

DA TAX UPDATE INDIRECT TAX

An E-Tax update from
Darda Advisors LLP

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Issue - 77

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Goods and Service Tax

System Glitch No Barrier: Court Mandates GSTN Help for Risky Exporter's Compliance

The Delhi High Court addressed the grievance of Ankur Agarwal, a taxpayer tagged as a "Risky Exporter," whose IGST refund claims were not processed due to system issues preventing submission of PMT-03 undertakings. The Court observed that the GSTN portal was not functioning as intended for the petitioner and directed GSTN officials at Aerocity, New Delhi, to assist in enabling the portal for PMT-03 submission within one week. The matter was resolved without adjudication on merits and the petition was disposed of accordingly.

Ankur Agarwal Vs Central Board of Indirect Taxes And Customs And Anr [W.P. (C) 5414/2025]

HC Quashes IGST Refund Recovery Order Against EOU for Lack of Proper Show Cause Notice

The Bombay High Court set aside a refund recovery order of ₹6.88 crores issued to Power Engineering India Pvt. Ltd., a 100% EOU, on the ground of procedural lapses under Section 73 of the CGST Act. The Court found that no proper show cause notice was issued, and the order was passed without following due process or giving the petitioner an opportunity to respond. Although the petitioner also contested the validity of Rule 96(10), the Court limited its ruling to

the procedural violation and allowed the Revenue liberty to initiate fresh proceedings as per law.

Power Engineering India Pvt Ltd V/S Union of India [Writ Petition No. 1718 Of 2024(F)]

HC Allows Statutory Appeal Despite Taxpayer's Failure to Monitor GST Portal

The Delhi High Court declined to interfere with a GST demand order of ₹9.21 lakhs against petitioner Sandeep Garg, ruling that the department had followed due procedure in issuing digital notifications. Although the petitioner claimed non-receipt of the show cause notice due to portal access issues, the Court noted that a reminder was clearly visible and not acted upon. However, the Court allowed the petitioner to file an appeal under Section 107 of the CGST Act within 30 days, which must be heard on merits without being barred by limitation.

Sandeep Garg Vs Sales Tax Officer Class – II [W.P.(C) 5846/2025]

Goods and Service Tax

HC Sets Aside GST Order Due to Improper Service of SCN and Lack of Hearing

The Delhi High Court allowed the writ petition filed by M/s Keshav Metals challenging a ₹1.35 crore GST demand order, citing denial of fair opportunity due to an unsigned, undated SCN uploaded only under the 'Additional Notices' tab on the GST portal. The Court noted no personal hearing was granted and held such service inadequate. While the petitioner also challenged Notification No. 56/2023 (State Tax), the Court stated its validity will depend on the pending Supreme Court decision. The matter was remanded for fresh adjudication with a direction to issue a new hearing notice via both portal and e-mail.

M/S Keshav Metals Vs Commissioner of Delhi Goods And Services Tax and Ors [W.P.(C) 5741/2025]

GST Orders Must Be Properly Served to Start Limitation Clock

The petitioner, M/s Ram Chand and Sons, challenged a ₹1.85 crore GST order for AY 2017–18, arguing that the order was uploaded only under the 'Additional Notices & Orders' tab of the GST portal, which they were unaware of. Their delayed appeal was dismissed by the appellate authority due to lack of power to condone delay under Section 107 of the CGST Act. The High Court held that improper service of order does not start the limitation period and cited prior rulings in Ola Fleet Technologies and

others. It quashed both the assessment and appellate orders and remanded the matter for fresh adjudication.

M/S Ram Chand And Sons Vs Additional Commissioner Grade-2 [Writ Tax No. - 50 of 2025]

HC Grants Interim Relief in GST Dispute on Release of Encroached Land

In a writ filed by The Estate Investment Company Pvt. Ltd., the Bombay High Court examined whether GST can be levied on release deeds executed in favor of occupants/encroachers of leasehold land originally granted in 1870 for 999 years. The State treated the transaction as an assignment of leasehold rights subject to GST, but the petitioner argued such release, even if considered an assignment, is exempt based on the Gujarat High Court's ruling in Gujarat Chambers of Commerce (2025-TIOL-48-HC-AHM-GST). Citing similar pending cases, including Siemens Ltd., where adjudication was stayed, the Court granted ad-interim relief by staying implementation of the impugned order and related show cause notices until final hearing.

The Estate Investment Company Pvt Ltd Vs The Union of India [WRIT PETITION (L) NO. 12207 OF 2025]

GST Portal Updates

Invoice-wise Reporting Functionality in Form GSTR-7 on GST Portal

As per Notification No. 09/2025 – Central Tax dated 11.02.2025, Form GSTR-7 has been amended to include invoice-wise reporting starting from the return period of April 2025. The functionality aims to enhance reporting accuracy for TDS deductions. The development and testing of this new feature are currently in progress. Once finalized, the updated invoice-wise reporting feature will be deployed on the GST portal. Users will be notified accordingly when the changes are made live.

Updates in Refund Filing Process for Various Refund Categories

GSTN has introduced key changes in the refund filing process for the following categories: export of services with tax payment, supplies to SEZ with tax payment, and deemed export refunds by suppliers. The selection of a specific tax period is no longer required; taxpayers can directly choose the refund category and proceed to create the application. All relevant GST returns must be filed before applying. The process has shifted from tax period-based to invoice-based filing. Eligible invoices must be uploaded under respective statements and, once submitted, will be locked from amendments unless the application is withdrawn or a deficiency memo is issued.

Updates in Refund Filing Process for Recipients of Deemed Export

GSTN has revised the refund filing process for recipients of deemed exports by removing the requirement to file applications in chronological order or specify a tax period. Taxpayers must ensure all relevant GST returns are filed before applying. A revised "Amount Eligible for Refund" table has been introduced, with columns reflecting ECL balance, claimed ITC, refund claimed, eligible refund, and ineligible refund due to insufficient ECL balance. The system now maximizes refund eligibility based on total available ITC across all heads, regardless of individual ledger head balances.

Advisory on Appeal Withdrawal with Respect to Waiver Scheme

The GST system allows automatic withdrawal of appeal applications (APL 01) if the withdrawal request (APL 01W) is filed before the final acknowledgment (APL 02) is issued by the Appellate authority. If the withdrawal is filed after APL 02 issuance, it requires approval by the Appellate authority. Once approved, the status changes to "Appeal withdrawn." For availing the waiver scheme under Section 128A, it is mandatory that no appeal remains pending. Taxpayers must upload a screenshot of the appeal folder showing the status as "Appeal withdrawn" while filing or updating their waiver application to meet this requirement.

Customs & Others

HC Upholds Tribunal Ruling on Reassessment of Customs Duty Based on Price Variation Clause

The Madras High Court dismissed an appeal filed by the Commissioner of Customs (Port), Kolkata, challenging a CESTAT order that permitted reassessment of bills of entry filed by Power Grid Corporation of India. The reassessment was sought due to a price reduction under a price variation clause in the contract for importing transformers from a Korean supplier. The customs authorities had treated the bills of entry as final, but the Court held that the assessments were in fact provisional, since the price variation clause was disclosed at the time of clearance. Citing rulings in ITC Ltd. and Premier Automobiles Ltd., the Court ruled that reassessment is valid once final prices are known. The appeal was dismissed, with the legal questions decided against the Department.

Commissioner of Customs (Port) Kolkata Vs M/S Power Grid Corporation of India [CUSTA/13/2025]

Delayed Local Authority Approval No Bar to Customs Exemption (STP)

The Madras High Court allowed the appeal filed by M/s Khivraj Tech Park Pvt. Ltd., holding that the appellant is entitled to exemption under Notification No. 153/93-Cus. dated 13.08.1993 for imports made to establish a Software Technology Park (STP). The Department had denied the

benefit on the ground that CMDA approval was delayed, but the Court ruled that such delay, which was not attributable to the appellant, should not defeat the exemption claim. The Court found that the approval letter from the Inter-Ministerial Standing Committee did not impose a mandatory requirement of prior CMDA permission and accepted ex-post facto compliance as valid. Applying the doctrine of substantial compliance, the Court quashed the earlier order of the Single Judge and directed the return of the bank guarantee furnished by the appellant.

M/S Khivraj Tech Park Pvt Ltd V/S Union of India [W.A. No. 955 of 2020]

Transaction Value Upheld When Supported by Commercial Invoices

The CESTAT Bangalore allowed the appeal against revaluation of imported plastic gas lighters. The Tribunal held that the transaction value was backed by valid commercial invoices and there was no admissible evidence to justify undervaluation. It noted that comparison with unrelated brands was improper and Rule 4 of the Customs Valuation Rules had not been validly invoked. The re-determined value and penalty were thus set aside.

M/S K V Joshy And C K Paul V/S Commissioner Of Customs (Appeals), [Customs Appeal No. 21029 of 2019]

Customs & Others

HC Condone Delay in Filing Appeal Before CESTAT, Emphasizes Substantial Justice Over Procedural Technicalities

The Madras High Court allowed the appeal filed by M/s Titanium Equipment and Annode Manufacturing Co. Pvt. Ltd., condoning the delay in filing their appeal before CESTAT. The delay arose after the appellant withdrew a writ petition against the original adjudication order without seeking specific directions on limitation. The Court emphasized that procedural delays should not frustrate substantial justice, especially when no advantage is gained by the delay and the cause may be meritorious. The Court criticized a rigid approach that prioritizes technicalities over fair adjudication and directed the CESTAT Registry to number the appeal and place it for hearing.

M/S Titanium Equipment And Annode Manufacturing Company Pvt Ltd V/S The Commissioner Of Customs (Imports) [C.M.A. No.636 of 2025]

Interest on Delayed Refund Allowed to Liquidator under Section 27A of Customs Act

In this case, the liquidator of M/s Isolux Corsan India Engineering & Construction Pvt. Ltd. sought interest on delayed refund of Special Additional Duty (SAD) under Notification No. 102/2007-Cus. Though the refund was sanctioned in

January 2020, it was credited only in September 2022 due to account discrepancies. The Tribunal held that the appellant was entitled to interest at 6% per annum under Section 27A, relying on precedents including Ranbaxy Laboratories and B.T. Patil. However, the plea for additional compensation was rejected as there is no statutory basis under the Customs Act for such a claim.

M/S Isolux Corsan India Engineering And Construction Pvt Ltd V/S Commissioner Of Customs (Pre.) Lucknow [Customs Appeal No.70540 of 2024]

Customs & Other Updates

Revised Framework for Stock & Sale Authorization of SCOMET Items – Amendment to Para 10.10 of HBP 2023

The Directorate General of Foreign Trade (DGFT) has amended Paragraph 10.10 of the Handbook of Procedures (HBP) 2023 to revise the framework for Stock & Sale Authorization of SCOMET items. The amendment broadens the definition of 'Stockist' to include Indian or foreign OEMs, EMS, and Contract Manufacturers. It outlines detailed procedures for application submission, required documentation, and post-export compliance. In-principle approval can now be granted for re-export to pre-approved countries. Reporting requirements for stockist inventory and transfers are mandatory, with penalties for non-compliance.

[Public Notice No. 04/2025-26-DGFT, dated 6th May 2025](#)

Darda

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www.dardaadvisors.com



da@dardaadvisors.com

Our Locations

Hyderabad

6-3-1086, 5th Floor, Vista Grand Towers, Raj Bhavan Road, Somajiguda, Hyderabad - 500082, TS

Chennai

13, T.K. Mudali Street, Choolai, Chennai - 600112, Tamil Nadu

Delhi-NCR

N 93, Ground floor, Mayfield garden, Sector 51, Gurgaon, Haryana - 122018

Bhilwara

Moti Chambers, 62&63, Sancheti Colony, Pur Road. Bhilwara - 311001, Rajasthan

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