

Monthly tax bulletin

October 2025



Welcome to the October 2025 edition of Grant Thornton Bharat's Tax Bulletin—your monthly compass through India's dynamic taxation and regulatory landscape. This edition brings together critical legislative, judicial, and policy developments, helping businesses and taxpayers navigate compliance challenges while identifying strategic opportunities.

The highlight of the month was the rollout of GST 2.0, with the CBIC notifying a landmark GST rate rationalisation effective 22 September 2025, replacing the multi-tier structure with a simplified 5%–18%–40% regime and largely withdrawing the compensation cess. Exemptions for key sectors and alignment of service tax rates were issued to maintain affordability. Compliance reforms included system-driven refunds, annual return exemptions for small taxpayers, digitisation of GSTAT, and retrospective amendments under the Finance Act, 2025. In addition, the GSTAT and its e-filing portal were launched on 24 September 2025, with a staggered filing schedule and a final cut-off of 30 June 2026.

On the customs front, the CBIC has notified the origin rules and the first tranche of tariff concessions for Switzerland, Iceland, and Norway, as India's first developed-country trade deal, the India–EFTA TEPA, came into force on 1 October 2025. To streamline the process and ensure the timely closure of provisional assessments, the CBIC has notified the Customs (Finalisation of Provisional Assessment) Regulations, 2025, replacing the 2018 rules. In addition, the RoDTEP scheme has been extended to 31 March 2026, and the PLI scheme application window for textiles now runs until 31 December 2025.

In direct taxes, the CBDT raised the perquisite taxation threshold to INR 4 lakh, amended Form 10CCF for IFSC reporting, extended the tax audit report due date to 31 October 2025, and waived the interest under Section 220(2) for timely demand payments. A corrigendum to the new Income Tax Act, 2025, was issued to correct drafting errors. Judicially, the Telangana High Court held that the GAAR provisions cannot be applied to bonafide stock market transactions.

In transfer pricing, the key developments included the SC dismissing an assessee's SLP, upholding the high court's view that the TPO must verify conditions under Section 92C(3) before adjusting the ALP on intra-group services. The ITAT also quashed a revisionary order under Section 263, restoring the original assessment, and remitted a TP adjustment for freight-forwarding services, emphasising adherence to industry norms and prior Tribunal rulings.

We hope this edition equips you with the timely insights needed to navigate India's evolving tax and regulatory environment with confidence. Wishing you a joyous and prosperous festive season ahead!



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A

Key developments under direct tax laws

Legislative/other developments

- **CBDT inserts new rules under the Income-tax Rules, 1962 (IT Rules) for the purpose of salary¹:** The provisions of Section 17(2) of the Income-tax Act, 1961 (IT Act) provide for the inclusive definition of the word 'perquisite'.

Section 17(2)(iii) of the IT Act provides that a perquisite would include the value of any benefit/amenity offered free of cost or at a concessional rate in specified cases. One of the cases states that benefits provided by an employer to an employee (who is neither a director nor holds a substantial interest) are taxable if the employee's salary (excluding non-monetary perks) exceeds INR 50,000.

Further, Clause (vi) of the proviso to Section 17(2) inter alia excludes the expenditure on travel incurred by the employer from perquisite if the employee's gross total income (before including the travel expenditure) does not exceed INR 2 lakhs.

Now, the CBDT, w.e.f. 18 August 2025, has inserted Rule 3C and 3D under the IT Rules for the purpose of Section 17(2) of the IT Act. The same are as follows:

- **Rule 3C (Salary income for the purposes of Section 17(2)(iii)(c) of the IT Act):** The aforesaid threshold of INR 50,000 is increased to **INR 4 lakh**.
- **Rule 3D (Gross total income for the purposes of clause (vi) of proviso to section 17(2) of the IT Act):** The aforesaid threshold for gross total income is increased to **INR 8 lakh**.
- **CBDT amends Form No. 10CCF in relation to deduction claimed by offshore banking units (OBUs) and International Financial Services Centre (IFSC) units²:** The provisions of Section 80LA of the IT Act provide deductions to certain specified entities, viz., the OBUs in any special economic zones, or an IFSC unit, in respect of certain specified income.

Further, Section 80LA(3) of the IT Act provides that to avail the aforesaid deduction, taxpayers need to furnish the following, along with income tax return (ITR):
 - A report (in Form No. 10CCF) from an accountant certifying the correctness of the deduction claimed as per Section 80LA of the IT Act, and

- A copy of the permission obtained under Section 23(1)(a) of the Banking Regulation Act, 1949, or a copy of the permission/registration obtained under the International Financial Services Centres Authority Act, 2019. A copy of the permission obtained under Section 23(1)(a) of the Banking Regulation Act, 1949, or a copy of the permission/registration obtained under the International Financial Services Centres Authority Act, 2019.

Now, the CBDT w.e.f. 20 August 2025 has amended **Annexure A of the aforesaid Form No. 10CCF** by inserting the following phrases:

- **In Serial No. 6:** "In case of the unit being an IFSC insurance office undertaking the insurance business, the "gross income" will mean the profit and gains calculated as per the provisions of Section 44 and the First Schedule of the Income-Tax Act."
- **In Serial No. 9:** "In case of the unit being an IFSC insurance office undertaking the insurance business, where the profit and gains are calculated as per the provisions of Section 44 and the First Schedule of the Income-Tax Act, this field may be submitted as Nil".
- **CBDT extends the due date of tax audit report till 31 October 2025 for assessment year (AY) 2025-26³:** As per Section 44AB, read with Explanation 2(a) of Section 139(1) of the IT Act, the specified date for furnishing the tax audit report for AY 2025-26 was 30 September 2025 (i.e. one month before the due date of furnishing the ITR).

The CBDT received various representations, citing difficulties faced by the taxpayers in the timely completion of audit reports. This includes disruptions caused by floods and natural disasters in certain parts of the country. This matter was also brought up before various high courts.

Now, the CBDT has extended the specified date for furnishing the tax audit report to 31 October 2025.

It has also been clarified that the income-tax e-filing portal is operating smoothly, and the tax audit reports are being uploaded successfully. Further, by 23 September 2025, more than 7.57 crore ITRs had been furnished, and as of 24 September 2025, around 4 lakh tax audit reports had been uploaded.

1. Notification No.133 of 2025 dated 18 August 2025
 2. Notification No.135 of 2025 dated 20 August 2025.
 3. Press release dated 25 September 2025 and Circular No. 14 of 2025 dated 25 September 2025

- **CBDT directs waiver of interest payable under Section 220(2) of the IT Act on delay in demand payment where rebate was incorrectly claimed⁴:** Section 115BAC of the IT Act is a default tax regime that provides a taxation scheme for individuals/HUFs/AOP/BOI (whether incorporated or not)/AJP, subject to certain prescribed conditions.

Further, the income taxable at special rates under Chapter XII of the IT Act will not be included while determining the chargeability under Section 115BAC(1A) of the IT Act.

Additionally, Clause (b) of the proviso to Section 87A of the IT Act is applicable to incomes taxable under Section 115BAC(1A) of the IT Act, which provides marginal relief to income taxable therein.

The CBDT has noticed that in some instances, ITRs were already processed, and a rebate under section 87A of the IT Act was allowed on incomes chargeable to tax at special rates.

In such cases, rectifications are required to disallow the rebate that was incorrectly allowed. These rectifications result in the demand being raised, and if the payment of such demand is delayed, interest under Section 220(2) of the IT Act becomes chargeable.

Now, the CBDT has directed the waiver of the interest payable under Section 220(2) of the IT Act, where the payment of the demand raised, is made on or before **31 December 2025**.

In these cases, if the taxpayer fails to pay the demand raised as a result of the rectification order on or before 31 December 2025, interest under Section 220(2) of the IT Act will be charged from the day immediately following the end of the period mentioned in Section 220(1) of the IT Act (i.e., within 30 days of the service of the notice).

- **Government notifies corrigendum rectifying mistakes in the IT Act⁵:** On 21 August 2025, the new Income Tax Bill, 2025 (IT Bill), as well as the Taxation Laws Amendment Bill, 2025, received the President's assent. Subsequently, the government notified both the Income Tax Act, 2025, and the Taxation Laws Amendment Act, 2025.

Now, the government has also notified corrigendum rectifying mistakes in the aforesaid Income-tax Act, 2025.

Judicial developments

- **Telangana High Court (HC): General Anti-Avoidance Rule (GAAR) provisions not applicable to stock market transactions⁶.**

Brief facts

- The taxpayer was engaged in making investments in shares and securities. During the year, the taxpayer disposed of shares, resulting in long-term capital gain (LTCG).
- Subsequently, the taxpayer invested in the listed shares of HCL Technologies through the stock exchange, which were sold within the same year, resulting in short-term capital loss (STCL).
- The taxpayer also made additional investments in mutual fund units during the year. All transactions were executed through the taxpayer's demat account and formed part of her disclosed investment portfolio.
- The tax officer invoked the provisions of Chapter X-A, specifically relying on the definition of impermissible avoidance arrangement (IAA), alleging that the sale of HCL Technologies shares was strategically timed to generate STCL for offsetting LTCG.
- The matter was referred to the approving panel under Section 144BA of the IT Act, wherein it was held that the said transactions constituted an IAA and directed the tax officer to apply the GAAR provisions.
- Thereafter, the taxpayer filed a writ petition before the HC, challenging the aforesaid order.



⁴. Circular No.13 of 2025 dated 19 September 2025.

⁵. Corrigendum dated 3 September 2025.

⁶. Anvida Bandi vs DCIT [TS-1110-HC-2025(TEL)]

HC's observations and ruling

- The invocation of GAAR provisions under Chapter X-A was based solely on the timing of the taxpayer's share transactions, with no supporting material evidencing the existence of an arrangement, collusion, or misuse of law.
- Under Section 96 of the IT Act, a transaction can be classified as an IAA only if it satisfies one or more statutory conditions, such as:
 - Creation of non-arm's length obligations or,
 - Misuse or abuse of the law, or,
 - Lack of commercial substance, or,
 - Employment of means not ordinarily used for bonafide purposes.
- The impugned transactions did not meet any of the above criteria.
- Notably, all trades were executed through the stock exchange, routed via the taxpayer's demat account, and formed part of a disclosed investment portfolio. There was no evidence of any nexus with known counterparties or any structured mechanism to obtain a tax benefit.
- The taxpayer was a regular investor, and the sale of the HCL Technologies shares formed the part of a consistent pattern of trading activity. The transactions reflected commercial rationale and continuity, rather than any tax-driven structuring or isolated intent.
- The expert committee report clarified that the sale and purchase of shares through stock market transactions would not fall within the scope of GAAR. Accordingly, it held that timing alone could not be the determinative factor for triggering anti-avoidance provisions.
- The HC held that the taxpayer's share transactions constituted pure trading activity and did not amount to an IAA under Section 96 of the IT Act, as there was no evidence of any arrangement or collusion. The trades were executed without knowledge of the counterparties involved.
- Accordingly, the writ petition was allowed, and the GAAR order passed under Section 144BA(6) of the IT Act was set aside.



B

Key developments under transfer pricing law

Judicial developments

- SC dismisses assessee's SLP on ALP remand of intra-group services⁷:** The assessee had received intra-group services (IGS) from its AE, but the TPO determined the ALP as NIL. The CIT(A) disagreed and allowed 50% of the claimed value. On appeal, the ITAT rejected the NIL ALP and remanded the matter to the TPO for fresh determination. The assessee challenged the remand before the Delhi HC, arguing that the ITAT should have deleted the adjustment. The HC upheld the remand, clarifying that the TPO must first verify whether conditions under Section 92C(3) are met before making any adjustment. The assessee then filed an SLP before the SC. The SC agreed with the high court's reasoning and found no grounds to interfere, ultimately dismissing the assessee's SLP.
- Third member rules Microsoft India's AY 2017-18 assessment time-barred due to delayed DRP directions⁸:** The final assessment order passed under Section 143(3) read with Section 144C(13), the ITAT faced difference of opinion between the Judicial Member (JM) and the Accountant Member (AM) regarding the limitation period. The JM held that the AO had time only up to 31st May 2022, considering the DRP directions were uploaded on the ITBA portal on 01.04.2022. The AM, however, noted that the Jurisdictional AO received the directions only on 20.05.2022 and was thus entitled to pass the order by 30.06.2022. The matter was referred to the Vice President, who relied on a coordinate bench ruling in the assessee's own case for a prior year and held that uploading directions on the ITBA portal constitutes dispatch and receipt. The Vice President therefore concurred with the JM, and the assessee's appeal was allowed. Accordingly, the limitation began on 01.04.2022, making the final order dated 30.06.2022 time-barred. The assessment order was held to be without jurisdiction and quashed.
- ITAT quashes 263 order as being invalid, restores final assessment order⁹:** The assessee, engaged in manufacturing carbon blocks, challenged a revision order passed by the PCIT. Revenue alleged that the AO failed to examine certain issues in the final assessment order passed pursuant to DRP directions.

The ITAT held that the PCIT cannot invoke revisionary proceedings to revise an assessment order passed following DRP directions. It ruled that such exercise of jurisdiction was invalid, quashed the revisionary order, and restored the original assessment order. The assessee's appeal was allowed.

- Remits TP adjustment, considers earlier order accepting 50:50 revenue-split as freight-forwarding industry norm¹⁰:** Freight forwarding services were provided by the assessee to its AE. The assessee submitted additional evidence before the CIT(A) to substantiate a 50:50 revenue-sharing model with its AEs, including inter-company agreements and invoices. However, the CIT(A) rejected the evidence without considering the Tribunal's earlier ruling in the assessee's own case, which had recognised the 50:50 split (post transportation costs) as an industry norm in logistics. The ITAT held that the CIT(A) erred in ignoring binding precedent and restored the matter for reconsideration.



7. American Express Banking Corp, (India Branch) [SLA (C) No(s). 24885/2025]
 8. Microsoft Corporation (India) Pvt Ltd [ITA NO.1862/DEL/2022]
 9. Birla Carbon India Private Limited [ITA No. 3768/Mum/2025]
 10. Geodis India Private Limited [ITA No. 3195/3196/DEL/2017]



Key developments under GST law

Legislative developments

- **CBIC notifies GST rate changes and compliance reforms, effective from 22 September 2025¹¹:** Pursuant to the 56th GST Council meeting, the CBIC has notified a simplified three-rate GST structure: 5% for essential items, 18% as the standard rate, and 40% for luxury and sin goods. Further, the compensation cess has been withdrawn for most goods, except tobacco and pan masala.

The key compliance changes include:

- Faster refunds via system-driven processing
- GSTR-9 waiver for taxpayers with turnover up to INR 2 crore (FY 2024–25)
- Digital GSTAT operations are expected to go live this fiscal year

Additionally, the CBIC has notified amendments introduced vide the Finance Act, 2025, which include a retrospective amendment in the case of blocked credit, as well as the classification of SEZ/FTWZ warehouse supplies, etc.

(Please [click here](#) to refer to the alert)

- **CBIC clarifies GST treatment in case of post-sale discounts¹²:** In line with the recommendations of the 56th GST Council meeting, the CBIC has clarified that financial or commercial credit notes issued without GST adjustment do not affect the supplier's tax liability, and the recipient need not reverse the ITC. In addition, the circular distinguishes between normal trade discounts, which are treated as mere price reductions, and the discounts linked to end-customer agreements or contractual promotional obligations, which may qualify as consideration and attract GST.

(Please [click here](#) to refer to the alert)

- **Simplification of MRP declaration process on unsold stock due to GST changes¹³:** The Ministry of Consumer Affairs, Food and Public Distribution, based upon the representations from industry and trade associations seeking simplified compliance in the wake of GST 2.0 rate revisions, has clarified that affixing revised MRPs on unsold stock is voluntary, with relaxed advertisement requirements,

and extended the time limit for the use of old packaging material.

The relief is granted under Rule 33 of the Legal Metrology (Packaged Commodities) Rules, 2011.

(Please [click here](#) to refer to the update)

- **Operationalisation of GSTAT with dedicated e-filing portal and staggered filing schedule:** The government of India has formally launched and operationalised the GSTAT, along with its official e-filing portal providing a unified digital platform for filing and tracking appeals, applications, cross-objections, and re-filings.

To manage the large and expected volume of appeals, the President of GSTAT has simultaneously issued a staggered filing schedule. The appeals¹⁴ can now only be filed during the designated filing windows based on the original appellate or revisional order date, with a final cut-off of 30 June 2026.

(Please [click here](#) to refer to the tax update)



11. Notification Nos. 09/2025 – Central Tax (Rate) to Notification 17/2025–Central Tax (Rate) and Notification Nos. 09/2025 – Integrated Tax (Rate) to Notification 17/2025– Integrated Tax (Rate) dated 17 September 2025

12. Circular No. 251/08/2025-GST dated 12 September 2025

13. Advisory I-10/14/2020-W&M dated 18 September 2025

14. Section 112 of the CGST Act, 2017

Goods and Services Tax Network Advisory

- **Issue number to be treated as DIN for communications issued from the CBIC's eOffice¹⁵:** PCBIC has streamlined the requirement of quoting the document identification number (DIN) on official communications issued to taxpayers.

Previously, all communications generated through the CBIC's eOffice application carried a unique 'Issue number'. However, in the absence of an online verification mechanism, a separate DIN was required to be quoted. To simplify processes and avoid duplication, it is clarified that the electronically generated issue number will now be treated as the DIN.

(Please [click here](#) to refer to the circular)

- **Introduction of new features in IMS effective from October 2025:** The GSTN has introduced several key updates in the IMS:
 - Pending action for specified records (credit notes, amendments, ECO documents) for one tax period
 - Structured ITC reversal mechanism (no reversal if unavailed, proportionate reversal if partially availed) and new option to declare/reverse the ITC against specific records
 - Option to save remarks while rejecting or keeping records pending, which will reflect in GSTR-2B and the supplier's dashboard

These updates take effect from the October 2025 tax period, with due dates aligned with the supplier communication period.

(Please [click here](#) to refer to the advisory)

- **GSTN mandates invoice-wise TDS reporting in GSTR-7 effective from September 2025:** The CBIC had amended¹⁶ Form GSTR-7 to provide for invoice-level reporting of TDS. Accordingly, the GSTN has now enabled this functionality on the portal, thereby mandating taxpayers to furnish the TDS details on an invoice-wise basis.

- W.e.f. the September 2025 tax period, all TDS deductors must report invoice-wise details of deducted supplies in Form GSTR-7.

(Please [click here](#) to refer to the advisory)

Judicial developments

- **Sikkim HC held that refund of unutilised ITC on business closure is not permissible under GST¹⁷:** The Division Bench of the Sikkim HC has overturned the Single Judge's order granting refund of unutilised ITC upon business closure. The HC held that refunds are allowed in specific cases, such as zero-rated supplies and inverted duty cases, and business closure does not qualify for such a refund.

Relying on the SC's judgement in the VKC Footsteps India Private Limited¹⁹ case, the HC has ruled that refund provisions cannot be expanded judicially and rejected reliance on the CENVAT-era rulings²⁰. Accordingly, the Division Bench allowed the appeal filed by the Revenue authorities, affirming the rejection of the refund claim.

(Please [click here](#) to refer to the alert)



15. Circular No. 252/09/2025 -GST dated 23 September 2025

16. Notification No. 09/2025 - Central Tax dated 11 February 2025

17. SICPA India Pvt. Ltd. [Writ Appeal No. 02/2025]

18. WP(C) No.54/2023

19. 2022) 2 SCC 603

20. Slovak India [2006 SCC OnLine Kar 854 and (2006) 201 ELT 559 Karn.]



Key developments under erstwhile indirect tax laws, Customs, Foreign Trade Policy, SEZ laws, etc.:

Legislative/other developments

- **CBIC notifies revised procedures and timelines for finalising provisional customs duty assessments²¹:** The Ministry of Finance notified the Customs (Finalisation of Provisional Assessment) Regulations, 2025, replacing the 2018 regulations. The new framework applies to all pending provisional assessments as of 29 March 2025 and those made thereafter. It prescribes strict timelines for document submission, enquiry completion, and finalisation within two years (extendable by one year), allows voluntary duty payments during pendency, and mandates speaking orders where assessments differ. Clear provisions for refunds, recoveries, bond closures, and penalties ensure certainty in duty liability and safeguard revenue interests
(Please [click here](#) for the detailed update)
- **CBIC notifies the Customs Tariff (Determination of Origin of Goods under the TEPA between India and the EFTA) Rules, 2025, and related exemptions under Customs²²:** The India–EFTA TEPA entered into force on 1 October 2025. In this regard, the CBIC has notified the Customs Tariff (Determination of Origin of Goods under India–EFTA TEPA) Rules, 2025, defining when goods qualify as “originating” in India or the EFTA states. Goods must be wholly obtained or meet product-specific rules (PSR); simple operations like packing or assembly do not confer origin. The rules also cover accumulation, direct transport, verification, penalties, and transitional relief.

The CBIC has also notified the first tranche of tariff concessions for imports from Switzerland, Iceland, and Norway. In parallel, the DGFT has launched an electronic process for preferential certificates of origin (CoO) for exports to Iceland, Liechtenstein, Norway, and Switzerland. Effective 1 October 2025, exporters must obtain CoOs exclusively through the Trade Connect e-Platform, either by self-declaration with a digital signature or via an authorised agency.

(Please [click here](#) for the detailed alert)
- **RoDTEP scheme extended till 31 March 2026 for DTA, EOU, SEZ and AA holders²³:** The Directorate General of Foreign Trade (DGFT) has notified a further extension of the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, beyond the earlier validity of 30 September 2025 until 31 March 2026 for domestic tariff area (DTA) units, advance authorisation (AA) holders (except deemed exports), export-oriented units (EOU) and special economic zone (SEZ) units. For the extended period, i.e., from 1 October 2025 to 31 March 2026, the existing RoDTEP rates shall continue to be applicable to all export items currently covered under the scheme.

(Please [click here](#) for the detailed update)
- **Due date for filing annual performance report (APR) for SEZ units extended to 31 December 2025²⁴:** The Ministry of Commerce & Industry has extended the due date for filing the APR for SEZ units for FY 2024-25. Based on requests from SEZ units and stakeholders for uniform compliance timelines, the due date has been extended from 30 September 2025 to 31 December 2025. This extension aims to ease compliance and enable APRs to be filed using finalised returns, in alignment with the timelines prescribed for filing other audited reports/returns under the income tax and GST laws.
- **Ministry of Textiles extends the deadline for submitting applications for PLI scheme for textiles to 31 December 2025²⁵:** The Ministry of Textiles has extended the deadline for submitting applications under the PLI scheme for textiles till 31 December 2025, following strong industry participation. The interested applicants can apply through the [official portal](#). The extension follows a surge in applications from the MMF apparel, MMF fabrics, and technical textiles sectors during the latest round, which opened in August 2025.

21. Notification No. 55/2025-Customs (N.T.) dated 12 September 2025

22. Notification No. 59/2025-Customs (N.T.) dated 29 September 2025

23. Notification No. 35/2025 dated 30 September 2025

24. No. K-4302218312025-SEZ dated 29 September 2025

25. Press release dated 3 October 2025

- **Government of Punjab notifies Punjab One Time Settlement Scheme for Recovery of Outstanding Dues, 2025, for settlement of arrears under pre-GST laws²⁶:** The government of Punjab has notified the Punjab One Time Settlement Scheme for Recovery of Outstanding Dues, 2025, to settle legacy liabilities under key pre-GST statutes. The scheme is order-specific, requires full self-assessed payment with the application, and grants settlement through an order of settlement (Form OTS-4). The scheme is effective from 15 October 2025 to 31 December 2025. Cases where the assessment, rectification, revision, or amendment of assessment has been made till 30 September 2025 and a penalty order has been passed till 30 September 2025, are eligible under the scheme.

(Please [click here](#) for the detailed update)

Judicial developments

- **SC held that export duty is not leviable on supplies from DTA to SEZ²⁷:** The SC has ruled that the supplies from a DTA to a SEZ do not constitute “export” under Section 12 of the Customs Act, 1962, as the export duty applies only when goods are physically taken out of India. The SC rejected reliance on the SEZ Act’s definition of “export,” holding that Section 51 cannot create a fresh levy in the absence of a charging provision. As export duty is governed solely by the Customs Act, no duty is payable on the DTA-SEZ supplies. All appeals filed by the Union of India against consistent high court rulings were dismissed.

(Please [click here](#) for the detailed update)

- **SC held that MEIS claim cannot be denied for inadvertent shipping bill errors once corrected²⁸:** The SC held that inadvertent errors in shipping bills filed by a customs broker cannot defeat an exporter’s claim under the Merchandise Exports from India Scheme (MEIS), once such mistakes are rectified under statutory provisions. The SC quashed the rejection by the PRC²⁹, holding that such cryptic rejection, passed without assigning any reasons and without granting a hearing, violated the principles of natural justice. It emphasised that beneficial schemes under the FTP must be interpreted liberally, and procedural lapses, once corrected under Section 149 of the Customs Act, 1962, cannot extinguish the substantive rights of exporters. Accordingly, the authorities were directed to process the appellant’s MEIS claim based on amended shipping bills.

- **SC held that provisional release does not extend time limit for issuing SCN under the Customs Act³⁰:** The SC held that the seizure of goods under Section 110 of the Customs Act, 1962, automatically lapses if a SCN is not issued within the statutory period of six months (extendable to one year), even where goods are provisionally released under Section 110A.

The SC ruled that Section 110A does not override or extend the limitation under Section 110(2), rejected the contrary Bombay HC precedent, and clarified that the 2018 amendment, excluding provisional release cases from limitation, does not apply retrospectively. The appeal by the Revenue was dismissed, upholding that the seizure had lapsed in the appellant’s case.

- **SC held that detention of goods without SCN under Custom Act is impermissible³¹:** The SC dismissed the Revenue’s SLP while upholding the Delhi HC’s order directing the release of the luxury wristwatch detained at the IGI Airport, Delhi. The HC observed that the detention of goods without issuance of a SCN under Section 124(a) of the Customs Act, 1962, is impermissible. The HC held that the scheme of Sections 110 and 124 of the Customs Act mandates the release of seized goods if the statutory timeline for the issuance of a notice is not followed. Accordingly, the court directed the immediate release of the wristwatch and allowed the petitioner to apply for re-export, which shall be considered in accordance with the law.



26. Notification No. S.O.305/PA.46/1948 dated 30 September 2025

27. Adani Power Ltd and others [Civil Appeal No. 4489/2023]

28. Shah Nanji Nagasi Exports Pvt. Ltd (SLP [C] No. 14919/2021)

29. Policy Relaxation Committee

30. Jatin Ahuja [CA No. 3489/2024]

31. Ms. Shubhangi Gupta (WP[C] 10772/2024)



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