

DA TAX ALERT INDIRECT TAX

AN E-TAX ALERT FROM
Darda Advisors LLP

March 2025

Issue: 58

**GST COMPLIANCE
CALENDER**

**GOODS AND
SERVICE TAX**

**CUSTOMS AND
OTHER**

DA NEWS

PREFACE

We are pleased to present to you the Fifty-Eighth 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 February 2025.

During the month of February 2025, there were certain changes under Goods and Service Tax, Customs and other including introduction of Finance Bill 2025-26; key judgments and rulings such as Constitutional Validity of Section 16(2)(c) of CGST Act and Validity of Show Cause Notice and Order in Original Rendered Invalid Due to Inordinate Delay in Adjudication Under Customs Act.

In the Fifty-Eighth 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 February 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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Tax and Regulatory Services

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GST COMPLIANCE CALENDAR

March
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

GST Registration Denial on Grounds of Non-Residency

DA Insights:

This ruling reinforces that GST registration cannot be denied arbitrarily based on geographical considerations. Authorities must ensure compliance within the framework of law rather than impose extra-legal conditions.

Issue:

Whether the rejection of GST registration on the ground that the applicant and its authorized representative do not belong to Andhra Pradesh is legally valid.

Legal Provisions:

APGST Act, 2017 & Article 19 of the Constitution of India

Observation and Comments:

The High Court held that the rejection of GST registration solely on the ground that the applicant and its authorized representative are not from Andhra Pradesh is without legal basis. There is no statutory restriction preventing an individual or entity from another state from seeking GST registration in Andhra Pradesh. Mere apprehension of tax evasion does not justify denial of a fundamental right.

The court further emphasized that Article 19 of the Constitution grants every citizen the right to carry on business anywhere in India. The authorities cannot impose unwarranted restrictions beyond what is prescribed in law. Therefore, the rejection order dated 04.11.2024 was set aside, and the respondents were directed to grant GST registration to the petitioner. However, the authorities were allowed to monitor the petitioner's returns and business activities to prevent tax evasion.

Invalidity of Show Cause Notice Issued Beyond Limitation Period

DA Insights:

This judgment reinforces the principle that statutory timelines in tax laws are mandatory and cannot be extended arbitrarily. It underscores the importance of strict adherence to procedural safeguards in assessment proceedings under GST.

Issue:

Whether the show cause notice (SCN) issued on 30.11.2024 for the assessment year 2020-2021 is barred by limitation under Section 73(2) of the GST Act.

Legal Provisions:

Section 73(2), 73(10) of the GST Act and Rule 81-A of the CGST Rules

Observation and Comments:

The Court observed that, as per the statutory timeline, the due date for filing the annual return for the financial year 2020-2021 was 28.02.2022. Consequently, the last date for issuing an assessment order was 28.02.2025, and the SCN had to be issued at least three months prior, i.e., by 28.11.2024. Since the SCN was issued on 30.11.2024, it exceeded the prescribed time limit and was held to be non est (invalid).

The Court rejected the Revenue's argument that a "month" should be interpreted as a calendar month, and thus, the last permissible date could extend beyond 28.11.2024. Citing precedents, it emphasized that statutory time limits under taxation laws are mandatory, and any delay renders the proceedings void. Consequently, the SCN was quashed, and the writ petition was allowed.

M/s The Cotton Corporation of India v. Assistant Commissioner (ST) (Audit) & Others (WP No. 1463 of 2025)

Reimported Goods and Taxation: Conflict Between Customs Duty and GST Provisions

DA Insights:

The ruling clarifies that goods reimported after repair will attract customs duty under CTA, even if they qualify as a supply of service under GST. This judgment underscores the principle that indirect tax laws must be harmonized but do not necessarily override existing customs duties.

Issue:

- Whether the duty leviable under Section 3(7) of the Customs Tariff Act (CTA) is independent of the impost created by Section 5 of the Integrated Goods and Services Tax Act (IGST)?
- Whether the supply of service, as characterized under Schedule II of the Central Goods and Services Tax Act (CGST), would remain unaffected by the concept of the import of goods?

Legal Provisions:

Customs Act, 1962, Customs Tariff Act, 1975 (CTA), CGST Act 2017 - Schedule II, IGST Act 2017 - Section 5

Observation and Comments:

The case revolves around the reimport of aircraft engines and parts sent abroad for repair. The petitioner, InterGlobe Aviation Ltd., argued that such transactions qualify as a "supply of service" under GST law, thus exempting them from customs duty under CTA. The petitioner relied on earlier tribunal rulings that IGST should not apply to reimported goods if they had already been subjected to GST as a service. However, the government contended that Section 3(7) of the CTA was an independent charging provision, which

remained valid despite the IGST introduction.

The High Court, after analyzing constitutional amendments and legislative intent, upheld the validity of Section 3(7) of the CTA. It ruled that reimported goods, even if treated as a supply of service under GST, still attracted customs duty under CTA. The court found no conflict between IGST and CTA provisions and reinforced the "aspect theory" of taxation, which allows the same transaction to be taxed under different heads. The petitioner's claims were, therefore, dismissed.

Rejection of GST Appeal Due to Pre-Deposit Made Through Incorrect Form Despite Voluntary Payment

DA Insights:

This case highlights the importance of administrative flexibility in tax compliance and the recognition of voluntary payments under GST. It also reinforces the principle that procedural limitations should not hinder substantive justice in tax disputes.

Issue:

The petitioner's appeal was rejected by the respondent on the ground that the pre-deposit was not made through Form GST DRC-03A, despite the fact that the payment was voluntarily made through Form GST DRC-03 due to non-availability of online facilities at the time.

Legal Provisions:

Section 107 of the CGST Act, 2017, Section 112 of the CGST Act, 2017 & Rule 142(2B) of CGST Rules, 2017

Observation and Comments:

The High Court noted that Circular No. 224/18/2024-GST clarified that voluntary payments made through Form GST DRC-03 should be considered as pre-deposit for appeal purposes. The court also observed that since the amount of ₹5,02,780/- paid by the petitioner was still lying in Form GST DRC-03, the respondent's suspicion that the payment might be for another purpose was unfounded.

The Court, therefore, set aside the rejection order dated 26.07.2024 and directed the respondent to restore the appeal. The court

further instructed that the amount paid via Form GST DRC-03 should be considered a valid pre-deposit and directed the authority to process the appeal on merits.

[M/s AR Foundations Pvt Ltd vs. The Appellate Deputy Commissioner \(ST\)-Chennai-II \(W.P. No. 34020 of 2024\)](#)

Validity of Show Cause Notice Uploaded Under Incorrect GST Portal Tab Leading to Violation of Natural Justice

DA Insights:

This ruling reinforces the importance of transparent and effective digital communication in tax administration. It highlights that procedural lapses in serving notices on the GST portal can amount to a violation of natural justice, warranting relief for affected taxpayers.

Issue:

The petitioner challenged the validity of the show cause notice (SCN) and the consequential order imposing tax, interest, and penalty, arguing that the SCN was uploaded under the 'Additional Notices and Orders' tab on the GST portal instead of the 'Notices and Orders' tab. Due to this, the petitioner remained unaware of the notice, leading to an alleged violation of the principles of natural justice.

Legal Provisions:

Section 73 of the CGST/SGST Act, 2017,
Section 146 of the GST Act, 2017

Observation and Comments:

The Kerala High Court observed that normally, taxpayers check the 'Notices and Orders' tab for updates, and without proper instructions or notifications, they are unlikely to verify the 'Additional Notices and Orders' tab. The Court noted that earlier versions of the GST portal lacked clear guidance on the placement of adjudication-related notices, making it difficult for taxpayers to access crucial information. Citing decisions from the Madras and Delhi High Courts, the Court acknowledged that the GST portal had undergone modifications to rectify such issues, but the petitioner's case

pertained to a period before these changes were made. Given these facts, the Court held that the petitioner was unaware of the notice due to the lack of effective communication by the tax authorities. Consequently, the order of determination dated 06.03.2024 was set aside, and the petitioner was granted 30 days to submit a reply to the notices, with the authorities directed to conduct fresh adjudication after granting an opportunity for a hearing.

M/s Ramanattu Motor Corporation vs. State of Kerala & Others WP(C) No. 23872 of 2024

Rejection of GST Appeal Due to Minor Procedural Delay Despite Substantial Tax Payments and Compliance Efforts

DA Insights:

The case underscores the importance of procedural compliance in GST litigation. However, it also highlights judicial discretion in condoning delays when substantial tax payments have already been made.

Issue:

The petitioner challenged the reversal of Input Tax Credit (ITC) for FY 2019-2020 and the rejection of their appeal due to a delay of 35 days, which exceeded the condonable period by 5 days.

Legal Provisions:

Section 107(4),(6) & 79 of the GST Act, 2017

Observation and Comments:

The Madras High Court noted that the appeal was rejected solely due to a procedural delay of 5 days beyond the condonable period. The petitioner claimed unawareness of the proceedings as the notice was uploaded in the additional notices column of the GST portal, which their consultant failed to monitor. The Court acknowledged that while the second respondent had applied the GST Act provisions strictly, the delay should be condoned in the interest of justice. Given that the petitioner had already made substantial payments towards the disputed tax liability, the Court ruled that the appeal should not be dismissed merely on technical grounds.

Consequently, the Court set aside the appellate authority's rejection order and remanded the case for fresh consideration. The appellate authority was directed to decide the matter on

[Chennai Pet vs. The State Tax Officer & Others \(W P \(MD\) No. 3995 of 2025\)](#)

Constitutional Validity of Section 16(2)(c) of CGST Act and Obligations of Taxpayers in Input Tax Credit Claims

DA Insights:

This judgment reinforces the constitutional validity of Section 16(2)(c) and the non-absolute nature of ITC claims under the GST regime. It highlights the necessity for businesses to ensure the correct flow of taxes, even when dealing with legitimate suppliers. The ruling underscores that the GST authorities' actions are in line with preventing fraudulent ITC claims and safeguarding public revenue.

Issue:

The petitioner challenges the show-cause notice and the constitutional validity of Section 16(2)(c) of the CGST Act, 2017. The petitioner contends that Section 16(2)(c) imposes an unreasonable obligation on innocent purchasers to ensure tax payments by the supplier, which is beyond their control.

Legal Provisions:

Section 16(2)(c) of the CGST Act, 2017

Observation and Comments:

The High Court observed that a specific intelligence was gathered by the CGST officers indicating that the petitioner and several others were involved in availing fraudulent Input Tax Credit (ITC) through fake invoices. The petitioner, in this case, was allegedly engaged in transactions with a supplier dealing in FMCG goods while dealing in industrial chemicals. Despite representations, the impugned show-cause notice was issued for the alleged fraudulent ITC claims.

The Court further noted that Section 16(2)(c) of the CGST Act, which was being challenged by

the petitioner, had already been upheld by the High Courts of Patna and Kerala. The Court emphasized that the petitioner must participate in the ongoing enquiry and provide necessary documents to defend its case. As such, the Court dismissed the petition, finding no merit in the claim to quash the notice or invalidate Section 16(2)(c).

[M/s Shree Kishna Chemicals Through Its Proprietor Pankaj Chittlangia vs Union of India & Others \(Writ Petition No. 5692 of 2025\)](#)

GSTN Portal Changes

Enhancement in Biometric Authentication Facility for Directors

GSTN now allows Promoters/Directors of companies applying for GST registration to complete Biometric Authentication at any GST Suvidha Kendra (GSK) in their Home State, instead of only in their jurisdiction. This facility applies to Public, Private, Unlimited, and Foreign Companies. Eligible applicants will receive an email to select a Home-State GSK, book a slot, and complete authentication. This option is currently available in 33 states/UTs and will soon extend to Uttar Pradesh, Assam, and Sikkim. The process remains optional, and applicants can still visit their jurisdictional GSK if preferred.

GST Collection

Rs 1,68,337 crore gross GST revenue collected for February 2025

| GST Gross and Net Collections as on 28/02/2025 (Amount in crores) | | | | | | |
|---|-----------------|-----------------|--------------|------------------|------------------|--------------|
| GST Collections | Monthly | | | Year To Date | | |
| | Feb-24 | Feb-25 | % Growth | Feb-24 | Feb-25 | % Growth |
| A | B | C | D = C/B-1 | E | F | G = F/E-1 |
| A.1. Domestic | | | | | | |
| CGST | 31,785 | 35,204 | | 3,41,178 | 3,75,631 | |
| SGST | 39,615 | 43,704 | | 4,27,449 | 4,66,557 | |
| IGST | 45,505 | 50,049 | | 4,96,079 | 5,53,511 | |
| CESS | 11,854 | 12,987 | | 1,21,376 | 1,30,776 | |
| Gross Domestic Revenue | 1,28,760 | 1,41,945 | 10.2% | 13,86,083 | 15,26,474 | 10.1% |
| A.2. Imports | | | | | | |
| IGST | 38,593 | 40,821 | | 4,42,764 | 4,75,971 | |
| CESS | 984 | 880 | | 10,919 | 10,274 | |
| Gross Import Revenue | 39,578 | 41,702 | 5.4% | 4,53,683 | 4,86,245 | 7.2% |
| A.3. Gross GST Revenue(A.1+A.2) | | | | | | |
| CGST | 31,785 | 35,204 | | 3,41,178 | 3,75,631 | |
| SGST | 39,615 | 43,704 | | 4,27,449 | 4,66,557 | |
| IGST | 84,098 | 90,870 | | 9,38,843 | 10,29,482 | |
| CESS | 12,839 | 13,868 | | 1,32,295 | 1,41,050 | |
| Total Gross GST Revenue | 1,68,337 | 1,83,646 | 9.1% | 18,39,766 | 20,12,720 | 9.4% |

Link:

https://tutorial.gst.gov.in/downloads/news/approved_monthly_gst_data_for_publishing_feb%202025.pdf



- Interpretation of 'Taken into Use' in Duty Drawback Claims for Mobile Phone Exports
- Validity of Show Cause Notice and Order in Original Rendered Invalid Due to Inordinate Delay in Adjudication Under Customs Act
- Quashing of Show Cause Notice and Order-in-Original Due to Unjustified 12-Year Delay in Adjudication Under Customs Act
- Denial of Special Additional Duty Refund Claim Based on Subsequent Notification and Uniformity in Tax Treatment Across Jurisdictions
- Refund Claims for Excess Customs Duty on Imported Goods and Limitation Period Based on Subsequent Supreme Court Ruling
- Validity of Show Cause Notice for Recovery of Duty Credit Scrip Benefits Under Foreign Trade Policy
- Other Notifications/Circulars/Instructions

Interpretation of 'Taken into Use' in Duty Drawback Claims for Mobile Phone Exports

DA Insights:

This ruling provides clarity on the interpretation of "taken into use" for duty drawbacks in the mobile phone industry. It ensures that necessary modifications to facilitate exports do not unfairly disqualify exporters from benefits. The decision supports India's growing role in global mobile phone exports by making duty drawback policies more practical.

Issue:

The petitioners challenged the rejection of their duty drawback claims on the export of unlocked/activated mobile phones. The customs authorities denied the claims on the ground that the process of unlocking/activating mobile phones amounts to "taking into use," making them ineligible for duty drawbacks under Rule 3 of the Customs and Central Excise Duty Drawback Rules, 2017.

Legal Provisions:

Rule 3 of the Customs and Central Excise Duty Drawback Rules, 2017 & Provisions related to "manufacture" and duty drawback under the Customs Act

Observation and Comments:

The High Court analyzed the meaning of "taken into use" in the context of mobile phones, recognizing their extensive functionalities. The Court observed that unlocking/activating mobile phones is a process required for usability in foreign markets and does not amount to actual usage. Since only minimal functions like switching on the device and making a test call were performed, the Court ruled that such actions do not qualify as "use" under Rule 3.

The Court further emphasized that unlocking a mobile phone is a necessary step to ensure it functions in the intended market and does not reduce its value. Given India's growing mobile phone manufacturing sector and increasing exports, the Court ruled that denying duty drawback on these grounds would be unjustified. Consequently, the petition was allowed, granting the petitioners their duty drawback claims.

[M/s AIMS Retail Services Pvt Ltd & Others vs Union of India & Others \(W.P.\(C\) 14407/2024 and CM APPL. 60398/2024\)](#)

Validity of Show Cause Notice and Order in Original Rendered Invalid Due to Inordinate Delay in Adjudication Under Customs Act

DA Insights:

This ruling reaffirms that undue delay in adjudication can render customs proceedings invalid. It also highlights that when an SCN is quashed for the principal entity, co-noticees may benefit from the same ruling.

Issue:

Whether the show cause notice (SCN) dated 7th November 2013 and the subsequent Order in Original (OIO) dated 15th January 2024 were valid, considering the inordinate delay in adjudication.

Legal Provisions:

Section 28 of the Customs Act, 1962

Observation and Comments:

The Delhi High Court examined the significant delay in adjudicating the SCN against the petitioner, who was a director of the implicated company. The Court noted that the SCN, issued in 2013, was not adjudicated until 2024—an unjustified delay violating the principles of timely adjudication under the Customs Act. The case had already been decided in favor of the main company, M/s J.R. International, whose SCN was quashed in a prior ruling.

Given this precedent, the Court held that the OIO against the petitioner could not survive as it stemmed from the same quashed SCN. Consequently, both the SCN dated 7th November 2013 and the OIO dated 15th January 2024 were quashed. The petition was disposed of accordingly.

Umesh Gulhar vs. Principal Commissioner of Customs (Import) [W.P.(C) 2079/2025 & CM APPL. 9742/2025]

Quashing of Show Cause Notice and Order-in-Original Due to Unjustified 12-Year Delay in Adjudication Under Customs Act

DA Insights:

This ruling reinforces that excessive delays in adjudication, especially due to placement in the call book, are impermissible. It underscores that amendments to Section 28(9) have made timely adjudication a mandatory requirement.

Issue:

Whether the significant delay of nearly 12 years in adjudicating the show cause notice (SCN) and subsequent issuance of the Order-in-Original (OIO) is legally justified under Section 28(9) of the Customs Act, 1962.

allowed in line with prior precedents such as Shri Balaji Enterprises (2025-TIOL-44-HC-DEL-CUS) and Vijay Enterprises (2025-TIOL-207-HC-DEL-CUS).

Legal Provisions:

Section 28(9) of the Customs Act, 1962

Observation and Comments:

The Delhi High Court noted that the case is no longer res integra, as similar matters had been decided in Swatch Group India Pvt. Ltd. (2023-TIOL-991-HC-DEL-CUS) and M/s Vos Technologies India Pvt. Ltd. (2024-TIOL-2091-HC-DEL-CUS). The Court reiterated that repeated placement and removal of cases in the call book does not justify excessive delay in adjudication. The amendments to Section 28(9) have eliminated any discretionary allowance for delays, further strengthening the requirement for timely adjudication.

Since the petitioner's case involved a delay of nearly 12 years, which was unjustified, the Court quashed the SCN dated 20th June 2012 and the OIO dated 26th March 2024. The petitions

Rakesh Kumar Mangala vs. Commissioner of Customs, (2025-TIOL-328-HC-DEL-CUS)

Denial of Special Additional Duty Refund Claim Based on Subsequent Notification and Uniformity in Tax Treatment Across Jurisdictions

DA Insights:

This case reaffirms the principle of uniformity in tax treatment for the same assessee across different jurisdictions. It also underscores the importance of adhering to litigation thresholds set by CBEC to avoid unnecessary legal proceedings.

Issue:

Whether the Customs Department can deny a refund claim for Special Additional Duty (SAD) on the ground of non-compliance with a time limit introduced through a subsequent notification, especially when a similar claim for the same assessee had been allowed by another bench of CESTAT.

Legal Provisions:

Section 3(5) of the Customs Tariff Act, 1975 & Section 28 of the Customs Act, 1962

Observation and Comments:

The Kerala High Court upheld the Customs, Excise, and Service Tax Appellate Tribunal (CESTAT) decision that granted the refund claim of M/s Honda India Power Products Ltd. The Court noted that in a similar case involving the same assessee, the Allahabad Bench of CESTAT had ruled in favor of the refund, and no evidence was presented to show that the ruling was reversed. Therefore, the Revenue could not adopt a divergent stance merely because the import occurred through a different port.

Additionally, the Court observed that the monetary limit for filing an appeal, as prescribed by the Central Board of Excise and Customs (CBEC), was significantly higher than the amount

in dispute (Rs. 4,04,123/-). As the amount fell below the litigation threshold set by CBEC, the Court found no justification for pursuing the appeal. Consequently, the appeal was dismissed.

Commissioner of Customs vs. M/s Honda India Power Products Ltd (Cus. Appeal No. 10 of 2018)

Refund Claims for Excess Customs Duty on Imported Goods and Limitation Period Based on Subsequent Supreme Court Ruling

DA Insights:

This ruling reinforces the principle that refund claims should not be denied on a strict application of limitation rules when the legal basis for the refund emerges after prolonged litigation. It upholds the right of importers to claim refunds based on subsequent legal clarifications.

Issue:

Whether the refund claims for excess customs duty paid on imported mobile handsets can be denied on the ground of limitation, despite a subsequent Supreme Court ruling (ITC case) that changed the legal basis for the refund.

Legal Provisions:

Notification No. 12/2012-CE dated March 17, 2012, Section 128 of the Customs Act, 1962 & Section 14 of the Limitation Act, 1963

Observation and Comments:

The Delhi High Court ruled that the appeals filed by Vishal Video and Appliances Pvt. Ltd. could not be rejected on the ground of limitation. The Court noted that although the refund applications were initially filed in 2015, the legal basis for the refund was only established after the Supreme Court's decision in ITC on September 18, 2019. The CESTAT had wrongly calculated the limitation period from the date of the bills of entry rather than from the date of the Supreme Court ruling, which fundamentally altered the entitlement to the refund.

The Court further held that the period of litigation should be excluded under Section 14 of the Limitation Act, and since the appeals were

filed within 90 days of the ITC judgment, they were within the permissible time frame. The rejection of the refund claims solely on limitation grounds was unwarranted, and the appeals were ordered to be heard on their merits.

[Vishal Video and Appliances Pvt. Ltd. vs. Commissioner of Customs, 2025-TIOL-300-HC-DEL-CUS](#)

Validity of Show Cause Notice for Recovery of Duty Credit Scrip Benefits Under Foreign Trade Policy

DA Insights:

This ruling reinforces that settled claims cannot be arbitrarily reopened by administrative authorities. It also underscores the importance of judicial finality and prospective application of policy changes in trade regulation.

Issue:

Whether the DGFT's Show Cause Notice (SCN) dated January 13, 2023, issued under Section 14 of the FTDR Act, 1992, seeking to recover duty credit scrip benefits availed under the "Served from India Scheme" (SFIS), was legally valid, despite a prior Bombay High Court ruling quashing similar recovery notices.

granted under the FTP.

Legal Provisions:

Section 14 of the Foreign Trade (Development and Regulation) Act, 1992 & Policy Circular No. 25/2007 dated January 1, 2008

Observation and Comments:

The Bombay High Court held that the SCN was barred by the principle of res judicata, as the issue had already been settled in Writ Petition No. 1335 of 2010. The court noted that the 2008 Policy Circular was prospective in nature and could not retrospectively affect Essar Shipping's past claims. Since the earlier Recovery Notices had already been quashed, the new SCN was seen as an attempt to bypass the court's previous ruling.

The court further observed that Paragraph 56 of the prior Division Bench judgment, which allowed action if there was independent evidence of misrepresentation, did not apply here. The SCN did not establish any fresh material evidence outside the already settled dispute. Thus, the court quashed the SCN as unreasonable and arbitrary and reaffirmed that Essar's benefits were lawfully

Essar Shipping Ltd vs. Union of India & Ors. (Writ Petition No. 1960 of 2024)

Customs Notification / Circulars / Guidelines / Instructions

Admissibility of AIR of Duty Drawback on Export Goods Using Non-Duty Paid Inputs

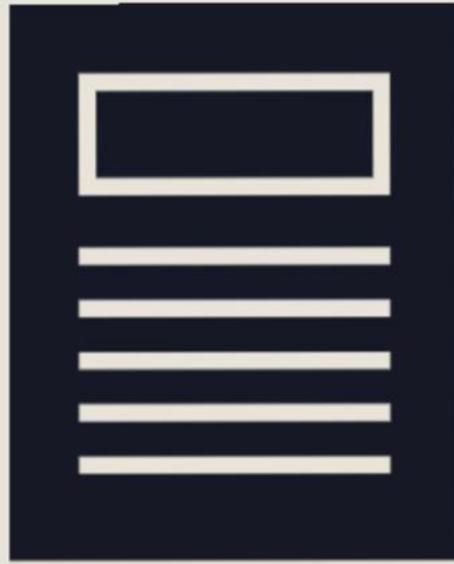
The Board has clarified that the All Industry Rate (AIR) of duty drawback should not be denied or reduced for export goods using inputs, some of which are non-duty paid or subject to concessional duty. As per Circular No. 19/2005-Customs, AIR rates are determined based on the weighted average duty paid on inputs across a representative section of exporters. Field formations are instructed not to verify the use of exempted inputs in manufacturing export goods. Officers must adhere strictly to this clarification, and any difficulties should be reported to the Board.

Instruction No. 01/2025 – Customs, dated 28th Feb, 2025

Difficulty in closure of Advance Authorisation due to space constraints in the description column of the shipping bills

Exporters face issues in closing Advance Authorisation (AA) online as item descriptions exceeding 120 characters are not fully reflected in Shipping Bills, leading to deficiencies under Para 4.12(iii) of FTP 2023. To address this, Regional Authorities (RAs) are directed to verify complete export item descriptions using self-attested GST e-invoices. Exporters must upload these documents along with prescribed ones for Redemption/EODC. This directive is issued with DGFT's approval.

Trade Notice No. 32/2024-25 - DGFT, dated 28th Feb, 2025



DA NEWS

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Goods and Services Tax

- GST Council may slash rates to boost consumption, weighs scrapping 12% slab: Report
- New rule for GST registration: Now biometric authentication in your home state is possible when you do GST registration in another state
- Centre's retrospective GST amendment in Budget 2025 may face legal scrutiny
- Centre rethinks on GST waiver for insurance
- Smokey Affair: GST on cigarettes, tobacco products may be raised

Customs and other

- SC introduces safeguards against arrest under GST and Customs Act
- Tax evasion notices to Volkswagen, Kia for misclassifying imported parts
- Rajkot airport terminal gets customs nod for international operations

DA Updates and Articles for the month of January 2025

1) DA - Indirect Tax Fortnightly Update – February 2025

Link: https://dardaadvisors.com/wp-content/uploads/2025/02/DA-Indirect-Tax-Fortnightly-Update_February-2025.pdf

2) DA Newsflash (GST): Mandatory ISD registration for multi-state operation (w.e.f. 1 April 2025)

Link: <https://www.linkedin.com/feed/update/urn:li:activity:729505589965870284>

3) DA Newsflash (Customs): Automation of Refund Application and Processing in Customs

Link: <https://www.linkedin.com/feed/update/urn:li:activity:7297581876381159425>

4) DA Newsflash (Customs): Single Unified Multi-Purpose Electronic Bond (SEB) for all Customs transactions

Link: <https://www.linkedin.com/feed/update/urn:li:activity:7300409516469207041>

5) DA Newsflash (Customs): Automated Out of Charge (Auto-OOC) for AEO-T2, T3 Importers (w.e.f. January 1, 2025)

Link: <https://www.linkedin.com/feed/update/urn:li:activity:7301217093864108032>

6) DA Newsflash (Customs): On-Arrival Storage and Clearance for AEO Importers Under New Customs Regulations, 2025

Link: <https://www.linkedin.com/feed/update/urn:li:activity:7302183462919184385>

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