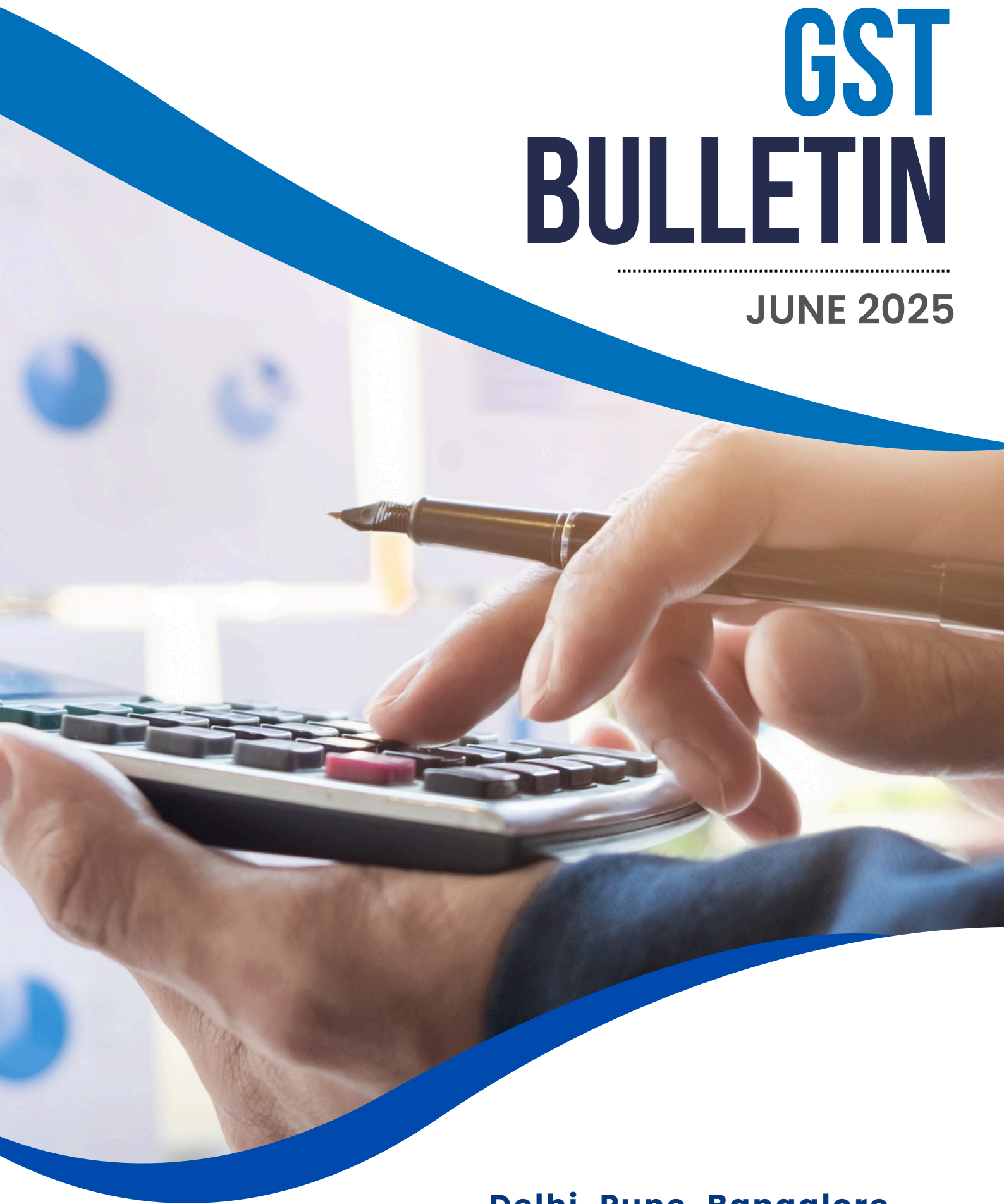


# GST BULLETIN

JUNE 2025



Delhi, Pune, Bangalore

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## 1. GST on Sinking Fund Collected by Housing Society Held Taxable as Advance

**Case of :** M/s Crimson Dawn Apartment Owners Welfare Association

**Decision by :** Authority for Advance Ruling, Tamil Nadu

**Date of Ruling :** 07<sup>th</sup> May 2025

### Facts:

- The Crimson Dawn Apartment Owners Welfare Association collected amounts from its members towards a sinking fund, intended to cover future expenses such as repair, maintenance, and infrastructure enhancement of common areas in the housing society.
- The Association argued that these collections were capital contributions, not linked to any specific supply of service, and therefore should not attract GST liability

### Issue:

- Whether the collection made by a Resident Welfare Association (RWA) from its members towards a sinking fund qualifies as an advance for future supply of services and is liable to GST.



### AAR Observation

- The RWA functions akin to a club, where services are rendered by the association to its members. The collection towards the sinking fund is meant for future provision of services and hence cannot be treated as a deposit.
- As per Sections 7, 2(84), and 2(31) of the CGST Act, any amount collected from members in any form constitutes "consideration" for "supply".
- Under Section 2(17), such an activity qualifies as "business". The collection is therefore an "advance" for future services and taxable under GST.
- The ruling aligned with treatment under the earlier service tax regime. Input Tax Credit (ITC) shall be admissible only to the extent of taxable turnover, in line with Section 17(2) and Rule 42 of the CGST Rules.



**Full Judgement:** [Crimson Dawn Apartment Owners Welfare Association](#)

### **SNR's Take**

*The decision emphasizes the broad scope of "consideration" and "supply" under the GST regime, extending it to include corpus or sinking fund collections made with an intent to future use. Societies and clubs must exercise caution in categorizing member contributions and ensure GST compliance even in cases of funds meant for future use as they shall be treated as advance liable for GST.*



## 2. Clarifies Interest on Delayed GST Refund Due to Deficiency Memo Delay

**Case of :** M/s G S Industries

**Decision by :** High Court of Delhi

**Date of Ruling :** 20<sup>th</sup> May 2025

### Facts:

- M/s G S Industries filed refund applications on 4th and 9th July 2019, amounting to ₹23.10 lakhs and ₹14.46 lakhs, respectively. However, the Department delayed issuing the deficiency memos until 29th November 2019—well beyond the 15-day limit under Rule 90 of the CGST Rules.
- The petitioner responded to these memos on 27th January 2020, and acknowledgments were issued on 11th February 2020.
- Despite these actions, refunds were not processed within the 60-day statutory limit under Section 54(7) of the CGST Act. Following non-responsiveness from the department, G S Industries filed multiple writ petitions.
- Though the refund was eventually sanctioned on 9th June 2023, only partial interest (₹45,669) was paid. Aggrieved by the shortfall in interest, the petitioner approached the Delhi High Court.

### Issue:

- Whether the petitioner is entitled to full interest under Sections 54 and 56 of the CGST Act for the delay in refund, including the period attributable to the department's failure to issue deficiency memos timely.



### Court Observations

- The Delhi High Court held that the petitioner cannot be denied interest for the delay caused due to the deficiency memo not being issued within 15 days, as mandated by Rule 90(2).

- The Court elaborated on the interest scheme under Section 56:
  - 6% interest is payable from the expiry of 60 days after the first refund application till the second refund application.
  - 9% interest is payable from 60 days after the second refund application (filed after appellate order) till the date of refund sanction.
- However, the Court excluded the 74 days taken by the petitioner to respond to the deficiency memo from the interest computation.



## Full Judgement: [M/s G S Industries](#)

### ***SNR's Take***

*This case reinforces the accountability of tax authorities in timely processing refund claims and strictly adhering to procedural timelines under GST law. The Delhi High Court's ruling not only clarifies the dual-tier interest structure under Section 56 but also sets a precedent that procedural lapses by the department, such as delayed issuance of deficiency memos cannot prejudice the taxpayer. It underlines the importance of administrative discipline and offers clear guidance for future refund-related litigations.*



### 3. Unregistered Person Supplying Goods Carriage on Hire to GTA Entitled to 'Nil' GST Rate

**Case of :** M/s Dharmaraju Ragul

**Decision by :** Authority for Advance Ruling, Tamil Nadu

**Date of Ruling :** 09<sup>th</sup> May 2025

#### Facts:

- Dharmaraju Ragul, an unregistered individual, intended to purchase a goods carriage (Reefer Vehicle) and lease it to a Cold Chain Logistics provider, classified as a Goods Transport Agency (GTA), under a five-year hire agreement.
- He approached the AAR to determine whether such a transaction would attract GST or fall under the exemption provided in Sl. No. 22 of Notification No. 12/2017 – Central Tax (Rate).
- The applicant argued that the term "hire" should encompass lease or rent as well, and claimed that the transaction qualifies for a 'Nil' GST rate.

#### Issue:

- Whether the supply of a goods carriage on hire by an unregistered person to a GTA qualifies for exemption under Sl. No. 22 of Notification No. 12/2017 – CT(Rate) and is liable to 'Nil' GST?



### AAR Observation

- The AAR observed that the exemption under Sl. No. 22 applies to services of giving vehicles on hire to GTAs for transporting goods.
- It confirmed that:
  - the applicant's activity is indeed hiring,
  - it is provided to a GTA, and
  - it is intended for transportation of goods.
- The authority noted that no specific conditions were attached to the said notification entry, nor is it mandatory for the service provider to be a registered GTA. Hence, the applicant qualifies for the 'Nil' rate of tax under the notification.



**Full Judgement: : [M/s Dharmaraju Ragul](#)**

### ***SNR's Take***

*This ruling provides valuable clarity for unregistered service providers supplying goods carriages on hire to Goods Transport Agencies (GTAs). The AAR's interpretation broadens the scope of the term "hire" to include leasing or rental arrangements and confirms that registration as a GTA is not a prerequisite to avail the exemption. This interpretation is likely to benefit smaller logistics and transport service providers engaged in such arrangements with GTAs.*



#### **4. Advance Ruling Denied, as 'Proceedings' under GST include Investigations.**

**Case of :** Rare SS Properties India Private Limited

**Decision by :** Authority for Advance Ruling, Tamil Nadu

**Date of Judgement :** 09<sup>th</sup> May 2025

##### **Facts:**

- Rare SS Properties India Pvt. Ltd. filed an application before the Tamil Nadu AAR seeking a ruling on the availability of Input Tax Credit (ITC) on the construction of buildings, and the purchase of interiors, furniture, lifts, air conditioners, generators, and other related goods and services used in providing rental services.
- However, the Directorate General of GST Intelligence (DGGI) had already initiated an investigation on the same issue against the applicant, prior to the date of the AAR application.

##### **Issue:**

- Whether the application for advance ruling is maintainable when an investigation on the same issue is already initiated under the CGST/TNGST Acts.



### **AAR Observation**

- The AAR observed that the term "proceedings" under Section 98(2) of the CGST Act is broad and includes not only formal proceedings post issuance of Show Cause Notices (SCNs) but also investigations and inquiries that may or may not culminate in SCNs.
- The AAR emphasized that the phrase "any proceedings under any of the provisions of the Act" has a wide ambit and includes even the initial stages of investigation intended to safeguard government revenue.
- Since an investigation on the same issue was already ongoing, the AAR held that it was barred from entertaining the application under the provisions of Section 98(2) and hence, rejected the same.



### **Full Judgement: [Rare SS Properties India Private Limited](#)**

#### ***SNR's Take***

*The AAR interpreted the term 'proceedings' to include even the initial stages of investigation, prior to the issuance of a show cause notice (SCN). Accordingly, an advance ruling cannot be sought in matters that are already under inquiry by the authorities*



## 5. Barter of Silver Scrap for Ornaments Constitutes Supply under GST; E-Way Bill Not Mandatory

**Case of :** M/s PSB Traders

**Decision by :** Authority of Advance Ruling, Tamil Nadu

**Date of Ruling :** 09<sup>th</sup> May 2025

### Facts:

- PSB Traders approached the Authority for Advance Ruling (AAR), Tamil Nadu, seeking clarification on whether the barter exchange of silver scrap for finished silver ornaments constitutes a “supply” under GST laws, even without monetary consideration.
- Additionally, they inquired whether an E-Way Bill is required for such transactions and about the applicability of Reverse Charge Mechanism (RCM) on job work provided by unregistered individuals or to proprietorship concerns.
- Further queries were raised regarding appropriate HSN codes for different forms of silver and procedural aspects such as packaging, labeling, and insurance.

### Issue:

- Whether barter of silver scrap for silver ornaments constitutes a “supply” under GST law.
- Whether E-Way Bill is mandatory for movement of silver scrap, ornaments, and fine silver.
- Whether RCM is applicable for job work by unregistered persons or for proprietorship concerns. Additionally, clarification on appropriate HSN codes for silver-related goods.



## AAR Observations

- The AAR observed that under the definitions of 'Supply', 'Outward Supply', and 'Consideration', the barter of goods is clearly covered under the scope of GST.
- Therefore, the exchange of silver scrap for finished ornaments qualifies as a "supply" under the GST regime, even if there is no monetary payment.
- The authority further clarified that no E-Way Bill is required for the movement (inter- or intra-state) of silver scrap, ornaments, or fine silver. With respect to RCM, AAR noted that job work by unregistered persons is excluded from its scope as per Notification No. 13/2017 – Central Tax (Rate).
- The authority provided appropriate HSN codes: 7112 for silver scrap and melted scrap bars, and 7106 for melted silver rods and kacha.
- Other procedural queries were held to be outside the purview of Section 97(2) of the CGST Act and hence were not ruled upon.



## Full Judgement: [M/s PSB Traders](#)

### **SNR's Take**

*The ruling reaffirms the broad scope of the term "supply" under GST, confirming that non-monetary transactions such as barter are also taxable. This provides much-needed clarity, particularly for the jewellery and precious metals sectors, where such transactions are prevalent. Furthermore, the exemption from the requirement of an E-Way Bill for the movement of silver is expected to ease compliance burdens for traders.*



## 6. Supply of Rail Track Erection Services to ISRO, not a Composite Supply under GST

**Case of :** M/s Gantrex India Crane Rails Pvt Ltd

**Decision by :** Advance Ruling Authority, Maharashtra

**Date of Ruling :** 28<sup>th</sup> April 2025

### Facts:

- Gantrex India Crane Rails Pvt. Ltd. was awarded a contract by Satish Dhawan Space Centre (SDSC), ISRO, for the erection and commissioning of a rail track system used for transporting assembled rockets from the Assembly Centre to the Launchpad.
- The materials required—rails, fish plates, and clips—were ordered separately by SDSC from the applicant's parent company in Belgium. The supply of goods and services was invoiced separately, under different contracts and entities.
- The applicant provided only the services (erection and commissioning), while also supplying consumables like gas, welding rods, and grinding wheels.

### Issue:

- Whether the erection and commissioning service provided by the applicant qualifies as a "Composite Supply" of Works Contract Services involving supply of goods and services under a single contract, thereby attracting a concessional GST rate of 12%.



## AAR Observations

- The AAR ruled that the supply of goods and services cannot be treated as a composite supply, as they were made by two separate legal entities under distinct contracts and invoices.
- Key conditions of composite supply—namely, supply by a single taxable person and transfer of property in goods—were not fulfilled. Therefore, the service provided by the applicant falls under HSN Code 9954 as Pure Construction Services (as per Sr. No. 3(xii) of Notification No. 11/2017), attracting 18% GST.
- The authority emphasized that consumables used in execution do not constitute transfer of property in goods and cited CBIC guidance and Supreme Court rulings (like Gannon Dunkerley) to reinforce their view.



**Full Judgement: [M/s Gantrex India Crane Rails Pvt Ltd](#)**

### ***SNR's Take***

*This ruling highlights the critical importance of legal and contractual distinctions between multiple parties in a supply transaction. Even if the supplies appear commercially bundled, GST law mandates that a composite supply can only exist when all components are provided by a single taxable person.*



## Important GST Advisories

S.No	Advisory	Advisory
1	<b>01-May-2025</b> Advisory – Reporting of HSN codes in Table 12 & 13 of GSTR-1/1A	<p>From May 2025 return period, Phase-3 implementation mandates dropdown-based HSN selection –4-digit for taxpayers with AATO ≤ ₹5 Cr and 6-digit for those with &gt; ₹5 Cr.</p> <p>Manual HSN entry is now disabled, &amp; standardized descriptions from the HSN master are auto filled.</p> <p>Table 12 has been split into B2B and B2C supply tabs with validation logic (currently in warning mode). Table 13 (document issued details) is now mandatory and cannot be left blank.</p>
2	<b>01-May-2025</b> Advisory – Biometric-Based Aadhaar Authentication & Document Verification (Sikkim)	<p>GST registration process in Sikkim now includes biometric-based Aadhaar authentication and physical document verification.</p> <p>Applicants may receive an OTP link or a link to book an appointment at a GST Suvidha Kendra (GSK). At GSK, biometric data, original documents, and jurisdiction details must be submitted.</p> <p>This process applies to those flagged under risk parameters, as per amended Rule 8 of CGST Rules. Appointments can be scheduled from 1st May 2025.</p>
3	<b>06-May-2025</b> Advisory – Invoice-wise Reporting in Form GSTR-7	<p>As per Notification No. 09/2025, invoice-wise details are to be reported in Form GSTR-7 from the April 2025 tax period onward.</p> <p>This feature is being developed and tested for deployment on the GST portal. The updated return format will enhance traceability and transparency for TDS deductors. Users will be informed upon implementation.</p>
4	<b>08-May-2025</b> Advisory – Updates in Refund Filing (Export/SEZ/Deemed Export by Supplier)	<p>Refund filing for certain categories is shifted from tax-period-based to invoice-based approach. No need to select 'From' and 'To' periods—users can proceed directly to "Create Refund Application."</p> <p>The applicable statements are Statement 2 (Exports), 4 (SEZ with tax), and 5B (Deemed exports). Uploaded invoices are locked from further modification unless the application is withdrawn or marked deficient. Filing all due returns (e.g., GSTR-1, GSTR-3B) is a prerequisite.</p>
5	<b>08-May-2025</b> Advisory – Updates in Refund Filing for Recipients of Deemed Export	<p>Filing chronology (tax periods) has been removed, and applicants can now file refunds without specifying a date range. A new refund table has been introduced, auto-populating eligible ITC, available ECL balance, and ineligible amounts due to insufficient credit.</p> <p>The system now intelligently compares ITC across heads (IGST, CGST, SGST) to maximize refund eligibility. This enhancement streamlines filing for recipients of deemed exports.</p>
6	<b>14-May-2025</b> Advisory – Appeal Withdrawal for Waiver Scheme	<p>Appeals withdrawn before acknowledgment (APL-02) are auto-updated to "Appeal Withdrawn." If withdrawal is done after acknowledgment, approval from the appellate authority is required.</p> <p>For waiver under Section 128A (late fee/penalty waiver), no appeal should remain pending.</p> <p>Taxpayers must upload a screenshot showing appeal status as "Withdrawn" while applying for waiver. This aligns appeal disposal with the waiver scheme's intent.</p>
7	<b>16-May-2025</b> Advisory – Reporting in Table 3.2 of GSTR-3B	<p>Earlier advisory had mandated that Table 3.2 (supplies to unregistered persons) of GSTR-3B would become non-editable from April 2025 period.</p> <p>However, based on taxpayer feedback, the restriction has been postponed. For now, the table remains editable, allowing users to correct or amend auto-populated values.</p> <p>Taxpayers must ensure accurate disclosure, and a separate communication will confirm when the proposed restriction will be enforced.</p>

[click here](#) for accessing advisories.

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