

DA TAX ALERT INDIRECT TAX

AN E-TAX ALERT FROM
Darda Advisors LLP

May 2025

Issue: 60

**GST COMPLIANCE
CALENDER**

**GOODS AND
SERVICE TAX**

**CUSTOMS AND
OTHER**

DA NEWS

PREFACE

We are pleased to present to you the Sixtieth 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 April 2025.

During the month of April 2025, there were certain changes under Goods and Service Tax, Customs and other; key judgments and rulings such as HC Clarifies No GST on Transfer of Land Development Rights/FSI and Circular Cannot Override Statute: HC Upholds Right to Amend Shipping Bills Beyond Prescribed Period.

In the Sixtieth 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 April 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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Co-founder and Managing Partner

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Tax and Regulatory Services

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GST COMPLIANCE CALENDAR

May
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

HC Clarifies No GST on Transfer of Land Development Rights/FSI

DA Insights:

Development agreements that do not involve transfer or purchase of TDR or additional FSI from third parties are outside the scope of GST under Entry 5B. Mere development rights granted by landowners do not trigger GST liability under the said entry.

Issue:

Whether GST is leviable under Entry 5B of Notification dated 28.06.2017 (as amended on 29.03.2019) on a development agreement where no TDR or FSI is transferred or purchased.

Court concluded that the transaction does not fall within the scope of Entry 5B and set aside both the show cause notice and the GST demand order.

Legal Provisions:

Entry 5B of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

Observation and Comments:

The High Court noted that Entry 5B covers services involving the "transfer of development rights or FSI" for the construction of a project by a promoter. It observed that the GST law does not define "Transfer of Development Rights" (TDR), and such a transfer must be understood in light of the Maharashtra's UDCPR definition, which refers to TDR as a compensatory FSI benefit granted under specific conditions.

In this case, the petitioner had merely entered into a development agreement with the landowner to develop the property using the existing FSI. No additional TDR or FSI was acquired or transferred from any third party. Clause 18 of the agreement, relied upon by the revenue, pertained only to procedural execution under the Apartment Ownership Act and did not reflect a transfer of TDR. Therefore, the

[M/s Shrinivasa Realcon Private Ltd. Vs. Deputy Commissioner, Anti-Evasion Branch, CGST & Central Excise, Nagpur & Others \[WRIT PETITION NO. 7135 OF 2024\]](#)

Validity of Proceedings Under an Omitted CGST Rule in Absence of a Saving Clause

DA Insights:

The judgment underscores that omission of a statutory provision without a saving clause halts all pending proceedings based on it. Authorities cannot rely on deleted rules to pass orders post-omission unless explicitly saved by law.

Issue:

Whether the continuation of proceedings and passing of an order under Rule 96(10) of the CGST Rules, 2017 is valid after the said rule was omitted on 08.10.2024, without any saving clause.

Legal Provisions:

Rule 96(10) of the CGST Rules, 2017, Section 16 of the IGST Act, 2017, Section 54 & 74 of the CGST Act, 2017, Section 6, General Clauses Act, 1897

Observation and Comments:

The Court held that since Rule 96(10) was omitted from the CGST Rules on 08.10.2024 without a saving clause, any proceedings initiated under it could not be continued thereafter. It relied on the Supreme Court's ruling in Kolhapur Canesugar Works Ltd. to affirm that omission of a rule without a saving clause has the effect of completely erasing it from the statute as if it never existed, thereby terminating any ongoing proceedings based on it.

It was further observed that no new rule was introduced to replace Rule 96(10), nor was there a saving clause to protect pending proceedings. Therefore, the order dated 03.02.2025 passed by the respondent relying on the omitted rule was held invalid. The writ petition was allowed and the impugned order set aside.

[M/s Sri Sai Vishwas Polymers vs. Union of India & Another, \[Writ Petition \(MB\) No. 103 of 2025\]](#)

Failure to Provide Fair Hearing Leads to Quashing of GST Adjudication Order

DA Insights:

This judgment reaffirms the importance of strict adherence to the principles of natural justice under GST law. Proper service of hearing notices through multiple channels is essential to uphold procedural fairness and ensure valid adjudication.

Issue:

Whether the impugned Orders-in-Original passed against the petitioner are valid despite alleged non-consideration of written submissions and failure to afford a proper personal hearing.

Additionally, the department was asked to present its final SOP for litigation management in courts.

Legal Provisions:

Section 169 of the Central Goods and Services Tax Act, 2017

Observation and Comments:

The Court noted that the petitioner's written submissions in response to the Show Cause Notice were uploaded on the GST portal but were not considered by the department. The impugned orders erroneously stated that no reply had been filed. Furthermore, although the department claimed to have issued a personal hearing notice via email, the petitioner denied receiving it, and the email communication was found to be ineffective.

The High Court held that there was a clear communication gap that led to a denial of a fair hearing to the petitioner. Accordingly, the impugned orders were set aside only insofar as the petitioner is concerned, and the matter was remanded to the department for fresh consideration. The Court directed that all future communications should be made through the GST portal, email, mobile number, and speed post to prevent similar issues.

[M/s Raj International vs Additional Commissioner CGST Delhi West and Ors \[W.P. \(C\) 4096/2025\]](#)

GST Assessment Orders Served via Portal Held Valid with Modified Deposit Requirements

DA Insights:

This case reaffirms that GST notices uploaded on the common portal are validly served. However, courts may allow remand if the taxpayer promptly approaches with willingness to make partial tax deposits, ensuring a fair hearing is not denied on procedural grounds.

Issue:

Whether service of assessment orders via the GST common portal constitutes valid service under Section 169 of the CGST Act, and whether petitioners are entitled to an opportunity to file objections post-deposit of partial disputed tax.

petitioners can submit objections with a reasonable opportunity of hearing to follow.

Legal Provisions:

Section 169 of the CGST Act, 2017

Observation and Comments:

The Court reaffirmed its earlier position that service of assessment orders is complete once uploaded to the GST common portal, which is deemed a designated computer resource of the taxpayer. In earlier orders dated 09.04.2025, the Court had treated the uploaded orders as validly served and directed deposit of 25% of disputed taxes as a condition for remand.

Upon mention, the Court was informed that the writ petitions were filed within the limitation period for appeal. Considering submissions by both parties, the Court modified its earlier order: for W.P. Nos.1842 and 1949 of 2025, the petitioners must deposit 25% of disputed tax, while in W.P. Nos.33562, 33563, 33565, 33573, 33692, and 33758 of 2024, only 10% of disputed tax is to be deposited. On compliance, the impugned orders would be treated as show cause notices, and the

[M/s Poomika Infra Developers & Others vs. State Tax Officer & Others \[W.P. Nos.1842, 1949 of 2025\]](#)

HC Sets Aside GST Demand Order for Violation of Natural Justice Principles

DA Insights:

Natural justice remains pivotal even in high-value tax disputes. However, taxpayers must also act diligently. Conditional relief was granted to balance both parties' conduct.

Issue:

Whether the impugned order demanding over ₹12 crore, including recovery of ineligible ITC and penalty, was passed in violation of principles of natural justice due to lack of adequate hearing opportunities.

Legal Provisions:

Article 226 & 227 of the Constitution of India, Section 75(3) of the Central Goods and Services Tax (CGST) Act, 2017

Observation and Comments:

The Delhi High Court noted that while Exide Industries exhibited laxity in responding to hearing notices, the department also failed to provide a fair and reasonable opportunity before passing a substantial demand order. The Petitioner claimed non-receipt of hearing notices in time and attempted to attend but was denied further opportunity. The Court emphasized that issuing a detailed order without providing adequate hearing breached principles of natural justice. Accordingly, the Court set aside the impugned order dated 3rd February 2025, on the condition that the Petitioner pays ₹1 lakh as cost to the Delhi High Court Bar Association.

It directed the Respondent to grant a hearing

with at least five working days' notice, communicated both via portal and counsel. Importantly, the Court clarified that the limitation period under Section 75(3) would not apply due to the petitioner's previous adjournment requests. The matter was disposed of accordingly.

[Exide Industries Ltd. vs Assistant Commissioner, CGST and Ors \[W.P.\(C\) 4822/2025\]](#)

HC Affirms Mandatory Nature of GST Appeal Pre-Deposit Despite Financial Hardship

DA Insights:

This judgment reinforces the mandatory nature of pre-deposit for filing GST appeals, despite financial constraints. Taxpayers must either comply with Section 107(6) or explore set-off from amounts already lying with the government, subject to the Appellate Authority's discretion.

Issue:

Whether the mandatory pre-deposit requirement under Section 107(6) of the CGST Act, 2017 can be waived on grounds of financial hardship.

Legal Provisions:

Section 107(6) of the Central Goods and Services Tax Act, 2017, Article 141 of the Constitution of India

Observation and Comments:

The Delhi High Court held that no discretion is provided under Section 107(6) of the CGST Act to waive the pre-deposit requirement, even in cases of financial hardship. The petitioner, claiming wrongful demand of ITC and citing pending recoveries from government entities and securities held by government departments, sought exemption from the statutory pre-deposit. However, the Court, relying on *Anjani Technoplast Ltd. v. CCE* and the binding precedent set by the Supreme Court, ruled that waiver is impermissible. It distinguished earlier cases like *Shubh Impex* as having not considered *Anjani Technoplast*.

The Court directed the petitioner to approach the Appellate Authority, which may consider if

any amounts already lying with the government or department can be treated as part of the pre-deposit. The Court expressly stated that it did not go into the merits of the ITC demand.

[M/s Impressive Data Services Pvt. Ltd. vs Commissioner \(Appeals-I\) \[W.P.\(C\) 4662/2025\]](#)

HC Modifies Bank Attachment Order in GST Case Citing Lack of Adjudication

DA Insights:

This judgment reiterates that provisional attachment powers must be exercised with caution and cannot serve as a punitive tool. A mere suspicion without timely adjudication or issuance of SCN is insufficient to justify crippling a business.

Issue:

Whether the provisional attachment of the petitioner's bank account under Section 83 of the CGST Act was valid in the absence of a show cause notice or formal adjudication.

Legal Provisions:

Section 83, 67, 159 of the CGST Act, 2017

Observation and Comments:

The Court noted that despite the lapse of over 16 months since the Panchnama and 12 months since the attachment order, no show cause notice had been issued by the department. The attachment was based solely on an eye-estimation of excess stock and a voluntary statement made during search proceedings. The petitioner had already paid over ₹100 crores in GST and ₹4 crores in income tax in the last three years and was a running business providing substantial employment.

Considering the lack of adjudication and the petitioner's financial record and net worth (₹50+ crores across directors), the Court held that the complete attachment of the bank account was unjustified. It permitted operation of the account with a minimum balance of ₹1.5 crores and restrained the creation of third-party interests in a key residential property until final orders are passed. The writ petition was accordingly disposed of.

[Brijbhari Concast Pvt. Ltd. vs Directorate General of GST Intelligence, Meerut Zonal Unit \[\(W.P.\(C\) 8433/2024\]](#)

Court Upholds Statutory Process for Release of Seized Goods Upon Tax/Penalty Payment

DA Insights:

The judgment reinforces the principle that statutory procedures under Section 129 must be followed and that physical verification cannot be indefinitely delayed. Voluntary compliance by taxpayers should be acknowledged promptly to prevent undue hardship

Issue:

Whether the detained goods and vehicle under Section 129(1) of the CGST Act can be released upon payment of tax and penalty, despite pending physical verification.

petition was thus disposed of with this direction.

Legal Provisions:

Section 129 of the CGST Act, 2017 & Rule 138B of the CGST Rules, 2017

Observation and Comments:

The Kerala High Court observed that the petitioner had already expressed willingness to pay the applicable penalty and tax for the 4000 kg of arecanut found in excess of what was documented in the e-way bill. The Court noted that proceedings under Section 129 had been lawfully initiated by the department, and the statutory scheme itself provided for release of goods upon fulfillment of the stipulated conditions.

The Court found no reason to pass any specific directive for release but clarified that once the petitioner appears before the respondent, physical verification must be completed without delay. Upon such verification, if any penalty or demand is made under Section 129 and paid by the petitioner, the goods and vehicle must be released in accordance with law. The writ

[Sobha Enterprises vs Assistant Enforcement Officer, Enforcement Squad \[\(W.P.\(C\) No. 15725 of 2025\)\]](#)

GST Notification / Circulars / Guidelines / Instructions

Grievance Redressal Mechanism for GST Registration Applications

The CBIC has established an enhanced grievance redressal system to address issues faced by GST registration applicants under Central jurisdiction. Applicants can report grievances—such as improper queries or unjust rejections—via a dedicated email ID to be publicized by each CGST Zone. These grievances must include the ARN, jurisdiction, and a brief description of the issue. Concerns related to State jurisdiction will be redirected appropriately, with the GST Council Secretariat in the loop.

Instruction No. 04/2025 – GST, dated 2nd May, 2025

Goods and Services Tax Appellate Tribunal (Procedure) Rules, 2025

The GSTAT (Procedure) Rules, 2025, notified by the Ministry of Finance on 24th April 2025, outline the procedural framework for the functioning of the Goods and Services Tax Appellate Tribunal (GSTAT), covering aspects like filing of appeals, hearings, representation, orders, and case management to ensure transparent and efficient adjudication under the GST law.

Key highlights of the rules provided:

- **Language of Proceedings:** Proceedings shall be in English; regional benches may use the local language with prior approval.
- **Filing of Appeals:** Appeals must be submitted in FORM GST APL-05 along with certified copies and fees, either electronically or in physical form.
- **Hearing Process:** Includes the issuance of notices, opportunity of being heard, adjournments (up to 3 times), and the option of virtual hearings.
- **Appearance and Representation:** Parties may appear in person or be represented by authorized professionals (e.g., advocates, CAs, CSs).
- **Order Pronouncement:** Orders will be signed and dated by both members of the Bench; where there is a difference of opinion, the President will refer the case for resolution.
- **Rectification of Mistakes:** Clerical or arithmetic errors can be corrected within 3 months of the order, suo motu or upon application.
- **Maintenance of Records:** Detailed provisions for the registry, electronic record-keeping, case numbering, and storage of files.
- **Dress Code:** Specifies formal attire for members, representatives, and parties in the Tribunal.
- **Inspection and Certified Copies:** Procedures for application, fees, and delivery of copies or file inspection.

Notification G.S.R. 256(E) – Department of Revenue, dated 24 Apr, 2025

GST Portal Changes

Mandatory Reporting of HSN Codes in Table 12 and Documents in Table 13 of GSTR-1/1A – Phase 3 Implementation

Effective from the May 2025 return period, Phase 3 of HSN code reporting in Table 12 of GSTR-1/1A becomes mandatory, based on taxpayers' aggregate annual turnover. Additionally, filing of Table 13 (document details) will also be compulsory from the same period, as part of phased implementation per Notification No. 78/2020.

GST Collection

Rs 2,36,716 crore gross GST revenue collected for April 2025

GST Gross and Net Collections as on 30/04/2025 (Amount in crores)						
GST Collections	Monthly			Yearly		
	Apr 24	Apr-25	% Growth	Apr-24	Apr-25	% Growth
A	B	C	D	E	F	G
A.1. Domestic	B	D	D = C/B-1	G	H = F/E-1	
CGST	43,846	48,634		43,846	48,634	
SGST	53,538	59,372		53,538	59,372	
IGST	61,797	69,504		61,797	69,504	
CESS	12,252	12,293		12,252	12,293	
Gross Domestic Revenue	1,71,433	1,89,803	10.7%	1,71,433	1,89,803	10.7%
A.2. Imports						
IGST	37,827	45,754		37,827	45,754	
CESS	1,008	1,159		1,008	1,159	
Gross Import Revenue	38,835	46,913	20.8%	38,835	46,913	20.8%
A.3. Gross GST Revenue(A.1+A.2)						
CGST	43,846	48,634		43,846	48,634	
SGST	53,538	59,372		53,538	59,372	
IGST	99,623	1,15,259		99,623	1,15,259	
CESS	13,260	13,451		13,260	13,451	
Total Gross GST Revenue	2,10,267	2,36,716	12.6%	2,10,267	2,36,716	12.6%

Link: https://tutorial.gst.gov.in/downloads/news/approved_monthly_gst_data_for_publishing_apr_2025.pdf

Court Rules Bank Account Attachment Invalid Without Pending Customs Proceedings

DA Insights:

This ruling underscores a critical limitation on the powers of customs authorities to provisionally attach assets. Without issuance of an SCN and commencement of formal proceedings, such actions are ultra vires. It affirms that investigation alone does not justify harsh interim measures like bank attachment.

Issue:

Whether the provisional attachment of the petitioners' bank accounts under Section 110(5) of the Customs Act, 1962 is valid during the stage of investigation, in the absence of any pending "proceedings" as defined under the Act.

Legal Provisions:

Section 110(5), Section 28, 28AAA, 28B, Section 110A of the Customs Act, 1962

Observation and Comments:

The Court clarified that the term "proceedings" under Section 110(5) of the Customs Act refers specifically to proceedings initiated under Sections 28, 28AAA, or 28B, and such proceedings begin only after issuance of a Show Cause Notice (SCN). Since no SCN had been issued in this case and the matter was still under investigation, the Court held that no "proceeding" was pending under the law.

It was further held that provisional attachment of bank accounts is not permissible during investigation and prior to initiation of adjudicatory proceedings. Consequently, the impugned intimation dated 03.12.2024 directing provisional attachment under Section 110(5) was found to be without jurisdiction.

The Court rejected the Respondents' objection regarding maintainability of the writ petition, holding that no effective alternative remedy was available to the petitioners under Section 110A during investigation.

The Court quashed the impugned intimation and directed immediate de-freezing of bank accounts.

[Mundhra Exim Pvt Ltd & Ors. vs Union of India & Ors. \[WP No. 874/2025\]](#)

Classification Disputes Require Technical Verification: Court Rejects Customs Writ Petition

DA Insights:

High Courts remain cautious in entertaining writs in customs disputes where alternative appellate remedies exist. Classification of imported goods is a fact-driven exercise best resolved through statutory forums, not constitutional writs.

Issue:

Whether the petitioner's imported goods - "Solar Heat Strengthened Glass for Solar PV Modules" - were wrongly subjected to Countervailing Duty (CVD) under Notification No. 03/2021-Customs (CVD), and whether reassessment of the Bill of Entry could be sought through a writ petition under Article 226.

Legal Provisions:

Section 128, Customs Act, 1962 & Article 226, Constitution of India

Observation and Comments:

The Gujarat High Court held that the question of whether the imported product is "Heat Strengthened Glass" or "Textured/Tempered Glass" is a disputed question of fact. Such classification disputes require technical verification and factual evidence, and therefore cannot be adjudicated in writ jurisdiction under Article 226. The court noted that the petitioner had already participated in the assessment proceedings and had alternative statutory remedy available under Section 128 of the Customs Act.

The Court further observed that even though similar products were previously assessed

without levy of CVD, each import must be assessed independently, and the petitioner's reliance on past clearances or test reports did not establish a jurisdictional error. The court emphasized that extraordinary writ jurisdiction is not meant to bypass an efficacious appellate process, especially in cases where factual and technical analysis is central to the dispute.

[M/s Renew Photovoltaics Pvt Ltd vs Principal Commissioner of Customs and Ors \[R/Special Civil Application No. 4886 of 2025\]](#)

Circular Cannot Override Statute: HC Upholds Right to Amend Shipping Bills Beyond Prescribed Period

DA Insights:

This ruling reinforces that CBEC circulars cannot impose restrictions contrary to the parent statute. Procedural time limits like those in Circular No. 36/2010 must be legally tenable and not infringe constitutional rights.

Issue:

Whether the rejection of IOCL's request for conversion of 104 shipping bills from Advance Authorisation Scheme to Drawback Scheme, based on Circular No. 36/2010-Cus, was valid under law.

within 12 weeks, ensuring a personal hearing for IOCL.

Legal Provisions:

Section 149, Customs Act, 1962 & Circular No. 36/2010-Cus dated 23.09.2010

Observation and Comments:

The Madras High Court upheld the decision of the CESTAT, which had remanded the matter to the Original Authority for reconsideration of IOCL's request. The Court relied on the Gujarat High Court's decision in Mahalakshmi Rubtech Ltd v. Union of India, which had held that Paragraph 3(a) of Circular No. 36/2010 is ultra vires Articles 14 and 19(1)(g) of the Constitution and also contrary to Section 149 of the Customs Act, as it imposed a time limit not present in the statute.

The Court rejected the Revenue's argument that the Gujarat judgment was not binding, pointing out that the Supreme Court had not interfered with that decision. Consequently, reliance on the impugned circular by the Commissioner or the Original Authority was impermissible. The High Court dismissed the appeal and directed reconsideration of the 104 rejected shipping bills

Commissioner of Customs (Preventive) vs Indian Oil Corporation Ltd [CMP No. 8902 of 2025]

HC Quashes Retrospective IGST Penalties Under Pre-Amendment Customs Tariff Act

DA Insights:

The judgment affirms that interest and penalty cannot be retrospectively imposed unless expressly authorized by statute. It also reinforces the primacy of jurisdictional High Court decisions over departmental circulars or lower tribunal rulings.

Issue:

Whether interest, penalty, and redemption fine can be imposed on IGST under Section 3(7) of the Customs Tariff Act, 1975 for imports made under Advance Authorization Scheme prior to the 2024 amendment to Section 3(12), and whether CBIC Circular No. 16/2023-Customs mandating interest is valid.

Legal Provisions:

Section 3(7) & 3(12) of the Customs Tariff Act, 1975 & Section 111(o), 143(3) of the Customs Act, 1962

Observation and Comments:

The Bombay High Court quashed the imposition of interest, penalty, and redemption fine on IGST under the unamended Section 3(12) of the Tariff Act, observing that the provision, as it stood before 16 August 2024, did not provide for substantive liabilities such as interest and penalties. The Court emphasized that procedural references to the Customs Act cannot be construed to create such liabilities without express statutory backing.

Relying on the Mahindra & Mahindra ruling, it held that Circular No. 16/2023 is ultra vires to the extent it mandates interest recovery in the absence of enabling provisions. Since the petitioner had voluntarily offered to pay IGST and no misdeclaration was found, confiscation under Section 111(o) was unjustified, and hence no redemption fine or penalty could be levied. The

A. R. Sulphonates Pvt Ltd vs Union of India & Ors [Writ Petition No. 19366 of 2024]

Court also faulted the authorities for ignoring binding precedent and instead relying on non-jurisdictional CESTAT orders.

HC Upholds Customs Penalties for IEC Misuse in Duty Evasion Case

DA Insights:

Lending of IEC or bank details does not absolve the importer from liability under customs law. Authorities and courts will assess the actual control and knowledge in import transactions, and passive complicity is treated as active evasion in law.

Issue:

Whether the appellant, Umesh Kumar, can be absolved of liability for customs duty evasion and mis-declaration of goods by claiming that he merely lent his Importer Exporter Code (IEC) to Rajat Arora, who allegedly carried out the transactions independently.

Legal Provisions:

Section 28(1), 28(4), 111(l),(m),(o), 114A Customs Act, 1962.

Observation and Comments:

The Delhi High Court upheld the findings of CESTAT, which confirmed that Umesh Kumar, proprietor of M/s Aromatech, and Rajat Arora acted in connivance to mis-declare imported goods and fraudulently avail customs exemption without fulfilling the requisite conditions. The Court rejected Umesh Kumar's plea that he was not involved in the import process and had merely lent his IEC to Rajat Arora. It observed that both had shared access to vital business documents, bank accounts, and VAT records, indicating joint operation.

The Court also found that the denial of further cross-examination was justified due to the appellant's own non-cooperative conduct. The overall attempt to shift blame entirely to Rajat Arora was considered dishonest. Holding that no substantial question of law arose, the High Court dismissed the appeal and upheld the penalties and duty demands as legally sustainable.

Umesh Kumar v. Principal Commissioner of Customs, New Delhi (Preventive) [CUSAA 51/2025]

Supreme Court Rules Pre-Import Service Charges Part of Customs Assessable Value

DA Insights:

Even if labeled as service charges, payments to a local agent that are integral to the condition of sale and relate to import facilitation are includible in the assessable value. Labels cannot override the actual commercial arrangement.

Issue:

Whether the 8% payment made to M/s Voltas Ltd. as engineering and technical service charges should be included in the assessable value of imported goods for levy of customs duty.

legal error in the lower authorities' decisions, the Supreme Court dismissed the appeal.

Legal Provisions:

Section 14(1)(a), 14(1A) - Customs Act, 1962 & Rule 9(1)(a), 9(1)(e) - Customs Valuation (Determination of Price of Imported Goods) Rules, 1988

Observation and Comments:

The Supreme Court upheld the findings of the Assistant Commissioner, Commissioner (Appeals), and CESTAT that the payments made to M/s Voltas Ltd. were not for any separate services rendered but were directly tied to the condition of sale. Although labeled as engineering and technical service fees, the Court noted that there was no specific service contract between the appellant and Voltas, and the charges were uniformly applied at 8% of the net FOB value. The Court concluded that these charges facilitated smooth importation and were not for post-import activities.

Relying on the precedent in J.K. Corporation Ltd, the Court reiterated that only payments made for post-importation activities can be excluded from the assessable value. Since the services by Voltas related to pre-import assistance and import facilitation, they were considered part of the transaction value and thus dutiable. Finding no

[M/s Coal India Ltd v. Commissioner of Customs \(Port\) \[Civil Appeal No. 8028 of 2010\]](#)

Customs Notification / Circulars / Guidelines / Instructions

Simplification of Air Cargo Movement and Transshipment Procedures

CBIC has introduced key reforms to streamline air cargo and transshipment operations in line with Budget 2025–26. Notable measures include removal of the ₹20 transshipment permit fee, standardized procedures for movement of Unit Load Devices (ULDs) outside customs areas, and digitization of transshipment requests via ICEGATE. These changes aim to ease compliance, enhance efficiency, and support high-value and perishable cargo movement, promoting trade facilitation and reducing clearance times.

[Circular No. 15/2025 – Customs, dated 25th Apr, 2025](#)

Introduction of ‘Mode of Export of Services’ Field in eBRC Format from May 1, 2025

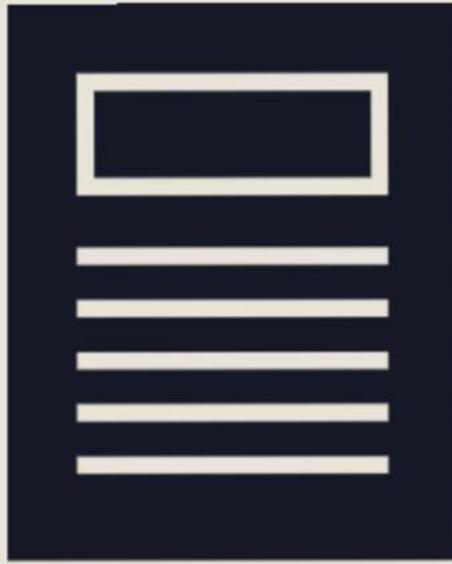
DGFT has introduced a new mandatory field, ‘Mode of Export of Services’, in the eBRC format effective May 1, 2025. This aligns with WTO-GATS classification and enhances the accuracy of service export data. Exporters must now specify the applicable mode (Modes 1–4) while certifying eBRCs linked to IRMs. The update supports improved data capture and international compliance.

[Trade Notice No.02/2025-26 - DGFT, dated 21st Apr, 2025](#)

Prohibition on Import or Transit of Goods from Pakistan – Insertion of Para 2.20A in FTP 2023

The Government of India has inserted Para 2.20A in the Foreign Trade Policy (FTP) 2023, prohibiting the direct or indirect import or transit of all goods originating in or exported from Pakistan with immediate effect, citing national security and public policy concerns. Any exceptions will require prior government approval.

[Notification Notice No.06/2025-26 - DGFT, dated 2nd May, 2025](#)



DA NEWS

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Goods and Services Tax

- New changes implemented by GSTN for Table 3.2 of GSTR-3B and GSTR-1, GSTR-1A from April 2025 tax period
- CBIC Issues New Guidelines to Simplify GST Registration Process
- GST heat on restaurants over packaging charges amid new rate speculation for food apps
- India's CBIC Notifies GST Appellate Tribunal (Procedure) Rules, 2025
- 18% GST instead of 5% to be charged on dining in a hotel if room rent per night is above this; know how much more it will cost?

Customs and other

- Commerce ministry alerts customs to monitor imports, exports vigilantly
- Time for CAAR 2.0: Revolutionising India's customs rulings for global efficiency
- India to streamline customs processes with South Africa, Singapore, UK to boost trade

DA Updates and Articles for the month of April 2025

1) DA - Indirect Tax Fortnightly Update – April 2025

Link: https://dardaadvisors.com/wp-content/uploads/2025/04/DA-Indirect-Tax-Fortnightly-Update_April-2025-F.pdf

2) DA Newsflash (PLI): PLI for Electronics Component Manufacturing Scheme Approved

Link: <https://dardaadvisors.com/wp-content/uploads/2025/04/Electronics-Component-Manufacturing-Scheme-ECMS-DA-LLP.pdf>

3) DA Webinar (Central Incentive Scheme): Electronics Component Manufacturing Scheme

Link: https://youtu.be/PWUQvbnj1_k?si=sXETygyAk-5rupGT

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- Invest India Study
- Inception And Incorporation Relate
- Incentives, Subsidies and Grant Service
- Start-Up India and MSME Services



Indirect Tax Services

- GST Services
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- Corporate Training
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