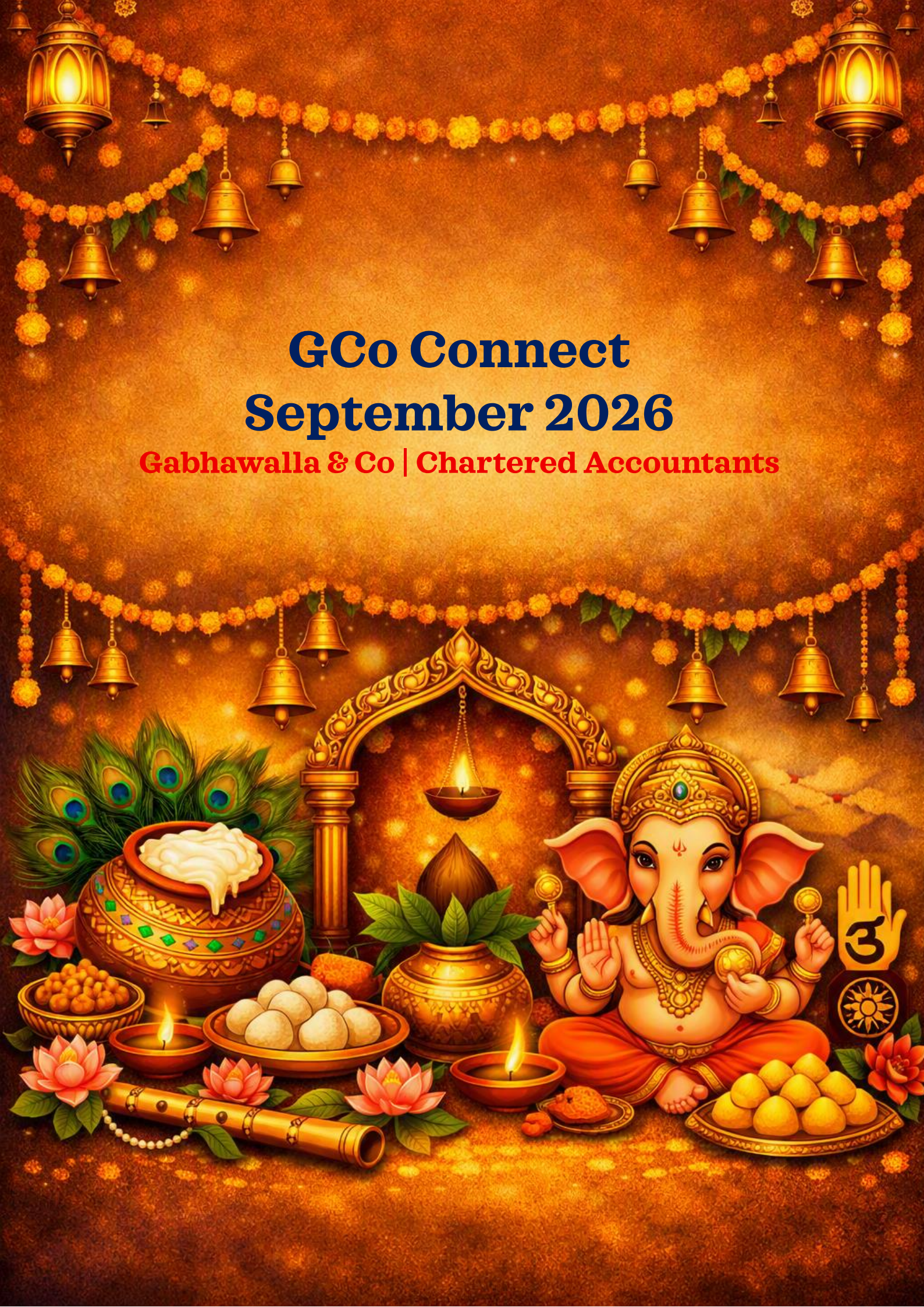
GCo Connect
September 2026

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Greetings to all our readers!

As September unfolds, the air is filled with celebrations — from Janmashtami and Paryushan to Ganesh Chaturthi, leading into Navratri in October and culminating with Diwali in November. This festive season brings joy and togetherness, but it also coincides with crucial GST year-end activities.

To ensure compliance does not clash with festivities, it is advisable to spread out key GST tasks over the next two months:

- Rule 42-43 Reversal: Though due date for annual reversal is GSTR 3B of September, prioritizing this earlier will help in avoiding additional interest liability.
- Outward Supply Adjustments: Corrections, amendments, or issuing credit notes for FY 2025-26 transactions should not be delayed until the October return, as it overlaps with Diwali and getting confirmations/ acknowledgement from customers would be difficult later on.
- Input Tax Credit: Claim any pending ITC of FY 2025-26 appearing in GSTR-2B before October's GSTR 3B (& September for QRMP scheme taxpayers). Follow up with vendors if ITC of FY25-26 is reflected in books but missing in GSTR-2B

September also coincides with Tax Audit report preparation under Income Tax Act for many organizations. Amidst this, businesses must ensure that GST year-end activities are not overlooked. Timely action now will prevent last-minute stress during the festive peak.

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

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GST Sector Spotlight | Insight Series

We've hosted ten (10) 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
Recent SC Decision and it's impact- Bhandari Scrap Dealers vs. Union of India	05-Aug-2026	Click here
"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

- **GST & Mining – New Coordination Drive:**

- The CBIC has issued the present Instruction directing CGST Zones to coordinate with State Mining Authorities for better enforcement. As per the instruction, state mining departments often detect illegal mining, excess extraction, and unauthorized transport of minerals. Such activities may involve GST evasion through suppression of supplies, undervaluation, or wrongful ITC claims.

- To strengthen compliance, each CGST Zone will appoint a Nodal Officer, establish a mechanism for periodic information sharing, and hold review meetings with mining authorities. This structured coordination aims to ensure timely detection of GST violations linked to mining activities and improve enforcement outcomes.

  Instruction No. 01/2026-GST dated 03rd August 2026

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B. KNOW YOUR GST-PORTAL

GSTR-3B Interest Calculator

The GST Portal has introduced a new automated interest calculator in Form GSTR-3B, designed to simplify compliance and reduce errors in interest computation. This enhancement ensures that taxpayers filing returns after the due date have their interest liability calculated accurately and transparently.

I. Automated Interest Computation

Traditionally, taxpayers had to manually calculate interest on delayed GST payments, often leading to confusion and disputes. The portal now automatically computes interest across all tax heads—CGST, SGST, and IGST—whenever returns are filed late.

The key change lies in the revised formula, which focuses on the cash shortfall rather than the entire tax liability. This means that if you had already deposited funds in your Electronic Cash Ledger before the due date, interest will apply only on the remaining shortfall.

Revised Formula

Interest = (Net Tax Liability − Minimum Cash Balance in ECL) × (Days Delayed / 365) × Interest Rate @ 18% p.a.

This ensures — taxpayers are not penalized for amounts already deposited on time. For example, if Rs. 1,00,000 was due but Rs. 60,000 was already in the ECL before the deadline, interest would apply only on the Rs. 40,000 short-fall.

II. Auto-Population of Past Period Liabilities

Another useful enhancement is the auto-population of tax liability breakup in GSTR-3B. The portal now intelligently picks up supplies reported in GSTR-1 / GSTR-1A / IFF that belong to earlier tax periods but whose liability is being discharged in the current return.

This feature ensures that the “Tax Liability Breakup, As Applicable” section reflects accurate period-wise data, reducing manual effort and improving transparency. It helps taxpayers reconcile past-period supplies with current filings, thereby minimizing mismatches and potential notices.

The GSTR-3B Interest Calculator is a welcome step toward making GST compliance more taxpayer-friendly. By combining automation with fairness, the GST Portal is helping businesses save time, avoid disputes, and maintain better financial discipline.

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C. RECENT DECISION (JUDICIARY & ADVANCE RULINGS)

August 2026 witnessed several landmark rulings from the Hon'ble Supreme Court and various High Courts that significantly clarify the boundaries of tax administration and substantive law under both the GST and pre-GST regimes. In a critical victory for taxpayer rights, the Supreme Court in M/s G.R. Infra Projects and M/s Tata Steel re-emphasized that the extended period of limitation under Section 74 of the CGST Act cannot be invoked mechanically without proving the foundational facts of fraud, collusion, or deliberate suppression in the SCN itself.

On the substantive side, the Gujarat High Court in Torrent Power Ltd upheld the constitutional validity of corporate guarantee valuations but struck down the restrictive 'whichever is higher' clause in Rule 28(2) as arbitrary and confiscatory. In another vital development, GSTAT and High Courts clarified that the retrospective benefit of Section 16(5) (introduced by the Finance Act 2024) effectively saves past transitional credits that were previously disputed under Section 16(4).

I. Classification and Taxability under GST

- **M S STEELS VS THE COMMISSIONER OF KERALA STATE GST, THIRUVANANTHAPURAM (2026-VIL-51-GSTAT-TVP)**

  Transfer of goods within the state to another branch: The GSTAT held that a stock transfer of steel goods between registered branches does not constitute a "supply" under Section 7. Consequently, a penalty under Section 129, which is quantified based on the "tax payable," cannot be imposed when no tax is legally payable on the transaction.

- **COUNCIL FOR THE INDIAN SCHOOL CERTIFICATE EXAMINATIONS VS COMMISSIONER CGST DELHI EAST & ORS (2026-VIL-71-GSTAT-DEL)**

  Taxability of school board services & Bunching of SCNs: The GSTAT ruled that school affiliation and registration charges provided by educational boards are independent taxable supplies under Section 7 and do not fall under the Entry 66(b)(iv) exam exemption. The "as is where is" regularization of affiliation fees applies strictly from July 2017 to June 2021, making post-June 2021 charges taxable. However, documentation and late entry fees are exempt as directly relating to exams. SCN consolidation covering multiple tax periods is valid. Lastly, the extended period of limitation under Section 74 is inapplicable without proven fraud or suppression, and the appellant is entitled to cum-tax benefits

- **TORRENT POWER LTD VS UNION OF INDIA (2026-VIL-883-GUJ)**

  Corporate Guarantees - The Gujarat High Court confirmed that corporate guarantees executed by a holding company for its subsidiary without consideration fall under the definition of supply under Section 7 read with Schedule I, as they create legally binding contingent obligations furthering business interests between related parties.

- **THE ASSISTANT COMMISSIONER ST VS M/S SIEMENS GAMESA RENEWABLE POWER PRIVATE LIMITED (2026-VIL-77-SC)**

Composite Supply - The Hon'ble Supreme Court dismissed the Special Leave Petitions filed by the Revenue against the High Court's ruling. The High Court had determined that a transaction involving the supply and installation of Wind Turbine Generators must be treated as a composite supply of goods and services rather than a works contract involving immovable property. The Apex Court found no grounds to interfere with this well-reasoned judgment, thereby solidifying the principle that turbine generators retain their character as movable goods during such installations.

- **In Re: M/S S.K. SWAMY AND COMPANY (2026-VIL-129-AAR)**

  Composite supply vs Works contract: The Karnataka AAR ruled that supplying ballast and subsequently loading it into railway wagons are separate and independent supplies. Since the transactions are treated as separate obligations with distinct rates in the contract, they cannot be categorized as a composite supply or a works contract.

- **In Re: RASHMIBEN SANJAYKUMAR HEMANI - GALAXE PRINTS (2026-VIL-130-AAR)**

  Composite supply: The Gujarat AAR held that offset printing on principal-supplied paper constitutes a composite job work service where printing is the principal supply. Since the Kraft and Duplex paper attract 18% GST, the job work is subject to 18% GST under Entry 26(iv) of Notification 11/2017.

II. Valuation, Place of Supply and Time of Supply under GST

- **In RE: BIMAN BANGLADESH AIRLINES LIMITED (2026-VIL-141-AAR)**

  Place of Supply – Passenger Transportation: The West Bengal AAR held that for passenger air transport from outside India, the place of supply is the foreign embarkation point under Section 13(10) of the IGST Act, making it non-taxable in India. Conversely, journeys from India are taxable at the Indian embarkation point under Section 12(9).

- **SRI PARAMESHWARA BRICKS VS STATE TAX OFFICER, PEDDAPALLI (2026-VIL-59-GSTAT-HYD)**

  Valuation – Lapsing of Composition Scheme**:** The GSTAT ruled that when a taxpayer's option for the composition scheme lapses automatically upon crossing the Rs. 1.50 crore threshold, the differential tax liability must be computed applying the cum-tax valuation under Rule 35, treating the invoice value as inclusive of tax.

III. Input Tax Credit (ITC)

- **M/S SANTHOME LATEX ENTERPRISES VS THE COMMISSIONER OF CGST THIRUVANANTHAPURAM (2026-VIL-61-GSTAT-TVP)**

  What is "Suppression of Facts": The GSTAT held that the mere act of taking self-assessed ineligible ITC on the portal does not constitute 'suppression of facts' under Section 74. Since the transactions were disclosed in GSTR-9C filings, the Department

cannot invoke Section 74 without proving deliberate intent to evade tax.

- **VIJAYAN SAHADEVAN (DECEASED) VS THE COMMISSIONER OF KERALA STATE GST (2026-VIL-60-GSTAT-TVP)**

  Section 16(5) - The GSTAT held that the retrospective insertion of Section 16(5) allows input tax credit on returns filed up to 30-11-2021 for FY 2017-18 to 2020-21, override-disallowing limitations under Section 16(4). It also clarified that post-death recovery requires formal proceedings against legal heirs.

- **M/S SHAKTI ENTERPRISES VS THE PRINCIPAL COMMISSIONER OF CENTRAL TAX, MYSORE (2026-VIL-875-KAR)**

  Pre-deposit of pre-GST regime from TRAN ECL Balance: The Karnataka High Court held that mandatory pre-deposits under Section 35F of the Central Excise Act can be validly made by debiting transitioned CENVAT credit from the Electronic Credit Ledger, as the statutory scheme protects vested rights and preserves credit utility.

- **THE PR. COMMISSIONER CGST & CX, SILIGURI VS M/S AGARWALA'S BITUMEX PRIVATE LIMITED (2026-VIL-57-GSTAT-KLK)**

  ITC – Burden of Proof: The GSTAT held that toll plaza receipts are not mandatory to establish the physical movement of goods where valid tax invoices, E-way Bills, and transport records exist. Additionally, ITC cannot be denied based on the registration cancellation of second-level suppliers.

- **M/S SHREE KARNI ELECTROVISION VS UNION OF INDIA (2026-VIL-934-RAJ)**

  Section 16(2)(c): The Rajasthan High Court held that a purchasing dealer cannot claim ITC under Section 16(2)(c) unless the tax is actually paid by the supplier. This mandatory condition is not waived even if the supplier enters insolvency proceedings under the IBC.

- **COMMISSIONER, CGST APPEAL 1, DELHI ETC VS BHARTI AIRTEL LIMITED (2026-VIL-83-SC)**

  ITC on telecom Towers: The Hon'ble Supreme Court dismissed the Revenue's review petitions against its earlier decision in the Bharti Airtel case regarding the eligibility of Input Tax Credit on telecommunication towers. After an exhaustive review of the grounds raised by the Department, the Bench concluded that there was no error apparent on the face of the record to justify reconsideration. This dismissal reinforces the settled position and provides much-needed certainty for telecom operators seeking to claim credits on tower-related infrastructure.

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IV. Reverse Charge Mechanism under GST

- **KANWAL CHAUDHARY VS INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (2026-VIL-882-DEL)**

  Scope of "Legal Service" for levy of GST under RCM: The Delhi High Court held that an advocate enrolled with the Bar Council acting as an Insolvency Professional is governed by the forward charge mechanism. The RCM exemption for legal services under Notification 13/2017 does not apply to insolvency and receivership services.

V. Zero-rating and Refunds

- **M/S GOODLUCK INDIA LIMITED VS UNION OF INDIA (2026-VIL-75-SC)**

  Omission of Rule 96(10) - The Supreme Court held that the omission of Rule 96(10) of the CGST Rules, 2017 via Notification No. 20/2024, without a saving clause, operates retrospectively on all pending refund proceedings. Applying the Constitution Bench principle from Kolhapur Canesugar, the Court explained that the omission of a rule obliterates it entirely from the statute book as if it never existed. Consequently, taxpayers with pending export refund claims are freed from the restrictive conditions previously imposed under the omitted rule.

VI. Adjudication/ Principles of Natural Justice

- **REDDY VEERANNA CONSTRUCTIONS PVT LTD VS APPEAL I COMMISSIONER & ORS (2026-VIL-45-GSTAT-HYD)**

  Pre-deposit for penalty-only appeals: The GSTAT ruled that no statutory pre-deposit under Section 112(8) of the CGST Act is required for admitting an appeal against an order demanding only penalty (without any tax dispute) when the impugned order was issued prior to 01.10.2025. The Tribunal observed that the proviso to Section 112(8), which mandates a ten percent pre-deposit for penalty-only disputes, was introduced prospectively by the Finance Act 2025 with effect from 01.10.2025. Non-existent statutory conditions limiting substantive rights of appeal cannot be retrospectively applied to proceedings initiated before the amendment became effective

- **TATA UNISTORE LIMITED VS COMMISSIONER CGST & EX. NAVI MUMBAI COMMISSIONERATE & ORS (2026-VIL-46-GSTAT-THN)**

  Jurisdiction over transitioned pre-GST credits: The GSTAT held that CGST authorities lack jurisdiction under the CGST Act to question or deny CENVAT or VAT credit transitioned via Form GST TRAN-1 when such credits were never challenged under the erstwhile pre-GST regime. Under Section 142(6)(a) and Section 174(2)(e), any recovery or verification of historical credits must be initiated strictly under the provisions of the erstwhile laws. Additionally, the Tribunal ruled that transition of

Krishi Kalyan Cess (KKC) is permissible as the restrictive explanations were not operationalized, and transitioned VAT credit cannot be denied based on minor, post-facto technical invoice discrepancies.

- **M/S G.R. INFRA PROJECTS LIMITED RATLAM VS THE STATE OF MADHYA PRADESH (2026-VIL-86-SC)**

  Extended period of Limitation in GST: The Supreme Court set aside a show cause notice issued past the three-year normal limitation period. The Court held that invoking the five-year extended period under Section 74 of the CGST Act requires specific, detailed, and clear allegations of fraud or suppression in the notice itself. Mechanical use of statutory words without listing the supporting persuading aspects is invalid, and such deficiencies cannot be supplemented later by a counter-affidavit.

- **M/S TATA STEEL LIMITED VS UNION OF INDIA THROUGH THE SECRETARY MINISTRY OF FINANCE (2026-VIL-87-SC)**

  Invoking Section 74 under GST: The Supreme Court quashed a show cause notice under Section 74 of the CGST Act. The Court ruled that the Assessing Officer must establish distinct jurisdictional facts demonstrating active fraud or willful misrepresentation rather than a simple mismatch of input tax credit. Since the notice was issued past the normal limitation period of Section 73, and the Revenue failed to prove any deliberate concealment, the extended period was held inapplicable.

- **FAIZ ENTERPRISE VS STATE TAX OFFICER, UNIT-67, SURAT (2026-VIL-932-GUJ)**

  Mechanical use of AI: The Gujarat High Court quashed a registration cancellation order passed by the STO that relied exclusively on AI-generated, non-existent or irrelevant case laws. The Court held that using AI tools without independent verification and human oversight violates procedural due process.

- **KANAN INTERNATIONAL PVT LTD VS UNION OF INDIA (2026-VIL-933-GUJ)**

  Limitation period for filing an appeal: The Gujarat High Court held that when a rectification application under Section 161 of the CGST Act is filed within the 90-day statutory period, the limitation period for filing an appeal commences from the date of the rectification order, not the original order.

- **SIDDHI VINAYAK AUTOMOBILES (2026-VIL-52-GSTAT-TVP)**

  EWB Order timeline: The GSTAT held that the 7-day timeline prescribed under Section 129(3) of the CGST Act for passing a penalty order is strictly

mandatory. Failure by the proper officer to adhere to this timeline renders the resulting detention and penalty order void and without jurisdiction.

VII. Pre-GST regime

- **COMMISSIONER OF SERVICE TAX, CHENNAI VS M/S DIEBOLD SYSTEMS (P) LTD (2026-VIL-73-SC-ST)**

  Works Contract Service: The Supreme Court dismissed the Revenue's appeals, holding that the Department cannot artificially vivisect indivisible composite turnkey contracts for the installation and commissioning of ATMs to levy service tax on a notional service element prior to the introduction of Works Contract Service in 2007. The Court emphasized that in the absence of express statutory authority to split composite contracts, the charging provisions must be strictly construed, and tax liability cannot be fastened on a dissected portion of a turnkey bargain.

- **UNION OF INDIA VS THE BOARD OF TRUSTEES OF THE PORT OF BOMBAY (2026-VIL-89-SC-CU)**

  Port Trust: The Supreme Court analyzed the interaction between the saving clause in Section 45(1) and the non-obstante clause in Section 45(3) of the Customs Act. The Court held that the Port Trust, as an approved custodian of the customs area, is strictly liable for customs duty on pilfered goods under Section 45(3). The non-obstante clause overrides any civil bailment limitations in the Major Port Trusts Act, establishing an independent statutory tax liability.

- **M/S B.D. AUTOMOBILES PRIVATE LIMITED VS COMMISSIONER OF SERVICE TAX-II, KOLKATA (2026-VIL-1401-CESTAT-DEL-ST)**

  Incentives and Discounts: The CESTAT held that target-linked dealer incentives and discounts received by an authorized dealer from a vehicle manufacturer under a principal-to-principal relationship represent trade discounts, not taxable considerations for providing Business Auxiliary Services**.**

- **LIFE INSURANCE CORPORATION OF INDIA VS COMMISSIONER OF CGST & CENTRAL EXCISE, MUMBAI SOUTH (2026-VIL-1394-CESTAT-MUM-ST)**

  Forfeiture Income: The CESTAT ruled that the forfeiture of premiums on lapsed life insurance policies does not constitute a taxable declared service of 'tolerating a breach' under Section 66E(e). The forfeiture is an integral part of the insurance contract itself.

- **AUDI AUTOMOBILES VS COMMISSIONER OF CENTRAL EXCISE AND SERVICE TAX, INDORE (2026-VIL-80-SC-CE)**

  Extended Period of Limitation: The Supreme Court ruled that the extended period of limitation under Section 11A of the Central Excise Act cannot be invoked in a valuation dispute where the relevant facts were fully within the knowledge of both the Department and the job worker. The Court reiterated that 'suppression' requires a

positive, deliberate act with intent to evade duty, which cannot be presumed from a bona fide difference in valuation methodologies.

- **M/S CARESTREAM HEALTH INDIA PVT LTD VS COMMISSIONER OF CUSTOMS (2026-VIL-76-SC-CU)**

  Classification or laser imagers: The Supreme Court upheld the reclassification of imported laser imagers under the residuary tariff heading CTH 9033 as accessories suitable for use with diagnostic machines. The Court clarified that since the laser imagers do not possess independent diagnostic skills or capabilities, they cannot be classified as diagnostic apparatus under CTH 9018, confirming that specialized auxiliary functionaries remain accessories under the Customs Tariff Act

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D. GST COMPLIANCE CHART FOR SEPTEMBER 2026

S N	Due Date	Form	Period	Periodicity	Special Remarks
1.	10.09.2026	GSTR – 7	August 2026	Monthly	To be filed by those who are required to deduct TDS under GST
2.	10.09.2026	GSTR – 8	August 2026	Monthly	To be filed by those who are required to collect TCS under GST
3.	11.09.2026	GSTR – 1	August 2026	Monthly	Taxpayers filing GSTR - 1 monthly
4.	13.09.2026	GSTR – 5	August 2026	Monthly	To be filed by a non-resident foreign taxpayer registered in GST
5.	13.09.2026	GSTR – 6	August 2026	Monthly	To be filed by an ISD
6.	13.09.2026	IFF	August 2026	Monthly	To be filed by those under QRMP Scheme (optional)
7.	20.09.2026	GSTR – 3B	August 2026	Monthly	To be filed by Taxpayer filing monthly GSTR 3B
8.	20.09.2026	GSTR – 5A	August 2026	Monthly	To be filed by non-resident Online Information and Database Access or Retrieval (OIDAR) services provider
9.	25.09.2026	PMT - 06	August 2026	Monthly	Challan to be filed for payment by those under QRMP Scheme