

GST BULLETIN

APRIL 2025



Delhi, Pune, Bangalore

CONTENT

- Judicial Updates

- Loss in transit of industrial gas, not a supply though ITC need to be reversed 1
- Classification of Geometry Compass Box as Mixed Supply under GST 3
- Printing of Pre/Post Examination Materials Treated as 'Composite Supply' and Exempt from GST 5
- When electricity is not captively consumed then ITC on design or installation, not allowed 7
- Ancillary services provided with renting of Immovable property is part of composite supply even if billed separately 9
- Differential Refund Under 'Inverted Duty Structure' Allowed as Per Modified Formula 11

- Circulars/ Notifications:

- Circular No. 248/05/2025-GST: CBIC Clarifies Amnesty Scheme under Section 128A of CGST Act, 2017 13
- Notification No. 11/2025: CBIC notifies amendment in Rules regarding closure of proceedings u/s 128A

1. Loss in transit of industrial gas, not a supply though ITC need to be reversed.

Case of : M/s Inox Air Products Private Limited

Decision by : Gujarat Advance Ruling Authority

Date of Ruling : 25th March 2025

Facts:

- Inox Air Products Pvt Ltd (the Applicant) is engaged in the manufacture and supply of industrial gases, including Oxygen, Nitrogen, and Argon, in both liquid and gaseous forms.
- These gases are transported in specially designed vacuum-insulated cryogenic transport tanks (VICTTs). At times, a single delivery vehicle may be used to transport gases to more than one customer.
- Due to the nature of these gases – particularly their low boiling points – a portion of the liquid gases tends to evaporate and get lost during transit before delivery to the customer.
- This transit loss is not known at the time of removal from the factory and is only determinable after unloading and decanting the gases at the customer's premises. Consequently, invoices are raised only after delivery, and the quantity accepted by the customer becomes the basis for billing.
- The Applicant approached the Gujarat Authority for Advance Ruling (AAR) to determine the applicability of GST on such transit losses.

Issue:

- Whether the loss of liquid gases during transit before delivery to the customer qualifies as a "supply" under Section 7 of the CGST Act, 2017 and whether such loss attracts GST liability. Additionally, whether Input Tax Credit (ITC) is allowable on goods lost during transit.



Advance Ruling Observation

- The authority examined the definition of "supply" under Section 7 of the CGST Act, 2017, and emphasized that a supply must involve goods being transferred for consideration.
- In the present case, the transit loss occurs before the goods are delivered to the customer. The place of supply (Section 10 of the IGST Act) and time of supply (Section 12 of the CGST Act) both refer to points in time after the loss occurs.
- Therefore, the AAR concluded that there was no taxable supply of goods that were lost in transit and, hence, no GST is payable on such loss.
- The AAR referred to Section 17(5)(h) of the CGST Act, which explicitly disallows ITC on goods lost, stolen, destroyed, written off, or disposed of by way of gift or free samples.
- Since the goods were lost before supply could take place and were not used in the course or furtherance of business (a key requirement under Section 16(1)), the ITC on inputs used to produce these lost goods becomes ineligible.
- The AAR clarified that ITC is not a vested right at the time of receipt of goods or services – it becomes valid only if all conditions, including actual taxable output supply, are met.
- Thus, while the GST is not payable on goods lost in transit, the applicant is required to reverse ITC proportionately to the input materials used for the goods that were lost.



Full Judgement: [Inox Air Products Private Limited](#)

SNR's Take

This ruling highlights the principle that for GST to be applicable, a supply must first occur. Where goods are lost before the supply is completed, GST cannot be levied. However, ITC needs to be reversed on such goods lost during transit due to specific provision contained in section 17(5)(h).

2. Classification of Geometry Compass Box as Mixed Supply under GST.

Case of : M/s Amardeep Udyog

Decision by : Maharashtra Advance Ruling Authority

Date of Ruling : 26th March 2025

Facts:

- The Amardeep Udyog (Applicant) received a purchase order from the Education Department of Brihan Mumbai Municipal Corporation (BMC) for supplying stationery items, including Geometry Compass Boxes, to students from 4th to 10th Standard.
- Each Geometry Compass Box was marketed as 'Kores Max-Mathematical Drawing Instruments' and contained one unit each of a compass, divider, 15 cm scale, 180° protractor, set squares (30°, 45°, 60°), eraser, pencil, and sharpener.

Issue:

- Whether the supply of the Geometry Compass Box constitutes a 'composite supply' or a 'mixed supply' under the CGST Act, and what would be the applicable rate of GST.



Advance Ruling Observation

- The Maharashtra Authority for Advance Ruling (AAR) noted that the Compass Box was not merely a steel or iron container (which would fall under HSN 7310), but a bundled set of drawing instruments sold as a single unit.
- Upon examining the definitions under Section 2(30) (Composite Supply) and Section 2(74) (Mixed Supply) of the CGST Act, along with CBIC's FAQs and the 'Education Guide' on Bundled Services, the AAR found that items like the pencil, eraser, and sharpener were not naturally bundled with the main drawing instruments like compass, divider, etc.

- Moreover, all the items in the box could be individually procured from the market. Hence, the supply did not qualify as a composite supply and was held to be a mixed supply.
- In a mixed supply, the applicable GST rate is that of the item with the highest rate – in this case, the 15 cm scale classified under HSN 90178010, attracting 18% GST.
- Given these findings, the AAR concluded that the bundle did not qualify as a Composite Supply. Instead, it met the criteria for a Mixed Supply under Section 2(74) of the CGST Act.
- Under the rules applicable to mixed supplies, the highest rate of GST applicable to any individual item in the bundle becomes the effective rate for the entire supply.



Full Judgement: [Amardeep Udyog](#)

SNR's Take

This ruling highlights the importance of correctly classifying bundled products under GST. When multiple goods are supplied together, it is critical to assess whether they are naturally bundled and supplied in the ordinary course of business (composite supply) or are a combination of independent goods supplied together for a single price (mixed supply). The distinction has direct implications on the GST rate applicable. Suppliers should therefore carefully evaluate the nature of such bundled supplies to ensure proper compliance.

3. Printing of Pre/Post Examination Materials Treated as 'Composite Supply' and Exempt from GST.

Case of : Mehra Computer Systems Ltd.

Decision by : Authority for Advance Ruling Tamil Nadu

Date of Ruling : 12th Feb 2025

Facts:

- The applicant is engaged in high-end security printing and provides end-to-end printing solutions to customers in the education sector. Their services include printing of:
 - o Pre-examination materials: hall tickets, OMR sheets, answer booklets (with/without OMR), and question papers
 - o Post-examination materials: mark sheets, degree certificates, grade sheets, and rank cards
 - o Ancillary services: scanning and processing of examination results
- The applicant uses their own paper and ink to print content and designs provided by educational institutions.

Issue:

- Whether the printing of:
 - Pre-examination materials (e.g., hall tickets, OMR sheets, question papers), and
 - Post-examination materials (e.g., mark sheets, degree certificates, grade sheets, rank cards)
- by the applicant qualifies as an **exempt supply** under Sl. No. 66 of Notification No. 12/2017-CGST (Rate), as amended.
- Additionally, what GST rate would apply if such printing services are provided to entities *other than educational institutions*?



Advance Ruling Observation

- The AAR referred to CBIC Circular No. 151/07/2021-GST dated June 17, 2021, which clarifies that services related to the conduct of examinations (like printing of admit cards, question papers, results) by National and State Boards are exempt.
- The activity is considered a composite supply involving both the printing service and supply of materials (paper, ink) owned by the applicant, where the content is supplied by the customer (educational institution).
- The AAR held that such supplies cannot be treated as a sale of goods (i.e., printed materials), as these are not pre-printed or ready-made items.
- It was observed that these services fall within the scope of examination-related services and are exempt under Sl. No. 66 when supplied to educational institutions.
- However, if such services are supplied to non-educational institutions, they attract GST at 12% (6% CGST + 6% SGST) under Sl. No. 27(i) of Notification No. 11/2017-CGST (Rate).



Full Judgement: [Mehra Computer Systems Ltd.](#)

SNR's Take

In light of the ruling by the Tamil Nadu AAR, Printing services related to examinations, when provided to educational institutions, are exempt from GST under Sl. No. 66 of Notification No. 12/2017-CGST (Rate), as these are considered composite supplies essential to the conduct of exams. However, the same services attract 12% GST when provided to non-educational entities.

4. When electricity is not captively consumed then ITC on design or installation, not allowed.

Case of : M/s Kanishk Steel Industries Ltd

Decision by : Authority of Advance Ruling Tamil Nadu

Date of Judgement : 02nd Feb 2025

Facts:

- The applicant is a manufacturer of various types of steel at its factory and is planning to replace its windmill power plants with solar power plants.
- The electricity generated from the proposed solar power plant is intended to be used in the manufacturing process of taxable goods (e.g., steel under HSN 72165000, 72141000, etc., taxable at 18%).
- Electricity generated from the solar plant is transferred to TANGEDCO (Tamil Nadu Generation and Distribution Corporation Limited), which, in turn, adjusts it against the electricity consumed by the applicant in its factory.
- The applicant receives an electricity bill from TANGEDCO that reflects the actual consumption and credits for electricity generated by the applicant's solar plant.

Issue:

- Whether the applicant is eligible to avail ITC on:
 - Goods and services used in the construction and installation of the solar power plant
 - Inputs and input services used for running and maintaining the solar power plant, given that the electricity generated is claimed to be captively consumed in the manufacture of taxable goods.



Advance Ruling Observation

- The AAR observed that the solar power plant qualifies as “plant and machinery,” although it is an immovable property affixed to the earth.
- Referring to Section 17(2) and 17(3) of the CGST Act and Rule 43(1)(a), the AAR stated that electricity is classified under HSN 27160000 and is taxed at a NIL rate as per Sl. No. 104 of Notification No. 02/2017-Central Tax (Rate), making it an exempt supply.
- Since the solar power generated is transferred to TANGEDCO and not consumed directly at the place of generation, it cannot be considered as captively consumed.
- As the supply of electricity to TANGEDCO is considered an exempt supply, ITC attributable to it is not admissible under Section 17(2).
- On the query regarding ITC on goods/services for running and maintaining the solar plant, the AAR ruled that the applicant must reverse the ITC related to exempt supplies in accordance with Rule 42/43 of the CGST Rules.
- The AAR distinguished its ruling from other rulings such as in the cases of *Nirmal Industries and Pristine Industries*.



Full Judgement: [Kanishk Steel Industries Ltd.](#)

SNR's Take

This ruling reinforces the principle that electricity supplied to another entity (even for offset against own factory usage) is not considered "captive consumption" under GST. Once the electricity leaves the point of generation and is routed through a third party, it becomes an exempt supply, and the related ITC becomes ineligible. Businesses planning to set up solar or renewable energy units must carefully assess the flow and usage of energy to evaluate ITC eligibility, especially when dealing with exempt supplies. This case also highlights the need for strict adherence to Rule 43 for ITC apportionment when both taxable and exempt supplies are involved.

5. Ancillary services provided with renting of Immovable property is part of composite supply even if billed separately.

Case of : M/s Duet India Hotels Pvt Ltd

Decision by : Telangana Appellate Advance Ruling Authority

Date of Ruling : 20th Feb 2025

Facts:

- The appellant, the owner of the Holiday Inn hotel in Hyderabad, leased out a portion of the premises and charged the lessee a license fee along with additional charges such as electricity charges, water charges, security charges, and cleaning charges.
- The appellant raised separate invoices for the license fee and the utility charges and claimed that electricity and water charges should not be subject to GST.
- Additionally, the appellant contended that they were acting as a "pure agent" with respect to the electricity and water charges, and also claimed the exemption applicable to transmission and distribution of electricity services.

Issue:

- Whether GST is leviable on electricity and water charges collected by the lessor along with license fees for renting immovable property, and whether such charges can be considered under the category of "pure agent" or exempt under GST law.



AAR Observations

- The transaction between the lessor and lessee is a composite supply, where the principal supply is the renting of immovable property.
- The electricity and water charges collected are naturally bundled with the renting service, and thus, attract GST as part of the composite supply.
- The AAAR relied on CBIC Circular No. 206/18/2023-GST dated October 31, 2023, which clarified that supply of electricity and other services like maintenance, when bundled with renting of immovable property, forms a composite supply and is taxable accordingly, even if invoiced separately.
- The appellant's claim of acting as a pure agent was rejected. It was observed that the conditions under Rule 33 of the CGST Rules for classification as a pure agent were not satisfied.
- The exemption relating to transmission and distribution of electricity was also dismissed, as the lessor is not a distribution or transmission licensee under the Electricity Act, 2003.



Full Judgement: [Duet India Hotels Pvt Ltd.](#)

SNR's Take

This ruling enforces the principle that in cases where multiple services are provided together with renting of immovable property, the transaction is to be viewed as a composite supply, with renting being the principal supply. The attempt to segregate utility charges such as electricity and water by issuing separate invoices will not alter the taxability of the bundled services. The case also emphasizes strict adherence to the criteria laid down under Rule 33 for classifying a party as a pure agent.

6. Differential Refund Under 'Inverted Duty Structure' Allowed as Per Modified Formula.

Case of : M/s Devi Traders

Decision by : Madras High Court

Date of Ruling : 24th January 2025

Facts:

- A batch of writ petitions was filed challenging assessments, primarily arguing that the denial of cross-examination of suppliers violated principles of natural justice.
- The GST Department alleged that certain assesseees availed Input Tax Credit (ITC) on the purchase of "rubber" and "rubber sheets" from three proprietary concerns without actual receipt of goods.
- The department sought to reverse the ITC claimed by the assesseees on the ground of non-supply of goods.

Issue:

- Whether the denial of cross-examination of suppliers amounts to a violation of natural justice?
- Whether ITC can be denied if the recipient does not have the requisite documents to establish actual receipt of goods.



Court Observation:

- The Madras High Court held that the denial of cross-examination of suppliers is "not fatal" as the quasi-judicial proceedings under GST are not governed by strict rules of evidence.
- ITC can be denied if the recipient does not have proper documents proving actual receipt of goods, including E-way Bills.
- The burden of proof is on the recipient to establish that the goods were received.
- The court referred to the Supreme Court's decision in the Ecom Gill Coffee Trading case.

- In an earlier round of litigation, the High Court had remanded similar cases (including D.Y. Beathel Enterprises) with directions to allow cross-examination.
- The Revenue argued that merely filing GSTR-1 and the auto-generated GSTR-2A does not automatically entitle an assessee to ITC if the transactions were fictitious.
- The court traced the requirement of furnishing returns in Form GSTR-1 and GSTR-3B and held that "relevant documents" include E-way Bills.
- Under Rule 56 of GST Rules, both suppliers and recipients must maintain proper accounts and documents such as invoices, bills of supply, delivery challans, and E-way Bills.
- The court clarified that E-way Bills are mandatory for the movement of goods valued over ₹50,000 unless specifically exempted.
- The High Court dismissed the writ petitions but granted liberty to the petitioners to challenge the assessment orders before the Appellate Authority.



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

SNR's Take

The Madras High Court's decision highlights that claiming Input Tax Credit (ITC) under GST is only valid if the recipient can prove that the goods were actually received with proper documents. It also clarifies that just because a transaction appears in GSTR-1 or GSTR-2A does not mean the ITC is automatically valid—there must be proof that the goods were delivered. The court made it clear that not allowing cross-examination of suppliers does not make the assessment orders invalid, as GST proceedings do not strictly follow regular court evidence rules.

Circulars/ Notifications:

1) Circular No. 248/05/2025-GST: CBIC Clarifies Amnesty Scheme under Section 128A of CGST Act, 2017

The CBIC has issued a circular providing clarity on various aspects of availing amnesty benefits under Section 128A of the CGST Act, 2017. It states that taxpayers who have paid the tax through FORM GSTR-3B before the issuance of a demand notice or adjudication order and prior to November 1, 2024, will remain eligible for the benefit, subject to verification by the proper officer.

The circular also addresses cases where the demand notices, statements, or orders relate to periods partly covered and partly excluded from the scope of Section 128A. In such cases, taxpayers must:

- (i) discharge the full amount of tax demanded
- (ii) withdraw the appeal for the entire period involved.

To facilitate this, the CBIC refers to recent amendments in Rule 164(4) and the proviso to Rule 164(7), which permit the filing of applications in FORM SPL-01 or SPL-02, after settling the tax liability for the covered period.

For appeals concerning such mixed periods, taxpayers are required to inform the Appellate Authority or Tribunal of their intent to avail the amnesty. The authority will then take note of this and issue an appropriate order regarding the period not covered under Section 128A(1).

Full Read: [Circular No. 248/05/2025-GST](#)

2) Notification No. 11/2025: CBIC notifies amendment in Rules regarding closure of proceedings u/s 128A

The CBIC has notified an amendment to Rule 164 of the CGST Rules, 2017, introducing an amnesty benefit related to the waiver of interest and penalty under Section 128A of the CGST Act, 2017.

As per the amendment to sub-rule (4) of Rule 164, if a notice, statement, or order under Section 128A includes a tax demand partially for the period from July 1, 2017, to March 31, 2020, and partially for a later period, an application for the closure of proceedings (FORM GST SPL-01) can be filed only after the full tax payment for the period mentioned in the notice, statement, or order, has been made before the notified date.

Additionally, it is specified that no refund will be granted for any tax, interest, or penalty paid before the CGST (Second Amendment) Rules, 2025, if the notice, statement, or order under Section 128A(1) covers both the specified period and another period.

Full Read: [Notification No. 11/2025](#)

SNR is a firm of Chartered Accountants offering assurance, tax, accounting and consulting services to its national and international clients across the globe. The firm has its head office at New Delhi with branches at Pune & Bengaluru. SNR has experienced a considerable growth since its inception in 1996 and is empanelled with reputed banks and with the office of the comptroller and auditor general of India. The firm through it's team of experts consisting of Chartered Accountants, Company Secretaries and Management professionals provides professional services to a large number of clients viz Companies, Banks and NGO's etc.

OUR LOCATION

DELHI

A-15, Second Floor, Hauz Khas,
New Delhi- 110016
Tel: +91-11 41655801, 41655802

PUNE

Office No. 2A, Gangotri
Complex, 927, Synagogue
Street, Camp, Pune 411004
Ph: +91 20 30492191

BANGALORE

No. 5A, Second Floor, 6th Main,
KHB Colony, Basaveshwaranagar,
Bangalore - 560079
Tel: +91 80 42064178

Disclaimer:

While every care has been taken in the preparation of this Bulletin to ensure its accuracy at the time of publication, SNR & Company assumes no responsibility for any errors which despite all precautions, may be found therein. Neither this bulletin nor the information contained herein constitutes a contract or will form the basis of a contract. The material contained in this document does not constitute/ substitute professional advice that may be required before acting on any matter. All logos and trademarks appearing in the bulletin are the property of their respective owners. The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, re-transmission, dissemination, or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited.