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Goods & Services Tax (GST) (6 judgments)

TITLE	BRIEF FACTS	RATIO
M/s Safecon Lifescience Private Limited v. Additional Commissioner Grade-2 and Another Writ Tax No. 389 of 2023 Allahabad High Court Click to view	The petitioner, a wholesale trader and manufacturer of pharmaceutical products, purchased medicines from M/s Unimax Pharma Chem during April 2021 against valid tax invoices, e-way bills and transport documents, with payment made through banking channels. The supplier was registered at the time of supply and had filed GSTR-1 and GSTR-3B. Proceedings under Section 74 of the UPGST Act were initiated alleging wrongful availment of ITC because the supplier's registration was subsequently cancelled and doubts were raised regarding its purchases from other dealers. The adjudicating authority and appellate authority denied ITC, leading to the writ petition.	The High Court held that proceedings under Section 74 of the UPGST Act can be invoked only where there is material establishing fraud, wilful misstatement or suppression of facts with intent to evade tax. The petitioner had produced un rebutted evidence of genuine movement of goods, payment through banking channels and reflection of the transactions in GSTR-1, GSTR-2A and GSTR-3B. The authorities relied solely on an intelligence report without independent verification, failed to supply the material relied upon to the petitioner, and recorded no finding of fraud or suppression. Merely because doubts existed regarding the supplier's upstream purchases could not justify denial of ITC to the petitioner. The impugned adjudication and appellate orders were quashed, and the writ petition was allowed. The Supreme Court subsequently dismissed the State's Special Leave Petition (SLP (C) No. 23993 of 2026) on 17.07.2026.
Clear Secured Service Private Limited v. The Assistant Commissioner (ST) W.P. No. 23402 of 2026 (along with W.M.P. Nos. 25362 & 25363 of 2026) Madras High Court Click to view	The petitioner challenged an assessment order dated 02.09.2025 and the consequential Form DRC-07 issued under Section 74 of the CGST/TNGST Acts for the assessment year 2022-23. The proceedings arose from a proposal to reverse Input Tax Credit (ITC) claimed on purchases from Jay Steels. In response to the notice, the petitioner produced bank statements, proof of payment, tax invoices, e-way bills, ledger	The Court held that although the burden of proving entitlement to ITC rests on the claimant, the tax authority is required to properly examine the documents produced before rejecting the claim. The impugned order confirmed the demand solely because the supplier's registration had subsequently been cancelled as a non-existent dealer, without evaluating the documentary evidence furnished by the petitioner. The Court also noted that the show cause notice referred to proceedings

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	extracts and GSTR-2A/2B records to establish the genuineness of the transactions.	under Section 73, whereas the final order was passed under Section 74, rendering the approach unsustainable. Accordingly, the impugned order was set aside and the matter remanded for fresh consideration after granting the petitioner a reasonable opportunity of hearing. A fresh order was directed to be passed within three months. Petition Allowed; Matter Remanded.
Commissioner of Service Tax, Mumbai v. M/s Bharat Petroleum Corporation Ltd. & M/s Hindustan Petroleum Corporation Ltd. Civil Appeal Nos. 2471-2473 of 2015 Supreme Court Click to view	The appeals were filed by the Commissioner of Service Tax against the common order of the CESTAT which had set aside the service tax demands confirmed against BPCL and HPCL. The dispute arose from agreements entered into by Mahanagar Gas Ltd. (MGL) with BPCL and HPCL for sale of Compressed Natural Gas (CNG) through their retail outlets. The Department alleged that the respondent corporations were rendering Business Auxiliary Service by providing infrastructure, manpower and other facilities for marketing and sale of CNG on behalf of MGL and were liable to pay service tax on the commission/profit margin received from MGL. The adjudicating authority confirmed the demand, but CESTAT held that the transactions were on a principal-to-principal basis and therefore not taxable as services.	The Supreme Court held that the agreements, read as a whole, created a principal-agent relationship and not a principal-to-principal sale. MGL retained ownership and control over the CNG, fixed the retail price, installed and maintained the dispensing equipment, bore the commercial risks, and retained the right to recover unsold stock. BPCL and HPCL merely facilitated the sale by providing infrastructure, manpower and other agreed services, receiving commission/profit margin as remuneration for such services. The Court held that the respondents acted as commission agents rendering Business Auxiliary Service under Sections 65(19) and 65(105)(zzb) of the Finance Act, 1994. Accordingly, the CESTAT order was set aside, the Orders-in-Original confirming service tax liability were restored, and the Department was held entitled to recover the adjudicated service tax. Appeals Allowed.
Life Pharmaceuticals Private Limited & Anr. v. The Assistant Commissioner of Revenue, Ballygunge Charge & Ors. WPA 18034 of 2025 Calcutta High Court Click to view	The petitioners, engaged in the manufacture and supply of therapeutic medicines, inadvertently reversed excess Input Tax Credit (ITC) of ₹7,11,095 along with interest through Form GST DRC-03 dated 26.11.2019 by incorrectly mentioning the place of supply as "Maharashtra" instead of "West Bengal." During scrutiny under Section 61 of the	The High Court observed that the dispute concerns rectification of an alleged bona fide clerical error in Form GST DRC-03. Finding that the petitioners had made out a prima facie case, the Court directed the State authorities to obtain written instructions on whether the mistake was bona fide, whether the department had any objection to permitting correction of the place of supply from Maharashtra to

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	CGST/WBGST Act, a demand was confirmed on the ground that the reversal was made under the wrong place of supply. The petitioners sought rectification of the DRC-03 and challenged the consequential adjudication and appellate orders after their representation for correction remained pending.	West Bengal subject to verification, and whether any mechanism exists or can be devised for rectification of such errors in Form GST DRC-03. Pending further consideration, the Court restrained the respondents from taking any coercive steps until the next date of hearing. Matter kept pending; interim protection granted.
Santu Das v. Assistant Commissioner of CGST & C. Ex., Chandannagore Division & Ors. WPA 24640 of 2023 Calcutta High Court Click to view	The petitioner challenged the adjudication order passed under Section 73(9) of the CGST/WBGST Act for the tax periods 2017-18 and 2018-19, along with two appellate orders dated 23.03.2023 passed under Section 107. The proceedings arose from allegations of belated availment of input tax credit (ITC), excess availment of ITC due to mismatch in GSTR-9 and GSTR-2A, and short payment of GST. The adjudicating authority confirmed a demand of ₹19,02,986 and imposed a penalty of ₹1,00,000, which was subsequently enhanced by the appellate authority to ₹3,80,597 at the department's instance.	The Court held that, following the retrospective insertion of Section 16(5) of the CGST Act with effect from 01.07.2017, the demand relating to delayed availment of ITC for 2018-19 could not survive since the petitioner had filed the returns before 30.11.2021. Accordingly, that portion of the demand was quashed. The issues concerning ITC mismatch arising from Aircel's non-filing of returns and the alleged short payment of GST were remanded to the proper officer for fresh consideration as they involved factual examination. Since the demand had been substantially altered, the enhanced penalty could not be sustained. The adjudication and appellate orders were set aside and the matter was remanded for re-adjudication. The writ petition was disposed of.
Tvl. Noyyal Common Effluent Treatment Company Limited v. The Assistant Commissioner (ST), Tirupur Central-1 Circle, Tirupur-II W.P. No.26246 of 2024 Madras High Court Click to view	The petitioner challenged the order dated 31.05.2024 confirming the proposal contained in the GST DRC-01 Show Cause Notice dated 28.03.2024, whereby interest of ₹72,25,154 was demanded on belated payment of GST for the tax period 2017-2018. The petitioner had initially discharged GST at 5%, but after the Department issued an intimation in GST DRC-01A dated 28.07.2020 pointing out that GST was payable at 18%, it paid the differential tax through multiple DRC-03 filings. The petitioner contended that invocation of	The Court held that belated payment of self-assessed tax attracts mandatory interest under Section 50 of the GST enactments and that recovery could also be sustained under Section 75(12) read with Section 79. It observed that Sections 73 and 74 constitute a complete code and, in view of the common judgment delivered in the batch of connected matters, invocation of Section 74 was maintainable despite the petitioner's challenge. The Court found no merit in the contention that mere reference to Section 74 in the summary forms invalidated the proceedings. However, considering that the petitioner is

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	Section 74 was erroneous and deprived it of the benefit of amnesty under Section 128-A.	engaged in treatment of effluents discharged from dyeing units, the matter was remanded to the respondent for reconsideration of the petitioner's reply and for passing a fresh order within three months. Matter Remanded / Writ Petition Disposed of.

Income Tax (3 judgments)

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Masina Hospital Trust v. CIT (Exemptions), Mumbai ITA No. 4753/Mum/2026 Income Tax Appellate Tribunal, Mumbai Click to view	The assessee, a public charitable trust operating Masina Hospital, Mumbai, applied for renewal of registration under section 12AB by filing Form No. 10AB. The CIT (Exemptions) rejected the renewal application and retrospectively cancelled the existing registration granted on 23.09.2021, alleging that the hospital functioned commercially, failed to comply with the Indigent Patients' Fund (IPF) Scheme under section 41AA of the Maharashtra Public Trusts Act, 1950, and that its activities were not genuine. The assessee challenged the rejection and retrospective cancellation before the Tribunal.	The Tribunal held that medical relief is an independent charitable purpose under section 2(15) and the commerciality test applicable to the "general public utility" limb cannot be mechanically applied to hospitals providing medical relief. It ruled that charging fees, maintaining modern infrastructure, earning income or generating surplus does not by itself negate charitable status. The CIT(E) lacked jurisdiction to independently adjudicate alleged violations of section 41AA of the Maharashtra Public Trusts Act or the IPF Scheme without any adverse finding by the competent authority under that Act. The Tribunal further held that patient statistics, treatment costs, revenue per bed, salary expenditure, or IPF balances could not establish profit motive or non-genuine activities. Retrospective cancellation of registration from 23.09.2021 was also held unsustainable in the absence of fraud, misrepresentation or statutory grounds. Accordingly, the Tribunal set aside the impugned order, quashed the rejection of renewal and retrospective cancellation, directed the CIT(E) to continue and renew the registration under section 12AB in accordance with law, and allowed the appeal.
Prasad Nimmagadda v. ACIT, Circle 17(2)	The assessee challenged the order of the CIT(A) sustaining additions towards foreign salary received	The Tribunal observed that although the CIT(A) had granted several opportunities, the assessee had failed to

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ITA No. 1567/Hyd/2025 Income Tax Appellate Tribunal, Hyderabad Click to view	from a Singapore employer and unexplained credits amounting to ₹1,45,43,306 in his Singapore OCBC Bank account. Before the Tribunal, the assessee submitted that he had been in judicial custody for over two years in connection with criminal proceedings relating to certain financial transactions and, therefore, could not properly represent his case or produce supporting evidence before the lower authorities. He sought another opportunity to place the relevant material on record.	furnish adequate evidence explaining the foreign bank credits, resulting in confirmation of the additions. However, considering the documentary material showing that criminal proceedings were pending against the assessee and that he had remained in custody, the Tribunal accepted that sufficient cause existed for the earlier non-compliance. In the interest of justice and to ensure a fair opportunity, the Tribunal set aside the CIT(A)'s order and remanded the matter to the CIT(A) for fresh adjudication after permitting the assessee to file supporting evidence and explanations regarding the source of the bank credits. Appeal allowed for statistical purposes; matter remanded to the CIT(A).
Ranjan Sen Jain v. ITO, Circle-28(1) ITA No. 8561/Del/2025 Income Tax Appellate Tribunal, Delhi Click to view	The assessee inherited a residential property at Vasant Vihar, New Delhi, and entered into a redevelopment collaboration agreement with a builder in 2018. Upon redevelopment, he received the basement, ground floor, third floor and monetary consideration, while the builder retained the second floor. The Assessing Officer rejected the fair market value adopted on the basis of registered valuers' reports, substituted it with circle rates, restricted exemption under Section 54 to only the ground floor by treating different floors as separate residential units, and recomputed the capital gains. The CIT(A) affirmed the assessment, leading to the present appeal before the Tribunal.	The Tribunal held that exemption under Section 54 cannot be denied merely because the reconstructed residential house consists of multiple floors if they together constitute a single residential house. Relying upon the decisions of the Delhi High Court, including Pr. CIT v. Lata Goel and CIT v. Gita Duggal, it held that the Act does not prescribe any particular manner of construction and multiple floors within the same residential property do not necessarily constitute separate residential houses. The Tribunal further held that the Assessing Officer was not justified in rejecting the reports of Government-registered valuers without identifying any specific defect or referring the valuation to the Departmental Valuation Officer (DVO). Consequently, the valuation report dated 06.09.2022 was accepted for determining the fair market value, the computation of long-term capital gains was directed to be revised accordingly, and full exemption under Section 54 was directed to be allowed. Appeal Allowed.

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