

LET THE ADVENTURE BEGIN!

GCo Connect – May 2025

Gabhawalla & Co | Chartered Accountants



“ISD”

Greetings to all our readers!

India's GST collections in April 2025 reached a record high, showing clear signs of strong economic activity. This increase reflects ongoing economic recovery and growth. A major reason for the rise is the year-end reconciliation process as well. In April 2025, GST revenue rose to an all-time high of ₹2.37 lakh crore, which is a 12.6% increase compared to April last year, according to the data released by the Government.

Looking back, April has always been a happy period for the Government where the revenues generally spike up from average GST collection amounts. As far as taxpayers are concerned, April has always been a month for implementing a new change introduced by the Government. This April 2025 was no different with implementation of the new mandatory ISD provisions. We would also like to take this opportunity to remind our readers that 13th May 2025 will be the due date to file Form GSTR 6 for all the ISD registrations obtained in the month of April 2025.

Likewise, in April 2025, we at M/s. Gabhawalla & Co. also launched our new monthly insight video series wherein we host a live session conducted by one of our partners, which will take a deep dive into the nuances of the sector-specific GST issues and share practical insights to help you understand how the law is evolving for your business. For those who missed the session last month, you can view the same on our YouTube channel by clicking [here](#). The date for next session in May 2025 will be announced shortly so stay tuned and stay connected!

Further, now that the FY 2024-25 is over, it's important to match your purchase and sales records with what you have reported in your GST returns. Since ITC must be matched before being claimed in GSTR-3B, businesses can now see any unmatched ITC at the end of each month. Don't wait until October 2024, and instead check this data early and follow up with vendors if needed. Acting now can help fix mistakes from last year's returns and avoid losing ITC or paying extra interest.

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 May 2025](#)

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

Team GCo

A. What's New?

I. **Instructions issued during the month**

- **Instructions for processing of applications for GST registration**

- The CBIC has taken cognisance of the fact that varied practices are being followed by the officers regarding processing of registration applications. These varied practices were mainly related to information/clarifications/documents sought in regards of proof of principal place of business, constitution of business, identity details of authorized signatory, owner etc.
- With a view to reduce registration related complaints and also ensure process streamlining, the CBIC has issued the present instruction (which supersedes the previous instruction No. 03/2023-GST dated 14th June, 2023).
- The present instruction provides an indicative list of documents to be submitted along with the registration application. Further, officers are also instructed to adhere to this document list in respect of processing of registration application.

- ❖ Documents in respect of Principal Place of Business:

- ➔ Owned premises

- Property Tax receipt or Municipal Khata copy or copy of Electricity Bill in the name of the owner (any one)

- ➔ Rented premises

- Valid Rent/ Lease agreement
 - Any one of the Property Tax receipt or Municipal Khata copy or copy of Electricity Bill in the name of the owner.
 - a copy of the identity proof of the lessor (when Rent/ Lease agreement is not registered)

- ➔ For premises not covered above (e.g., ownership of premises is with spouse, relative etc)

- Consent letter by the concerned owner
 - Any one of the Property Tax receipt or Municipal Khata copy or copy of Electricity Bill in the name of the owner.
 - a copy of the identity proof of the owner

- ➔ Rented premise but agreement not available

- An affidavit that rent/ lease agreement is not available (notarized and executed on non-judicial stamp paper of minimum value)
 - Any document supporting possession of the premises by applicant (e.g. Electricity bill in the name of applicant)

- ➔ Located in SEZ unit

- Documents/ certificates issued by the Government of India

❖ Documents in respect of Constitution of business:

➔ Partnership Firm

- Partnership Deed

➔ Others (Society, Trust, Club, Government Department, Association of Persons or Body of Individuals, Local Authority, Statutory Body and Others)

- Registration Certificate/ Proof of Constitution

❖ Summary of the Steps to be followed by officers

- Carefully examine the documents listed in FORM GST REG-01, ensuring they are legible, complete, and relevant, especially for proof of Principal Place of Business. Request legible, complete, and relevant copies if the documents are incomplete or illegible.
- Cross-verify the address details with publicly available sources like land registries, municipal records, and utility providers to confirm authenticity.
- Approve applications within 7 working days if flagged as non-risky and complete. For applications flagged as risky, follow the prescribed procedures and ensure timely verification
- For flagged applications, initiate necessary investigations like physical verification or additional clarifications. Ensure physical verification is completed, and reports uploaded in FORM GST REG-30 at least 5 days before the 30-day statutory deadline.
- Conduct physical verification in accordance with Rule 9 of CGST Rules and Rule 25 and include GPS-enabled photos, verification reports of existence/non-existence of the premises, and efforts made to locate premises. Ensure all reports, photographs, and documents related to physical verification are uploaded timely.
- Reassign verification ARN to the correct jurisdiction if it belongs elsewhere.
- Seek only those documents listed in FORM GST REG-01 unless explicitly required for verification. No additional document like Udhyam certificate, MSME certificate, shop establishment certificate, trade license etc. should be sought from the applicant.
- Officers should refrain from asking irrelevant, presumptive questions unrelated to submitted documents, such as residential address discrepancies or banned HSN codes, to prevent unnecessary delays.

SBGCO comments:

These instructions are a welcome breath of fresh air and steps in the right direction to streamline processing, reduce delays, and avoid unwarranted queries, thereby facilitating smoother registration for genuine applicants while maintaining checks against fraud.

Instruction No. 03/2025 - GST dated 17.04.2025.

II. Portal updates

- **Advisory on Case Insensitivity in IRN Generation**

- The GSTN portal has issued a clarification that w.e.f. 1st June 2025, the IRP (Invoice Reporting Portal) would treat invoice/document numbers as case-insensitive for the purpose of IRN generation.
- This means that invoice numbers reported in any format (e.g., "abc", "ABC", or "Abc") would be automatically converted to uppercase before IRN generation. This would be done to ensure consistency and avoid duplication and align with GSTR 1's treatment.

GST Portal advisory dated 04.04.2025

- **Advisory regarding Table 12 of Form GSTR 1 (HSN related reporting):**

- The GSTN portal has implemented the following changes in April 2025's Form GSTR 1 – Table 12 (reporting of HSN details of Outward supply):
 - a. HSN details of B2B and B2C supplies to be reported separately
 - b. Manual entry of HSN will not be allowed. HSN to be mandatorily selected from the drop down available in Table 12.

GST Portal advisory dated 11.04.2025

- **Advisory regarding Table 3.2 of Form GSTR 3B (inter-state supplies to URD):**

- The GSTN portal has issued an update that from April 2025's Form GSTR 3B, Table 3.2 which reports 'inter-state supplies made to unregistered persons, composition taxpayers, and UIN holders', shall be auto-generated by the system based on details reported in Form GSTR 1/1A/ IFF.
- The advisory also clarifies that if any modification/ amendment is required in auto-populated values of Table 3.2 of GSTR-3B, the same can be done only by amending the corresponding values in respective tables of GSTR-1A or through Form GSTR-1/ IFF filed for subsequent months.

GST Portal advisory dated 11.04.2025

B. Recent Decision from the Judiciary:

Category: Claim of ITC in wrong head

1. MJBR Marketing and Financial Services Pvt Ltd vs. UoI [2025-TIOL-610-HC-KERALA-GST]

Background facts:

The petitioner, a registered GST taxpayer, mistakenly claimed ITC under the wrong tax head. Instead of claiming under CGST and SGST, the petitioner claimed the credit under IGST while filing GSTR-3B. This caused a mismatch with GSTR-2A. The tax authorities issued an order demanding tax, interest, and penalty from wrong claim of ITC.

Key Issue Raised:

Whether using CGST and SGST credits to pay IGST liability, due to a genuine human error, constitutes a wrongful availment of credit warranting action under Section 73 of the CGST Act?

Gist of the Decisions:

The Kerala High Court held that the error did not result in tax evasion or short payment. It relied on CBIC Circular No. 192/04/2023 and a prior ruling (Rejimon Padickapparambil Alex - 2024-TIOL-2024-HC-KERALA-GST) to clarify that the GST credit ledger is seen as a single pool of funds. Hence, using the available credit from any head to pay IGST should not attract penalty under Section 73. The Court quashed the orders and directed the department to pass a fresh order.

Furthermore, the High Court also remarked that if the Centre faced any revenue loss, it could approach the GST Council for relief as the petitioner cannot be penalized for the same.

SBGCO comments:

As a taxpayer, it is important to ensure that silly/typographical/inadvertent errors are kept at bay while filing of returns & submissions. However, it is inevitable that some mistakes will crop in. Sometime, such mistakes can make you visit High Courts as well. Though the decision is a favourable one for the taxpayer, the ground level officers will find it difficult to put this into practice. Unless the CBIC comes up with a circular/ instruction – such mistakes will not less taxpayers do business at peace.

On the similar lines, our partner – CA. Darshan Ranavat has authored an article summarizing a recent Supreme Court decision which is published by taxmann.com on the topic of Mistakes in GST compliance. The said article can be accessed by clicking [here](#).

Category: Principle of Mutuality

2. Indian Medical Association vs. UoI [2025-TIOL-598-HC-KERALA-GST]

Legal Background

The Finance Act, 2021, amended the provisions relating to scope of supply by introducing Section 7(1)(aa) specifically to include that activities by members to association or vice-versa would be considered as a “supply” if there is a consideration involved. The above amendments were introduced to override the decision of the Hon’ble SC in the case of Calcutta Club Ltd [2019-TIOL-449-SC-ST-LB].

Background facts:

In the present scheme, the petitioner ran various schemes for the benefit of their member-doctors against an admission/annual fee. The petitioner believed that it was not liable to pay GST on services rendered by it to its members under the said Schemes on the grounds of the principle of mutuality. The DGGI believed otherwise, considering the amendment made to the scope of ‘supply’ retrospectively by the Finance Act, 2021.

Key Issue Raised:

Whether the amendments to GST law, which abolished the mutuality principle and made services to members taxable, would be applicable in the present case?

Gist of the Decisions:

The Hon’ble HC observed that the principle of mutuality continued to exist even after the 46th Amendment to the Constitution (i.e., introduction of GST), and the amendments to the “scope of supply,” attempting to remove this principle and downplay the decision of the Hon’ble SC were unconstitutional. The court emphasized that the law could not give an artificial meaning to concepts that differ from their interpretation under the Constitution or Supreme Court rulings.

Hence, the HC found that the retrospective application of the amendments was unfair and violated principles of fairness and equality. The HC upheld the legal doctrine of mutuality and decided that no GST is payable on services provided by clubs/ associations to its members.

SBGCO comments:

Lawmakers have often responded to unfavourable SC rulings by amending legislation to align with their intended objectives. A notable example is the insertion of Section 7(1) (aa) in the CGST Act, which was introduced following the SC’s ruling in Calcutta Club Ltd. [2019-TIOL-449-SC-ST-LB], where the principle of mutuality was upheld.

In the present case, the Kerala High Court struck down this amendment, observing that legislation cannot be amended solely to override judicial decisions or well-established legal interpretations. This ruling is a significant relief for many clubs and associations facing similar issues under GST. That said, based on past patterns, it is likely that the matter will eventually reach the SC, setting the stage for another round of litigation on the applicability of GST in cases where the principle of mutuality is involved.

Category: Sale of Immoveable property**3. Rohan Corporation India Pvt Ltd vs. UoI [2025-VIL-324-KAR]****Background Facts:**

A company was constructing a shopping mall when insolvency proceedings were begun against it, leading to the NCLT appointing a Liquidator in 2019. The Liquidator invited expressions of interest for sale of the incomplete mall structure, and the petitioner successfully bid for the same in the e-auction. A letter of intent was issued by the Liquidator and the petitioner accepted the same, but disputed the inclusion of GST in the payment. Under time pressure, the petitioner paid the GST under protest while reserving the right to claim a refund. After completing the transaction and paying stamp duty, the petitioner filed a GST refund claim on the grounds that partly constructed commercial building (i.e., the mall, in this case) was neither supply of goods nor supply of service in terms of Schedule III of GST Act and hence, no GST was payable in the first place.

Key Issue Raised:

Whether sale of semi-finished (under construction) shopping mall, on “as-in-where-is” basis is a supply of service leviable to GST?

Gist of the Decisions:

The Hon’ble Karnataka High Court held that transaction of sale of semi-finished building is not leviable to GST, based on the following chain of reasoning:

- Levy of GST is on supply of goods or services or both.
- In order to tax a transaction under Entry 5(b) of Schedule II, there should be a contract for the purposes of construction of building.
- In the instant case the sale deed clearly shows that the said building was sold on ‘as is where is basis’ by the liquidator and on which stamp duty was also remitted.
- In terms of decision of the Supreme Court in the case of VKC Footsteps India Pvt Ltd, stamp duty transactions are not amenable to GST.
- Also, the liquidator did not have any further service obligations cast on him to provide any services nor was there any consensus ad idem for the liquidator to render any construction or works contract services to the petitioner.
- Hence, the said transaction of sale of under construction/ unfinished immovable property, fell under entry 5 of the Schedule III of the CGST Act which is excluded from the ambit of Supply. The refund of GST, as claimed by the petitioner, was thus allowed.

SBGCO comments:

The Hon’ble HC has given a well-reasoned Order to hold that requirement of completion certificate/ occupation certificate cannot be seen in isolation to decide whether such sale is of land & building or supply of services. The intention of parties must also be seen to establish if any service is intended to be given or not, to decide the levy of GST on a particular transaction. The judgement emphasis that law must be read in a way that it upholds the intention of the legislatures which coincides with the intention of the parties to the transaction as well.

Category: Pre-deposit before filing of appeal**4. ABN Industries vs UoI [2025-TIOL-566-HC-AHM-GST].****Background facts:**

The petitioner supplied goods to SEZ units in May 2022 without paying tax under LUT. The petitioner filed a refund application in August 2022 for unutilized ITC, which was approved. However, five purchase bills were mistakenly omitted, leading to an unclaimed ITC of Rs. 12,62,088. To correct this, the firm submitted another refund application in October 2022 under the “Any Other (Specify)” category. The application under “Any Other (Specify)” category was rejected, and the petitioner’s appeal was also denied.

Key Issue Raised:

Whether procedural guidelines in Circular No. 125/44/2019-GST (refunds under the SEZ supply category are restricted to once per tax period) can override the substantive right to claim a legitimate refund?

Gist of the Decisions:

The Hon’ble Gujarat High Court ruled that procedural lapses should not deprive taxpayers of rightful claims when substantive eligibility is undisputed. Relying on various precedents, the court emphasized that technicalities should not overpower substantive rights. Consequently, it quashed the rejection orders and directed authorities to process the refund within 12 weeks, reinforcing the principle that justice should not be denied due to rigid procedural constraints.

SBGCO comments:

The above decision of the HC is a welcome decision which reinforces the principle that when the law provides for claim of refund/ or any similar benefit, the procedural hinderances cannot obstruct such benefit.

Category: Cancellation of vendor’s GST registration**5. M/s. Solve Enterprises vs Additional Commissioner [2025-TIOL-608-HC-ALL-GST]****Background facts:**

The petitioner company was issued a notice under Section 74 of the UPGST Act for the tax period FY 2018-19, alleging wrongful ITC claim on the ground of non-existence of the supplier. The disputed transaction occurred well before the cancellation of the selling dealer’s registration on January 29, 2020.

Key Issue Raised:

Whether the cancellation of a seller’s registration at a later date can invalidate ITC claimed by a purchaser for a past transaction?

Gist of the Decisions:

The Hon’ble HC of Allahabad ruled in favour of M/s Solvi Enterprises, emphasizing that once a transaction is reflected in Form GSTR-2A and the seller was registered at the time, ITC cannot be denied based on a subsequent cancellation. The HC noted that the authorities had failed to verify the GST portal records, leading to an unfair rejection of ITC. The HC quashed the impugned orders and directed the authorities to reconsider the matter afresh.

SBGCO comments:

The above case highlights merely subsequent cancellation of GST registration cannot lead to rejection of ITC in the hands of recipient, especially for previous transactions. The Department must conduct independent review of the past transactions, in the hands of each recipient before applying a blanket assumption that all transactions by the such supplier are invalid.

Category: Pre-deposit before filing of appeal

6. Impressive Data Services Pvt Ltd vs. Commissioner Appeals-I [2025-TIOL-638-HC-DEL-GST]

Background facts:

The Department confirmed the demand of approximately Rs. 6.4 crores on the petitioner on the grounds of excess ITC claimed. The petitioner claimed that, inter-alia, no claim of ITC from certain vendors and mistakes in transition return resulted in such high demand.

Key Issue Raised:

Whether the GST law allows the pre-deposit requirement to be waived for the petitioner?

Gist of the Decisions:

The Hon'ble HC, reviewed the relevant legal provisions and previous judgments. It held that the law does not give any discretion to waive the pre-deposit requirement, even considering financial hardships. The decisions relied by the petitioner pertained to pre-GST regime. However, no such waiver is provided under the GST law.

Without commenting on the merits of the case, the Hon'ble HC, dismissed the writ petition and directed the petitioner to follow the prescribed legal process.

SBGCO comments:

The above case highlights the importance of tackling high-value issues at ground level with sufficient supporting documentation. Any casualness in responding to high-value SCNs and personal hearings could result in catastrophic impacts for taxpayers that might push the company to the brink of closure due financial pressure of mandatory pre-deposits of 10% at first level and additional 10% at the Tribunal level. As taxpayers, one must not take any notice lightly and ensure that there is proper documentation trail for all the transactions done by the taxpayer. This will ensure that only issues regarding interpretation reach the higher forum and all other issues, including mistakes if any, are resolved at the ground level itself.

C. Recent decisions from Authority for Advance Ruling

1. Gujarat Narmada Valley Fertilizers & Chemicals Limited [2025-VIL-32-AAR]

Background facts:

The applicant, listed on stock exchange, is engaged in the manufacturing of fertilizers and chemicals. They had initiated a share buyback programme in December 2023.

Key Issue Raised:

Whether the expenditure incurred by the applicant, a listed entity, for the buyback of its shares in the course of furtherance of business, is eligible for ITC under the GST regime?

Gist of the Ruling:

The AAR has observed that eligibility of ITC must be examined from the perspective whether the expenditure is in relation to goods or service or not. The AAR analysed the relevant definitions and observes that on a conjoint reading of the definitions provided in section 2(52) – “goods”, 2(101) – “Securities” and 2(102) – “Services”, the activity related to buy back of shares is neither a supply of goods nor supply of services. The term ‘securities’ is excluded from the definition of both goods and services under GST. Hence, even if the expenditure may be in relation to business, but the same will not be eligible since it is not in relation to goods or services.

SBGCO comments:

This issue, has been a bone of contention for a long time. Section 16 states that every registered person shall be entitled to take credit of ITC charged on any supply of goods or services or both used or intended to be used in the course or furtherance of business. There is no doubt that the invoices received by the taxpayer are for goods/ services and buy back of shares is in course of business. However, the restriction regarding underlying transaction to be that of goods/ services is nowhere stated outrightly.

This grey area of eligibility of ITC seems to be another contentious issue waiting to be taken up by higher courts because, the ground level officials are in no mood to allow such claim of ITC in relation to course of conduct of taxpayer’s business.

D. GST Compliance chart for May 2025

S N	Due Date	Form	Period	Periodicity	Special Remarks
1.	10.05.2025	GSTR - 7	April 2025	Monthly	To be filed by those who are required to deduct TDS under GST
2.	10.05.2025	GSTR - 8	April 2025	Monthly	To be filed by those who are required to collect TCS under GST
3.	11.05.2025	GSTR - 1	April 2025	Monthly	Taxpayers filing GSTR - 1 monthly
4.	13.05.2025	GSTR - 5	April 2025	Monthly	To be filed by a non-resident foreign taxpayer registered in GST
5.	13.05.2025	GSTR - 6	April 2025	Monthly	To be filed by an ISD
6.	13.05.2025	IFF	April 2025	Monthly	To be filed by those under QRMP Scheme (optional)
7.	20.05.2025	GSTR - 3B	April 2025	Monthly	To be filed by Taxpayer filing monthly GSTR 3B
8.	20.05.2025	GSTR - 5A	April 2025	Monthly	To be filed by non-resident Online Information and Database Access or Retrieval (OIDAR) services provider
9.	25.05.2025	PMT - 06	April 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

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