specified period. **Summary:** The Central Government has issued Notification No. 19/2026-Customs dated 30 May 2026 to exempt imported cotton falling under tariff heading 5201 from the whole of the Basic Customs Duty (BCD) and the Agriculture Infrastructure and Development Cess (AIDC). The exemption has been granted under Section 25(1) of the Customs Act, 1962, read with Section 124 of the Finance Act, 2021. The notification states that the exemption will apply to cotton imported into India and will come into effect from 1 June 2026. The exemption will remain available up to and including 31 October 2026. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1010663/ENG/Notifications**
20/2026-Customs(T) dated 31-May-2026	Seeks to give effect to the first tranche of tariff concessions under India-Oman CEPA. **Summary:** The Ministry of Finance (Department of Revenue) has issued Notification No. 20/2026-Customs dated 31 May 2026, providing customs duty concessions on specified goods imported into India from the Sultanate of Oman. The notification has been issued under section 25(1) of the Customs Act, 1962 and comes into force from 1 June 2026. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1010664/ENG/Notifications**

Customs

Circulars

Circulars No. and Date of issue	Subject
Circular No. 22/2026 dated 04-May-2026	Extension of validity of the Circulars issued under Section 143AA of the Customs Act, 1962, to mitigate challenges arising from ongoing disruptions in maritime routes due to the closure of the Strait of Hormuz. **Summary:** The Central Board of Indirect Taxes and Customs, under the Ministry of Finance, issued Circular No. 22/2026-Customs dated May 4, 2026, extending the validity of earlier circulars issued under Section 143AA of the Customs Act, 1962. These circulars were originally introduced to mitigate challenges arising from disruptions in maritime routes due to the closure of the Strait of Hormuz. The Board has decided that the facilities provided through Circular Nos. 09/2026, 10/2026, 12/2026, 15/2026, 19/2026, and 21/2026 shall **continue until May 15, 2026,** without any changes to their terms and conditions. The extension aims to ensure continuity in trade facilitation measures amid ongoing disruptions. Field formations have been instructed to report any implementation difficulties to the Board for appropriate action. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1003322/ENG/Circulars**
Circular No. 23/2026 dated 07-May-2026	Implementation of Safeguard Duty on import of "Non-Alloy and Alloy Steel Flat Products" under Notification No. 02/2025-Customs (SG) dated 30.12.2025. **Summary:** The Central Board of Indirect Taxes and Customs (CBIC), Department of Revenue, Ministry of Finance, has issued Circular No. 23/2026-Customs, dated May 07, 2026, to streamline the implementation of safeguard duty provisions on imports of specified "Non-Alloy and Alloy Steel Flat Products." The Circular has been issued in connection with Notification No. 02/2025-Customs (SG) dated December 30, 2025, under which safeguard duty was imposed on certain categories of steel flat products imported into India. The notification also provides exemptions based on import price thresholds, country of origin, and specific excluded product categories. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1003323/ENG/Circulars**
Circular No. 24/2026 dated 14-May-2026	Identification and import clearance of Hazardous cargo. **Summary:** The Central Board of Indirect Taxes and Customs (CBIC), through Circular No. 24/2026-Customs dated 14 May 2026, introduced a system-based mechanism for identification and expeditious clearance of hazardous cargo imported into India. The circular was issued after trade representations requested that Bills of Entry containing hazardous goods should be identifiable by Customs officers for faster processing. Following consultations with Mumbai Customs Zone-II and industry stakeholders, CBIC prepared a list of specified hazardous cargo items, detailed in Annexure-A, covering chemicals and hazardous substances classified under various Customs Tariff Headings. The circular mandates importers to declare hazardous cargo at the item level in Bills of Entry whenever goods fall within the listed chapters. The new system-based identification and clearance mechanism will be implemented across all Customs formations from 01 July 2026. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1003324/ENG/Circulars**
Circular No. 25/2026 dated 14-May-2026	Extension of validity of the circulars issued under Section 143AA of the Customs Act, 1962, to mitigate challenges arising from ongoing disruptions in maritime routes due to the closure of the Strait of Hormuz. **Summary:** The Central Board of Indirect Taxes and Customs (CBIC), through Circular No. 25/2026-Customs dated 14.05.2026, extended the validity of earlier customs circulars issued under Section 143AA of the Customs Act, 1962 in response to disruptions in maritime routes caused by the closure of the Strait of Hormuz. The circular stated that, after considering the prevailing circumstances, the

Circular No. 25/2026 dated 14-May-2026	Board decided that the facilities granted under Circular Nos. 09/2026-Customs dated 08.03.2026, 10/2026-Customs dated 10.03.2026, 12/2026-Customs dated 17.03.2026, 15/2026-Customs dated 27.03.2026, 19/2026-Customs dated 10.04.2026, and 21/2026-Customs dated 15.04.2026 would continue to remain in force up to 30.06.2026. The Board clarified that all other facilities, terms, and conditions prescribed in the earlier circulars would remain unchanged. The circular further stated that any implementation difficulties may be brought to the notice of the Board for necessary action. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1003325/ENG/Circulars**
Circular No. 25/2026 dated 14-May-2026	Standardisation of procedures relating to grant of Entry Inward and Vessel Sail-out Clearance. **Summary:** The Central Board of Indirect Taxes and Customs (CBIC), through Circular No. 26/2026-Customs dated 19.05.2026, standardizes port procedures by decoupling Entry Inward and Vessel Sail-out Clearance from physical boarding to avoid delays. Field formations must grant clearances remotely and promptly upon online filing of Sea Arrival Manifest (SAM) and Sea Departure Manifest (SDM). Physical boarding of vessels shall be undertaken selectively based on risk profiling. **Read more : https://taxinformation.cbic.gov.in/view-pdf/1003326/ENG/Circulars**

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GST Portal Updates

GST Portal Updates

Sl.No	Date	Functionality	Particulars
01	01-11-2025	Gross and Net GST revenue collections for the month of April 2026	The Gross and net revenue for the month of April-2026 was declared. The same can be checked by clicking on April 2026 collections https://tutorial.gst.gov.in/downloads/news/for_publishing_monthly_gst_data_for_
02	18-05-2026	Filing of Annexure-B for Refund Applications involving Accumulated ITC using the offline utility in GST portal	GSTN has replaced the earlier PDF-based Annexure-B with a mandatory Excel-based Offline Utility for refund claims involving accumulated ITC for exports, SEZ supplies, inverted duty structure, and export of electricity. Taxpayers must report inward supply invoices HSN/SAC-wise and separately classify them as Inputs, Input Services, or Capital Goods, segregating invoices into separate line items wherever applicable. The utility captures ITC reversal details and invoice-wise ITC details, validates duplicate entries, and requires the upload of a generated JSON file with the refund application (RFD-01). Uploaded invoices will be validated with GSTR-2B; mismatches for invoices relating to November 2024 onwards will be flagged in an Invalid Documents Report. Each utility file can contain up to 10,000 line items, with a maximum of 25 files (2.5 lakh line items) per refund application, ensuring greater automation and system-based verification of refund claims. https://services.gst.gov.in/services/advisoryandreleases/read/660 Click the link above for detailed advisory.
03	21-05-2026	Advisory to Taxpayers and Stakeholders -Enhancements in the e-Way Bill (EWB) Portal	To improve data quality, traceability, and operational efficiency in the E-Way Bill system, GSTN has proposed two key enhancements: Mandatory reporting of the “Ship-To GSTIN” in Bill-To Ship-To transactions to ensure greater accuracy and traceability of goods movement, and Introduction of an E-Way Bill Closure facility, allowing taxpayers to voluntarily close E-Way Bills in specified situations. The advisory also outlines the proposed implementation timelines and urges stakeholders to make the necessary system and process changes to ensure readiness for these enhancements. https://tutorial.gst.gov.in/downloads/news/gstn_advisory_ewb_approved.pdf Click the link above for detailed advisory.

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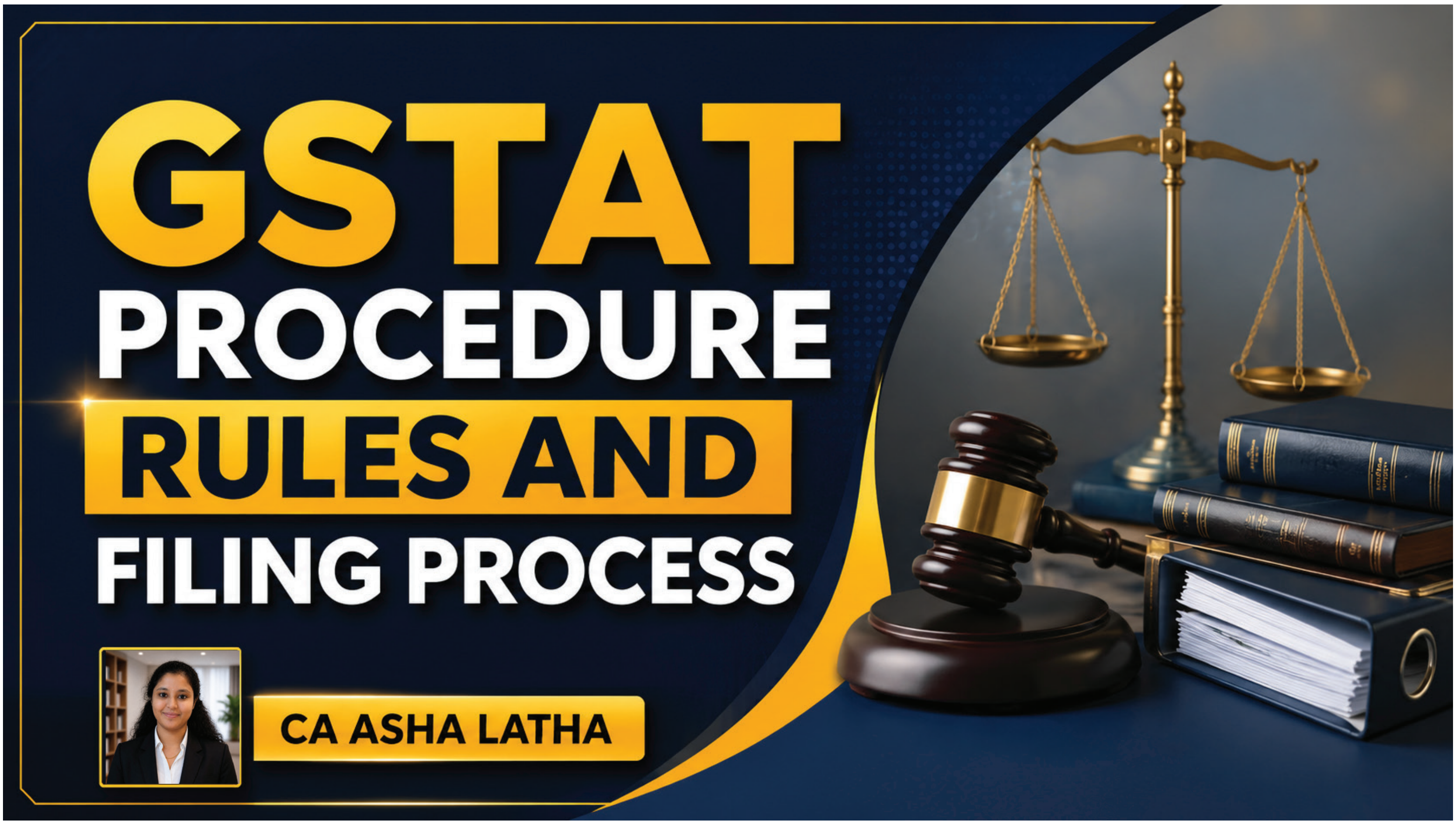
Firm Updates and Achievements

Firm Updates and Achievements

CA Asha Latha delivered a webinar on "GSTAT Procedure Rules and Filing Process" at AIWCAA on 30th May 2026, sharing key insights on the GSTAT procedural rules and filing process.



Click here to watch the webinar.

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