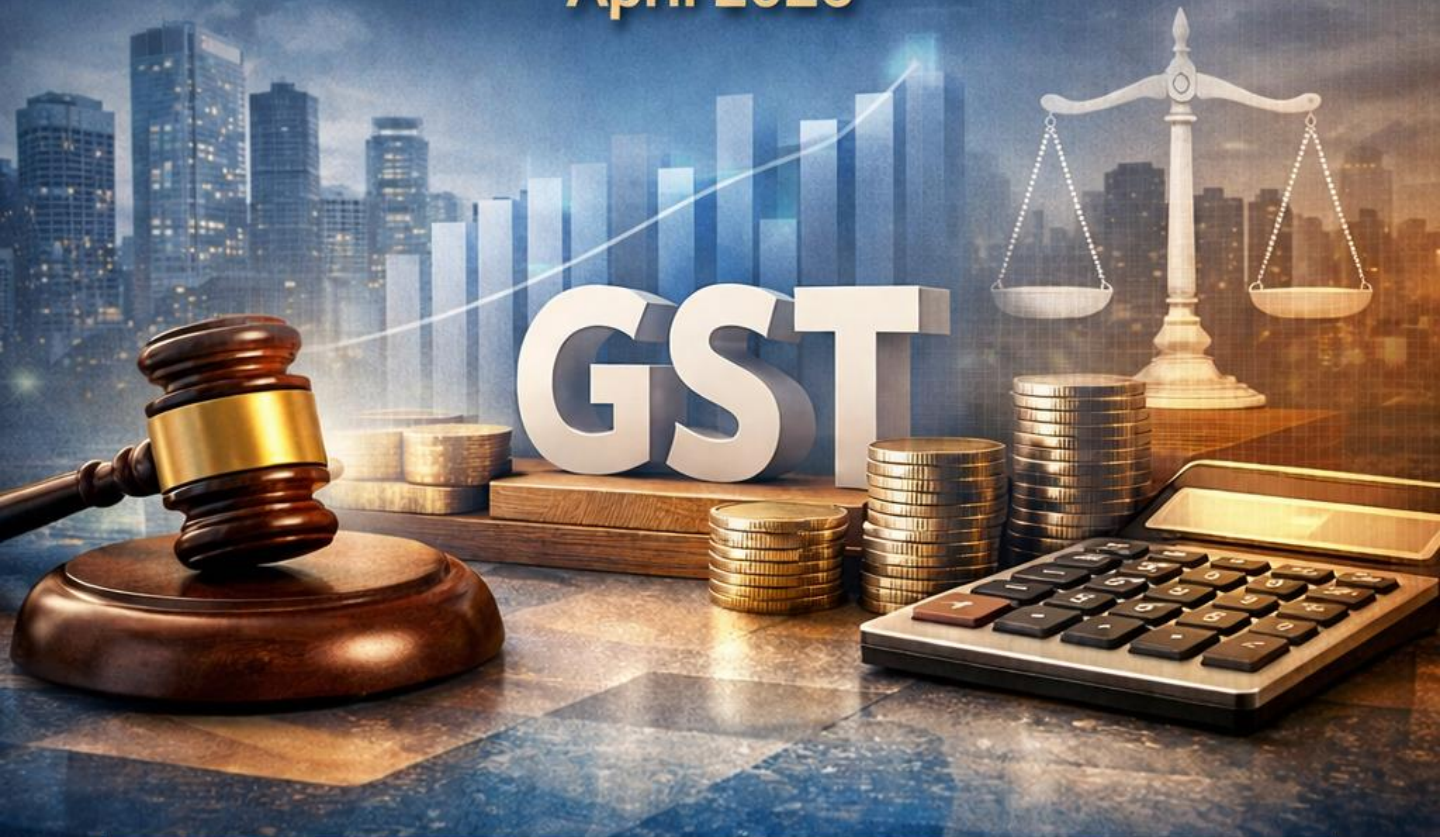


CGA LEGAL

The Tax **Bulletin**

April 2026



**Tax Alerts &
Key Updates**



**GST Compliance
Insights**



**Recent Judicial
Rulings**

Expert Insights on GST & Taxation

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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 - April 2026

Date	Types of Return	Period	Types of Taxpayer
07-04-2026	TCS	Mar 2026	All persons who have collected TCS in March. (The return to be filled upto 15 May 2026).
11-04-2026	GSTR-7	Mar 2026	GST TDS Deductor
11-04-2026	GSTR-8	Mar 2026	E-Commerce Operator
11-04-2026	GSTR-1	Mar 2026	Turnover more than INR 5 crore in the preceding FY or Turnover up to INR 5 crores and opted for monthly return filing
13-04-2026	GSTR-1	Jan to Mar 2026	Turnover up to INR 5 Crores and under QRMP Scheme
13-04-2026	GSTR-6	Mar 2026	ISD
13-04-2026	GSTR-5	Mar 2026	Non Resident Taxable Person
18-04-2026	CMP-08	Jan to Mar 2026	Composition Dealer
20-04-2026	GSTR-3B	Mar 2026	Turnover more than INR 5 crore in the preceding FY or Turnover upto INR 5 crore in the preceding FY but opted for monthly return filing
20-04-2026	GSTR-5A	Mar 2026	OIDAR
22-04-2026	GSTR-3B	Jan to Mar 2026	Taxpayers opted for QRMP Scheme, having aggregate turnover upto INR 5 Cr for *Category A States
24-04-2026	GSTR-3B	Jan to Mar 2026	Taxpayers opted for QRMP Scheme, having aggregate turnover upto INR 5 Cr for **Category B States
25-04-2026	ITC-04	Oct to Mar 2026	Registered person sending goods for Job work whose aggregate turnover during the immediately preceding financial year exceeds 5 Cr
28-04-2026	GSTR-11	Mar 2026	UIN Holders
30-04-2026	TDS	Mar 2026	All persons who have deducted TDS in March. (The return to be filled upto 31 May 2026).

Notes for Tax Alerts

Categories of Taxpayers whose Aggregate Turnover is upto INR 5 crore for the purpose of filing GSTR-3B:

**Category A: Regular Taxpayers having an aggregate turnover of upto INR 5 crores whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep.*

***Category B: Regular Taxpayers having an aggregate turnover of upto INR 5 crores whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi.*

GST News

Working capital blocked': Industry flags GST inverted duty burden in letter to FM

Dated: 30-03-2026

Industry stakeholders have raised concerns over the inverted duty structure under the Goods and Services Tax, flagging refund limitations and working capital stress in a representation to Finance Minister Nirmala Sitharaman, who also chairs the GST Council.

In a letter, Empower India Director General Krishnaswami Giri said the current framework continues to create inefficiencies despite recent revisions. “We write on behalf of industry stakeholders to highlight the continued challenges arising from the Inverted Duty Structure (IDS) under the Goods and Services Tax (GST) framework, and to seek policy intervention to address structural inefficiencies impacting multiple sectors of the economy.”

The inverted duty structure arises when the rate of tax on inputs exceeds that on output supplies, leading to accumulation of unutilised input tax credit. While the refund mechanism was designed to address this, the industry has pointed to gaps in its implementation.

“The IDS refund mechanism was envisaged to mitigate hardship in cases where the rate of tax on inputs exceeds that on output supplies, resulting in accumulation of unutilized input tax credit (ITC). While recent revisions to the refund formula following recommendations of the GST Council are acknowledged as a positive step, certain structural limitations continue to restrict the effectiveness of the framework.”

Read more at:

<https://www.businesstoday.in/latest/economy/story/working-capital-blocked-industry-flags-gst-inverted-duty-burden-in-letter-to-fm-sitharaman-523143-2026-03-30>

GST Updates – GST Technical Update

Advisory on the Payment of pre-deposit while filing of appeal before First Appellate authority

Dated: 14-03-2026

The GSTN has issued an important clarification regarding pre-deposit requirements while filing appeals before the First Appellate Authority.

➤ **Key Highlights:**

- Taxpayers often make voluntary payments during investigation using Form GST DRC-03.
- However, such payments are not automatically linked to the demand order (DRC-07) in the Electronic Liability Register.
- As a result, the GST portal may still ask for pre-deposit again at the time of filing an appeal.

➤ **System Logic:**

- The portal considers only those payments which are linked to a specific Demand ID.
- Payments made directly under “Payment towards Demand” are auto-adjusted.
- DRC-03 payments are ignored unless properly mapped.

➤ **Solution Provided:**

- Taxpayers must file Form GST DRC-03A to link DRC-03 payments with the relevant Demand ID.
- Once linked, such payments will be recognized as part of pre-deposit.

➤ **Impact:**

- Avoids double payment of pre-deposit.
- Ensures correct reflection in Electronic Liability Register.
- Facilitates smooth filing of appeals without system errors/delays.

GST Updates – GST Technical Update

Advisory regarding confirmation of “Tax Liability Breakup, As Applicable” in GSTR-3B

Dated: 16-03-2026

GSTN has introduced an additional compliance step in GSTR-3B filing relating to confirmation of tax liability breakup.

➤ **Key Highlights:**

- As per Section 50 of the CGST Act, interest applies where previous period liabilities are paid in a later period.
- The tab “Tax Liability Breakup, As Applicable” captures such prior-period liabilities discharged in the current return.

➤ **System Update (Effective Feb 2026):**

- GST Portal now auto-populates the breakup based on data reported in GSTR-1 / GSTR-1A / IFF.
- After offsetting liability, taxpayers must:
 - ✓ Open the tab
 - ✓ Confirm by clicking “SAVE” (or edit if required)

➤ **Important Issue:**

- Currently, confirmation is mandatory in all cases, even where there is no prior-period liability.
- Ideally, it should apply only to past-period disclosures—this issue is under resolution by GSTN.

➤ **Impact:**

- Filing of GSTR-3B will not proceed unless the breakup is confirmed.
- Adds an extra compliance step for taxpayers.

➤ **Interim Advisory:**

- Taxpayers must open the tab and click “SAVE” mandatorily (even if no changes are required) to complete filing.

Income Tax Updates

A New Era in Direct Taxation Begins – Income Tax Rules, 2026 Notified

Dated: 20-03-2026

CBDT has notified the Income-tax Rules, 2026 vide G.S.R. 198(E) dated 20.03.2026, under Section 533 of the Income-tax Act, 2025.

From a professional standpoint, this marks the operational rollout of the new Income-tax regime. The real work now begins—decoding the rules, assessing compliance impact, and preparing clients for transition.

Action Point: Early analysis and system alignment will be critical before FY 2026-27.

GST – Judicial Precedents

1. Penalty

Whether "General Penalty" under Section 125 can be imposed in addition to a "Late Fee" under Section 47(2)

Kalanther Madeena Textiles Versus Deputy Commissioner (Madras High Court)

Facts:- The petitioner, Kalanther Madeena Textiles, failed to file its annual return in Form GSTR-9 / GSTR-9C for the financial year 2018–2019 within the time prescribed under Rule 80 of the GST Rules. A show cause notice (DRC-01 dated 04.01.2023) was issued by the department; however, the petitioner neither responded to the notice nor filed the return. Consequently, an order dated 28.02.2023 was passed imposing both late fee under Section 47(2) and general penalty under Section 125 of the GST enactments. The petitioner also faced that attachment of its bank account for recovery of dues. Aggrieved, the petitioner filed a writ petition challenging the imposition of dual penalties and seeking benefit of concessional late fee under Notification No. 7/2023-Central Tax as amended by Notification No. 25/2023-Central Tax.

Held:- The Court held that once late fee under Section 47(2) is levied (even at concessional rates), it already has a penal character, and therefore no separate general penalty under Section 125 can be imposed, as it would amount to double penalization.

Accordingly, the general penalty was set aside, but the liability to pay the late fee was upheld. The Court further directed that the bank attachment be lifted conditionally upon payment of the outstanding late fee within the specified time. Thus, the writ petition was partly allowed—general penalty under Section 125 is quashed, late fee sustained, and attachment lifted subject to payment.

GST – Judicial Precedents

2. Input Tax Credit

Whether unutilized ITC can be transferred upon amalgamation of two entities when such entities are situated inter-state

Emerson Process Management (India) Pvt Ltd Versus Union of India & Ors (Gujarat High Court).

Facts:- The petitioner was engaged in manufacturing and had GST registrations across multiple States. Pursuant to a scheme of amalgamation approved by the NCLT with another company merged, and all assets and liabilities, including unutilized Input Tax Credit (ITC), were transferred. The petitioner attempted to transfer such ITC through Form GST ITC-02 on the GST portal, as required under Section 18(3) of the CGST Act read with Rule 41 of the CGST Rules. However, the portal rejected the request with an error stating that “the transferor and transferee must be in the same State/UT”. Despite repeated representations, no resolution was provided. The department relied on this restriction and opposed the transfer, contending that inter-State transfer of ITC is not permissible and may lead to administrative complications.

Held:- The Court held that the endorsement on Form GST ITC-02 requiring transferor and transferee to be in the same State/UT has no statutory backing and is illegal. The Court observed that neither Section 18(3) of the CGST Act nor Rule 41 of the CGST Rules imposes any such restriction on inter-State transfer of ITC in cases of amalgamation. It relied on the judgment of the Bombay High Court in the case of **Umicore Autocat India Pvt. Ltd. v Union of India** and agreed that portal limitations cannot override statutory rights.

The Court further held that inserting such a restriction within a statutory form without legal authority is impermissible. Recognizing the technical limitation of the GST portal, the Court directed the authorities to accept manually filed Form ITC-02 and process the same within six weeks. Accordingly, the petitioner was held entitled to transfer unutilized CGST credit arising from the NCLT-approved amalgamation, even where the entities are located in different States.

GST – Judicial Precedents

3. Supply

Whether GST should be levied on the entire turnover of vouchers or only on the commission/fee earned by the distributor.

Neha Piyush Shah Versus Union of India & Anr. (Bombay High Court)

Facts: The petitioner, engaged in dealing with vouchers, challenged an order passed under Section 73 of the CGST Act confirming a GST demand of ₹12.66 crore along with penalty. The tax authorities treated the sale and purchase of vouchers as a taxable supply, alleging a mismatch between P&L turnover and GST returns. The petitioner contended that vouchers are merely instruments of consideration and not goods or services under section 2(118) of the CGST Act, and CBIC Circular No. 243/37/2024-GST, which clarifies Voucher transactions are not supply & GST applies only on underlying goods/services or commission earned. Section 12(4) (time of supply for vouchers) has been deleted by Finance Act, 2025, changing the legal position.

Held: The Bombay High Court held that transactions in vouchers cannot be treated as supply of goods or services, and prima facie only the commission/fee earned by intermediaries would be taxable, not the entire turnover.

The Court found the impugned order inconsistent with the CBIC circular and the legal position, and also noted the deletion of the time of supply provision for vouchers.

Accordingly, the demand was quashed to that extent and the matter remanded for fresh consideration after granting an opportunity of hearing, with directions permitting the petitioner to file an additional reply and prescribing timelines for hearing and decision.

GST – Judicial Precedents

4. Demand & Recovery

Section 74 proceedings could not be maintained in the absence of a clear and express allegation of fraud, wilful misstatement, suppression of facts or intention to evade tax in the show cause notice or the order

Tvl. T. Balasubramanian Versus The State Tax Officer (Madras High Court)

Facts: As per the show cause notice and the assessment order, what is noted, is the turnover difference between GSTR-3B and profit and loss account and in case of such differences and when the petitioner has voluntarily paid the tax even before the issuance of show cause notice, the authorities have no jurisdiction whatsoever to invoke section 74 of the Act. At best only section 73 of the Act, could have been invoked, and the maximum penalty that was imposed only 10%.

Held: The Court held that for invoking Section 74, the element of fraud, wilful suppression, misstatement or intention to evade tax cannot be assumed merely because inspection disclosed unreported transactions. The purpose of issuing a show cause notice under that provision is to put the assessee specifically on notice of the offending conduct so that the existence of those elements can be determined. Since, in the present case, the assessee had already paid the tax before issuance of the notice and neither the notice nor the impugned order expressly recorded intention to evade tax or wilful misstatement or suppression of facts, the proceedings under Section 74 were unsustainable. The matter was therefore remitted, leaving it open to the authority to issue a fresh notice under Section 73 or, if it formed the prima facie view that Section 74 applied, to issue a fresh notice containing the necessary allegations.

The impugned orders were set aside and the matter was remanded, with liberty to the authority to issue a fresh show cause notice under Section 73 or Section 74, as warranted in law.

GST – Judicial Precedents

5. Refund

Whether the two-year limitation for filing a refund under Section 54 of the CGST Act is mandatory if a High Court can condone a delay in filing under Article 226.

Assistant Commissioner of Central Taxes Bengaluru vs. M/s Merck Life Science Private Limited (Karnataka High Court)

Facts: The dispute arose when the taxpayer inadvertently paid tax twice—first as IGST on "export of services" and subsequently as CGST and SGST after realizing the transactions were intra-State supplies. When the taxpayer sought a refund of the erroneously paid IGST, the Department rejected the claim solely because it was filed beyond the two-year mandatory period prescribed under Section 54 of the CGST Act.

Held: The High Court firmly held that the two-year limitation period in Section 54 is mandatory for the proper officer. The Court reasoned that since the CGST Act is a time-bound enactment where every action is governed by prescribed timelines, the proper officer possesses no inherent discretion or jurisdiction to condone delays unless the statute explicitly provides such power. However, the Court clarified that while the GST officer is bound by the statute, the High Court's jurisdiction under Article 226 of the Constitution remains a valid "safety valve". Because the CGST Act lacks a built-in mechanism (unlike the Income-tax Act) to mitigate genuine hardships or accidental delays, a taxpayer may invoke writ jurisdiction to seek condonation. This is supported by Article 265, which mandates that no tax can be collected without the authority of law; thus, the Revenue cannot indefinitely retain taxes paid in error simply due to a technical delay. Ultimately, the Court introduced a "Conditional Condonation" framework to protect the interests of the Revenue. It ruled that if a Court chooses to condone a taxpayer's delay in filing a refund, it must also grant a corresponding extension of time to the GST Department to invoke Sections 73 or 74. This ensures that if the Department discovers issues (such as short payments or wrongful credits) during the refund process, they are not barred by their own expired three-year or five-year investigation timelines. In this specific case, as the taxpayer's entitlement to the refund was undisputed, the Court condoned the delay and directed the claim to be processed.



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