

October 2025

Alert: Indirect Taxation & GST

Bhatia & Bhatia
CHARTERED ACCOUNTANTS



Recent Developments in GST Compliance and Customs Framework | October 31, 2025

In this edition, we have presented a comprehensive summary of the latest developments under GST, Customs, and Foreign Trade Policy.

Key highlights include the enablement of GSTR-9/9C filing for FY 2024-25, new functional enhancements on the GST portal, recent judicial pronouncements impacting ITC and refunds, and major Customs notifications consolidating exemptions for ease of compliance. We've also covered the extension for filing Annual RoDTEP Returns to help businesses stay informed and compliant.

Goods and Services Tax



Goods & Services Tax

▶ Advisory for GSTR 9/9C for FY 2024-25

GSTR-9/9C for FY 2024-25 has been enabled on the GST portal from 12th October 2025. Please ensure that all returns (GSTR 1 and GSTR 3B) for FY 2024-25 are filed to enable GSTR-9/9C.

▶ Comprehensive FAQ Issued on GSTR-9 & GSTR-9C for FY 2024-25

GSTN has published an extensive Frequently Asked Questions (FAQ) guide clarifying multiple aspects of Annual Return and Reconciliation Statement filing.

Key Highlights:

A. Auto-population of ITC Data (Table 8A of GSTR-9)

- Clarifies the difference between "Table 8A (Online Auto-populated)" and "Download Table 8A Document Details (Excel)".
- Lists five official scenarios causing data variation (e.g., RCM supplies, PoS amendments, inter-year ITC).

B. New Table 6A1 – Prior Year ITC Claimed in Current Year

- Introduced to capture the ITC of FY 2023-24 claimed during FY 2024-25 for accurate bifurcation and reconciliation.

C. ITC Reversal & Reclaim Reporting (Rule 37 / 37A)

- Specifies exact reporting tables for ITC reversal and subsequent reclaim.
- Clarifies that reclaimed ITC is treated as credit of the year of reclaim, not the original invoice year.

D. Late Fee Computation (Circular No. 246/03/2025-GST):

- Late fee under Section 47(2) applies from the later of the GSTR-9 due date or filing date until actual submission of GSTR-9C.

E. New Tools Introduced on GST Portal

- HSN Summary Excel Download (Table 17) for simplified reporting.
- Removal of the concessional rate (65%) checkbox from FY 2024-25 onwards.

*Source for detailed FAQ: [faq_on_gstr9_for_24_25_dt_15_oct_25_v6_final.pdf](#)

▶ Introduction of "Pending" Option for Credit Notes and declaration of Reversal amount in Invoice Management Service (IMS)

A new facility in the Invoice Management System (IMS) has been recently introduced on the GST portal, wherein the taxpayers are allowed to keep credit notes as "Pending" for one tax period. Further, the IMS functionality has also been enhanced, providing flexibility to the taxpayers to modify their ITC reversal on acceptance of such credit notes, thereby resolving many business disputes.

Key Highlights:

A. New "Pending" Option Introduced: Now available for:

- Credit Notes (CN) and their amendments
- Downward amendments of invoices/debit notes (where originals are accepted)
- ECO documents (downward amendments where originals are accepted)
- Taxpayers can keep such records pending for one tax period (month/quarter) beyond the applicable GSTR-2B period.

B. Enhanced ITC Reversal Control

- Recipients can now declare the exact ITC amount to be reversed (full or partial) for records such as CNs or amendments.
- Option to indicate if ITC was not availed, ensuring accurate credit computation in GSTR-2B and GSTR-3B.

C. Remarks Feature Added

- Taxpayers can now record remarks while marking a record as *Pending* or *Rejected*.
- Remarks are mandatory in cases of partial or no ITC reversal.

D. Automatic "Deemed Acceptance"

- If no action is taken within the allowed period, the system will auto-accept the record after the pending window closes.

E. Implementation Prospective

- Changes apply prospectively from the October 2025 period onward, impacting transactions reported from this date.

*Source: [creative_faq_on_gstr9_for_24_25_dt_15_oct_25_v6_final.pdf](#)

▶ **Section 74 UPGST proceedings quashed where the petitioner proved goods movement and tax paid; no fraud or wilful suppression.**

Facts of the Case: The petitioner, engaged in trading and manufacturing of pharmaceutical products, purchased goods from M/s Unimax Pharma Chem, a registered supplier in Maharashtra, during April 2021. The transactions were supported by valid tax invoices, e-way bills, transport documents, and bank payments. Both the petitioner and supplier had filed their GST returns (GSTR-1 and GSTR-3B). Subsequently, the Deputy Commissioner, Commercial Tax, Agra issued a show cause notice under Section 74 of the UPGST Act, alleging wrongful availment of ITC as the supplier's registration was cancelled later. Despite producing all documentary evidence like tax invoices, e-way bill, transporter bill, purchase orders, banking channel payments, and both parties, GSTR filings reflecting the transaction and tax deposit, ITC was disallowed, and the appeal was rejected based on an unverified report from the Central Intelligence Unit, Vadodara.

Issues Involved: Whether proceedings under Section 74 could be initiated without any finding of fraud, wilful misstatement, or suppression of facts, and whether ITC could be denied to a bona fide purchaser relying on valid documents and registered suppliers.

Conclusion: The Allahabad High Court held that Section 74 applies only in cases involving fraud or wilful misstatement, as clarified by CBIC Circular dated 13.12.2023. Since no such finding existed, the proceedings were held unsustainable. The impugned orders dated 12.01.2022 and 20.12.2022 were quashed, and the writ petition was allowed in favour of the petitioner.

***Source:** M/s Safecon Lifescience Private Limited Versus Additional Commissioner Grade 2 And Another [Hon'ble Allahabad High Court in Writ Tax No. - 389 of 2023 dated 09.09.2025]

▶ **Department cannot withhold sanctioned refund under Section 54(11) where no appeal, review or stay exists.**

Facts of the Case: The Petitioner, M/s Omega QMS, engaged in providing technical consultancy services, filed a refund claim of ₹83,46,169 for FY 2019–20. The refund was initially rejected by the Adjudicating Authority on 24.08.2021. However, the Appellate Authority, vide Order-in-Appeal dated 20.06.2022, allowed the refund by holding that the Petitioner was not acting as an 'intermediary'. Despite this, the Department withheld the refund through an order dated 04.03.2025 under Section 54(11) of the CGST Act, citing its intention to review the appellate order, although no such appeal had been filed due to the non-constitution of the GST Appellate Tribunal.

Issues Involved: The primary issue before the Court was whether the Department could withhold the refund sanctioned by the Appellate Authority merely based on an internal opinion under Section 54(11) of the CGST Act, in the absence of any pending appeal or proceeding against the appellate order.

Latest Judicial Pronouncement

Conclusion: The Court held that mere intention or opinion to file an appeal cannot justify withholding a refund under Section 54(11). Since no appeal or review proceeding was pending, the Department's action was unsustainable. The Court directed the refund to be released with applicable interest under Section 56 within two months, clarifying that if any future appeal is filed, the refund would be subject to its outcome.

***Source:** Omega Qms. Versus Commissioner, CGST, Delhi West & Anr. [Hon'ble Delhi High Court in W. P. (C) 11815/2025 & CM APPL. 48226/2025 dated 19.08.2025]



Customs & Foreign Trade Policy



CBIC consolidates multiple Customs Notifications into a single framework (effective 1 November 2025)

The Central Board of Indirect Taxes and Customs (CBIC) has issued Notification No. 45/2025–Customs and Notification No. 44/2025–Customs, both dated 24 October 2025, consolidating over 31 existing customs exemption and concessional rate notifications (including the key Notification No. 50/2017–Customs) into a single comprehensive framework, effective 1 November 2025.

This major reform simplifies India’s customs law structure, eliminating overlapping references and improving ease of compliance for importers, exporters, and tax professionals. The consolidation maintains continuity of existing benefits, ensuring that most exemptions and concessional duty rates remain unchanged. However, some entries have been restructured or clarified for consistency and to remove duplication.

Notably, the aviation sector sees an extended exemption for Air India Engineering Services Limited (AIESL), now covering maintenance of three Boeing 737 and two Boeing 777 aircraft of the Indian Air Force. In the pharmaceutical sector, the 5% basic customs duty (BCD) on certain bulk drugs used in poliomyelitis vaccines and monocomponent insulins has been omitted, as a nil-duty entry already applied.

For industry and government imports, all exemptions have been reorganized under one notification, providing a single reference point for compliance. Businesses must update ERP systems, import documentation, and compliance checklists to reflect the new notification references from 1 November 2025 onwards.

This consolidation reflects the government’s ongoing commitment to simplification, transparency, and legal clarity under the Customs Act, 1962. It is expected to reduce interpretational ambiguity and improve efficiency in assessments, audits, and import clearances.

***Source:** Notification No. 45/2025–Customs dated 24.10.2025



Extension of filing Annual RoDTEP Returns

The competent trade authority, exercising powers under the Foreign Trade Policy, has extended the deadline for filing Annual RoDTEP Returns for the financial year 2023-24 to 30.11.2025, subject to payment of a composition fee of Rs. 10,000; the previous deadline of 30.09.2025 is thereby superseded. The extension is issued to promote exports and facilitate ease of doing business, and applies to all eligible exporters required to submit the Annual RoDTEP Return for FY 2023-24.

Annual RODTEP Return (ARR)



RODTEP SCHEME

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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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