

# GST BULLETIN

AUGUST 2025



**Delhi, Pune, Bangalore**

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## **1. No IGST on Expat Salaries; Secondment Held as Employer-Employee Relationship, Not Manpower Supply**

**Case of :** M/s Alstom Transport India Ltd.

**Decision by :** Karnataka High Court

**Date of Ruling :** 15<sup>th</sup> July 2025

### **Facts:**

- Alstom Transport India Ltd. entered into a secondment arrangement with its foreign parent company. Under this arrangement, expatriate employees were deputed (seconded) to render services exclusively to the Indian entity.
- The foreign parent continued to be the legal employer, but the Indian entity exercised control over the secondees' day-to-day activities. The Revenue treated this arrangement as a supply of "manpower services" by the foreign parent, liable to IGST under reverse charge.

### **Issue:**

- Whether secondment of employees by a foreign group company to its Indian subsidiary constitutes a taxable supply of manpower services, or whether it is a non-taxable employer-employee relationship falling under Schedule III of the CGST Act, 2017?



## Court Observation

- The Karnataka High Court referred to the Supreme Court's ruling in Northern Operating Systems (NoS) and examined various tests including:
  - Who bears the economic burden of employment,
  - Who controls the employment,
  - The nature and term of the secondment,
  - Mode of salary payment,
  - Reversion of the employee post assignment.
- It noted that the seconded employees were under the effective control and supervision of the Indian entity.
- The HC placed reliance on CBIC Circular No. 210/4/2024-GST, which clarified that secondment resulting in employer-employee relationships are outside the scope of 'supply'.
- It also relied on Delhi High Court's ruling in Metal One Corporation India, emphasizing that absence of an invoice and the presence of a 'Nil' value (where full ITC is available) does not create a taxable supply.
- Accordingly, the High Court quashed the tax demands, holding that the arrangement did not attract GST.



**Full Judgement:** [Alstom Transport India Ltd.](#)

### **SNR's Take**

*This judgment significantly reinforces the principle that secondment of employees, where the Indian entity exercises full control and bears the cost, constitutes an employer-employee relationship rather than a taxable manpower supply service. The High Court's reliance on the CBIC circular and earlier judicial precedents ensures consistency in GST jurisprudence. It offers welcome relief to multinationals and Indian subsidiaries involved in cross-border secondments, clarifying that tax liability cannot be imposed in the absence of a real supply of services.*



## 2. Service of Notice on Cancelled GST Registration Invalid – Madras HC Allows Writ, Sets Aside Ex Parte Orders.

**Case of :** M/s Tvl. Dimora

**Decision by :** High Court of Madras

**Date of Ruling :** 23<sup>rd</sup> July 2025

### Facts:

- Tvl. Dimora was engaged in the hotel business but ceased operations due to financial losses. The Assessee failed to file GST returns, leading to the cancellation of its GST registration.
- Post-cancellation, ex parte assessment orders were passed for FY 2018–19 and 2019–20 imposing tax and penalty.
- These orders were challenged via writ petitions, which were conditionally allowed by a Single Judge, subject to 25% pre-deposit of the disputed tax. Tvl. Dimora appealed this condition before the Division Bench.

### Issue:

- Whether uploading of notice on the GST portal alone constitutes valid service of notice under Section 169 of the CGST Act, especially when the Assessee's registration had already been cancelled and access to the portal was restricted.



### Court Observations

- The Court examined Section 169 of the CGST Act, which mandates valid service of notice before final assessment and found that no notice was served through RPAD (Registered Post Acknowledgement Due) or personally delivered, and the only mode of communication used was uploading on the GST portal.

- Noted that once the registration was cancelled, the Assessee was effectively barred from accessing the portal. Court held that natural justice was violated as the Assessee was not given an opportunity to respond to the notice.
- Accordingly, the Court set aside the assessment orders without any pre-deposit condition and remanded the matter back to the Assessing Officer for fresh adjudication after giving due opportunity.



### Full Judgement: [M/s Tvl. Dimora](#)

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

*This judgment reinforces the principle that proper service of notice is foundational to any tax assessment and that procedural compliance cannot be diluted even in digital systems like GST. The Madras High Court has clarified that mere uploading of a notice on the GST portal is not sufficient, particularly where the assessee's registration is cancelled and access to the portal is effectively lost. This decision not only protects the rights of taxpayers from ex parte assessments but also ensures that natural justice and procedural fairness are maintained, especially in the context of indirect taxation.*



### 3. Detention Order Not Valid Due to absence of Purchase Document from Unregistered Dealer

**Case of :** M/s Ajith Gopi

**Decision by :** High Court of Kerela

**Date of Ruling :** 25<sup>th</sup> July 2025

#### Facts:

- The case pertains to Ajith Gopi, the petitioner, who challenged a detention order issued under Section 129 of the Kerala GST Act, 2017, on the grounds of non-production of purchase documents from an unregistered dealer during transportation.
- A vehicle carrying scrap material was intercepted by the Revenue authorities. The driver produced a tax invoice issued by the petitioner and a valid E-Way Bill.
- Despite the presence of these documents, the vehicle was detained via Form GST MOV-06, preceded by Forms MOV-01 and MOV-02. The reason for detention was the non-availability of the document evidencing purchase of goods from an unregistered dealer, which was not produced at the time of interception.
- A show cause notice under Section 129(3) was also issued subsequently. The petitioner challenged the detention proceedings, arguing that under Rule 138A, he was only required to carry the invoice and E-Way Bill during transit – both of which were available.

#### Issue:

- Whether the detention of goods and vehicle under Section 129 was valid when the consignment was accompanied by the required invoice and E-Way Bill, but not the purchase document from an unregistered supplier.



## Court Observations

- The Court observed that the sole reason for detention was the absence of the purchase document from an unregistered dealer.
- It emphasized that Rule 138A mandates only the carrying of an invoice and E-Way Bill during transit. Since both these documents were produced, detention was not justified.
- The Court also noted that the alleged statement of the driver was a disputed fact and not supported by any official notice or order.
- Accordingly, the Court quashed the detention orders and directed the immediate release of the vehicle.



**Full Judgement:** [Ajith Gopi](#)

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

*This ruling reinforces the principle that detention under GST law must be based on clear statutory violations, and not on unreasonable demands for documents not prescribed under the law.*



#### **4. Delhi High Court permits consolidated SCN for multiple years to establish fraudulent ITC pattern.**

**Case of :** Ambika Traders

**Decision by :** Delhi High Court

**Date of Judgement :** 25<sup>th</sup> July 2025

##### **Facts:**

- Writ petition filed by Ambika Traders, a metal scrap dealer, challenging a consolidated Show Cause Notice (SCN) issued for multiple financial years alleging fraudulent availment of Input Tax Credit (ITC) amounting to over ₹83 Crores.
- A consolidated SCN covering multiple financial years was issued by the DGGSTI to expose a pattern of fraudulent transactions.
- The Assessee filed a writ petition challenging the validity of such consolidated SCN, alleging procedural lapses like non-supply of relied upon documents and denial of cross-examination.
- The Assessee also contended that issuance of a consolidated SCN violated the CGST Act, 2017.

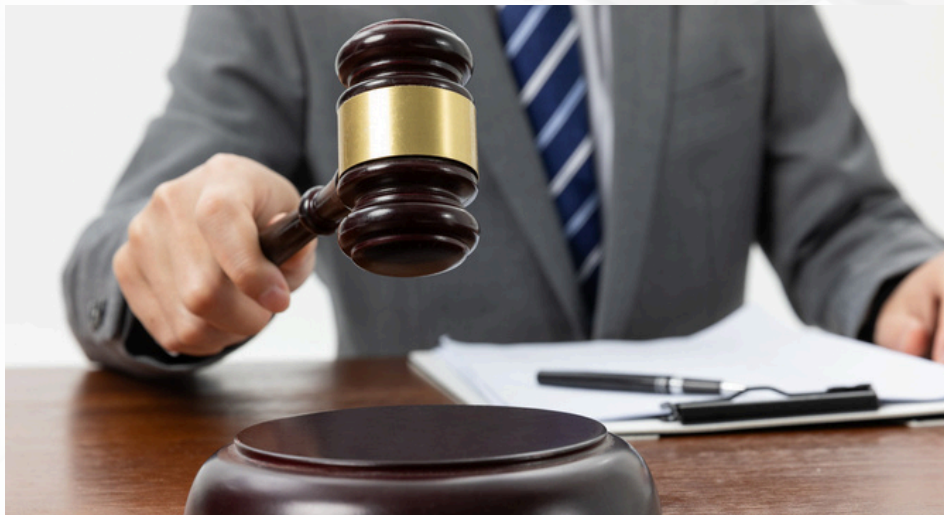
##### **Issue:**

- Whether the issuance of a consolidated Show Cause Notice covering multiple financial years is legally permissible under the CGST Act, 2017, especially in cases involving alleged fraudulent availment of ITC.



## Court Observation

- The Delhi High Court held that a consolidated SCN is not only permissible but necessary in cases involving fraudulent ITC to demonstrate the illegal modus operandi.
- It relied on Section 74(3) and 74(4) of the CGST Act, highlighting the use of the terms “for any period” and “for such periods”, which indicate no restriction to a specific financial year.
- The Court noted that fraudulent ITC transactions often span across years, where purchases may be shown in one year and corresponding supplies in another. Hence, analyzing multi-year transactions collectively is essential.
- Citing the judgment in Vallabh Textiles, the Court rejected the argument that procedural deficiencies like non-supply of documents or denial of cross-examination justified quashing the SCN.
- It emphasized that the petitioner did not provide any substantive response proving genuine business activities and termed the objections as merely technical in nature.
- The writ was dismissed, and the petitioner was advised to seek remedy through appeal under Section 107 of the CGST Act.



## Full Judgement: [Ambika Traders](#)

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

*This judgment reaffirms the judicial stance that procedural consolidation of SCNs across multiple financial years is legally sustainable and often necessary. It emphasizes substance over form, placing the onus on taxpayers to substantiate genuine transactions rather than relying solely on procedural lapses. While contrary views have emerged from other High Courts (e.g., Kerala and Karnataka), this ruling aligns with the Delhi HC's prior positions, thus contributing to an evolving judicial discourse on consolidated SCNs under the CGST framework.*



## 5. GST for Overseas OIDAR Services: Petitioner Directed to GST Council for Redressal of Grievances

**Case of :** M/s Pradeep Goyal

**Decision by :** Supreme Court

**Date of Ruling :** 29<sup>th</sup> July 2025

### Facts:

- A writ petition filed by Pradeep Goyal under Articles 32 and 142 of the Constitution of India, concerning the mechanism for tracking GST compliance by overseas OIDAR (Online Information Database Access and Retrieval) service providers to Non-Taxable Online Recipients (Non-NTORs) in India.
- The Petitioner raised concerns about the lack of an effective mechanism to ensure GST compliance by foreign entities providing OIDAR services to Indian customers classified as Non-Taxable Online Recipients (Non-NTORs). He sought various directions from the Court, including:
  - Introduction of a new GST return form to track such transactions, verification system for revenue earned by foreign OIDAR providers,
  - Mandating a fixed place of business in India for such providers,
  - Imposing compliance requirements similar to domestic taxpayers (returns, audits, etc.),
  - Disclosure of data regarding overseas OIDAR providers operating in India.

### Issue:

- Whether the Supreme Court can direct the Government to implement a comprehensive GST compliance and tracking framework for overseas OIDAR service providers, particularly in relation to services provided to Non-NTORs under the reverse charge mechanism.



## Court Observations

- The Supreme Court disposed of the petition without issuing the directions sought but permitted the Petitioner to make a detailed representation to the GST Council.
- The Court therefore declined to issue direct, binding orders to the Government on these matters. Instead, it adopted a facilitative approach, granting liberty to the Petitioner to submit a detailed representation to the GST Council encompassing all grievances and proposals.
- It further directed that if such a representation is submitted, the GST Council must consider it expeditiously and in accordance with law, taking into account the larger objective of effective GST enforcement in the cross-border digital services sector.
- The Supreme Court reinforced the principle that while it can enable citizens to bring legitimate issues before the appropriate forums, it will not overstep into the legislative or executive sphere by dictating specific tax policy measures.



## Full Judgement: [Pradeep Goyal](#)

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

*This ruling highlights the judiciary's consistent stance of maintaining a clear boundary between judicial functions and policy-making. While acknowledging the genuine concerns raised about the potential tax leakage from foreign OIDAR service providers, the Supreme Court refrained from issuing policy directives, emphasizing that such matters are best addressed by the GST Council.*



## Important GST Clarification issued by Government in Parliament

S.No	Doubt/Question	Clarification Provided
1	<b>Whether Government is considering a proposal to levy GST on UPI transactions over ₹2000; details thereof; whether representations from the public have been received against it; and decision taken in this regard.</b>	GST rates and exemptions are decided on the recommendations of the GST Council. There is no such recommendation from the GST Council for levying GST on UPI transactions over ₹2000.
2	<b>Whether GST rate has been fixed for User Development Fees (UDF) charged from passengers by airline operators, and details since 2017.</b>	GST at the rate of 18% is applicable on UDF, which is collected by airline operators as agents of airport operators, based on GST Council recommendation
3	<b>Whether the Government is promoting alternative fuels, if high GST on flex-fuel vehicles undermines that effort, and whether the Government has sought to lower GST on such vehicles—from 28% to 12% or even 5%—and if the matter has been discussed in the GST Council.</b>	The Government promotes alternative fuels through various measures and concessional GST on ethanol/biodiesel for blending, but GST on all internal combustion vehicles, including flex-fuel, stays at 28%. The GST Council discussed reducing this rate in October 2023 but made no changes, though MoRTH urged States/UTs to cut or exempt road tax for such vehicles.
<b>Other Update</b>		
1	<p><b>GST Portal is now enabled to file appeal against waiver order (SPL 07).</b></p> <p>The GST portal now allows taxpayers to file appeals (APL-01) against rejection orders (SPL-07) for waiver applications. Appeals must be filed carefully as withdrawal isn't possible, and those not appealing can restore earlier appeals by filing an undertaking.</p> <p>Use the Navigation below to file Appeal Application against SPL-07 orders: Go to: Services → User Services → My Application Select Application Type as: "Appeal to Appellate Authority" Click on New Application</p>	

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