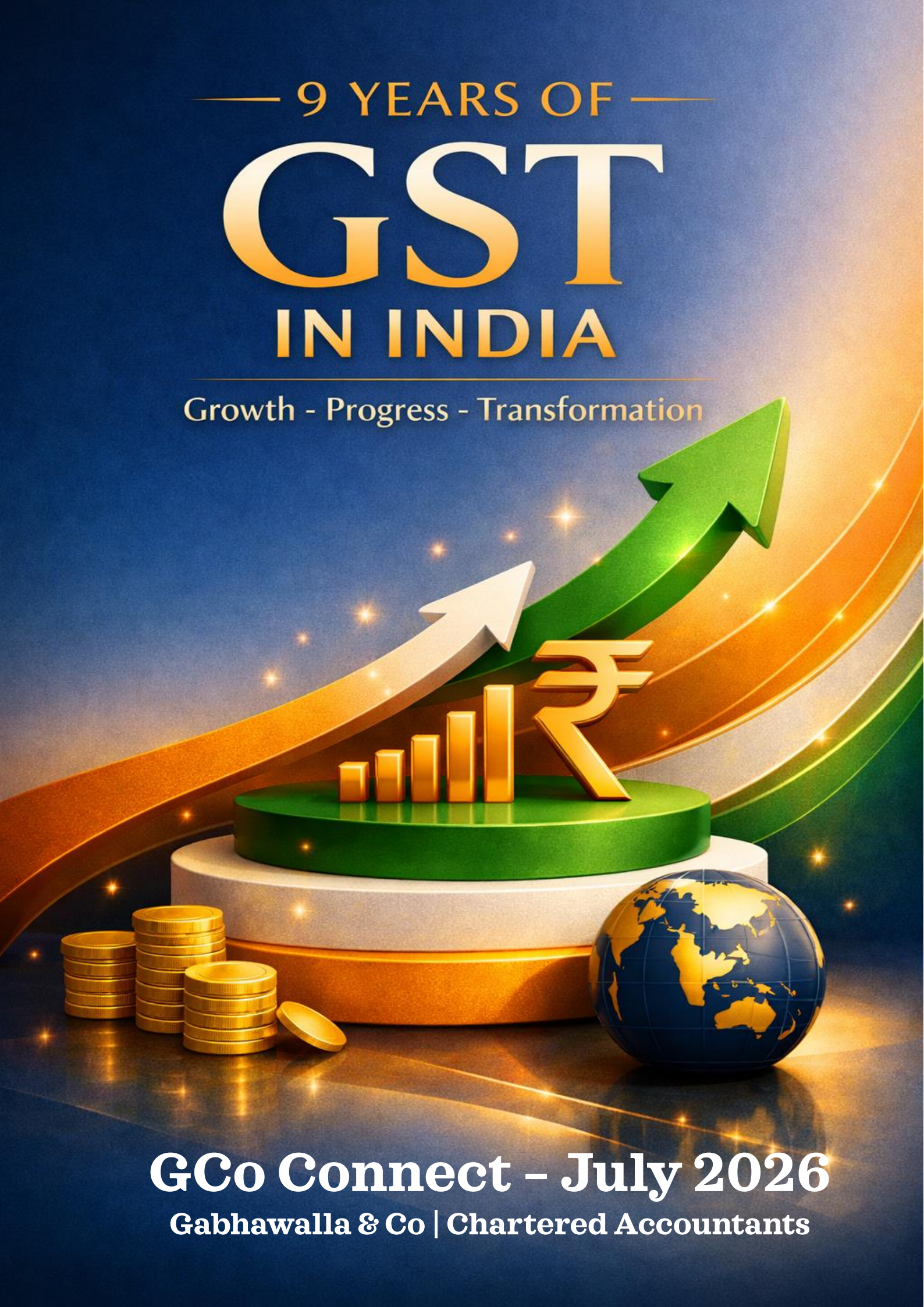


GCo Connect – July 2026

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Greetings to all our readers!

On 1st July 2026, GST completes 9 years in India! Over these last nine years, GST has emerged as one of India's most important indirect tax reforms by replacing a fragmented system of central and state. It subsumed 17 taxes and 13 cesses, reduced cascading effects, and helped create a common national market. Though one may still debate, whether it is truly "One Nation, One Tax", the Press Information Bureau has released a "PIB Backgrounder" on 30.06.2026 showcasing the major highlights of the past 9 years. The said release highlights how GST has evolved through continuous policy changes, stronger Centre-State coordination, and technology-led administration through GSTN, e-invoicing, analytics, and pre-filled compliance systems. The PIB has also noted that impact of GST is evident with taxpayers rising from 66.5 lakh in 2017 to 1.65 crore by May 2026.

As we enter the 2nd Quarter of FY 2026-27, businesses face a crucial period of financial and compliance activity. This is the time to complete the finalisation of books of account, company law and tax audits, and GST reconciliations for both outward and inward supplies for FY 2025-26. Timely preparation is important to avoid last-minute pressure and ensure smooth closure of all pending work.

Although several GST deadlines relating to FY 2025-26 are due in the October return cycle, the annual reversal under Rules 42 and 43 must still be completed on or before the filing of GSTR-3B for September of FY 2025-26. Early computation of reversals is advisable to reduce interest exposure. Any short reversal relating to the preceding financial year should also be identified and corrected at the earliest in the next return.

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

- **Extension of Due Date to file Appeals/ Applications before GSTAT**

- The Government issued an extension notification on 30 June 2026, replacing the earlier notification dated 17th September 2025. It extends the time limit for filing appeals and applications before the GSTAT for certain cases.
- For appeals, the new cut-off is 31st July 2026 for orders communicated before 1st May 2026. For orders communicated on or after 1 May 2026, the normal provision (Section 112(1) of the CGST Act) applies i.e., appeal to be filed within three months from the date of communication.
- For Appeals to be filed by the Department, the new cut-off is 31st July 2026 for orders communicated before 1st February 2026. For orders communicated on or after 1st May 2026, the normal provision (Section 112(3) of the CGST Act) applies i.e., appeal to be filed within six months from the date of communication.

  F. No. A-50/7/2025-GSTAT-DoR dated 30.06.2026

- **Court Fees related advisory for GSTAT**

- The GSTAT advisory says that if a taxpayer pays court fees online but the status does not show "Success" immediately, they should wait for up to 72 hours.
- If the status still does not update after 72 hours, the GSTAT portal will not stop the taxpayer from filing the appeal. In such cases, the appeal can still be filed on the GSTAT portal without any break in the process, and the payment status will be fixed later at the backend.
- The main point is that a delay in payment status should not block appeal filing. Taxpayers should therefore monitor the status for 72 hours and, if needed, continue with filing without worrying that the system will reject the appeal only because the payment is still showing as pending.

  GSTAT Portal advisory.

- **GSTN extension for two new E-way Bill features:**

- The GSTN has extended the implementation date for two E-Way Bill features: mandatory capture of "Ship To GSTIN" in Bill-To/Ship-To transactions and the voluntary closure of E-Way Bills. These features were earlier proposed to go live from 15 June 2026, but the rollout has now been deferred to 1 August 2026.
- The extension was issued after trade and industry raised concerns about the time needed for system changes, testing, API and ERP readiness, and updating master data across the taxpayer ecosystem. GSTN has accepted these practical issues and has allowed additional time so that businesses, GSPs, ERP providers, and other stakeholders can prepare properly.

  GST Portal advisory dated 09.06.2026

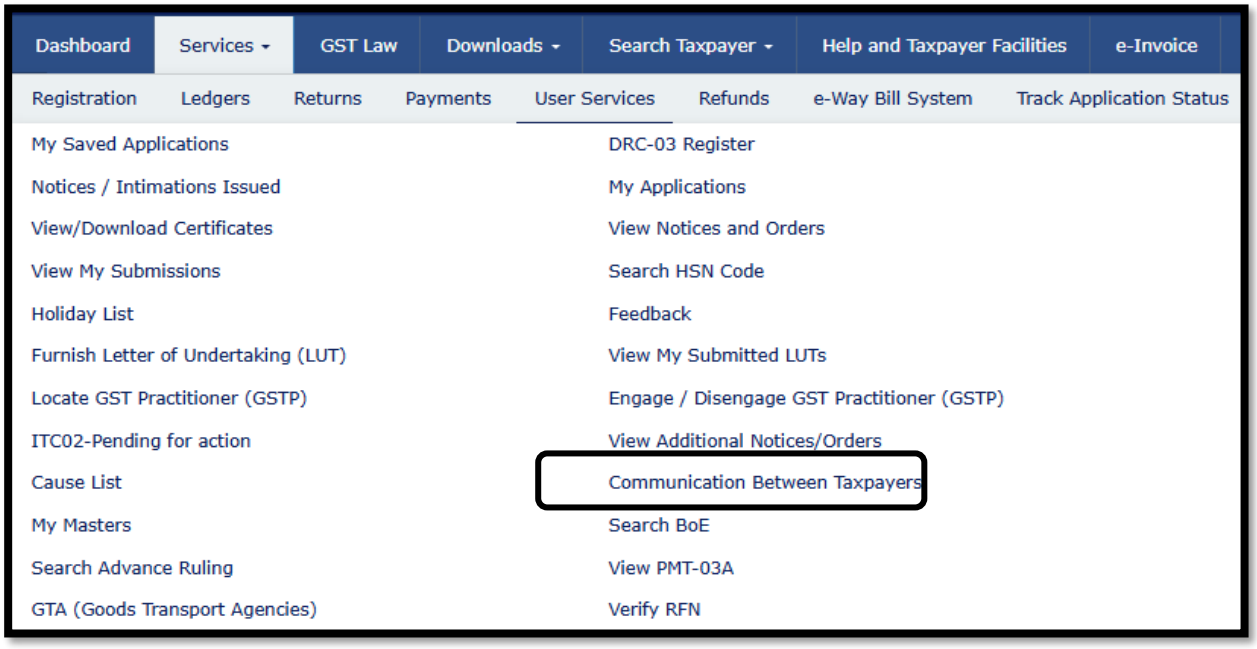
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B. KNOW YOUR GST-PORTAL

From this edition onwards, we are introducing a new section, "Know Your GST-Portal," wherein we will be throwing light on some of the lesser-known but important features of the GST portal. The aim is to help our readers discover practical tools and functions that can make GST compliance simpler, smoother, and more effective.

For this 1st edition, one of the hidden features of the GST portal is that the GST portal can also function as an official communication tool for buyers and suppliers. This feature can be accessed from the below trail link:

Login → Services → User Services → "Communication between Taxpayer"



This feature is especially useful when there are missing invoices, data mismatches, or disputes relating to Input Tax Credit. Instead of depending on informal emails or phone calls, businesses can use the portal to raise concerns in a clear and documented way.

The main functions of this feature are quite simple:

- **Compose:** Send a new communication to a particular supplier or recipient. The compose feature has pre-existing categories which must be selected before initiation any communication such as, "File missing document", "Reject/ Amendment requires", "Re-upload", "Payment made" and so on. One also needs to specify whether the query is for a tax invoice, debit note or a credit note along with specific identification details of such document.
- **Inbox:** View messages received from your counter party and replies received in response to the messages previously composed by the taxpayer.
- **Outbox:** Track messages sent and the responses issued to queries raised by your counter-part.
- **CSV upload/ template:** This function helps to send multiple notifications in a structured format for convenience.

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This communication feature helps taxpayers keep a proper record of all communication inside the GST portal itself. That is important because it creates a clear audit trail and reduces dependence on emails or informal follow-ups. This matters because many GST issues begin with simple reconciliation gaps. A supplier may have issued an invoice, but it may not appear correctly in the buyer's records. In another case, the supplier's return data and the buyer's ITC claim may not fully match. When such issues are discussed through the GST communication module, both sides can refer to a secure record within the system.

In a compliance environment where records matter, this tool is more than a convenience. It strengthens transparency, improves coordination between trade partners, and supports cleaner GST compliance. For our readers, the key takeaway is simple: use the portal communication feature early, keep the exchange documented, and treat reconciliation issues as formal compliance matters rather than informal follow-ups

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C. RECENT DECISION (JUDICIARY & ADVANCE RULINGS)

June 2026 saw several important indirect tax rulings. The courts gave more weight to fairness and real rights than to small procedural mistakes. A key issue was the new Section 16(5), which gives taxpayers a backward-looking chance to claim Input Tax Credit for older years. Courts also strongly criticised vague show-cause notices and notices that were only uploaded on the portal without proper communication, and many such orders were struck down for violating natural justice. Another important ruling was that liquidated damages for breach of contract are not a "supply." Courts also clarified that partners can be liable for the firm's penalties under Section 122(1A) if they directly benefited from fraudulent transactions.

I. Classification and Taxability under GST

- **Healthcare services** - In **M/S HEALTHCARE GLOBAL ENTERPRISES LTD VS ASSISTANT COMMISSIONER (2026-VIL-541-KAR)**, the Karnataka High Court ruled that medical services provided via a revenue-sharing agreement with another hospital remain exempt healthcare services. The Court emphasized that the true substance of the activity—medical treatment—must determine its classification, and such services remain exempt regardless of the revenue-sharing arrangement between hospitals.
- **Damages and Statutory obligations** - In **RE: M/S PON PURE CHEMICAL INDIA PRIVATE LIMITED (2026-VIL-124-AAR)**, the Maharashtra AAR ruled that liquidated damages and compensation received from transporters for transit losses or breaches are merely "flows of money" to make good an injury and do not constitute a supply of service under paragraph 5(e) of Schedule II.
- **Scope of "Business" in GST** – In **RE: M/S SUNIL VISHVASRAO KHUNE (2026-VIL-117-AAR)**, the applicant, an individual who previously earned rental income from capital assets, planned to develop commercial units on a vacant plot of land he owned personally. He funded the construction using personal savings and intended to sell some units to cover costs while leasing the remainder for profit. The ruling emphasized that the scale, volume, or frequency of the activity does not matter. Constructing commercial units for sale (prior to OC) and leasing premises are inherently commercial activities that meet the broad definition of "business" under the GST Act.
- **Government Authority** - The Uttarakhand AAR in **Re: M/S Dehradun Smart City Limited (2026-VIL-121-AAR)** held that a Special Purpose Vehicle (SPV) owned by the state government qualifies as a "Governmental Authority" and its services related to municipal functions like water supply are exempt from GST.
- **Sewerage treatment projects** – In **RE: M/S ROCKLINE CONSTRUCTIONS (2026-VIL-122-AAR),** the AAR held that Sewerage treatment projects are composite supplies of works contracts and eligible for exemption if the value of goods does not exceed 25% of the total value

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II. Valuation and Classification under GST

- **Non-Monetary consideration & Valuation:** In **RE: M/S VEDANT CONSTRUCTION (2026-VIL-118-AAR)**, the applicant was a developer bound by a statutory mandate to reserve 20% of their project's net plot area for "inclusive housing" intended for economically weaker sections (EWS) and lower-income group (LIG) beneficiaries. The AAR held that the consideration for these flats was not just the money paid by the allottees, but also the valuable development rights (additional FSI) received by the developer at the very start of the project. Because the developer received the non-monetary consideration (FSI) at the commencement stage, the "post-OC sale" exemption (Schedule III) was disqualified. Further, the AAR ruled that since consideration was not purely in money, the taxable value of such flats must be the Open Market Value - the price at which the developer sold comparable flats to non-inclusive buyers in the same project.
- **Fresh Psyllium (isabgol) seeds** - The Gujarat AAR in **RE: M/S JIGNESHKUMAR NARAYANDAS PATEL (2026-VIL-115-AAR)** ruled that fresh psyllium (isabgol) seeds supplied in their natural, raw form qualify as agricultural produce and are exempt from GST.

III. Input Tax Credit (ITC)

- **Retrospective vendor GSTIN cancellation:** In **M/S FATHIMA TRADERS VS THE DEPUTY COMMERCIAL TAX OFFICER, VEPARY, CHENNAI (2026-VIL-621-MAD)**, the Madras High Court ruled that ITC cannot be denied solely based on the retrospective cancellation of a supplier's registration. The Court directed authorities to conduct a substantive examination of the genuineness of the underlying transactions instead.
- **RCM-ITC for Branch & ISD** – In **M/S INTERTEK INDIA PVT. LTD. VS ASSISTANT COMMISSIONER OF CENTRAL TAXES AND C.E., KERALA (2026-VIL-573-KER)**, the HC provided relief by holding that a branch office is entitled to claim ITC on services from an unregistered foreign supplier even if the invoice is issued in the name of the corporate office, provided the branch discharges the tax under RCM. The Court also noted that ISD registration was not mandatory prior to April 2025 for distributing such credit
- **Section 16(5):** In **M/S DEEPAM PALM DISH VS STATE TAX OFFICER, THRISSUR (2026-VIL-612-KER)**, the Kerala High Court held that this non-obstante clause overrides the time limits of Section 16(4), allowing credit for older periods if returns were filed by November 30, 2021.
- **Errors in reporting ITC:** In **BIOCON LIMITED VS STATE OF KARNATAKA (2026-VIL-543-KAR),** the HC held that ITC cannot be denied for mismatches with GSTR-2A when the discrepancy arises from typographical errors in reporting SEZ procurements or imports, which were not designed to appear in 2A during the relevant period.

- **ITC & Investment activities:** In **RE: M/S RHI MAGNESITA INDIA LIMITED (2026-VIL-27-AAAR)**, the AAAR held that ITC is available on services used for Qualified Institutional Placements (QIP) to the extent the funds are used for the company's own debt restructuring, but denied for the portion used for investment in subsidiaries.

IV. Reverse Charge Mechanism (RCM)

- **Fees for converting wetland to dryland** – The Kerala AAAR in **RE: M/S MANAPPURAM FINANCE LTD (2026-VIL-24-AAAR)** upheld that fees paid to the state government for converting wetland to dryland constitute consideration for a taxable service liable to GST under RCM, rejecting the claim that it was an exempt municipal function**.**
- **Procurement Hub Services**– In **M/S DOW CHEMICAL INTERNATIONAL PRIVATE LTD. VS COMMISSIONER OF STATE TAX, MAZGAON, MUMBAI (2026-VIL-26-GSTAT-DEL)**, the GSTAT clarified that "Procurement Hub Services" rendered by a foreign entity on its own account are an "import of services" and do not qualify as "intermediary services," thus place of supply is in India and tax is payable under RCM.

V. Adjudication/ Principles of Natural Justice

- **Service of Notice through Portal:** In **M/S SAMADHAN SEVA SAMITI vs THE UNION OF INDIA (2026-VIL-625-PAT)** and **RSH AMIT REALTY DEVELOPMENT LLP vs THE DEPUTY COMMISSIONER (2026-VIL-626-CAL)**, the High courts quashed orders where show-cause notices were only uploaded under the 'Additional Notice and Orders' tab on the portal without proper communication to the taxpayer, calling it a violation of natural justice.
- **Assessment against Deceased Persons**: The Gujarat High Court **IN SMT GULABBEN GOPALDAS JAMVECHA VS THE STATE OF GUJARAT (2026-VIL-623-GUJ**) quashed assessment orders passed in the name of a deceased proprietor four years after his death, declaring them fundamentally defective.
- **Penalties:** In **CAUSSA TEC SOLUTIONS PVT. LTD. VS ASSISTANT COMMISSIONER (ST), CHENNAI (2026-VIL-549-MAD),** the Madras HC held that a general penalty under Section 125 cannot be imposed alongside a late fee for the same default (failure to file GSTR-9), as Section 125 applies only in the absence of other penalties.

VI. Pre-GST regime

- **Minimum Average Balance:** In **CANARA BANK VS UNION OF INDIA (2026-VIL-598-KAR-ST)**, the Revenue attempted to demand service tax by arguing that a customer's commitment to maintaining a Minimum Average Balance (MAB) constituted non-monetary consideration for the "free" banking facilities provided. The Karnataka High Court rejected this contention, applying an "inversion test" which

demonstrated that even when the MAB is breached, the bank continues to provide the same services at the same rate while only charging a penalty for the breach. The Court clarified that maintaining a deposit is merely a contractual condition and does not result in the accrual or vesting of consideration in the bank, which is an essential requirement for taxability under both the Indian Contract Act and the Finance Act, 1994. Furthermore, the Court noted that any penal charges collected for non-maintenance are distinct from consideration, as they are meant to deter non-compliance with contractual terms rather than acting as a quid pro quo for services.

- **Service Tax & VAT Mutually Exclusive:** In **M/S TIL LTD vs COMMISSIONER OF CGST & CENTRAL EXCISE, KOLKATA (2026-VIL-1056-CESTAT-KOL-ST)**, the Tribunal reaffirmed that where possession and effective control of equipment are transferred to the customer (deemed sale), the transaction attracts VAT/ CST and cannot be subject to Service Tax as a "supply of tangible goods".

- **Mismatch with 26AS:** Multiple Tribunals, including **M/S ROOP SINGH HUKUM SINGH AND SONS vs COMMISSIONER (2026-VIL-1068-CESTAT-ALH-ST)** and **M/S ANJANA BUILDERS & DEVELOPERS vs COMMISSIONER (2026-VIL-1073-CESTAT-ALH-ST),** ruled that service tax demands cannot be sustained based solely on Form 26AS data without independent investigation into whether a taxable service was actually rendered.

- **Applicability of Notifications:** In **M/S BRIGHT METAL REFINERS vs DGFT (2026-VIL-552-DEL-CU)** and **ENERO JEWELS PVT LTD VS UNION OF INDIA (2026-VIL-577-GUJ-CU)**, the High Courts held that import restriction notifications become effective only from the exact time of electronic publication in the Official Gazette and cannot apply to goods that landed even a few hours before such publication.

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D. GST COMPLIANCE CHART FOR JULY 2026

S N	Due Date	Form	Period	Periodicity	Special Remarks
1.	10.07.2026	GSTR – 7	Jun 2026	Monthly	To be filed by those who are required to deduct TDS under GST
2.	10.07.2026	GSTR – 8	Jun 2026	Monthly	To be filed by those who are required to collect TCS under GST
3.	11.07.2026	GSTR – 1	Jun 2026	Monthly	Taxpayers filing GSTR - 1 monthly
4.	13.07.2026	GSTR – 5	Jun 2026	Monthly	To be filed by a non-resident foreign taxpayer registered in GST
5.	13.07.2026	GSTR – 6	Jun 2026	Monthly	To be filed by an ISD
6.	13.07.2026	GSTR – 1	Apr 2026 to Jun 2026	Quarterly	To be filed by those under QRMP Scheme
7.	18.07.2026	CMP - 08	Apr 2026 to Jun 2026	Quarterly	To be filed by Composition Dealer (Payment of Self-assessed tax)
8.	20.07.2026	GSTR – 3B	Jun 2026	Monthly	To be filed by Taxpayer filing monthly GSTR 3B
9.	20.07.2026	GSTR – 5A	Jun 2026	Monthly	To be filed by non-resident Online Information and Database Access or Retrieval (OIDAR) services provider
10.	22.07.2026	GSTR – 3B	Apr 2026 to Jun 2026	Quarterly	To be filed by those under QRMP Scheme (#)
11.	24.07.2026	GSTR – 3B	Apr 2026 to Jun 2026	Quarterly	To be filed by those under QRMP Scheme ($)

(#) Last date for filing return without late fees and interest for the states of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union Territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands, and Lakshadweep.

($) Last date for filing return without late fees and interest for the states of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, the Union Territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi