

Indirect Tax Digest

Legislative Updates: May 2026

Goods and Service Tax

CIRCULARS

115/2026-SGST¹
Uttar Pradesh

The UPGST Circular seeks to prevent fraudulent ITC claims by Non-Genuine Taxpayers (NGTPs) through strengthened registration verification, post-registration monitoring, and risk-based enforcement measures.

01/2026-SGST²
West Bengal

The circular clarifies the applicability of e-way bills for intra-State movement of goods in West Bengal, prescribing a Rs. 50,000 threshold for general movements while continuing the exemption for job work transactions.

2026-27/252³
Uttar Pradesh

The circular lays down guidelines for filing departmental appeals under the UPGST Act before the GSTAT, subject to prescribed monetary limits and specified exceptions. It also provides for the constitution of Zonal Law Committees to review appellate orders, safeguard revenue interests, ensure consistency in decision-making and monitor the quality of adjudication.

INSTRUCTION

GSTAT/Pr.Bench/Portal/125/25-26⁴
Central

This instruction extends the GSTAT Portal appeal filing and scrutiny procedures till 31st December 2026 and provides clarifications regarding document verification, processing of appeals, acceptance of certified copies, filing of authorisation documents, and revenue applications.

453/Commissioner
State Tax Hq./GST
Section/2026-27⁵
Uttarakhand

The instruction prescribes monetary thresholds and exceptions for filing departmental appeals under the Uttarakhand GST Act, with the objective of aligning litigation management with the National Litigation Policy.

¹ Dated 26th May 2026 | ² Dated 25th May 2026 | ³ Dated 22nd May 2026 | ⁴ Dated 14th May 2026 | ⁵ Dated 06th May 2026

GSTIN ADVISORY

GSTIN Advisory ⁶	GSTN vide advisory dated 18th May 2026 has introduced the Annexure-B Offline Utility for filing refund claims of accumulated ITC. The utility requires invoice-wise, HSN/SAC-wise reporting with validations aligned to GSTR-2B and supports JSON upload on the RFD-01 portal, thereby standardising data reporting and improving the accuracy and processing of refund applications.
GSTIN Advisory ⁷	GSTN vide advisory dated 21st May 2026 has proposed enhancements in the E-Way Bill system to improve data quality and traceability by making "Ship-To GSTIN" mandatory in Bill-To Ship-To transactions. The Advisory also introduces an EWB closure functionality for voluntary closure of E-Way Bills in specified cases and outlines the implementation timelines and preparedness requirements for stakeholders.

OFFICE ORDER

3/GSTAT/PB/2026 ⁸ Central	The GSTAT vide the office order dated 14th May, 2026 has laid down a framework for the allocation and hearing of appeals by classifying matters into three categories, namely substantive tax disputes, registration/refund/recover related matters and consequential or ancillary proceedings. The Order also prescribes the procedure for assignment of cases between Division Benches and Single Benches and aims to streamline roster management, ensure consistency in adjudication, and facilitate the efficient functioning of GSTAT Benches.
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JUDICIAL UPDATES

Directorate General of Goods and Services Tax Intelligence (HQS) & Ors. v. Gameskraft Technologies Private Limited & Ors. [CIVIL APPEAL NO(S). 8241 - 8244 OF 2026 dated 27.05.2026 - SC]

Issue:

- GST treatment of online gaming, fantasy sports, and casino transactions involving stakes on uncertain outcomes, including their classification as betting or gambling.
- Taxability of actionable claims arising from such activities as "goods" and their inclusion within the scope of taxable supplies under GST.
- Determination of whether the staked amount constitutes consideration and examination of the validity of valuation provisions under Rules 31A, 31B, and 31C of the CGST Rules.
- Consideration of whether the 2023 amendments relating to online gaming, betting, gambling, and casinos are clarificatory in nature and have retrospective effect.
- Examination of the sustainability of show cause notices and pending proceedings relating to GST levy on online gaming, fantasy sports, and casino transactions.

⁶Dated 18th May 2026 | ⁷Dated 21st May, 2026 | ⁸Dated 14th May 2026

Ratio:

- Where money or money's worth is staked on an uncertain outcome, the activity constitutes betting and gambling for GST purposes, irrespective of the fact that whether it is a game of skill or a game of chance.
- Actionable claims arising from betting and gambling are validly included within the definition of "goods" under the GST framework and are taxable as supplies.
- The Hon'ble Supreme Court held that GST is leviable on the entire amount staked by the participants in betting and gambling transactions and not merely on platform fees or commission,
- Rule 31A, Rule 31B and Rule 31C of the CGST Rules are valid valuation provisions and constitute a lawful mechanism for determining the taxable value of such supplies.
- The 2023 amendments relating to online gaming, betting, gambling and casinos are clarificatory in nature, intended to remove doubts and provide certainty to the existing legal position. Consequently, the said amendments operate retrospectively and GST is leviable on such transactions in accordance with the statutory scheme.
- The levy was upheld and the Revenue's appeal was allowed with all connected matters disposed off accordingly.

M/s. GM Iron & Steels Company Limited, Kolkata Versus Joint Commissioner of State Tax (Appeal) CT & GST Territorial Range, CT & GST, Balasore and another, [W. P. (C) No. 14934 of 2026 dated 15.05.2026 - HC ORISSA]

Issue:

- Maintainability of a writ petition challenging an order passed under the GST Act in the presence of an efficacious alternative remedy of appeal before a functional GST Appellate Tribunal.
- Requirement of mandatory compliance with the pre-deposit condition prescribed under Section 112(8) of the CGST Act for filing an appeal before the GST Appellate Tribunal

Ratio:

- Once the GST Appellate Tribunal becomes functional and an efficacious statutory remedy of appeal is available, the High Court should ordinarily decline to exercise its writ jurisdiction and relegate the aggrieved party to the statutory appellate forum.
- The existence of exceptional circumstances may justify invocation of writ jurisdiction, however, in the ordinary course, disputes arising under the GST enactments should be adjudicated through the statutory appellate mechanism.
- The right of appeal under Section 112 of the GST Act is subject to compliance with the mandatory pre-deposit requirement prescribed under Section 112(8), and such statutory condition cannot be waived merely because the matter was initially brought before the High Court.
- Accordingly, a person seeking to challenge an assessment or adjudication order before the GST Appellate Tribunal must comply with the prescribed pre-deposit requirement and pursue the statutory remedy in accordance with law.

M/s Maruti Enterprise Through Its Authorised Partner Jigneshbhai Bharatbhai Tarpara v. Union of India & Ors., [R/Special Civil Application No. 18080 of 2023 & connected matters- HC GUJARAT].

Issue:

- Whether Input Tax Credit (“ITC”) under Section 16(2)(c) of the CGST Act can be denied to bona fide purchaser on account of failure of the supplier to deposit tax with Government.
- Whether Section 16(2)(c) of the CGST Act is constitutionally valid despite placing the burden of ensuring tax payment by the supplier on the recipient

Ratio:

- ITC is a statutory concession under the GST law and not an absolute or vested right and is available only upon strict fulfilment of all conditions prescribed under Section 16(2).
- The entitlement to ITC is linked to actual receipt of tax by the Government and credit cannot be allowed merely based on invoice or payment to the supplier.
- Section 16(2)(c) of the CGST Act is constitutionally valid, and the requirement of actual tax payment by the supplier is a lawful condition intended to safeguard revenue.
- The burden of establishing eligibility for ITC lies on the claimant under Section 155, and ITC is subject to denial in cases of non-compliance with the conditions prescribed under Section 16(2), including supplier default

Foreign Trade Policy

NOTIFICATION

17/2026-27 ⁹	The import policy for silver bars under ITC (HS) codes 71069221 and 71069229 has been revised under the Foreign Trade (Development & Regulation) Act, 1992 and the Foreign Trade Policy, 2023. The status has been changed from “Free” to “Restricted,” requiring specific authorization for import, including high-purity and other silver bars, in order to strengthen regulatory control over semi-manufactured silver imports.
16/2026-27 ¹⁰	The export of sugar (raw, white, and refined) under ITC (HS) codes 1701 14 90 and 1701 99 90 has been placed under “Prohibited” category up to 30 September 2026, subject to specified exemptions including quota-based exports and Advance Authorization Scheme, with shipments already in the export pipeline being permitted.

⁹Dated 16th May 2026 | ¹⁰Dated 13th May 2026

TRADE NOTICE/PUBLIC NOTICE

Trade Notice No. 06/2026-2027 ¹¹	Under the India–Oman CEPA, with effect from 1 June 2026, Preferential Certificates of Origin for exports to Oman will be issued electronically through the Trade Connect ePlatform, enabling a fully digital, QR-coded and digitally signed certification process. The system allows exporters to apply through authorised agencies using existing DGFT credentials, while providing online verification facilities to ensure transparency and ease of compliance.
Trade Notice No. 04/2026-27 ¹²	DGFT has initiated a review of Pharma Grade Sugar export quotas for revalidation and reallocation based on utilization, requiring exporters to submit utilization details within the prescribed timeline, with unutilized quantities subject to redistribution.
Trade Notice No. 03/2026-27 ¹³	DGFT has issued clarifications under the Interest Subvention Scheme of the Export Promotion Mission to streamline the generation and use of Unique Identification Numbers (UIN). A one-time relaxation has been provided for FY 2025–26 permitting post-disbursal UIN generation up to 31 May 2026, while from FY 2026–27 onwards UIN must be generated within 15 days of loan disbursal, along with other procedural clarifications for uniform implementation.

Customs

NOTIFICATION

03/2026-HSNS Cess ¹⁴	Amendments to Rule 35 of the Health Security and National Security Cess Rules, 2026 have been notified rationalising the mechanism for credit, transfer and utilisation of cess. The changes omit the provision for quarterly transfer of cess to the Fund, revise accounting and operational references, and vest the Department of Expenditure, Ministry of Finance with responsibility for decisions relating to identification of schemes and allocation of cess proceeds.
48/2026- Customs (N.T.) ¹⁵	The Government has notified the Customs Tariff (Determination of Origin of Goods under India–Oman CEPA) Rules, 2026 to operationalise Rules of Origin for preferential tariff benefits. The Rules prescribe origin criteria, including value addition and tariff classification norms, along with provisions for bilateral cumulation, certification, verification, record-keeping, and denial or restoration of preferential tariff treatment. The Rules came into force on 01.06.2026.

¹¹ Dated 29th May 2026 | ¹² Dated 22nd May 2026 | ¹³ Dated 13th May 2026 | ¹⁴ Dated 20th May 2026 | ¹⁵ Dated 29th May 2026

20/2026-Customs ¹⁶	The Government has issued Notification No. 20/2026-Customs dated 31.05.2026 to implement the first tranche of India's tariff commitments under the India–Oman CEPA. The notification grants preferential customs duty concessions, including reduced duty rates and tariff rate quota (TRQ) benefits, on specified goods originating in Oman and imported into India. The benefits are available subject to compliance with the applicable Rules of Origin and other conditions prescribed under the Agreement. The notification came into force on 01st June, 2026.
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JUDICIAL UPDATES

Harish Kumar v. Commissioner of Customs (Airport & General), New Delhi, W.P. (C) 12711/2025 dated 04.05.2026

Issue:

- Liability of detained gold articles to absolute confiscation or eligibility for redemption and release on payment of fine and duty under the Customs Act, 1962.
- Entitlement of the petitioner to waiver of warehouse charges for the period between the appellate order and actual release of the goods.

Ratio:

- In the absence of commercial smuggling, habitual violations, or other aggravating circumstances, confiscated goods may be released on redemption under Section 125 of the Customs Act, 1962, and absolute confiscation should not be resorted to mechanically.
- A person cannot be burdened with warehouse charges for the period during which the authorities failed to release the goods despite an appellate order permitting redemption.
- The levy was upheld, the writ petitions were dismissed, the Revenue's appeals succeeded, and the connected matters were disposed of in the manner stated.

¹⁶Dated 31st May 2026

Central Excise/Service Tax/ Value Added Tax

NOTIFICATION

3(2 2)/Fin (Rev-I)/
DS-I/467¹⁷

The Fourth Schedule to the Delhi Value Added Tax Act, 2004 has been amended to revise the tax rate on Aviation Turbine Fuel ("ATF") at Serial No. 14 to 7 paise in the rupee. The revised rate is effective for a period of six months from the date of publication in the Official Gazette.

JUDICIAL UPDATES

Lister Technologies Pvt. Ltd. Versus Commissioner of GST & Central Excise, Chennai Order No. Final Order Nos. 40625 to 40627/2026 dated 29.05.2026 [CESTAT Chennai]

Issue:

- Determination of the "relevant date" for computing the one-year limitation period for filing refund claims of unutilised CENVAT credit under Rule 5 of the Cenvat Credit Rules, 2004 read with Section 11B of the Central Excise Act, 1944, in cases involving quarterly refund claims for export of services.
- Whether the limitation period is to be reckoned from the date of export invoice or from the end of the quarter in which foreign exchange is actually received, as evidenced by the Foreign Inward Remittance Certificate (FIRC).

Ratio:

- For quarterly refund claims of unutilised CENVAT credit under Rule 5 of the Cenvat Credit Rules, 2004 relating to export of services, the limitation under Section 11B of the Central Excise Act, 1944 is to be computed from the end of the quarter in which foreign exchange is received, as evidenced by the FIRC.
- The date of export invoice cannot be treated as the relevant date for reckoning limitation in such cases.
- The principle laid down by the Larger Bench in Span Infotech is applicable, and aligns the limitation computation with receipt of consideration in convertible foreign exchange.
- The amendment dated 01.03.2016 linking limitation to receipt of payment in foreign exchange is prospective in nature and cannot be applied to past periods.
- Refund claims cannot be rejected on limitation grounds where they are otherwise within time computed from the end of the relevant quarter of receipt of foreign exchange.

¹⁷ Dated 17th May 2026

State of Uttar Pradesh & Ors. Versus Reliance Industries Limited & Ors., M/s. Tata Chemicals Ltd. & Ors., M/s. Kribhco Shyam Fertilizers Ltd. & Ors., Indian Farmers Fertilizers Cooperative Ltd. & Ors. 2026 INSC 491 dated 15.05.2026 [Supreme Court]

Issue:

- Determination of whether the sale of natural gas under the contractual arrangement, with delivery at Gadimoga in Andhra Pradesh and subsequent movement to other States through pipeline transportation, constituted an inter-State sale or an intra-State sale.
- Examination of whether the State of Uttar Pradesh had jurisdiction to levy Value Added Tax (VAT) on such transaction.

Ratio:

- A sale is treated as an inter-State sale under Section 3 of the Central Sales Tax Act, 1956 where the contract itself occasions the movement of goods from one State to another and fixes the point of delivery, transfer of title, and risk in a particular State.
- Subsequent movement of goods through pipeline transportation, including commingling or further processing in other States, does not alter the inter-State character of the original sale.
- Once a transaction is classified as inter-State, the State VAT law is inapplicable in view of Articles 269 and 286 of the Constitution of India and the scheme of the Central Sales Tax Act, 1956.
- A State lacks jurisdiction to levy VAT on such transactions merely on the basis of physical presence, movement, or consumption of goods within its territory.

Indirect Tax News Flash

The Economic Times
(23rd May)

- [High Court says no to 'coercive action' against IndiGo](#)

Financial Express
(1st May and 28th May)

- [GST receipts rise 8.7% to a high of Rs 2.42 lakh crore in April](#)
- [SC upholds 28% GST levy on online gaming firms, analysts say 'retrospective liability too high amid ban on money games'](#)

The Hindu Business Line
(4th May, 15th May and 28th May)

- [GAAR rules coaching for classes 5–12 as 'supplementary education', liable for 18% GST](#)
- [GSTAT constitutes benches countrywide, prescribes listing mechanism](#)
- [License fees for collecting devotees hair in temple to attract 18% GST, says AAR](#)

CNBC TV18
(1st May, 7th May and 15th May)

- [GST collections rise 8.7% to ₹2.42 lakh crore in April despite no cess and a tough environment](#)
- [Businesses may face stricter GST refund validation under new filing process](#)
- [GSTAT is now operational with nationwide benches and an appeal system to ease GST litigation burden](#)

Business Today
(27th May)

- [Supreme Court upholds 28% GST on online gaming; ₹1 lakh cr tax burden looms](#)

Mint (1st May and 8th May)

- [Centre, states collect record Rs. 2.43 trillion in gross April GST revenue](#)
- [GST Council to get four new representatives at next meeting](#)

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