Daily Tax Law Briefing
By GSTIndiaguide.com

02 September 2026 • GST & Income Tax

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Goods & Services Tax (GST) *(2 judgments)*

TITLE	BRIEF FACTS	RATIO
M/s Maruti Enterprises Versus State of U.P. and another **WRIT TAX No. 1423 of 2026 (along with Writ Tax Nos. 2445, 2001, 2451 & 1573 of 2026)** **Allahabad High Court** Click to view	The petitions challenged penalty orders under Section 129 of the GST laws concerning inter-State consignments merely passing through Uttar Pradesh. In Maruti Enterprises, dried Areca nuts purchased from a West Bengal supplier were being transported to Delhi under a tax invoice and valid e-Way Bill when intercepted in Gautam Buddh Nagar. The authorities found absence of the prescribed e-Tax Invoice and, after proceedings, imposed penalty of ₹33,18,525. Similar jurisdictional challenges arose in the connected petitions.	The Court held that GST authorities of a pure transit State may intercept, inspect and verify goods and documents, but cannot impose penalty where the inter-State supply admittedly originates and terminates outside that State and no tax incidence arises there. Cross-empowerment under GST law operates between Central and State authorities concerning transactions within their territorial jurisdiction and does not create cross-empowerment between different States. The absence of e-Tax Invoice could be communicated to the competent authorities in the origin/destination States. All penalty orders were quashed and immediate release of goods and vehicles directed. Petitions Allowed.
SMT. P.S. SHAMALA v. THE DEPUTY COMMISSIONER, KODAGU DISTRICT & ORS. **Writ Petition No. 12641 of 2026 (LA-RES)** **Karnataka High Court** Click to view	The petitioner's land and structure were acquired by the Union of India for widening the Mysuru–Madikeri Highway. Compensation of ₹1,21,33,938 was determined, from which the Special Land Acquisition Officer deducted ₹18,39,252 towards 18% GST. The petitioner challenged the deduction, contending that compulsory acquisition of land neither constituted sale of goods nor provision of services. The respondents maintained that GST was applicable to the structural component of the award.	The Court held that land and buildings constitute immovable property and compulsory acquisition by the State through its power of eminent domain is an expropriation, not a supply of goods or services attracting GST. The respondents failed to identify any provision authorising GST on acquisition of land or structures. The GST deduction was therefore beyond their authority. The deduction was quashed and refund of ₹18,39,252 with 15% annual interest was directed; interest was recoverable personally from respondent No.2, who was also ordered to pay ₹50,000 costs. Petition Disposed Of.

Income Tax *(3 judgments)*

TITLE	BRIEF FACTS	RATIO
ACIT Vs. Pradeep Patil **I.T.A. No. 2671/DEL/2022** **Income Tax Appellate Tribunal, Delhi** Click to view	The assessee, proprietor of M/s Patil Enterprises and engaged in trading gold, silver, Kundan and diamond jewellery/articles, declared income of ₹22,91,790. During scrutiny, the Assessing Officer treated ₹9,84,10,877 of cash sales as unexplained cash credit under Section 68, principally noting unusually high cash sales preceding demonetisation. The CIT(A)/NFAC deleted the addition by order dated 09.09.2022, against which the Revenue appealed before the Tribunal.	The Tribunal held that the assessee's books were audited under Section 44AB and the Assessing Officer neither rejected the books nor found discrepancies in sales, purchases or stock. Once the sales were already subjected to tax as business income, adding the same receipts under Section 68 would result in double taxation. Suspicion regarding unusually high cash sales could not substitute evidence. The Tribunal also upheld admission of additional evidence under Rule 46A, finding that reasonable opportunity was warranted. Finding no infirmity in the CIT(A)'s order, all Revenue grounds were dismissed. Revenue's Appeal Dismissed.
MERCHANT NAVY OFFICERS AND LADIES ASSOCIATION (MNOLA) VERSUS UNION OF INDIA & ORS. **Writ Petition(s)(Civil) No(s). 1059/2020** **Supreme Court** Click to view	The petitioner sought quashing of CBDT Circular No. 11 of 2020 dated 08.05.2020 and a consequential direction for framing a Compassionate Tax Policy granting at least sixty days' exemption to Indian seafarers who, during the COVID-19 pandemic, stayed in India for more than 182 days in a financial year. The petitioner had also raised the issue through representations placed on record as Annexures P-2 and P-3.	The Supreme Court did not express any opinion on the merits of the challenge to CBDT Circular No. 11 of 2020. Considering that the issue had already been raised through representations, the Court directed the respondents to consider those representations sympathetically, particularly in light of the judicial decisions specifically referred to in the order. The Court observed that an appropriate decision should preferably be taken within four weeks. All pending applications were also disposed of. Writ Petition Disposed Of.
M/S. SAUDI ARABIAN AIRLINES VERSUS UNION OF INDIA & ORS. **Civil Appeal No. 1052 of 2013** **Supreme Court** Click to view	The appellant airline collected Foreign Travel Tax (FTT) from passengers but delayed depositing it on six occasions, with delays ranging from one to 63 days. In five instances, demand drafts had been purchased before the due dates. Following show-cause proceedings, the de novo adjudication imposed ₹71,29,140 penalty under Section 38(3) of the Finance Act, 1979 for delayed FTT payment. The appellate and	The Supreme Court held that "failure to pay" under Section 38(3) means non-payment and cannot be equated with delayed payment of FTT; delayed payment falls within Section 38(4) read with the 1979 Rules. Penalty is not automatic merely upon breach, and the adjudicating authority retains discretion whether to impose it. The Court also affirmed that an appellant cannot be placed in a worse position merely for pursuing an appeal. The penalty was set aside and any amount paid was directed

TITLE	BRIEF FACTS	RATIO
	revisional authorities sustained the penalty, and the Bombay High Court dismissed the appellant's writ petition.	to be refunded with 9% annual interest within three months; the bank guarantee stood discharged. Appeal Allowed.

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