

GST BULLETIN

OCTOBER 2026



Delhi, Pune, Bangalore

CONTENT

- Judicial Updates

- Weekly Market Leasing by Panchayat Neither Supply of Goods Nor Services, Exempt from GST 1
- Renting of Godowns for Storing Raw Agricultural Produce Taxable Under GST, RCM Applies on Rent from Unregistered Lessors 3
- Mens Rea Essential for 100% Section 129 Penalty, Mere E-Way Bill Part-B Lapse Insufficient to prove Intent to Evade Tax 5
- Historical ITC Reversal Unrelated to the Refund Period Cannot Reduce 'Net ITC', CBIC Circular Cannot Override Rule 89(4) 7
- Fake Invoices from Non-Existent Suppliers Justify Section 74 Invocation; Consolidated Multi-Year SCN Permissible 9

- Recent Developments

11 -12

1. Weekly Market Leasing by Panchayat Neither Supply of Goods Nor Services, Exempt from GST

Case of : Muthur Town Panchayat

Decision by : Tamil Nadu Authority for Advance Ruling

Date of Ruling : September 10, 2026

Facts:

- The Applicant Panchayat, as part of its administration, grants the right to collect entry/usage fee for a weekly market to a tender contractor.
- The contractor collects fees from merchants, farmers and the public who use the open space/temporary tents on fixed market days to sell fruits, vegetables, domestic animals, birds, etc., and in turn pays a tender amount to the Panchayat for this right.
- The Applicant sought an advance ruling on whether this activity amounts to a taxable supply of goods or services under GST.

Issue:

- Whether leasing out the right to collect entry/usage fee for a weekly market to a tender contractor is a 'supply' under GST
- Whether it is exempt as an activity of a local authority discharging a function entrusted to a Panchayat under Article 243G of the Constitution, by virtue of Notification No. 14/2017-Central Tax (Rate).



Court Observations

- The activity is directly in relation to the Panchayat's mandatory function enlisted at Entry 22 (markets and fairs) of the Eleventh Schedule under Article 243G of the Constitution.
- Engaging a contractor is a common administrative practice for operational convenience, since such statutory functions cannot always be discharged directly by the local authority's own establishment, this does not alter the constitutional character of the function or convert it into an independent commercial activity.
- The expression 'in relation to' used in Notification No. 14/2017 is of wide amplitude and covers not only the performance of the constitutional function itself, but also activities integral, incidental or ancillary to its effective discharge.
- Accordingly, the activity is held to be 'neither a supply of services nor a supply of goods' under Section 7(2)(b) of the CGST Act read with Notification No. 14/2017-Central Tax (Rate), and is exempt from GST.

Full Judgement: [Muthur Town Panchayat](#)

SNR's Take



This ruling is useful for Panchayats, municipalities and similar local bodies that outsource collection of statutory fees (market fees, parking fees, entry fees, etc.) to private contractors. It confirms that merely routing collection through a contractor for administrative convenience does not convert a constitutional/statutory local-authority function into a taxable commercial activity, provided the underlying activity is genuinely one of the functions listed under Article 243G (Panchayats) or Article 243W (Municipalities). Local bodies should document the statutory basis for the activity and the contractor's limited role (collection agent, not an independent service provider) to support this exemption on audit.

2. Renting of Godowns for Storing Raw Agricultural Produce Taxable Under GST, RCM Applies on Rent from Unregistered Lessors.

Case of : Gujarat State Warehousing Corporation

Decision by : Gujarat Authority for Advance Ruling

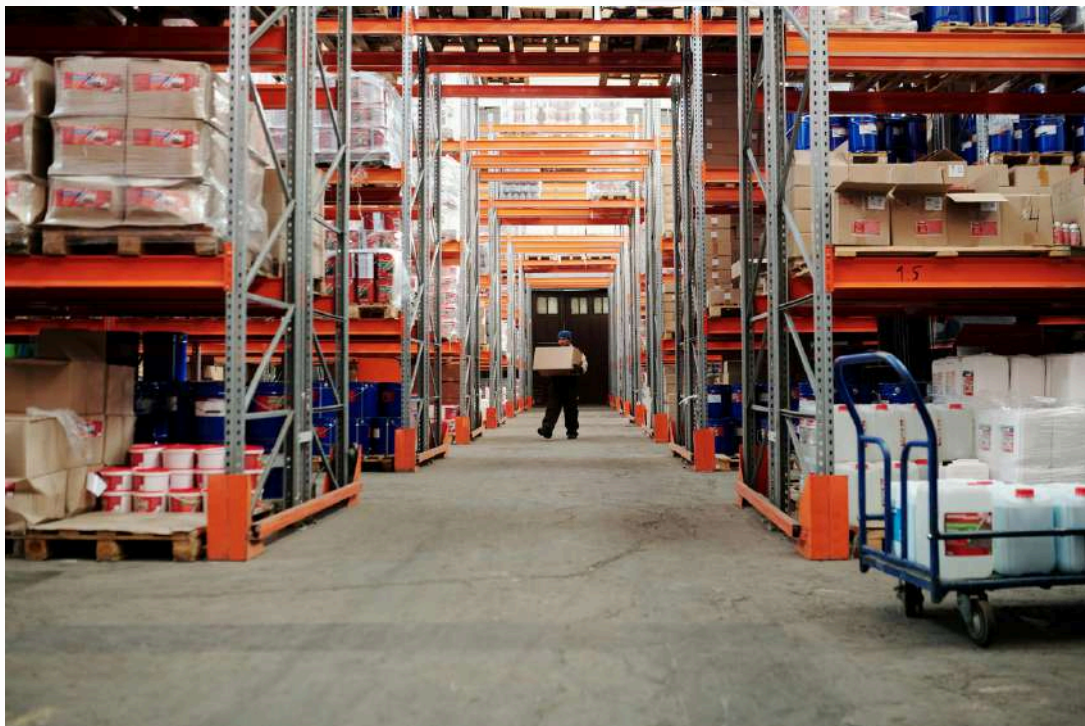
Date of Ruling : September 21, 2026

Facts:

- The Applicant hires godowns on rent from both registered and unregistered persons and uses them, together with its own godowns, to provide storage and warehousing services for raw agricultural produce on behalf of agencies such as NAFED and NCCF.
- Since the output warehousing service for raw agricultural produce is exempt under Entry 54(e) of Notification No. 12/2017-Central Tax (Rate), the Applicant contended that the rent paid for hiring the godowns used for this exempt activity should also not attract GST.

Issue:

- Whether GST is payable on rent paid by the Applicant for hiring godowns that are subsequently used to render an exempt warehousing service for raw agricultural produce, and, if so, who bears the GST liability — the lessor (forward charge) or the Applicant (reverse charge).



Observations of the Authority

- Hiring of a godown (an inward supply received by the Applicant) and provision of warehousing services for agricultural produce (the Applicant's outward supply) are two separate services, to be examined independently against the notifications applicable to each – they cannot be read in tandem merely because the godown is eventually used for an exempt purpose.
- Hiring of godowns on payment of rent constitutes a 'supply of service' under Section 7, regardless of the exempt end-use to which the godown is subsequently put.
- Rent paid for godowns hired from registered persons is taxable at 18% under Entry 16(iii) of Notification No. 11/2017-Central Tax (Rate), payable by the supplier/lessor under forward charge.
- With effect from October 10, 2024 – the date Notification No. 09/2024-Central Tax (Rate) inserted Entry 5AB into Notification No. 13/2017-Central Tax (Rate), covering renting of any property (other than residential dwelling) by an unregistered person to a registered person – rent paid for godowns hired from unregistered persons is taxable at 18% under reverse charge, payable by the Applicant.

Full Judgement: [Gujarat State Warehousing Corporation](#)



SNR's Take

A useful reminder that exemption at the output-service stage does not automatically travel upstream to an input service – each leg of a supply chain is tested independently under GST. Warehousing corporations, cold-storage operators, FPOs and similar entities leasing premises to deliver an exempt agri-storage service must still account for GST on the rent itself: 18% charged by registered landlords under forward charge, and 18% self-assessed under RCM where the landlord is unregistered (from October 10, 2024 onward). Entities in this space should review their godown lease portfolios to confirm correct GST treatment – RCM on unregistered-landlord rent is easy to miss and can become a material, unbudgeted exposure if not tracked from the applicable effective date.

3. Mens Rea Essential for 100% Section 129 Penalty, Mere E-Way Bill Part-B Lapse Insufficient to prove Intent to Evade Tax

Case of : Sel Jegat Printers Private Limited

Decision by : GST Appellate Tribunal, Bengaluru

Date of Ruling : September 29, 2026

Facts:

- The Appellant manufactured and invoiced customized self-adhesive labels for a single buyer and duly generated Part-A of the e-way bill, but Part-B (vehicle/transit particulars) remained unpopulated due to an inadvertent technical omission.
- The conveyance was intercepted, goods detained under Section 129, and a 100% penalty of Rs.2,04,372/- (equal to the tax amount) was levied and later confirmed by the First Appellate Authority in March 2020.
- The Appellant had deposited the demand under protest to secure release of the goods, and pursued the matter before the GSTAT once it became operational.

Issue:

- Whether a purely technical lapse — failure to populate Part-B of the e-way bill — can sustain a 100% penalty under Section 129, where the goods were accompanied by genuine tax invoices, valid Part-A particulars, and the transaction was fully tax-paid and documented, absent any established intent to evade tax.



Observations of the Tribunal

- Penal provisions under Section 129 cannot be invoked mechanically, without any finding of mens rea, relied on the Supreme Court's ruling in Satyam Shivam Papers, the Karnataka High Court's BVM Trans Solutions, and the Allahabad High Court's Sangeeta Jain / Hindustan Herbal Cosmetics line of decisions, which require proof of actual intent to evade tax before penalty is imposed.
- The burden lies on tax authorities to establish actual intent to evade tax before imposing penalties, the department failed to demonstrate this on facts, where the goods, invoices and Part-A were all genuine and undisputed.
- Revenue also failed to issue the statutorily mandated final speaking order in Form GST MOV-09 under Section 129(3), a procedural lapse that independently vitiated the penalty.
- Appeal allowed; the Order-in-Appeal confirming the penalty was set aside, and Revenue was directed to refund Rs.2,04,372/- (deposited under protest) within four weeks.

Full Judgement: [Sel Jegat Printers Private Limited](#)



SNR's Take

It confirms that Section 129 is not an automatic penalty. If a genuine clerical mistake, such as Part-B of the e-way bill not being filled in, happens in a transaction where tax is fully paid, the invoice is raised and the goods can be traced, the department should not impose the maximum 100% penalty. It can do so only if it has clear evidence that the taxpayer meant to evade tax.

4. Historical ITC Reversal Unrelated to the Refund Period Cannot Reduce 'Net ITC', CBIC Circular Cannot Override Rule 89(4).

Case of : Pramod Chandan Surin

Decision by : GST Appellate Tribunal, Ranchi

Date of Judgement : September 23, 2026

Facts:

- The Respondent, a manufacturer-exporter of mild steel billets, claimed a refund of accumulated Compensation Cess ITC relatable to zero-rated exports for July 2022 to March 2023 under Rule 89(4).
- As per GSTR-3B, total Cess ITC availed in the period was Rs.2,27,94,062/-, net of an Rs.8.52 lakh reversal – giving a Net ITC of Rs.2,19,41,356/- and a sanctioned refund of Rs.35,84,057/-.
- Revenue sought to also deduct a separate Rs.2 crore ITC reversal (reported in the September 2022 GSTR-3B) from Net ITC, relying on Para 43(c) of CBIC Circular No. 125/44/2019-GST.
- The Respondent contended, and the First Appellate Authority found, that this Rs.2 crore reversal related entirely to unutilised credit of earlier tax periods (reversed after an earlier refund had already been sanctioned) and had no nexus with the present refund period – since total Cess ITC availed in the refund period itself was only Rs.65.07 lakh, far less than the Rs.2 crore reversal.

Issue:

- Whether an ITC reversal relating to an earlier tax period, but merely reported in GSTR-3B during the refund period, must be deducted from 'Net ITC' under Rule 89(4) of the CGST Rules by virtue of Para 43(c) of CBIC Circular No. 125/44/2019-GST – even where it has no actual nexus with ITC availed in the relevant refund period.



Observations of the Tribunal

- 'Net ITC' under Rule 89(4)(B) means ITC actually availed on inputs/input services during the relevant period; the correct test is whether the ITC was genuinely availed in that period, not merely whether a reversal entry happens to appear in that period's GSTR-3B.
- Since total Cess ITC availed during the refund period was only Rs.65.07 lakh, it was mathematically impossible for the Rs.2 crore reversal to relate to ITC availed in that period; the electronic credit ledger and GSTR-2A/3B records corroborated a Net ITC of Rs.2.19 crore.
- A CBIC Circular binds the department but cannot override, enlarge or curtail a statutory Rule – relying on the Supreme Court's rulings in Ratan Melting and Wire Industries and J.K. Lakshmi Cement Ltd.
- Para 43(c) cannot be read as mandating deduction of every reversal appearing in the refund period's GSTR-3B irrespective of which period the underlying credit relates to; such a reading would effectively add words to Rule 89(4), which refers only to ITC 'availed' during the relevant period, not every 'reversal' made during it.
- Revenue's appeal dismissed; the First Appellate Authority's order upholding the refund of Rs.35,84,057/- affirmed.

Full Judgement: [Pramod Chandan Surin](#)



SNR's Take

A welcome clarification for exporters claiming refund of accumulated ITC/Cess under Rule 89(4) – 'Net ITC' must be computed strictly on credit genuinely availed within the refund period, and a reversal entry that merely appears in that period's GSTR-3B (but actually relates to an unconnected, earlier credit) cannot be used to artificially shrink the refund. This is a useful precedent where field officers mechanically apply Para 43(c) of Circular 125/44/2019-GST without verifying whether the reversal genuinely pertains to the period in question. Exporters should maintain a clear, period-wise reconciliation of ITC availed versus reversed (tied to GSTR-2A/3B and the electronic credit ledger) so they can demonstrate, as here, that a reversal is mathematically unconnected to the refund period if the department raises a similar objection.

5. Fake Invoices from Non-Existent Suppliers Justify Section 74 Invocation; Consolidated Multi-Year SCN Permissible.

Case of : Partner Jay Technical Services

Decision by : GST Appellate Tribunal, Kolkata

Date of Ruling : September 1, 2026

Facts:

- A consolidated SCN dated January 8, 2024, issued under Sections 73 and 74 and covering FY 2017-18 to 2023-24, raised three demands against the Respondent:
 - (i) ~Rs.20.92 lakh for excess ITC availed in GSTR-3B compared to GSTR-2A (Section 73)
 - (ii) ~Rs.43.44 lakh for ITC availed on invoices issued by 13 suppliers whose GST registrations were found cancelled ab initio, i.e., allegedly non-existent/fake suppliers (Section 74)
 - (iii) ~Rs.6.46 lakh for short payment under reverse charge on various expenses. The First Appellate Authority substantially reduced demand (i) and (iii), and also reduced demand (ii), holding that the foundational facts required to invoke Section 74 were not made out.
- Revenue appealed to the GSTAT against this reduction of the fake-supplier demand (and the modification of the other demands); the taxpayer separately contested the validity of a single SCN spanning multiple financial years.

Issue:

- Whether ITC availed on invoices from suppliers subsequently found to have ab initio cancelled/non-existent GST registrations can be denied under Section 74 where the recipient produced invoices and partial banking records but no proof of actual physical movement of goods
- Whether a single, consolidated SCN under Section 74 spanning multiple financial years is legally permissible.



Observations of the Tribunal

- Mere production of invoices and partial banking details does not discharge the recipient's burden of proof under Section 155 — proof of actual physical movement of goods remains a sine qua non for claiming ITC (relying on Ecom Gill Coffee Trading, decided under the erstwhile VAT regime).
- Following the Supreme Court's recent ruling in Tata Steel, the foundational facts for invoking Section 74 must be evident from the notice itself, here, the ab initio cancellation of the 13 suppliers' registrations and the absence of evidence of actual movement of goods supplied the necessary foundation.
- The Tribunal found the taxpayer was aware the suppliers were non-existent and had made wilful misstatements in self-assessed GSTR-3B, demonstrating deliberate fraud — accordingly restored the Section 74 demand of Rs.43,44,046/- along with applicable interest and penalty, reversing the First Appellate Authority on this limb.
- On the ITC-mismatch and RCM demands, the Tribunal upheld the First Appellate Authority's recomputation (based on GSTR-2A, GSTR-3B and DRC-03 records) in the taxpayer's favour, and held that the Appellate Authority/Tribunal has the power under Section 75 to modify the quantum of tax determined by the proper officer.
- Relying on the Delhi High Court's ruling in Ambika Traders, the Tribunal held that a consolidated SCN under Section 74 spanning multiple financial years is not impermissible, since the provision refers to a 'period' or 'periods' rather than a single financial year, and a consistent pattern of fraud may only emerge once transactions across years are analysed together. Revenue's appeal partly allowed.

Full Judgement: [Jay Technical Services](#)

SNR's Take



This ruling cuts both ways and is instructive on two fronts. First, it reaffirms — in line with the Suncraft Energy/Arise India line of cases — recipients must be able to independently evidence actual receipt and movement of goods (transport documents, delivery records, etc.), not merely paper compliance, once fraud indicators are present. Second, it confirms that a single, consolidated Section 74 SCN spanning several financial years is valid, so taxpayers cannot resist a multi-year fraud notice on a pure one-notice-per-year technicality.

Recent Developments

Multi-State Registration : Department has provided facilities for taxpayer who want to get register under multiple states. Under Multi-state registration process, taxpayer can apply for registration in multiple States/UTs simultaneously.

A "Multistate Registration" tab has been introduced in the homepage of the Common Portal, where Taxpayers can select multiple States/UTs for registration. Upon selection of the required States/UTs, a Master TRN is generated.

Applicants first get a Master TRN and use it to submit common details (business, promoter/partner, signatory, representative, goods and services) once as the CRI, within 15 days. Individual TRNs are then generated for each selected State/UT, with the CRI data auto-populated and editable. The applicant only adds state-specific details (PPoB, APoB, state-specific information, Aadhaar authentication), avoiding repetitive data entry.

Read Full: [Multi-state Registration](#)

E-Invoicing for RCM Self-Invoices : CBIC is planning to start E-invoicing for RCM self-invoices. Nothing changes in compliance today, but taxpayers with turnover of ₹5 crore and above that pay tax under RCM should start preparing.

Topic	Key point
What is new	GSTN has enabled e-invoicing (IRN) for self-invoices raised under RCM
New supply types	RCMDOM: specified supplies from unregistered persons RCMIMP: import of services
Who is covered	Registered taxpayers with turnover of ₹5 crore or more (current e-invoice threshold)
Current status	Sandbox testing only. Applicability and effective date will follow by notification
Impact today	None. Continue current self-invoicing and RCM payment

Read Full: [RCM E-invoicing](#)

57th GST council Meeting: GST council held their 57th meeting on 8th Oct 2026. Council brought reforms across registration, returns, refunds and adjudication, along with clarifications on the applicability of GST to certain goods and services and other trade facilitation measures.

Following are the major reforms:

- Arrest powers under GST to be withdrawn, and the prosecution threshold raised from ₹1 crore to ₹5 crore.
- Refunds to move to system-based processing: automatic refund of excess cash ledger balance, and 90% provisional refund on zero-rated supply and inverted duty claims.
- No show cause notice where tax involved is below ₹10,000; general penalty cut from ₹25,000 to ₹10,000.
- Refund of accumulated ITC to be extended to input services (inverted duty) and capital goods.
- Export of services made easier: the 'distinct person' condition is to be removed.
- Late fee waived for small taxpayers (turnover up to ₹5 crore) who file GSTR-3B within the month it is due.

Read Full: [57th GST Council Meeting](#)

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 its 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 intended recipient is prohibited.