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Chartered Accountants

Thinking Beyond

Monthly Newsletter - March 2026

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1

**Insightful Article on GST,
Customs and Foreign
Trade Policy.**



Supreme Court says residential property let out for residential use is exempted from GST (No GST on renting to hostels)



CA Leela Vara Prasad
Partner - Visakhapatnam
[in](#)

Before reading any exemption notification, we should bear in mind the following rulings/interpretations made by the Hon'ble Supreme Court.

If there is any ambiguity in the exemption notification benefit of such ambiguity cannot be claimed by the assessee, and it must be interpreted in favour of the revenue department – Dilip Kumar and Company v. Commissioner of Customs (Import) Mumbai [2018-TIOL-302-SC-CUSCB]

The objective of exemption should be seen rather than a literal interpretation – Government of Kerala & Anr. v. Mother Superior Adoration Convent [2021 SCC Online SC 151]; TS-131-SC2021-NT

The ratio in Dilip Kumar and Company will apply only for general exemptions in taxing statute but not for exemptions granting either incentive for promoting economic growth or otherwise has some beneficial reason behind it

The exemptions can be broadly classified into following 3

- Supplier Specific Exemption: Applicable to the **type of suppliers** mentioned in the exemption list
- Supply Specific Exemption: The exemption is applicable for any supplier who is doing specific supplies
- Recipient-specific exemption: Exemption is based on the ultimate recipient of the service

Section 11 of the GST Act specifies that where the government is satisfied that **it is necessary in the public interest so to do**, it may, on the recommendation of the council, by notification, give an exemption either absolutely or subject to such conditions

Now, let us discuss the most common or necessary transaction: renting of immovable property. We cannot think about the society and economy without rental transactions because substantial business transactions/living places are taken on a rental basis only. Generally, whatever properties are taken on rent for living, staying, and accommodation are residential properties only, unless and until the accommodation is for a very short period and is for a commercial purpose.

Conferring the powers from Section 11, the Government, in the interest of the public, on the recommendation of the council vide entry no.12 of Notification No.12/2017 – Central Tax (Rate) exempted services by way of renting of residential dwelling for use as residence.

By reading the above entry, we can understand that it is a Supply/activity-specific exemption where the property type and usage are relevant, but not the type of supplier and recipient. The following are the 3 conditions that can be inferred from the above entry.

- There must be a supply of services for renting
- The renting service must pertain to residential dwellings
- Such a residential dwelling must be used as a residence

Considering a practical scenario where a person named Taghar Vasudeva (Co-owner) has given a residential building on lease to a company M/s DTwelve Space Private Limited (lessee/DSPL) who in turn leased out the property as hostel to long term accommodation of students and working professionals with the duration of stay ranging from 3 months to 12 months.

Tagar Vasudeva has no clarity on eligibility of above exemption for this transaction therefore approached the advance ruling authority where it said that the exemption is not available, challenging it filed a writ petition in Karnataka High Court and the high court held that exemption is available on the basis that the exemption entry is activity specific and it does not mandate the type of recipient.

Challenging the order of High Court petition has been filed before Hon'ble Supreme Court by the revenue on the following grounds

- The property comprises 42 rooms by applying common parlance test can never qualify as residential dwelling.
- The facts of the second limb between the lessee and the end consumer must not be factored for testing the supply of service between the lessor and the lessee, will not amount to rewriting the Notification. The Co- owners have no connection whatsoever with ultimate consumer. The recipient of supply must satisfy the condition precedent where it is not satisfied in first leg of the transaction.

The Apex Court has addressed the above issues raised by the department and made the following analysis

Residential dwelling

- The residential dwelling has not been defined in the Act, but as per the Educational Guide dated 20.06.2012 it is any residential accommodation, but does not include hotel, motel, inn, guest house, campsite, lodge, house boat, or like places meant for temporary stay.
- The Bombay High Court in Bandu Ravji Nikam (supra) held that by the very nature of the use of students hostel, it is only a residential user as hostel, is a house of residence or lodging for students and that just because the hostel owners charge some amount from the students, such accommodation cannot be treated as commercial or non-residential.
- In common parlance 'residential dwelling' means any building, structure, or part of the building or structure other than offices or factories, that is used or intended to be used as a home, residence, or sleeping place by one person or by two or more persons maintaining a common household, to the exclusion of all others.
- The materials on record further indicate that as per the Khatha Extract and layout plans and records available with the Bruhat Bangalore Mahanagara Palike, the plot and property is shown as residential in nature. Thus, based on the above any residential accommodation meant for long term stay can be referred to as "residential dwelling"

Purposive Interpretation

- Entry 12 of the Exemption Notification does not mandate that the lessee must use the residential dwelling as its own residence. Giving any other interpretation would mean adding an additional condition to Entry 12.
- The revenue has made narrow interpretation by holding that property so rented used by service recipient themselves would ultimately lead to the legislative intent being defeated as the exemption is extended to cases wherein residential dwelling is rented out and ultimately used as residence even for the purpose of the person using it. The rented residential property that is used as residence should not suffer 18% GST.
- The objective of exemption should be seen rather than a literal interpretation –particularly when the entry has some beneficial reason behind it. Government of Kerala & Anr. v. Mother Superior Adoration Convent [2021 SCC Online SC 151]: TS-131-SC-2021-NT.
- In Union of India v. Wood Papers Ltd. (1990) 4 SCC 256 it was pointed out that an exemption notification should be construed strictly at the threshold. But once the exception/exemption is applicable, then a liberal construction must be adopted. The ration of this judgment clearly applies to the present case
- The principle of 'purposive interpretation' or 'purposive construction' is based on the understanding that the Court is supposed to attach that meaning to the provisions which serve the 'purpose' behind such a provision. The statutory interpretation of a provision is never static but is always dynamic. Though the literal rule of interpretation, till some time ago, was treated as the 'golden rule', it is now the doctrine of 'purposive interpretation' which is predominant, particularly in those cases where literal interpretation may not serve the purpose or may lead to absurdity. If it brings about an end which is at variance with the purpose of statute, that cannot be countenanced.

Conclusion

- In the present matter, the property is a residential dwelling and the ultimate use of the property remained unchanged. In other words, it remained as 'use for residence' by students/working women. However, if 18% GST is levied on this transaction between the original lessor and the lessee, the same will be passed on to the students and working professionals, which would ultimately lead to a situation where the legislative intent behind granting an exemption for residential use is defeated. Also, the said exemption is activity-specific but not person-specific.

Action points for Taxpayers

- Wherever the taxpayers had paid the GST to the government voluntarily or through GST officials, they can apply for a refund irrespective of the time limit.
- Even though property is ultimately used for residential purposes, it should be established with sufficient records (municipal records, property tax, electricity bill, etc.) that it is a residential dwelling. There are many cases where the officials have categorized the residential properties as commercial for property tax assessment in these cases taxpayers should challenge the assessment and make it residential.

Entry Amendment w.e.f. 18th July 2022

With effect from 18th July 2022, the above entry has been amended as follows:

Services by way of renting of residential dwelling for use as a residence, except where the residential dwelling is rented to a registered person. It means when the property is given to a registered person, the exemption is not available, and the said transaction is covered under reverse charge, where the registered person (recipient) must pay GST under reverse charge. Therefore, in the above same scenario, if M/s. DSPL (original lessee) is registered under GST then exemption is not available to him and it must pay GST under reverse charge, but the same is not eligible for ITC since the subsequent transaction of letting to students is exempted and becomes cost to the entity.

In that case, the taxpayers must be cautious and may cancel the registration where it has only rental income. It can also enter the transaction by taking another specific purpose GST registration.

When Budget 2026 was presented, it did not create fireworks. There were no dramatic tax cuts, no shock announcements, no populist giveaways and perhaps that is precisely why it deserves attention. In my view, this is not an exciting budget but it may be an important one.

Where India Stands Today

India is at a very delicate economic stage.

- We are no longer a poor nation, but we are not yet a rich one.
- We aspire for jobs, but we also want macro stability.
- We want rapid growth, but the global environment is uncertain.
- Trade wars, tariff barriers, supply-chain disruptions these are no longer theoretical risks.

From Consumption Economics to Capacity Economics

This Budget does not rely on stimulating short-term consumption. Instead, it focuses on building long-term productive capacity.

The emphasis is clearly on:

- Capital expenditure over cash handouts
- Manufacturing over imports
- Skills and infrastructure over headlines
- Strategic sectors over scattered announcements

The Silent Strategic Shift – 7 Frontier Sectors

One aspect that particularly caught my attention is the quiet but decisive push towards strategic frontier sectors. The allocations here are not welfare-driven they are capability-driven.

1. Biopharma Expansion

India is attempting to move beyond generics into biologics and advanced pharmaceuticals. Higher margins, deeper R&D and global competitiveness are the long-term goals.

2. Semiconductor Ecosystem

The focus is not merely on chip assembly but on equipment, materials and indigenous intellectual property. This reduces import vulnerability and strengthens supply chain resilience.

3. Rare Earth Processing

Despite significant reserves, India depends heavily on imports. A full mining to manufacturing value chain could provide strategic independence.

4. Chemical Production Enhancement

Dedicated chemical parks aim to reduce dependence on critical chemical imports. This has downstream effects on pharma, textiles, EVs and defence sectors.

5. Infrastructure Equipment Manufacturing

Encouraging domestic production of heavy construction equipment reduces capital imports and strengthens industrial capability.

6. National Fiber Initiative

Focus on advanced and man made fibers enhances value addition in textiles and composites.

7. Electronics Components Push

Moving from “assembled in India” to “designed and manufactured in India” is a structural upgrade. Real value lies in components sensors, boards, precision electronics not mere assembly.

Why This Matters

If implemented effectively, this approach can result in:

- Lower import dependency
- Greater price stability
- Strengthened currency fundamentals
- High-value employment in engineering and R&D
- Long-term structural resilience

India’s core challenge today is not merely income levels. It is capability the ability to produce, compete and sustain growth in a fractured global economy. Tax cuts without productivity eventually translate into inflation or debt. Cash transfers without capacity create dependence rather than durable opportunity. This Budget seems to recognise that.

Budget 2026 may not excite markets immediately but if executed with discipline, it may age well for the country. As a CA Final student studying fiscal policy and macroeconomics, I see this Budget less as a headline event and more as a structural blueprint and perhaps, in the current global environment, quiet strength is better than loud promises.



2

Updates in GST, Customs and FTP.



Customs-Tariff

Notifications

Notification No. and Date of issue	Subject
<p>Notification No. 06/2026 – Customs(T) dated 12-March-2026</p>	<p>Notification No. 06/2026 –Customs(T) dated 12-March-2026 Seeks to amend List 14 to TABLE I of notification No. 45/2025-Customs dated 24.10.2025 to bring it in congruence with updated Appendix 4B of Handbook of Procedure, 2023.</p> <p>Summary:</p> <p>The Ministry of Finance has issued Notification No. 06/2026–Customs, dated March 12, 2026, which amends the principal Notification No. 45/2025-Customs by adding SBER Bank to the authorised list for specific import provisions. This amendment takes effect retrospectively from June 25, 2025, and remains in force until March 31, 2026. Importantly, all imports associated with this entry must be strictly for domestic consumption only.</p> <p>Read more: https://taxinformation.cbic.gov.in/view-pdf/1010589/ENG/Notifications</p>
<p>Notification No. 07/2026 – Customs(T) dated 26-March-2026</p>	<p>Seeks to exempt imports of Aviation Turbine Fuel from whole of the additional duty of Customs leviable thereon under sub-section (1) of section 3 of Customs Tariff Act as is equivalent to the amount of Special Additional Excise Duty.</p> <p>Summary:</p> <p>The Ministry of Finance has issued Notification No. 07/2026–Customs(T), dated March 26, 2026, which grants exemption from the whole of the additional duty of Customs in respect of Aviation Turbine Fuel (ATF) imported into India.</p> <p>This amendment is introduced under the Customs Act, 1962, and is intended to ease the import cost of ATF for eligible importers. The notification has been framed to apply prospectively from its date of issue, March 26, 2026, and remains effective until further orders or a specified sunset date as may be notified.</p> <p>Read more: https://taxinformation.cbic.gov.in/view-pdf/1010606/ENG/Notifications</p>
<p>Notification No. 08/2026 – Customs(T) dated 30-March-2026</p>	<p>Seeks to further amend notification 45/2017-Customs dated 30.06.2017.</p> <p>Summary:</p> <p>The Ministry of Finance issued Notification No. 08/2026 – Customs on March 30, 2026, to streamline the regulatory framework for the re-import of goods. Effective from April 1, 2026, the notification mandates that exemptions apply only if the re-imported goods correspond to the originally exported items.</p> <p>A significant update includes the implementation of a risk-based approach for goods re-imported through the courier mode to enhance clearance efficiency.</p> <p>This amendment is designed to balance trade facilitation with robust compliance by targeting high-risk consignments for detailed verification.</p> <p>Stakeholders should review their re-import documentation to ensure alignment with these updated identity and risk-assessment standards starting in the new financial year.</p> <p>Read more: https://taxinformation.cbic.gov.in/view-pdf/1010613/ENG/Notifications</p>

Seeks to amend notification no. 22/2022-Customs to notify the fifth tranche of tariff concessions under India-UAE CEPA.

Summary:

The Ministry of Finance issued Notification No. 09/2026 – Customs on March 31, 2026, to provide continuity for various existing duty exemptions.

This notification amends Notification No. 22/2022 – Customs by extending the validity of exemptions specified therein, which grant duty concessions or full exemptions on certain essential goods and industrial raw materials, until March 31, 2027.

By extending the “sunset clause” by one year, the government has ensured that there will be no sudden increase in the cost of imports for sectors such as healthcare and manufacturing.

This measure is particularly important for businesses currently finalising their year-end books and planning budgets for the new financial year.

Stakeholders should verify the specific entries in the annexed list to confirm which duty-free or concessional rate provisions apply to their upcoming consignments.

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1010614/ENG/Notifications>

Notification No. 09/2026 –
Customs(T) dated 31-March-2026

Seeks to amend notification no. 25/2021-Customs to notify the sixth tranche of tariff concessions under India-Mauritius CECPA.

Summary:

The Ministry of Finance notified Notification No. 10/2026 – Customs on March 31, 2026, to implement the sixth tranche of tariff concessions under the India-Mauritius CECPA.

This notification specifically updates the principal Notification No. 25/2021-Customs by substituting Table 1 with the sixth tranche of preferential duty rates.

The revised table prescribes applicable rates for a wide range of goods, including certain fish products, processed foods, chemicals, plastics, textiles, paper products, consumer goods, tools, instruments, and other listed articles, with many items attracting nil duty and others subject to reduced preferential rates ranging from low single digits to higher specified percentages. The amendment takes effect from April 1, 2026.

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1010615/ENG/Notifications>

Notification No. 10/2026 –
Customs(T) dated 31-March-2026

Seeks to implement special one-time relief window for clearance of manufactured goods from Special Economic Zones (SEZs) to the Domestic Tariff Area (DTA) at concessional rates of customs duty.

Summary:

The Ministry of Finance notified **Notification No. 11/2026 – Customs** on March 31, 2026, launching a special relief window for SEZ units to clear manufactured goods into the domestic market at concessional duty rates.

This one-time measure, effective from **April 1, 2026**, provides significant reductions in Basic Customs Duty and **AIDC** for eligible manufacturing sectors. The benefit is available only to SEZ units that commenced production on or before 31st March 2025 and can demonstrate adherence to the notification’s annexure conditions.

Eligibility depends on prior commencement of production, satisfaction of a 20% minimum value addition test, compliance with filing and certification requirements, and adherence to annual clearance limits linked to prior export turnover

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1010616/ENG/Notifications>

Notification No. 11/2026 –
Customs(T) dated 31-March-2026

Circulars No. and Date of issue	Subject
<p>Circular No. 09/2026 Dated 08-March-2026</p>	<p>Return of export cargo from international waters due to closure of the Strait of Hormuz – Section 143AA of the Customs Act, 1962.</p> <p>Summary:</p> <p>The Board, invoking Section 143AA of the Customs Act, 1962, prescribes expedited procedures for export cargo returning to India due to the closure of the Strait of Hormuz. Vessels are generally required to berth at their port of departure. Distinct procedures apply depending on whether EGMs/SDMs were filed and whether the vessel called at foreign ports, including requirements for a master’s undertaking, possible waiver of SAM, permission for offloading without filing Bills of Entry subject to verification, container seal checks with 100% examination in case of tampering, cancellation of Shipping Bills and Let Export Orders, recovery of export incentives, and interim manual record-keeping until system updates enable post-EGM cancellations and inter-agency reporting through ICEGATE</p> <p>Read more: https://taxinformation.cbic.gov.in/view-pdf/1003309/ENG/Circulars</p>
<p>Circular No. 10/2026 Dated 10-March-2026</p>	<p>Levy of fee for amendment or cancellation of export documents in cases of withdrawal of export consignments due to force majeure circumstances - Section 143AA of the Customs Act, 1962-reg.</p> <p>Summary:</p> <p>The Ministry of Finance, through Circular No. 10/2026 dated 10th March 2026, clarified that fees for the amendment or cancellation of export documents may be waived in cases where export consignments are withdrawn due to force majeure circumstances.</p> <p>Where amendment or cancellation of export documents is necessitated solely by force majeure circumstances disrupting shipping or air logistics, the proper officer may allow such amendment or cancellation without payment of the prescribed fee. Exporters or authorised customs brokers must submit requests with supporting evidence to the jurisdictional Deputy/Assistant Commissioner of Customs, and the officer may grant relief after satisfaction that the change arises from circumstances beyond the exporter's control. The relaxation applies to all customs stations and is temporary.</p> <p>Read more: https://taxinformation.cbic.gov.in/view-pdf/1003310/ENG/Circulars</p>
<p>Circular No. 11/2026 Dated 16-March-2026</p>	<p>Facilitation in import of pet dogs and pet cats along with stranded Indians in war-hit Middle East countries.</p> <p>Summary:</p> <p>The Ministry of Finance issued this circular to provide a one-time relaxation allowing the import of pet dogs and cats accompanying stranded Indian nationals from war-affected Middle East regions where pre-export formalities could not be completed. Pre-import requirements include an owner’s declaration of residence and submission of available vaccination records, with veterinary checks advised where pets are sourced from neighbouring countries.</p> <p>Post-import, AQCS will verify documents and conduct clinical inspection of the animals; pets lacking up-to-date certificates or having short vaccination gaps will be administered anti-rabies vaccination at the port (costs to be borne by the owner) and may be quarantined if any abnormalities are detected, with all quarantine expenses payable by the owner.</p> <p>Read more: https://taxinformation.cbic.gov.in/view-pdf/1003311/ENG/Circulars</p>

Return of export cargo from international waters due to closure of the Strait of Hormuz – Section 143AA of the Customs Act, 1962.

Summary:

The CBIC issued Circular No. 12/2026-Customs dated March 17, 2026, clarifying the procedures for handling export cargo returned to Indian ports due to the closure of the Strait of Hormuz and related maritime disruptions.

Prescribes procedures under Section 143AA for export cargo returning to Indian ports: file Sea Arrival Manifest at port of landing; verify containers and seals, subject tampered containers to 100% examination; coordinate with port of export to verify and cancel Shipping Bills and Let Export Orders and reverse disbursed export incentives; permit Back to Town after confirmation and compliance; DG Systems to provide dummy port codes and post-EGM cancellation facility; ICEGATE to share cancelled Shipping Bill details; maintain manual records until system changes are operational.

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1003312/ENG/Circulars>

Circular No. 12/2026
Dated 17-March-2026

Ease of Customs Duty Payment - Introduction of Payment Aggregator.

Summary:

Circular No. 13/2026-Customs, issued by the CBIC on March 24, 2026, marks a significant shift in how customs duties are paid in India. It introduces the Payment Aggregator facility on the ICEGATE e-Payment platform. Customs duty payment facilitation has been expanded through the ICEGATE e-Payment platform by introducing a payment aggregator as an authorised mode for duty deposits. The facility enables payments via credit card, debit card, and Unified Payment Interface, and also extends internet banking access through the payment aggregator, in addition to the existing authorised bank internet banking and NEFT/RTGS modes via RBI. Any commission charged by the bank for deposits made through this mode shall be borne by the person making the deposit

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1003313/ENG/Circulars>

Circular No. 13/2026
Dated 24-March-2026

Clarification regarding validity period for self-sealing permission to exporters under Circular No. 26/2017-Customs and Circular No.36/2017-Customs.

Summary:

Circular No. 14/2026-Customs, issued by the CBIC on March 27, 2026, provides critical clarification regarding the Self-Sealing Facility for exporters. This measure is a major step toward reducing administrative hurdles and improving the ease of doing business.

Self-sealing permission granted to an eligible exporter or merchant exporter under the customs circulars does not carry any prescribed validity period. Once granted, the permission remains effective unless it is specifically withdrawn, suspended, or cancelled by the jurisdictional Customs authority for non-compliance, misuse of the facility, or any other valid reason. Field formations are directed to administer the facility in a facilitative manner while maintaining necessary checks and to deal with misuse in accordance with the law.

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1003314/ENG/Circulars>

Circular No. 14/2026
Dated 27-March-2026

International Transshipment of FCL/LCL cargo from all Ports/Airports, in view of disruption in maritime routes due to closure of the Strait of Hormuz- Section 143AA of the Customs Act, 1962.

Summary:

Circular No. 15/2026-Customs, issued by the CBIC on March 27, 2026, expands on the emergency measures introduced in Circular 12/2026. It focuses on easing "International Transshipment" to prevent port congestion caused by the Strait of Hormuz closure.

International transshipment of FCL and LCL cargo is permitted from all seaports and international airports, including through other Customs stations, subject to the Customs Act, 1962 and the prescribed procedure. Customs Zones must appoint a Nodal Officer for prompt processing, and where multiple Customs stations are involved, prior email consent, verification of storage and logistics readiness, and Customs-controlled movement are required. Export cargo lying at gateway ports may be cleared through cancellation of LEO or Shipping Bill by the originating ICD, with electronic processing preferred.

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1003315/ENG/Circulars>

Circular No. 15/2026
Dated 27-March-2026

Implementation of the Sea Cargo Manifest and Transshipment Regulations (SCMTR).

Summary:

Circular No. 16/2026-Customs, issued by the CBIC on March 30, 2026, addresses the ongoing transition to the Sea Cargo Manifest and Transshipment Regulations (SCMTR), 2018.

Implementation of the Sea Cargo Manifest and Transshipment Regulations has been reviewed with emphasis on electronic filing of cargo movement messages, including arrival, departure and stuffing messages. Although these messages are operational across the country, uniformity in filing stuffing messages remains incomplete. The transitional provisions have been extended till 30 June 2026, and stakeholders must file complete and correct declarations electronically in the prescribed format during the extended period.

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1003316/ENG/Circulars>

Circular No. 16/2026
Dated 30-March-2026

Enabling Ease of Doing Business for E-commerce and Courier.

Summary:

Circular No. 17/2026-Customs, issued by the CBIC on March 31, 2026, introduces landmark reforms for Courier and E-commerce operations. These measures are designed to modernise cross-border logistics and were a key highlight of the Union Budget 2026-27.

Customs reforms for courier-based e-commerce and commercial trade remove the earlier value cap on commercial export consignments sent through courier, extending this facilitation to non-e-commerce exports as well. A simplified "Return to Origin" procedure is introduced for uncleared or unclaimed imported goods lying in International Courier Terminals for more than 15 days, provided such goods are not prohibited, restricted, or under enforcement hold. The process for re-import of returned and rejected goods in courier mode, including e-commerce returns, is streamlined through a risk-based approach and a dedicated Return Module. Read more.

Read more: <https://taxinformation.cbic.gov.in/view-pdf/1003317/ENG/Circulars>

Circular No. 17/2026
Dated 31-March-2026



GST Portal Update



GST Portal Updates

Sl.No	Date	Functionality	Particulars
01	01-03-2026	Gross and Net GST revenue collections for the month of Mar 2026	<p>The Gross and net revenue for the month of Mar-26 was declared. The same can be checked by clicking on –</p> <p>http://bit.ly/4vRytE3</p>
02	14-03-2026	Advisory on the Payment of pre-deposit while filing of appeal before First Appellate authority	<ul style="list-style-type: none">▪ Sometimes taxpayers voluntarily pay some amount during the investigation stage using Form GST DRC-03. Later, when the taxpayer wants to file an appeal application against the demand order issued after the investigation, they are required to pay a pre-deposit to file the appeal. However, many taxpayers complain that the GST portal still asks them to pay the pre-deposit even when they have already paid more than the required amount through Form GST DRC-03.▪ When a demand order (for example, Form GST DRC-07) is issued to a taxpayer, a Demand ID is created in Part II of the Electronic Liability Register on the GST portal. If the taxpayer makes a payment using the “Payment towards Demand” functionality on the portal, the amount is automatically adjusted against that Demand ID in the register. However, payments made through Form GST DRC-03 are not linked to the Demand ID and therefore do not appear as adjusted against the demand in the liability register.▪ While filing an appeal by Taxpayer, GST System auto calculates the required amount to be paid (i.e. Admitted amount + Pre-Deposit) and checks whether any amount is already paid by the taxpayer against the demand ID in the said liability register.<ol style="list-style-type: none">a. If such amount is equal to or greater than the required amount, then the portal will allow the taxpayer to file appeal without prompting for further payment. Portal will show the message, if required amount is already paid the taxpayer.b. If such amount is lesser than the required amount, then Portal mandates the taxpayer for the payment of Balance payable. <p>Pre-deposit Payment made through DRC 03:</p> <p>As explained earlier, any payment made through Form GST DRC-03 is not automatically recognized by the GST system against any specific Demand ID. Therefore, such payments are not considered by the system while calculating the pre-deposit amount required for filing an appeal. To ensure that the payment made through Form GST DRC-03 is counted against a particular demand order, the payment must be linked with the respective Demand ID by filing Form GST DRC-03A on the GST portal. Filing Form GST DRC-03A enables the payment made through DRC-03 to be mapped to the corresponding demand order, and the entry for the same becomes available in the Electronic Liability Register.</p> <p>Consequently, at the time of filing an appeal, the system will recognize the payment (made through DRC 03 and adjusted using DRC 03A) and will not require the taxpayer to pay any additional amount again while calculating the mandatory pre-deposit. Accordingly, taxpayers are advised to file Form GST DRC-03A to link payments made through Form GST DRC-03 with the relevant demand order before filing an appeal, wherever applicable. To know how to link any demand ID with a particular Form GST DRC 03, through the Form GST DRC 03A,</p>
03	16-03-2026	Advisory regarding confirmation of “Tax Liability Breakup, As Applicable” in GSTR-3B-reg	<p>In terms of the provisions of Section 50 of the Central Goods and Services Tax (CGST) Act, 2017, interest is payable where the tax liability pertaining to a previous tax period is discharged in a subsequent tax period. Accordingly, the tab “Tax Liability Breakup, As Applicable” in Form GSTR-3B is meant to capture the tax liability relating to supplies of previous tax periods which are being reported and discharged in the current tax period.</p>

[Advisory regarding confirmation of “Tax Liability Breakup, As Applicable” in GSTR-3B-reg](#)

- From the February 2026 tax period onwards, the GST Portal auto-populates the “Tax Liability Breakup, As Applicable” in GSTR-3B on the basis of the document dates of supplies reported in GSTR-1 / GSTR-1A / IFF, where such supplies pertain to any previous tax period but the corresponding tax liability is being discharged in the current period’s GSTR-3B.
- Accordingly, from the February 2026 tax period, after offsetting the liability in GSTR-3B, taxpayers are required to click on the “Tax Liability Breakup, As Applicable” tab available on the payment page and confirm the breakup of tax liability by clicking the “SAVE” button or edit the same, if required.
- Once the breakup of tax liability is confirmed and saved, the taxpayer will be able to proceed with filing Form GSTR-3B using EVC or DSC.
- Feedback has been received that this confirmation should be mandatory only in cases where supplies pertaining to previous tax periods have been reported in the current tax period. However, the confirmation is presently being required in all cases, including where the liability relates only to the current tax period. The feedback is acknowledged by GSTN and the same is under resolution.



Firm Updates and Achievements



Firm Updates and Achievements



Vineey Patni was invited by the Tax Practitioners Association, Indore, to conduct a session on year-end compliances under GST. The session was held on Friday, 13th March, at the TPA Hall, ITO, Indore.



We are pleased to share that Akash Takkar has been selected as the Master of Ceremonies (MOC) for the CA Students' Fest organized by the ICAI Gurugram Branch, held on 29 March 2026 at Taj City Centre, Gurugram.

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