

GCo Connect - June 2026

Gabhawalla & Co | Chartered Accountants



**Deadline for
GSTAT - Appeals
30.06.2026**

Greetings to all our readers!

As June dawns, the last traces of summer heat still linger, even as everyone looks skyward hoping for the first real monsoon showers and some long-awaited relief. Yet, climate signals such as a possible Super El Niño phase suggest that rainfall patterns this year may be uneven and delayed, keeping both households and businesses slightly on edge as they plan for the months ahead.

With this backdrop of uncertainty, one deadline is, however, very clear: taxpayers intending to challenge adverse first appellate orders before the GST Appellate Tribunal must act before 30 June 2026. In terms of the GSTAT staggering order issued in September 2025, all appeals arising from orders or notices issued up to 31 March 2026 must be filed any time up to 30th June 2026 on the separate GSTAT portal.

We would also like to remind taxpayers engaged in construction of residential projects that by the end of June they must evaluate the share of inputs and input services procured from registered versus unregistered suppliers. Where purchases from registered suppliers during the preceding financial year fall below the 80 percent threshold, the shortfall triggers a tax payment obligation under reverse charge. The last date to compute this ratio and discharge any resulting RCM liability is 30 June.

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GST Sector Spotlight | Insight Series

We've hosted nine 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:

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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A. GST UPDATES

- **GSTN introduces offline utility for IMS actions on invoices**

- GSTN has introduced an Excel-based offline tool for the Invoice Management System (IMS) on the GST portal. The IMS, which has been operational from the October 2024 tax period, allows recipients to take actions on invoices uploaded by suppliers through GSTR-1, GSTR-1A, or IFF.
- The offline utility has been introduced to improve convenience and ease compliance, and it enables taxpayers to take actions such as accept, reject, or keep records pending, both individually and in bulk. The tool is based on the same validations and business rules as the online IMS dashboard.

GST Portal advisory dated 21.04.2026

- **GSTN prescribes offline utility for Annexure-B in accumulated ITC refunds**

- GSTN has issued an advisory introducing a standard offline utility for filing Annexure-B in refund applications involving accumulated Input Tax Credit.
- This applies to refund claims for exports of goods or services without payment of tax, supplies to SEZ units or developers without payment of tax, refunds on account of inverted tax structure under section 54(3) of the CGST Act, 2017, and export of electricity without payment of tax.
- Earlier, Annexure-B was uploaded in PDF format, but now the prescribed offline utility must be used to bring uniformity and support system-based verification of invoices and documents.
- The utility requires invoice-wise reporting in HSN/ SAC-wise format, with separate line items wherever there are different categories of supplies or multiple HSN/SAC codes. The advisory also lays down validation rules for duplicate documents, reporting of ITC reversals, upload of JSON files on the RFD-01 screen, and validation with GSTR-2B, subject to the stated system treatment for older tax periods.

GST Portal advisory dated 18.05.2026

- **GSTN updates e-Way Bill system with 2 key updates**

- GSTN has announced functional enhancements in the e-Way Bill portal to strengthen data integrity, improve traceability of movement of goods, and enable system-driven closure of transactions.
 - (a) In bill-to/ship-to cases, the “Ship To GSTIN” field is now mandatory during e-Way Bill generation, and where the consignee is unregistered, “URP” must be entered.
 - (b) A voluntary e-Way Bill closure facility has also been introduced, allowing the supplier, recipient, transporter, or driver/ authorised person to close the e-Way

Bill after delivery is completed. Closure may be done either e-Way Bill-wise or date-wise, and the facility can be used on the same day of delivery or the immediately succeeding day.

- The advisory also notes that API changes have been released in sandbox and will be deployed in production on 15 June 2026.

GST Portal advisory dated 20.05.2026

- **GSTAT clarifies translation requirement for non-English orders**

- GSTAT has replied to a grievance concerning Rule 23(1) of the GSTAT (Procedure) Rules, 2025, which requires any document, including an impugned order not in English, to be accompanied by a certified English translation for acceptance by the Registry.
- The Tribunal clarified that the rule is procedural in nature and that it has no independent authority to amend the rules, as legislative and procedural control rests with the parent Ministry. It further stated that issuance of adjudication and appellate orders in Hindi is governed by the Official Languages Act, 1963, read with the Official Languages Rules, 1976, and the Tribunal itself cannot direct authorities to issue orders in any particular language.
- At the same time, to address difficulties faced during the transition, GSTAT has adopted a lenient approach for an initial period of six months, under which appeals filed along with original Hindi orders or documents are being accepted without insisting on immediate translation where the Bench Members are able to read and understand Hindi.
- The Tribunal has also stated that a committee has been constituted to examine representations regarding amendment of Rule 23(1) in favour of Hindi and vernacular languages.

GSTAT - F. No. GSTAT/CPGRAM/2025-26/136-172 dated 22.04.2026

- **GSTAT Portal Filing Instructions**

- GSTAT has continued the guidelines for filing appeals on the GSTAT Portal till 31 December 2026, in exercise of powers under Rule 123 of the GSTAT (Procedure) Rules, 2025.
- The instructions clarify what documents should be uploaded in APL-05, including soft copies of the Show Cause Notice, Order-in-Original, Order-in-Appeal, statement of facts, grounds of appeal, pre-deposit, and court fee, wherever required.
- Where the taxpayer is filing based on a certified copy of the OIO or OIA and the scrutiny officer is satisfied from the endorsement that the document is certified, no defect should be raised. The appellant or taxpayer must also upload the authorisation in favour of the tax professional or vakalatnama in favour of the advocate.

- For appeals filed by the Revenue under section 112(3), the necessary documents include the SCN, OIO, OIA, the Commissioner's opinion directing the officer to file the application, statement of facts, and grounds of appeal.
- The order also clarifies that no court fee or pre-deposit is required in revenue appeals, and only one verification and digital signature of the appellant is required.

GSTAT - F. No. GSTAT/Pr. Bench/Portal/125/25-26 dated 14.05.2026

- **GSTAT issues bench structure and case categorisation order**

- GSTAT has issued an office order regarding the creation of benches and allocation of matters under section 109(8) of the CGST Act, 2017 and Rule 110A of the CGST Rules, 2017.
- The order notes that matters involving tax liability or other issues below ₹50 lakhs and not involving a question of law may be listed before a Single Bench, but in order to remove difficulties in the initial phase, all pending and future matters before the Principal Bench or State Benches will first be listed before a Division Bench.
- If the Division Bench finds that a matter does not involve any question of law, it may record reasons and place the matter before the President or Vice-President, as applicable.
- The order also classifies matters into three categories.
 - (a) Category I covers core tax issues such as classification, notifications, valuation, ITC, liability, registration, and tax demand or excess ITC under sections 73 and 74.
 - (b) Category II covers registration, amendment, suspension, cancellation, revocation, disqualification of GSTP, recovery, wrong collection/non-payment of tax, assessments, and refund-related matters.
 - (c) Category III covers seizure, confiscation, rectification, withdrawal of orders, demand under earlier law, instalment payment, provisional attachment, penalty, compounding, and residual matters not covered elsewhere.
- The order further specifies bench composition and hearing schedules for different States and jurisdictions.

GSTAT - OFFICE ORDER No. 3/GSTAT/PB/2026 (F. No. GSTAT/Benches/PB/2026/157) dated 14.05.2026

B. RECENT DECISION (JUDICIARY & ADVANCE RULINGS)

May 2026 has provided significant clarity on several long-standing GST disputes, particularly regarding the taxability of corporate guarantees and arbitral award settlements. Furthermore, the Supreme Court and various High Courts have reinforced the principles of natural justice, quashing orders based on vague notices or incorrect service addresses. In the realm of ITC, the Gujarat High Court upheld the constitutional validity of Section 16(2)(c), though it urged the government to protect bona fide buyers from supplier defaults. Finally, jurisdictional boundaries were tightened as courts ruled that transit states cannot impose penalties for pure inter-state supplies originating and terminating outside their borders. Below is a concise summary of the most consequential judgments from May 2026.

I. Classification and Taxability under GST

- **Assignment of Leasehold Rights** - In the case of **ASSISTANT COMMISSIONER (ANTI EVASION) VS AEROCOM CUSHIONS PRIVATE LIMITED (2026-VIL-46-SC)**, the Supreme Court addressed the controversial issue of GST taxability regarding the transfer of leasehold rights. The Revenue had filed an appeal against a High Court order that quashed a show cause notice demanding tax on the assignment of such rights. The High Court's decision was centred on the finding that the transaction was merely a transfer of benefits arising from immovable property and lacked any nexus with the petitioner's business. It further clarified that the essential statutory element of a "supply of service in the course or furtherance of business" was entirely absent from the transaction. Affirming this position, the Supreme Court stated it was not inclined to interfere with the High Court's judgment and subsequently dismissed the Special Leave Petition
- **GST on actionable claims arising from online gaming and fantasy sports** - The Supreme Court, in the case of **DIRECTORATE GENERAL OF GOODS AND SERVICES TAX INTELLIGENCE (HQ) AND ORS Vs GAMESKRAFT TECHNOLOGIES PVT LTD AND ORS (2026-VIL-51-SC)**, upheld the constitutional validity of levying GST on actionable claims arising from betting and gambling, confirming that Parliament has the legislative competence under Article 246A to tax such supplies. The Court ruled that online gaming and fantasy sports involving pooled stakes constitute "betting and gambling" for GST purposes, regardless of whether the underlying activity is predominantly a game of skill or chance. It was further held that gaming platforms act as "suppliers" of these actionable claims and that the entire stake amount—rather than just the platform fee—constitutes the taxable consideration. Significantly, the Court declared the 2023 amendments and specific valuation provisions (Rules 31B and 31C) as clarificatory and explanatory, allowing them to operate retrospectively. Consequently, the Court set aside the Karnataka High Court's earlier judgment, restoring the Revenue's ability to adjudicate demands based on the full-face value of bets.
- **Corporate Guarantees** - In **M/s D P JAIN & CO. INFRASTRUCTURE PRIVATE LIMITED VS UNION OF INDIA (2026-VIL-474-BOM)**, the Bombay High Court held

that providing corporate guarantees to group companies without receiving any consideration is not a taxable supply, as the flow of consideration is an essential element for taxability.

- **Arbitral Awards** - In **TATA SONS PRIVATE LTD VS UNION OF INDIA (2026-VIL-433-BOM)**, the court ruled that the settlement of an arbitral award for damages does not amount to a supply, as the payment is a mere flow of money for loss suffered and not consideration for a service like "tolerating an act".
- **Statutory Bodies** - The Gauhati High Court in **ASSAM ELECTRICITY REGULATORY COMMISSION VS THE UNION OF INDIA (2026-VIL-466-GAU)** determined that regulatory and adjudicatory functions performed by a quasi-judicial body are not "business" activities and thus fall outside the scope of supply. Similarly, 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.
- **Religious activities and Commercial grant** - The Kerala AAR in **In Re: TRAVANCORE DEVASWOM BOARD (2026-VIL-106-AAR)** distinguished between religious activities and commercial grants; it held that auctioning rights to collect temple offerings or human hair constitutes a taxable supply of services, although the harvesting of coconuts on temple land remains exempt as an agricultural operation.

II. Valuation under GST

- **Preferential Location Charges** - In **DLF LIMITED VS THE COMMISSIONER OF CENTRAL GOODS AND SERVICE TAX (2026-VIL-514-P&H)**, the Punjab & Haryana High Court applied a government circular retrospectively to hold that Preferential Location Charges are an integral part of the composite supply of construction services and should be taxed at the same rate, rather than independently.

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

- **Section 16(2)(c) validity:** A major constitutional challenge was resolved in **MARUTI ENTERPRISE VS UNION OF INDIA (2026-VIL-432-GUJ)**, where the Gujarat High Court upheld the vires of Section 16(2)(c), which denies ITC to a recipient if the supplier fails to deposit the tax. While the court acknowledged the hardship for bona fide buyers, it ruled the provision is necessary to prevent revenue loss, though it urged the government to implement better tracking mechanisms.
- **ITC on concrete tower:** The Gujarat AAR in **In Re: M/s POLYCAB INDIA LIMITED (2026-VIL-105-AAR)** allowed ITC on inputs used to construct a concrete tower for

manufacturing extra-high voltage cables, classifying the structure as "plant and machinery" rather than a restricted civil structure.

- **Ocean Freight - RCM IGST:** In **Midas Tankers Private Limited Vs Union of India (2026-VIL-465-BOM)**, the Bombay 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. The transportation service provided by the petitioner becomes part of a composite supply of goods and cannot be subject to a separate IGST levy
- **RCM on PWD Charges:** The Haryana AAAR in **Re: INDIAN OIL-ADANI GAS PRIVATE LIMITED (2026-VIL-22-AAAR)** confirmed that permission and road-cutting charges levied by PWD authorities for laying pipelines are taxable under the RCM, as these constitute services provided by a local authority to a business entity.
- **Import of Service vs. Intermediary service - RCM:** The Tamil Nadu AAR in **Re: M/S SAMPURNAM HOSIERIES IMPEX PRIVATE LIMITED (2026-VIL-110-AAR)**, held that commission paid to a foreign national director for marketing services attracts GST under RCM as an import of service. However, the same ruling noted that commission paid to independent foreign marketing agents does not attract RCM because the place of supply for such "intermediary services" is the location of the foreign supplier

IV. Classification and Exemptions

- **Solar Power generating system** - The Karnataka High Court in **M/S ABB INDIA LIMITED VS THE JOINT COMMISSIONER OF COMMERCIAL TAXES (2026-VIL-506-KAR)** held that solar inverters are integral parts of a Solar Power Generating System and are eligible for the concessional 5% GST rate under Entry 234, rejecting the department's attempt to tax them at 18% as general electrical devices.
- **Supply of goods vs. Restaurant service** - In **Re: M/S CREMEUX BAKERIES PRIVATE LIMITED (2026-VIL-100-AAR)**, the advance authority ruling held that Sale of pre-manufactured bakery items is a supply of goods, whereas items prepared/cooked at the premises are "restaurant services."

V. Exports and Refund claims

- **Intermediary Services vs. Direct Exports:** In **FATEH EDUCATION CONSULTING PRIVATE LIMITED VS ASSISTANT COMMISSIONER (2026-VIL-479-DEL)**, the Delhi High Court ruled that education consultancy provided to foreign universities constitutes an export of services and not intermediary services, as the contractual relationship is with the university and not the students.
- **Rule 96(10):** The Calcutta High Court in **TECHNO WAXCHEM PRIVATE LIMITED VS UNION OF INDIA (2026-VIL-526-CAL)** held that the omission of Rule 96(10) from

the CGST Rules means that all pending proceedings based on that rule (which restricted IGST refunds) must stand closed.

- **Procedural delays:** In **M/s IBA Crafts Private Limited Vs Union of India (2026-VIL-537-DEL)**, the court emphasized that postal authorities are statutorily obligated to process IGST refunds for exports made through foreign post offices, regardless of administrative delays in prescribing procedures.

VI. Adjudications/ Principles of Natural Justice

- **Mandatory procedural not followed:** In **SUSHANT GOEL VS DIRECTORATE GENERAL OF GST INTELLIGENCE (2026-VIL-502-ALH)**, an arrest was declared illegal because the grounds were not furnished to the petitioner as mandated by the Supreme Court.
- **Amalgamation impact:** The Bombay High Court in **IDFC FIRST BANK LIMITED VS THE STATE OF MAHARASHTRA (2026-VIL-480-BOM)** quashed proceedings initiated against an entity that had ceased to exist post-amalgamation.
- **Authority to levy penalty for EWB discrepancy:** In **M/S MARUTI ENTERPRISES VS STATE OF U.P. (2026-VIL-515-ALH)**, the court held that transit states only have the power to "report" deficiencies in inter-state goods and cannot independently impose penalties if the supply neither originates nor terminates within that state.

VII. Pre-GST regime

- **'Manufacture' in Excise:** The Supreme Court in **M/S ALUPRO BUILDING SYSTEMS PVT LTD VS COMMISSIONER OF CENTRAL EXCISE (2026-VIL-49-SC-CE)** applied a two-fold test to hold that cutting and grooving aluminium composite panels for building facades does not amount to "manufacture" as it does not result in a new product with a distinct commercial identity.
- **Inter-state vs Intra-state under VAT:** The Supreme Court in **STATE OF UTTAR PRADESH VS RELIANCE INDUSTRIES LIMITED (2026-VIL-44-SC)** ruled that the movement of natural gas delivered at an onshore terminal in one state to a buyer in another is an inter-state sale (CST) and cannot be taxed as an intra-state sale (VAT) by the destination state.
- **Employer-Employee relationship:** In **THRIVENI EARTH MOVERS PVT LTD VS COMMISSIONER OF GST (2026-VIL-919-CESTAT-CHE-ST)**, the Tribunal held that remuneration paid to whole-time directors, including variable components like commission, constitutes "salary" arising from an employer-employee relationship and is specifically excluded from the definition of "service". This status was further corroborated by the company's practice of deducting tax at source (TDS) under Section 192 of the Income Tax Act and issuing Form 16.

- **Investment in and redemption of mutual fund units:** In **INDIA MART INTERMESH LTD VS COMMISSIONER OF CGST (2026-VIL-868-CESTAT-DEL-ST)**, the Tribunal ruled that the investment in and redemption of mutual fund units is not a "service" because it lacks a service provider-recipient relationship and involves no activity carried out for another party for consideration. Consequently, it cannot be classified as an "exempted service" or "trading," meaning the assessee is not required to reverse CENVAT credit on common input services.

C. GST COMPLIANCE CHART FOR JUNE 2026

S N	Due Date	Form	Period	Periodicity	Special Remarks
1.	10.06.2026	GSTR - 7	May 2026	Monthly	To be filed by those who are required to deduct TDS under GST
2.	10.06.2026	GSTR - 8	May 2026	Monthly	To be filed by those who are required to collect TCS under GST
3.	11.06.2026	GSTR - 1	May 2026	Monthly	Taxpayers filing GSTR - 1 monthly
4.	13.06.2026	GSTR - 5	May 2026	Monthly	To be filed by a non-resident foreign taxpayer registered in GST
5.	13.06.2026	GSTR - 6	May 2026	Monthly	To be filed by an ISD
6.	13.06.2026	IFF	May 2026	Monthly	To be filed by those under QRMP Scheme (optional)
7.	20.06.2026	GSTR - 3B	May 2026	Monthly	To be filed by Taxpayer filing monthly GSTR 3B
8.	20.06.2026	GSTR - 5A	May 2026	Monthly	To be filed by non-resident Online Information and Database Access or Retrieval (OIDAR) services provider
9.	25.06.2026	PMT - 06	May 2026	Monthly	Challan to be filed for payment by those under QRMP Scheme