THE INDIRECT EDGE

Issue 5 | December 29, 2025

Fortnightly Newsletter

BANSI S. MEHTA & CO.

I. JUDICIAL PRONOUNCEMENTS

GOODS AND SERVICES TAX

HC allows appeal before GST authorities for interest on delayed IGST refund rejected by Customs

The Bombay High Court in ***Gulabdas International Trading LLP v. Union of India***[1] held that a taxpayer who had diligently pursued a claim for interest on delayed IGST refund before customs appellate authorities cannot be denied relief on the ground of having approached an incorrect forum at a later stage.

The Court noted that while interest on delayed drawback under the Customs Act was allowed, the claim for interest on delayed IGST refund was rejected by the revisional authority solely on the ground that the appeal ought to have been filed before GST appellate authorities. This jurisdictional objection was raised for the first time at the revisional stage, despite the petitioner having consistently pursued the remedy earlier.

In view of the peculiar facts, the Court permitted the petitioner to file an appeal before the GST appellate authority and directed that the appeal be decided on merits without being rejected on limitation, by excluding the period spent before customs authorities.

Contractor entitled to differential GST where GST rate wrongly applied by Government procuring entity

The Madras High Court in ***Kanthan Associates v. State of Tamil Nadu & Ors.***[2] has held that where a government procuring entity pays a lower GST rate than the statutory rate prescribed under Notification No. 11/2017–CT (Rate), the contractor cannot be made to bear the resulting tax shortfall.

The Court noted that although construction services attracted GST @ 18% from 01.07.2017, the Tamil Nadu Housing Board continued to apply 12% GST in its payment certifications, leading to an underpayment of 6% GST on the petitioner's works contracts. This shortfall subsequently triggered proceedings by the DGGI against the contractor for interest and penalty.

Relying on Government Orders issued in 2017, the Court reiterated that the liability arising from changes in the tax regime due to introduction of GST is to be borne by the procuring entity, and not the contractor. Since TNHB itself had resolved to adopt the 18% GST rate for saleable projects from 01.07.2017, it was held liable to pay the differential GST amount to the petitioner.

II. NOTIFICATION

GOODS AND SERVICES TAX

Staggered filing of GST appeals withdrawn

The GSTAT has issued order No. 315/2025 dt. 16.12.2025, revoking its earlier order dt. 24.09.2025 which had

[1] 2025-VIL-1290-BOM

[2] 2025-VIL-1316-MAD.

mandated staggered filing of appeals before GSTAT u/s. 112 of the CGST Act through the GSTAT portal.

The Tribunal noted that, based on an assessment of the portal's current capacity, the staggered filing mechanism is no longer required and has therefore been dispensed with to ensure unhindered access while maintaining system efficiency. The revocation is **effective from 18.12.2025** and does not affect the validity of appeals already filed prior to that date.

III. NEWS UPDATES

Union Budget may ease GST compliance burden for micro and small enterprises

The government is considering measures in the upcoming Union Budget 2026 to ease the GST compliance burden for small businesses. Reports indicate that proposals under review include simplifying return filing and allowing quarterly GST payment and filing options for eligible small taxpayers to reduce administrative costs. The Centre is also examining a proposal to waive of penalties for the first two instances in cases of genuine mistakes and delayed filings by small businesses. Further clarity is expected when the Budget is presented.

Customs duty waiver likely for SEZ-made drugs sold locally

The government is considering a customs duty waiver on pharmaceutical products manufactured in SEZs and sold in the DTA. At present, such supplies attract a 10% customs duty. The proposed relief is expected to be product-specific, covering select medicines such as vaccines and other critical drugs, with possible extension to certain medical devices and biotech products. The move aims to reduce costs, improve domestic availability of essential medicines, and support the pharmaceutical sector.

Abbreviations	Term
CBIC	Central Board of Indirect Taxes and Customs
CGST Act	Central Goods & Service Tax, 2017
CGST Rules	Central Goods & Service Rules, 2017
CST Act	Central Sales Tax Act, 1956.
dt.	Dated
DTA	Domestic Tariff Area
GST	Goods & Service Tax
GSTAT	Goods & Services Tax Appellate Tribunal
GSTIN	Goods & Services Tax Identification Number
GSTR	Goods and Services Tax Return
HC	High Court
IGST	Integrated Goods & Service Tax

Abbreviations	Term
SC	Supreme Court
SEZs	Special Economic Zones
u/s.	Under section
UoI	Union of India

For any queries, you may reach out to
Nivedita Agarwal | Nivedita.agarwal@bansimehta.com

Website

www.bansimehta.com

Mumbai

11/13, Botawala Building, 2nd Floor
Horniman Circle, Fort, Mumbai 400 001
+91 22 2266 1255, +91 22 2266 0275
bsmco.bbo@bansimehta.com

Surat

Tower A, Wing-B/604, Swastik Universal
Opp. Central Mall, Near Vesu,
New Magdalla, Surat 395 007
+91 261 4614460, +91 99875 23838
bsmco.srt@bansimehta.com

Mumbai

Merchant Chamber, 3rd & 4th Floor
41, New Marine Lines, Mumbai 400 020
+91 22 2200 4002, +91 22 2201 4922
bsmco.mco@bansimehta.com

Chennai

No. 28, Anugraha, Ground Floor
Murray's Gate Road, Alwarpet
Chennai, Tamil Nadu 600 018
+91 44 2499 1671, +91 44 2466 1179
bsmchennai@bansimehta.com

Delhi

417, World Trade Centre, 4th Floor, Babar Road, Connaught Place,
New Delhi 110 001
+91 11 4152 2771
bsmdelhi@bansimehta.com

Hyderabad

Door No: 6-3-655/1, Flat No. 302, Second Floor,
Meera Mansion, Civil Supplies Lane,
Somajiguda, Hyderabad 500082
+91 701330 40599, + 91 8464026050
bsmhyd@bansimehta.com