Daily Tax Law Briefing
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Goods & Services Tax (GST) *(4 judgments)*

TITLE	BRIEF FACTS	RATIO
FAIZ ENTERPRISE THROUGH PROPRIETOR MAHETAR MAHIR FARUKBHAI Versus STATE TAX OFFICER, UNIT-67, SURAT & ANR. **R/Special Civil Application No. 10123 of 2026** **Gujarat High Court** Click to view	The petitioner challenged the show-cause notice dated 30 October 2025, GST registration cancellation order dated 15 December 2025, rejection of its revocation application dated 10 March 2026 (issued on 23 March 2026), and appellate order dated 25 May 2026 with GST APL-04 dated 26 May 2026. The State Tax Officer's order relied upon non-existent or irrelevant judgments generated through artificial intelligence, for which the officer tendered an unconditional apology.	The Court directed strict compliance with departmental instructions dated 18 August 2026 requiring independent verification of AI-generated legal material, human oversight, accurate citations and the issuing authority's own application of mind; any violation would amount to contempt. The respondents proposed revision under Section 108 of the GST Act, 2017. Accordingly, the Court quashed the show-cause notice, cancellation order, revocation-rejection order and appellate order, and directed issuance of a fresh notice, consideration of the petitioner's defence and passing of a reasoned order in accordance with law. Petition Disposed Of.
Harini Agency v. The Superintendent of GST and Central Excise **W.P. No. 32082 of 2026** **Madras High Court** Click to view	The petitioner, a registered person under the applicable GST laws, challenged the cancellation order in Form GST REG-19 bearing Reference No. ZA331125179883B dated 24 November 2025 concerning GSTIN 33BXIPP7893Q1ZB. The cancellation followed a show-cause notice dated 2 November 2018 alleging that the petitioner had not regularly filed monthly GST returns. The petitioner sought restoration of registration, citing hardship and relying upon the decision in Suguna Cutpiece.	Following Suguna Cutpiece to maintain consistency, the Court made restoration conditional upon compliance with the directions contained therein. The petitioner must file the pre-cancellation returns within 45 days with tax, interest and applicable late fee, and also file post-cancellation returns with the requisite payments. Unverified input tax credit cannot be utilised until scrutinised and approved by the competent authority. Upon payment and uploading of returns, the registration shall stand revived forthwith. The Department must facilitate portal compliance within 30 days. Writ Petition Disposed Of; connected miscellaneous petitions closed without costs.

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M/s Rajlaxmi Constructions Ltd., Cuttack v. Union of India and others **W.P.(C) No. 17210 of 2026** **Orissa High Court** Click to view	The petitioner challenged the show-cause notice dated 28 May 2024 issued under Section 74(1) of the CGST/OGST Act and the consequent order dated 16 March 2026 passed under Section 74(9) read with Rule 142(5), raising a demand of ₹28,80,95,516 for financial year 2019-20. It contended that adjudication was completed by an officer below the rank of the notice-issuing authority and without granting the requested personal hearing.	The Court found an admitted and flagrant violation of the principles of natural justice because the petitioner was denied a personal hearing despite requesting one. Since the matter also involved jurisdictional issues, the adjudication order could not be sustained. The order dated 16 March 2026 was set aside and the matter was remitted to the Assistant Commissioner of State Tax, CT&GST Circle, Kendrapada, for fresh adjudication on merits after granting a reasonable opportunity of hearing. The petitioner was permitted to adduce evidence and raise all legal and factual issues, which must be addressed by the authority. Matter Remanded.
Sri Parameshwara Bricks v. State Tax Officer, O/o State Tax Officer, Peddapalli Circle, Karimnagar Division, Telangana, State Tax Officer, Peddapalli Circle & Ors. **APL/126/HYD/2026 and APL/26/HYD/2026** **Goods and Services Tax Appellate Tribunal, Hyderabad** Click to view	The appellant, engaged in manufacturing and supplying red clay bricks, availed the composition scheme under Section 10(1) of the TSGST Act. Audit comparison of e-way bills with Form GST CMP-08 revealed that its turnover exceeded the ₹1.50 crore threshold during financial years 2020-21 and 2021-22. The proper officer confirmed differential tax at 5%, interest under Section 50(1) and penalty under Section 73. The First Appellate Authority dismissed the appeals.	The Tribunal held that under Section 10(3), the composition option automatically lapses from the date aggregate turnover exceeds ₹1.50 crore, making the taxpayer liable to regular tax thereafter. However, since a composition taxpayer cannot separately collect tax under Section 10(4), invoice values must be treated as tax-inclusive and the Rule 35 cum-tax benefit granted even if not specifically claimed. The proper officer was directed to recompute post-lapse tax within two weeks and recalculate consequential interest and penalty. The question of input tax credit was left open. Appeals Disposed Of without costs.

Income Tax *(5 judgments)*

TITLE	BRIEF FACTS	RATIO
Harpreet Singh Makhija v. Income Tax Officer, Ward – 3(3)(2), Ahmedabad **IT(SS)A No. 137/Ahd/2023**	A search of the H.N. Safal Group on 4 September 2013 yielded a hard disk containing an Excel sheet concerning the Safal Amrakunj project. It allegedly recorded the assessee's purchase of Bungalow	The majority held that the satisfaction required under Section 153C was validly recorded and the timing caused no statutory violation or prejudice. Since the addition rested on seized documentary material rather than any statement, non-

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Income Tax Appellate Tribunal, Ahmedabad Click to view	No. 76 and payment of unaccounted cash. Proceedings under Section 153C culminated in an addition of ₹85,05,800 under Section 69, which the CIT(A) confirmed. Owing to disagreement between the Division Bench members, three questions were referred to a Third Member under Section 255(4).	supply of statements and denial of cross-examination did not violate natural justice. The Excel data matched the bungalow number, area, rate, cheque payments and registered sale deed, supporting the on-money addition. However, the matter was restored solely to verify the assessee's ownership percentage in the jointly purchased property and proportionately reduce the addition. Appeal Partly Allowed for Statistical Purposes.
JCIT(OSD), Range-10 v. Gem Agrofoods Pvt. Ltd. **ITA No. 1227/DEL/2025 with CO No. 50/Del/2026** **Income Tax Appellate Tribunal, Delhi** Click to view	The assessee agreed to negotiate exclusively with Malteries Soufflet S.A.S. for a proposed joint venture involving the transfer of shares in Malt Company India Private Limited. When the venture failed after prolonged negotiations, the assessee received an exclusivity fee totalling ₹12,74,15,684 and credited it to capital reserve. The Assessing Officer taxed the amount under Sections 28(iv) and 28(va) and included it in book profit under Section 115JB. The CIT(A) deleted the addition but sustained a Section 14A disallowance.	Section 28(iv), as applicable to the assessment year, covered only non-monetary benefits and could not apply to a cash receipt. Section 28(va) was also inapplicable because the assessee merely refrained from negotiating a share transfer with third parties and was not restrained from conducting any business activity. The exclusivity fee arising from the failed transfer of a capital asset was a capital receipt, not taxable under the normal provisions or Section 115JB. Since no exempt income was earned, Section 14A was inapplicable. Revenue's Appeal Dismissed; Assessee's Cross-objection Allowed.
LSL Holdings Private Limited v. ITO INT TAX Ward – 3(1)(2), Mumbai **ITA No. 2619/MUM/2026** **Income Tax Appellate Tribunal, Mumbai** Click to view	The assessee acquired ownership of the "Jamawar" trademark from Al Houda Hotels and Tourism Company through Abu-Ghazaleh Intellectual Property and remitted consideration without deducting tax under Section 195. The Assessing Officer treated the remittance as royalty under Section 9(1)(vi), declared the assessee in default under Section 201(1), and raised tax and interest demand of ₹10,42,240. The CIT(A) affirmed the demand, stating that documentary evidence of an absolute transfer had not been furnished.	The Tribunal found that the assessee had furnished the trademark assignment agreement, evidence of the transferor's ownership, the nature of rights transferred, valuation and commercial terms, and the recipient's tax residency certificate. The payment represented lump-sum consideration for outright acquisition of the trademark as a capital asset and was not royalty. Under Section 195, tax deduction arises only when the remittance is chargeable to tax in India. There was no justification for treating the assessee as an assessee in default. The entire demand was deleted. Appeal Allowed.

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Mitsui Mining and Smelting Company Limited v. The Asst. CIT, Circle-2(2)(1), International Taxation, Delhi **ITA No. 1407/Del/2025** **Income Tax Appellate Tribunal, Delhi** Click to view	The appellant was a Japanese non-resident company having an Indian subsidiary, Mitsui Kinzoku Components India Private Limited. It supplied materials offshore and seconded Japanese personnel to the subsidiary, which paid their salaries and reimbursed the portion paid in Japan. The Assessing Officer concluded that the seconded employees controlled the subsidiary's premises and operations and, consequently, constituted the appellant's fixed-place permanent establishment under Article 5 of the India-Japan Tax Treaty. The DRP affirmed this conclusion.	The Tribunal found that the secondment agreement integrated the employees into the Indian subsidiary as its full-time employees, working solely under its control, direction, responsibility and supervision in their personal capacity. The appellant had no control over the employees, assets or structures of the subsidiary and bore no vicarious liability for their actions. Article 5 requires both a fixed place and the carrying on of the foreign enterprise's business through that place. Neither condition was established. Accordingly, no fixed-place permanent establishment arose from the secondment arrangement. Appeal Allowed.
Principal Commissioner of Income Tax 5 Kolkata v. Syama Prasad Mookherjee Port Kolkata **ITA 47 of 2026 with GA 2 of 2026** **Calcutta High Court** Click to view	For assessment year 2020-21, the Assessing Officer disallowed ₹564,49,19,729 contributed by the assessee to its superannuation fund, treating it as exceeding the 27% ceiling under Rule 87 of the Income-tax Rules, 1962. The assessee maintained that the payment was an extraordinary contribution made to cover deficiencies revealed through actuarial valuation. The CIT(A) deleted the disallowance and the ITAT affirmed that decision. The Revenue appealed under Section 260A.	The Court held that the nature of a contribution depends upon its purpose and not upon the number of years required to address the deficit. Payments made to bridge an actuarial shortfall are extraordinary gap-filling contributions, not ordinary annual contributions governed by Rule 87. Applying the Rule 87 ceiling would compromise the solvency of the approved fund and conflict with the scheme of Section 36(1)(iv). The ITAT's reliance on jurisdictional precedents was reasoned and not perverse. All substantial questions were answered against the Revenue, and the deletion was upheld. Appeal Dismissed without costs.

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