

DA TAX ALERT INDIRECT TAX

AN E-TAX ALERT FROM
Darda Advisors LLP

February 2025

Issue: 57

**GST COMPLIANCE
CALENDER**

**GOODS AND
SERVICE TAX**

**CUSTOMS AND
OTHER**

DA NEWS

PREFACE

We are pleased to present to you the Fifty-Seventh edition of DA Tax Alert, our monthly update on recent developments in the field of Indirect tax laws. This issue covers updates for the month January 2025.

During the month of January 2025, there were certain changes under Goods and Service Tax, Customs and other; key judgments and rulings such as Refund of Pre-Deposit Cannot Be Denied as Time-Barred and HC Upholds Interest Imposition on CVD and SAD for Non-Compliance with Advance Authorisation Scheme

In the Fifty-Seventh edition of our DA Tax Alert-Indirect Tax, we look at the tumultuous and dynamic aspects under indirect tax laws and analyze the multiple changes in the indirect tax regime introduced during the month of January 2025.

The endeavor is to collate and share relevant amendments, updates, articles, and case laws under indirect tax laws with all the Corporate stakeholders.

We hope you will find it interesting, informative, and insightful. Please help us grow and learn by sharing your valuable feedback and comments for improvement.

We trust this edition of our monthly publication would be an interesting read.

Regards

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GST COMPLIANCE CALENDAR

February
2025

10

GSTR-7
TDS Deductor

10

GSTR-8
TCS
Deductor

11

GSTR-1
Normal Taxpayer

13

GSTR-1/6
QRMP Taxpayer & Input
Service Distributor

20

GSTR-5A
OIDAR Service Provider

20

GSTR-3B
Normal & QRMP Taxpayer

20

GSTR-5
Non-Resident Taxable
Person



- Upholds Validity of GST Time Extension Notification; Dismisses Petition Citing Availability of Statutory Remedy - HC
- Court Rules Separate SCNs for Distinct Issues in Same Period Are Valid, Permits Consolidation of Adjudication
- HC Sets Aside GST Order for Denial of Personal Hearing, Reiterates Mandatory Compliance with Section 75(4)
- Court Validates Pandemic-Related Extensions but Emphasizes Mandatory GST Council Recommendations
- HC Rules Solar Power System Installation as Composite Supply, Not Works Contract
- Court Restores GST Registration, Cites Inconsistency Between Notice and Cancellation Order
- Refund of Pre-Deposit Cannot Be Denied as Time-Barred
- Other Notifications/Circulars/Guidelines/instructions/Portal changes

Upholds Validity of GST Time Extension Notification; Dismisses Petition Citing Availability of Statutory Remedy - HC

DA Insights:

The ruling reinforces the importance of exhausting statutory remedies before invoking constitutional writ jurisdiction. It also upholds the validity of time extensions under Section 168A unless explicitly proven unconstitutional.

Issue:

Whether Notification No. 56/2023-Central Tax, which extended the limitation period for adjudicating show cause notices under Section 73 of the CGST Act, is ultra vires Section 168A, and whether the tax demand against the petitioner is time-barred and illegal.

substantial legal ground was raised to challenge the notification's validity. Therefore, the petition was devoid of merit and dismissed.

Legal Provisions:

Section 168A, 73, 107 of CGST Act, 2017 & Article 226 of Constitution of India

Observation and Comments:

The petitioner challenged Notification No. 56/2023-CT, arguing that it was issued under Section 168A of the CGST Act without a corresponding notification under the Chhattisgarh GST Act and lacked GST Council approval. The petitioner contended that the demand order confirming tax liability of ₹43,75,104, penalty of ₹4,37,510, and interest of ₹34,17,616 was time-barred and illegal.

The Court dismissed the petition, ruling that the petitioner has an alternative and efficacious remedy under Section 107 of the CGST Act by filing an appeal. The Court held that the absence of a corresponding state notification is not a valid ground to declare Notification No. 56/2023 ultra vires. It also noted that no

M/s Abhiram Marketing Services Ltd vs Union of India & Ors (WPT No. 5 of 2025, Chhattisgarh High Court)

Court Rules Separate SCNs for Distinct Issues in Same Period Are Valid, Permits Consolidation of Adjudication

DA Insights:

This judgment reinforces that tax authorities can issue multiple SCNs for the same period if they address distinct legal concerns. However, it also acknowledges the practical difficulties of appearing before different adjudicating authorities, allowing petitioners to seek consolidation of proceedings.

Issue:

Whether issuing two separate show cause notices (SCNs) for the same tax period, but on different subject matters, is legally valid.

Legal Provisions:

Central Goods and Services Tax (CGST) Act, 2017

Observation and Comments:

The court observed that the two SCNs issued to the petitioner concerned distinct subject matters—one related to ITC availment for taxable and exempted supplies, and the other regarding the misclassification of goods as exempted instead of taxable at 5%. Since there is no legal prohibition against issuing multiple SCNs for different issues within the same period, the court found no grounds to interfere with the second notice.

Regarding the petitioner's concern about appearing before different adjudicating authorities, the court clarified that the petitioner is free to approach the concerned authorities, who will assess the feasibility of consolidating the adjudication under a single authority. Accordingly, the petition was disposed of without quashing the impugned notice.

M/s ALM Industries Ltd v. Assistant Commissioner (AE), CGST & Others, Writ Tax No. 2505 of 2024

HC Sets Aside GST Order for Denial of Personal Hearing, Reiterates Mandatory Compliance with Section 75(4)

DA Insights:

This case underscores the mandatory nature of granting a personal hearing when requested under Section 75(4). It reinforces the principle that procedural safeguards for taxpayers must be upheld and clarifies that a Summary SCN (GST DRC-01) does not replace a full-fledged Show Cause Notice under Section 73(1).

Issue:

Whether the petitioner was denied the opportunity of personal hearing before the issuance of the order dated 29.12.2023, as required under Section 75(4) of the CGST/AGST Act, 2017.

the time period from the issuance of the Summary SCN (29.09.2023) until the certified copy of this judgment is received by the Proper Officer shall be excluded when calculating the limitation period under Section 73(10).

Legal Provisions:

Section 75(4), 73(1), 73(10) of the CGST/AGST Act, 2017

Observation and Comments:

The court noted that the petitioner was only asked to file a reply but was not given a date for a personal hearing in the Summary of the Show Cause Notice (GST DRC-01). The petitioner had specifically requested a personal hearing in Form GST DRC-06, but no such opportunity was provided before the final order was passed. The court reaffirmed that Section 75(4) mandates a hearing when requested in writing or when an adverse decision is being contemplated.

The court held that a Summary of Show Cause Notice (GST DRC-01) cannot substitute a proper Show Cause Notice under Section 73(1). Consequently, the order dated 29.12.2023 was set aside, and the respondent authorities were granted liberty to initiate fresh proceedings under Section 73. The court also directed that

[Shri Shambhu Prasad v. The State of Assam & Ors., WP\(C\)/6807/2024](#)

Court Validates Pandemic-Related Extensions but Emphasizes Mandatory GST Council Recommendations

DA Insights:

This ruling clarifies the government's power under Section 168A to extend compliance deadlines beyond force majeure events. It also reinforces that any extension must be based on proper GST Council recommendations. Taxpayers affected by such notifications should consider statutory appeals rather than direct writ petitions.

Issue:

Whether the notifications extending the limitation period under Section 168A of the GST Act, 2017 were valid despite the absence of a force majeure condition at the time of issuance.

Legal Provisions:

Section 168A, 73(10) & 75(10) of the CGST Act, 2017

Observation and Comments:

The court examined Section 168A and held that the government has the power to extend the time limit specified, prescribed, or notified under the GST Act when actions could not be completed due to force majeure. Though COVID-19 was declared over in early 2022, the court reasoned that the impact of the pandemic still affected compliance, justifying the extension. The court agreed with the Allahabad High Court's interpretation that the phrase "in respect of actions" is broad enough to cover delays caused by past force majeure events.

However, the court struck down Notification

No. 56/2023 for lacking proper GST Council recommendation, stating that post-facto ratification is not a substitute for prior approval. The court acknowledged that taxpayers have an alternative remedy of appeal but entertained the petitions due to the constitutional validity of the notifications being challenged. Ultimately, it upheld most of the notifications, allowing taxpayers to file appeals within 45 days without being barred by limitation.

[M/s Brunda Infra Pvt Ltd & Others v. The Additional Commissioner of Central Tax & Others, WP No. 1154 of 2024](#)

HC Rules Solar Power System Installation as Composite Supply, Not Works Contract

DA Insights:

This judgment highlights the importance of distinguishing between movable and immovable property for GST purposes. It clarifies that the supply and installation of solar power systems should be treated as a composite supply, ensuring lower tax rates and continued eligibility for ITC refunds.

Issue:

Whether the supply and installation of a Solar Power Generating System constitutes a "works contract" under Section 2(119) of the GST Act or a "composite supply," and the applicable GST rate.

Legal Provisions:

Section 2(119), 54, 73 & 74 of the CGST Act, 2017

Observation and Comments:

The High Court analyzed the distinction between a "works contract" and a "composite supply" by focusing on whether the solar power system was immovable property. The court observed that while a solar power plant may be installed on a civil foundation, it is not embedded in the earth like a permanent structure. The solar modules remain movable, thus not qualifying as immovable property.

The court concluded that the installation and supply of solar power generating systems were not a "works contract" but a "composite supply," which is taxable at 5% GST, as opposed to the 18% applicable to works contracts. The demand of ₹63 crore raised by the Assessing Authority was quashed, and the writ petition was allowed, providing relief to the petitioner.

Sterling and Wilson Pvt Ltd v. The Joint Commissioner & Others, WP No. 20096 of 2020

Court Restores GST Registration, Cites Inconsistency Between Notice and Cancellation Order

DA Insights:

This judgment reinforces the importance of adherence to the principles of natural justice, especially in cases of registration cancellation under GST. Authorities must ensure that notices and final orders are consistent in their grounds to avoid legal challenges.

Issue:

Whether the cancellation of the petitioner's GST registration was lawful, given that the grounds for cancellation differed from the notice provided, violating the principles of natural justice.

Legal Provisions:

Rule 21A(2A) of the Uttar Pradesh GST Rules & Section 29 of the CGST Act, 2017

Observation and Comments:

The High Court examined the case where the GST registration of M/s Udai Associates was cancelled due to non-filing of returns for six months. However, the show cause notice issued to the petitioner cited non-filing of returns, while the final cancellation order was based on a different reason—the inability to compare returns under Rule 21A(2A), a ground not previously notified. The court noted this discrepancy violated the principles of natural justice, as the petitioner was not informed of this alternate ground.

The court also acknowledged that the appellate authority had not passed an order on merits, and thus the principle of merger did not apply. In light of these violations, the High Court quashed the cancellation order and directed the restoration of the petitioner's GST registration

[M/s Udai Associates v. State of U.P. and 2 Others, Writ Tax No. 1174 of 2024](#)

forthwith, emphasizing that registration cancellation should not have been made without giving the petitioner a fair hearing.

Refund of Pre-Deposit Cannot Be Denied as Time-Barred

DA Insights:

This ruling clarifies that pre-deposit refunds are a statutory right and cannot be arbitrarily withheld by the GST department. It also emphasizes that limitation laws should be interpreted reasonably, preventing unjust enrichment by the government.

Issue:

Whether the refund of a pre-deposit made for filing an appeal under Section 107 of the CGST Act can be denied as time-barred under Section 54(1) of the Act.

respondents to process the refund within six weeks and also granted interest to the petitioner.

Legal Provisions:

Section 54(1), 107 of the CGST Act, 2017 & Circular No. 125/44/2019-GST dated 18.11.2019

Observation and Comments:

The Jharkhand High Court held that the refund of a statutory pre-deposit is a vested right of the assessee once the appeal is decided in their favor. The court observed that Section 54(1) is directory, not mandatory, as it uses the word "may," which, as per Supreme Court rulings, does not impose an absolute bar. The court further noted that retaining the amount would be arbitrary and against the principles of natural justice.

Additionally, the court pointed out that the Limitation Act, 1963, allows a three-year period under Article 137, and the department's strict reliance on the two-year limitation under Section 54 is misplaced. The refund cannot be denied based on a rigid interpretation of the law, and such an action would violate the constitutional restriction on unauthorized tax retention. Consequently, the court directed the

[M/s BLA Infrastructure Pvt. Ltd. vs. State of Jharkhand & Others | Jharkhand High Court | W.P. \(T\) No. 6527 of 2024](#)

GST Notification / Circulars / Guidelines / Instructions

Central Tax Notification to amend CGST Rules, Central Goods and Services Tax (Amendment) Rules, 2025

The CBIC, has introduced amendments to the CGST Rules, 2017, via Notification. Key changes include:

- Grant of Temporary Identification Number (TIN) – A new Rule 16A allows issuing TIN to individuals/entities not liable for GST registration but required to make payments under the Act. The proper officer will issue Part B of FORM GST REG-12 for such cases.
- Amendment to Rule 19(1) – Now includes FORM GST CMP-02 for composition taxpayers.
- Changes in Rule 87(4) – Incorporates references to Rule 16A for seamless integration with the common portal.
- Revised FORM GST REG-12 – Updated format includes sections for temporary registration and TIN issuance, along with personal and bank details.

The amendments take effect upon publication in the Official Gazette, with certain provisions becoming effective on a later notified date.

[Notification No. 07/2025 – Central Tax, dated 23rd Jan, 2025](#)

Central Tax Notification for waiver of the late fee

The CBIC, has issued Notification to waive the late fee under Section 47 of the CGST Act, 2017, for specific financial years. Key points:

- Late Fee Waiver: Applies to registered persons required to file FORM GSTR-9C (reconciliation statement) along with FORM GSTR-9 (annual return) but failed to do so within the due date.
- Applicable Financial Years: Covers 2017-18 to 2022-23 for delayed GSTR-9C submissions.
- Deadline for Compliance: The reconciliation statement in FORM GSTR-9C must be submitted by 31st March 2025 to avail of the waiver.
- No Refund Clause: Late fees already paid before this notification will not be refunded.

This waiver provides relief to taxpayers who missed filing GSTR-9C on time, allowing them to comply without additional late fees.

[Notification No. 08/2025 – Central Tax, dated 23rd Jan, 2025](#)

Regularization of GST on Co-Insurance and Reinsurance Transactions

CBIC has clarified the GST treatment on co-insurance and reinsurance transactions based on the 53rd GST Council Meeting. It states that the apportionment of co-insurance premium by the lead insurer to the co-insurer and the deduction of reinsurance commission by reinsurers will not be considered a supply, provided GST is paid on the total premium by the lead insurer and on the gross reinsurance premium by the reinsurer. These provisions, enacted through the Finance (No. 2) Act, 2024, are effective from 1st November 2024. Additionally, past GST payments on these transactions from 1st July 2017 to 31st October 2024 are regularized on an 'as is where is' basis.

[Circular No. 244/01/2025 - GST, dated 28th Jan, 2025](#)

GST Notification / Circulars / Guidelines / Instructions

Clarifications on GST Applicability

The CBIC has issued clarifications based on the 55th GST Council meeting held on 21st December 2024. Key highlights include:

- 1.No GST on Penal Charges by Regulated Entities (REs):** Penal charges levied by banks/NBFCs in compliance with RBI directions (effective from 01.01.2024) are not taxable under GST.
- 2.GST Exemption for Payment Aggregators (PAs):** RBI-regulated Payment Aggregators facilitating transactions up to ₹2,000 via card services are exempt from GST. However, Payment Gateway (PG) services are not covered under this exemption.
- 3.Exemption for R&D Services by Government Entities:** GST exemption is granted (effective 10.10.2024) on R&D services provided by government entities against grants. Past payments (01.07.2017 to 09.10.2024) are regularized.
- 4.Restoration of GST Exemption for NSDC-Approved Training Partners:** The exemption on skilling services by NSDC-approved Training Partners has been reinstated (from 16.01.2025). Past GST payments (10.10.2024 to 15.01.2025) are regularized.
- 5.GST on Facility Management Services for MCD HQ:** Services like housekeeping and maintenance provided to MCD HQ are taxable as they do not relate to municipal functions under Article 243W.
- 6.DDA Not a Local Authority:** Delhi Development Authority (DDA) does not qualify as a "local authority" under GST law and is not eligible for related exemptions.
- 7.GST on Renting of Commercial Property under RCM:** Renting of commercial property by an unregistered person to a registered person is under reverse charge mechanism (RCM) as per the 54th GST Council's decision.

[Circular No. 245/02/2025 – GST, dated 28th Jan, 2025](#)

Clarification on Late Fee Applicability for Delay in Furnishing FORM GSTR-9C

CBIC has clarified that late fees under Section 47 of the CGST Act apply if FORM GSTR-9C, required for taxpayers with a turnover exceeding ₹5 crore, is not filed along with FORM GSTR-9. The annual return is considered incomplete until both forms are submitted, and late fees are calculated from the due date until full compliance. However, for financial years up to 2022-23, excess late fees have been waived if FORM GSTR-9C is filed by March 31, 2025, though no refunds will be issued for already paid fees.

[Circular No. 246/03/2025 - GST, dated 30th Jan, 2025](#)

GSTN Portal Changes

Implementation of Mandatory HSN Code Mentioning in GSTR-1 & GSTR-1A (Phase-III)

Phase-III of the mandatory HSN code entry for GSTR-1 and GSTR-1A, effective from February 2025, replaces manual HSN code entry with a dropdown selection. Table 12 is now divided into two tabs, B2B and B2C, for separate reporting. Additionally, validation for supply values and tax amounts has been introduced for both tabs. Initially, these validations will be in warning mode, meaning non-compliance with the validations won't block GSTR-1 and GSTR-1A submissions.

Advisory on Biometric-Based Aadhaar Authentication and Document Verification for GST Registration Applicants in Tamil Nadu and Himachal Pradesh

Starting from January 28, 2025, the GST registration process in Tamil Nadu and Himachal Pradesh has introduced biometric-based Aadhaar authentication and document verification. Applicants submitting Form GST REG-01 will receive an email with either an OTP-based Aadhaar authentication link or an appointment booking link for visiting a GST Suvidha Kendra (GSK). At the GSK, biometric authentication and document verification will be performed. Applicants need to carry specific documents, including their Aadhaar and PAN cards, and the original documents uploaded with the application. The process is aimed at enhancing security and streamlining GST registration.

GST Collection

Rs 1,95,506 crore gross GST revenue collected for January 2025

GST Gross and Net Collections as on 31/01/2025 (Amount in crores)						
GST Collections	Monthly			Year To Date		
	Jan-24	Jan-25	% Growth	Jan-24	Jan-25	% Growth
A	B	C	D = C/B-1	E	F	G = F/E-1
A.1. Domestic						
CGST	32,685	36,077		3,09,393	3,40,427	
SGST	40,895	44,942		3,87,834	4,22,853	
IGST	48,952	53,623		4,50,574	5,03,462	
CESS	11,173	12,483		1,09,522	1,17,788	
Gross Domestic Revenue	1,33,705	1,47,124	10.0%	12,57,323	13,84,530	10.1%
A.2. Imports						
IGST	39,598	47,453		4,04,171	4,35,150	
CESS	803	929		9,935	9,394	
Gross Import Revenue	40,401	48,382	19.8%	4,14,105	4,44,544	7.4%
A.3. Gross GST Revenue(A.1+A.2)						
CGST	32,685	36,077		3,09,393	3,40,427	
SGST	40,895	44,942		3,87,834	4,22,853	
IGST	88,550	1,01,075		8,54,745	9,38,612	
CESS	11,976	13,412		1,19,457	1,27,182	
Total Gross GST Revenue	1,74,106	1,95,506	12.3%	16,71,428	18,29,073	9.4%

Link:

[https://tutorial.gst.gov.in/downloads/news/approved monthly gst data for publishing jan 2025.pdf](https://tutorial.gst.gov.in/downloads/news/approved%20monthly%20gst%20data%20for%20publishing%20jan%202025.pdf)



- Restrains Encashment of Bank Guarantee During Appeal Period in Customs Dispute - HC
- HC Upholds Interest Imposition on CVD and SAD for Non-Compliance with Advance Authorisation Scheme
- HC Quashes DRI Show Cause Notice Due to Inordinate Delay in Adjudication
- HC Clarifies Scope of Customs Exemption for Dual-Technology Products
- HC Stresses Importance of Detailed Reasoning in Appellate Orders, Remands Case to CESTAT
- CESTAT Sets Aside Service Tax Demand, Emphasizes Importance of Documentary Evidence
- Other Notifications/Circulars/Instructions

Restrains Encashment of Bank Guarantee During Appeal Period in Customs Dispute - HC

DA Insights:

The case highlights the procedural protection against premature recovery actions by customs authorities, especially when an appeal is pending. It underlines the importance of the three-month appeal window for cases involving large sums and the enforcement of financial guarantees.

Issue:

The petitioner sought a writ of mandamus to stay the encashment of a bank guarantee of Rs. 3.06 crore, which was executed as part of an Order-in-Original (OIO) passed by the Principal Commissioner of Customs, alleging violation of export obligations under the Advance Authorisation Scheme.

Legal Provisions:

Section 129A of the Customs Act, 1962, Section 112(a)(ii) of the Customs Act, 1962 & Circular No. 984/08/2014-CX dated 16th September, 2024

Observation and Comments:

The High Court observed that the Circular restricts the Department from taking coercive measures (like encashing bank guarantees) during the pendency of an appeal, provided the pre-deposit is made. The court noted that the limitation period for filing the appeal, as per Section 129A of the Customs Act, was three months from the OIO passed on December 6, 2024. As such, the encashment of the bank guarantee could not occur during this period, especially since a substantial amount had already been appropriated by the Department.

In light of this, the court restrained the Department from encashing the bank guarantee, but made it clear that the restraining order was subject to the filing of the appeal. If no appeal was filed within the stipulated time, the Department was permitted to approach the court to vacate the order. The court did not delve into the merits of the case, focusing on the procedural safeguards available to the petitioner during the appeal process.

Amar Singh and Sons Tree Nuts LLP vs. The Superintendent of Customs, EPM, Import and Ors.

HC Upholds Interest Imposition on CVD and SAD for Non-Compliance with Advance Authorisation Scheme

DA Insights:

The case reinforces the applicability of interest on duties due when specific exemption conditions under the Advance Authorisation Scheme are not met. It highlights the Court's interpretation of statutory provisions and the government's power to impose interest under the Customs Act.

Issue:

The petitioners challenged the imposition of interest on Countervailing Duty (CVD) and Special Additional Duty (SAD) under the Customs Tariff Act, arguing that no statutory provision existed for such interest in their case. They also disputed the confiscation of goods and the calculation of interest due to the failure to meet export obligations under the Advance Authorisation Scheme.

Legal Provisions:

Notification No. 18/2015-Cus & Section 25(1) of the Customs Act

Observation and Comments:

The High Court observed that KBS Industries had imported copper products under the Advance Authorisation Scheme, which allowed exemptions subject to fulfilling export obligations. Since KBS failed to fulfill these obligations and sold the goods locally, the customs authorities levied customs duty, interest, and penalties. Although KBS acknowledged the duty liability, it disputed the interest calculation, particularly regarding Countervailing Duty (CVD) and Special Additional Duty (SAD).

The Court cited a previous decision (*Mahindra & Mahindra Ltd. v. Union of India, 2022*), where interest on CVD and SAD was not imposed. However, the case at hand was distinguishable because KBS's non-compliance with export obligations triggered the interest requirement under Notification No. 18/2015-Cus, which specifically stipulated the interest rate of 15% per annum from the clearance date if the export obligations were not met. The Court upheld the interest imposition as legally valid, stating that the Central Government was empowered to set such conditions under Section 25(1) of the Customs Act. The petition was consequently dismissed.

KBS Industries Ltd. and Anr. vs. The Customs Central Excise and Service Tax Settlement Commission Principal Bench New Delhi & Ors.

HC Quashes DRI Show Cause Notice Due to Inordinate Delay in Adjudication

DA Insights:

EOUs are allowed to avail exemptions under other customs notifications, provided they meet all conditions and No penalty or extended limitation period applies where all facts were disclosed in the Bill of Entry.

Issue:

The petitioner challenged a Show Cause Notice (SCN) issued by the Directorate of Revenue Intelligence (DRI) alleging mis-declaration and undervaluation in the import of goods, citing delays in adjudication and seeking to quash the SCN under Section 28(9) of the Customs Act, 1962, arguing that the proceedings had abated due to the inordinate delay.

Legal Provisions:

Section 28(9) of the Customs Act, 1962, Articles 226 and 227 of the Constitution of India & Customs Act, 1962

Observation and Comments:

The High Court reviewed the matter, emphasizing that the petitioner had been subjected to an unreasonable delay in the adjudication of the SCN issued by DRI in March 2014, which alleged mis-declaration and undervaluation in the import of goods. The SCN had been repeatedly placed in the "call book" over an extended period, with no valid justification for the delay. The Court observed that such inordinate delays, particularly when not supported by genuine reasons, were unacceptable and adversely affected both the petitioner and public revenue.

The Court referred to several precedents,

including decisions from Coordinate Benches, which emphasized the necessity of timely adjudication. The Court ruled that the SCN issued on March 20, 2014, was no longer valid due to the extended delay and consequently set it aside, declaring the proceedings abated under Section 28(9) of the Customs Act. This ruling underscores the need for prompt action in customs proceedings and the negative impact of delay on legal and financial outcomes.

[Polyglass Acrylic Manufacturing Company Pvt. Ltd. vs. The Additional Director General Through the Director Directorate of Revenue Intelligence & Ors. \[W P \(C\) 15195/2023\]](#)

HC Clarifies Scope of Customs Exemption for Dual-Technology Products

DA Insights:

This case reinforces the importance of interpreting exemption notifications strictly and in line with their intent. It also demonstrates the Court's willingness to uphold the clear meaning of the language used in the notifications, rejecting broader interpretations that would undermine the exemption's purpose.

Issue:

The central issue is whether Wireless Access Points (WAPs) imported by M/s Redington, utilizing MIMO technology, are eligible for exemption from Basic Customs Duty under Notification No. 24/2005-Cus as amended, or if they are excluded under the exclusion entry for products using both MIMO and LTE technologies.

Legal Provisions:

Customs Tariff Heading (CTH) 8517 & Notification No. 24/2005-Cus as amended by Notification No. 11/2014-Cus

Observation and Comments:

M/s Redington India Ltd, a distributor of Information Technology products, imported Wireless Access Points (WAPs) between July 2014 and June 2017. The company claimed exemption from customs duty for WAPs using only MIMO technology, while paying full duty for products combining MIMO and LTE technologies. The Directorate of Revenue Intelligence (DRI) contested this claim, arguing that the exclusion entry under the notification should apply to products using either MIMO or LTE technologies, and the 'and' in the exclusion clause should be interpreted disjunctively.

The Adjudicating Authority ruled in favor of M/s Redington, interpreting the exclusion clause to apply only to products using both MIMO and LTE

technologies together, not products using either technology individually. The CESTAT upheld this decision, emphasizing that the wording of the exclusion clause should be interpreted strictly, as the exemption notification should be construed narrowly to reflect its intended purpose. The Court, aligning with a parallel case (CUSAA 38/2023), upheld the interpretation of the phrase "MIMO and LTE Products" as referring to products combining both technologies. Thus, M/s Redington's WAPs, which only used MIMO, were entitled to the exemption.

[Commissioner of Customs \(Air\), Chennai-VII Commissionerate Vs M/s Redington India Ltd CUSAA No.44/2024](#)

HC Stresses Importance of Detailed Reasoning in Appellate Orders, Remands Case to CESTAT

DA Insights:

The Court highlighted the importance of a reasoned and detailed appellate order, especially when reversing findings of fact. The failure to address material issues resulted in the quashing of the CESTAT's orders and a remand for reconsideration. This case underscores the need for a structured and analytical approach in appellate decisions.

Issue:

The Petitioner (Revenue) challenges the CESTAT's orders dated 16 October 2007 and 22 February 2008, which allowed the Respondents' appeal against the Commissioner's order and rejected the Revenue's rectification application. The case revolves around the classification of goods, duty payments, and the alleged clandestine removal of goods.

Legal Provisions:

Section 35G of the Central Excise Act

Observation and Comments:

The Court noted that the CESTAT's order was cursory, failing to address substantial factual issues, particularly regarding the classification of goods and the duty implications. The Revenue had raised concerns about the clandestine removal of goods and the Respondents' classification under Heading 3917 while seeking exemption under Heading 8424. The Court emphasized that the CESTAT's role as the first appellate authority required a detailed and reasoned examination of the issues, including addressing the rectification application and the findings of fact.

The Court held that the CESTAT's order did not adhere to established legal principles, as it lacked sufficient reasoning and overlooked critical issues.

As a result, the Court quashed the impugned orders and remanded the case to the CESTAT for a fresh and thorough consideration. The CESTAT was instructed to issue a reasoned order, considering all relevant issues and allowing both parties to present their case.

[The Commissioner of Central Excise and Customs, Nasik Commissionerate Vs M/s Jain Irrigation Systems Ltd WRIT PETITION NO. 185 OF 2012](#)

CESTAT Sets Aside Service Tax Demand, Emphasizes Importance of Documentary Evidence

DA Insights:

This case underscores the importance of documentary evidence, such as Chartered Accountant certificates, in tax disputes. It also reinforces that mere errors in invoices, when rectified in good faith and recorded properly, cannot be a ground for invoking extended limitation or imposing penalties.

Issue:

The dispute revolves around a demand of ₹75,20,988 raised by the Revenue on the grounds that the appellant allegedly collected Service Tax at full rates but discharged tax under the composition scheme. The appellant contended that 38 invoices reflecting full Service Tax rates were never presented to clients, and necessary rectifications were made in the books. The key issues were the validity of the demand, the consideration of a Chartered Accountant's certificate, and whether the extended period of limitation applied.

Legal Provisions:

Finance Act, 1994 (Service Tax provisions) & Section 73A of the Finance Act, 1994

Observation and Comments:

The Tribunal found that the appellant had correctly rectified the erroneous invoices in their books and had not collected excess Service Tax from clients. The Adjudicating Authority failed to consider the Chartered Accountant's certificate, which supported the appellant's claim that no undue benefit was taken. The Tribunal emphasized that such certificates must be considered unless valid reasons for rejection are provided.

Additionally, the Tribunal held that the extended

period of limitation could not be invoked since there was no suppression of facts. The appellant had maintained proper books of accounts, submitted returns regularly, and cooperated with the audit process. Given these findings, the Tribunal set aside the demand and penalties, allowing the appeal fully on merits and partly on limitation grounds.

[M/s Kirloskar Brothers Ltd Vs Commissioner of CGST and Central Excise, Kolkata \[Service Tax Appeal No. 76251 of 2016\]](#)

Customs Notification / Circulars / Guidelines / Instructions

Amendment to Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022

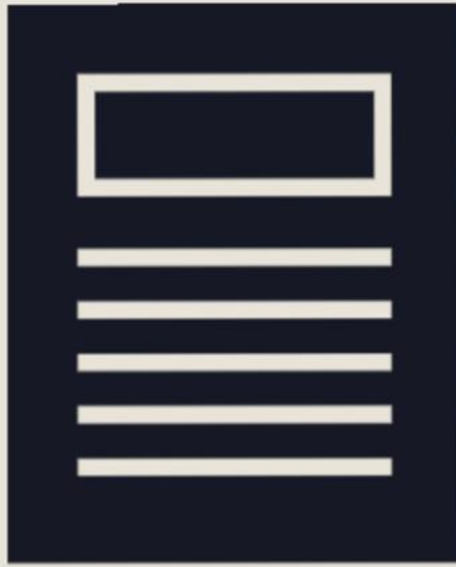
The Government of India has amended the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, effective from February 2, 2025. Key changes include replacing the term "monthly" with "quarterly" in various reporting and compliance requirements, thereby shifting from a monthly to a quarterly reporting system. Additionally, the validity period for certain provisions has been extended from six months to one year. These amendments streamline compliance and reduce the frequency of submissions for businesses availing concessional duty benefits.

[Notification No. 07/2025 – Customs \(N.T.\), dated 1st Feb, 2025](#)

EPCG Scheme - Relief in Average Export Obligation (EO) under Para 5.17(a) of the HBP or FTP, 2023

Under Para 5.17 of the Handbook of Procedures (HBP) for the FTP 2023, exporters from sectors or product groups with a decline in exports during 2023-24 compared to 2022-23 may receive relief by reducing their Average Export Obligation (EO) proportionate to the decline. A list of affected product groups is provided. Regional Authorities are instructed to revise the EO accordingly and update the EPCG authorizations. When reviewing EO discharge requests, Regional Offices should also consider previous policy circulars before taking action on any non-fulfillment of EO.

[Policy Circular No. 11/2024-25 - DGFT, dated 21st Jan, 2025](#)



DA NEWS

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Goods and Services Tax

- New GSTN advisory: GST registered suppliers must take note of these new changes made in GSTR-1 from January 2025
- GST rules for credit notes tightened to stop leakage
- GST late fee waiver: Last opportunity to avoid GST notice due to non-filing of GSTR-9C, do this now
- GST Tribunals may be delayed by 6 months as states yet to appoint officials
- New GSTN advisory: You can now file a rectification application to claim pending input tax credit; However, there is a catch

Customs and other

- Budget lowers India's average customs duty rate, sends positive signal to the US: CBIC chair
- Budget 2025-26 | 36 drugs for cancer, rare diseases to be exempt from basic customs duty, says FM Sitharaman
- Budget 2025: FM cuts customs duty on 40 items to boost manufacturing
- Govt scraps custom duties on waste and scrap of dozen critical minerals

DA Updates and Articles for the month of January 2025

DA - Indirect Tax Fortnightly Update – January 2025

Link: <https://dardaadvisors.com/wp-content/uploads/2025/01/DA-Indirect-Tax-Fortnightly-Update-January-2025-F.pdf>

DA Update - Union Budget 2025 – Key Indirect Tax Proposals

Link: <https://dardaadvisors.com/wp-content/uploads/2025/02/Union-Interim-Budget-2025-26-Key-Indirect-Tax-Proposals-F.pdf>

DA Newsflash (DGFT): Key Updates for Exporters related to Implementation of eCertificate of Origin (eCoO)

Link: <https://www.linkedin.com/feed/update/urn:li:activity:7291040023699697666>

DA Newsflash (DGFT): DGFT Introduces Online Filing for Annual RoDTEP Return (ARR)

Link: <https://www.linkedin.com/feed/update/urn:li:activity:7291070238777872384>

DA Updates and Articles for the month of January 2025

🚀 Union Budget 2025 Webinar Video: Key Insights and Highlights 🚀

Link: <https://youtu.be/qXcSM9BBaY8>

DA TAX ALERT
INDIRECT TAX
AN E-TAX ALERT FROM

🚀 Union Budget 2025 Webinar Video: Key Insights and Highlights 🚀
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DA Updates and Articles for the month of January 2025

Our Partner Vineet Suman Darda invited as a Speaker for the Budget Analysis 2025 session, organized by the ICSI Hyderabad Chapter.

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ICSI Hyderabad Chapter organising Session on

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CPE-2 (Structured)

Venue:
The Platinum Business Hotel
Himayat Nagar Street No.1. Hyd.

Date & Time
Monday |03, February, 2025
Time: 04.30 pm - 07.30 pm

Speakers

Direct Tax Expert

CA Pankaj Sancheti
Partner, Kevalin Consultants LLP

CA Vineet Suman Darda
Managing Partner, Darda Advisors LLP

Indirect Tax Expert

Participation Fee		
Particulars	On or Before 02.01.2025	On or Spot 03.02.2025
Member	Rs. 400	Rs. 600
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