MOORE Singhi

GST Compendium

August 2026

Portal advisories, GSTAT restructuring and five decisions that change how notices, refunds and export routing are defended.

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- GSTAT bench reconstitution
- Section 74 limitation defence
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- Export ITC refund protection

Helping You Thrive in a Changing World

SNAPSHOT

The month at a glance

Seven developments across the GST portal, the Tribunal and the courts — and what each one means for your compliance calendar.

HOLD E-Way Bill enhancements deferred until further notice	**2+1** New GSTAT appeal categories (three at Bengaluru)	**200%** Sec. 129 penalty quashed on same-GSTIN transfer	**0.1%** Merchant export concession read strictly

Five rulings, five takeaways

1. **G.R. Infra Projects — Supreme Court, 19 Aug 2026**
   Section 74 needs fraud pleaded in the notice itself; affidavits cannot cure a time-barred SCN.
2. **Time Technoplast — Supreme Court, 7 Aug 2026**
   Third-party "Ship-To" movement disqualifies the 0.1% IGST merchant export concession.
3. **Ved Enterprises — Allahabad High Court, 17 Aug 2026**
   Portal-only service of an SCN after registration cancellation violates natural justice.
4. **M.S. Steels — GSTAT Thiruvananthapuram, 14 Aug 2026**
   No Section 129 penalty on an internal stock transfer within the same GSTIN.
5. **Agarwala's Bitumex — GSTAT Kolkata, 20 Aug 2026**
   Export ITC refund upheld; Revenue cannot expand the SCN at the Tribunal stage.

HOW TO USE THIS ISSUE

Each ruling below carries a "Moore Singhi Comments" panel setting out the action for tax, finance and IT teams. Share it with your compliance owners.

SECTION 01

Portal & procedural updates

1 GST Portal & E-Way Bill updates

Via GSTN Advisory 668 (dated 29 July 2026), the proposed e-Way Bill enhancements scheduled to go live on 1 August 2026 have been kept on hold "until further notice".

SUSPENDED CHANGE 1

Mandatory validation of a "Ship-To" GSTIN in Bill-To/Ship-To transactions across the e-Invoice and e-Way Bill APIs.

SUSPENDED CHANGE 2

Introduction of a new E-Way Bill Closure facility. Previous advisories and FAQs are being withdrawn from the GST portal.

> **MOORE SINGHI COMMENTS — IT / ERP RESOURCE ALLOCATION**
>
> Freeze current ERP deployments for this change in a sandbox and await a revised go-live date before committing production resources.

2 GSTAT rulings & procedural orders

Effective 1 August 2026, the GSTAT implemented a major procedural overhaul through Office Order No. 4/GSTAT/PB/2026 (dated 29 July 2026), reclassifying appeals across most Benches.

Category I

Substantive tax disputes: classification, valuation, exemptions, ITC admissibility and refund matters.

Category II

Compliance matters: Sections 73/74 demands, registrations, cancellations and penalty proceedings.

Category III

Bengaluru Bench only — a unique three-category system separating Section 73/74 proceedings.

All part-heard matters have been released and will be reassigned under the new roster. The Registry has been instructed to independently verify the nature of disputes rather than relying solely on the appellant's category declaration.

> **MOORE SINGHI COMMENTS — LITIGATION STRATEGY**
>
> Draft future appeals to align with the correct new categorisation. Expect temporary delays as part-heard matters are reassigned.

Next: Judicial Pronouncements
Five decisions from the Supreme Court, High Court and GSTAT.

JUDICIAL PRONOUNCEMENT 01

Extended limitation under Section 74 requires explicit fraud pleadings in the notice itself

CASE	FORUM	JUDGMENT
M/s G.R. Infra Projects Limited Ratlam vs. The State of Madhya Pradesh & Ors.	Supreme Court of India Civil Appeal No. 11277 of 2026	August 19, 2026

Facts

- SCN dated June 13, 2025 issued for FY 2018–19 under Section 74 of the CGST/MPGST Act following an inspection and recording of statements.
- The statutory three-year limitation under Section 73 (after annual return extensions to 31.12.2020 and Supreme Court COVID exclusions of 1 year 2 months) expired on February 28, 2025.
- The SCN contained a generic, mechanical recitation of "fraud or concealment of facts" without stating how fraud was inferred or concealment detected.
- Before the High Court, the State sought to cure these deficiencies through a detailed counter-affidavit. The High Court upheld the notice, prompting the appeal.

Issue

- Can an SCN issued beyond the normal Section 73 limitation be sustained under Section 74 on a bare assertion of fraud/suppression?
- Can jurisdictional defects in an SCN be cured through counter-affidavits filed before the Court?

HELD

The Supreme Court allowed the appeal, set aside the High Court order and quashed the SCN dated June 13, 2025 as time-barred. Mechanical invocation of Section 74 without foundational facts in the notice itself is invalid.

Reasoning

Notice must stand on its own

A quasi-judicial notice must contain all essential jurisdictional ingredients within its four corners. Deficiencies cannot be cured by later affidavits in court.

Foundational facts mandatory

Extended limitation requires clear, objective material disclosed in the SCN. Mechanical use of "fraud or concealment" reveals non-application of mind.

Definite time bar

Issued on June 13, 2025 — past the February 28, 2025 deadline under Section 73 — and failing the Section 74 test, the notice was barred by limitation.

MOORE SINGHI COMMENTS

This ruling reinforces an essential defence against the Revenue's practice of converting time-barred Section 73 inquiries into Section 74 notices by inserting boilerplate fraud phrases. Tax leadership should immediately audit all SCNs received for FY 2017–18 through FY 2020–21. Where a notice was issued beyond the normal Section 73 window (February 28, 2025) and lacks specific, transaction-level evidence of deliberate evasion, it can be challenged in writ jurisdiction as void ab initio.

JUDICIAL PRONOUNCEMENT 02

Strict construction of the merchant export concession: third-party "Ship-To" movement disqualifies relief

CASE	FORUM	ORDER
M/s Time Technoplast Ltd. vs. Union of India & Ors.	Supreme Court of India SLP (C) No. 25801/2026	August 7, 2026 Karnataka HC affirmed

Facts

- The taxpayer manufactured industrial packaging materials (HDPE drums).
- A registered merchant exporter placed purchase orders at the concessional rate of 0.1% IGST under Notification No. 41/2017-IT (Rate).
- Per buyer instructions, the drums were delivered directly to a third-party chemical manufacturer's factory, where ethyl alcohol was filled before movement to the port and export.
- The AAR and AAAR held this violated the strict movement conditions; the High Court dismissed the writ and the Supreme Court dismissed the SLP.

Issue

- Does supply and movement of goods to a third-party job worker's premises under a "Bill-to Ship-to" model, on a merchant exporter's instruction, qualify for the 0.1% concessional IGST rate under Notification No. 41/2017?

HELD

The Supreme Court held against the assessee: the supply is not eligible for the 0.1% concessional IGST rate and must be taxed at standard GST rates.

Reasoning

Strict construction

Applying Dilip Kumar & Co. [(2018) 9 SCC 1], concession notifications are construed strictly on plain text, with ambiguity resolved for the Revenue.

Express movement limits

Conditions (v) and (vi) require goods to move directly from the registered supplier to the registered recipient, a registered warehouse, or the port of export.

No third-party routing

Delivery to a third-party manufacturer's factory — even for essential export packing — is not contemplated and disqualifies the concession.

MOORE SINGHI COMMENTS

This ruling carries major commercial consequences for manufacturers and merchant exporters using "Bill-to Ship-to" routing for export aggregation, packaging or job-work. If inputs or packaging materials are delivered to an intermediate processor rather than directly to the merchant exporter's registered warehouse or the port, standard GST rates apply. Businesses must restructure export procurement contracts so that goods first move into a registered export warehouse under Condition (vii) before being routed for processing.

JUDICIAL PRONOUNCEMENT 03

Portal-only SCN upload after GST registration cancellation violates natural justice

CASE
M/s Ved Enterprises vs. State of U.P. & Anr.

FORUM
High Court of Judicature at Allahabad

JUDGMENT
August 17, 2026 Writ Tax No. 1077 of 2026

Facts

- The petitioner's GST registration was cancelled on November 16, 2021 and the business operations were discontinued.
- The Department subsequently uploaded an SCN under Section 74 solely on the GST portal's "View Additional Notices" tab, with no physical or alternative communication method.
- An ex-parte assessment order confirming tax, interest and penalties was passed on May 28, 2022, which the petitioner challenged by writ petition.

Issue

- Is service of an SCN effected solely through the GST portal, after cancellation of a taxpayer's registration, valid statutory service under Section 169?

HELD

The Allahabad High Court quashed the assessment order dated May 28, 2022, holding that portal-only service on a cancelled entity violates the principles of natural justice.

Reasoning

No duty to watch the portal

Once a GST registration is cancelled and operations cease, the taxpayer is under no legal obligation to regularly log in and monitor the GST portal.

Alternative modes required

To afford a meaningful opportunity to defend, the Department must serve notices through alternative physical or direct modes under Section 169 — for example registered post or physical delivery.

MOORE SINGHI COMMENTS

This decision provides immediate defence against ex-parte recovery notices and bank attachments issued against entities that have surrendered registrations or closed operational units. Tax heads managing past group entities, SPVs or closed verticals can set aside unilateral assessment orders where the Revenue failed to effect physical service following registration cancellation.

JUDICIAL PRONOUNCEMENT 04

Section 129 detention penalties inapplicable to same-GSTIN stock transfers

CASE	FORUM	ORDER
M/s M.S. Steels vs. The Commissioner of Kerala State GST	GSTAT, Thiruvananthapuram Bench, Appeal No. APL/1/TVP/2026	August 14, 2026 — Final Order 01/TVP/KERALA/2026

Facts

- The taxpayer transported steel goods from its main registered premises to its own godown, both covered under the same GSTIN in Kerala, under a Delivery Challan.
- The conveyance was intercepted by the Mobile Squad and detained under Section 129 solely because an e-Way Bill was not generated.
- The Department imposed a 200% penalty under Section 129(3), upheld by the First Appellate Authority. The taxpayer filed a second appeal before the GSTAT.

Issue

- Can the tax-linked penalty under Section 129(1)(a) be levied for transportation without an e-Way Bill where the movement is a same-GSTIN internal stock transfer involving no taxable supply?

HELD

The GSTAT allowed the appeal and quashed the penalty under Section 129, directing consequential relief.

Reasoning

No taxable supply

An intra-firm stock movement within the same GSTIN involves only one legal entity and no consideration; it is therefore not a "supply" under Section 7.

Tax payable is nil

Because charging Section 9 is not attracted, the "tax payable" on the movement is Nil — and the penalty under Section 129(1)(a) is calculated as 200% of "tax payable".

MOORE SINGHI COMMENTS

Groups moving stock between own locations under a single GSTIN should document Delivery Challans carefully and contest 200% detention penalties where no taxable supply — and therefore no tax payable — arises on the movement.

JUDICIAL PRONOUNCEMENT 05

Export ITC refunds, Bill-to-Ship-to movements & upstream supplier inquiries

CASE	FORUM	ORDER
Pr. Commissioner CGST & CX, Siliguri vs. M/s Agarwala's Bitumex Private Limited	GSTAT, Kolkata Bench APL/10/KLK/2026 & APL/14/KLK/2026	August 20, 2026

Facts

- The taxpayer exported goods (bitumen/steel bars) under a "Bill-to-Ship-to" model and claimed refunds of accumulated ITC under Section 54(3).
- The Adjudicating Authority rejected the claims, alleging non-genuine supplies from FASTag/toll data showing movement in Bihar/UP rather than West Bengal, and because upstream 2nd-line suppliers had registrations cancelled ab initio.
- The First Appellate Authority allowed the refund; the Revenue appealed to the GSTAT seeking to add allegations on petroleum licences and intelligence investigations.

Issue

- Is an exporter entitled to refund of accumulated ITC under Section 54(3) where exports are established but the Revenue alleges supply-chain discrepancies from toll data and upstream registration cancellations?
- Can the Revenue introduce fresh allegations and evidence before the GSTAT that were not part of the original SCN or OIO?

HELD

Accumulated ITC refund fully admissible: Section 16(2) conditions and proof of export were satisfied. The Revenue is barred from introducing new allegations or evidence at the Tribunal stage.

Reasoning

Bill-to-Ship-to is valid

Goods need not originate from the direct supplier's premises. Delivery to Land Customs Stations under this model is legitimate.

Toll data not mandatory

Per Raghuvansh Agro Farms (All.), toll data is no condition under Section 16(2); invoices, e-way bills, shipping bills and EGM proved export.

No liability for vendors

The direct supplier held valid registration. A bona fide buyer cannot be penalised for irregularities of 2nd-line suppliers.

SCN scope is binding

Under Rule 45(1) of the GSTAT Rules, 2025 and Rule 112(1) CGST Rules, fresh evidence cannot be introduced before the Tribunal.

MOORE SINGHI COMMENTS

Strong support for export houses on multi-tier supply chains. Where an exporter holds complete documentation (invoices, e-way bills, bilties and customs EGM records), the Department cannot deny ITC refunds on extraneous grounds such as toll-plaza anomalies or defaults by distant upstream vendors. Appellate proceedings remain strictly bound by the original Show Cause Notice.

WHAT TO DO NEXT

Your action checklist

1 **Freeze e-Way Bill ERP changes**
Hold "Ship-To" GSTIN validation and Closure-facility development in sandbox until GSTN issues a revised go-live date.

2 **Re-categorise pending GSTAT appeals**
Map each live appeal to Category I or II (III at Bengaluru) and prepare for reassignment of part-heard matters.

3 **Audit Section 74 notices for FY 2017–18 to FY 2020–21**
Flag any SCN issued after February 28, 2025 that relies on boilerplate fraud language without transaction-level evidence.

4 **Restructure merchant export routing**
Ensure goods move into a registered export warehouse under Condition (vii) before any third-party processing.

5 **Review cancelled registrations and refund files**
Challenge portal-only ex-parte orders on closed entities, and assemble full export documentation for pending ITC refunds.

Talk to our GST team

For a position paper on any of these developments, or a review of your open notices and refund claims, contact your Moore Singhi engagement partner.

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