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CHARTERED ACCOUNTANTS

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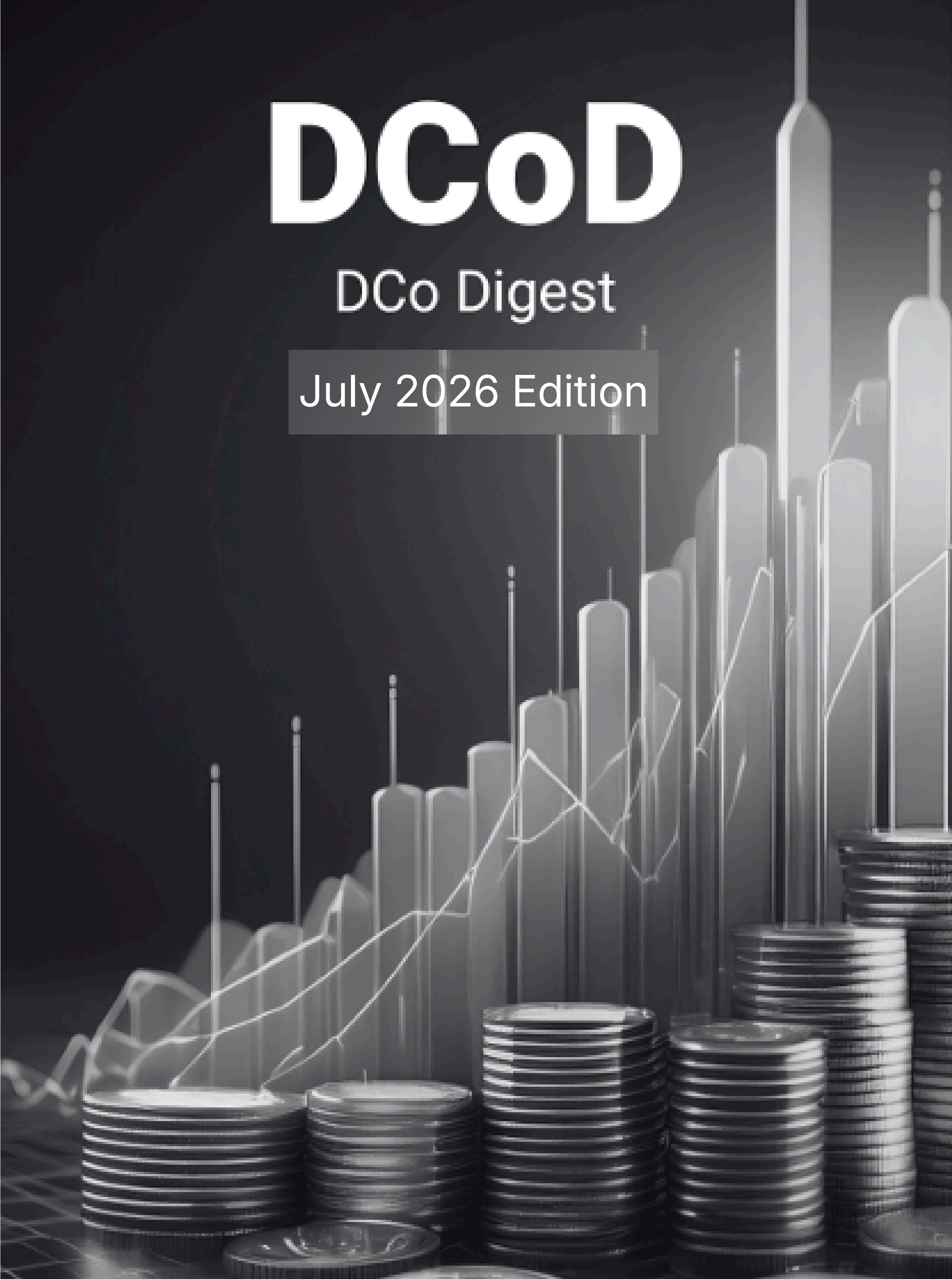
DCo Digest

July 2026 Edition



Newsletter

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Preface

The GST framework continues to evolve through statutory amendments, procedural clarifications, technological developments and judicial pronouncements. Keeping pace with these changes is essential for ensuring accurate compliance and making informed decisions.

This publication compiles the key GST notifications, circulars, portal updates and significant judicial decisions issued during the period from April to July 2026. The developments have been presented in a concise and practical manner to help readers understand their implications and identify the actions required.

"Keeping pace with these changes is essential for ensuring accurate compliance and making informed decisions."

GST Updates

Principal Bench of GSTAT Empowered for Conflicting Advance Rulings

Notification No. 02/2026–Central Tax dated 7 May 2026 empowered the Principal Bench of the Goods and Services Tax Appellate Tribunal at New Delhi to hear appeals under Section 101B of the CGST Act. Such appeals arise where conflicting advance rulings are given by Appellate Authorities of two or more States or Union territories, or both.

Revision of Tariff Entries for Beverages under Chapter 2202

Notification No. 01/2026–Central Tax (Rate), Notification No. 01/2026–Integrated Tax (Rate) and Notification No. 01/2026–Union Territory Tax (Rate), all dated 30 April 2026, amended the corresponding Notification No. 09/2025 (Rate). The amendments realigned eight-digit tariff entries under Chapter 2202 with the tariff changes made by the Finance Act, 2026 and became effective from 1 May 2026.

Sch. / S. No.	Description of Goods	HSN to 30 Apr	HSN from 1 May	Rate
Sch. I / 150	Fruit pulp/juice-based drinks, other than carbonated fruit drinks or beverages with fruit juice	2202 99 20	2202 99 21; 2202 99 29	5%
Sch. I / 151	Beverages containing milk	2202 99 30	2202 99 31; 2202 99 39	5%
Sch. III / 2	Other non-alcoholic beverages, other than those specified in Schedule I	2202 91 00; 2202 99 90	2202 91 00; 2202 99 91; 2202 99 99	40%
Sch. III / 3	Caffeinated beverages	2202 99 90	2202 99 91; 2202 99 99	40%

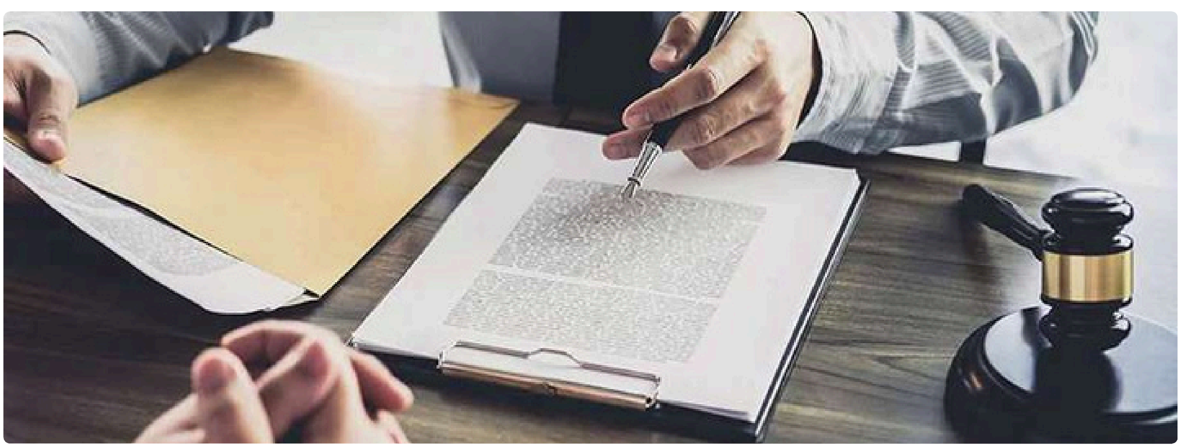
GSTAT Appeal Deadline Extended to 31 July 2026

The Government, through its release dated 30 June 2026, announced extension of the notified last date for filing appeals before GSTAT under Section 112(1) read with Section 112(3) from 30 June 2026 to 31 July 2026. The extension was granted in view of stakeholder representations concerning technical difficulties and a sharp rise in portal filings.

Jurisdiction after Migration or Transfer of a Taxable Person

Circular No. 255/01/2026-GST dated 25 June 2026 clarifies the authority competent to continue GST proceedings where a taxpayer changes its principal place of business and consequently migrates from one jurisdiction to another.

1. An action validly taken by the officer having jurisdiction on the date of such action remains valid despite a subsequent migration or transfer.
2. After migration, the transferor jurisdiction cannot initiate any fresh action against the taxpayer. Any new issue noticed by it must be communicated to the transferee jurisdiction.
3. The transferee jurisdiction must take over pending proceedings from the stage at which they stood and may rely upon all valid earlier actions.
4. Consequential work — including adjudication, implementation, defence and filing of appeals before the Appellate Authority or GSTAT — is to be undertaken by the authority presently having jurisdiction.



Departmental Appeals Before GSTAT in DGGI–CAA Cases

Circular No. 256/02/2026-GST dated 25 July 2026 prescribes a uniform procedure for departmental appeals against Orders-in-Appeal arising from DGGI show cause notices where the Orders-in-Original were passed by a Common Adjudicating Authority (CAA).

1. The concerned Appellate Authority is to upload the Order-in-Appeal on the GST portal and transmit it through the prescribed administrative channel.
2. Review and the decision to file an appeal are to be undertaken by the jurisdictional Commissionerate of the concerned taxpayer.
3. Where one common matter involves multiple taxpayers, separate departmental appeals are required for each taxpayer through the respective jurisdictional Commissionerates.
4. The appeal lies before the GSTAT Bench having territorial jurisdiction over the taxpayer, rather than by reference only to the location of the CAA.

> PRACTICAL IMPACT
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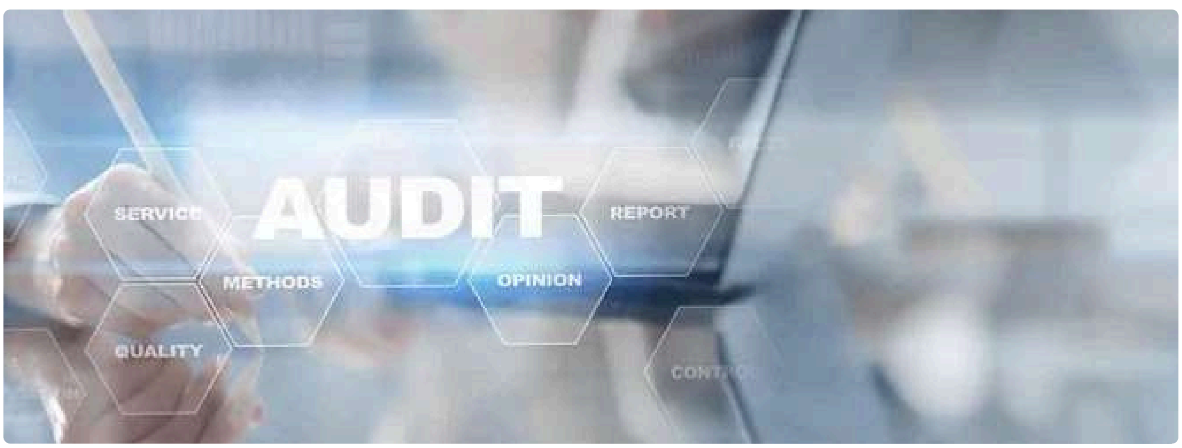
> Taxpayers involved in DGGI–CAA matters should track appeals at the Bench with jurisdiction over them, not the CAA's location, and expect separate departmental appeals where multiple taxpayers share a common order.



IMPORTANT GSTN SYSTEM ADVISORIES DURING THE PERIOD

1. Re-computation of Interest in Table 5.1 of GSTR-3B

GSTN advised on 16 April 2026 that, for certain taxpayers, system-computed interest for February 2026 appearing in the March 2026 GSTR-3B may have been calculated without giving the benefit of the minimum balance available in the Electronic Cash Ledger under the proviso to Rule 88B(1). A “RE-COMPUTE INTEREST” facility was made available.

Action required: Taxpayers affected by the issue should use the recomputation facility, compare the result with an independent Rule 88B working and retain the system-generated GSTR-3B PDF. Any manual edit should not be lower than the correctly recomputed amount unless supported by a legal and factual working.

2. Proposed E-Way Bill Enhancements Kept on Hold

GSTN initially proposed mandatory capture of Ship-To GSTIN in specified Bill-To/Ship-To transactions and a voluntary e-way bill closure facility through advisories issued in May and June 2026, with implementation proposed from 1 August 2026. On 29 July 2026, GSTN kept the rollout on hold until further notice.

Compiled by CA Shreyansh Jain

Judicial Pronouncements

CASE 1

Avanti Feeds Limited v. Deputy Commissioner of State Tax

[2026] 185 taxmann.com 507 (Andhra Pradesh) · Andhra Pradesh High Court · W.P. No. 11760 of 2023 · Decided 01.04.2026

Issue: Whether a State GST Officer has jurisdiction to initiate proceedings relating to levy and exemption of IGST on imported goods, and whether reliance can be placed upon Circular No. 80/54/2018-GST dated 31.12.2018, which had already been struck down by the Madras High Court in *Jenefa India v. Union of India*?

FORUM	OUTCOME
Andhra Pradesh High Court	Writ Petition Allowed

Facts

M/s Avanti Feeds Limited ("the Petitioner") is engaged in the manufacture and supply of aquatic feed. For manufacturing its products, it imported various inputs such as fish meal, soya and algal oil, while claiming exemption from payment of IGST in relation to the import of some of these inputs for the assessment years 2017-18 to 2022-23. The Petitioner has been administratively allotted to the Central Jurisdiction and not the State Jurisdiction.

The Deputy Commissioner of State Tax conducted an inspection of the Petitioner's business premises on 11.11.2022 and issued an intimation of tax dated 19.12.2022 under Section 73(5) of the CGST/APGST Act read with Rule 142(1A), alleging incorrect classification and wrongful claim of exemption, including the exemption claimed on the supply of Rovimix AVP Mineral and the import of fish meal. Subsequently, a Show Cause Notice dated 10.04.2023 was issued, relying upon Circular No. 80/54/2018-GST dated 31.12.2018.

The Petitioner challenged the jurisdiction of the State GST authorities to assess IGST on imported goods, the validity of the proceedings initiated by the State authorities, and the reliance placed upon the above Circular, which had already been struck down by the Madras High Court in *Jenefa India v. Union of India*.

Submissions of the Parties

The Petitioner submitted that:

- Assessment and collection of IGST on imported goods fall exclusively within the jurisdiction of the Customs Authorities under the Customs Act, 1962 and the Customs Tariff Act, 1975.
- Since the Petitioner was administratively assigned to the Central Tax authorities, the State GST authorities lacked jurisdiction to initiate proceedings under the IGST Act.
- Circular No. 80/54/2018-GST had already been declared invalid by the Madras High Court in *Jenefa India v. Union of India* and, therefore, could not be relied upon for initiating proceedings.

The Department contended that:

- The writ petition was premature as it challenged a show cause notice.
- By virtue of the cross-empowerment provisions under the GST law and the decisions of the GST Council, State GST officers were competent to exercise powers under the IGST Act.
- The State authorities were empowered to issue the impugned proceedings against the Petitioner.

Analysis

The Andhra Pradesh High Court allowed the writ petition and held that the proceedings initiated by the State GST authorities were without jurisdiction.

The Court observed that the proviso to Section 5(1) of the IGST Act specifically provides that IGST on imported goods is to be levied and collected in accordance with the provisions of the Customs Tariff Act, 1975, at the point where customs duties are levied under the Customs Act, 1962. Consequently, determination of exemption, classification and assessment relating to imported goods falls exclusively within the jurisdiction of the Customs Authorities and not the State GST authorities. The Court also relied upon the decisions in *Union of India v. Mohit Minerals (P.) Ltd.* and *Ajwa Dry Fruit Impex v. Union of India* while arriving at this conclusion.

The Court further held that the Petitioner had been administratively assigned to the Central Tax authorities. Therefore, the State GST Officer could not invoke cross-empowerment provisions under Section 4 of the IGST Act to assume jurisdiction over the Petitioner.

> KEY PRECEDENTS RELIED ON
>
> *Union of India v. Mohit Minerals (P.) Ltd.* and *Ajwa Dry Fruit Impex v. Union of India*, confirming that IGST on imports falls exclusively within Customs jurisdiction under the proviso to Section 5(1) of the IGST Act.

While dealing with Circular No. 80/54/2018-GST, the Court noted that the Circular had already been struck down by the Madras High Court in *Jenefa India v. Union of India*. Relying upon the Supreme Court judgment in *Kusum Ingots & Alloys Ltd. v. Union of India* (AIR 2004 SC 2321), the Court observed that once a circular, notification or legislation is struck down by a High Court, it becomes inoperative across the country unless reversed by a superior court. Accordingly, there was no necessity to strike down the Circular once again.

The Court accordingly quashed the impugned show cause notice insofar as it related to imported goods, and also set aside the remaining issues in the notice since a consolidated show cause notice covering multiple financial years was impermissible in view of *S.J. Constructions v. Assistant Commissioner*.

DCO Excerpts

This judgment reaffirms that IGST on imported goods falls exclusively within the domain of the Customs Authorities, and State GST officers cannot invoke cross-empowerment provisions to assess taxpayers administratively allotted to Central jurisdiction.

Judicial Pronouncements

CASE 2

Snowline Travel Ventures LLP v. Commissioner, State Goods and Services Tax

[2026] 188 taxmann.com 938 (Uttarakhand) · Uttarakhand High Court · Writ Petition (M/B) No. 593 of 2026 · Decided 23.07.2026

Issue: Whether the GST registration of a registered person can be cancelled solely on the ground that the taxpayer had been filing NIL returns for several months, when such ground is not prescribed under Section 29(2) of the CGST Act, 2017?

FORUM	OUTCOME
Uttarakhand High Court	Writ Petition Allowed

Facts

The Petitioner, M/s Snowline Travel Ventures LLP, was a registered person under the GST law. The Proper Officer issued a Show Cause Notice proposing cancellation of its GST registration solely on the ground that the Petitioner had been filing NIL returns for several months.

Pursuant to the Show Cause Notice, the registration of the Petitioner was cancelled under Section 29 of the CGST Act. Aggrieved by the Show Cause Notice and the cancellation order, the Petitioner approached the Hon'ble Uttarakhand High Court by way of a writ petition challenging the legality of the proceedings.

CASE AT A GLANCE

A registered taxpayer had its GST registration cancelled solely for filing NIL returns for several months — a ground not listed among the exhaustive grounds for cancellation under Section 29(2) of the CGST Act. The taxpayer challenged the cancellation as being without authority of law.

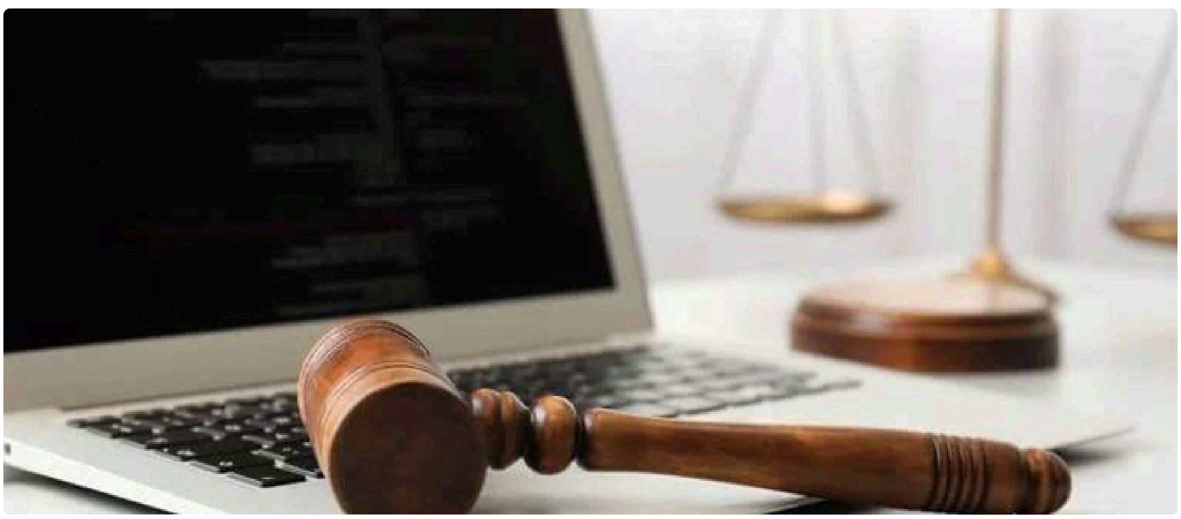
Submissions of the Parties

The Petitioner contended that:

- Section 29(2) of the CGST Act exhaustively specifies the circumstances under which registration can be cancelled.
- Filing of NIL returns is not one of the statutory grounds contemplated under Section 29(2).
- Therefore, the Show Cause Notice and the cancellation order were without authority of law.
- Reliance was placed upon the judgment of the Andhra Pradesh High Court in *Kali Shankar Enterprises v. Additional Commissioner*, wherein it was held that filing NIL returns is not a valid ground for cancellation of GST registration.

The Respondent contended that:

- The Department sought to sustain the cancellation order passed under Section 29 of the CGST Act on the basis that the Petitioner had continuously filed NIL returns for several months.



Analysis

The Hon'ble Uttarakhand High Court allowed the writ petition and held that the impugned proceedings were unsustainable in law.

Applicability of Section 29(2) of the CGST Act: The Court observed that Section 29(2) of the CGST Act empowers the Proper Officer to cancel registration only in the circumstances specifically enumerated therein. Since filing NIL returns does not constitute one of the statutory grounds prescribed under the provision, registration cannot be cancelled merely for that reason.

The Court expressly followed the judgment of the Andhra Pradesh High Court in *Kali Shankar Enterprises v. Additional Commissioner* [2024] 158 taxmann.com 190, agreeing that filing NIL returns, by itself, is not a ground contemplated under Section 29(2) of the Act.

Accordingly, the Court quashed both the Show Cause Notice dated 06.11.2024 and the cancellation order dated 26.12.2024 and allowed the writ petition in favour of the assessee.

DCO Excerpts

This judgment reiterates that GST registration can be cancelled only on the grounds expressly provided under Section 29(2) of the CGST Act, and the Proper Officer cannot introduce additional grounds not contemplated by the statute.

The decision strengthens the principle that mere filing of NIL returns does not constitute a statutory default warranting cancellation of GST registration, unless accompanied by any other violation prescribed under the Act.

The ruling also reinforces the precedent laid down in *Kali Shankar Enterprises v. Additional Commissioner* (Andhra Pradesh High Court), thereby providing persuasive authority for taxpayers challenging cancellation of registration based solely on NIL return filings.

Taxpayers facing cancellation proceedings on similar grounds may rely upon this judgment to contend that administrative action must remain strictly within the scope of Section 29(2) of the CGST Act.

Compiled by Advocate Shresth Mittal

New on GST Portal

Filing Appeals Against NIL Demand Orders

Advisory dated 3 April 2026

Where an adjudication order reflects NIL demand because tax, interest or penalty was paid during the show cause notice stage, the portal may prevent filing of FORM GST APL-01 even though the taxpayer disputes the liability.

The taxpayer should first file a rectification application before the adjudicating authority through the GST Portal. Once a rectified order records the correct demand, the appeal may be filed against such order within the prescribed time.

Editable Pre-deposit Percentage in FORM GST APL-01

Advisory dated 10 April 2026

With effect from 6 April 2026, the pre-deposit percentage field in FORM GST APL-01 has been made editable. Earlier, the portal auto-populated 10% under Section 107(6) and did not permit editing.

Taxpayers may now modify the percentage, where applicable, to account for payments already made through another mode or incorrect reflection of the demand under a tax head. The appellate authority will verify the correctness and mode of the pre-deposit during the appeal proceedings.

Re-computation of Interest in Table 5.1 of GSTR-3B

Advisory dated 16 April 2026

For certain taxpayers, interest for February 2026 appearing in Table 5.1 of the March 2026 GSTR-3B was calculated without giving the benefit of the minimum cash balance in the Electronic Cash Ledger under the proviso to Rule 88B(1). Where a discrepancy is noticed, taxpayers should:

- Click the 'RE-COMPUTE INTEREST' button in Table 5.1 of GSTR-3B.
- Check the revised amount in the updated System Generated GSTR-3B PDF and on hovering over the relevant field.
- Manually edit Table 5.1 in line with the recomputed amount. The edited figure cannot be lower than the recomputed interest shown by the system.

Introduction of IMS Offline Tool

Advisory dated 21 April 2026

GSTN has introduced an Excel-based Invoice Management System (IMS) Offline Tool. It enables recipients to take actions on individual as well as bulk invoices uploaded by suppliers through GSTR-1, GSTR-1A or IFF.

The tool is intended to simplify bulk review and the acceptance, rejection or pending treatment of records before the relevant GSTR-2B is generated.

Annexure-B Offline Utility for Accumulated ITC Refunds

Advisory dated 18 May 2026

A standardised Annexure-B Offline Utility has been deployed for refund applications involving accumulated ITC. Annexure-B is now required to be furnished through the prescribed utility for:

- Exports of goods or services without payment of tax (excluding electricity)
- Supplies to an SEZ unit or SEZ developer without payment of tax
- Refund of accumulated ITC under the inverted duty structure
- Export of electricity without payment of tax

Invoice details must be reported HSN/SAC-wise and separately for inputs, input services and capital goods. An invoice containing multiple categories or HSN/SAC codes must be split into separate line items with proportionate values and tax.

> WHO SHOULD USE THIS
>
> Exporters, SEZ suppliers and businesses claiming refunds under the inverted duty structure should route their Annexure-B data through this utility rather than manual submission.

One utility file permits up to 10,000 line items and up to 25 files may be uploaded, i.e., 2,50,000 line items per refund application. Invoices for November 2024 onwards are validated with GSTR-2B; earlier-period invoices may be uploaded without such system validation.

Where multiple files are uploaded, ITC reversals should be entered only in the final file and shown as zero in the preceding files. The JSON file should neither be edited nor renamed after generation.

Revision of Timeline for Amendment of AATO

Advisory dated 1 July 2026

The Aggregate Annual Turnover (AATO) functionality was upgraded to enable automatic updation as subsequent returns are filed after the amendment window. For FY 2025-26, the revised timelines were:

- AATO amendment application by taxpayers: 1 July to 31 July 2026
- Review by the jurisdictional tax officer: 1 August to 15 August 2026

Taxpayers were advised to verify the amended turnover carefully before submission and to raise a grievance through the Self-Service Portal in case of difficulty.

Proposed E-Way Bill Enhancements Put on Hold

Advisory dated 29 July 2026

GSTN has kept the proposed e-Way Bill enhancements on hold until further notice. Accordingly, mandatory capture of Ship-To GSTIN and voluntary closure of e-Way Bills did not become effective from 1 August 2026.

Taxpayers, GSPs, ERP providers and other stakeholders should continue with the existing e-Way Bill process and should not implement production changes based on the earlier rollout communications.

The advisories dated 9 June 2026 and 17 June 2026, together with the FAQs dated 2 July 2026, were withdrawn from the GST Portal. A fresh implementation date, if any, will be communicated separately.

Compiled by CA Sourabh Chippa

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