

# REINA [ ] LEGAL

## Tax Trends

Top Tax News This  
Week

## **BNSS/CrPC provisions on rights of arrested persons applicable to GST & Customs Acts: Supreme Court**

On February 27, the Supreme Court delivered a landmark ruling on the powers of arrest under the Goods and Services Tax (GST) Act and the Customs Act. The Court held that the provisions of the Code of Criminal Procedure (now the Bharatiya Nagarik Suraksha Sanhita) concerning the rights of accused persons are equally applicable to arrests made under both the Customs Act and the GST Act. The Court further ruled that the circulars issued by the GST department regarding arrest must be strictly followed. Additionally, it rejected the argument that customs officers are to be treated as police officers. The Court also affirmed that the provisions relating to anticipatory bail apply to both the GST Act and the Customs Act. This means that individuals facing the possibility of arrest under these laws can approach the Court for relief, even without an FIR being registered.





## Ride apps switch to subscription model amid conflicting rulings on GST liability

Uber has transitioned to a cash-only model for auto rickshaw rides, following the lead of competitors like Namma Yatri, Rapido, and Ola. This move comes despite conflicting tax rulings by the Authority for Advance Ruling (AAR) regarding whether ride aggregators are still required to collect Goods and Services Tax (GST) from passengers. Since February 18, after shifting to a subscription model for its auto drivers, Uber has stopped levying the 5% GST on auto rides, a tax it previously collected under its commission-based model.

## Tobacco stocks drop on buzz of likely GST hike

Shares of cigarette makers fell by 1.08% to 4.7% following media reports that the GST Council may increase taxes on cigarettes and other tobacco products. According to these reports, the government could raise the GST on these products once the compensation cess ends. Currently, tobacco products—classified as "sin goods"—are taxed at 53% (28% GST plus additional levies), which is below the World Health Organization's (WHO) target of 75%. One potential strategy under consideration is to increase the GST to the 40% limit and impose an excise duty. Tobacco products, including cigarettes and pan masala, are significant contributors to government revenue.





## Top insurance players on edge as Rs 5,500-crore GST battle looms

Top insurers are preparing for a prolonged legal battle with GST authorities over a potential tax liability that could exceed Rs 5,500 crore, according to an Economic Times report on Wednesday. The report revealed that the Adjudicating Authority of GST has confirmed a Rs 2,400 crore demand against prominent insurer HDFC Life Insurance. Authorities allege that insurers wrongly claimed tax credits on agent commissions. Additionally, the GST department has issued show cause notices to 30 insurers regarding the input tax credit (ITC). This demand, stemming from an investigation by the Directorate General of GST Intelligence, amounts to approximately Rs 5,500 crore. Officials contend that insurers wrongly claimed the ITC.

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