

A full-page background image showing a vibrant green rice field in the foreground, a dense line of tropical trees including palm trees in the middle ground, and a dark, stormy sky with heavy rain falling diagonally across the frame.

GCo Connect - June 2025

Gabhawalla & Co | Chartered Accountants

Greetings to all our readers!

May 2025 brought a mix of developments across the country — both in terms of weather and regulatory updates. While the monsoon arrived ahead of schedule, the due date for filing Income Tax Returns for FY 2024-25 has been extended from 31st July to 15th September. The extension will now overlap with GST reconciliations for FY 2024-25. Thus, early attention will help ensure that necessary actions — such as additions, amendments, or rectifications — are undertaken well in advance of the 30th November deadline.

We would also like to take this opportunity to remind taxpayers involved in construction of residential projects that by the end of June, such taxpayers are required to assess the proportion of their inputs and input services sourced from registered suppliers versus unregistered ones. As per the 80-20 compliance rule, if purchases from registered suppliers fall below 80% of total procurements for the previous financial year, the shortfall must be addressed by paying tax under the RCM. The due date for computing this ratio and discharging any applicable RCM liability is 30th June.

Through this month's newsletter, we bring to you a summary of recent developments in GST, divided into the following sections:

- A. [What's New?](#)
- B. [Recent decisions from the Judiciary](#)
- C. [Recent Advance Rulings](#)
- D. [GST Compliance Chart for the month of June 2025](#)

GST Sector Spotlight | Insight Series

We have conducted two sessions in our latest video series wherein we simplify the complexities of GST Law, equipping you with practical insights to seamlessly apply them to your business – one sector at a time. The details of the said sessions are tabulated below for quick access:

Topic	Date	YouTube Link
RCM in the Real Estate Sector	25-Apr-2025	Click here
Issues in Hospitality Sector	30-May-2025	Click here

We look forward to hearing from you for any feedback or suggestion.

Team GCo

A. What's New?**I. Instructions issued during the month****• Grievance Redressal Mechanism for GST Registration Issues**

- The CBIC has planned to introduce a streamlined grievance redressal mechanism to address concerns related to GST registration applications for taxpayers assigned to Central Jurisdiction.
- The CBIC has instructed each CGST Zone's Principal Chief Commissioner/ Chief Commissioner to publicize an official email address for grievance submissions.
- If the grievance pertains to State jurisdiction, the concerned CGST office will forward it to the State GST authority, with a copy sent to the GST Council Secretariat.

Instruction No. 04/2025 - GST dated 02.05.2025.

• Timely production of records/ information for audit

- The CBIC has issued this present instruction for their field officers promptly provide records/ information to C&AG audit team when requested. If requested records are held by taxpayers, officers should send formal requests to them for expedited submission along with regular follow-ups
- The instruction has been issued to tackle the issue of non-production of records/ information by the field formations to C&AG Audit teams.

Instruction No. 05/2025 - GST dated 02.05.2025.

II. Portal updates**• Advisory on changes in GST Refund filing process**

- The GSTN has revised the refund filing process for the following categories:
 - (a) Export of Services with payment of tax
 - (b) Supplies to SEZ Units/ Developers with payment of tax
 - (c) Refund claimed by Suppliers of Deemed Exports
- Moving forward, Taxpayers will no longer be required to select a specific tax period (i.e., 'From' and 'To') when filing refund applications for the above categories. They can now directly select the refund category and create the application.
- Refund application and claims will now be filed based on individual invoices, instead of a tax period-based approach. Eligible invoices must be uploaded in the respective statements for each of the above-mentioned refund categories.
- As a result, once an invoice is uploaded in a refund application, they will be locked and cannot be amended or used for subsequent refund claims. However, invoices can be unlocked if the refund application is withdrawn or a deficiency memo is issued.

GCo Comments

This is a fantastic development from the GSTN as this will aid taxpayers immensely. As far as taxpayer is concerned, he need not wait for complete compliances of all invoices of a particular month. Instead, he can apply for refund based on the invoices which are compliant for Exports/ SEZ supplies/ Deemed exports. This indirectly means that since there is no identification of export tax invoices based on the tax period [for above-mentioned three (3) categories], multiple refund applications can be filed for different invoices of the same tax period.

GST Portal advisory dated 08.05.2025

- **Roll-back of previous advisory regarding Table 3.2 of Form GSTR 3B (inter-state supplies to URD):**
 - The GSTN has previously issued an advisory on 11.04.2025 that the values will be auto-populated in Table 3.2 and the same would be made non-editable for taxpayers.
 - However, several representations and grievances were received from taxpayers regarding this change.
 - Hence, GSTN has decided to continue with auto-population of values in Table 3.2, but the same will remain editable for now i.e., taxpayers can review and amend auto-populated entries, if required before filing GSTR 3B.

GST Portal advisory dated 16.05.2025

- **Advisory on Appeal withdrawal with respect to Waiver scheme:**
 - The GSTN has issued an advisory on the how the portal functions w.r.t. withdrawals of appeals, specially in respect of the on-going waiver scheme.
 - It has now been clarified by GSTN that if a taxpayer submits a Withdrawal Application (APL-01W) before the appellate authority issues the final acknowledgment (APL-02), the system automatically withdraws the appeal, updating its status from “Appeal Submitted” to “Appeal Withdrawn”
 - If the withdrawal request is filed by the taxpayer after issuance of final acknowledgment (APL-02), it is subject to the appellate authority’s approval. Once approved, the system updates the appeal status to “Appeal Withdrawn”
 - The waiver scheme requires no appeal should remain pending and hence, it is advised that taxpayers filing a waiver application must upload a screenshot showing the appeal status as “Appeal Withdrawn” to support their claim (specially in case where APL-02 was not issued in the first place).

GST Portal advisory dated 14.05.2025

- **Advisory on Updates in Refund Filing Process for Recipients of Deemed Export**
 - The GSTN has introduced the following changes in the refund application process for recipients of deemed exports:

- (a) No Chronological Filing Required - Taxpayers can now file refund applications without selecting “From” and “To” periods, making the process more flexible
- (b) Revised “Amount Eligible for Refund” Table - The refund form now includes updated columns:
 - ➔ Balance in Electronic Credit Ledger (ECL)
 - ➔ Net Input Tax Credit (ITC) from Deemed Exports from Statement 5B
 - ➔ Refund Amount Based on Invoices
 - ➔ Eligible Refund Amount (auto-calculated as per GST refund rules)
 - ➔ Non-eligible Refund Amount due to ECL balance limitations
- (c) Optimized Refund Calculation - The system now maximizes refund eligibility, comparing ITC amounts across IGST, CGST, and SGST in the Electronic Credit Ledger, regardless of individual head balances.

GST Portal advisory dated 08.05.2025

- **Advisory regarding Invoice-wise reporting functionality of Form GSTR 7:**

- Vide Notification No. 09/2025 - Central Tax dated 11.02.2025, Form GSTR-7 has been amended to capture invoice-wise reporting with effect from 01.04.2025 i.e. the return period for April 2025 onwards
- However, development and testing of the same is underway. Accordingly, it has been clarified that the implementation of invoice-wise reporting in Form GSTR-7 on GST portal will be deployed on portal soon.

GST Portal advisory dated 06.05.2025

B. Recent Decision from the Judiciary:**Category: “Business” under GST****1. Goa University vs. Joint Commissioner, CGST [2025-TIOL-622-HC-MUM-GST]****Background facts:**

Goa University is established under the Goa University Act, 1984. It is a statutory institution providing higher education in the state of Goa. The university conducts various academic activities, including affiliating colleges, conducting examinations, and awarding degrees. It also collects fees such as affiliation charges, examination fees, prospectus sales, and other service fees from students and affiliated colleges.

Key Issue Raised:

- Whether the university, being a statutory educational institution, falls under the definition of “business” under the GST law?
- Whether the university's activities, such as affiliation, examination, and fee collection, amount to “supply of services”?

Gist of the Decisions:

The Bombay High Court, after examining relevant GST provisions, constitutional principles, and prior judicial decisions, held that Goa University's primary activities are educational and statutory in nature. It was emphasized that educational activity cannot be termed as a business activity to demand tax,

The university's activities do not meet the criteria for “business” under Section 2(17) of the GST Act. Hence, the court set aside the demand on the petitioner in this case, and thus confirming the non-applicability of GST to the university's operations - core and incidental to core. The Hon'ble Court also highlighted that the affiliation fee is a statutory fee and not a consideration.

The court also observed that the university's functions, including affiliation, examinations, and issuing certificates, are integral to providing education and are specifically exempted from GST under Entry No. 66 of Notification No.12/2017-CT (R).

GCO comments:

This is a welcome judgement from the Bombay High Court that clearly explains the concepts of “business activity” and “consideration”. The High Court went a step ahead to state that clarification regarding affiliation fees provided by Circular No. 234/28/2024-GST dated 11.10.2024 is erroneous. The Hon'ble HC held that the plain language of the Exemption Entry No. 66 of Notification No.12/2017-CT (R) which exempts services by educational institution will cover the alleged activities within the scope of exemption when read holistically.

Category: Pre-deposit before filing of any appeal**2. UoI vs Yasho Industries Ltd [2025-VIL-33-SC]****Background facts:**

The defendant (i.e., Yasho Industries Ltd) had filed an appeal against a demand rejecting IGST refunds on exports and deposited the pre-deposit amount using the Electronic Credit Ledger (ECL). Department had challenged the same and directed the petitioner to deposit the pre-deposit amount only via the Electronic Cash Ledger. The petitioner challenged this direction before the Hon'ble HC of Gujarat and the court ruled that the pre-deposit under Section 107(6)(b) of the CGST Act can be paid using ECL. The Department now filed a Special Leave Petition before the Hon'ble Supreme Court against the decision of the Hon'ble HC of Gujarat.

Key Issue Raised:

Whether pre-deposit can be made using balance available in the ECL?

Gist of the Decisions:**Supreme Court's decision:**

The Hon'ble Supreme Court dismissed the Special Leave Petition filed by the Department and ruled that the decision of the Gujarat High Court did not call for any interference.

Gujarat HC's decision:

The Gujarat HC had held that 'output tax payments' - whether self-assessed or determined through proceedings- can be made using ECL. The HC noted that this decision of the HC aligns with the clarification issued by the CBIC vide Circular No. 172/04/2022-GST dated 6th July 2022 also permits the same. The Gujarat HC also relied on the similar judgement passed in the case of Oasis Realty by Bombay HC [2022-VIL-674-BOM].

GCO comments:

The recent judgment by the Hon'ble Supreme Court provides much-needed clarity on the issue of pre-deposit payments via the ECL, finally settling the debate. This decision safeguards taxpayers from unnecessary cash outflows, especially when sufficient ECL balance is available. However, caution is advised—if the demand pertains to tax payable under RCM, the pre-deposit must be made via the Electronic Cash Ledger, as RCM liabilities cannot be discharged using ECL.

Category: Nature of Service – ‘intermediary’ or not?**3. Columbia Sportswear India Pvt Ltd vs. UoI [2025-VIL-512-KAR]****Background facts:**

The petitioner entered into “Buying Support Services Agreements” with Columbia Sportswear Company, a foreign entity, to assist in identifying procurement sources outside India. The petitioner provides services directly to the foreign company, and these services are paid on a cost-plus basis rather than on success or commission basis.

Key Issue Raised:

Whether the petitioner qualifies as an ‘intermediary’ under Section 2(13) of the IGST Act or whether the services provided amount to an export of services?

Gist of the Decision:

The Hon’ble HC held that the petitioner’s activities do not classify as an ‘intermediary’ under Section 2(13) of the IGST Act. The court examined the agreements and found that the petitioner provided services directly to the foreign entity, without ‘facilitating’ supply or ‘acting on its behalf’ in transactions involving third parties. The HC also noted that the services were more akin to business support or procurement assistance rather than acting as an agent or intermediary. Further, the remuneration was purely for services rendered, on a cost-plus basis, which is typical of export services rather than agency arrangements. Hence, the Hon’ble HC concluded that the petitioner’s role was that of an independent service provider, and the services qualifies as export of services.

GCO comments:

Whenever the issue involves the foreign parent company and an Indian subsidiary/ related company – the angle of ‘intermediary’ is the most common ‘tool’ used by the Department. The circular on ‘intermediary’ under GST (Circular No. 159/15/2021-GST dated 20.09.2021) is a comprehensive reference point which explains the essential conditions required to be fulfilled for any person to be treated as an ‘intermediary/ agent’. The Department many times fails to understand the activities (based on scope of work in agreements) done by the Indian taxpayer and precedes on an assumption that the services rendered would be in the nature of ‘intermediary services’, without really establishing how the person qualifies as ‘intermediary.’

Category: Scope of ASMT-10 notice**4. M/s. Sri Ram Stone Works vs. State of Jharkhand [2025-VIL-457-JHR]****Background Facts:**

A notice in Form GST ASMT-10 was issued alleging that the petitioner had sold goods at prices lower than the prevalent market price and required them to explain why proceedings under Sections 73/ 74 should not be initiated.

Key Issue Raised:

Whether the notice u/s 61 of the CGST Act (i.e., Form GST ASMT-10) can be issued for comparison of transaction value?

Gist of the Decision:

The Hon'ble Jharkhand High Court held as under:

- Comparing the transaction value with the prevalent market price exceeds the scope of Form GST ASMT-10, which only allows scrutiny of discrepancies in returns.
- Tax authorities cannot initiate proceedings solely based on a difference between transaction price and market price unless additional grounds for tax evasion exist.
- The impugned Form GST ASMT-10 notices were quashed as being without jurisdiction with a caveat that tax authorities may issue fresh notices regarding actual discrepancies in returns if found.

GCO comments:

The Hon'ble HC has given a well-reasoned Order to hold that the notice issued under Section 61 of the CGST Act i.e., Form GST ASMT-10 must be confined to discrepancies in returns and not beyond that. As a taxpayer, one must be aware whether the procedure followed by the department is correct or not. The Department may conduct audit/ issue summons and gather facts to determine whether the transaction in question was sham or not and based on that proceed to recover tax u/s 73/ 74 of the CGST. However, Form GST ASMT-10 is not the correct medium for any issue other than discrepancy in the returns.

Category: Opportunity Personal Hearing**5. Modine Thermal Systems Private Ltd vs State of Uttarakhand [2025-VIL-478-UTR].****Background facts:**

The petitioner received SCN in Form GST DRC-01 on 28.11.2024 proposing a tax demand along with interest and penalty. In the said notice, the date for the personal hearing was fixed for 20.12.2024, while the last date for submission of the reply was 28.12.2024. The petitioner requested an adjournment of the hearing so that their response could be submitted first, but the request was rejected by the adjudicating authority.

Key Issue Raised:

Whether fixing the personal hearing before the last date for reply submission is acceptable under the CGST Act, 2017?

Gist of the Decision:

The Hon'ble Uttarakhand High Court ruled that fixing the hearing before the deadline for reply submission is as good putting the cart before the horse. The HC held that such approach is contrary to the scheme of the Act because the personal hearing must be based on the reply. Hence, the assessment order passed in this case was set aside, and the matter was remitted back to the adjudicating authority.

GCO comments:

The above decision of the HC is a welcome decision which reinforces taxpayers' procedural rights and the importance of strict compliance with the law. It is a common place understanding that the submissions intended to be made during the personal hearing would necessarily be on the basis of the reply effected and hence, any opportunity of personal hearing before submission of reply would render such opportunity useless. As taxpayer,

one must also insist on requesting personal hearing after submission of reply to ensure effective opportunity of hearing.

Category: Late Fees and General Penalty

6. Jainsons Castors & Industrial Products vs Asst. Commissioner [2025-VIL-509-MAD]

Background facts:

The petitioner company was issued a notice under Section 47 read with Section 73 of the TNGST Act for failure to file the annual return. The petitioner was charged a late fee under Section 47(2) and an additional general penalty of ₹50,000/- under Section 125 for the same default in the said SCN.

Key Issue Raised:

Whether a general penalty under Section 125 can be imposed when Section 47 already prescribes a specific penalty for late filing?

Gist of the Decision:

The Madras High Court held that Section 47 is an independent provision that specifically deals with late filing of returns, and therefore Section 125 (general penalty) cannot be applied in such cases. The HC held that that penalty under Section 125 was incorrect and should be set aside, but the late fee under Section 47 remains valid.

GCO comments:

The above case highlights that when the law prescribes a specific penalty for a specific non-compliance, then general penalty would not be triggered. The Hon'ble HC has judiciously considered imposition of late fees as equivalent to penalty while setting aside the general penalty. This principle of 'double jeopardy' is also enshrined in the Constitution of India whereby, Article 20 states that no person shall be punished twice for the same offense.

C. Recent decisions from Authority for Advance Ruling

1. In re: Dharmaraju Ragul [2025-VIL-64-AAR = 17/ARA/2025 (Tamil Nadu)]

Background facts:

The Applicant is an unregistered entity who is planning to purchase a goods carriage and give it to rent/ lease to a Goods Transportation Agency (GTA).

Key Issue Raised:

- a) Whether goods carriage given on lease to GTA is a taxable supply or exempted supply?
- b) Whether the service provider has to be a Goods Transportation Agency (GTA) to avail the above-mentioned exemption or it can be any other person?

Gist of the Ruling:

- a) The supply of goods carriage on hire or lease to a GTA is a supply which is exempted under GST by virtue of Sl. No. 22 of Notification No.12/2017-CT (Rate) dated 28-06-2017, as updated from time to time.
- b) The service provider, namely the applicant, need not be a goods transport agency to claim the benefit of the exemption granted by the said notification.

GCO comments:

This advance ruling is important for individuals who are truck owners operating independently wherein they sometimes provide their vehicle(s) to another GTA during their own slack period or for better value. Irrespective of their own status, transport vehicle given on hire to another GTA is eligible for exemption. This also re-emphasises the logic that government does intend to collect tax at each leg of the transaction but only at the last leg wherein the services of transport are actually provided to the end customer, either as RCM or GTA paying tax under FCM.

D. GST Compliance chart for June 2025

S N	Due Date	Form	Period	Periodicity	Special Remarks
1.	10.06.2025	GSTR - 7	May 2025	Monthly	To be filed by those who are required to deduct TDS under GST
2.	10.06.2025	GSTR - 8	May 2025	Monthly	To be filed by those who are required to collect TCS under GST
3.	11.06.2025	GSTR - 1	May 2025	Monthly	Taxpayers filing GSTR - 1 monthly
4.	13.06.2025	GSTR - 5	May 2025	Monthly	To be filed by a non-resident foreign taxpayer registered in GST
5.	13.06.2025	GSTR - 6	May 2025	Monthly	To be filed by an ISD
6.	13.06.2025	IFF	May 2025	Monthly	To be filed by those under QRMP Scheme (optional)
7.	20.06.2025	GSTR - 3B	May 2025	Monthly	To be filed by Taxpayer filing monthly GSTR 3B
8.	20.06.2025	GSTR - 5A	May 2025	Monthly	To be filed by non-resident Online Information and Database Access or Retrieval (OIDAR) services provider
9.	25.06.2025	PMT - 06	May 2025	Monthly	Challan to be filed for payment by those under QRMP Scheme

Disclaimer

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

Sunil Gabhawalla @ sunil@sbgco.in

Yash Parmar @ yash@sbgco.in

Parth Shah @ parth@sbgco.in

Darshan Ranavat @ darshan@sbgco.in

Aman Haria @ aman@sbgco.in

Click to stay connected →

