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**Newsflash: GST Quarterly Digest  
[April 2025 to June 2025]**

## GST Quarterly Digest [April 2025 to June 2025]

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### QUARTER AT A GLANCE

We are pleased to present the **GST Quarterly Digest**, summarizing the significant amendments, clarifications, case laws, notifications and circulars released during **April 2025 to June 2025**. The report incorporates key highlights under the Indirect Tax, providing a concise overview of the important updates during this period.



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## GST PORTAL: NEWS AND UPDATES

## Advisory: Handling of Inadvertently Rejected records on IMS

- Q.** How can a recipient claim Input Tax Credit (ITC) on invoices, debit notes, or ECO-documents that were mistakenly rejected in the Invoice Matching System (IMS), even though the corresponding GSTR-3B for the same tax period has already been filed by the recipient?
- A:** *In such scenarios, the recipient may request the concerned supplier to make necessary amendments in GSTR-1/IFF pertaining to the same tax period or a subsequent one. Upon such amendment, the updated records will reflect in the **Invoice Matching System (IMS)**, enabling the recipient **to avail the corresponding Input Tax Credit (ITC)**.*
- Q.** If a recipient rejects an original record, and the supplier re-reports it in GSTR-1A for the same period or updates it in the amendment section of GSTR-1/IFF in a later period (within the allowed time), will it affect the supplier's tax liability in any way?
- A:** *The **tax liability will remain unaffected** if the **supplier reports the transaction** through **GSTR-1A** or as an **amendment in GSTR-1/IFF** in a subsequent tax period.*
- Q.** As a recipient taxpayer, what is the process to reverse Input Tax Credit (ITC) related to a credit note that has been erroneously rejected in the Invoice Matching System (IMS), especially when the corresponding GSTR-3B return has already been filed?
- A.** *The **recipient may accept the credit note** in the **Invoice Matching System (IMS)** once the **supplier updates the same in GSTR-1A** or through a relevant **amendment**. Upon such acceptance, the corresponding **Input Tax Credit (ITC)** **shall stand reduced** to that extent.*
- Q.** If an original credit note was earlier rejected by the recipient, and the supplier subsequently furnishes the same credit note in GSTR-1A for the same tax period or through the amendment table of GSTR-1/IFF for any subsequent tax period—within the prescribed time limit—what will be the impact on the supplier's tax liability?
- A.** *The **supplier's liability will increase** in the **tax period** in which the **recipient erroneously rejected the credit note** in the **Invoice Matching System (IMS)**. Once the **same credit note is re-reported** by the supplier in **GSTR-1A** or **amended in a subsequent return**, and upon **acceptance by the recipient**, the **liability will be reflected and reduced** in that respective tax period.*

## Advisory to file pending returns before expiry of three years

- The **GST portal** will now include a **system validation** that **prevents taxpayers from filing returns after three years** from the **original due date** of filing. This restriction is in accordance with **Notification No. 28/2023 – Central Tax**, dated **31st July 2023**, and was introduced through the **Finance Bill, 2023**.
- This validation is **applicable to the following returns: GSTR-1, GSTR-1A, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8, and GSTR-9/9C**.

### System Validation for Filing of Refund Applications on GST Portal for QRMP Taxpayers

- Pursuant to Circular No. 125/44/2019-GST, the **GST Portal** enforced a new validation protocol mandating that **all requisite returns** be duly filed prior to the submission of any refund application. However, **Quarterly Return Monthly Payment (QRMP) taxpayers** encountered systemic impediments, as the portal failed to **acknowledge invoices disclosed under Form GSTR-1 for months M1 and M2 of the relevant quarter**.
- This **technical anomaly has now been rectified**, thereby enabling **QRMP taxpayers to proceed with the filing of refund applications in accordance with applicable statutory provisions**.

### Advisory regarding non-editable auto-populated liability in GSTR-3B

- At present, the **GST Portal auto-populates tax liabilities in Form GSTR-3B** based on data furnished by taxpayers in **Forms GSTR-1/IFF and GSTR-1A**, permitting taxpayers to **manually amend the pre-filled figures** as necessary. However, **effective from the July tax period onwards, any modification or revision of auto-populated tax liabilities in GSTR-3B shall be strictly disallowed**.
- Henceforth, **all rectifications or adjustments must be routed exclusively through Form GSTR-1A**, and **direct editing of GSTR-3B data shall not be permitted** under the updated procedural framework.

### Advisory on Case Insensitivity in IRN Generation

- From **June 1, 2025**, the **IRP** will stop treating **lowercase and uppercase letters** in **invoice or document numbers** differently for **IRN generation**. Regardless of whether the invoice number is entered as **"abc"**, **"ABC"**, or **"Abc"**, it will be **uniformly converted to uppercase** before the IRN is created. This change brings the IRP process in line with how **GSTR-1** already handles **case-insensitivity** in invoice numbers.

### Changes in Refund Application for Deemed Exports

- **GSTIN** has introduced **changes to the refund application process** under the category **"On account of Refund by Recipient of deemed export"**. As per the revised process, **refund applications no longer need to be filed in chronological order of the Tax Period**.
- Taxpayers are **not required to select "From Period" and "To Period"**, and the **only condition** is that **all relevant returns** (such as **GSTR-1, GSTR-3B, etc.**) **must be filed up to the date of refund application**.

### Updates in Refund Filing Process for various refund categories

**GSTIN** has introduced a **major change** in the **refund filing process**, bringing **significant relief** to taxpayers. Earlier, applicants had to select **"From Period"** and **"To Period"** while filing refund claims, but now this is **no longer required**. Taxpayers can directly select the **relevant refund category** and click **"Create Refund Application"**. This applies to refund categories like

- (a) **Export of Services with payment of tax,**
- (b) **Supplies to SEZ Unit/Developer with payment of tax, and**
- (c) **Refund by Supplier of Deemed Export.**

Refunds are now processed on an **invoice basis**, provided the taxpayer has **filed all applicable returns**. Eligible invoices can be uploaded under **Statement 2**, **Statement 4**, and **Statement 5B**. Once uploaded, **invoices are locked** and cannot be edited or reused unless the application is **withdrawn** or a **deficiency memo** is issued.

## KEY CIRCULARS

### Circular No. 249/06/2025-GST – Quoting of DIN

- To ensure **accountability** and **transparency**, **Circulars No. 122/41/2019-GST** and **128/47/2019-GST** mandated quoting of **Document Identification Number (DIN)** in all communications issued by department officers to taxpayers. However, for documents like **Show Cause Notices (SCNs)** and **Orders** uploaded on the **GSTN portal**, a system-generated **Reference Number (RFN)** is already provided, which is **verifiable online**.
- Since these documents already have a **unique RFN**, quoting **DIN** creates **redundancy**. The latest clarification confirms that for such communications, **quoting DIN is not mandatory**, and documents bearing **RFN** are to be treated as **valid under GST provisions**.

## Circular No 250/07/2025-GST – Procedure for Common Adjudicating Authority (CAA) to be followed for SCNs issued by DGGI

For **Show Cause Notices (SCNs)** issued by the **Director General of GST Intelligence (DGGI)**, the **adjudicating officer** is designated as a **Common Adjudicating Authority (CAA)** as per **Notification No. 02/2017** and **Circular No. 239/33/2024-GST**, which assign the role to **Joint/Additional Commissioners**. However, the process for **review**, **revision**, and **appeals** of **Orders-in-Original (O-I-Os)** was not earlier specified.

This has now been clarified:

- Under **Section 107** of the **CGST Act, 2017**, the **Principal Commissioner or Commissioner** under whom the **CAA** is posted will serve as the **Reviewing Authority**.
- Under **Section 108**, the **same authority** will act as the **Revisional Authority**.
- **Appeals** will be heard by the **Commissioner (Appeals)** with jurisdiction over the **Commissionerate where the CAA is posted**, as per **Table III of Notification No. 02/2017**.
- The **Principal Commissioner or Commissioner** will **represent the department** in appeal proceedings and may appoint a **designated officer** to file appeals.
- **Reviewing or revisional authorities** may request inputs from the concerned **DGGI formation** before deciding on the O-I-Os passed by CAAs.

These clarifications aim to **streamline post-adjudication processes** and ensure **procedural consistency**.

## Integrating GST Review into Statutory Audit: A Strategic Perspective – An Article

The role of the **Statutory Auditor** has evolved significantly, moving well beyond traditional financial statement verification. With the implementation of **Goods and Services Tax (GST)**, the scope and responsibility of audits have become increasingly vital. During **Departmental Audits**, **Special Audits**, or **adjudication proceedings**, CBIC officials heavily rely on audited financial statements, along with the **auditor's report**, **notes to accounts**, and the **Independent Director's report**, as credible sources of insight.

Auditors are now expected to conduct **reviews** that cover not just accounting accuracy but also review of **GST compliances**. This includes validating the process of validation of **Input Tax Credit (ITC) claims**, **payment of Reverse Charge Mechanism (RCM) liabilities**, **reversal of ineligible ITC**, verification of **blocked credits**, along with discharge of GST liability and checking the **GST registration status** of both **suppliers** to prevent future ITC reversals. These additional responsibilities have positioned auditors as key players in promoting **transparency**, **accountability**, and **regulatory compliance** within organizations.

### GST Implications on Write-Offs

Businesses often write off long-standing **creditor and debtor balances** or obsolete **assets/inventory** during the financial year. It is critical that auditors evaluate the **GST impact** of such write-offs.

- For **creditors**, if payment is not made within **180 days**, the **ITC would already have been reversed** under GST provisions, hence no further impact arises.
- For **debtors**, **GST does not require GST liability reversal** upon write-off, unlike income tax. This distinction may be clearly captured in the financial statements.
- In the case of **assets or inventory write-offs** due to obsolescence where **ITC was claimed**, whether under **GST** or the **pre-GST regime**, the auditor must ensure that such credit is **reversed appropriately** in compliance with GST rules.

### Disclosure of GST Litigations as Contingent Liabilities

Auditors must also focus on appropriate **disclosure of GST-related litigations** as **Contingent Liabilities** in the financial statements. This isn't just procedural, it is central to ensuring **transparency** and alignment with **accounting standards**.

The auditor should thoroughly review:

- **Show Cause Notices (SCNs)**
- **Adjudication Orders**
- **Pending Appeals**
- **Matters pending in High Court**
- **Matters pending in Supreme Court**

Each matter must be assessed to determine whether it warrants **provisioning** or should be reported as a **contingent liability**. Where the outcome is uncertain or complex, auditors should consult **GST specialists** and collaborate with the **legal and compliance teams** for accurate, up-to-date insights.

Such disclosures must adhere to the applicable standards, **Ind AS 37** or **AS 29**, which define how to recognize, measure, and present **provisions and contingent liabilities**. Compliance with these standards ensures **regulatory alignment** and enhances **financial reporting integrity**.

### Conclusion: Aligning Tax and Financial Perspectives

In today's **regulatory environment**, **statutory audits** must go beyond surface-level checks. **GST compliance** now impacts several key aspects of **financial reporting**, including **revenue recognition**, **capitalization of assets**, **liability provisioning**, and most importantly, the **Input Tax Credit (ITC) claim and reversal process**.

Auditors must take a **holistic approach** that blends both **financial accuracy** and **tax compliance**, with special emphasis on reviewing whether **ITC has been correctly claimed, timely reversed where ineligible**, and whether **RCM liabilities** have been properly discharged. Verifying the **eligibility of credits**, identifying **blocked credits**, and checking the **registration status of suppliers** are all essential to ensuring that **ITC is not wrongly availed or reversed**.

By integrating these checks, auditors not only deliver a **comprehensive audit opinion** but also help organizations maintain **regulatory compliance** and make **informed financial decisions**. This synergy between **tax laws** and **financial reporting standards** provides genuine assurance to stakeholders and equips businesses to navigate the complexities of the modern compliance landscape with confidence.

## CASE LAW ALERTS



### GST Case Law Alert

<div style="background-color: #0072bc; color: white; text-align: center; padding: 5px; margin-bottom: 10px;"><b>01</b></div> <p><b>PETITIONER / RESPONDENT</b>          Petitioner: MJBR Marketing and Financial Services Pvt. Ltd.           Respondents : Union of India &amp; Ors</p>	<div style="background-color: #00a651; color: white; text-align: center; padding: 5px; margin-bottom: 10px;"><b>03</b></div> <p><b>GROUND OF WRIT</b>           The Petitioner, aggrieved by the impugned order directing recovery of tax along with levy of interest and penalty, has filed the present Writ Petition. It is contended that the Input Tax Credit (ITC) of CGST and SGST was inadvertently availed as IGST Credit in the month of October 2017, and could not be rectified due to the non-availability of a correction mechanism. The Petitioner submits that the error is revenue-neutral and, in support of this contention, places reliance on the judgment in <i>Rejimon Padickapparambil Alex v. Union of India &amp; Others</i> and CBIC Circular No. 192/04/2023 dated 17.07.2023.</p>	<div style="background-color: #808080; color: white; text-align: center; padding: 5px; margin-bottom: 10px;"><b>04</b></div> <p><b>ORDER</b>           The Court has disposed of the Writ Petition and ruled in favour of the Petitioner. The Court held that the Electronic Credit Ledger should be viewed as a unified wallet rather than separate compartments for IGST, CGST, and SGST. The Court also placed reliance on the precedent laid down in <i>Rejimon Padickapparambil Alex v. Union of India</i>, and directed the third respondent to issue a fresh order within two months. Furthermore, the Court clarified that in the event of any revenue loss to the Central Government pertaining to IGST, it shall be open to the Centre to make a representation before the GST Council seeking appropriate relief.</p>
<div style="background-color: #0072bc; color: white; text-align: center; padding: 5px; margin-bottom: 10px;"><b>02</b></div> <p><b>COURT/ FORUM</b>          High Court : Kerala High Court, Ernakulam Bench           WP(C) NO. 26333 OF 2024</p>		

## GST Case Law Alert

01

### PETITIONER / RESPONDENT

Petitioner: R.T. Infotech

Respondents : Additional Commissioner & two Ors

02

### COURT/ FORUM

High Court : High Court of Allahabad

Writ Tax No. - 1330 of 2022

03

### GROUND OF WRIT

The Petitioner, aggrieved by the impugned order denying input tax credit (ITC) on the ground that the supplier failed to deposit the corresponding tax amount, has filed the present Writ Petition. The Petitioner contended that valid tax invoices were received from the supplier and that payments were duly made through RTGS. However, the authorities are now demanding reversal of ITC along with interest and penalty under Section 16(2)(c) of the CGST Act. The Petitioner argued that the proceedings should instead be initiated against the non-compliant supplier, rather than penalizing the bona fide recipient.

04

### ORDER

The Court, ruling in favour of the Petitioner, has quashed the impugned order, holding that the purchasing dealer should not be penalized for the default of the selling dealer. The Court observed that the purchasing dealer cannot be compelled to ensure that the selling dealer files returns within the stipulated time or deposits the tax collected. It further held that the purchasing dealer cannot be left at the mercy of the non-compliant seller. Accordingly, the matter has been remanded to the Respondent authorities for reconsideration, with a direction to pass a reasoned and speaking order within two months from the date of production of the certified copy of this order.

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## GST Case Law Alert

01

### PETITIONER / RESPONDENT

Petitioner: Simla Gomti Pan Products Pvt Ltd

Respondents :Commissioner of State Tax, U.P & Ors

02

### COURT/ FORUM

High Court : Allahabad High Court

03

### GROUND OF WRIT

The Petitioner, aggrieved by the dismissal of the appeal on the grounds of limitation, has preferred the present Writ Petition. It is contended that the impugned order was passed ex parte and relied upon SIB reports, which were allegedly not furnished to the Petitioner. The Petitioner had previously approached both the High Court and the Supreme Court through separate writ proceedings, which were dismissed. The current Special Leave Petition (SLP) has been filed invoking Section 14 of the Limitation Act, on the premise that the earlier proceedings were instituted before an inappropriate forum.

04

### ORDER

The Court has quashed the impugned orders, holding that the Appellate Authority failed to consider the applicability of Section 14 of the Limitation Act. The matter has been remanded to the Appellate Authority for reconsideration, with reference to the judgments delivered in M.P. Steel Corporation and Suryachakra Power Corporation. The Appellate Authority has been directed to pass a reasoned order in accordance with the relevant legal provisions within a period of three weeks. The Petitioner has also been permitted to file additional submissions during the course of the fresh adjudication.

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This Newsflash summarizes the GST updates for the quarter from April to June 2025. It may be noted that nothing contained in this Newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain thereof and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this Newsflash.

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