



INDIRECT TAX NEWSLETTER



Notifications

The Finance Act 2026 has notified the following changes with immediate effect:

Changes in Customs Act, 1962

- Jurisdiction of Customs Act extended beyond territorial waters for fishing and related activities. Definition inserted for “Indian flagged fishing vessel” in the Customs Act as “Indian-flagged fishing vessel means a vessel which is used or intended to be used for the purpose of fishing in the seas and entitled to fly the flag of India;”
- Fishing beyond territorial waters may be brought into India duty free or landed at foreign port – duty free
- Validity of advance rulings extended to five years. Existing rulings may be extended for five years upon applicant’s request
- Section 67 substituted to allow removal of warehoused goods between bonded warehouses without prior permission, subject to prescribed conditions
- Penalty paid under Section 28(5) shall be deemed to be a charge for nonpayment of duty. In effect, the amount paid in addition to the duty (as penalty) is reclassified as ‘charge for non-payment of duty’

Changes in Goods and Services Tax Act, 2017

- Post sale discount no longer needed to be linked to prior agreements for exclusion of such post-supply discounts from the value of supply
- The scope of 90% provisional refund is extended to

unutilised ITC arising from inverted duty structure

- Place of supply of intermediary services changed from place of supplier to location of recipient. This change will bring impact on cross border transactions, which will qualify as exports from India

One-time relief for clearance of specified manufactured goods from SEZ to DTA

Notification No. 11/2026-Customs dated 31 March 2026 seeks to implement special one-time relief [up to 31 March 2027] for clearance of specified manufactured goods from Special Economic Zones (SEZs) to the Domestic Tariff Area (DTA) at concessional rates of customs duty.

Aviation Turbine Fuel exempt from Additional Duty of Custom

Notification No. 07/2026-Customs dated 26 March 2026 seeks to exempt imports of Aviation Turbine Fuel from whole of the additional duty of Custom.

Fifth tranche of tariff concessions under India-UAE CEPA notified

Notification 09/2026-Customs dated 31 March 2026 seeks to amend notification no. 22/2022-Customs to notify the fifth tranche of tariff concessions under India-UAE CEPA.



Sixth tranche of tariff concessions under India-Mauritius CECPA notified

Notification No. 10/2026-Customs dated 31 March 2026 seeks

to amend notification no. 25/2021-Customs to notify the sixth tranche of tariff concessions under India-Mauritius CECPA.

Recent cases handled by SAM

Once the project finishes, it is not necessary to wait to hand over the project for the remaining period specified in Exemption Notification

The question of law framed and answered by the Hon'ble Tribunal was "Whether the benefit of Sl.No.368 of exemption Notification No.12/2012-Cus. dated 17 March 2012 ("Exemption Notification") is available to the goods imported for use in the National Highway projects viz. "Toll Management System" despite name of sub-contractor not mentioned in the concessioner agreement and handover of the project before remaining period in Exemption Notification;"

It is held that the Company has sufficiently complied with the Condition No.9(a) of the said Notification. The Court relied on Circular dated 16 May 2013 which clarifies that non-mention of the name of the sub-contractor in the agreement signed between the contractor and Govt. of India cannot be a ground for denying the benefit of the exemption notification.

As far as compliance of clause (b) of the Condition No.9 of the said Notification is concerned, it is held that after completion of the project by installation of Toll Management Systems on the respective National Highways 9 & 13, the same were transferred by the Company as condition of the contract. To read the said clause (b) of the Condition No.9 of the Notification No.12/2012-Cus. [as alleged by the Revenue] that the contractor shall not sell or otherwise dispose of the goods, in any manner, for a period of five years from the date of their importation, is misreading of the said expression. Once the project has been completed, it is not necessary for the contractor or subcontractor to wait to hand over the project for the remaining period. Also, it is wrong to construe that it cannot transfer the project to NHAI or the contractors by the sub-contractor as the case may be, even after completion of the said projects.

In the result, it is held that the Company is eligible to the benefit of Sl.No.368 of the exemption Notification No.12/2012-Cus. dated 17 March 2012.

[Final order bearing number 20395 to 20397/2026 dated 24 March 2026 (Final Order) passed by Customs Excise and Service Tax Appellate Tribunal ("CESTAT"), Bangalore]

Stay granted on proceedings initiated to recover GST on extending corporate guarantee to related entities

The challenge was made to the arbitrary Order of the Commissioner(Appeals) confirming the demand of GST on providing corporate guarantees to related entities. The Impugned Order proceeded to impose GST demand on the assumption that the provision of the corporate guarantees to related parties is a supply of service under the GST laws.

Since the purported service is without consideration, the department took have taken recourse to Rule 28(2) of the CGST Rules and applied it retrospectively to determine the valuation and impose the GST demand. Pursuant to Rule 28(2) of CGST Rules, inserted vide Notification No. 52/2023 dated 26 October 2023, the value of 1% of the guaranteed amount is prescribed as the value for providing corporate guarantee services. Circular No. 204/16/2023-GST dated 27 October 2023 (Circular) further presumes that the activity of providing corporate guarantee on behalf of an related entity (to a bank or financial institution) is taxable as a supply of service under the CGST Act. It was submitted that such introduction of levy on corporate guarantee by way of rules and circulars, overriding the powers of the CGST Act, results in an excessive and confiscatory levy. The Court appreciated that any such action pursuant to the Rule and Circular is a matter that requires to be restrained in light of the contention that issue of corporate guarantee is a shareholder activity and does not come within the purview of taxability. Further placing reliance on similar case of **M/s JSW Energy Limited v. Union of India [WP 12498/2024]** pending before the same bench, the Court was pleased to grant complete stay on the operation of the Impugned Orders.

[Srinivasa Medisales v. Union of India and others in W.P.NO.6762/2026]



Bombay High Court stayed Show Cause Notice recalling the finally assessed bills of entry for re-assessment

Investigation was initiated on Company engaged in the business of importing and selling various tools for cutting of machine from various related parties in Israel, Turkey, Italy etc. Assistant Commissioner of Customs issued the Show Cause Notice on 10 May 2023 (SCN), after almost a period of 22 months from publishing of the Investigation Report dated 04 August 2021 concluded by Special Valuation Branch (SVB), wherein it directed for recalling the finally assessed bills of entry and to re-assess after enhancing the declared value by 37%. In terms of Circular No. 5/2016 dated 09 February 2016 (Circular), if the investigation report declares that the declared value is in conformity with Rule 3 of the Valuation Rules, the provisional assessments shall be finalized and there will be no requirement to issue a speaking order for finalization of the provisional assessments. It was highlighted that the SVB cannot direct for re-assessment or reopening of the finalized assessment.

It was contended that the action of the Department is contrary to the Circular and also the provisions of the Customs Act. It was pointed out that the Customs Act has its own scheme of

assessment, provisional assessment and recovery of duties which is envisaged in Sections 17, 18 and 28 of the Customs Act. However, the Department cannot recall or re-assess the finalized bills of entries and can only finalise the bills of entries which are provisionally assessed. It was further submitted that the Department has sought for re-assessment of all bills of entries without specifying the period which will result in endless re-assessment of bills of entries which is against the mandate of the Circular and the Customs Act. It was further submitted that the SCN is issued after a period of 15 days from the date of Investigation Report and is directly contrary to the Circular. The timelines and procedures provided under the Circular are sacrosanct and binding on the Department.

The Bench directed the Department Counsel to file its written reply to the writ within 2 weeks and listed the matter high on board on 08 April 2026. In the meanwhile, the High Court has granted full stay on the operation of the SCN.

[Iscar India Limited v. Union of India and others in Writ Petition (L) NO. 32392 OF 2023]

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