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**Advisory –System Enhancement for Order-Based Refunds..**

The GSTN, on 28<sup>th</sup> August, 2025 has implemented a key system enhancement to facilitate smoother refund claims under the “Assessment/Enforcement/Appeal/Revision/Any Other Order” (ASSORD) category. Taxpayers can now claim refunds even if the cumulative demand balance is zero or positive, provided any minor head reflects a negative balance. This update removes the earlier restriction requiring the Demand ID to show a “Refund Due” status. Only negative balances will auto-populate in Form RFD-01, and no refund can be claimed for positive components. The system will also auto-suggest the most recent relevant order number and provide tooltips to guide users in entering correct details. A detailed user manual and FAQs will be released shortly. For issues, taxpayers may raise a ticket with the GST helpdesk.

Source- Notification







**HC: Restoration of GST Registration on Substantive Compliance Despite Procedural Lapse.**

In the case of **Mokibur Rahman v. Union of India [WP(C) 4253 OF 2025, dated 1<sup>st</sup> August,2025]**, the **Hon'ble Gauhati High Court** held that cancellation of GST registration due to non-filing of returns for over six months can be reconsidered if the taxpayer subsequently files all pending returns and clears all tax dues, interest, and late fees as per the proviso to Rule 22(4) of the CGST Rules. Despite the expiry of the 270-day limit for filing a revocation application, and the dismissal of an appeal, the Court ruled in favor of the assessee, emphasizing that cancellation has serious civil consequences, and that substantive compliance should not be defeated by procedural lapses. The Court directed the petitioner to approach the proper officer within two months, who, upon verifying compliance, must consider restoration of GST registration in accordance with law.

**Source- Rulings**



### HC: Refund Rejection Over Technical Error Quashed by Allahabad High Court.

In the case of **Bharat Mint & Aroma Chemicals v. Union of India** [WRIT TAX NO. 3189 OF 2025, dated 1<sup>st</sup> August, 2025], the Hon'ble Allahabad High Court set aside orders rejecting a refund claim of CGST on the ground that the tax was wrongly recorded under the IGST head due to a software glitch. The Court held that citing the wrong tax head or making typographical errors in forms cannot be the basis for denying substantive refund claims, especially when there was no dispute regarding the assessee's entitlement. It further noted that the appellate authority failed to consider the actual application and dismissed the claim purely on technical grounds, without addressing the merits. Moreover, the petitioner was not given a proper opportunity to respond to the new grounds taken in the adjudication order, violating principles of natural justice. The Court quashed the impugned orders and remitted the matter to the appellate authority for fresh adjudication on merits.







### HC: Penalty for Transporting Goods Without Valid E-Way Bill Reduced by Calcutta High Court.

In the case of **Appollo Plywood Industries v. Assistant Commissioner of Revenue [F.MA. 1237 OF 2025, dated 2<sup>nd</sup> August 2025]**, the Hon'ble **Calcutta High Court** dealt with a penalty imposed for transporting goods after the expiry of an e-way bill. The goods were moved from Manipur to West Bengal, and although the e-way bill expired at midnight on April 3, 2025, the vehicle continued and was intercepted on April 4, 2025. The appellants did not extend the e-way bill validity within the allowed eight-hour grace period, citing unavoidable delays caused by a political rally, a cyclone relief operation, and adverse weather conditions. The Court emphasized that the key consideration was the absence of any intent to evade tax payment. Since the nature, quantity, and documents related to the goods were undisputed and no evidence suggested tax evasion, the Court held that the imposition of a 200% penalty was excessive. Instead, it reduced the penalty to a nominal Rs. 25,000, ordering refund of the excess amount already paid. This judgment underscores that while compliance with e-way bill rules is mandatory, penalties must be proportionate and consider factual circumstances preventing compliance.

**Source- Rulings**



### HC: Delhi High Court Sets Aside GST Demand for Lack of Proper Notice and Hearing.

In the case of **Hind Paper House v. Commissioner, State GST Delhi [W.P.(C) NO. 3294 OF 2025 CM APPL. NO. 15563 OF 2025, dated 4<sup>th</sup> August, 2025]**, the Hon'ble Delhi High Court quashed a ₹4.04 crore tax demand raised via a summary show cause notice (Form DRC-01) without uploading the full notice or relied upon documents (RUDs) on the GST portal. The Court found fault on both sides: the department failed to upload complete documentation due to a technical glitch, and while it later served hard copies via speed post, the petitioner failed to file a substantive reply and instead repeatedly sought adjournments. The Court held that the DRC-01 summary alone was insufficient to inform the assessee of the case against it, thus violating principles of natural justice. It concluded that the adjudication order passed without a meaningful hearing must be set aside. The case was remanded to the adjudicating authority for fresh consideration, with liberty to the petitioner to raise all contentions, including limitation.

#### Source- Rulings

### HC: Recognizing two-tier interest liability on GST-Refund delays, grants interest at 6% construing Appellate-Order as Original-Order.

In the case of **Lupin Limited vs Union of India & Ors. [WRIT PETITION NO.610 OF 2024, dated 5<sup>th</sup> August, 2025]**, the Hon'ble Bombay High Court (Goa Bench) has clarified the interest rates applicable to delayed GST refunds, establishing a two-tier system., holding that while a 6% interest rate applies to refunds not granted within 60 days of the original application, a higher 9% interest rate is due when a refund is initially denied and subsequently sanctioned by an Appellate Authority, but still not paid within 60 days of the fresh application. The court's decision, which allows for the full interest claim of ₹6.29 crores, emphasizes that the higher rate is intended to justly compensate taxpayers for delays following an appeal and that the fresh application for refund is merely an administrative formality that does not restart the statutory timeline.

#### Source- Rulings

### SC: Copy of SC-judgment holding Section 6(2)(b) as inapplicable to parallel summons, search-seizure proceedings.

In the case of **Armour Security (India) Ltd. vs Commissioner, CGST, Delhi East Commissionerate and anr.** [SPECIAL LEAVE PETITION (C) No. 6092 of 2025, dated 14<sup>th</sup> August, 2025], the Hon'ble Supreme Court has clarified the scope of Section 6(2)(b) of the CGST Act, ruling that the bar on parallel proceedings by Central and State GST authorities on the "same subject matter" does not apply to preliminary actions like issuing summons or conducting a search. The court held that 'proceedings' are only initiated when a Show Cause Notice is issued to determine a tax liability. To prevent jurisdictional conflicts, the court issued eight guidelines for cases of potential overlap, requiring taxpayers to inform authorities of parallel inquiries and mandating communication between departments to decide which will continue the investigation. This decision clarifies that initial information-gathering activities are distinct from formal proceedings, while also establishing a clear framework for resolving jurisdictional disputes between GST authorities.

#### Source- Rulings

### HC: Penalty for 'Transporter' invokable against 'Owner' basis failure to produce documents at detention/seizure time.

In the case of **Shree Maa Trading Company And 2 Others vs State of U.P and 3 Ors** [WRIT TAX No. - 3171 of 2025, dated 21<sup>st</sup> August, 2025], the Hon'ble Allahabad High Court has upheld the penalty levied under Section 129(1)(b) of the GST Act against a transporter, rejecting the owner's plea., the court held that since the owner failed to produce specified documents at the time of the goods' detention and seizure, they could not be treated as the 'owner' for the purpose of the penalty proceedings. The court dismissed the argument that the documents were not produced due to the truck driver's fault, noting that the claim of ownership was only raised at the appellate stage. Furthermore, the High Court affirmed that State GST officers have the jurisdiction to act as "proper officers" for interstate transactions without a separate notification, thereby dismissing the petitions and upholding the original penalty orders.





### SC: Dismisses Revenue's review petition challenging return of valuable assets seized during search proceedings.

In the case of **Commissioner of CGST vs. Deepak Khandelwal** [Diary No(s). 59521/2024, dated 19<sup>th</sup> August, 2025], **the Hon'ble Supreme Court (SC)** dismissed a review petition filed by the Revenue department, affirming its previous decision to uphold a Delhi High Court judgment. The Delhi High Court had ordered the release of silver bars, currency, and mobile phones seized from the assessee's residence during a search. The core of the matter was whether the power of inspection, search, and seizure under Section 67 of the CGST Act extends to seizing valuable assets simply because they are not accounted for. Applying a purposive interpretation of the law, the Delhi High Court had ruled against the seizure. The SC, having previously dismissed the Revenue's Special Leave Petition (SLP) on the matter, found "no case for review" and upheld its original order, thereby reinforcing that the seizure power under Section 67 has specific limitations and cannot be used to indiscriminately confiscate assets.



### HC: Retention of pre-deposit in excess of 20% prior to expiry of appeal filing period illegal.

In the case of **Supreme Infotrade Private Limited & Anr. vs. Assistant Commissioner, Refund Vertical, SGST & Ors. [WPA 11681 of 2025, dated 6<sup>th</sup> August, 2025]**, the Hon'ble Calcutta High Court ruled that the retention of a pre-deposit in excess of the statutory 20% limit is illegal. The case involved the **Revenue department** debiting the entire GST demand from the assessee's electronic credit ledger even before the expiry of the appeal period under **Section 107**. The assessee's appeal was later partly successful, and the demand was revised. Despite this, the Revenue refused to refund the excess amount, claiming there was no specific refund order. The court deemed this "entirely irrational," stating that the excess recovery was due to the Revenue's own premature debit. The court clarified that as per **Sections 107(6) and 112(8)**, **only 10%** of the disputed tax can be retained at the first appellate stage and an additional 10% at the Tribunal stage, totaling a maximum of 20%. The court held that the remaining amount "ought to be refunded" without delay and ordered the re-credit of the excess GST.

**Source- Rulings**





### SC: Dismisses Revenue's SLP over recovery from liquidated company' Director of legacy excise dues.

In the case of **UOI & Ors. vs. Ravindra Muthavarapu** [Petitions for Special Leave to Appeal (C) Nos. 21610-21615/2025 dated 14<sup>th</sup> August, 2025], the **Supreme Court** dismissed the Revenue's SLP challenging the Andhra Pradesh High Court's decision that quashed recovery notices issued under Section 88 of the CGST Act against a former Director of a liquidated company for legacy dues under the repealed Central Excise Act, 1944. The HC had ruled that Section 88(3) of the CGST Act permits recovery only of dues determined under the CGST regime and not those under earlier laws. The SC upheld this view, stating that the CGST Act cannot be invoked for recovery of Central Excise dues, and granted liberty to the Revenue to pursue remedies under the Central Excise Act instead.





**Seeks to prescribe BCD and AIDC on Raw Cotton for a specified period.**

The CBIC via **Notification 35/2025-Custom**, dated **August 18, 2025**, **exempts imported cotton (falling under Heading 5201) from both the basic customs duty and the Agriculture Infrastructure and Development Cess (AIDC)**. This temporary exemption is effective from **August 19, 2025**, and will remain in force until **September 30, 2025**. The measure, issued under Section 25(1) of the Customs Act, 1962, and Section 124 of the Finance Act, 2021, aims to benefit the public interest by making raw cotton imports more affordable during this specified period.

**Source- Customs**



**CBIC-Guidelines regarding export of items suspected to be covered under SCOMET.**

The **CBIC via Instruction No. 26/2025-Customs**, dated **August 14, 2025**, addresses the challenges faced by both customs officials and exporters in identifying items suspected to fall under the SCOMET (Special Chemicals, Organisms, Materials, Equipment, and Technologies) list due to their highly technical nature. The instruction directs customs field formations to a consolidated repository of SCOMET clarifications available on the CBIC website. This repository, periodically updated with information from the DGFT, is intended to serve as the primary reference point to resolve ambiguities and prevent clearance delays. The directive also highlights the role of the DGFT's Inter-Ministerial Working Group (IMWG), which provides the final determination on SCOMET classification, thereby streamlining the export process and ensuring regulatory compliance.

**Source- Customs**



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