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#GTBharat SHAPING VIBRANT INDIA

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Grant Thornton Bharat is pleased to present the November 2026 edition of the Tax Bulletin, as India continues to advance its economic ambitions amid heightened geopolitical tensions, evolving global trade dynamics and shifts in global investment patterns. In this backdrop, while India has strengthened its manufacturing capabilities, deepened integration with global value chains and sustained domestic growth, tax and regulatory policy is simultaneously assuming an increasingly strategic role in enhancing economic resilience, facilitating investment and reinforcing India's global competitiveness.

This edition reflects the growing emphasis on translating policy reforms into tangible economic and business outcomes. The recent GST amendments and comprehensive clarifications signal a broader effort to simplify compliance, improve working capital efficiency and address longstanding operational challenges. Complementing these domestic reforms, tariff concessions under the India-New Zealand FTA and evolving customs jurisprudence bring into focus the importance of predictable trade rules, effective implementation and greater market access in strengthening India's export competitiveness and integration with global value chains.

The notified India-Mauritius treaty protocol brings cross-border investment structures into renewed focus. Direct-tax rulings on subsidies, reassessment and procedural claims underscore the importance of tax characterisation and administrative discipline, while transfer-pricing decisions reinforce the primacy of economic substance over artificial transaction segmentation. FEMA developments similarly reflect the balance between facilitating international capital flows and maintaining regulatory oversight.

Collectively, these developments underscore the increasing convergence of tax policy and judicial interpretation in shaping India's business environment. While reforms seek to improve efficiency, liquidity and market access, evolving jurisprudence reinforces the importance of legal certainty, procedural discipline and commercial substance. For businesses, navigating this interplay calls for a more integrated approach to tax and regulatory governance, where sound documentation, proactive compliance and strategic foresight are integral to investment decisions, supply-chain resilience and sustainable growth.

We trust this edition provides valuable insights into these developments and their implications for businesses and stakeholders.

Happy reading!

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A Key developments under direct tax laws

International development

- **India–Mauritius Double Taxation Avoidance Agreement (DTAA), 2024 protocol notified; effective from 10 August 2026[1]:** The central government notified the protocol signed on 7 March 2024 amending the India-Mauritius DTAA under Section 159(1) of the Income-tax Act, 2025 (2025 Act).
- The key developments are as follows:
  - Entry into force: The notification expressly confirms that the protocol entered into force on 10 August 2026.
  - No substantive change to the signed protocol: The notified text retains the revised preamble, the Principal Purpose Test (PPT) under Article 27B, and the Article 3 provisions in the signed protocol.

(Please click here to read in detail)

Judicial pronouncements

- **Supreme Court (SC): Power subsidy linked to production costs is a revenue receipt[2]:** The SC held that electricity subsidy received under the Government of Pondicherry Scheme of Power Subsidy was a revenue receipt. The issue before the SC was whether the subsidy was intended to support the taxpayer's capital outlay or merely assist its business operations. The SC observed that the subsidy became available only after production commenced. It was computed based on electricity consumption and directly reduced manufacturing power costs. The SC also held that the subsidy was not linked to asset acquisition, capacity expansion, or any other capital purpose. It reduced operating costs instead. Accordingly, the SC upheld the Madras High Court's (HC's) ruling, reiterating that the character of a subsidy is determined by the purpose for which it is granted and not by the manner or timing of its payment.

(Please click here to refer to the order copy)

- **SC: Reiterating the Om Siddhakala ratio, the apex court rejects a fresh claim under Section 264 without a revised return[3]:** The SC held that a fresh claim cannot be raised before the revisional authority under Section 264 of the Income-tax Act, 1961 (1961 Act) without filing a revised return in accordance with law. The issue before the SC was whether a taxpayer could invoke revisional jurisdiction to claim a benefit that had not been claimed in the original return and for which no revised return had been filed within the prescribed time. Relying on its recent decision in the Om Siddhakala Associates case, the SC held that Section 264 cannot be used to indirectly revise a return after the expiry of the statutory time limit. It further clarified that while a revisional authority may examine a new legal contention arising from facts already on record, it cannot entertain a fresh claim that requires foundational facts that were never placed before the tax officer. Accordingly, the SC upheld the rejection of the taxpayer's revision petition and reaffirmed that revisional jurisdiction cannot be invoked in lieu of filing a revised return.

(Please click here to read in detail)



1. Notification No. 135/2026 [S.O. 5611(E)], dated 13 October 2026
2. Mepco Industries Ltd Vs CIT [CIVIL APPEAL NO. 8694 OF 2012]
3. Orissa Rural Housing Development Corporation Ltd v. the ACIT & Ors [CIVIL APPEALS NO. 7249 AND 7250 OF 2015]

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- **SC: Reassessment proceedings unenforceable because the sole ground for reopening was untenable[4]:** The SC held that reassessment proceedings initiated against LG Electronics India for an alleged withholding-tax default were unenforceable. The issue before the SC was whether the reassessment could survive once the alleged default under Sections 195 and 201 of the 1961 Act was found not to exist. The SC observed that the Income Tax Appellate Tribunal (ITAT) had already held, in parallel Section 201 proceedings, that LG Korea had no tax liability in India. Consequently, the taxpayer had no obligation to withhold tax and could not be treated as an assessee-in-default. It further noted that the reassessment proceedings were initiated solely on the basis of the consequential disallowance under Section 40(a)(i) of the 1961 Act. Accordingly, once the foundation for such disallowance failed, no other ground could be relied upon to establish escaped income. Therefore, the Supreme Court closed the reassessment proceedings, holding that they could not survive after the sole basis for reopening failed.

(Please click here to refer to the order copy)

- **Andhra Pradesh HC holds Section 147A unconstitutional[5]:** The Andhra Pradesh HC struck down Section 147A of the 1961 Act as unconstitutional. The HC held that reassessment proceedings initiated by jurisdictional assessing officers (JAOs) were contrary to the faceless reassessment framework. The issue before the HC was whether the retrospective insertion of Section 147A validly empowered the JAOs to undertake proceedings under Sections 148A and 148 despite the faceless regime prescribed under Section 151A and the Income Escaping Assessment Scheme, 2022 (2022 Scheme). The HC observed that the proceedings under Sections 148A and 148 constitute a single integrated reassessment process. It noted that the 2022 Scheme mandates the automated allocation of Section 148 notices. Therefore, allowing the JAOs to initiate reassessment proceedings would be inconsistent with the faceless framework contemplated under the scheme. It further held that Section 147A did not amend either Section 151A or the 2022 Scheme, and therefore failed to remove the legal basis of the earlier decisions holding such proceedings invalid.

  Accordingly, the HC struck down Section 147A, set aside the reassessment proceedings and held that a validating amendment cannot merely override judicial decisions without curing the statutory defects identified by the courts.

Please click here to refer to the order copy)

- **Mumbai ITAT: Section 80JJAA deduction allowable to manpower supply companies in respect of employees deployed at client premises[6]:** The Mumbai ITAT held that a manpower supply company is eligible to claim deduction under Section 80JJAA of the 1961 Act. The ruling covers additional employees recruited and placed on the company's payroll, even when they are deployed at client locations, and clients reimburse the related costs. The Tribunal rejected the Revenue's contention that the taxpayer had not "incurred" the additional employee cost and was merely acting as a pass-through for employee expenses.
- The Tribunal observed that the taxpayer had satisfied all statutory conditions prescribed under Section 80JJAA. The taxpayer remained the legal employer of the personnel, retaining responsibility for their recruitment, payroll, wage payments, statutory compliance and disciplinary control. It further held that the recovery of employee costs or their presentation in the profit and loss account does not alter the underlying obligation of the taxpayer to incur and bear such costs. The Tribunal noted that Section 80JJAA is a beneficial provision intended to promote employment generation. It was also noted that the Revenue had accepted the taxpayer's claim on identical facts for an earlier assessment year. Accordingly, the Tribunal upheld the deduction, holding that reimbursement of salary costs by clients does not disentitle a staffing company to claim the benefit.

(Please click here to refer to the order copy)

4. Principal Officer LG Electronics India Pvt. Ltd [Civil Appeal No.18067, 18068 and 18281 of 2017]
5. Bala Sreenivas Rao Somisetty [TS-1626-HC-2026(AP)]
6. Prompt Personnel Private Limited [TS-1394-ITAT-2026(Mum)]

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- **Delhi Tribunal: Capital gains on the indirect transfer of Indian shares not taxable under the India–Ireland DTAA[7]:** The Delhi ITAT held that the gains arising to an Irish tax resident from the transfer of its ownership interest in a US group entity were not taxable in India under the India-Ireland DTAA. The issue before the Tribunal was whether such gains could be taxed in India as an indirect transfer of shares of an Indian company under Article 13(5) of the treaty. The Tribunal observed that the impugned transaction involved the transfer of ownership in FireEye International LLC, a US entity, and not the transfer of shares of an Indian resident company. The Tribunal held that Article 13(5) applies only to shares in a company resident in a contracting state. The treaty does not permit a look-through approach to indirectly tax shares held by a foreign entity. It further held that domestic law concepts, including Explanation 5 to Section 9(1)(i) and the definition of "transfer" under Section 2(47), could not be imported to expand the scope of Article 13 of the DTAA. Accordingly, the Tribunal held that the gains fell under Article 13(6), which allocates taxing rights exclusively to the alienator's state of residence, and therefore deleted the addition.

(Please click here to refer to the order copy)



7. FireEye Ireland Limited [IT(IT)A No. 1431/Del/2025]

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B Key developments under transfer pricing law

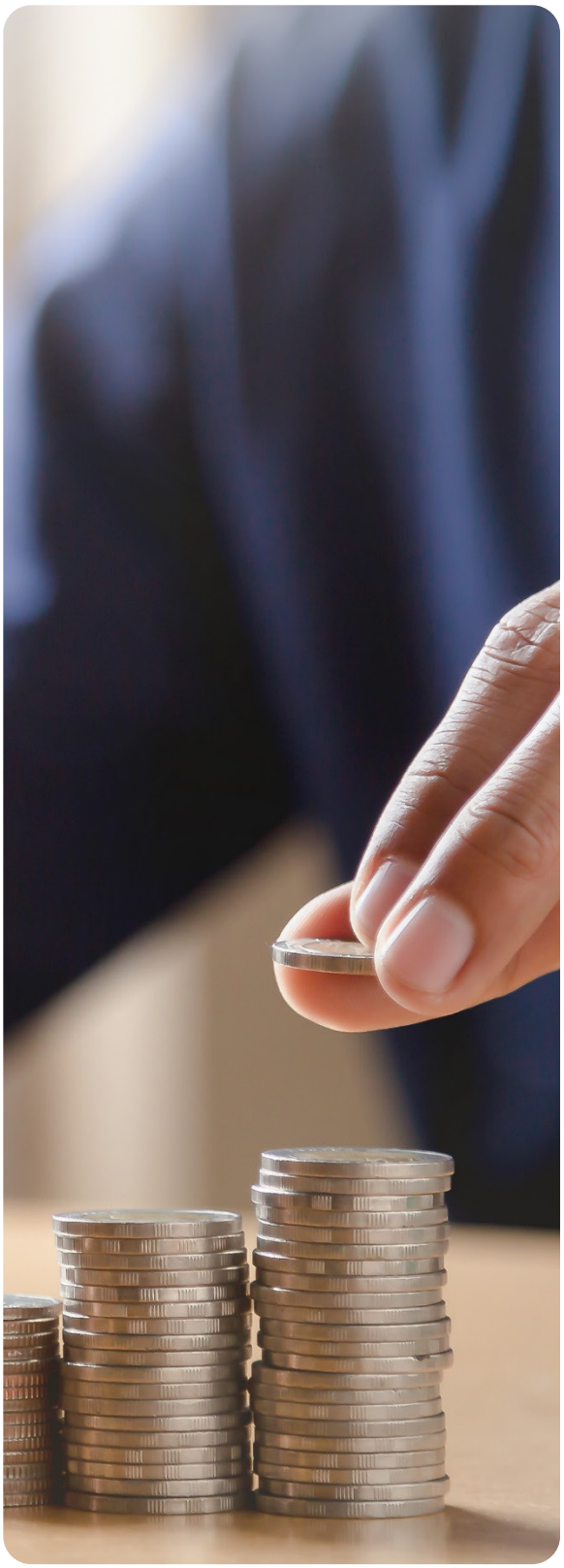
Judicial pronouncements

- **ITAT deletes the transfer-pricing adjustment on CCD interest because the TPO's reference was invalid; the transaction had been disclosed in Form 3CEB[8]:** The assessee had issued fully and compulsorily convertible debentures (CCDs) to its AE and reported interest in Form 3CEB, but the AO referred the matter to the TPO under Para 3.3(a) of CBDT Instruction No. 3/2016, alleging that Form 3CEB had not been filed or that the transaction had not been disclosed. The TPO treated the CCDs as equity and determined the ALP of interest to be NIL, resulting in an adjustment that the DRP sustained. The ITAT observed that the very transaction and amount subjected to adjustment had been duly identified and quantified in Form 3CEB and, therefore, the condition under Para 3.3(a) invoked for making the reference was not satisfied. It further observed that the AO had not identified any separate unreported international transaction comprising the difference between the accounting interest and the amount disclosed in Form 3CEB. Accordingly, the ITAT deleted the TP adjustment without adjudicating upon the characterisation of CCDs, benchmarking or allowability of interest, and partly allowed the assessee's appeal.
- **ITAT rejects the recharacterisation and separate benchmarking of premixing as manufacturing and deletes the TP adjustment[9]:** The assessee primarily distributed nutritional and health products. It also undertook customer-specific premixing through dry blending of powdered ingredients without chemical reaction or substantial transformation. The TPO recharacterised that activity as manufacturing. The ITAT held that functional characterisation for TP purposes must be based on the actual functions performed, assets employed, and risks assumed, and that mere classification of products as finished goods in the financial statements or the existence of plant and machinery could not, by itself, establish an independent manufacturing segment. It further noted that premixing was not identified as a separate reportable segment and formed part of the assessee's reseller operations. While the TPO did not dispute TNMM as the most appropriate method, the ITAT observed that manufacturing comparables were applied to the entire business segment without adequately distinguishing the predominant distribution functions from the limited premixing activity. Accordingly, the ITAT rejected the TPO's recharacterisation of premixing activity as manufacturing and deleted the TP adjustment.
- **ITAT accepts the weighted NAV and DCF valuation and deletes the adjustment on the division sale; it remits the refund claim for additional income-tax paid under Section 92CE(2A)[10]:** The assessee transferred one of its divisions and reported it as a deemed international transaction because of the underlying global arrangement, against which the TPO proposed TP adjustments. For the said transfer of FPD, the assessee adopted a weighted NAV-DCF valuation and voluntarily offered a primary adjustment to tax and subsequently paid additional income tax as applicable under the provisions of the secondary adjustment. The ITAT accepted the weighted valuation and deleted the additional adjustment while leaving the voluntary adjustment undisturbed. In the refund claim relating to additional income tax paid under Section 92CE(2A), the assessee submitted that the sale of the division was to an independent third party and was reported as a deemed international transaction (DIT) solely because of the underlying global arrangement. The ITAT made no categorical finding identifying the counterparty as an AE. It remitted the matter to the AO to verify the relationship and issue a reasoned order. The ITAT also held that, if no such relationship exists and the transaction falls within Chapter X only by virtue of the deeming provision, the AO shall consider the assessee's claim of non-applicability of Section 92CE and grant consequential refund.

8. Hecate Warehousing Private Limited [ITA No.9316/M/2025]
9. DSM Nutritional Products India Pvt Ltd [ITA/8787/MUM/2025]
10. Kodak India Pvt Ltd [ITA 4815/MUM/2024]

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- **ITAT finds that Section 154 applies to a final assessment order passed under Section 144C(13)[16]:** The assessee had provided a corporate guarantee to its Indian AE and benchmarked the transaction in its TP study. While the TPO set the ALP for the guaranteed commission at 1%, the DRP reduced it to 0.5% by relying on judicial precedent. Although the AO reproduced the DRP directions in the final assessment, the modifications were not implemented and were subsequently given effect through rectification under Section 154, after which the AO passed an order under Section 154, implementing the DRP's modifications. The assessee challenged the validity of the assessment and the guarantee-commission rate because neither authority had evaluated its benchmarking. The ITAT held that the AO's inadvertent failure to implement the DRP directions was an apparent mistake capable of rectification under Section 154 and accordingly rejected the challenge to the assessment on this ground. On the merits, neither the TPO nor the DRP had examined the assessee's benchmarking. The ITAT therefore remitted the issue of the guarantee to the AO for fresh adjudication. Accordingly, the assessee's appeal was partly allowed.
- **ITAT rejects the nil arm's length price for JP Morgan Chase Bank's head-office expenditure[17]:** In the case of JP Morgan Chase Bank, N.A., the TPO determined the ALP of head office (HO) expenditure at nil. The expenditure claimed arose from centralised functions which, by their very nature, may support the operations of different branches of a multinational banking enterprise, including the Indian establishment. The assessee had furnished a certificate from a tax consultant describing the corporate expenditure pool and the allocation methodology, which is principally based on the relative revenues of the participating establishments. The Tribunal set aside the nil ALP determination for head office expenditure, observing that centrally incurred expenditure could not be disregarded merely because individual invoices were not raised or amounts were not separately debited in the Indian branch's books. However, the Tribunal remitted the issue for limited verification of the actual expenditure, its connection with Indian operations and the reasonableness of the allocation. It did not allow the claim outright.



11. The Lubrizol Corporation, USA C/O Lubrizol Advanced Materials India Pvt. Ltd [ITA No.1672/Mum/2022]
12. JP Morgan Chase Bank N.A [ITA No.3839/Mum/2006 and ITA No.3784/Mum/2006]

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C Key developments under FEMA

Legislative developments

- **Delegation of compounding powers to RBI regional offices:** The Reserve Bank of India (RBI), vide A.P. (DIR Series) Circular No. 28/2026-27 dated 23 October 2026, has delegated powers for compounding certain contraventions relating to overseas investment (OI), borrowing, lending, and guarantee transactions to specified RBI regional offices.

  The key changes are summarised below:

  1. Overseas investment: Applicants must file compounding applications for overseas-investment contraventions with the specified RBI regional office (as provided in the circular) based on the unique identification number (UIN) assigned to the overseas entity. Where no UIN has been allotted, the application shall be filed with the Cell for Effective Implementation of FEMA (CEFA) at the RBI Central Office, Mumbai.
  2. Borrowing, lending and guarantees: Applicants must file compounding applications for borrowing, lending and guarantee contraventions with the RBI regional office that has jurisdiction over the registered office of the Indian entity, or the place of domicile, as applicable.
  3. Lending/guarantees linked to ODI: Where lending or guarantees are extended to a foreign entity in which the applicant has made an ODI, the compounding applications shall be submitted in accordance with point 1 above.
  4. Multiple categories of contraventions: Where an application involves multiple categories of contraventions for which compounding powers are delegated to different RBI offices, the application may be filed with CEFA, the RBI Central Office, Mumbai.

     Applicants must continue to submit compounding applications online through the RBI's PRAVAAH portal.. The circular primarily provides for the delegation of compounding powers among the specified RBI regional offices or the central office.

(Please click here to refer to the circular)

- **FAQs on investments from countries sharing a land border with India:** The Department for Promotion of Industry and Internal Trade (DPIIT) has released frequently asked questions (FAQs), updated as on 23 October 2026, on the guidelines for investments from countries sharing land border with India (LBCs), providing clarifications in relation to Press Note 2 (2026 Series) dated 15 March 2026. The FAQs broadly clarify the revised framework governing LBC investments, including the beneficial ownership criteria, government approval requirements, and related reporting requirements.

(Please click here to refer to the FAQs)



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D Key developments under GST law

Legislative developments

Notifications

CBIC notifies[13] wide-ranging amendments following 57th GST Council's recommendations: The CBIC has issued a series of notifications giving effect to the recommendations of the 57th GST Council, introducing significant changes across registration, ITC, refunds, e-invoicing, return filing, tax administration, rates, and exemptions.

Key highlights:

- **Registration:** Introduces simplified interstate registration for eligible suppliers operating through the ECO warehouses and facilitates system-based amendment, cancellation, and revocation of registration.
- **ITC and ISD:** Aligns documentary and credit-transfer requirements with the revised ISD framework and expands credit distribution to services attributable to one or more distinct persons.
- **Refunds:** Extends inverted-duty refunds to eligible input services from 1 November 2026 and capital goods from 1 April 2027 and includes eligible ITC on eligible capital goods in the computation of zero-rated refunds from 1 April 2027.
- **Export refunds:** Removes the restriction capped at 1.5 times the domestic value for computing turnover of zero-rated goods and prescribes the sequence for debiting the electronic credit ledger for refunds.
- **Faster refund processing:** Reduces the refund acknowledgement timeline to 10 days and introduces risk-based provisional refunds and automated approval of eligible refunds from the electronic cash ledger.
- **E-invoicing:** Extends e-invoicing from 1 January 2027 to notified registered persons for specified supplies received from unregistered persons under the RCM and imports of services.
- **Rule 86A safeguards:** Introduces electronic orders for credit-ledger restrictions and a prescribed mechanism for taxpayers to file objections.
- **Waste and scrap:** Expands the registration, TDS and RCM requirements to specified goods, including used cooking oil, plastic waste and scrap, tyre waste, electrical and electronic waste and scrap.
- **Rates and exemptions[14]:** Rationalises the GST rates and exemptions for specified goods and services, including bio-stimulants, retreaded tractor tyres, psyllium seeds, hospitality services, transportation and rental of electric vehicles/delivery services through ECOs.

(Please click here to refer to the tax alert)

Circulars

CBIC issues clarifications pursuant to 57th GST Council meeting recommendations: Pursuant to the recommendations of the 57th GST Council meeting, the CBIC has issued a series of circulars addressing key GST compliance, ITC, refund, registration, adjudication, and litigation-related issues.

Key highlights:

Litigation and dispute resolution

- **Strengthens adjudication framework:** Prescribes comprehensive guidelines for the issuance of SCNs, adjudication and appellate proceedings, with emphasis on evidence-based invocation of fraud or suppression, natural justice, and reasoned orders.[15]
- **Facilitates appellate remedies:** Clarifies the computation of statutory pre-deposits and the mechanism for refund and interest on pre-deposits pursuant to favourable appellate orders.[16]

ITC-related clarifications

- **Streamlines ISD framework:** Clarifies multiple ISD registrations, timing and manner of credit distribution, ITC reversals and the treatment of input service credit transferred under Rule 54(1A).[17]
- **Clarifies ITC framework for financial sector:** Provides guidance on the 50% ITC mechanism under Section 17(4) for banks, financial institutions and NBFCs, including availment, reversals, and reporting.[18]
- **Allows ITC on demonstration vehicles:** Confirms eligibility for ITC on demo vehicles under the dealer-agency model, removing the earlier distinction from the traditional dealership model.[19]

13. N/N 03/2026-CT to N/N 07/2026 dated 27 October 2026
14. N/N 02/2026-CT(R) and 02/2026-IT(R) to N/N 10/2026-CT(R) and 10/2026-IT(R) dated 27 October 2026
15. Circular No. 258/04/2026-GST
16. Circular No. 259/05/2026-GST
17. Circular No. 260/06/2026-GST
18. Circular No. 261/07/2026-GST
19. Circular No. 262/08/2026-GST

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Ease of doing business and refunds

- **Streamlines GST registration:** Standardises documentation and processing timelines and restricts officers from seeking unwarranted documents or raising presumptive objections during registration.[20]
- **Facilitates export realisation:** Clarifies permissible modes of realisation of export proceeds, including repatriable INR accounts and set-off arrangements, along with refund recovery under Rule 96B.[21]
- **Provides relief on export refund disputes:** Clarifies the effect of omission of Rule 96(10) on pending proceedings pursuant to the SC's ruling in the Goodluck India Limited case, with similar treatment for Rules 89(4A) and 89(4B).[22]
- **Rates and taxability:** Clarifies the classification and taxability of goods: Explains the GST treatment of sublimation paper, toys, bio-stimulants and ITC under the used-vehicle margin scheme.[23]
- **Clarifies taxability of specified services:** Addresses the GST treatment of grant-funded R&D, shipping, vehicle leasing, matters involving the Telecom Regulatory Authority of India (TRAI)/ NBFC–bank co-lending arrangements.[24]

(Please click here to refer to the tax alert)

GSTN advisories

- **GSTN proposes extension of e-invoicing to RCM self-invoices and import of services:** The Goods and Services Tax Network (GSTN) has proposed extending the e-invoicing framework to recipient-generated self-invoices for specified domestic supplies from unregistered persons liable to the RCM and import of services. Two new supply types, RCMDOM and RCMIMP, have been enabled in the sandbox environment for testing by eligible taxpayers and system providers. The CBIC has notified[25] the expansion of the e-invoicing framework with effect from 1 January 2027 for the notified class of registered persons.

(Please click here to refer to the advisory)

- **GSTN rolls out key registration and cancellation-related portal enhancements:** GSTN has introduced several portal enhancements following the 57th GST Council's recommendations. They cover registration amendments, the composition levy, TDS registration for notified goods, electronic processing of cancellation applications, simplified registration for eligible ECO suppliers under Rule 14B and revised FORM GST REG-01. The changes are aimed at increasing system-based processing, reducing officer interface and simplifying registration compliance for taxpayers.

Particulars	Key advisories
Revised process for amending GST registration	Enables the electronic processing of most REG-14 amendments, with officer approval generally retained for the PPoB changes; introduces mandatory OTP and online validation.
Composition levy enhancements	Introduces a separate Section 10(2A) category and enables composition-category changes through REG-14 across GSTINs under the same PAN.
TDS registration for notified scrap	Extends the TDS from 1 November 2026 to specified used cooking oil and waste/scrap and prescribes REG-07 registration for eligible buyers.
Revised registration cancellation process	Introduces system-based validation and electronic cancellation for eligible REG-16 applications, subject to return-filing and prescribed conditions.
Simplified registration under Rule 14B	Enables eligible ECO suppliers to register in another state/UT without physical presence, subject to the ECO consent, verification and the INR 2.5 lakh B2B tax-liability ceiling.
Changes in FORM GST REG-01	Introduces additional entity, SEZ, ECO, premises and business disclosures, along with enhanced online validation, and bank-account reporting.

(Please click on titles to refer to the respective advisories)

20. Circular No. 257/03/2026-GST
21. Circular No. 263/09/2026-GST
22. Circular No. 264/10/2026-GST
23. Circular No. 265/11/2026-GST
24. Circular No. 266/12/2026-GST
25. Notification No. 04/2026-Central Tax, dated 26 October 2026

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- **CBIC implements interim trade-facilitation measures pending legislative amendments:** The CBIC has directed field formations to implement certain trade-facilitation measures pending corresponding amendments to the Central Goods and Services Tax Act, 2017 (CGST Act), proposed to take effect on 1 April 2027. The instructions provide that no further arrests should be made under GST, pursuant to the proposed omission of Section 69. Officials should intercept and verify goods in transit only on the basis of specific intelligence and with the prescribed authorisation and jurisdictional safeguards. They should not issue show-cause notices under Sections 73, 74 or 74A where the aggregate tax and compensation cess is below INR 10,000. The directions will remain applicable until the corresponding legislative amendments come into effect.

(Please click here to refer to the advisory)



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E Key developments under erstwhile indirect tax laws, Customs, FTAs, Foreign Trade Policy, SEZ laws, incentive schemes, state amnesty schemes, etc.:

Legislative developments

- **India–New Zealand FTA tariff concessions and tariff-rate quota mechanism notified; effective 20 October 2026[26]:** Following notification of the rules-of-origin framework, the CBIC has notified the customs duty concessions available to eligible imports from New Zealand, while the DGFT has prescribed the operational framework for administration of tariff rate quotas (TRQs) under the FTA. Effective 20 October 2026, the customs notification grants preferential duty treatment, including concessional BCD, AIDC, and health cess rates for specified products, and provides TRQ-based concessions for products such as apples, kiwifruit, albumins, and Mānuka honey, subject to the fulfilment of the prescribed rules of origin requirements. The DGFT public notice sets out the procedure for claiming in-quota benefits, under which quota allocations and export certificates will be issued by New Zealand authorities, while eligible Indian importers must obtain a TRQ authorisation from the DGFT through the online system before claiming concessional treatment.

(Please click here to refer to the CBIC exemption notification and here to refer to the DGFT notice)

- **DFIA exports not eligible for RoDTEP benefit[27]:** The Commissioner of Customs (NS-II), JNCH, Nhava Sheva, has issued Public Notice No. 126/2026 dated 7 October 2026, clarifying that exports made under the Duty-Free Import Authorisation (DFIA) scheme are not eligible for benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. The clarification follows earlier DGFT notifications that extended RoDTEP benefits to exports by advance authorisation holders, EOUs, and SEZ units from 11 March 2024, but did not extend the benefit to DFIA exports. The public notice encloses a list of exporters that have allegedly availed inadmissible RoDTEP benefits on DFIA exports during the period from 11 March 2024 to 10 September 2026 and directs them to reverse or repay the benefits, along with applicable interest, within 30 days. Other exporters who may have similarly availed such benefits have also been advised to voluntarily repay the amount, failing which recovery proceedings may be initiated under the customs law.

(Please click here to refer to the Notice)

- **RoDTEP scheme extended for eligible exports until 31 December 2026[28]:** The DGFT has extended the RoDTEP Scheme for all eligible export products until **31 December 2026**. Eligible exporters, including DTA units, advance authorisation holders, EOUs and SEZ units, may continue to avail benefits under the scheme during the extended period. The existing RoDTEP rates, value caps and other conditions of the scheme remain unchanged.

(Please click here to refer to the extension notification)

- **RoSCTL scheme extended for exports of apparel and made-ups until 31 December 2026[29]:** The Ministry of Textiles has extended the RoSCTL Scheme for exports of apparel/garments and made-ups until **31 December 2026.** The extension follows the scheme's continued uptake during FY 2025-26, benefiting over 15,400 exporters across more than 444 districts, including a significant number of MSMEs. The scheme will continue to operate at the existing rebate rates and under the prevailing guidelines, providing policy certainty and continued support to India's labour-intensive textile and apparel export sector.

(Please click here to refer to the press release)

26. Notification No. 32/ 2026- Cus dated 16 October 2026; Public Notice No. 33/ 2026-27 dated 17 October 2026
27. Public Notice No. 126/ 2026 dated 7 October 2026
28. Notification No. 41/2026-27 dated 30 September 2026
29. Ministry of Textiles, PIB dated 30 September 2026

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- **Government amends the SEZ Rules to prescribe a framework for returning goods supplied to the domestic tariff area DTA[30]:** The Ministry of Commerce and Industry has notified the Special Economic Zones (Third Amendment) Rules, 2026, amending Rule 49(2) of the SEZ Rules, 2006, to prescribe a framework for the return of goods supplied by a SEZ unit to the DTA on payment of duty, as follows:
  - Goods can be returned due to non-acceptance within 30 days of clearance, subject to prescribed conditions relating to the identification of goods, non-availment of benefits by the DTA buyer, and maintenance of auditable records.
  - Returned goods may be resold in the DTA on the payment of applicable duties as a fresh DTA sale.
  - Allows goods supplied to the DTA to be returned to the SEZ unit for repairs within six months, within any longer period permitted by the specified officer, or within the warranty period, whichever ends latest, with duty payable only on the repair value.

The changes provide greater clarity and operational flexibility for SEZ units dealing with product returns and repair-related transactions.

(Please click here to view the notification)

- **Gujarat notifies MSME assistance scheme under Viksit Gujarat Industrial Policy, 2026[31]:** The Government of Gujarat has notified the scheme for assistance to MSMEs under the Viksit Gujarat Industrial Policy, 2026, effective from 1 June 2026 to **31 May 2031.** The scheme provides a comprehensive incentive framework for new MSMEs and existing MSMEs undertaking expansion or diversification, including capital subsidy, interest subsidy and power tariff subsidy, subject to overall incentive ceilings linked to the taluka classification. The scheme also offers support for employment generation, technology acquisition, ERP and ICT adoption, quality certifications, patent registration, energy and water conservation measures, SME exchange listing, CGTMSE fees, power connection charges, and rent assistance.

(Please click here to access the notification)

The scheme also provides enhanced support to selected priority sectors, such as drones, robotics, toys, footwear, and sports goods.

- **Gujarat issues operational guidelines for implementation of GCC Policy 2025-30[32]**: The Government of Gujarat has issued Operational Guidelines 1.0 for the implementation of the Gujarat Global Capability Center (GCC) Policy (2025-30). Approved on 21 September 2026, the guidelines prescribe the operational framework for GCC identification, eligibility determination, incentive administration and claim processing through a dedicated incentive management portal (IMP). The guidelines, *inter alia*, specify the documents and eligibility criteria for new and existing GCCs, clarify the determination of the "month of eligibility" for incentive disbursement, outline the scope of eligible CAPEX and OPEX, and prescribe the timelines for filing incentive claims. Late filing of claims may result in a proportionate reduction of incentives. The framework is intended to streamline the administration and disbursement of incentives available under the GCC Policy.

(Please click here to access the guidelines)

- **US waives additional tariffs targeting Russian-origin goods and purchasers of Russian energy[33]:** The United States has waived the additional tariff measures authorised under the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026. The legislation empowers the US President to increase duties on Russian-origin goods by 500%, impose an additional 100% duty on goods imported from major purchasers of Russian-origin crude oil and natural gas, and levy similar duties on goods from countries determined to facilitate sanctions evasion. However, through an executive order issued on 16 October 2026, President Donald Trump exercised the Act's national-interest waiver authority and suspended the implementation of these tariff measures, as well as certain sanctions and restrictions under the legislation. The order nevertheless directs the United States Trade Representative (USTR), in consultation with other agencies, to continuously monitor purchases of Russian-origin oil and gas, sanctions-evasion activities, and related developments, and to recommend whether additional measures may be required in the future. While the waiver provides immediate relief from the proposed tariff escalation for countries purchasing Russian energy, the underlying statutory authority to impose such measures remains in place and may be invoked subsequently if the waiver is withdrawn.

(Please click here to refer to the executive order and here to refer to the alert)

30. Ministry of Commerce and Industry, GSR 893 (E) dated 15 October 2026
31. Govt of Gujarat, Resolution No. IMD/WRT / e-file/ 9 12026 I 2630/CH dated 25 September 2026
32. Govt of Gujarat, G.R. No: DST/GCC/e-file/24/2026/1101/IT approved dated 21 September 2026
33. Executive Order 14436, dated 16 October 2026.

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Judicial developments

- **SC rules that IGST liability alone does not make goods dutiable under CTH 9804[34]:** The SC dismissed the department's appeal against the CESTAT Chennai ruling. It thereby affirmed that laptops, desktops and monitors cleared from an SEZ unit to individual customers in the DTA could not be reclassified under CTH 9804 as goods imported for personal use. The Tribunal had held that payment of IGST does not, by itself, render goods "dutiable goods" for the purposes of CTH 9804, and that goods attracting nil basic customs duty or covered by a customs exemption cannot be treated as dutiable goods. It further observed that commercial sales to individual customers do not qualify as imports for personal use merely because the end users are individuals, and that classification cannot depend on the customers' subsequent use of the goods.

(Please click here to refer to the judgement)

- **SC declines to interfere with CESTAT's order setting aside a customs demand because the MEIS scrips remained uncancelled[35]:** The SC dismissed the Revenue's appeal against the CESTAT Kolkata ruling that had set aside customs duty demands of approximately INR 29.62 crore, along with interest, penalties and redemption fine, arising from the alleged misclassification of exported goods and consequent use of MEIS benefits. The Tribunal had, *inter alia*, held that Customs could not deny the MEIS benefits or invoke Section 28AAA where the underlying MEIS scrips remained valid and uncancelled by DGFT, and that the department had not challenged the finalised shipping bill assessments through the statutory mechanisms available under the Customs Act. While declining to interfere with the CESTAT order on the peculiar facts of the case, the Supreme Court expressly kept the question of law open for consideration in an appropriate case.

(Please click here to refer to the judgement)

- **US Court of International Trade advances proceedings in challenges to Section 301 and IEEPA tariff measures:** The US Court of International Trade (CIT) continued proceedings in the consolidated challenges to the Section 301 tariffs imposed on imports from 60 economies over forced labour concerns, with *Learning Resources* designated as the test case. Following oral argument, the CIT directed the parties to file supplemental submissions on four key issues: the statutory basis for USTR's determination, the role of economic development, the implications for vacatur, and the plaintiffs' standing. The parties have since filed their submissions, with the plaintiffs arguing that the USTR exceeded its statutory authority and failed to satisfy statutory requirements, while the government maintains that the tariffs were lawfully imposed. Separately, in the Freestyle World, Inc. v. United States case, the CIT certified a class comprising all importers of record that paid duties under the challenged IEEPA tariff orders between 1 February 2025 and 19 February 2026, excluding importers that have filed separate actions. The court noted that approximately 330,000 importers were affected by the IEEPA duties and held that common legal questions regarding the validity of the tariffs and entitlement to liquidation or reliquidation without such duties justified the class treatment. The certification enables similarly situated importers that have not brought individual claims to participate in any relief arising from the ongoing challenge to the IEEPA tariffs. Together, these proceedings could have significant implications for the validity of recent US tariff actions and for the availability of refunds to importers.

(Please click here to refer to the Section 301 submissions and here to refer to the IEEPA class action)

34. Dell International Services [Diary No. 41487 of 2026 dated 9 October 2026]
35. Aquapharm Chemical Ltd. [Diary No. 23466 of 2026 dated 25 September 2026]
36. Re Section 301 Forced Labour cases [Docket 1:26- cv- 03555]; US CIT Slip Opinion 26-123 dated 08 October 2026]

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