



# INDIA TRADE AND TAX SCAN

## WHAT'S INSIDE

### I. TAX UPDATES

#### DIRECT TAX

- Vivad se Vishwas Scheme to come to an end on 30th April 2025
- CBDT issues FAQs on revised guidelines for compounding of offences
- CBDT amends Safe Harbour Rules for determination of arm's length price
- No TDS on withdrawals by individuals from notified pension scheme

#### INDIRECT TAX

#### CUSTOMS

- Amendments brought in the CAROTAR Rules to replace 'Certificate of Origin' with 'Proof of Origin'
- Postal Imports Regulations, 2025 introduced
- Export Entry (Post export conversion in relation to instrument-based scheme) Regulations, 2025, introduced
- Guidelines provided for documentation and compliances for faceless assessment process
- Import of Monitors (other than IFPD) does not attract conditions specified under IGCR Rules for claiming exemption rate of BCD @ 10%
- Import of Bengal Gram (desi chana) exempt from levy of SWS and AIDC
- Navi Mumbai and Noida International (Jewar) appointed as Customs Airport
- Export Duty on Onions withdrawn
- Condition for exemption from BCD on re-import of cut and polished diamonds after certification/grading by the laboratories /agencies, modified
- List of goods eligible for preferential rate of duty revised when imported from UAE and Mauritius
- Circular providing the procedure for transshipment of Export Cargo from Bangladesh to third countries, rescinded
- Transitional provisions for SCMTR extended till May 31, 2025
- Clarification issued on the scope of Camera Module of Cellular Mobile Phones
- Procedure for import/export of gems and jewellery through personal carriage, notified

contd.

## WELCOME TO OUR TRADE AND TAX NEWSLETTER

We are pleased to present the sixth edition of our Trade and Taxation Newsletter, sharing important updates, key developments, and practical insights on trade and taxation, all tailored to help you stay ahead in an ever-changing regulatory environment.

We hope you find this newsletter useful and informative, and we look forward to your continued engagement.

## TAX TRIVIA



"Appeasement cannot bring peace, and compromise cannot earn one respect", a Chinese Commerce Ministry spokesperson said.

## OUR TEAM



### Shahid Khan

**Former member CBDT, Senior Partner & Head - Direct Tax**  
shahid.khan@kochhar.com



### Reena Asthana Khair

**Senior Partner - Head Indirect Tax & International Trade**  
reena.khair@kochhar.com



### Shampa Bhattacharya

**Partner - Indirect Tax**  
shampa.bhattacharya@kochhar.com

## OUR OFFICES

NEW DELHI | MUMBAI | BANGALORE | CHENNAI | HYDERABAD | GURGAON | CHANDIGARH  
DUBAI | CHICAGO | TORONTO

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## WHAT'S INSIDE

### GOODS AND SERVICES TAX

- Clarifications issued to extend benefit of scheme to taxpayers

### II. SPOTLIGHT ON JUDICIAL PRONOUNCEMENTS

#### DIRECT TAX - International Tax Cases

- Amount paid for cloud computing, cloud space hiring etc. is not Royalty
- No profit can be attributed to a PE if the transactions were at Arm's Length Price
- Formation of independent opinion by AO essential for reopening
- Expenses for mobilising foreign deposits by Bank are not Head Office expenses
- Rights Entitlements are not equity shares
- Expenditure for implementing Brand strategy is not Royalty

#### DIRECT TAX - Income Tax Cases

- Assessment cannot be reopened solely on information on departmental portal
- Proceedings under section 153C without separate satisfaction note void ab initio
- Persons connected with management of company are its Principal Officers
- Unabsorbed depreciation to be added to WDV in cases of amalgamation
- In case of private trust surcharge to be calculate on tax as per applicable slab
- Section 194-O not applicable where travel agent did not own Reservation System

#### INDIRECT TAX - GOODS & SERVICES TAX

- SC directs issuance of notice to CBIC to resolve larger issue of ITC denial due to arithmetical/ clerical mistakes
- Karnataka and Patna HCs quash Orders denying ITC on construction of warehouse; observe that whether property can be classified as 'plant' requires factual determination basis Safari Retreats judgment
- Kerala HC strikes down levy of GST on services provided by Clubs/Associations to its members; declares Section 7(1)(aa) and Section 2(17)(e) as unconstitutional
- Supreme Court upholds retrospective amendment to Rule 89(5), which prescribes formula for refund under inverted duty structure
- Physical delivery of goods not required for availing ITC under GST; a significant departure from central excise laws – Patna HC

contd.

## I.TAX UPDATES

### DIRECT TAX

#### Vivad se Vishwas Scheme to come to an end on 30th April 2025

Direct Tax Vivad se Vishwas Scheme, 2024, was introduced by the Finance (No. 2) Act, 2024 to reduce pending income tax litigation and provide an alternate dispute settlement mechanism to eligible taxpayers. CBDT has now notified 30th April 2025 as the last date to file declaration under the Scheme.

*CBDT Notification No. 32/2025, dated 7th April 2025*

#### CBDT issues FAQs on revised guidelines for compounding of offences

CBDT had on 17.10.2024 issued revised guidelines for compounding offences under the Income-tax Act, 1961 superseding all previous guidelines. In order to clarify certain misgivings of taxpayers, the CBDT has now issued detailed clarifications regarding the revised guidelines in the form of FAQs.

*CBDT Circular No. 04/2025, dated 17th March 2025*

#### CBDT amends Safe Harbour Rules for determination of arm's length price

CBDT has amended Rules 10TA and 10TD of Income-tax Rules, 1962, to expand the scope of safe harbour rules relating to determination of arm's length price of international transactions between related parties. The turnover threshold for availing benefits of safe harbour rules has been increased from Rs. 200 crore to Rs. 300 crores. Further, lithium-ion batteries used for electric and hybrid vehicles, have been included in the definition of 'core auto components'.

*CBDT Notification No. 21/2025, F. No. 370142/6/2025-TPL, 25th March 2025*

#### No TDS on withdrawals by individuals from notified pension scheme

Finance Act 2025 had granted exemption from tax in respect of withdrawals made by an individual from National Pension Scheme

contd.





## WHAT'S INSIDE

### CUSTOMS

- Bombay HC holds that no interest, penalty or redemption fine imposable on payment of IGST for violation of the pre-import condition

### III. INTERNATIONAL TRADE BRIEF

- Global Trade
- Exemptions from reciprocal tariff
- India Trade Update
- Amendment in import policy
- Duties imposed or extended by the Ministry of Finance
- Duties recommended by the Ministry of Commerce
- Initiation of Trade Remedy investigations

etc., on or after August 29, 2024. Following this, CBDT has now notified that that TDS under section 194-EE shall not be deducted from such withdrawals.

*Notification no. 27/2025, dated 4th April 2025*

## INDIRECT TAX

### CUSTOMS

#### **Amendments brought in the CAROTAR Rules to replace 'Certificate of Origin' with 'Proof of Origin'**

The Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR) have been amended by the Government, primarily replacing the term "Certificate of Origin" with "Proof of Origin" across various provisions of the rules. This change aims to streamline and simplify compliance required for claiming preferential rate under various trade agreements.

*[Notification No. 14/2025 - Customs (N.T.) dated March 18, 2025]*

#### **Postal Imports Regulations, 2025 introduced**

The Government has introduced Postal Imports Regulations, 2025, for assessment and clearance of goods imported through Foreign Post Offices. These regulations shall not be applicable for import of the following goods requiring testing of samples thereof before their clearance -

- (i) animals and parts thereof, plants and parts thereof
- (ii) perishables
- (iii) publications containing maps depicting incorrect boundaries of India
- (iv) precious and semi-precious stones, gold or silver in any form

These regulations shall also not apply on import of goods under any export promotion scheme referred to in the Foreign Trade Policy.

*[Notification No. 18/2025 - Customs (N.T.) dated March 28, 2025, and Corrigendum]*

#### **Export Entry (Post export conversion in relation to instrument based scheme) Regulations, 2025, introduced**

The Government has introduced new Export Entry (Post export conversion in relation to instrument based scheme) Regulations, 2025,

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superseding the Shipping Bill (Post export conversion in relation to Instrument Based Scheme) Regulations, 2022. These regulations will govern the procedure for conversion of all forms of export entry, Shipping Bills, Postal Exports, Baggage Exports, etc, and the conditions and retractions for the same. The procedure for electronic processing of amendments under Section 149, provisional assessments, Re-transmission of relevant details to the agencies concerned, has been digitalized.

*[Notification No. 21/2025 - Customs (N.T.) dated April 03, 2025, and Circular No. 11/2025 - Customs dated April 03, 2025]*

## **Guidelines provided for documentation and compliances for faceless assessment process**

For proper facilitation and faster clearance of the goods in faceless assessment, public notice has been issued by the Principal Commissioner of Customs, Bengaluru, advising to take the following measures:

- i. Study the compliance requirements for the goods imported and upload all the required documents under e-Sanchit in support of their claim of meeting those requirements.
- ii. Study the conditions listed against the notification for claim of any duty benefit, and ensure that documents in support of their claim are filed along with the B/E.
- iii. Upload on e-Sanchit the product catalogue/Product Data Sheet/ User manual/ Technical write-up etc to ensure correct classification of goods. Provide complete details/ specifications/ descriptions/ brand/ name/ model/ mandatory documents essential for assessment. Further, it is advised to upload and link all the relevant and supporting documents at the first instance to avoid queries and delays.
- iv. Wherever required upload the additional documents like Bureau of Indian Standards (BIS), equipment type approval (ETA)/ wireless planning and coordination (WPC), extended producer responsibility (EPR), legal metrology packaged commodity (LMPC),

shipping bill copy, proof of surrender of export benefits, etc. on e-Sanchit.

v. To feed all the details/information etc. needed for assessment at the time of filing of BE and to indicate end use of consignments viz. time-sensitive/ urgent consignments such as lifesaving drugs, security/ defence related consignments etc. imported by Government and its agencies/ PSUs etc in the B/E for easier identification of such consignments, so that PAG/ FAG will clear above consignments on priority basis.

vi. Whenever amendment is sought, the reasons for amendment and the documents in support of the amendment sought should be uploaded in e-Sanchit. This will facilitate the clearance/ approval process.

vii. Customs broker must ensure sufficient balance in the license/ bond to be debited. They should enter the correct unique quantity code (UQC) as per customs tariff heading (CTH). The customs brokers are requested to use appropriate code while uploading the documents in e-Sanchit depending upon the type of document uploaded and may refrain for using general code such as that of registration document (101000) when specific code is available for the document.

*[Public Notice No. 06/2025 dated March 30, 2025]*

## **Import of Monitors (other than IFPD) does not attract conditions specified under IGCR Rules for claiming exemption rate of BCD @ 10%.**

Prior to 2025-26 Budget, import of monitors (CTH 85285900) attracted BCD @ 10%. In the 2025-26 Budget, BCD on Interactive Flat Panel Displays (IFPDs – CTH 85285900) was increased from 10% to 20%. However, all monitors (other than IFPDs) classified under tariff item 85285900 continued to attract 10% BCD, under an exemption notification subject to the condition that the requirements of the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 ('IGCR Rules'). This condition has now been removed by the Government. Imports of Monitors under CTH 85285900 continues to attract 10% BCD under the exemption notification without any condition.

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*[Notification No. 23/2025 - Customs dated April 04, 2025, read with Circular No. 12/2025 - Customs dated April 07, 2025]*

## **Import of Bengal Gram (desi chana) exempt from levy of SWS and AIDC**

The Government has exempt import of Bengal Gram (desi chana) classified under CTH 0713 20 20 from levy of Social Welfare Surcharge by inserting the said tariff heading under Notification No. 11/2018 - Customs dated February 02, 2018. Similarly, these goods have also been exempted from the levy of Agriculture Infrastructure and Development Cess by amendment in the Notification No. 11/2021 - Customs dated February 01, 2021.

*[Notification No. 20/2025 - Customs dated March 27, 2025]*

## **Navi Mumbai and Noida International (Jewar) notified as Customs Airport**

The CBIC has notified Navi Mumbai and Noida International (Jewar) as Customs Airport for unloading of imported goods and the loading of export goods or any class of such goods.

*[Notification No. 15/2025 - Customs (N.T.) dated March 24, 2025]*

## **Export Duty on Onions withdrawn**

The Government has amended Notification No. 27/2011- Customs dated March 01, 2011, to withdraw the export duty of 20% on Onion (CTH 0703 10). Post amendment, the duty on exports of Onion is 'nil'.

*[Notification No. 19/2025 - Customs dated March 22, 2025]*

## **Condition for exemption from BCD on re-import of cut and polished diamonds after certification / grading by the laboratories /agencies, modified.**

Notification No. 09/2012 - Customs dated March 09, 2012, prescribed certain conditions to be met for

claiming exemption from payment of BCD on cut and polished diamonds, when re-imported into India after certification/grading by the laboratories / agencies as notified in the Foreign Trade Policy. One of the conditions specified was that Cut and polished diamonds when re-imported shall match with corresponding diamonds mentioned in the invoice at the time of exportation in terms of value, height, circumference and weight. The condition also specified the variance, allowed between the diamonds mentioned in the invoice, when exports and the goods re-imported. This criterion has been modified, as:

*"Provided that a variance not exceeding  $\pm 0.05$  mm in diameter for round shape diamonds and  $\pm 0.07$  mm in length and breadth for diamonds of other shapes, variance not exceeding  $\pm 0.01$  mm in height and variance not exceeding  $\pm 1$  cent in weight shall be allowed."*

*[Notification No. 18/2025 - Customs dated March 20, 2025]*

## **List of goods eligible for preferential rate of duty revised when imported from UAE and Mauritius**

The Central Government has revised the list of goods eligible for preferential rate of BCD, when imported from United Arab Emirates in terms of India- UAE CEPA and from Mauritius in terms of India – Mauritius Comprehensive Economic Cooperation and Partnership Agreement. However, goods in respect of which Automatic Trigger Safeguard Mechanism (ATSM) is invoked in accordance with the Side Letter to the Comprehensive Economic Cooperation and Partnership Agreement between the India and Mauritius, as issued by India, are excluded.

*[Notification No. 21/2025-Customs, dated March 28th, 2025, and Notification No. 22/2025-Customs, dated March 28th, 2025]*

## **Circular providing the procedure for transshipment of Export Cargo from Bangladesh to third countries, rescinded**

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CBIC had issued Circular No. 29/2020 - Customs dated June 22, 2020, providing for a procedure for transshipment of Export Cargo from Bangladesh to third countries through Land Customs Stations (LCSs) to Port / Airport, in containers or closed bodied trucks. This Circular has now been rescinded by the CBIC from April 08, 2025. Cargo entered into India prior to April 08, 2020, will be allowed to exit Indian territory as per the procedure set out in the Circular No. 29/2020.

*[Circular No. 13/2025 - Customs dated April 08, 2025]*

## **Transitional provisions for SCMTR extended till May 31, 2025**

As a last facilitation measure, the transitional provisions for the Sea Cargo Manifest and Transshipment Regulations (SCMTR) have been extended till 31.05.2025 for all Customs port (except Mormugao, Mangalore, Mumbai, Kandla, Tuticorin, Vishakhapatnam, Ennore, Kattupalli and Cochin. The CBIC has issued a clarification that an extension of the transition period has been given so that in the interim period, the stakeholders can utilize this period by filing declarations in the prescribed format electronically without any penal provisions. Accordingly, the Commissioner of Customs, JNCH, Nhava Sheva and the Commissioner of Customs, Chennai have issued Public Notices, advising the Customs officers to not take any penal actions against stakeholders during the interim period and to assist them in filing declarations as per the new format in a timely manner.

*[Notification No. 20/2025- Customs (N.T.) dated March 28, 2025, Circular No. 10/2025 - Customs dated March 28, 2025, Public Notice No. 20/2025 dated March 29, 2025 and Public Notice No. 32/2025 dated March 29, 2025]*

## **Clarification issued on the scope of Camera Module of Cellular Mobile Phones**

CBIC has issued a clarification regarding the scope of camera modules used in the manufacture of cellular mobile phones, and the eligibility conditions to claim

concessional rate of BCD @ 10%. The circular aims to clarify the scope of camera modules used in manufacture of cellular mobile phones, as under:

i.If the camera module for use in manufacturing of cellular mobile phones has an essential character of the camera, it should be classified as camera module.

ii.Camera module (including singular or multiple cameras) designed with specific components such as lens, sensor, FPCB Assembly, bracket/holder, connectors, mechanical parts etc. for the purpose of integrating the camera module and merely add the strength, ensure the structural stability and protection in mobile phones shall be classified as camera modules of the mobile phones as long as its functionality remains limited to that of a camera.

iii.Parts/components of camera module which do not have a function of their own and do not add any functionality to the principal function of the camera module of mobile phones and /or merely add strength, protection and structural stability should be considered as camera module when imported as a complete assembly.

iv.Camera module imported as an integrated assembly, shall continue to attract the concessional BCD. However, where the components of a camera module are imported individually (not as a complete assembly), they shall attract the applicable BCD rate under the Tariff.

*[Circular No. 08/2025- Customs dated March 24th, 2025]*

## **Procedure for import/export of gems and jewellery through personal carriage, notified**

CBIC has issued a harmonized procedure for import/export of goods like Gems, Jewellery or Prototypes through personal carriage across specified airports. The procedure also provides for electronic processing of Bill of Entry/ Shipping Bill across designated international airports w.e.f. May 1st, 2025. The initiative aims to simplify and expedite customs clearances, reduce





physical interface, and ensure uniformity in the handling of such high-value cargo.

[Circular No. 09/2025- Customs dated March 28th, 2025]

## GOODS & SERVICES TAX

### Circulars & Notifications

**Clarifications issued to extend benefit of scheme to following categories of taxpayers:**

- Taxpayers who have paid tax dues through GSTR 3B instead of DRC-03, before November 1<sup>st</sup>, 2024, are eligible for the Scheme;
- If the demand pertains to a period partially covered under 128A and partially beyond the period, taxpayer can make partial payment for the eligible period and withdraw appeal to such extent. Rule 164 has been amended accordingly.

[Notification No. 11/2025–Central Tax dated March 27, 2025 and Circular No. 248/05/2025-GST dated March 27, 2025]

## II. SPOTLIGHT ON JUDICIAL PRONOUNCEMENTS

### DIRECT TAX - INTERNATIONAL TAX CASES

**Amount paid for cloud computing, cloud space hiring etc. is not Royalty**

Karnataka High Court held that amounts paid by an Indian resident to a US company for purchase of software, cloud computing, cloud space hiring involving transfer of right to use software does not come within the definition of royalty. Therefore, the Indian company was not required to deduct tax at source from these payments under section 195.

CIT v. Urban Ladder Home Decor Solutions (P.) Ltd. [IT Appeal No. 11/ 2022, 7th February 2025]

**No profit can be attributed to a PE if the transactions were at Arm's Length Price**

Delhi High Court held that although the Indian subsidiary of the Ireland company constituted a Fixed Place PE as also a Dependent Agent PE in India, but since transactions between the Irish company and its Indian PE were at arm's length as per transfer pricing regulations, no further profit can be attributed to the PE of the Irish company.

CIT v. Adobe Systems Software Ireland Ltd. - [IT APPEAL 474/2023, 23rd January 2025]

**Formation of independent opinion by AO essential for reopening**

In the case of a foreign company reassessment proceedings were initiated on the ground that a survey revealed that the assessee had fixed place and dependent agent PE in India. The Delhi High Court set aside the notice for reopening, holding that the Revenue failed to establish that the opinion of the Assessing Officer was based on any independent inquiry or material.

GE Grid (Switzerland) GMBH vs ACIT [W.P.(C) 1294/ 2022, 24th February 2025]

**Expenses for mobilising foreign deposits by Bank are not Head Office expenses**

Delhi High Court ruled that expenses incurred by a bank for its Indian business on mobilising foreign currency deposits from non-resident Indians will not be Head Office expenses as defined in section 44C and are allowable business expenses.

CIT v. Standard Chartered Grindlays Ltd. - [ITA No. 388/2019 16th January 2025]

**Rights Entitlements are not equity shares**

Mumbai Tribunal in the case of a Foreign Portfolio Investor registered with SEBI, which was a tax resident of Ireland, held that short-term capital gain on sale of rights entitlement would not be subject to tax in India as

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these are not equity shares and will be covered under Article 13(6) of India-Ireland Double Tax Avoidance Agreement.

*Vanguard Emerging Markets Stock Index Fund v. ACIT [ITA No.4657 (Mum)/2023, 18th March 2025]*

### **Expenditure for implementing Brand strategy is not Royalty**

Mumbai Tribunal held that payment by an Indian LLP to a UK based company for implementing brand strategy, and policies and guidance related to brands was not of the nature of Royalty under Article 13(3) of India UK DTAA, since these services do not involve use or right to use any copyright of literary, artistic or scientific work.

*DCIT vs Deloitte Touche Tohmatsu India LLP [ITA No.5089 (Mum)/2022, 21st March, 2025]*

## **DIRECT TAX - INCOME TAX CASES**

### **Assessment cannot be reopened solely on information on departmental portal**

Gujarat High Court held that an Assessing Officer cannot assume jurisdiction to reopen assessment merely and solely on the basis of information available on Departmental portal called 'Insight' without forming an independent opinion based on material on record.

*Ashvin Dye-Chem Industries v. ITO [Special Civil Application No. 4884/2022]*

### **Proceedings under section 153C without separate satisfaction note void ab initio**

Madras High Court declared that assessment proceedings initiated under section 153C of Income Tax Act against a person on the basis of records seized during search against another person, but without recording separate satisfaction note by the Assessing Officer were void ab initio.

*CIT v. SRM Systems and Software (P.), Ltd. - [Tax case (Appeal) No.1050/ 2015]*

### **Persons connected with management of company are its Principal Officers**

Karnataka High Court held that persons at the helm of affairs of a company, responsible for conduct of its business and connected with its management and administration were to be considered as Principal Officers under section 2(35) of the Income Tax Act and can be prosecuted under section 276B and 278 for the offence of not remitting deducted TDS to Central Government.

*Income-Tax Department vs Vishweshwara Rao Chava, [Criminal Revision Petition No. 396/2020]*

### **Unabsorbed depreciation to be added to WDV in cases of amalgamation**

In a case of amalgamation of companies, where the assessee did not seek carry forward of unabsorbed depreciation but only adjustment of written down value under sections 32 and 43(6) of the Income Tax Act, Bombay High Court held that such unabsorbed depreciation can be added to written down value of the block of assets.

*Technova Imaging Systems Ltd. v. DCIT [Income Tax Appeal No. 405/ 2003 9th April 2025]*

### **In case of private trust surcharge to be calculate on tax as per applicable slab**

A Special Bench of Tribunal held that in the cases of private discretionary trusts, where income is chargeable to tax at maximum marginal rate, the surcharge has to be computed on the income tax as per the applicable slab rate prescribed in the Finance Act.

*Araadhya Jain Trust vs. ITO Income-tax Officer ITA No. 4272 (Mum)/2024, 9th April 2025.*

### **Section 194-O not applicable where travel agent did not own Reservation System**





Mumbai Tribunal held that where assessee, engaged in travel related services, used Computerized Reservation System for air ticket bookings but did not own, operate, or manage it, section 194-O of the Income Tax Act will not be applicable, and the assessee will not be liable to deduct tax at source.

*ACIT (TDS) vs. Riya Travel and Tours [ITA No. 4172(Mum)/2023, 4th March 2025]*

## INDIRECT TAX - GOODS AND SERVICES TAX

### **SC directs issuance of notice to CBIC to resolve larger issue of ITC denial due to arithmetical/ clerical mistakes**

In two back-to-back rulings, the Hon'ble SC has sustained Bombay HC's judgment directing Revenue to allow amendments to monthly returns for availing benefit of ITC. The assessee was not being allowed to correct bona fide arithmetical/ clerical errors, due to expiry of period prescribed under section 37(3) and 39(9) of CGST Act.

This is the second SLP dismissed by the Apex Court on similar issue after Central Board Of Indirect Taxes And Customs Vs Aberdare Technologies Private Limited & Ors, pronounced on March 21, 2025]. The Apex Court recognised the larger issue at hand and issued notice to CBIC to resolve the issue and allow assessee to correct bona fide errors. Senior Advocate, Mr. Arvind P. Datar has been appointed as amicus curiae to assist the Court in this matter.

*[Central Board of Indirect Taxes And Customs Vs Aberdare Technologies Private Limited & Ors (TS-172-SC-2025-GST), pronounced on March 21, 2025] and [Union of India & Ors vs. Brij Systems Ltd & Ors. (TS-173-SC-2025-GST), pronounced on March 24, 2025]*

### **Karnataka and Patna HCs quash Orders denying ITC on construction of warehouse; observe that whether property can be classified as 'plant' requires factual determination basis Safari Retreats judgment**

The issue as to whether an assessee can avail input tax credit on construction of a warehouse was before the Patna HC. The assessee had rented out the warehouse and contended that ITC would be available on inputs/ input services used for construction of warehouse and equipment necessary for carrying out warehouse activities. The adjudicating authority had denied the ITC in terms of Section 17(5)(d) of Bihar Goods and Services Tax Act, 2017. Relying on the Hon'ble Supreme Court's judgment in Safari Retreats [2024 (90) G. S. T. L. 3 (SC)], the HC observed that whether such warehouse qualifies as "plant" within the meaning of "plant or machinery" u/s 17 (5)(d) is a factual question which was not considered by the adjudicating authority and remanded the matter for fresh consideration.

The Karnataka HC has also adopted a similar stand on similar issue relating to eligibility of an assessee to avail ITC on inputs/ input services used towards construction of property which was essential for its outward supplies and remanded the matter for fresh reconsideration on basis of Safari Retreats judgment.

*[BK Warehousing LLP vs State of Bihar (TS-202-HC(PAT)-2025-GST), pronounced on March 21, 2025 and Tamara Leisure Experiences Private Limited Vs The Deputy Commissioner of Commercial Taxes (TS-209-HC(KAR)-2025-GST), pronounced on April 02, 2025]*

### **Kerala HC strikes down levy of GST on services provided by Clubs/Associations to its members; declares Section 7(1)(aa) and Section 2(17)(e) as unconstitutional**

The Kerala High Court struck down the levy of GST on services such as welfare scheme etc. provided by the Indian Medical Association to its members. The HC held that deeming fiction created by Section 7(1)(aa)





and Section 2(17)(e) of CGST Act, to tax services provided by a club/ association to its members is unconstitutional and cannot override the principle of mutuality upheld by the Supreme Court in Calcutta Club Ltd. [2019 (29) GSTL 545 (SC)]. The HC observed that when a club or association provides services to its members, there is no separate supplier and recipient.

*[Indian Medical Association vs. UOI & Ors. (TS-248-HC(KER)-2025-GST) pronounced on April 11, 2025]*

### **Supreme Court upholds retrospective amendment to Rule 89(5), which prescribes formula for refund under inverted duty structure**

In November 2024, the Gujarat High Court had set aside the rejection of a refund claim for accumulated ITC under the inverted duty structure, where application was filed before the amendment to Rule 89(5) via Notification No. 14/2022-Central Tax dated 05.07.2022. While a Circular clarified that the Notification applies prospectively, the Court held that the amendment to Rule 89(5) is curative and clarificatory, making it applicable retrospectively to refund or rectification applications filed within the two-year limit prescribed under Section 54(1) of the Act.

The Hon'ble SC has dismissed Revenue's SLP against above judgment on basis that no case for interference has been made out under Article 136, thus effectively upholding the decision of Gujarat HC.

*[UOI & Ors. V. Ascent Meditech Ltd. & Ors. (TS-191-SC-2025-GST)]*

### **Physical delivery of goods not required for availing ITC under GST; a significant departure from central excise laws – Patna HC**

In a significant departure from central excise laws, the HC has observed that under GST, physical delivery of goods is not necessary for availing benefit of ITC and GST recognizes 'deemed receipt'. The assessee had purchased goods and instructed the seller to directly deliver goods to end consumer due to which there was

no actual movement of goods from seller to assessee. There was no dispute regarding payment of tax by assessee to seller and in-turn by the seller to the Government. Revenue rejected assessee's ITC claim solely on the basis that assessee had not received the goods, as required under Section 16(2)(b). The HC relied on CGST Circular No. 241/35/2024-GST dated 31.12.2024 and held that where goods are delivered by the supplier to any other person upon the direction of the registered person then the registered person shall be deemed to have 'received' such goods for the purpose of Section 16 (2) (b) of CGST Act and remanded the matter for fresh consideration.

## **INDIRECT TAX - CUSTOMS**

### **Bombay HC holds that no interest, penalty or redemption fine imposable on payment of IGST for violation of the pre-import condition**

Post introduction of GST, exemption of IGST on import of inputs against Advance Authorisation Licenses was subject to the 'pre-import condition', which meant that the inputs should be imported prior to the export of finished goods. This condition was subject to litigation before various Courts, and the Apex Court by their judgement dated April 28, 2023, in the case of **Union of India Vs Cosmo Films** [2023 (5) TMI 42 – SC] upheld the validity of the pre-import condition.

A.R. Sulphonates had imported inputs on claiming the benefit of IGST exemption, but did not meet the pre-import condition. Accordingly, Notices were issued asking them to deposit the differential IGST amount, along with interest and penalty. These notices were adjudicated by an Order wherein the demand of IGST amount was confirmed along with the demand of interest, penalty and redemption fine. A.R. Sulphonates challenged the adjudication Order before the Bombay High Court in a Writ Petition.

The Bombay High Court set-aside the demand of interest and penalty on the basis that there was no machinery provision under the Customs Tariff Act to recover interest, penalty and redemption fine on the IGST amount. The Court held that the machinery





provisions for interest, penalty and confiscation for IGST was only brought in with effect from August 16, 2024, under the Customs Tariff Act, and the said amendment was prospective, therefore interest, penalty and redemption fine cannot be recovered prior to the said date.

[A. R. Sulphonates Private Limited v. UOI & Ors. (TS-280-HC-2025(BOM)-CUST), pronounced on April 09, 2025]

### III. INTERNATIONAL TRADE BRIEF

#### Global Trade

With President Trump issuing frequent Executive Orders, tracking the current U.S. tariff regime has become increasingly challenging. The situation is rapidly evolving, particularly in light of recent proclamations and new tariff measures. The reciprocal Tariff Framework is as under:

- Baseline Tariff (Across the Board) @ 10%.
- Country specific Reciprocal Tariff Rate (Currently paused for 90 days). A list of specific rate for some of Countries are captured below:

Country	Reciprocal Tariff Rate
Vietnam	46%
Sri Lanka	44%
Bangladesh	37%
Taiwan	32%
Indonesia	32%
India	26%
EU	20%
Japan	24%
Malaysia	24%

A snapshot of effective tariff as part of reciprocal tariff measures employed by US is:

<b>Tariff in Effect</b>	10% baseline tariff on India and other countries except China
<b>Objective</b>	Allow time for supply chain adjustments and trade negotiations
<b>Effective tariff for China</b>	Remains subject to 145% tariff.

#### Exemptions from reciprocal tariff

1. Key electronic items such as mobile phones, laptops, processors, and memory chips — products not manufactured extensively within the US
2. Exemptions from Reciprocal Tariffs for all countries: Strategic and Critical goods like pharmaceuticals, semiconductors, copper, lumber, energy and critical minerals are exempted.
3. Items listed in Annex II of the Executive Order including donations, publications, films, photographs, personal baggage, essential personal imports etc.

#### Sector-Specific Tariffs under Section 232 of Trade Expansion Act. (Contd. from next page)

Sector	Tariff Rate	Effective Date	Legal Basis
Steel & Aluminum	25%	Continuing	Trade Expansion Act (Section 232)
Automobiles	25%	April 3, 2025	Proclamation 10908 (March 26, 2025)
Automotive Parts	25%	By May 3, 2025	Proclamation 10908

#### Other Developments

1. China has imposed a retaliatory duty of 125%.
2. China in response to this has initiated a WTO dispute on April 8<sup>th</sup>, 2025, citing violation of obligations under GATT, the Agreement on Customs Valuation, and the Agreement on Subsidies and Countervailing Measures by the US.



## India Trade Update

- Benefit of RoDTEP Scheme for exports of products manufactured from AAs, SEZs, and EOUs has been extended up to February 5, 2025. [DGFT Notification No. 66/2024-25 dated March 20, 2025]
- DGFT undertakes review of SIONs pertaining to Automobile tyres. Comments sought from concerned EPCs, Exporters, Trade Bodies, and other stakeholders for same. [Trade Notice No. 34/2024 dated March 20, 2025]
- As part of integration between GST and DGFT portal, proposal to make GST e-invoice mandatory for claiming deemed export benefits under FTP. Comments sought from the Exporters, Importers, Industry Associations, and other stakeholders. [DGFT Trade Notice No 35/2024-25 dated March 25, 2025]
- Paragraph 10.12(D) of HBP 2023 has been amended to allow General Authorization for Export after Repair (GAER) and streamline the procedures for multiple re-exports of SCOMET items to related entities and authorized vendors/OEMs after repair in India under a one-time authorization with quarterly post-reporting instead of requiring fresh approvals for each shipment. [DGFT Public Notice 50/2024-25 dated March 10, 2025]
- Requirement for a Certificate of Inspection from Export Inspection Council/ Export Inspection Agency for export of Rice (Basmati and Non-Basmati) is limited to EU member states, the UK, Iceland, Liechtenstein, Norway, and Switzerland. Exports to other European countries are exempt from this requirement for six months from the date of this notification. [DGFT Notification No. 62/2024-25 dated March 10, 2025]
- “Darranga” Land Customs Station has been included as food import entry points in sync with the relevant FSSAI Notifications. [DGFT Notification No. 03/2025-26]
- DGFT operationalises ‘Global Tariff and Trade’ helpdesk portal. [Trade Notice No. 01/2025-26 dated April 11, 2025]

## Amendment in import policy

Product	Change in import policy
Yellow Peas	“Free” without the MIP condition and without Port Restriction, subject to registration under online Import Monitoring System, with immediate effect for all import consignments where Bill of Lading (Shipped on Board) is issued on or before 31st May, 2025
Urad	“Free” import policy of Urad stands extended up to 31.03.2026
Roasted Areca Nuts	Import Policy revised from “Free” to “Prohibited”. However, Import shall be free if CIF Value is Rs. 351/- or above per Kg
Platinum	Import Policy revised from “Free” to “Restricted” except for platinum alloy of 99% or more purity by weight of Platinum



Duties imposed or extended by the Ministry of Finance on import of the following products:

Type of Duty	Product	Country/s	Customs Notification No. & Date	Range of duties
Anti-dumping duty	Trichloro Isocyanuric Acid	China PR and Japan	Notification No. 01/2025- Customs (ADD) dated March 7, 2025	276-986 USD/ MT
Anti-dumping duty	Aluminium foil up to 80 microns, excluding aluminium foil below 5.5 microns for non-capacitor application	China PR	Notification No. 02/2025- Customs (ADD) dated March 17, 2025	619-873 USD/ MT
Anti-dumping duty	Vacuum-insulated flask and other vacuum vessels, of stainless steel	China PR	<a href="#">Notification No. 03/2025- Customs (ADD) dated March 17, 2025</a>	1732 USD/MT
Anti-dumping duty	Soft Ferrite Cores	China PR	<a href="#">Notification No. 04/2025- Customs (ADD) dated March 18, 2025</a>	Nil-35%
Anti-dumping duty	Poly Vinyl Chloride Paste Resin	China PR, Korea RP, Malaysia, Norway, Taiwan and Thailand	<a href="#">Notification NO. 05/2025-Customs (ADD) dated March 21, 2025</a>	Nil-707 USD/MT
Anti-dumping duty	Roller Chains	China PR	<a href="#">Notification No. 06/2025- Customs (ADD) dated March 24, 2025</a>	Nil-6.34%
Anti-dumping duty	Acrylic Solid Surfaces	China PR	<a href="#">Notification No. 07/2025- Customs (ADD) dated March 25, 2025</a>	Nil-0.18 USD/KG

Duties recommended by the Ministry of Commerce on following products:

Type of Duty	Product	Country/s	Final Findings Date	Range of duties
Anti-dumping duty	Insoluble Sulphur	China PR and Japan	March 7, 2025	259-358 USD/ MT
Anti-dumping duty	Vitamin A Palmitate	China PR, European Union and Switzerland	March 10, 2025	0.87-20.87 USD/ KG
Anti-dumping duty	Azo Pigment	China PR	March 12, 2025	513-1811 USD/ MT
Preliminary Safeguard Duty	"Non-Alloy and Alloy Steel Flat Products	All Countries	March 18, 2025	675-964 USD/ MT
Anti-dumping duty	Aluminium Foil up to 80 microns	China PR	March 20, 2025	479-721 USD/MT
Countervailing duty	effect pearlescent pigments or mica pearlescent pigments, excluding effect pigments for automotive applications	China PR	March 28, 2024	11.18-25.76%
Countervailing duty	"Digital Offset Printing Plates" (DOPP)	China PR and Taiwan	March 28, 2025	Nil-1.16 USD/ SQM
Sunset review of Countervailing duty	'Continuous Cast Copper Wire Rods'	Indonesia, Malaysia, Thailand and Vietnam	April 4, 2025	Nil-10.27%
Anti-dumping	Acetonitrile"	China PR, Russia and Taiwan	March 21, 2025	202-481 USD/MT

Contd.



Anti-dumping duty	Pretilachlor in any of its form & its intermediate – 2,6-Diethyl-n-(2-propoxy ethyl) Aniline (also known as PEDAs)	China PR	March 21, 2025	1305.6-2017.9 USD/MT
Mid-term review of anti-dumping duty	Decor Paper	China PR	March 25, 2025	110-542 USD/MT
Anti-dumping duty	Potassium Tertiary Butoxide (KTB); Sodium Tertiary Butoxide (STB)	China PR and United States of America; China PR	March 25, 2025	Nil-1710 USD/MT
Anti-dumping duty	Plastic Processing Machines	China and Taiwan	March 27, 2025	0-63%
Anti-dumping duty	Linear Alkyl Benzene (LAB)	Iran and Qatar	March 26, 2025	14-62 USD/MT

#### Initiation of Trade Remedy investigations for following products

S. No.	Type of Investigation	Product	Subject Country	Initiation Date
1.	Anti-dumping duty	Flexible Slabstock Polyol	China PR and the Kingdom of Thailand	March 18, 2025
2.	Sunset review of the Anti-dumping duty	Flexible Slabstock Polyol	Saudi Arabia	March 18, 2025
3.	Anti-dumping	Aluminium Foil up to 80 microns	China PR	March 20, 2025

4.	Anti-dumping duty	Ethylene Diamine	China PR, European Union, Kingdom of Saudi Arabia and Taiwan	March 25, 2025
5.	Mid-term review of Anti-dumping	Decor Paper	China PR	March 25, 2025
6.	Mid-term Review of anti-dumping duty	Aluminium Foil below 80 Microns	Thailand	March 26, 2025
7.	Sunset review investigation of anti-dumping duty	Clear Float Glass"	Malaysia	March 27, 2025
8.	Anti-dumping duty investigation	Elastomeric Filament Yarns	China PR and Vietnam	March 28, 2025
9.	Anti-dumping duty investigation	N-(1,3-dimethylbutyl)-N'-phenyl-phenylenediamine (also known as PX-13)	China PR, European Union, Korea RP, and Kingdom of Thailand -	March 28, 2025
10.	Sunset review of the Anti-dumping duty	Woven Fabric (having more than 50% Flax content) commonly known as "Flax Fabric"	China PR and Hong Kong	March 29, 2025
11.	Anti-dumping duty	Beta Naphthol	China PR	March 29, 2025
12.	Anti-dumping duty investigation	Low Ash Metallurgical Coke	Australia, China, Colombia, Indonesia, Japan and Russia	March 29, 2025



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12.	Anti-dumping duty investigation	Low Ash Metallurgical Coke	Australia, China, Colombia, Indonesia, Japan and Russia	March 29, 2025
13.	Anti-dumping duty investigation	Viscose Rayon Filament Yarn (VFY) above 75 deniers	China PR	March 29, 2025
14.	Anti-dumping duty	Emulsion Styrene Butadiene Rubber of 1500 series	European Union, Japan, Korea RP, Russia and Thailand	March 29, 2025

