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Tax Trends

Top Tax News This Week

GST advance rulings not for past transactions

The West Bengal Appellate Authority for Advance Ruling has reaffirmed that the GST advance ruling mechanism is meant to provide certainty on proposed or ongoing transactions and cannot be used to adjudicate completed transactions involving disputed questions of fact. It held that determining whether amounts received under an arbitral award constitute additional consideration, damages, compensation, reimbursement, interest or other contractual entitlements requires detailed factual examination, which falls within the jurisdiction of the proper officer. The ruling thus reinforces the limited scope of advance rulings and prevents their use to avoid potential tax liabilities or penalties relating to past transactions.





Papad Khar to attract 18% GST, says Gujarat AAR

The Gujarat AAR has ruled that Papad Khar, an essential ingredient used in the manufacture of papad, attracts 18% GST, rejecting the contention that an exempt finished product warrants similar treatment for its raw materials. The AAR held that raw materials and finished products are separate taxable items, each governed by their specific HSN classification and applicable rate, and there is no established GST principle that inputs automatically become exempt merely because the final product is exempt. It also rejected classification of Papad Khar as common salt or prepared food additives/condiments, reaffirming that GST rates are determined independently based on the specific tariff entry of each product.

No GST arrests without communicating order, 'reasons to believe': Supreme Court

The Supreme Court has ruled that GST authorities cannot arrest a person under Section 69 of the CGST Act without first communicating the arrest authorisation order and the Commissioner's recorded "reasons to believe." The Court held that such communication is essential for enabling the person to seek anticipatory bail and challenge the arrest order through judicial review, noting that withholding the reasons could have serious consequences for the individual's right to liberty. It further clarified that the order must be communicated before the arrest, including electronically through email, and that such disclosure would not impede an ongoing GST investigation.





Supplier tax default should not hurt genuine businesses: Industry body

The Federation of Indian Micro and Small & Medium Enterprises (FISME) has urged the Finance Ministry and GST Council to introduce legislative safeguards for bona fide taxpayers following the Supreme Court's ruling upholding Section 16(2)(c) of the CGST Act, under which ITC may be denied where the supplier fails to deposit the tax. The industry body proposed a statutory safe harbour for taxpayers with valid invoices, proof of receipt of supplies and banking-channel payments, with recovery pursued against defaulting suppliers. It also recommended time-bound GST refunds with automatic interest on delays, faster implementation of One PAN–One Administration, adequate transition periods for technology changes, pre-notice reconciliation and faceless adjudication to reduce compliance costs and avoidable litigation.

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