

TAX BULLETIN

May-2026 Issue-1

About The Tax Bulletin

The Tax Bulletin from Team CGA Legal, is intending to keep its readers updated with all important legal and judicial updates in Goods & Services Tax and other Tax laws. The Newsletter also has a special column of Tax Alerts for the month. Along with it, CGA Legal also sends various legal recommendations which have immense implications in improving the compliance in your business.

All editions of our newsletters can be referred from below link below;

<https://www.cgalegal.co.in/newsletters.php>

Other Offerings from Team CGA Legal

- **CGA Legal Tax Alert:** Our Monthly Calendar detailing all GST & Income Tax related compliances for the month so that you never miss of any of the compliances.
- **CGA Legal Meet:** Our Monthly Webinar series discussing various trending GST legal and compliance issues

All the previous editions can be accessed on our website

www.cgalegal.co.in

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Tax Alert - May 2026

Date	Types of Return	Period	Types of Taxpayer
07-05-2026	TDS/ TCS Payment	April 2026	All persons liable to Deposit TDS/ TCS deducted or collected in April. (Challan No. ITNS 281)
10-05-2026	GSTR-7	April 2026	TDS Deductors.
10-05-2026	GSTR-8	April 2026	E-Commerce Operators
11-05-2026	GSTR-1	April 2026	Turnover more than INR 5 crore in the preceding FY or Turnover up to INR 5 crores and opted for monthly return filing.
13-05-2026	Details of Outward Supplies through Invoice Furnishing Facility [IFF]	April 2026	Taxpayers who are under QRMP Scheme.
13-05-2026	GSTR-6	April 2026	Input Service Distributors (ISD).
13-05-2026	GSTR-5	April 2026	Non-Resident Taxable Person.
15-05-2026	TCS Return	Jan to Mar-2026	TCS Return in Form 27EQ.
20-05-2026	GSTR-3B	April 2026	Turnover more than INR 5 crore in the preceding FY or Turnover up to INR 5 crore in the preceding FY but opted for monthly return filing.
20-05-2026	GSTR-5A	April 2026	OIDAR Service Providers
25-05-2026	GST PMT-06	April 2026	Taxpayer who has opted for QRMP Scheme has to deposit tax using form GST PMT-06 by the 25th of the following month, for the first and second months of the quarter.
28-05-2026	GSTR-11	April 2026	UIN Holders.
31-05-2026	TDS Return	Jan to Mar-2026	TDS Return in Form 24Q/26Q/27Q.

GST Updates – GST Technical Update

Introduction of IMS Offline Tool

Dated: 21-04-2026

The Invoice Management System (IMS) was introduced on the GST portal to streamline invoice-level compliance for taxpayers. The system enables recipients to take appropriate actions on invoices uploaded by their suppliers through GSTR-1, GSTR-1A, or IFF, such as acceptance, rejection, or marking invoices as pending.

- **New Update: Launch of IMS Offline Tool**
 - To further enhance taxpayer convenience and improve ease of compliance, the GST system has now introduced an IMS Offline Tool.
- **Key Features of the IMS Offline Tool:**
 - The tool is developed in MS Excel format, making it simple and user-friendly.
 - Taxpayers can take actions on multiple invoices simultaneously, reducing manual effort.
 - Enables actions such as Accept, Reject, or Keep Pending efficiently in an offline mode.
- **Further Information:**
 - Taxpayers are advised to refer to the detailed advisory issued by GSTN for step-by-step guidance on using the IMS Offline Tool.
- **For detailed advisory on the IMS offline tool kindly click on the link.**

https://tutorial.gst.gov.in/downloads/news/advisory_on_ims_offline_tool_23rd_april_2026.pdf

Income Tax Updates

India–Brazil DTAA Amended – New Protocol Notified

Dated: 08-04-2026

The Ministry of Finance (Department of Revenue) has issued Notification No. S.O. 1647(E) dated 30.03.2026, bringing into effect the Protocol amending the Double Taxation Avoidance Agreement (DTAA) between India and Brazil.

The amended Protocol, originally signed on 24th August 2022, entered into force on 18th October 2025, following completion of necessary legal procedures by both countries.

As per Article 22 of the Protocol, its provisions shall apply in India to income arising in any previous year beginning on or after 1st April 2026.

From a professional standpoint, this amendment is significant as it updates the existing tax treaty framework, potentially impacting cross-border taxation, withholding tax positions, and treaty benefits between India and Brazil.

Action Point: Tax professionals and businesses engaged in India–Brazil transactions should review the amended provisions carefully and reassess tax positions, especially for FY 2026-27 onwards.

Income Tax Updates

Offline Utility for Form 145 (earlier Form 15CA) & Form 146 (earlier Form 15CB) Enabled

Dated: 15-04-2026

The Income Tax Department has enabled the offline utility for Form 145 (earlier Form 15CA under Income Tax Act, 1961) and Form 146 (earlier Form 15CB under Income Tax Act, 1961) on the e-Filing portal. This update aims to enhance user convenience and streamline the filing process.

➤ **New Highlights:**

- Taxpayers can now download the offline utility for Form 145 and Form 146.
- The forms can be filled offline at the user's convenience.
- Once completed, the forms can be uploaded and submitted directly through the e-Filing portal.

➤ **How to Access:**

- The Users can access the utility by navigating to: Downloads → Income Tax Forms → Income Tax Act, 2025.

➤ **Benefits:**

- This facility simplifies compliance by allowing users to prepare forms offline, reducing dependency on continuous internet access and minimizing filing errors.

GST – Judicial Precedents

1. Appeals and Revision

Whether the adjudicating authority can split a single adjudication order into multiple DRC-07 demand notices

Lava International Limited Versus Union of India (Allahabad High Court)

Facts: The petitioner challenged an adjudication order dated 15.12.2025 and intended to file an appeal under Section 107 of the CGST Act, 2017. As per law, only 10% of the disputed tax is required as pre-deposit for filing such appeal.

However, the adjudicating authority issued two separate DRC-07 demand notices arising from the same order—one covering tax and equivalent penalty, and another for additional penalty. This bifurcation effectively compelled the petitioner to file two separate appeals and make an additional pre-deposit on the penalty portion, thereby obstructing the statutory appellate remedy.

Held: The Court held that splitting liabilities arising from a single adjudication order into multiple DRC-07 notices is unjustified and creates an artificial barrier to the right of appeal. It clarified that only one appeal is maintainable against such an order upon deposit of 10% of the disputed tax, with no requirement to deposit any amount towards penalty at that stage.

The Court permitted withdrawal of the two DRC-07 and directed issuance of a fresh composite one, with the limitation period for appeal to run from the date of service of the new order.

It also restrained further recovery during the pendency of the appeal, subject to compliance with the pre-deposit requirement.

GST – Judicial Precedents

2. Appeals and Revisions

Whether a writ petition can be continued when the statutory appellate forum (GSTAT) becomes functional

M/s. Fayaj Infratech Private Limited, Khorda Versus Joint Commissioner (Appeal), (Orissa High Court)

Facts: The petitioner challenged an order passed under Section 74 of the CGST/OGST Act for the period April 2020 to March 2021, which had already been affirmed by the First Appellate Authority. Although a further appeal lay before the GST Appellate Tribunal (GSTAT) under Section 112, the petitioner approached the High Court by way of writ petition on the ground that the GSTAT was not functional at the relevant time. During the course of proceedings, it was acknowledged that the GSTAT had subsequently become functional and the Government had also notified extended timelines for filing appeals along with issuance of procedural guidelines for e-filing.

The department contended that the petitioner must comply with the statutory requirement of pre-deposit under Section 112(8) before filing an appeal.

Held: The Court held that writ jurisdiction may be invoked where the statutory appellate forum is non-functional to prevent denial of remedy; however, once the GSTAT becomes functional and timelines for filing appeals are provided, the petitioner must avail the statutory remedy.

The Court further clarified that the condition of mandatory pre-deposit under Section 112(8) cannot be bypassed by invoking writ jurisdiction. Accordingly, the writ petition was disposed of with directions to the petitioner to deposit the required amount and file an appeal before the GSTAT within the notified timeline. The Court did not express any opinion on the merits of the case and left the matter to be adjudicated by the Tribunal.

GST – Judicial Precedents

3. Appeals and Revision

Whether recovery proceedings could be continued when the tax component had, prima facie, been discharged and the petitioner had indicated its intention to file the statutory appeal

M/s Daivik Developers Versus State of Karnataka (Karnataka High Court)

Facts: The petitioner challenged recovery proceedings initiated after dismissal of the first appeal against an adjudication order dated 28.01.2025. The petitioner contended that the entire disputed tax component (₹28,84,680) had already been paid, as reflected in the Electronic Liability Ledger, and only interest and penalty remained outstanding.

It was further submitted that the petitioner intended to file a second appeal before the Tribunal within the extended timeline and had already communicated such intention to the department. Despite this, recovery notices in Form GST DRC-13 were issued, prompting the petitioner to approach the High Court seeking relief against coercive recovery.

Held: The Court held that where the tax component is prima facie discharged and the assessee has clearly expressed intention to file an appeal, the protection under Section 112(9) of the CGST Act comes into play, which bars recovery proceedings.

Accordingly, the recovery notices (DRC-13) were set aside and all recovery steps were rescinded. However, since the fact of payment required verification, liberty was granted to the revenue to seek further orders in case of any discrepancy. The petitioner was directed to file the appeal in accordance with the undertaking given.

GST – Judicial Precedents

4. Assessment

Whether the summary assessment order passed under Section 64 of the Karnataka Goods and Services Tax Act, 2017 required interference and reconsideration in light of additional documents produced by the petitioner

M/s MRK Enterprises Versus Commissioner of Commercial Taxes, Bengaluru (Karnataka High Court)

Facts: The petitioner challenged a summary assessment order passed under Section 64 of the KGST Act, 2017, along with a consequential order cancelling GST registration. The assessment was based on inspection findings indicating that no business activity was being conducted at the registered premises and that Input Tax Credit (ITC) was wrongly availed. The premises was found locked during inspection, and local enquiries suggested minimal or no business operations.

Subsequently, the petitioner produced additional documents such as e-way bill details, transaction particulars, and ledger extracts to demonstrate that the transactions were genuine and that ITC was correctly claimed. The petitioner also argued that the cancellation of registration was directly linked to the assessment order and should not survive if the assessment is reconsidered.

Held: The Court held that since the petitioner had produced relevant additional material which could potentially explain the discrepancies and establish genuineness of transactions, the matter required fresh consideration. Accordingly, the summary assessment order was set aside and remitted to the assessing authority to re-examine the case after considering the additional documents.

The Court further held that since the cancellation of registration was intertwined with the assessment order, it could not be sustained independently. Therefore, the cancellation order was also set aside and registration was directed to be restored, with liberty to the authorities to pass fresh orders in accordance with law after reconsideration.

GST – Judicial Precedents

5. Demand and Recovery

Director's personal bank account cannot be attached for company tax dues and only separate penalty liability may be recovered.

J. Sivasubramanian Versus Assistant Commissioner of GST and Central Excise (Madras High Court)

Facts: The primary issue in these connected writ petitions was whether the GST and Central Excise authorities could lawfully attach the personal bank account of a company's director to recover the service tax arrears owed by the company under the Finance Act, 1994. The authorities had issued a recovery notice and placed a lien on the petitioner's personal bank account to recover the corporate dues of M/s. RU Information Technologies Private Limited, invoking transitional provisions under the CGST Act, 2017.

Held: The court held that the recovery actions against the director's personal account were legally unsustainable. Analyzing Section 87 of the Finance Act, 1994, the court noted that the provision only allows for garnishee proceedings—meaning the authorities can attach funds belonging to the assessee company that are held by third parties. It does not empower the authorities to pierce the corporate veil and recover a company's tax liability from the personal assets of its individual directors. The court observed that the petitioner's only lawful personal liability was a specific penalty of Rs. 1 Lakh imposed under Section 78A of the Finance Act, which the petitioner had already discharged. Relying on similar precedents, including a judgment from the Delhi High Court, the court allowed the writ petitions and directed the respondent authorities to entirely lift the lien on the petitioner's personal bank account, concluding that the petitioner could not be held personally liable for the company's dues.

GST – Judicial Precedents

6. Supply

Whether collection of affiliation fees by a Statutory University constitutes a taxable "supply" under the CGST/MGST Act, 2017.

University of Mumbai Versus Union of India (Bombay High Court)

Facts: Petitioner being a statutory University, was engaged in the statutory duties of granting affiliation to colleges and for which it charges affiliation fees to undertake the various obligations under the statute for granting affiliation and for renewal of affiliation.

The genesis of the present proceedings lies in a show cause notice dated 18 July, 2024 issued to the petitioner in Form DRC-01 under section 74 of the CGST Act proposing to demand GST on the "affiliation fees" collected by the petitioner along with interest and penalty for the financial year 2017-18 to 2022-23.

Held: The Court ruled that granting affiliation is a mandatory statutory duty, not a commercial "business" activity. Therefore, the collection of affiliation fees does not qualify as a taxable "supply" under Section 7 of the CGST Act.

The Court additionally held that even if affiliation were considered a service, it would be exempt under the educational exemptions of Notification No. 12/2017-CT(R).

The Court quashed the GST demand and the impugned orders, declaring the levy of GST on affiliation fees to be illegal and without authority of law.

GST – Judicial Precedents

7. Detention of goods and vehicle

GST Penalty Order Quashed: Reasoned Order Mandated

Rajeev Kumar Versus State of Haryana (Punjab and Haryana High Court)

Facts: The primary issue in this case was whether the tax authorities are legally obligated to pass a reasoned, speaking order under Section 129(3) of the CGST Act when a taxpayer pays the demanded tax and penalty "under protest" to secure the release of intercepted goods. The petitioner argued that despite paying the penalty to release their vehicle, the respondent failed to consider their reply or provide a personal hearing, effectively creating a "legal vacuum" that prevented them from filing an appeal. The revenue contested this, suggesting that once the demanded amount is paid, the officer is not bound to pass a formal final order, as the proceedings are deemed concluded under Section 129(5).

Held: The Court ruled in favor of the petitioner, setting aside the penalty order and reaffirming that the "deeming fiction" of concluded proceedings does not absolve the proper officer of the duty to issue a reasoned order in Form GST MOV-09. Relying on the Supreme Court's precedent in *M/s ASP Traders*, the Court held that a speaking order is a substantive safeguard of natural justice and a prerequisite for the taxpayer to exercise their statutory right to appeal. The Court emphasized that under Article 265 of the Constitution, tax collection must be supported by law, and directed the authorities to pass a fresh order within one month after granting the petitioner a mandatory personal hearing.



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