SNR & COMPANY
CHARTERED ACCOUNTANTS

GST BULLETIN

SEPTEMBER 2026

Delhi, Pune, Bangalore

CONTENT

- Judicial Updates

1. Hotel-Booking Facilitator Receiving Invoices in Own Name Not a 'Pure Agent' — 18% GST on Entire Consideration.

Case of : Feel Good Hospitality Private Limited
Decision by : West Bengal Authority for Advance Ruling
Date of Ruling : August 7, 2026

Facts:

- The Applicant, engaged in the restaurant business, proposed to expand into travel and accommodation booking agency services, acting as a facilitator to arrange hotel accommodation for end customers through a Third-Party Agent (having procurement rights with hotels but not owning them).
- Under the proposed model, the Third-Party Agent would issue a tax invoice to the Applicant (naming the end customer as recipient of service), and the Applicant would make payment on the customer's behalf.
- The Applicant would then raise two invoices on the end customer:
  1. a reimbursement invoice for the actual hotel cost, and
  2. a separate facilitation/service invoice.
- The Applicant sought a ruling that it qualifies as a 'Pure Agent' under Rule 33 of the CGST Rules, 2017, so that GST at 18% would apply only to the facilitation fee, and not to the hotel-cost reimbursement.

Issue:

- Whether the Applicant qualifies as a 'Pure Agent' under Rule 33 of the CGST Rules, 2017 (read with its Explanation), so as to exclude the hotel accommodation cost recovered from customers from the value of supply, discharging GST only on the facilitation/service fee.

Observations of the Authority

- The Explanation to Rule 33 requires cumulative satisfaction of four conditions
  1. a contractual agreement with the recipient to act as pure agent to incur expenditure in the course of supply,
  2. neither intending to hold nor holding title to the goods/services procured,
  3. not using the procured goods/services for own interest, and
  4. receiving only the actual amount incurred, in addition to its own account amount.
- No agreement/contract was placed between the Applicant and the end customer authorising it to act as pure agent; in its absence, condition (a) — action 'in the course of supply' pursuant to authorisation — was not satisfied.
- Since the Third-Party Agent's invoice would be raised in the name of the Applicant (not the end customer), the Applicant becomes the recipient of supply from the Third-Party Agent and thereby holds title to those services — condition (b) is not met.
- Holding title in this manner meant the Applicant used the procured service for its own interest of onward supply to the end customer, failing condition (c) as well.
- The AAR distinguished the Delhi AAR ruling in TUI India (where all pure-agent conditions were held satisfied) on facts, since here the essential contractual and invoicing chain did not mirror a genuine pure-agent arrangement.
- Accordingly, the entire consideration received from the end customer (including the amount recovered as 'reimbursement') is taxable as the value of a single composite booking service classifiable under SAC 998552 (reservation services for accommodation, cruises and package tours), attracting GST @ 18% (9% CGST + 9% SGST).

Full Judgement: Feel Good Hospitality Private Limited

SNR's Take

This ruling is a useful reminder that Rule 33's 'pure agent' shelter is not available merely because a business bifurcates its invoice into a 'reimbursement' and a 'service fee' line. The AAR's reasoning turns heavily on whose name the third-party invoice bears — where the intermediary (and not the end customer) is named as recipient in the upstream invoice, tax authorities are likely to treat the intermediary as having procured the service on its own account, exposing the full consideration to tax. Travel facilitators, corporate booking agents and similar intermediaries relying on Rule 33 to restrict their GST base to a facilitation fee should ensure: (i) a documented tripartite/contractual authorisation from the end customer to incur expenditure on their behalf, and (ii) that the upstream vendor's invoice itself identifies the end customer (not the intermediary) as the recipient of supply, consistent with the model upheld in TUI India. Absent both, the 'two-invoice' structure alone will not survive scrutiny.

2. Reiteration of SCN Reply in Rectification Application Cannot Reset Appeal Limitation from Rejection Date.

Case of : Star Blue Metal
Decision by : Madras High Court
Date of Ruling : August 19, 2026

Facts:

- The Petitioner's appeals against two original orders were rejected by the Appellate Deputy Commissioner as time-barred.
- The Petitioner contended that the original orders were internally contradictory — one order proceeded on the basis that the Petitioner made taxable supplies of Rs.9,12,200/-, while the other proceeded on the basis that the same amount represented exempt supplies.
- Relying on this contradiction, and on the earlier Madras HC ruling in SPK and Co., the Petitioner argued that limitation for filing the appeal under Section 107(1) should run from the date of communication of the rectification order (rather than the original order).

Issue:

- Whether the limitation period for filing a GST appeal under Section 107(1) can be computed from the date of communication of a rectification order, instead of from the date of communication of the original order, and whether Section 14 of the Limitation Act, 1963 could be invoked to condone the delay.

Observations of the Court

- The Court relied on its recent batch ruling in E2E Supply Chain Solutions Ltd., which — after examining the language of Section 107 and the Supreme Court's decisions in M.P. Steel Corporation, Hongo India and The Property Company (P) Ltd. v. Rohinten Daddy Mazda — held that the principle underlying Section 14 of the Limitation Act can be invoked only where the requirements of Section 14 are actually satisfied.
- In E2E Supply Chain Solutions, the Court had also specifically recorded that SPK and Co. did not engage with the language of Section 107 or the Supreme Court's principles, and therefore does not qualify as good law.
- On facts, the appeals were filed beyond the condonable period, and the rectification applications in both cases merely reiterated the replies already submitted to the show cause notices — providing no independent basis for rectification.
- Accordingly, the Court found no infirmity in the appellate orders rejecting the appeals as time-barred, and declined to interfere, while leaving it open to the Petitioner to challenge the original orders in accordance with law.

Full Judgement: Star Blue Metal

SNR's Take

This ruling effectively overturns the more taxpayer-friendly position in SPK and Co. within the Madras High Court itself, and aligns the limitation trigger firmly with the date of communication of the original order (or a genuine, substantive rectification), not a rectification application that merely rehashes existing submissions. Taxpayers should not treat a rectification application as a device to extend the limitation clock for filing an appeal. Practically, appeal timelines should be tracked from the date of the original order itself, with rectification pursued (if warranted) as a parallel, not substitute, remedy.

SNR & COMPANY
CHARTERED ACCOUNTANTS

3. Mere Period/ITC Overlap Insufficient to Establish 'Same Subject Matter' under Section 6(2)(b); Requires Factual Examination on Appeal.

Case of : Liberty General Insurance Limited
Decision by : Delhi High Court
Date of Ruling : August 7, 2026

Facts:

- The Central GST authorities issued summons in November 2023 regarding a mismatch between ITC in GSTR-3B and GSTR-9. Separately, State GST authorities issued a SCN dated November 26, 2024 for FY 2020-21 alleging excess ITC availment of ~Rs.2.45 crore, which was ultimately dropped by an order dated February 22, 2025.
- Meanwhile, the Central GST investigation continued and culminated in a SCN dated May 26, 2025 under Section 74, covering FY 2018-19 to FY 2023-24 and alleging fraudulent excess ITC availment of ~Rs.4.80 crore.
- The Petitioner did not raise a Section 6(2)(b) objection in its written reply to this SCN, participated in personal hearings, and only thereafter — before this Court — contended that the Central proceedings (to the extent relating to FY 2020-21) were barred as being on the 'same subject matter' as the dropped State proceedings.

Issue:

- Whether the Central GST proceedings, insofar as they relate to FY 2020-21, were barred under Section 6(2)(b) of the CGST Act on account of the State GST authorities having already initiated proceedings on the same subject matter for that year — and whether this could be examined by the High Court in writ jurisdiction, bypassing the statutory appeal.

Liberty General Insurance TM

Observations of the Court

- Section 6(2)(b) is procedural, intended to prevent parallel proceedings by Central and State authorities on the same subject matter and avoid multiplicity/conflicting determinations.
- The expression 'same subject matter' is not established merely because both proceedings concern ITC for an overlapping financial year; it requires comparison of the respective SCNs, allegations, basis and computation of the ITC discrepancy, transactions covered, material relied upon, and the orders passed.
- Here, the State proceedings covered only FY 2020-21 (~Rs.2.45 crore), while the Central SCN covered a materially wider period, FY 2018-19 to FY 2023-24 (~Rs.4.80 crore) — the overlap in one financial year does not, by itself, establish identical subject matter.
- The Court distinguished Alliance Polychem Private Limited, where the very same demand figure was raised twice — here, by contrast, a full factual comparison of the two SCNs is required, which is better undertaken by the Appellate Authority.
- The Petitioner's failure to raise the Section 6(2)(b) objection in its written reply to the Central SCN, and its participation in the adjudication without demonstrated prejudice, were held to be relevant circumstances weighing against exercise of extraordinary writ jurisdiction at the threshold.
- The Court declined to interfere, relegating the Petitioner to the statutory appellate remedy under Section 107, while granting liberty to seek exclusion of time under Section 14 of the Limitation Act for the period the writ remained pending.

Full Judgement: Liberty General Insurance Limited

SNR's Take

This ruling makes clear that Section 6(2)(b) does not automatically block proceedings just because both Central and State GST departments have looked into ITC for the same year. The taxpayer has to actually prove that both proceedings cover the same matter — same allegations, same calculations, same transactions. The practical lesson here is about timing: a Section 6(2)(b) objection should be raised clearly and in writing at the first opportunity — ideally in the reply to the show cause notice itself — not later at the personal hearing, and definitely not for the first time in a writ petition.

4. Assessee's Challenge to Surviving Demand Cannot Block Refund of Pre-Deposit Attributable to Dropped Demand.

Case of : IBM India Pvt. Ltd.
Decision by : Bombay High Court
Date of Judgement : August 28, 2026

Facts:

- The Adjudicating Authority raised a demand of Rs.48.97 crore, which was reduced to Rs.17.51 crore by the First Appellate Authority — i.e., 64% of the demand (Rs.31.46 crore) was dropped in the Petitioner's favour.

- The Revenue did not appeal the First Appellate Authority's order. The Petitioner sought a proportionate refund (10%) of the pre-deposit attributable to the dropped portion, relying on Brij Mohan Mangla, BLA Infrastructure and CBIC Circular No. 125/44/2019-GST.

- The refund claim was rejected by the Deputy Commissioner on the ground that since the Petitioner intended to further appeal the surviving demand (Rs.17.51 crore) before the GST Appellate Tribunal, the 'appellate proceedings' had not attained finality, making the refund premature under the Circular.

Issue:

- Whether refund of the pre-deposit paid under Section 107(6), to the extent attributable to the demand that was dropped in the first appeal, can be withheld merely because the taxpayer proposes to further appeal the surviving (confirmed) portion of the demand.

Observations of the Court

- The impugned order proceeded on an erroneous footing — the authority conflated the finality of the entire proceeding with the finality of the part of the order in the taxpayer's favour, whereas what the Petitioner proposed to challenge further was only the confirmed portion (Rs.17.51 crore).
- To the extent of Rs.31.46 crore (the dropped portion), the proceedings had attained finality, particularly since the Revenue itself did not appeal that part of the First Appellate Authority's order; reasoning that finality is deferred solely because the taxpayer proposes to challenge the adverse part is 'fallacious'.
- CBIC Circular dated November 18, 2019 supports refund of pre-deposit under Section 107(6) to the extent appellate proceedings have attained finality — which, on a correct reading, applies issue-wise/amount-wise, not proceeding-wise in the aggregate.
- Drawing on the erstwhile indirect tax regime, the pre-deposit is in the nature of a security deposit (not duty), refundable whether the appellant succeeds wholly or partly (Nelco Limited v. UoI).
- Once the demand of Rs.31.46 crore stood set aside and unchallenged by Revenue, a statutory right accrued to refund of the proportionate pre-deposit (Rs.3.14 crore) with interest; continued retention was held 'wholly unauthorized' and to offend Article 265 of the Constitution.
- The Court directed the refund be processed within six weeks; the Petitioner, on instructions, gave up the claim for statutory interest under Section 115.

Full Judgement: IBM India Pvt. Ltd

SNR's Take

This is a significant, taxpayer-favourable clarification on pre-deposit refunds under Section 107(6): a partial win at the first appellate stage generates an immediate and severable right to proportionate refund of the pre-deposit, which cannot be held hostage to the taxpayer's decision to escalate the remaining dispute further. Businesses that have secured partial relief in appeal — but intend to litigate the balance — should not assume they must wait out the entire dispute before recovering the proportionate pre-deposit; a refund application under Form GST RFD-01 can, and should, be filed promptly for the dropped/undisputed portion, supported by the appellate order and proof that Revenue has not itself appealed that portion.

5. Mechanical Invocation of Section 74 against Recipient for Supplier's Default, to Bypass Section 73 Limitation, Impermissible.

Case of : Cart Infralog Ltd. & Anr.
Decision by : Calcutta High Court
Date of Ruling : August 27, 2026

Facts:

- A Show Cause Notice dated June 11, 2025 was issued under Section 74 for FY 2018-19 to 2019-20 and 2023-24, alleging
  1. availment/utilisation of ineligible ITC of Rs.88,57,040/- and
  2. excess ITC of Rs.1,48,84,011/- claimed in GSTR-3B as compared to GSTR-2A
- — aggregating to a principal demand of Rs.2,37,41,051/-, with interest and penalty totalling Rs.6.3 crore.
- The alleged excess/ineligible ITC arose because certain suppliers (including one M/s. Aster Trading Company) had not filed GSTR-3B or had defaulted in depositing tax, even though the Department had separately initiated recovery proceedings against that very supplier.
- The Petitioner had, prior to the SCN, furnished documents to the Department showing reversal/amendment of ITC by suppliers and requested that recovery be directed at the defaulting suppliers, not the recipient. The subsequent Order-in-Original dated December 9, 2025 was passed without duly considering the Petitioner's detailed reply and annexed documents.

Issue:

- Whether ITC can be denied to, or recovered from, a bona fide recipient merely because the supplier defaulted in depositing tax/filing GSTR-3B or because invoices were not reflected in GSTR-2A.
- Whether Section 74 (fraud/wilful misstatement/suppression, with extended limitation) can be invoked mechanically where the ordinary Section 73 limitation (three years from the due date of the annual return) has already expired.

Observations of the Court

- Applying Suncraft Energy Pvt. Ltd. (as affirmed by the Supreme Court) and Arise India Ltd. (also affirmed by the Supreme Court), the Court held that mere availment of ITC based on tax invoices where the supplier has defaulted cannot be termed wilful misrepresentation by the recipient, and mere non-reflection of invoices in GSTR-2A cannot by itself lead to automatic denial of ITC to a bona fide purchaser.

- The SCN did not allege that the Petitioner was not in possession of a valid tax invoice, nor was receipt of goods/services disputed — satisfying the conditions under Section 16(2)(a) and (b); the only issue was Section 16(2)(c) (actual payment of tax by the supplier), which alone cannot justify recovery from the recipient.

- Since the Department had already initiated separate recovery proceedings against the defaulting supplier (Aster Trading Company) for non-filing of GSTR-3B, it could not doubly recover — once from the supplier and again from the recipient

- Recovery must first be pursued against the defaulting supplier under Section 79, absent any finding of collusion under Section 40A (no such collusion was alleged or found here).

- On the deadline issue: the notice dated June 11, 2025 for FY 2018-19 was clearly filed too late under the normal rule (Section 73), which allows only 3 years from the due date of the annual return.

- The Court held that just writing words like "fraud," "wilful misstatement," or "suppression" in the notice — without explaining what the fraud was or how it was found out — is not enough to use Section 74. Doing this is just a way to fake a reason to escape the 3-year deadline. Because of this, the Court said the notice had no legal validity and was a misuse of the law.

- On maintainability, the Court held (relying on Whirlpool Corporation) that writ jurisdiction is available despite the alternative remedy of appeal under Section 107, since the order violated natural justice and was a non-speaking order that failed to deal with the Petitioner's reply and annexed documents.

- The Order-in-Original was quashed and the matter remanded for fresh, reasoned adjudication after considering the Petitioner's documents and affording a personal hearing, subject to a deposit of Rs.10 lakh under protest within four weeks (adjustable against final liability, or refundable if the Petitioner succeeds).

Full Judgement: Cart Infralog Ltd. & Anr.

SNR's Take

This ruling confirms a well-settled rule (backed by the Supreme Court in Suncraft Energy and Arise India): a genuine buyer with a valid invoice, who actually received the goods/services, cannot be made to pay just because the supplier failed to deposit tax or file returns — the department should first go after the defaulting supplier, unless there's proof of collusion. It also reinforces that the department cannot use vague words like "fraud" or "suppression" to escape a missed deadline without giving real facts to back it up. So, if a business gets a demand notice purely because of a supplier's default, it should challenge it by pointing out that there's no collusion alleged and no real detail behind the fraud claim and should also check if the department has already acted against the supplier directly.

Recent Developments

Appeals Permitted for Demand Orders Reflecting NIL or Zero Demand

The GST Portal has enabled taxpayers to file appeals against demand orders reflecting a "NIL" or "Zero" demand, where a dispute regarding tax liability continues to exist.

Earlier, the GST Portal had a validation restricting the filing of an appeal against such orders where the demand amount was reflected as NIL or Zero. This restriction has now been removed. Accordingly, where the taxpayer has already discharged the disputed liability before issuance of the demand order, an appeal may now be filed in Form GST APL-01, notwithstanding that the demand order reflects a NIL or Zero demand.

Taxpayers facing such circumstances can accordingly proceed to file an appeal against the relevant demand order through the GST Portal. In case of any difficulty in filing the appeal, a ticket may be raised with the GST Helpdesk for further assistance.

SNR & COMPANY
CHARTERED ACCOUNTANTS

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 LOCATIONS

DELHI

A-15, Second Floor, Hauz Khas,
New Delhi- 110016

Tel: +91-11 41655801, 41655802

PUNE

B 609, Nyati Empress,
Viman Nagar, Pune,
Maharashtra – 411014 (India)

Ph: +91-20-45104304

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 in- tended recipient is prohibited.

Email: snr@snr.company | **Website:** www.snr.company