GST PULSE

DAILY CASES - LAW DIGEST

(Period from 17.11.2026 to 19.11.2026)

AT A GLANCE

TOTAL CASES	HIGH COURTS	SUPREME COURT	GSTAT	KEY ISSUES
04	02	00	02	ALTERNATIVE REMEDY • SHOW CAUSE NOTICE • ASSESSMENT • EXEMPTION

CASE-AT-A-GLANCE

Sl.	COURT	CATEGORY	CASE	ISSUE	SECTION / RULE	OUTCOME / IN FAVOUR OF
1.	HC	Alternative Remedy	B.S. Automobiles v. State of Meghalaya	Writ against s.73 order and recovery notices; DRC-01 vs SCN; appeal time-barred	73, 75, 107 / R.142	Writ closed; appeal allowed in 4 weeks – Revenue
2.	HC	Show Cause Notice	JFE Steel India v. Union of India	Secondment of parent's staff as import of services; s.74 invoked without foundational facts	74, 75, 168 / R.28(1)	Order and SCN quashed – Taxpayer
3.	GSTAT	Assessment	Commr. CGST Belagavi v. PRN Infratech	RCM on royalty deducted by Govt.; s.74 vs s.73; suppression to evade tax	74, 73, 50, 9	Revenue appeal allowed; s.74 penalty – Revenue

4.	GSTAT	Exemption	Mandalaneni Srinivasarao v. Radical Bio Organics	GST on licence, boiler and water fees; royalty/DMF s.73 vs s.74; penalty	73, 74, 122, 75	Dept. appeal dismissed; penalty u/s 122(2)(a) – Taxpayer

DETAILED CASE NOTES

CASE-01 | B.S. Automobiles v. State of Meghalaya

COURT	CASE NO. [Neutral Citation]	DATE OF DECISION	CORAM
High Court of Meghalaya	WP(C) No. 190 of 2026 [2026:MLHC:1299-DB]	17.11.2026	Hon'ble Mr. Justice H.S. Thangkhiew and Hon'ble Mr. Justice B. Bhattacharjee

SUBJECT CATEGORY / SECTION

ALTERNATIVE REMEDY – Sections 73(1), 73(9), 75(4), 107(1), 107(5) CGST/MGST Act; Rules 26(3), 142(1), 142(5) CGST Rules; Article 226

ISSUE INVOLVED

Whether a writ petition under Article 226 is maintainable against a Section 73 assessment order (and later recovery notices) on the plea that no statutory show cause notice under Section 73(1) was served (only a Form GST DRC-01 summary), the hearing date preceded the reply date and the notices were unsigned, when the statutory appeal under Section 107 was not filed within limitation.

BRIEF FACTS

The petitioner, a Shillong trading firm, received a scrutiny intimation in Form ASMT-10 dated 21.08.2024 and replied on 21.09.2024. A summary of show cause notice in Form GST DRC-01 dated 28.11.2024 followed (reply date 28.12.2024 but personal hearing 13.12.2024). An assessment order dated 27.02.2025 under Section 73 confirmed a demand of Rs. 19,90,088 with interest and penalty (DRC-07), with Form DRC-01D for payment. The petitioner did not appear, file a DRC-06 reply or appeal; recovery notices dated 05.03.2026 and 31.03.2026 were then issued and the petition was filed on 27.04.2026, after the appeal period had ended on 27.06.2025.

FINAL DECISION

Writ petition closed and disposed of as not maintainable; however, to meet the ends of justice and not as a precedent, the petitioner is permitted to file a statutory appeal under Section 107 against the assessment order dated 27.02.2025 and the recovery notices dated 05.03.2026 and 31.03.2026 within four weeks.

DIRECTIONS

The petitioner may prefer an appeal under Section 107 of the MGST Act against the assessment order and the two recovery notices within four weeks from 17.11.2026; this is not to serve as a precedent.

CASE-02 | JFE Steel India v. Union of India			
COURT	**CASE NO.**	**DATE OF DECISION**	**CORAM**
High Court of Punjab and Haryana	CWP-10191-2025 (O&M)	17.11.2026 (uploaded 18.11.2026)	Hon'ble the Chief Justice (Ashwani Kumar Mishra) and Hon'ble Mr. Justice Rohit Kapoor

SUBJECT CATEGORY / SECTION

SHOW CAUSE NOTICE – Sections 74(1), 75(2), 75(6), 168(1), 31(3)(f), 17(5)(i) CGST Act; Section 20 IGST Act; Rule 28(1) CGST Rules; Articles 226, 227

ISSUE INVOLVED

Whether a demand of Rs. 13,08,57,858 with equal penalty under Section 74 CGST (read with Section 20 IGST), treating secondment of personnel by the Japanese parent as import of manpower supply services on reverse charge, can stand where the show cause notice disclosed no foundational facts of fraud/wilful misstatement/suppression, Circular No. 210/4/2024-GST (nil value under Rule 28(1) second proviso) was ignored, and the order is not a reasoned order under Section 75(6).

BRIEF FACTS

The petitioner, an Indian subsidiary of JFE Steel Corporation, Japan, engages parent-company personnel under a Dispatch Agreement (2013), a Secondment Agreement (2014) and individual employment contracts; it bears their salary, TDS under Section 192 of the Income Tax Act and provident fund. For the earlier service tax period the Department's show cause notice (22.04.2019) was decided in the petitioner's favour by an order dated 24.02.2021 (Department's appeal pending before CESTAT). Under GST, SCN No. 476/2024-25 dated 30.07.2024 led to Order-in-Original No. 53/GST-GGM/ADC/GD/2024-25 dated 09.01.2025 (DRC-07 dated 30.01.2025) confirming Rs. 13,08,57,858 for FY 2017-18 to 2022-23 with interest and penalty of equal amount, relying on Northern Operating Systems (2022) 17 SCC 90.

FINAL DECISION

Writ petition allowed. The Order-in-Original dated 09.01.2025 and DRC-07 summaries dated 30.01.2025 (FY 2017-18 to 2022-23) are quashed, and the show cause notice dated 30.07.2024 with the DRC-01 summary is quashed. Amounts deposited or recovered to be refunded; no order as to costs.

DIRECTIONS

Any amount deposited by or recovered from the petitioner pursuant to the impugned order shall be refunded in accordance with law within eight weeks of receipt of a certified copy of the judgment. The Tribunal (CESTAT) shall decide the service tax appeal on its own merits; nothing in this judgment is an opinion on the characterisation of the secondment arrangement.

CASE-03 | Commr. CGST Belagavi v. PRN Infratech

COURT	CASE NO.	DATE OF DECISION	CORAM
GSTAT, State Bench Bengaluru (Division Bench, Court No. 3)	APL/42/BUR/2026	19.11.2026	Hon'ble Shri Prabhakaran P.M., Member (Judicial) and Hon'ble Shri Ravi Jesuraj S., Member (Technical - State)

SUBJECT CATEGORY / SECTION

ASSESSMENT – Sections 9(3), 50, 73(9), 74(1), 74(9), 75(2), 122(2)(b) CGST/KGST Act

ISSUE INVOLVED

Whether the non-payment of GST under reverse charge on royalty for minor minerals deducted by Government departments from works-contract bills (July 2017 to October 2019, Rs. 8,86,04,082) was 'by reason of suppression of facts to evade tax' so that the demand of Rs. 1,00,20,488 falls under Section 74(1) (not Section 73), and what interest and penalty follow.

BRIEF FACTS

The respondent, a Hubballi works-contractor for Government departments, suffered deductions of royalty on gravel, murrum, rock fill and sand from running bills, booked them in ledgers as royalty paid, but paid no GST under reverse charge and showed nothing in GSTR-3B for July 2017 to September 2019. In a statement under Section 70 (28.11.2019) its General Manager accepted that licensing services for minerals attract reverse charge but denied receiving them; Rs. 46,37,250 was paid on 20.11.2019 only after detection. SCN dated 30.10.2020 under Section 74 led to Order-in-Original dated 30.03.2021 confirming Rs. 1,00,20,488 (CGST and SGST Rs. 50,10,244 each) with interest and penalty under Section 122(2)(b). The Additional Commissioner (Appeals), by Order-in-Appeal dated 26.06.2023, found suppression but not intent to evade and re-framed the demand under Section 73 with penalty under Section 73(9); the Revenue appealed under Section 112(3).

FINAL DECISION

Revenue's appeal allowed. Order-in-Appeal dated 26.06.2023 set aside to the extent it applied Section 73 and imposed penalty under Section 73(9). Demand of Rs. 1,00,20,488 (CGST Rs. 50,10,244 and SGST Rs. 50,10,244) confirmed under Section 74(1) with interest under Section 50 and penalty of Rs. 1,00,20,488 under Section 74(9) read with Section 74(1); Rs. 46,37,250 paid on 20.11.2019 appropriated against tax; Order-in-Original restored subject to this (except its observation on reduced penalty under Section 74(8)).

DIRECTIONS

Interest payable under Section 50 on the whole tax from the due date of each month until payment (on Rs. 46,37,250 until 20.11.2019); Rs. 46,37,250 paid on 20.11.2019 to be appropriated against the tax; no costs.

CASE-04 | Mandalaneni Srinivasarao v. Radical Bio Organics

COURT	CASE NO.	DATE OF DECISION	CORAM
GSTAT, State Bench Hyderabad (Division Bench, Court II)	APL/211/HYD/2026	17.11.2026	Hon'ble Shri A P Ravi, Member (Judicial) and Hon'ble Shri Duvvuri Krishna Srinivas, Member (Technical)

SUBJECT CATEGORY / SECTION

EXEMPTION – Sections 7(1)(a), 73, 74(1), 75(2), 75(8), 122(2)(a), 122(2)(b) CGST Act; Section 2(21) Telangana Excise Act, 1968; Notification Nos. 25/2019, 12/2017 (Entry 47), 02/2017 (Entry 99)

ISSUE INVOLVED

Whether GST is payable on State-levied licence/other fees paid by a distillery (distillery licence/excise fee for ENA, boiler, factory, pollution control and explosive licence fees, and irrigation water charges) and on royalty/District Mineral Foundation contributions, given Notification No. 25/2019-CT (Rate), Entry 47 of Notification No. 12/2017-CT (Rate) and Entry 99 of Notification No. 02/2017-CT (Rate); whether the demand lay under Section 74 or Section 73; and what penalty follows.

BRIEF FACTS

The respondent manufactures Extra Neutral Alcohol (ENA) and impure spirit. An audit alleged non-payment of GST for July 2017 to March 2019 on fees paid to Mines and Geology, Pollution Control Board, Irrigation Department, boiler authority and the Prohibition and Excise Commissioner (licence DR2). SCN dated 07.08.2021 proposed demand under Section 74(1), interest under Section 50 and penalty under Section 122(2)(b); Order-in-Original dated 29.09.2022 confirmed Rs. 21,52,184 with equal penalty. The First Appellate Authority (OIA dated 11.08.2023) dropped all heads except GST on royalty for mining and the DMF contribution, converted that demand from Section 74 to Section 73 and did not decide the penalty. The Department appealed to GSTAT under Section 112.

FINAL DECISION

Appeal of the Department disposed of: the First Appellate Authority's determinations are upheld (benefit of Notification No. 25/2019-CT (Rate), Entry 47 of Notification No. 12/2017-CT (Rate) and Entry 99 of Notification No. 02/2017-CT (Rate)); recomputation of the royalty and DMF demand under Section 73 is upheld; the penalty under Section 122(2)(b) is converted to Section 122(2)(a). No order as to costs.

DIRECTIONS

Consequential recalculation of penal liability to be done under Section 122(2)(a) in accordance with the revised computation of tax; demand on royalty and DMF contribution to be recomputed under Section 73.

KEY POINTS FOR TAXPAYERS

Alternative Remedy

- Do not sit out a Section 73 process: appear on the hearing date, file the DRC-06 reply and appeal under Section 107 within time; a writ will not rescue a time-barred appeal, and relief is discretionary. (Meghalaya HC, B.S. Automobiles)

Show Cause Notice

- A Section 74 notice must itself state the facts showing fraud, wilful misstatement or suppression to evade tax; a bona fide non-reporting on a legal view is not suppression. Check the notice, and rely on CBIC Circular 210/4/2024-GST (nil value under Rule 28(1)) for related-party secondments. (P&H HC, JFE Steel India)

Assessment

- Leaving reverse-charge liability (e.g. on royalty deducted by Government) out of returns, and paying only after detection, can be held as suppression: pay under RCM on time to avoid Section 74 tax, interest and equal penalty. (GSTAT Bengaluru, PRN Infratech)

Exemption

- Read exemption entries by their words: Government licence/renewal fees (liquor, boiler, factory, pollution, explosives) and metered water charges were held outside GST. Where the issue is one of interpretation, the demand is only under Section 73. (GSTAT Hyderabad, Radical Bio Organics)

KEY POINTS FOR DEPARTMENTAL OFFICERS

Alternative Remedy

- Serve a proper show cause notice, keep the hearing date after the reply date and ensure signed (DSC) notices and orders under Rule 26(3); this protects the order against a writ challenge. (Meghalaya HC, B.S. Automobiles)

Show Cause Notice

- Do not invoke Section 74 on mere non-payment; set out the foundational facts of suppression in the notice, follow Board circulars (binding under Section 168(1)) and pass a reasoned order dealing with the reply under Section 75(6). (P&H HC, JFE Steel India)

Assessment

- Where the notice discloses ledger entries, nil returns and the taxpayer's admission, Section 74 demand with penalty equal to tax under Section 74(9) can be sustained; build the case on documents and statements. (GSTAT Bengaluru, PRN Infratech)

Exemption

- Apply exemption notifications as worded and do not add restrictions such as 'human consumption' or 'first-time grant'; where only interpretation is involved, issue the demand under Section 73 and quantify penalty accordingly. (GSTAT Hyderabad, Radical Bio Organics)

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