

GCO Connect – April 2026

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India GST collections



Greetings to all our readers and a Happy new-financial year!

April brings more than just the start of a new financial year—it also ushers in a series of GST-related updates that will shape your compliance roadmap for the coming twelve months. The new financial year also presents an ideal moment to course-correct your GST compliance process, in case there were any adverse findings during the recently completed Annual returns for FY 2024-25.

On a lighter note, it appears the Government has also drawn a lesson from the GST rollout of July 2017 — mid-year tax overhauls can be a bit too adventurous for everyone involved. The revamped Income Tax Act, 2025, at least, has been scheduled to kick in from the start of a new financial year i.e. 01st April 2026!

On 1st April 2026, the Government released the GST collection report as on 31st March 2026. According to the report, GST collections in March 2026 showed a healthy upward trend, giving a positive close to the financial year. Gross GST revenue rose to Rs. 2.00 lakh crore, compared with Rs. 1.84 lakh crore in March 2025, marking 8.8% growth. After refunds, net revenue stood at Rs. 1.78 lakh crore, up 8.2% from Rs. 1.64 lakh crore last year. Domestic collections improved to Rs. 1.46 lakh crore, while import-linked IGST grew sharply to Rs. 53,861 crores. For the full year, gross GST collections crossed Rs. 22.27 lakh crore, reflecting steady tax buoyancy and stronger compliance momentum.

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

A. FINANCE ACT, 2026	4
B. PORTAL UPDATES.....	5
C. RECENT DECISION (JUDICIARY & ADVANCE RULINGS)	6
I. Classification and Taxability under GST	6
II. Valuation under GST	6
III. Input Tax Credit (ITC) and Reverse Charge Mechanism (RCM).....	7
IV. Classification and Exemptions	7
V. Exports and Refund claims	8
VI. Adjudications/ Principles of Natural Justice	8
VII. Miscellaneous	9
D. GST COMPLIANCE CHART FOR APRIL 2026	10

GST Sector Spotlight | Insight Series

We've hosted eight 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. FINANCE ACT, 2026

• The Finance Bill, 2026 received President's assent on 30.03.2026

- After both houses of the Parliament passed the Finance Bill, the same received President's assent on 30.03.2026. The detailed advisory regarding the changes proposed under Indirect Tax were shared by us in our NewsFlash update, which can be accessed by clicking [here](#).
- Additionally, for key changes proposed in GST by Union Budget 2026, we had conducted a webinar on 17th Feb 2026. The webinar focused on two major GST changes: *post-supply discounts* and *intermediary services*. On discounts, the webinar highlighted that the proposed law will make it easier to claim GST benefit on post-sale discounts by removing the need to prove a prior agreement or invoice-wise linkage, while still keeping the condition that the recipient must reverse the related ITC. On intermediary services, the Finance Bill proposes to remove the special place-of-supply rule, which should help Indian intermediaries servicing foreign principals qualify for export benefits more easily.
- For those who missed to attend our webinar - "*Discounts*" and "*Intermediary*" - *Key Developments post Union Budget 2026* by CA. Sunil B. Gabhawalla - can view the same on our YouTube channel by clicking [here](#).

Finance Act, 2026 - published in the official Gazette on 30.03.2026.

B. PORTAL UPDATES

• GSTN advisory w.r.t. GSTR-3B filing

- GSTN has advised that, from February 2026 onward, the GST portal will auto-fill the “Tax Liability Breakup, As Applicable” in GSTR-3B based on document dates reported in GSTR-1 / GSTR-1A / IFF. This applies where tax for a previous tax period is being paid in the current period, in line with Section 50 of the CGST Act, 2017, which deals with interest on delayed payment of tax.
- After paying the liability in GSTR-3B, taxpayers must open the “Tax Liability Breakup, As Applicable” tab on the payment page and click “SAVE” to confirm the breakup before filing by EVC or DSC. GSTN has noted that this confirmation is currently being asked even in cases where the liability relates only to the current period, and that issue is under resolution.

GST Portal advisory dated 16.03.2026

• GSTN advisory for pre-deposit for First Appeals

- GSTN has clarified that while filing an appeal before the First Appellate Authority, the portal checks whether the required amount, being admitted tax + pre-deposit, has already been paid against the Demand ID in the Electronic Liability Register. If the amount already paid is sufficient, the portal will allow the appeal without asking for any further payment; if not, the balance must be paid.
- Payments made through Form GST DRC-03 are not automatically linked to the Demand ID, so the system does not count them while checking pre-deposit. To get such payment recognized against the demand order, taxpayers must file Form GST DRC-03A so that the payment gets mapped to the relevant demand and reflected in the Electronic Liability Register.
- In short, if DRC-03 payment is to be considered for appeal pre-deposit, it must be linked through DRC-03A before filing the appeal.

GST Portal advisory dated 14.03.2026

C. RECENT DECISION (JUDICIARY & ADVANCE RULINGS)

March 2026 proved to be a significant month for GST. The courts moved decisively toward fairness and practicality, placing taxpayers rather than administrative formality at the centre of interpretation. They went beyond technical distinctions to give effect to the true intent of the law. Retrospective relief was upheld where justice required it, the term “supply” was interpreted in line with commercial realities, and arbitrary blocking of input tax credit was restrained. Collectively, these rulings reflect a more balanced GST framework—one that protects taxpayer rights while also expecting a more disciplined and technology-enabled administration. Below is a concise summary of the most consequential judgments from March 2026.

I. Classification and Taxability under GST

- **Corpus Funds as Taxable Supply** – The Karnataka AAR, **in Re: Apartment Owners Association of Raj Lake View (2026-VIL-63-AAR)**, held that a corpus or sinking-fund contribution collected from members is a **supply under Section 7(1)(aa)**. The contribution is treated as an advance for future capital-expenditure services, making it liable to tax at the time of receipt.
- **Solar Power Systems** – The Andhra Pradesh High Court, in **M/s Tata Power Solar Systems Ltd v. Deputy Commissioner (ST) (2026-VIL-296-AP)**, reaffirmed that the supply of a solar-power generating system, even though it involves construction of immovable property, remains a **composite supply** rather than a works contract. The principal supply dominates, and ancillary services (installation, commissioning) are incident to it, thereby attracting the same GST rate as the principal supply.
- **In-Patient Medicines** – The Tamil Nadu AAR, **in Re: Kamakshi Memorial Hospital (2026-VIL-66-AAR)**, classified the provision of medicines and consumables to in-patients as a **composite supply** where healthcare is the principal element. As a result, the entire transaction enjoys the **exempt** status accorded to “healthcare services,” even though the medicines themselves would otherwise be taxable.
- **Hookah vs. Food in Restaurants** – The West Bengal AAR, **in Re: Indian Wire Products Co. (2026-VIL-46-AAR)**, concluded that the supply of a hookah—a smoking device—cannot be subsumed under the “restaurant service” of food and beverage consumption. The two elements are **separate supplies**, each attracting GST at its respective rate, because the consumer’s act of smoking is not “incidental” to the ingestion of food.

II. Valuation under GST

- **DDP Exports** – **In Re: M/s Rangasamy Saravanakumar (M/s Arjun Knit Wear) (2026-VIL-64-AAR)**, the Tamil Nadu AAR clarified that for exports on **Delivered Duty Paid (DDP)** terms, the transaction value must incorporate **all reimbursable costs**—ocean freight, insurance, and any other charges borne by the exporter until the goods reach the buyer’s doorstep. The rationale is that the exporter, under DDP, assumes full responsibility for delivery; therefore, the GST valuation must

reflect the **total consideration** received from the overseas buyer, inclusive of those costs.

- **Regulatory Fees** - The Punjab & Haryana High Court, in **Haryana State Electricity Regulatory Commission v. Union of India (2026-VIL-246-P&H)**, held that fees levied by a quasi-judicial regulatory body for its statutory functions do **not** constitute “consideration” for a business activity and are therefore **exempt from GST**. The decision underscores the distinction between a *service* rendered to a private party and a *regulatory function* performed on behalf of the State.

III. Input Tax Credit (ITC) and Reverse Charge Mechanism (RCM)

(a) Blocking of ITC

- The blocking of ITC under **Rule 86A** was further constrained by the Punjab & Haryana High Court in **M/s Dwarkadhish Metals v. Union of India (2026-VIL-236-P&H)**. The Court ruled that an authority may block credit **only up to the amount actually available** in the electronic credit ledger; creating a *negative balance* is impermissible. This aligns with the principle that blocking is a preventive, not punitive, measure.
- In a companion judgment, **M/s Sri Padmavathi Marketing v. Assistant Commissioner of Commercial Taxes (2026-VIL-272-KAR)**, the Karnataka High Court held that credit cannot be blocked on the basis of *alleged wrongful availment* by a taxpayer’s customers. The onus is on the tax authority to prove a direct breach by the assessee before restricting credit.

(b) RCM - IGST on Ocean Freight:

- In **Arinsun Clean Energy Pvt. Ltd. v. State of Madhya Pradesh (2026-VIL-226-MP)**, the Madhya Pradesh High Court, relying on the decision of Supreme Court in *Mohit Minerals Ltd. v. Union of India*, affirmed that the recipient of CIF-imported goods is not liable to pay IGST under the reverse charge provision. More importantly, the Court ordered the refund of IGST and interest that had already been paid on ocean freight charges under RCM.

IV. Classification and Exemptions

- **Security Services to Government Entities** - The West Bengal AAR, in Re: **Food Corporation of India (2026-VIL-54-AAR)**, distinguished between *government authorities* (which may claim the “pure service” exemption) and *government entities* such as Food Corporation of India (FCI), which do not qualify. Consequently, security services rendered to FCI are **taxable**.
- **Graphic Representation vs. Brand Name** - The Madras High Court, in **M/s Narasus Saarathy Enterprises v. Additional Commissioner of GST & Central Excise, Salem (2026-VIL-299-MAD)**, held that a pictorial graphic on an otherwise unbranded product can be deemed a *brand name* for GST purposes. However, because

the petitioner voluntarily filed an affidavit waiving any claim over the brand, the exemption applicable to *unbranded goods* was preserved. The ruling warns that any **affirmative claim** of a brand—no matter how modest—can trigger the higher tax brackets associated with branded goods.

V. Exports and Refund claims

- **Intermediary Services vs. Direct Exports:** The Gujarat Authority for Advance Rulings (AAR) delivered a nuanced ruling in **Re: M/s Eduguide Overseas Studies Private Limited (2026-VIL-52-AAR)**. The AAR held that consultancy services rendered to foreign universities on a **principal-to-principal** basis—specifically advertising and marketing activities—qualify as an export of services under Section 2(102) of the CGST Act and, consequently, are zero-rated. By contrast, support services supplied directly to Indian students for a fee remain taxable as domestic supplies, because the place of supply is deemed to be India.
- **Procedural Errors:** In **Union of India v. Ruhi Siraj Makda (2026-VIL-23-SC)**, the Supreme Court struck down the revenue department's blanket refusal to grant refunds on the basis of a clerical mistake in GSTR-1. The appellant had erroneously entered IGST as zero for a series of export invoices; however, the Court observed that a solitary data entry error does not justify the permanent withholding of a refund where the export claim is otherwise substantiated.

VI. Adjudications/ Principles of Natural Justice

- **Mandatory Upload of Form GST DRC-07:** The Madras High Court, in **Macmet Engineering Limited v. State Tax Officer-III, Adjudication Cell, Vellore (2026-VIL-232-MAD)**, held that the tax authority's duty to upload Form GST DRC-07 on the GST portal is independent of the taxpayer's compliance status. Even when a penalty has already been paid, the failure to make the portal entry deprives the assessee of the statutory right to appeal under Section 107 of the CGST Act. The Court ordered the department to upload the form forthwith and emphasized that procedural compliance cannot be waived by the payment of the penalty alone.
- **Technical Glitches Cannot Trigger Penalties:** In **M/s Metropolis Logistics Pvt. Ltd. v. Additional Commissioner (2026-VIL-234-ALH)**, the Karnataka High Court **quashed a penalty** imposed for the expiry of an e-way bill. The court found that the expiry was caused by a software malfunction that auto-populated an incorrect distance, leaving the taxpayer with no realistic opportunity to rectify the bill before the statutory time limit elapsed. The judgment underscores the jurisprudential view that penalties must be predicated on a *mens rea* or at least a *culpa* that is attributable to the taxpayer, not to systemic or technological failures.
- **Primacy of Show-Cause Notices:** The High Court in **Brahmaputra Tele Productions Pvt. Ltd. v. State of Assam (2026-VIL-280-GAU)** set aside a demand notice that relied solely on a GST DRC-01 summary, holding that such a summary cannot replace a formal, authenticated Show Cause Notice (SCN). The judgement underlines the

constitutional guarantee of natural justice: an assessee must be given a clear, specific, and duly signed SCN before any penal or adjudicatory action is taken.

VII. Miscellaneous

- **AI-Generated Orders:** The Gujarat High Court’s decision in **M/s Marhabba Overseas Private Limited v. Union of India (2026-VIL-213-GUJ)** sent a cautionary signal to tax officials who increasingly rely on artificial intelligence for drafting orders. The Court characterised the use of “flawed and deceptive” AI-generated citations—irrelevant to the factual matrix—as an **abuse of power**, and urged the establishment of clear parameters governing the deployment of AI in quasi-judicial settings. Practitioners should be prepared to challenge orders that appear to be the product of indiscriminate algorithmic outputs, and can request that the tribunal provide a manual, reasoned justification for each citation.
- **Orders Against Non-Existent Entities:** In **Larsen & Toubro Ltd. v. Union of India (2026-VIL-215-RAJ)**, the Rajasthan High Court clarified that the tax department cannot issue assessment or penalty orders in the name of a legal entity that has ceased to exist through amalgamation. Once the department is notified of the new GSTIN, all proceedings must be transferred to the successor entity. This ruling protects businesses from being hauled before the tribunal on a phantom identity and stresses the importance of timely communication of structural changes to the tax authority.
- **Search and Seizure: “Reason to Believe” Must Be Real:** In **Smurti Waghdhare vs. Joint Director, DGGI, Mumbai (2026-VIL-249-BOM)**, the Bombay High Court quashed a cash seizure because the investigating authority failed to satisfy the “reason to believe” criterion and also neglected to issue a notice within six months, as mandated by Section 132 of the CGST Act. The decision reinforces that investigative powers are not unfettered; they must be exercised with concrete, pre-existing intelligence and strict adherence to procedural timelines

D. GST COMPLIANCE CHART FOR APRIL 2026

S N	Due Date	Form	Period	Periodicity	Special Remarks
1.	10.04.2026	GSTR - 7	Mar 2026	Monthly	To be filed by those who are required to deduct TDS under GST
2.	10.04.2026	GSTR - 8	Mar 2026	Monthly	To be filed by those who are required to collect TCS under GST
3.	11.04.2026	GSTR - 1	Mar 2026	Monthly	Taxpayers filing GSTR - 1 monthly
4.	13.04.2026	GSTR - 5	Mar 2026	Monthly	To be filed by a non-resident foreign taxpayer registered in GST
5.	13.04.2026	GSTR - 6	Mar 2026	Monthly	To be filed by an ISD
6.	13.04.2026	GSTR - 1	Jan 2026 to Mar 2026	Quarterly	To be filed by those under QRMP Scheme
7.	18.04.2026	CMP - 08	Jan 2026 to Mar 2026	Quarterly	To be filed by Composition Dealer (Payment of Self-assessed tax)
8.	20.04.2026	GSTR - 3B	Mar 2026	Monthly	To be filed by Taxpayer filing monthly GSTR 3B
9.	20.04.2026	GSTR - 5A	Mar 2026	Monthly	To be filed by non-resident Online Information and Database Access or Retrieval (OIDAR) services provider
10.	22.04.2026	GSTR - 3B	Jan 2026 to Mar 2026	Quarterly	To be filed by those under QRMP Scheme (#)
11.	24.04.2026	GSTR - 3B	Jan 2026 to Mar 2026	Quarterly	To be filed by those under QRMP Scheme (\$)
12.	25.04.2026	ITC-04	Oct 2025 to Mar 2026 or FY 2025-25	Half-yearly/ Annually	Taxpayers who send goods to job workers for job work (*)

(#) 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.

(*) "Half-yearly" for taxpayers having aggregate turnover greater than 5 crores & "annually" for others