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## Newsletter: Indirect Taxation

**Bhatia & Bhatia**  
CHARTERED ACCOUNTANTS



## Indirect Tax & Trade Updates: Key Developments, Insights and Compliance Highlights

Welcome to the latest edition of our Monthly Indirect Tax Alert, where we bring you a concise roundup of key developments, regulatory updates, and important judicial rulings impacting GST and Foreign Trade Policy. This newsletter is crafted to equip businesses, professionals, and stakeholders with critical insights to navigate the evolving indirect tax landscape efficiently.

In this issue, we cover:

- Important instructions and changes in GST registration and compliance processes.
- Recent GSTN advisories affecting reporting requirements.
- Significant judicial pronouncements under GST law.
- Key policy updates under the Foreign Trade Policy impacting exporters and importers.

Our aim is to simplify complex updates and present actionable information to help you make informed decisions and stay compliant.

Let's dive into the updates for this month!



## **Goods & Services Tax**

## 1. RECENT DEVELOPMENTS IN GST

### ▶ CBIC Introduces Streamlined GST Registration Process with Clear Verification Guidelines and Standardized Timelines.

- Purpose of the Instructions: To address delays in GST registration due to:
  1. Officers seeking non-mandatory documents.
  2. Unwarranted clarifications.
  3. A need to balance fraud prevention with ease for genuine applicants.
- Key Issues Identified:
  1. Officers raise unnecessary queries not based on prescribed documents in FORM GST REG-01.
  2. Common areas of unnecessary questioning Proof of Principal Place of Business (PPOB), proof of business constitution and identity proof of authorized persons.
- Document Guidelines:
  1. Principal Place of Business (PPOB)
    - i) Owned Premises: Any *one* document (e.g., Property Tax receipt, Electricity/Water Bill) is enough. No physical/original copies to be demanded.
    - ii) Rented Premises: Rent/lease agreement + *one* ownership proof of lessor (e.g., property tax, electricity bill); No PAN, Aadhaar, or photo of lessor required.
  2. Unregistered Lease: Rent agreement + one ownership document + lessor's ID.
  3. Registered Lease: Agreement + one ownership document. No ID proof required.
  4. Shared/Relative's Premises: Consent letter + consenter's ID + one ownership document.
  5. No Rent Agreement: Affidavit + proof of possession (like electricity bill in applicant's name). Affidavit must be notarized or before a magistrate.
  6. SEZ Units: Upload SEZ-related government certificates.
  7. Constitution of Business
    - i) Partnership Firms: Upload partnership deed.
    - ii) Other entities (societies, trusts, etc.): Upload registration proof.
    - iii) Unacceptable demands: Udhyam, MSME certificate, trade license, etc., must *not* be asked.
- Unwarranted Queries to Avoid:
  1. Residential address mismatch.
  2. Presumptive restrictions on goods (e.g., banned HSN codes).
  3. Nature of business activities.
  4. Only ask for documents related to information actually submitted.
- Application Processing Timelines:
  1. Non-risky applications: Approve within 7 working days.
  2. Risky or Aadhar not authenticated: Registration to be granted within 30 days after physical verification.
  3. Physical Verification
    - i) Follow Rule 25 CGST Rules.
    - ii) Report must be uploaded in REG-30 at least 5 days before the 30-day deadline.
    - iii) Must include: Business existence confirmation, efforts to locate premises if not found and GPS-enabled photographs.

- Clarification Notices (FORM REG-03):
  - 1.Can be issued only for: Illegible/incomplete documents, address mismatch, incomplete or vague addresses, PAN-linked GSTIN is cancelled/suspended.
  - 2.Extra documents (outside FORM REG-01 list) can be requested only with prior Deputy/Assistant Commissioner approval.
- Application Approval/Rejection:
  - 1.REG-04 (applicant reply): Officer must decide within 7 working days.
  - 2.If reply is satisfactory: Approve.
  - 3.If unsatisfactory or no reply: Reject via REG-05, giving reasons in writing.
- Refer [Instruction No. 03/2025-GST dated 17/04/2025.](#)

#### ▶ **GSTN advisory on Case Insensitivity in IRN Generation.**

- GSTN has issued an advisory on case insensitivity in IRN generation.
- Effective 01/06/2025, the IRP (Invoice Reporting Portal) would treat invoice/document numbers as case-insensitive for the purpose of IRN generation.
- To ensure consistency and avoid duplication, invoice numbers reported in any format (e.g., "abc", "ABC", or "Abc") would be automatically converted to uppercase before IRN generation.
- This change aligns with the treatment of invoice numbers in GSTR-1, which already treats them as case-insensitive.
- Refer - [GST Advisory dated 04/04/2025.](#)

#### ▶ **GSTN Advisory on Table 12 of GSTR-1/1A.**

- GSTN has implemented phase wise changes in Table-12 of GSTR-1 or GSTR-1A.
- GSTN shall implement Phase-III of Table 12 of GSTR 1 & 1A from April, 2025 tax period onwards.
- Accordingly, Table-12 has been bifurcated into two tables namely B2B and B2C, to report the summary of these supplies HSN wise separately in corresponding table.
- Manual entry of HSN will not be allowed. Taxpayer will be able to choose correct HSN from given Drop down.
- Refer [GST Advisory dated 11/04/2025.](#)

#### ▶ **GSTN Advisory on reporting values (Table 3.2 of GSTR-3B return)**

- GSTN has issued an advisory on Table 3.2 of Form GSTR-3B captures the inter-state supplies made to unregistered persons, composition taxpayers, and UIN holders out of the supplies declared in Table 3.1 & 3.1.1 of GSTR-3B along with few FAQs.
- The values in Table 3.2 of GSTR-3B auto-populates from corresponding inter-state supplies declared in GSTR-1, GSTR-1A, and IFF in requisite tables.
- From April-2025 tax period, inter-state supplies auto-populated in Table 3.2 of GSTR-3B will be made non-editable. The GSTR-3B shall be filed with the auto-populated values as generated by the system only.
- Wherever any modification/amendment is required in auto-populated values of Table 3.2 of GSTR-3B, same can be done only by amending the corresponding values in respective tables of GSTR-1A or through Form GSTR-1/IFF filed for subsequent tax periods.
- To ensure that GSTR-3B is filed accurately with the correct values of inter-state supplies, it has been advised to report the correct values in GSTR-1, GSTR-1A, or IFF. This will ensure the auto-populated values in Table 3.2 of GSTR-3B are accurate and compliant with GST regulations.
- Refer [GST Advisory dated 11/04/2025.](#)

## 2. Recent landmark Judgements under GST laws.

### ▶ **Input tax credit cannot be denied due to Supplier's Mistake - The Union of India & Ors. Versus Brij Systems Ltd & Ors - Supreme Court Order [Special leave petition (civil) diary no. 6334/2025 dated 24/03/2025]**

- In a significant ruling, the Supreme Court of India has criticized the Union of India and CBIC for denying Input Tax Credit (ITC) to buyers due to clerical or filing errors by suppliers under the GST regime. This came in response to an SLP (Special Leave Petition) filed against the Bombay High Court's judgment in the case of Brij Systems Ltd v. Union of India, which had held that ITC should not be denied solely because of mismatches or errors in returns filed by the supplier.
- The Supreme Court emphasized that Section 37(3) and Section 39(9) of the CGST Act, 2017, which restrict rectification of returns after a certain period, should not override the rights of buyers who have genuinely paid tax. The court highlighted that these restrictions result in the denial of ITC to buyers who are not at fault, leading to double taxation and undue hardship.
- In another related case, CBIC v. Aberdare Technologies Pvt. Ltd., the Supreme Court upheld the Bombay High Court's direction to reopen the GST portal to allow rectification of Form GSTR-1 and GSTR-3B. The Apex Court ruled that taxpayers must be allowed to correct bona fide clerical or arithmetic errors, as the right to correct such mistakes stems from the fundamental right to conduct business. The Court also observed that software limitations cannot be used as a justification to deny this right, stating that systems can be reconfigured to support compliance.
- Referring to earlier rulings, including Star Engineers (I) Pvt. Ltd. v. Union of India, the Court reiterated that authorities should allow manual or digital correction of genuine errors. It dismissed the SLPs filed by the CBIC, terming the High Court rulings as just and fair, especially since there was no revenue loss involved.
- The Supreme Court has urged CBIC to re-examine the timelines and legal provisions governing rectifications, noting that most errors are only discovered when ITC claims are denied. It stated that human errors are inevitable, and purchasers should not suffer due to a supplier's mistakes, especially when the tax has already been paid.
- This landmark stance strengthens the position of honest taxpayers and calls for a more realistic and business-friendly compliance framework under GST.

### ▶ **Effective service of Show Cause Notices - Hon'ble Madras High Court in case of Axiom Gen Nxt India Pvt. Ltd. (W.P. No. 1114 of 2025) dated 22/04/2025.**

- Two significant rulings by the Madras High Court addressed the issue of effective service of Show Cause Notices (SCNs) under Section 169(1)(d) of the CGST Act. In both Poomika Infra Developers and MV Creations, the Court held that merely uploading an SCN on the GST portal is technically compliant with Section 169(1)(d). However, it emphasized that this does not constitute effective service as required under Sections 75(4) and 75(5), which guarantee the taxpayer's right to a personal hearing and fair opportunity to respond.
- Despite the Court suggesting that SMS or email notifications accompany the SCN upload, the Revenue strongly opposed such measures, seemingly prioritizing demand statistics over taxpayer rights. The Court criticized this stance, noting that ex parte orders issued without actual communication violate the principles of natural justice.

- A more detailed judgment came in the case of Axiom Gen Nxt India Pvt. Ltd. (W.P. No. 1114 of 2025), where the High Court, in paras 38–40 of its order dated 22.04.2025, stressed that while portal upload may fulfill the letter of Section 169(1)(d), it fails the spirit of justice if the taxpayer remains unaware. The Court recommended reminders via Registered Post (RPAD) before issuing ex parte orders, to prevent futile adjudication and judicial burden.
- These rulings highlight that effective service of SCNs is essential for fair adjudication and compliance with natural justice. The CBIC is urged to issue instructions aligning with the High Court’s guidance to prevent misuse and uphold taxpayer rights.

### **3. The Government of India notified Goods and Services Tax Appellate Tribunal (Procedure) Rules, 2025 w.e.f. 24/04/2025: These rules aim to streamline the GST dispute resolution process, enhancing efficiency and accessibility for taxpayers.**

#### **▶ These rules consist:**

- 15 Chapters
- 124 Rules
- 8 Forms (GSTAT FORM-01 TO FORM-08)
- 8 Govt Records (GSTAT CDR-01 TO CDR-08)

#### **▶ Key Highlights:**

- **Mandatory Online Filing:** All appeals and applications must be filed digitally through the official GSTAT portal, which is now operational.
- **Hybrid Hearings:** The Tribunal permits both in-person and video conferencing hearings, subject to approval by the Tribunal President.
- **Expedited Case Listing:** Urgent appeals filed by noon can be scheduled for the next working day. Late filings until 3 p.m. may also be listed the following day with appropriate permissions.
- **Strict Timelines:** Respondents are required to reply within one month, and applicants can file rejoinders within the same timeframe. The Tribunal aims to issue orders within 30 days from the final hearing date, excluding holidays.
- **Operational Hours:** Tribunal sittings are scheduled from 10:30 a.m. to 1:30 p.m. and 2:30 p.m. to 4:30 p.m. on working days, with office hours from 9 a.m. to 6 p.m.
- **Daily Cause List:** An online and physical daily cause list will be published, prioritizing order pronouncements, clarifications, and admissions.
- **Standardized Forms and Documentation.**
  1. The rules introduce standardized forms, including:
    - i) GSTAT FORM-01: Interlocutory Application
    - ii) GSTAT FORM-02: Order Sheet
    - iii) GSTAT FORM-03: Inspection
    - iv) GSTAT FORM-04: Memorandum of Appearance
    - v) GSTAT FORM-05 & FORM-06: Summons
    - vi) GSTAT FORM-07 & FORM-08: Other procedural documents.
- **Registrar's Role:** The Registrar is responsible for case management, scrutiny of appeals, and overseeing registry operations, ensuring procedural compliance.

► **Implications for Taxpayers and Practitioners.**

- The implementation of the GSTAT (Procedure) Rules, 2025, is expected to:
  - 1.Enhance efficiency and transparency in GST dispute resolution.
  - 2.Reduce the burden on higher judiciary by providing a specialized appellate mechanism.
  - 3.Facilitate quicker resolution of disputes through defined timelines and electronic processes.
  - 4.Improve accessibility for taxpayers across India with the establishment of multiple benches.
- Refer *GST - Notification No. G.S.R. 256(E) - dated 24.04.2025 - Central GST (CGST).*



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# GSTAT (PROCEDURE) RULES 2025

MINISTRY OF FINANCE

# FOREIGN EXCHANGE

	Foreign currency in dollars		Dollar in Foreign currency	
	Today	Prev.	Today	Prev.
Argent	.3270	.3268	3.0580	3.0580
Australia	.7865	.7850	1.2715	1.2715
Brazil	.4656	.4674	2.1450	2.1450
Britain	1.9700	1.9587		
Canada	.8678	.8710		
Chile	.001899	.001904		
China	.1276			
Colombia	.000439			
Czech Rep	.0475			
Denmark	.1781			
Dominican Rep	.0305			
Egypt	.1750			
Euro	1.3277	1.3251		
Hong Kong	.1287	.1286		
	.0052	.0052		



**Foreign Trade Policy**

## 1. Exporters Must Now Specify Service Trade Mode in New Electronic Bank Realization Certificate Format.

▶ **The Directorate General of Foreign Trade (DGFT) issued Trade Notice No. 02/2025-26 on 21/04/2025, introducing a new field titled 'Mode of Export of Services' in the Electronic Bank Realisation Certificate (e-BRC) format for services exports, effective from May 1, 2025.**

### ▶ **Key Highlights:**

- Purpose: To enhance the granularity and accuracy of services export data by capturing the specific mode through which services are exported.
- Implementation: Exporters certifying eBRCs linked to Inward Remittance Messages (IRMs) will be required to indicate the relevant mode of export of service while completing the certification.
- Modes of Export (as per WTO's General Agreement on Trade in Services - GATS):
  - 1.Mode 1: Cross-Border Supply – Services supplied from India remotely across borders without the movement of individuals (e.g., IT services, remote consulting).
  - 2.Mode 2: Consumption Abroad – Consumers from abroad travel to India to consume services (e.g., tourism, medical treatment).
  - 3.Mode 3: Commercial Presence – Indian service suppliers establish a commercial presence in another country (e.g., overseas branches of Indian banks).
  - 4.Mode 4: Presence of Natural Persons – Individuals from India travel abroad temporarily to provide services (e.g., engineers, IT professionals on assignment).
- Alignment with International Standards: This initiative aligns India's data capture practices with international norms under the WTO's GATS framework.
- Support for Exporters: User manuals are available on the DGFT website under the 'Learn' section (Application Help and FAQs -> eBRC). Exporters can seek assistance via the DGFT Helpdesk or by emailing [ebrc-dgft@gov.in](mailto:ebrc-dgft@gov.in).

## 2. Comprehensive Trade Support Platform Launched to Streamline Global Import-Export Processes and Resolve Cross-Border Business Challenges.

▶ **The Directorate General of Foreign Trade (DGFT) issued Trade Notice No. 01/2025-26 on April 11, 2025, announcing the operationalization of the 'Global Tariff and Trade' Helpdesk.Direcrtorate General of Foreign Trade**

### ▶ **Key Highlights:**

- Purpose: The Helpdesk aims to provide exporters and importers with comprehensive information on global tariffs, trade regulations, and market access requirements.
- Services Offered:
  - 1.Access to updated tariff rates and trade data for various countries.
  - 2.Information on non-tariff measures, including sanitary and phytosanitary standards.
  - 3.Assistance in understanding trade agreements and preferential tariff benefits.
- Access: The Helpdesk is accessible through the DGFT website, providing a user-friendly interface for stakeholders to navigate and retrieve necessary trade information.

# Bhatia & Bhatia

CHARTERED ACCOUNTANTS

## About Us

Founded in 1981, our firm is dedicated to providing unparalleled financial services to our clients and assisting in navigating the business landscape. With a commitment to deliver exceptional services while upholding the highest ethical standards, our team of over 125+ professionals, led by 11 experienced partners, brings a diverse range of expertise to the table. This allows us to act as your trusted advisor for all aspects of your financial needs, including Audit & Assurance, Taxation (both domestic and cross-border), Valuations, Mergers & Acquisitions and Corporate Finance. We operate as a progressive and well-structured full-service firm with a Pan India presence and a network of various international forums, groups & chambers. We deliver end-to-end business solutions through a dedicated panel of experts, maintaining long-term trust and reliance from our clients.

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