GCo Connect – August 2026

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Greetings to all our readers!

As August begins, the air once again fills with the spirit of celebration. This month, India proudly marks 79 years of independence, a milestone that reminds us of the resilience and unity that continue to shape our nation. Through this newsletter, we extend our heartfelt wishes to all our readers!

As we step into the latter half of the calendar year, businesses must sharpen their focus on GST year-end compliance. This period is critical for ensuring accuracy in financial records and timely completion of statutory filings:

(a) Revenue & ITC reconciliation: Taxpayers should meticulously compare their turnover and Input Tax Credit (ITC) records. Any mismatches must be promptly communicated to suppliers for corrective action
(b) Customer/ vendor communications: Queries or clarifications raised by customers or raised with vendors should be addressed without delay, ensuring smooth compliance.
(c) Impact on returns: Both supplier and customer communications should be factored into GSTR-1 and GSTR-3B filings on or before October (due by 30th November)
(d) Annual Return preparation: Begin early preparation for Form GSTR-9 (Annual Return) and Form GSTR-9C (Reconciliation Statement). These formats remain unchanged, allowing taxpayers to leverage prior year experience for efficiency.

With individual and non-audit cases already completed under Income Tax, and accounts now being finalized for other entities, taxpayers should ensure that GST reconciliation of turnover is simultaneously closed while the audit of financial statements is underway. This parallel approach avoids last-minute discrepancies and ensures smoother compliance across both tax regimes.

Through this month's newsletter, we bring to you the following

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GST Sector Spotlight | Insight Series

We've hosted nine insightful sessions as part of our latest video series, designed to break down the complexities of GST Law into practical, sector-specific guidance you can apply with ease in your business. The details of the said sessions are tabulated below for quick access:

Topic	Date	YouTube Link
"Discounts" and "Intermediary" – Key Developments post Union Budget 2026	17-Feb-2026	Click here
GST for Rented/ Leased Properties	30-Jan-2026	Click here
Key Changes in Form GSTR 9 / 9C for FY 2024-25	07-Nov-2025	Click here
E-way bill in GST	26-Sept-2025	Click here
Media and Entertainment Sector	02-Sept-2025	Click here
Infrastructure, Construction and Engineering Sector	01-Aug-2025	Click here
Goods Transport Agencies in GST	27-June-2025	Click here
Issues in Hospitality Sector	30-May-2025	Click here
RCM in Real Estate Sector	25-Apr-2025	Click here

This newsletter is for general public information and knowledge sharing. In case any clarifications required, you may connect with us at:

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A. GST UPDATES

- **New proposed E-way Bill features - indefinitely postponed:**

- GSTN has announced that the proposed enhancements to the e-Way Bill system ("Ship-To GSTIN" field and voluntary closure of e-Way Bills), earlier scheduled for implementation on 1st August 2026, have been kept on hold until further notice. The advisories issued on 9th June 2026 and 17th June 2026, along with the detailed FAQs released on 2nd July 2026, have also been withdrawn from the GST Portal.
- Taxpayers and Stakeholders are advised that no changes are required in the production environment at this stage. Further communication will be issued once a revised implementation plan is finalized.

GST Portal advisory dated 29.07.2026

- **Orders-in-Original passed by a Common Adjudicating Authority:**

- The CBIC has issued the present Circular to clarify procedures for departmental appeals before the GST Appellate Tribunal (GSTAT) in cases where Orders-in-Original are passed by a Common Adjudicating Authority (CAA) in DGGI matters, clarifying as under:
  - **Order Communication:** Appellate authorities must upload orders on the GST portal and send copies to the Commissionerate overseeing the CAA.
  - **Reviewing Authority:** The jurisdictional Principal Commissioner/Commissioner of the taxable person/noticee will act as the reviewing authority under Section 112(3) of the CGST Act.
  - **Appeal Filing:** Separate appeals must be filed for each taxable person/noticee by their jurisdictional Commissionerate before the GSTAT bench having territorial jurisdiction over them.
  - **Coordination:** The concerned Commissionerate must keep the CAA's jurisdictional Commissioner informed of appeals filed or decisions not to appeal.

Circular No. 256/02/2026-GST dated 25th July 2026

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B. KNOW YOUR GST-PORTAL

When we think of the GST Portal, most taxpayers/ users immediately recall filing returns, generating challans or tracking refunds. But there also lies a lesser-known yet powerful feature: "Verify RFN".

What is RFN?

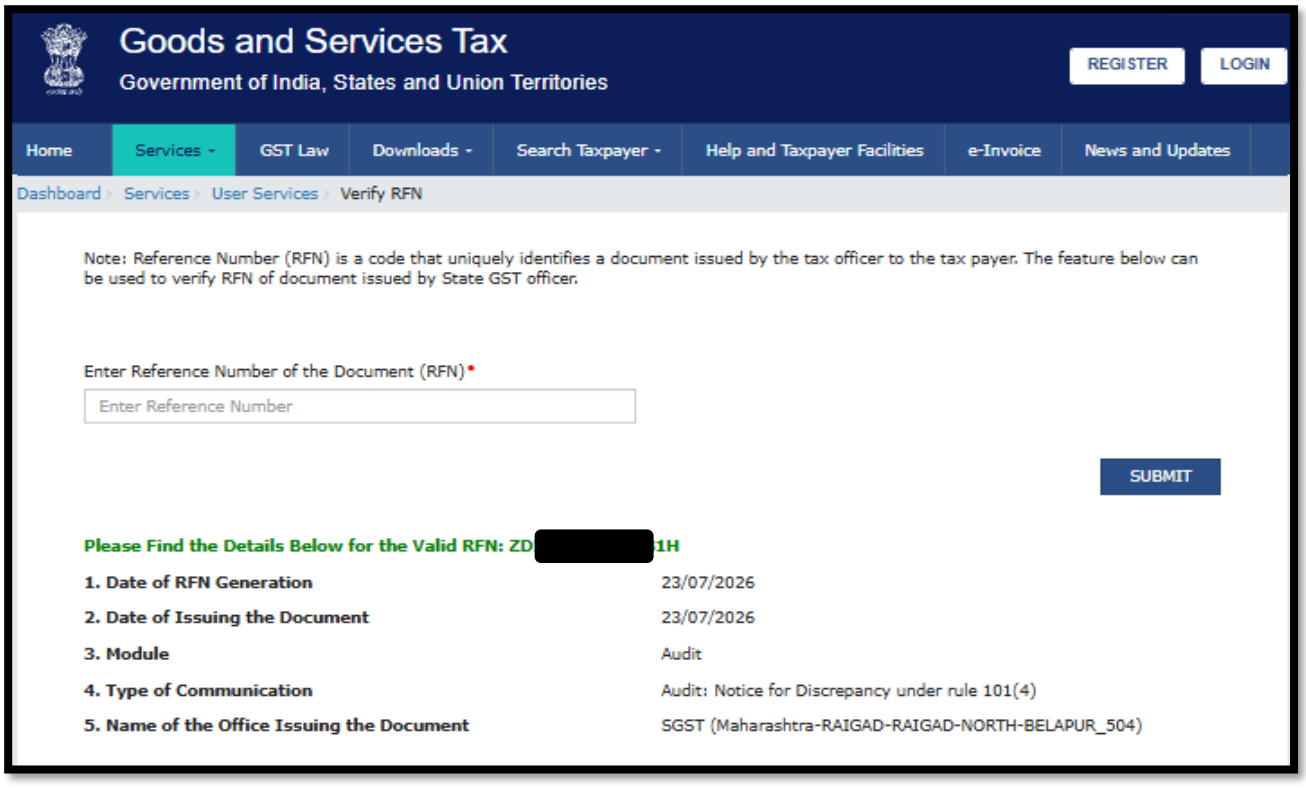
Reference Number (RFN) is a unique code assigned to every document issued by a tax officer to a taxpayer. It is like a digital fingerprint—no two RFNs are alike. It ensures authenticity and traceability of official communications, especially those issued by State GST officers.

Accessing "Verify RFN" Without Logging In

One of the best parts of this feature is that it's available to anyone visiting the GST Portal, even without login credentials. Here's the path:

Go to the official GST Portal → Services → User Services → Verify RFN

Enter the RFN code printed on the document received and the GSTN portal will display the document details, confirming its authenticity, as under:



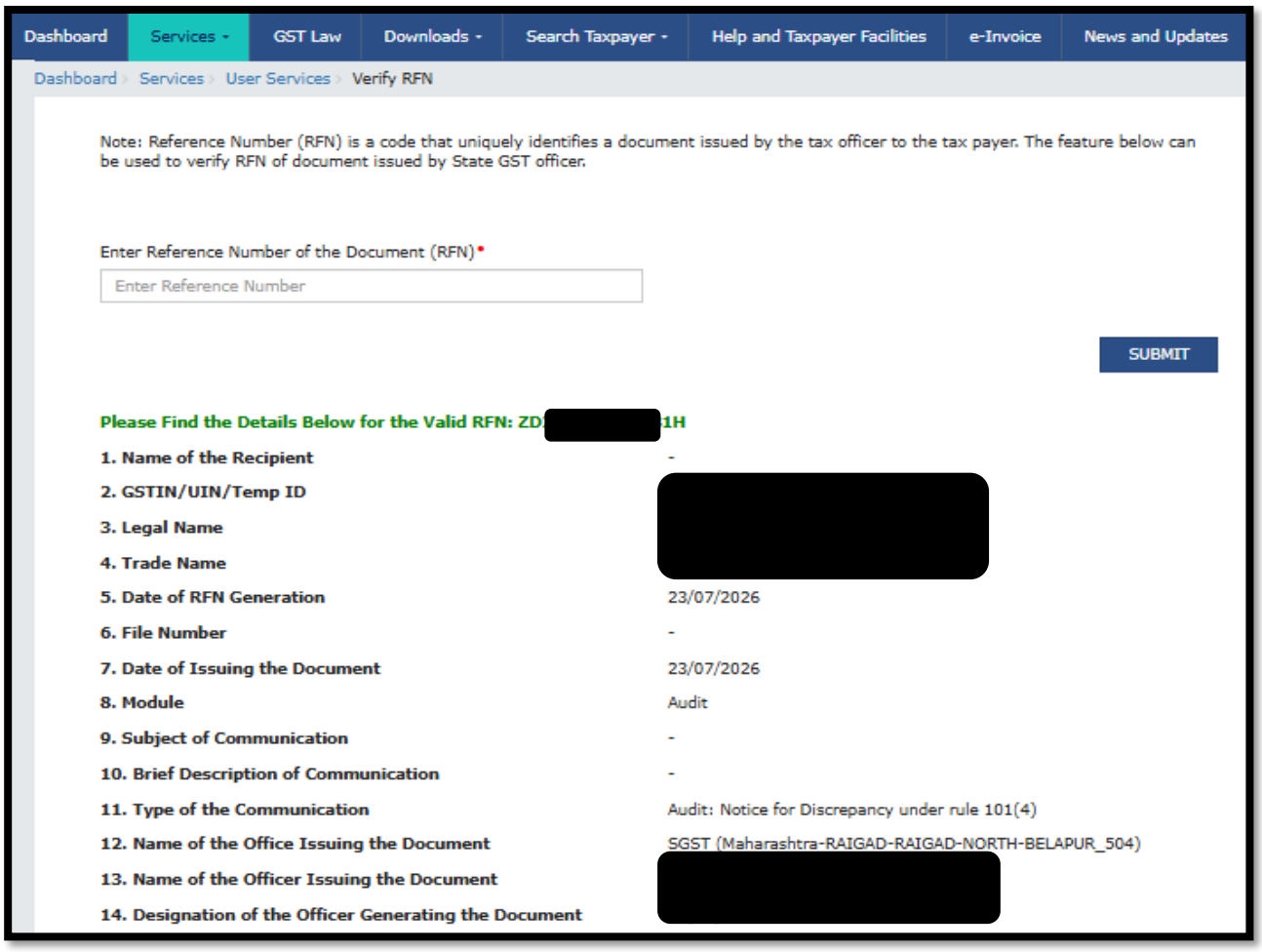
This means even third parties—like accountants, consultants, or business partners—can verify the legitimacy of a GST communication without needing the taxpayer's login.

Accessing "Verify RFN" with Login

For registered taxpayers, the feature is also available inside the portal after logging in:

Go to the official GST Portal → Login → Services → User Services → Verify RFN

If the taxpayer logs in from his own GSTIN and wants to verify the details of notice issued to itself, the GSTN portal provides a lot of other additional details as well, as under:



Why is "Verify RFN" Useful?

The feature may look simple, but it offers significant advantages:

- Authenticity Check: Helps taxpayers confirm that a notice or order is genuinely issued by the GST department.
- Fraud Prevention: Protects against fake or misleading documents that may circulate in the name of GST officers.
- Transparency: Builds trust between taxpayers and the department by allowing open verification.
- Quick Access: Saves time by letting anyone validate documents without login barriers.
- Compliance Aid: Ensures taxpayers respond only to legitimate communications, reducing the risk of penalties or missed deadlines.

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C. RECENT DECISION (JUDICIARY & ADVANCE RULINGS)

This past month brought a wealth of indirect tax jurisprudence, characterized by a robust judicial defence of procedural fairness and the retrospective application of curative laws. A major theme this month is the scrutiny of "mechanical adjudication." Courts have taken a sharp stand against tax authorities using Artificial Intelligence (AI) tools to draft notices without independent application of mind, and have repeatedly quashed orders served solely through obscure tabs on the GST portal.

In a landmark ruling, the Supreme Court has provided finality on several long-standing disputes, most notably upholding the constitutional validity of Section 16(2)(c). We also see clear boundaries being drawn in the real estate sector, where the receipt of non-monetary consideration like FSI is now confirmed as a trigger for GST, even for mandated social housing.

I. Classification and Taxability under GST

- **Assignment of Long-Term Lease:** In **UNION OF INDIA vs GUJARAT CHAMBER OF COMMERCE AND INDUSTRY (2026-VIL-68-SC),** the Supreme Court definitively resolved the long-standing dispute over GST applicability on the assignment of long-term leasehold rights for industrial plots. The Revenue had appealed against a High Court ruling which held that the transfer of leasehold interests in land originally allotted by the Gujarat Industrial Development Corporation (GIDC) to a third-party assignee was not a taxable supply. The Apex Court dismissed the Revenue's Special Leave Petitions, citing its earlier dismissal of a similar petition on the same issue. This landmark decision confirms that the assignment of such industrial leasehold rights does not constitute a taxable supply under GST, offering crucial legal finality and financial relief to industrial developers and businesses.

- **Land Acquisition - PS SHAMALA vs THE DEPUTY COMMISSIONER, KODAGU (2026-VIL-753-KAR),** the Karnataka High Court ruled that compensation for land acquisition by the State is an expropriation, not a "supply," and thus the deduction of 18% GST from such awards is illegal and must be refunded.

- **Government Services** - In **RE: TP PARADEEP TRANSMISSION LIMITED (2026-VIL-125-AAR)**, the Odisha AAR held that mandatory statutory deposits like Net Present Value (NPV) and Compensatory Afforestation charges for forest land diversion constitute consideration for government services in business furtherance. These services are not exempt as municipal functions. Consequently, GST is payable by the recipient under the Reverse Charge Mechanism.

- **Scope of "Restaurant services"** – In **RE: M/S INDIAN WIRE PRODUCTS COMPANY (2026-VIL-30-AAAR):** The West Bengal AAAR ruled that preparing and supplying tobacco-based or herbal hookah in a restaurant is a separate supply, not a "restaurant service" under Schedule II. The Authority clarified that hookah cannot be equated with "food" or "articles for human consumption". Therefore, these items must be classified and taxed independently from the restaurant's principal supplies.

II. Valuation and Exemption under GST

- **Healthcare Services:** In **RE: M/S INDOVATION HEALTHCARE LLP (2026-VIL-32-AAAR)**, the Uttarakhand AAAR held that healthcare services and medicines provided free to patients at Government Wellness Centres are exempt under Entry 74, even if consideration is paid by a Government PSU rather than the patients. The Authority emphasized that taxability depends on the true nature and substance of the activities, specifically medical treatment, rather than the identity of the payer.
- In **M/S NARAYANA HRUDAYALAYA LIMITED vs THE JOINT COMMISSIONER OF STATE TAX (2026-VIL-709-CAL),** the High Court held that Itemized medicines provided to in-patients are part of a composite exempt healthcare supply and cannot be taxed as a separate pharmacy sale.
- **Transfer Pricing Adjustments** – In **M/S DECEUNINCK PROFILES INDIA PRIVATE LIMITED vs THE JOINT COMMISSIONER OF CGST (2026-VIL-655-MAD)**, the Madras High Court declined to interfere with an assessment where TP adjustments were included in the supply value. The Court noted that the Assessing Officer found these adjustments were linked to distributor performance obligations, and relegated the matter to the appellate authority for factual determination.
- **Goods in CKD form** - The West Bengal AAAR in **RE: M/S NAVYA ELECTRIC VEHICLE PRIVATE LIMITED (2026-VIL-29-AAAR)** ruled that E-rickshaws in CKD form only qualify for the 5% rate if all essential assembly components are supplied as a single identifiable unit.

III. Input Tax Credit (ITC)

- **Section 16(2)(c) – Constitutional validity:** In **BHANDARI SCRAP TRADERS vs UNION OF INDIA (2026-VIL-69-SC)**, the Supreme Court upheld the constitutional validity of Section 16(2)(c) of the CGST Act, 2017. The Court ruled that the provision is neither unconstitutional nor requires reading down, confirming that a purchasing dealer's entitlement to ITC is strictly contingent upon the supplier actually depositing the tax with the Government. Rejecting parity with the Delhi VAT Act's treatment of bona fide buyers, the Apex Court affirmed the Gujarat High Court's decision in Maruti Enterprise. Consequently, the Revenue's right to deny credit for supplier defaults was sustained.
- **Section 16(5) -** In **M/S A2Z INFRA ENGINEERING LTD vs THE UNION OF INDIA (2026-VIL-639-CAL)**, the Calcutta High Court quashed orders denying ITC for delayed returns, holding that the retrospective amendment regularizes credit for FY 2017-18 to 2020-21 if filed by November 30, 2021. This curative intent was also affirmed by the Kerala High Court in **M/S DEEPAM PALM DISH vs STATE TAX OFFICER (2026-VIL-612-KER).**
- **Cancellation of Vendor's Registration** – In **ADDITIONAL COMMISSIONER vs M/S SAFECON LIFESCIENCES PRIVATE LIMITED (2026-VIL-65-SC),** the High Court dismissed the Revenue's appeal, effectively upholding that ITC cannot be denied

solely because a supplier's registration was cancelled if movement of goods and payment of tax are otherwise proved.

- **Time limit for claim of ITC – RCM cases:** The Madras High Court, in **TVL. INDIAN RAILWAY FINANCE CORPORATION LIMITED vs ASSISTANT COMMISSIONER (2026-VIL-763-MAD),** ruled that for reverse charge transactions, the limitation period for claiming Input Tax Credit under Section 16(4) is calculated from the date of the invoice issued by the recipient, as per Section 31(3)(f). The Court rejected the department's finding that credit was time-barred because payment occurred in a subsequent financial year to the supply. Consequently, the impugned order and recovery notice were set aside and remanded for reconsideration.
- **ITC on upfront lease:** In **RE**: **M/S CHEMIZONE PRIVATE LIMITED (2026-VIL-128-AAR),** the AAR ruled that ITC on upfront lease amounts for industrial plots used to construct a factory is blocked under Section 17(5)(d) as it pertains to immovable property other than plant and machinery.

IV. Zero-rating and Refunds

- **Refund – P2P vs Intermediary** – The P & H High court in **CVENT INDIA PRIVATE LIMITED vs ASSISTANT COMMISSIONER OF CGST (2026-VIL-742-P&H)** held that IT and business support services provided to an overseas parent on a principal-to-principal basis do not fall into the intermediary category and are eligible for refund of unutilized ITC**.** The High Court quashed an order denying a GST refund on the grounds that the Revenue arbitrarily labelled the petitioner an "intermediary" despite having granted refunds for the exact same services in adjoining tax periods. Finding no material difference in the nature of services, the Court directed the release of the refund with interest.
- **Validity of Deficiency Memos**– In **ABE SERVICE PRIVATE LIMITED vs DEPUTY COMMISSIONER (2026-VIL-721-KER)** the Kerala High Court set aside deficiency memos issued against a GST refund application for export services. It ruled that Rule 90(3) scrutiny is limited strictly to the completeness of the applications. Substantive issues such as document acceptability, categorization, and limitation must instead be examined during the merits stage after a hearing. The Court directed authorities to entertain the refiled applications.
- **Inverted Duty Refund** – In **M/S VINDHYA SPINNING MILLS PRIVATE LIMITED vs THE ASSISTANT COMMISSIONER (2026-VIL-731-MAD)**, the Madras HC held that under inverted duty structures, taxpayers are entitled to refund of ITC accumulated due to higher rates on packing materials and chemicals, even if the primary input and output tax rates are identical.

V. Adjudication/ Principles of Natural Justice

- **"Issuance" vs "Service":** A major administrative clarification arrived in **M. M. MOTORS vs THE SENIOR JOINT COMMISSIONER OF REVENUE, BERHAMPORE**

CIRCLE (2026-VIL-691-CAL) regarding the limitation period for issuing orders. The Calcutta High Court distinguished between "issuance" and "service," ruling that an order digitally signed within the limitation period is validly "issued," even if the portal upload and service to the taxpayer occur after the deadline.

- **EWB Penalties:** In **STATE OF KARNATAKA vs AAM INDIA MANUFACTURING CORPORATION PRIVATE LIMITED (2026-VIL-699-KAR),** the Karnataka HC held that re-transporting a machine to a seller for testing without consideration is not a "supply," though failure to generate an e-way bill for such movement still attracts penalties.
- **Mechanical use of AI:** In a landmark ruling, **M/s SRO INDIA vs STATE OF PUNJAB (2026-VIL-724-P&H),** the High Court quashed a Show Cause Notice where the officer had used an AI tool to generate "defense-proof rebuttals". The Court emphasized that the statute requires a competent authority to examine facts with independent application of mind.
- **Service of Notices:** In **LUXMI TRADERS vs UNION TERRITORY OF CHANDIGARH (2026-VIL-732-P&H)** and **M/S AYAZ TRADERS vs COMMISSIONER, SGST (2026-VIL-652-UTR),** the respective courts ruled that merely uploading notices to the 'Additional Notices and Orders' tab is insufficient service if registration has been cancelled or if the taxpayer remains unaware.
- **Non-existent Entities:** In **KANAKIA SPACES REALTY PRIVATE LIMITED vs UNION OF INDIA (2026-VIL-657-BOM)** and **IDFC FIRST BANK LTD vs UNION OF INDIA (2026-VIL-740-BOM),** proceedings against companies that had ceased to exist post-merger were declared void ab initio.

VI. Pre-GST regime

- **TN Sales Tax – Gold Coins:** In **STATE OF TN vs HDFC BANK LTD (2026-VIL-656-MAD)**, the HC reversed the decision of the Tribunal in favour of the taxpayer. Under TN Sales Tax, the HC held that the gold coins embossed with pictures (e.g., Goddess Lakshmi) are "articles of gold" (4%) rather than "bullion" (1%) due to the inherent value addition and manufacturing process.
- **Negative List - Service Tax:** In **M/s DESIGN INDYA vs COMMISSIONER OF CENTRAL GOODS & SERVICE TAX (2026-VIL-1157-CESTAT-CHD-ST)**, the CESTAT ruled that purchasing and selling advertisement space in print media falls within the negative list and is not taxable. The 15% discount received was held to be a trading margin, not a commission, as no TDS was deducted. The Tribunal further held that the extended period is not invocable for interpretational disputes.
- **SEZ Refunds – Service Tax:** In **M/s NOKIA SOLUTIONS AND NETWORKS INDIA PRIVATE LIMITED vs COMMISSIONER OF CENTRAL GOODS & SERVICE TAX,**

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GURGAON I, the Tribunal held that Service tax refunds for SEZ units cannot be restricted by time limits in Finance Act notifications because the SEZ Act has overriding effect.

- **Revenue Neutral – Service Tax:** In **MAKIN DEVELOPERS PRIVATE LIMITED vs COMMISSIONER, CENTRAL GOODS AND SERVICE TAX, DEHRADUN**, the Tribunal held that Service tax demands cannot be raised under the extended period of limitation if the case is revenue neutral (where the assessee could have immediately taken credit), as there is no intent to evade.

- **"Factory of Production" interpretation - Central Excise:** In **M/S TATA REFRACTORIES LTD vs THE COMMISSIONER OF CENTRAL EXCISE, SALEM (2026-VIL-658-MAD-CE)**, the Madras High Court held that Cenvat credit on fuel used for nil-rated intermediate products is admissible if those products are stock-transferred to another unit for manufacturing dutiable final goods. The Court applied a wider interpretation of "within the factory of production" to include the separate manufacturing unit.

- **Reverse Charge Mechanism - Service Tax:** In **M/s LIFE LONG INDIA LTD vs COMMISSIONER OF SERVICE TAX, DELHI (2026-VIL-1166-CESTAT-CHD-ST)**, the CESTAT ruled that services physically performed and consumed entirely outside India cannot be taxed under the Reverse Charge Mechanism. It further set aside "best judgment" assessments based on arbitrary, doubled figures, holding that assumptions of payment without evidence are legally unsustainable

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D. GST COMPLIANCE CHART FOR AUGUST 2026

S N	Due Date	Form	Period	Periodicity	Special Remarks
1.	10.08.2026	GSTR – 7	July 2026	Monthly	To be filed by those who are required to deduct TDS under GST
2.	10.08.2026	GSTR – 8	July 2026	Monthly	To be filed by those who are required to collect TCS under GST
3.	11.08.2026	GSTR – 1	July 2026	Monthly	Taxpayers filing GSTR - 1 monthly
4.	13.08.2026	GSTR – 5	July 2026	Monthly	To be filed by a non-resident foreign taxpayer registered in GST
5.	13.08.2026	GSTR – 6	July 2026	Monthly	To be filed by an ISD
6.	13.08.2026	IFF	July 2026	Monthly	To be filed by those under QRMP Scheme (optional)
7.	20.08.2026	GSTR – 3B	July 2026	Monthly	To be filed by Taxpayer filing monthly GSTR 3B
8.	20.08.2026	GSTR – 5A	July 2026	Monthly	To be filed by non-resident Online Information and Database Access or Retrieval (OIDAR) services provider
9.	25.08.2026	PMT - 06	July 2026	Monthly	Challan to be filed for payment by those under QRMP Scheme