

CGA LEGAL

GST

TAX BULLETIN

APRIL 2026 - ISSUE-II



Small updates today prevent big penalties tomorrow.

LATEST UPDATES • EXPERT ANALYSIS • COMPLIANCE INSIGHTS

www.cgalegal.co.in

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

In this Issue.....

S. No.	Particulars
1.	GST Update
	❖ GST Technical Update
	❖ GST News
2.	GST Judicial Precedent
	❖ Whether a taxpayer is allowed to rectify errors in GSTR-1 (B2B/B2C classification) after the due date. [Hindustan Construction company Ltd. Versus Union of India, State of Karnataka and Assistant Commissioner of Commercial Taxes, Bengaluru(Karnataka High Court)].
	❖ Whether State GST officers have jurisdiction under Sections 129 & 130 for goods moving under the IGST Act. Whether valuation discrepancies can justify detention or confiscation of goods. [Golden Traders, M/s. FM Trading, Sri P. Abdul Askar Versus Deputy Assistant Commissioner of State Tax (Andhra Pradesh High Court)].
	❖ Temporary GST identification number enables separate appeal where liability is fastened on a Managing Director and company together. [Mr. Bharat Kumar Agarwal and M/s. Sugna Metal Limited Versus Joint Commissioner (AE) (Telangana High Court)].
	❖ Whether the demand notice, adjudication order, and appellate order were liable to be quashed for service at the old address after the assessee had intimated a change of address. [M/s Sachde roadlines, represented through Dinesh Dhirajbhai Thacker Versus Union of India & Ors. (Gujarat High Court)].
	❖ Exclusion of limitation period requires recalculation of refund limitation and fresh adjudication with hearing and reasoned order [Arvind Kumar Agarwal Versus State of Uttar Pradesh (Allahabad High Court)].

GST Updates – GST Technical Update

Advisory on Re-Computation of Interest under Table 5.1 of GSTR-3B

Dated: 16-04-2026

GSTN has issued an important advisory clarifying the mechanism for system-calculated interest on delayed filing of GSTR-3B and addressing discrepancies observed for certain taxpayers.

The GST portal auto-computes interest based on the declared tax liability and reflects the same in Table 5.1 of the subsequent GSTR-3B, similar to the treatment of late fees.

However, due to a technical glitch, interest for the February 2026 period (reflected in March 2026 GSTR-3B) may have been computed incorrectly without considering the benefit of available cash balance in the Electronic Cash Ledger as per Rule 88B(1).

To address this, GSTN has enabled a “Re-compute Interest” functionality on the portal. Upon using this option, the system recalculates interest based on updated parameters, and the revised figures are reflected in the system-generated GSTR-3B PDF.

Taxpayers are advised to:

- Verify the recomputed interest from the system-generated PDF
- Update Table 5.1, if required, by editing the auto-populated values
- Ensure that the manually updated interest is not less than the recomputed amount

Practical take away:

Taxpayers should carefully review interest auto-populated in GSTR-3B for the relevant periods and utilize the recompute feature to avoid overpayment or incorrect discharge of interest liability.

GST Updates – GST Technical Update

Difficulty in filing appeals on the GST portal in cases where adjudication orders reflect "NIL" demand due to prior voluntary payment

Dated: 03-04-2026

➤ **Introduction:**

- GSTN has observed that taxpayers are facing issues while filing appeals in cases where demand orders show "NIL" demand.
- This typically happens when taxpayer makes voluntary payment (tax/interest/penalty) at SCN stage & payment is made without accepting liability.
- However, the adjudicating authority treats such payment as full discharge & Issues order without determining actual liability.

➤ **System Behavior on GST Portal (DCR):**

- On issuance of demand order, A Demand ID is generated in Demand and Collection Register (DCR)
- System records zero liability in NIL demand cases
- Portal throws error is "Disputed amount cannot be more than demand amount itself", While filing appeal (APL-01).
- Result: Appeal filing is blocked due to zero demand reflected in system.

➤ **Nature of Issue:**

- Payment at SCN stage does not amount to acceptance of the demand.
- Taxpayer still has right to Dispute liability & File appeal under Section 107 of CGST Act, 2017
- Core issue is System shows NIL demand, even when dispute exists. This restricts statutory right to appeal

➤ **Alternate Solution:**

- Taxpayer should approach the Adjudicating Authority for correction & Apply for a Rectification Order through GST portal
- Post-rectification ensure correct demand amount is updated in the order & Proceed to file appeal (Form GST APL-01).

GST Updates – GST Technical Update

Pre-deposit Percentage in the GST Portal

Dated: 10-04-2026

GSTN has introduced Pre-deposit field is now editable while filing Form GST APL-01.

➤ **Key Highlights:**

- Pre-deposit in Form GST APL-01 was earlier auto-calculated at 10% as per Section 107(6) of CGST Act, 2017. This field was non-editable, creating practical difficulties
- GSTN update (effective 6 April 2026): Pre-deposit field is now editable
- Taxpayers can now manually adjust the percentage/amount while filing appeal

➤ **System Update (Effective 6 April 2026):**

- Earlier: Pre-deposit auto-filled at 10% and locked (non-editable)
- Now: Field is editable at the time of filing APL-01, Taxpayer can modify pre-deposit based on actual case facts, System allows flexibility in payment calculation & reporting

➤ **Important Issue:**

- Difficulty when Pre-deposit was already paid through DRC-03 or other modes.
- Demand amount was incorrectly classified (tax/interest/penalty)
- System forced 10% payment even when not required

➤ **Impact:**

- Relief to taxpayers – No more forced 10% deposit
- Flexibility – Pay correct amount as per dispute
- Reduced litigation – Fewer disputes on pre-deposit mismatch

GST Updates – GST News

2 GST Officials Arrested Over Rs 55-Lakh Bribe Demand In Gujarat

Dated: 18-04-2026

The Anti-Corruption Bureau (ACB) has arrested two high-ranking Central Goods and Services Tax (GST) officials in Gujarat's Nadiad for demanding Rs 55 lakh to release a seized transport vehicle. The officials were caught red-handed accepting the first instalment of the bribe inside their own office.

The accused have been identified as Amarnath Govardhanram Saroj, a Class-2 Superintendent, and Subodh Subhash Chauhan, a Class-2 GST Inspector -- both stationed at the Central GST Bhavan in Nadiad.

Read more at:

<https://www.ndtv.com/india-news/2-gst-officials-arrested-over-rs-55-lakh-bribe-demand-in-gujarat-11377228>

GST – Judicial Precedents

1. Returns

Whether a taxpayer is allowed to rectify errors in GSTR-1 (B2B/B2C classification) after the due date

Hindustan Construction Company Ltd. Versus UOI, State of Karnataka and Assistant Commissioner of Commercial Taxes, Bengaluru [Karnataka High Court]

Facts:- In this case, Hindustan Construction Company Ltd. had filed its GST returns (GSTR-1) for the period July 2017 to March 2018. Later, the company discovered that there were bona fide (genuine) mistakes in its returns—specifically, certain transactions were wrongly classified as B2B instead of B2C. To correct this, the company made necessary amendments on 06.05.2019.

However, the GST department (through the Assistant Commissioner) did not accept these corrections and issued a show cause notice under Section 73 of the CGST/KGST Act, alleging that the company was not allowed to make such corrections after the prescribed time limit. The entire proceedings were based only on this ground. Aggrieved by this, the company filed a writ petition before the Karnataka High Court, challenging the validity of the notice and proceedings.

Held:- The Karnataka High Court held that bona fide errors in GST returns should be allowed to be corrected, even if such correction is made after the due date, provided there is no loss of revenue. The Court relied on earlier judgments like *Orient Traders v. DCCT*, *Wipro Limited v. ACCT*, and *Aberdare Technologies Pvt. Ltd. v. CBIC*, which established that technical limitations or time restrictions should not prevent correction of genuine mistakes.

The Court observed that GST is a compliance-based system and human errors are possible, especially in the initial years of GST implementation. Denying correction would lead to incorrect tax liability and injustice, even when the taxpayer is otherwise eligible. Since the only basis of the notice was denial of correction, it was held to be unsustainable in law. Therefore, the Court quashed the show cause notice and all related proceedings and directed the department to accept the corrected returns and proceed as per law.

GST – Judicial Precedents

2. Detention of goods

Whether State GST officers have jurisdiction under Sections 129 & 130 for goods moving under the IGST Act. Whether valuation discrepancies can justify detention or confiscation of goods.

Golden Traders, M/s. FM Trading, Sri P. Abdul Askar Versus The Deputy Assistant Commissioner of State Tax (Andhra Pradesh High Court).

Facts:- In the case of Golden Traders vs Deputy Assistant Commissioner of State Tax, multiple writ petitions were filed where goods were being transported in the course of inter-State trade (e.g., Kerala to Delhi, Karnataka to Maharashtra, etc.) but were intercepted by Andhra Pradesh State GST officers while passing through Andhra Pradesh. The officers detained and initiated proceedings under Section 129 and Section 130 of the CGST/APGST Acts mainly on grounds such as undervaluation, mismatch in quantity/description, or alleged absence of e-way bill. Importantly, in most cases, the goods were accompanied by valid documents like invoices and e-way bills. The petitioners challenged these actions on two main grounds, Andhra Pradesh officers had no jurisdiction over goods merely passing through the State under the IGST regime, and valuation-related issues cannot justify detention or confiscation under Sections 129/130.

Held:- The Andhra Pradesh High Court held that cross-empowerment under GST is not absolute and applies only when a taxpayer is administratively assigned to the State and the officer is a designated “proper officer.” While State officers can act under CGST in certain situations, a key limitation exists under the IGST Act. The Court ruled that when goods move from one State to another (inter-State supply) without originating or terminating in Andhra Pradesh, the State has no share in IGST revenue (Section 17 of IGST Act). Therefore, APGST officers cannot detain, seize, or confiscate such goods under Sections 129 or 130, as it would lead to wrongful collection of penalty or fine by a State not entitled to the tax. In such cases, officers can only forward discrepancies to the proper jurisdictional officer of the consignor/consignee.

Further, the Court clarified that valuation disputes (like undervaluation, price mismatch etc.) do not justify detention/confiscation, as Sections 129/130 are meant for serious violations involving intent to evade tax, not for assessment issues. Agreeing with earlier rulings like Panchhi Traders vs State of Gujarat, the Court held that officers cannot conduct valuation checks during transit. Consequently, all proceedings initiated by APGST officers were declared without jurisdiction and invalid, and the writ petitions were allowed with liberty to transfer the matter to proper authorities.

GST – Judicial Precedents

3. Registration

Temporary GST identification number enables separate appeal where liability is fastened on a Managing Director and company together

Mr. Bharat Kumar Agarwal and M/s. Sugna Metal Limited Versus Joint Commissioner (AE) (Telangana High Court)

Facts:- Pursuant to the show cause notice in Form GST DRC-01 dated 27.06.2025 issued upon both M/s. Suguna Metals Limited and its Managing Director (hereinafter referred as 'the company and its Managing Director'), the adjudication proceedings were held, which led to issuance of the impugned Order-in-Original dated 30.12.2025 and the summary of the order in Form GST DRC-07 dated 31.12.2025. However, the impugned Order-in-Original dated 30.12.2025 has, in a composite manner, imposed the tax liability upon the Company and its Managing Director under Sub-Section (9) of Section 74.

Petitioner does not have GST registration as he is the Managing Director of the Company. However, in order to prefer an appeal as against the tax liability imposed upon him under Section 122(1)(a) of the CGST Act, separate Form DRC-07 has to be issued. The composite Form GST DRC-07 dated 31.12.2025 cannot be made the subject matter of appeal by him. He has other grounds also to assail the impugned Order-in-Original dated 30.12.2025. On earlier occasion, the matter was adjourned to enable the learned Senior Standing Counsel for CBIC to obtain instructions on the issue of temporary registration to the Managing Director.

Held:- In the aforesaid facts and circumstances and upon consideration of rival submissions of learned counsel for the parties, we are of the view that the Managing Director, after obtaining a temporary registration, is entitled to avail the remedy of appeal and take all such grounds on facts and in law as are available to him. The period of limitation would run only after issuance of fresh Form GST DRC-07. The Managing Director should make an application before the competent authority within a period of one week from today for issuance of temporary registration number/identification number. Within one week thereafter, the competent authority would issue the same to the Managing Director.

The revised two separate Form GST DRC-07 containing the liability as against the Company and its Managing Director be issued within a period of two weeks, so that the aggrieved parties may prefer separate appeals.

GST – Judicial Precedents

4. Demand & Recovery

Whether the demand notice, adjudication order and appellate order were liable to be quashed for service at the old address after the assessee had intimated a change of address

M/s Sachde Roadlines, represented through Dinesh Dhirajbhai Thacker Versus Union of India & Ors. (Gujarat High Court)

Facts:- The petitioner had intimated change of address in 2017, and the same was reflected in GST registration (REG-06). Despite this, the department issued SCN at old address and passed adjudication order and appellate order at the same incorrect address. The petitioner contended non-receipt of notices and orders, and hence lack of opportunity to defend.

Held:- The Gujarat High Court held that once the petitioner had duly informed the authorities about the change of address and the same was officially recorded, it was the responsibility of the department to serve all notices at the correct address. Serving notices at the old address amounted to denial of a fair opportunity of hearing and violated the principle of Audi Alteram Partem (right to be heard). The Court also observed that the appellate authority failed to consider the petitioner's crucial contention regarding non-receipt of notices.

Therefore, on the ground of violation of natural justice alone, the Court quashed the show cause notice, adjudication order, and appellate order. The matter was remanded back to the authorities for fresh adjudication in accordance with law, with all rights and contentions kept open, and directions were given to complete the proceedings within 12 weeks.

GST – Judicial Precedents

5. Refund

Exclusion of limitation period requires recalculation of refund limitation and fresh adjudication with hearing and reasoned order

Arvind Kumar Agarwal And Another Versus State of Uttar Pradesh [Allahabad High Court]

Facts:- Petitioner filed refund applications for tax period from Financial Year 2018-2019 and 2019-2020, which have been rejected by the impugned order, passed by the respondent no.3. as per impugned order, the period of limitation for filing refund application in terms of Section 54(1) of the CGST/UPGST Act, had expired and thereafter, petitioner filed refund application on 18.01.2022, which has been rejected by the impugned order on the ground of delay.

Petitioner submitted that the period between 15.03.2020 to 28.02.2022 has been directed by the Supreme Court to be excluded for the purposes of limitation as may be prescribed under any general or special laws in respect of all judicial or quasi-judicial proceedings, vide impugned order dated 10.01.2022 in Misc. Application No. 21 of 2022, Suo-Moto Writ Petition (C) No.3 of 2020. He, therefore, submits that refund application has been arbitrarily rejected by the respondent no.4.

Held:- The refund applications could not be rejected merely on the ground of delay while ignoring the aforequoted Supreme Court order. The impugned order was therefore quashed and the matter remitted to respondent no.3 for fresh decision in accordance with law after affording a reasonable opportunity of hearing and by a reasoned and speaking order.

Impugned order quashed; refund applications to be decided afresh in accordance with law, by reasoned and speaking order after hearing the petitioners.



Contact Us :

CA. Chitresh Gupta
Team CGA Legal

Chitresh.gupta@cgalegal.co.in

www.linkedin.com/in/ca-chitresh-gupta-22795920

[CA Chitresh Gupta \(@CAChitreshGupta\) / X](#)



DISCLAIMER:

The views expressed in this Bulletin are personal view of the presenter. This Bulletin includes general information about legal issues and developments in the law of GST in India. Such materials are for informational purposes only and may not reflect the most current legal developments. These informational materials are not intended, and must not be taken, as legal advice on any particular set of facts or circumstances. We disclaim all liability in respect to actions taken or not taken based on any or all the contents of this presentation to the fullest extent permitted by law.