

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SET UP BY AN ACT OF PARLIAMENT)

HYDERABAD BRANCH (SIRC)



**ICAI HYDERABAD PERFORMED BHOOMI POOJAN CEREMONY
ON THE NEWLY ACQUIRED LAND**



E-NEWSLETTER - DECEMBER 2025

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TABLE OF CONTENTS

CHAIRMAN COMMUNIQUE

3

GLIMPSES - NOVEMBER EVENTS

• CHANGES IN GSTR 9&9C	08
• SICASA STUDENTS SUCCESS MEET	09
• OC VALEDICTORY SESSION	10
• MCS VALEDICTORY SESSION	11
• GST ISSUES IN REGISTRATION & RECENT CHANGES	12
• GOLD INDUSTRY ACCREDITATION: NEW CAREER PATHS FOR CAS	13
• SEMINAR ON GST ANNUAL RETURNS - 9 & 9C AND GST MONTHLY RETURNS - REGULAR, COMPOSITION, ISD, TDS AND TCS	14
• GST IMPACT ON BUSINESS RESTRUCTURING & HOSPITALITY	15
• SEMINAR ON RCM, EXEMPTIONS, HSN & ISD VS CROSS CHARGE	16
• MCS VALEDICTORY SESSION	17
• ONE DAY TRAINING PROGRAMME FOR PEER REVIEWERS	18
• SEMINAR ON WRIT REMEDIES & RECENT GST JUDGEMENTS	20
• SEMINAR ON CONSTRUCTION AND AUTOMOBILE INDUSTRY	21
• BHOOMI POOJA CEREMONY	22

ARTICLES - KNOWLEDGE SHARING

• UNDERSTANDING FORMS W-4 & W-2 - LETS LEARN US TAXATION	25
• CASE LAW SUMMARY INDIRECT TAXATION - NOV '25	28

FROM THE CHAIRMAN

Dear Professional Colleagues,

I wish to begin this communiqué with the timeless words of Swami Vivekananda, whose teachings continue to inspire generations:

“Strength, faith, and fearlessness – these are the pillars on which great nations and great individuals are built.”

These powerful words aptly reflect the spirit with which our Branch continues to move forward—guided by courage, conviction, and collective effort.

It gives me immense pleasure to share that the Bhoomi Pooja for the newly acquired land near the Hi-Tech City Railway Station was successfully performed. This marks a significant milestone in the growth journey of the Hyderabad Branch.

The ceremony was graced by CA. Charanjot Singh Nanda, President, ICAI and CA. Prasanna Kumar D, Vice President, ICAI, along with several distinguished Central and Regional Council Members.

We were privileged to have the esteemed presence of the dignitaries:

- CA. Dayaniwas Sharma, Chairman, Infrastructure Committee, Hyderabad Branch
- CA. Muppala Sridhar, Vice Chairman, Infrastructure Committee, Hyderabad Branch
- CA. Revathi S R Raghunathan, Chairperson, SIRC
- CA. Bhanu Narayana Y V, Treasurer, SIRC
- CA. Chengal Reddy Ramireddygar, Regional Council Member
- CA. Mandava Sunil Kumar, Regional Council Member



**CA. CHINNA SITA RAMI REDDY A
- CHAIRMAN**

- CA. Deepak Ladda, Regional Council Member
- CA. Yarra Tirupathaiah, Regional Council Member
- and my colleagues of the Managing Committee Hyderabad Branch.

The event also witnessed the participation of several senior members and respected professionals from our fraternity, making the occasion truly memorable.

Speaking on the occasion, CA. Charanjot Singh Nanda, President, ICAI, remarked:

“Strengthening institutional infrastructure remains central to ICAI’s commitment to nurturing professional excellence. New branch buildings will serve as hubs for training, knowledge dissemination, and student development, empowering the next generation of Chartered Accountants.”

FROM THE CHAIRMAN

Further, CA. Prasanna Kumar D, Vice President, ICAI, shared:

“ICAI continues to invest in modern, accessible and technology-enabled infrastructure across the country. The upcoming Hyderabad Branch will significantly enhance our ability to deliver high-quality services, empower students, and support members in their professional journey.”

The upcoming facility of the Hyderabad Branch is envisioned to significantly broaden ICAI's outreach in the region. The infrastructure will provide enhanced spaces for professional development programmes, student training, academic activities, and community-oriented initiatives, thereby strengthening our service to the profession.

CA. Dayaniwas Sharma, Chairman, Infrastructure Committee, Hyderabad Branch, emphasized the importance of this development for our Branch. He highlighted that the current infrastructure is no longer adequate for the rapidly increasing number of members and the expanding scope of activities. The new building, he noted, will provide improved facilities and a conducive environment to support the Branch's growing responsibilities.

CA. Muppala Sridhar, Vice Chairman, Infrastructure Committee, Hyderabad Branch, shared that the proposed building has been thoughtfully planned with a strong focus on the student community. Equipped with state-of-the-art classrooms, modern learning tools, and a highly conducive academic ambience, the new facility will play a pivotal role in enriching the learning experience of CA students and motivating them to excel in their professional journey.

Programmes Conducted in November 2025

The Hyderabad Branch organized a series of professional development programmes, workshops, and training sessions during November 2025 aimed at enhancing members' knowledge and supporting student growth. The key programmes included:

- Changes in GSTR 9 & 9C (WSTC) – 01 November
- SICASA Students Success Meet – 02 November
- OC Valedictory Session – 07 October
- MCS Valedictory Session – 10 October
- GST Issues in Registration & Recent Changes – 14 November
- Accreditation in the Gold Industry – 19 November
- Seminar on GST Annual Returns & Monthly Returns – 22 November
- Seminar on Business Restructuring & GST in the Hospitality Industry – 24 November
- Seminar on RCM, Exemptions, HSN Codes & ISD vs. Cross Charge – 25 November
- MCS Valedictory Session – 27 November
- One-Day Training Programme for Peer Reviewers – 27 November
- Seminar on Writ Remedies Under GST & Recent Judicial Pronouncements – 28 November
- Seminar on Construction Industry & Automobile Industry – 29 November

FROM THE CHAIRMAN

We will continue this momentum in the coming months with more CPE programmes and capacity-building initiatives for our members.

Festive Greetings – December 2025

As we step into the festive month of December, the Hyderabad Branch of SIRC of ICAI extends warm greetings to all our Members and Students.

This season brings with it joy, reflection, and gratitude.

On the Occasion of Christmas (25th December)

May the festival of Christmas fill your homes with peace, harmony, and goodwill. May its message of love and service inspire us to continue contributing to society with dedication and compassion.

On the Occasion of New Year – Welcoming 2026

As we prepare to welcome a new year, may 2026 bring renewed energy, professional growth, and success to each one of you. May it be a year of new aspirations, greater achievements, and collective progress.

I wish to conclude with the profound words of Albert Einstein:
“Learn from yesterday, live for today, hope for tomorrow.”

Warm regards,
CA. Chinna Sita Rami Reddy A
Chairman, Hyderabad Branch of SIRC of ICAI



MEET THE TEAM!

MANAGING COMMITTEE (2025-26) OF HYDERABAD (SIRC)



CA. A Chinna Sita Rami Reddy
(Chairman)



CA. Girdhari Lal Toshniwal
(Vice- Chairman)



CA. Rama Rao Karumanchi
(Secretary)



CA. S N Harshavardhan Reddy
(Treasurer)



CA. Mukkara Sai Charan Reddy
(Chairman - SICASA)



CA. Gonugunta Murali
(Co-Chairman - SICASA)



CA. Uppalapati Saran Kumar
(Committee Member)



CA. Shailesh Khandelwal
(Committee Member)



CA. Kumar Pal Tated
(Committee Member)

EX- OFFICIO COUNCIL MEMBERS (2025-26)



CA. Dayaniwas Sharma
(Central Council Member)



CA. Muppala Sridhar
(Central Council Member)



CA. Bhanu Narayan Rao Y V
(Treasurer - SIRC)



CA. Chengal Reddy R
(Member - SIRC)



CA. Mandava Sunil Kumar
(Member - SIRC)



CA. Deepak Ladda
(Member - SIRC)



CA. Yarra Tirupathaiah
(Member - SIRC)

SUB - COMMITTEES

COMMITTEE FOR MEMBERS IN INDUSTRY

CA. Shailesh Khandelwal	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio
CA. Seelam Naga Harshavardhan Reddy	Member
CA. Gonugunta Murali	Member
CA. Srikanth Bhakkad	Member Co-opted
CA. Manu Sharma	Member Co-opted

TAXATION COMMITTEE

CA. Kumar Pal Tated	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio
CA. Seelam Naga Harshavardhan Reddy	Member
CA. Gonugunta Murali	Member
CA. Akshaye Surana	Member Co-opted
CA. Komal Chhajed	Member Co-opted

CPE COMMITTEE

CA. Girdhari Lal Toshniwal	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

NEWSLETTER COMMITTEE

CA. Shailesh Khandelwal	Chairman
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INFORMATION TECHNOLOGY (IT) COMMITTEE

CA. Uppalapati Saran Kumar	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

LIBRARY COMMITTEE

CA. Rama Rao Karumanchi	Chairman
CA. A Chinna Sita Rami Reddy	Member Ex-Officio

**HYDERABAD
(SIRC)**

CHANGES IN GSTR 9&9C

HELD ON
01ST NOVEMBER, 2025



The session focused on the latest amendments and reporting requirements in GSTR-9 and GSTR-9C. The speakers explained key changes, compliance challenges, reconciliation requirements, and best practices to ensure accurate annual GST return filing.



RESOURCE PERSONS: CA. SHILPI JAIN, CA. S NEELIMA

SICASA STUDENTS SUCCESS MEET

HELD ON
02ND NOVEMBER, 2025



The SICASA Students Success Meet was organized on 2nd November 2025 to celebrate the achievements of students and acknowledge their hard work and dedication. The event provided motivation, recognition, and inspiration for aspiring professionals, encouraging them to continue striving for excellence in their CA journey.

OC VALEDICTORY SESSION

HELD ON
07TH NOVEMBER, 2025



The OC Valedictory Session marked the completion of the Orientation Course for students. The event acknowledged their participation and learning, encouraging them to continue their journey with confidence, discipline, and professionalism as they progress toward the CA qualification.



MCS VALEDICTORY SESSION

HELD ON
10TH NOVEMBER, 2025



The MCS Valedictory Session held on 10th November 2025 marked the successful completion of the course. Participants were appreciated for their commitment, and the session concluded with motivating remarks encouraging them to uphold professionalism, confidence, and ethical values as they progress in their CA journey.



GST ISSUES IN REGISTRATION & RECENT CHANGES

HELD ON
14TH NOVEMBER, 2025



The session focused on practical challenges in GST registration and the latest amendments impacting the process. The speakers discussed documentation requirements, common errors, case-based scenarios, and compliance updates, helping participants gain clarity on the evolving regulatory framework.

RESOURCE PERSONS: CA. POTNURU KEDARNATH, CA. ARPAN BOHRA

ACCREDITATION IN THE GOLD INDUSTRY: UNLOCKING NEW PROFESSIONAL PATHWAYS FOR CAS

HELD ON
19TH NOVEMBER, 2025



The session explored the emerging professional opportunities for Chartered Accountants in the gold and precious metals industry, with a focus on accreditation frameworks and regulatory compliance. The speakers highlighted industry standards, auditing and certification requirements, and the evolving role of CAs in governance, transparency, and ethical trade. The session provided valuable insights into a growing niche sector, encouraging professionals to explore new career pathways aligned with global best practices.



RESOURCE PERSONS: MR. KAUSHLENDRA SINHA, CHIEF EXECUTIVE OFFICER, IAGES,
MAJOR APARAJITA BHATTACHARYA, VICE PRESIDENT COMPLIANCE, IAGES

SEMINAR ON GST ANNUAL RETURNS - 9 & 9C AND GST MONTHLY RETURNS - REGULAR, COMPOSITION, ISD, TDS AND TCS

HELD ON
22ND NOVEMBER, 2025



The seminar focused on the filing requirements and practical aspects of GST Annual Returns (GSTR-9 & 9C) and GST Monthly Returns, including Regular, Composition, ISD, TDS, and TCS categories. The speakers provided clarity on reconciliation processes, reporting accuracy, compliance challenges, and recent updates to ensure error-free and timely filings.



RESOURCE PERSONS: CA. RAGHAVENDER KUNCHARAPU, CA. LOKESH KUMAR DEWANGAN

SEMINAR ON BUSINESS RESTRUCTURING - IMPACT OF GST AND GST ON HOSPITALITY INDUSTRY

HELD ON
24TH NOVEMBER, 2025



The seminar covered the implications of GST on business restructuring, including mergers, demergers, and asset transfers, along with GST considerations specific to the hospitality sector. The speakers shared practical insights, compliance requirements, and case-based discussions to help participants understand the tax impact and operational challenges in these areas.



RESOURCE PERSONS: CA. RAJITHA MANISH, CA. VIGNESH SRIVASTAVA

SEMINAR ON RCM, EXEMPTIONS, IDENTIFICATION OF HSN CODES AND ISD VS. CROSS CHARGE

HELD ON
25TH NOVEMBER, 2025



The seminar focused on the practical application of key GST concepts including the Reverse Charge Mechanism (RCM), exemptions, and accurate identification of HSN codes. The speakers also provided clarity on the differences between the ISD mechanism and cross charge, helping participants better understand reporting requirements, compliance implications, and real-time scenarios under GST.

RESOURCE PERSONS: CA. ARPAN BOHRA, CA. MANINDAR KAKARLA

MCS VALEDICTORY SESSION

HELD ON
27TH NOVEMBER, 2025



The MCS Valedictory Session held on 27th November 2025 marked the successful completion of the course. Participants were appreciated for their involvement, and the session concluded with motivational guidance encouraging them to continue their professional journey with confidence and integrity.

ONE DAY TRAINING PROGRAMME FOR PEER REVIEWERS

HELD ON
27TH NOVEMBER, 2025



A One Day Training Programme for Peer Reviewers was conducted to enhance the understanding of peer review standards, documentation requirements, and reporting procedures. The speakers shared practical insights, best practices, and recent developments to strengthen audit quality and compliance within the profession.



RESOURCE PERSONS: CA. AYUSH JAIN, CA. PREMNATH DEGALA, CA. VIJAY SRINIVAS K, CA. VIJAY TOTAPALLY

SEMINAR ON WRIT REMEDIES UNDER GST AND RECENT JUDICIAL PRONOUNCEMENTS

HELD ON
28TH NOVEMBER, 2025



The seminar focused on the applicability of writ remedies under GST and discussed significant recent judicial pronouncements shaping GST litigation and compliance frameworks. The speakers provided practical interpretations, legal insights, and case-based discussions to help participants understand evolving judicial trends and their implications on GST practice.



RESOURCE PERSONS: CA. VENKAT PRASAD PASUPULETI, CA. ASHA LATHA T

SEMINAR ON CONSTRUCTION INDUSTRY AND AUTOMOBILE INDUSTRY

HELD ON
29TH NOVEMBER, 2025



The seminar focused on sector-specific GST implications and compliance challenges in the Construction and Automobile industries. The speakers discussed tax structures, valuation issues, input tax credit eligibility, invoicing, and recent regulatory updates, helping participants gain practical clarity on GST application across these two key sectors.

RESOURCE PERSONS: CA. RAVINDER REDDY M, CA. RAGHAVENDER KUNCHARAPU

BHOOMI POOJA CEREMONY

HELD ON
30TH NOVEMBER, 2025



The Bhoomi Pooja Ceremony was conducted on 30th November 2025 with devotion and traditional Vedic rituals. The ceremony marked the auspicious beginning of the proposed development, symbolizing purity, stability, and positive energy for the project ahead. Members, dignitaries, and well-wishers gathered to witness the occasion, offering prayers for the smooth and successful execution of the upcoming work.



The event carried a strong sense of pride and anticipation, reflecting the collective vision and aspirations of the Branch and its stakeholders. The ceremony concluded with blessings, followed by a sense of gratitude and excitement for the next phase of progress.





CA SHAILESH KHANDELWAL

UNDERSTANDING FORMS W-4 & W-2 - LETS LEARN U.S. TAXATION

Introduction

In the U.S. payroll and tax compliance system, few forms are as essential—and as commonly misunderstood—as Form W-4 and Form W-2. Every employee encounters these forms, every employer is required to manage them, and every tax professional must understand how the two connect.

Yet, many taxpayers do not fully grasp the relationship between these forms, why one affects the other, and how information submitted on a W-4 can impact the amounts reflected on a W-2. This lack of understanding often leads to unexpected tax bills, inaccurate withholding, IRS notices, or inconsistent reporting at tax time.

This article explains the purpose of each form, how they interact, the flow of information between them, and why making the right entries on a W-4 is critical to ensuring accurate numbers on the W-2.

Understanding the Purpose of Each Form

1. Form W-4 – Employee's Withholding Certificate

The W-4 is completed by the employee and provided to the employer.

Its purpose is simple yet powerful: It tells the employer how much federal income tax to withhold from the employee's paycheck. It includes details such as:

- Filing status (Single, Married, Head of Household)
- Number of dependents
- Additional income (non-job income)
- Deductions other than the standard deduction
- Extra withholding amounts requested
- Multiple job considerations

The IRS redesigned the W-4 in 2020 to make withholding more accurate and reflective of modern tax law.

Key point:

The W-4 does not determine how much tax the employee owes. It only determines how much tax is withheld throughout the year.

2. Form W-2 – Wage and Tax Statement

The W-2 is issued by the employer to both the employee and the IRS after year-end. It summarizes the employee's:

- Total taxable wages
- Federal income tax withheld
- Social Security and Medicare wages & taxes
- State and local tax withholdings

- Retirement contributions
- Other compensation & benefits

Key point:

The W-2 reports what actually happened—how much you earned and how much tax your employer withheld.

How W-4 and W-2 Work Together

1. W-4 → Controls → Paycheck Withholding → Appears on → W-2

This is the core relationship:

1. Employee fills out W-4
2. Employer uses W-4 data to calculate federal income tax withholding
3. Withholding amounts accumulate during the year
4. Year-end totals appear on Form W-2

Thus, the W-4 directly influences:

- Box 1 (Wages) only indirectly
- Box 2 (Federal Income Tax Withheld) directly
- Box 15–20 (State & Local Withholding) depending on state rules

Example:

If an employee claims more credits on their W-4, their employer withholds less. At year-end, the W-2 will show lower federal income tax withheld. If withholding is too low, the employee may owe tax when filing their return.

2. The W-4 Affects Only Federal Income Tax Withholding

Common misconception: Some employees believe that W-4 influences Social Security or Medicare tax. It does not.

- Social Security = flat 6.2%
- Medicare = flat 1.45%
- Employer must withhold these by law, regardless of what is on the W-4.

Thus, the W-4 only controls federal income tax, not payroll taxes.

3. W-4 Choices Can Cause Refunds or IRS Balances

Because the W-4 controls withholding, incorrect entries can lead to:

Over-withholding → Large Refund

Employee gave too little information or requested too much withholding.

Under-withholding → Tax Due / IRS Penalties

Employee failed to report: Side income/Spouse's income/Multiple jobs/Credits and deductions.

The IRS recommends reviewing W-4 accuracy annually.

Key Legal and IRS Compliance Considerations

1. Employers Must Use the Most

Recent W-4 on File: Even if an employee submitted a W-4 10 years ago, it remains valid unless replaced.

2. Employees Can Change Their W-4 Anytime:

The IRS allows unlimited updates. Employers must implement changes by the next payroll.

3. IRS Lock-In Letters:

If the IRS determines an employee is intentionally under-withholding, it may issue a lock-in letter, forcing the employer to withhold at a specific rate.

4. W-2 Must Match Payroll Data:

Any mismatch can trigger IRS notices, state audits, or reconciliation failures.

5. Penalties for Incorrect W-2 Filing:

Employers face penalties for late, inaccurate, or mismatched W-2 filing.

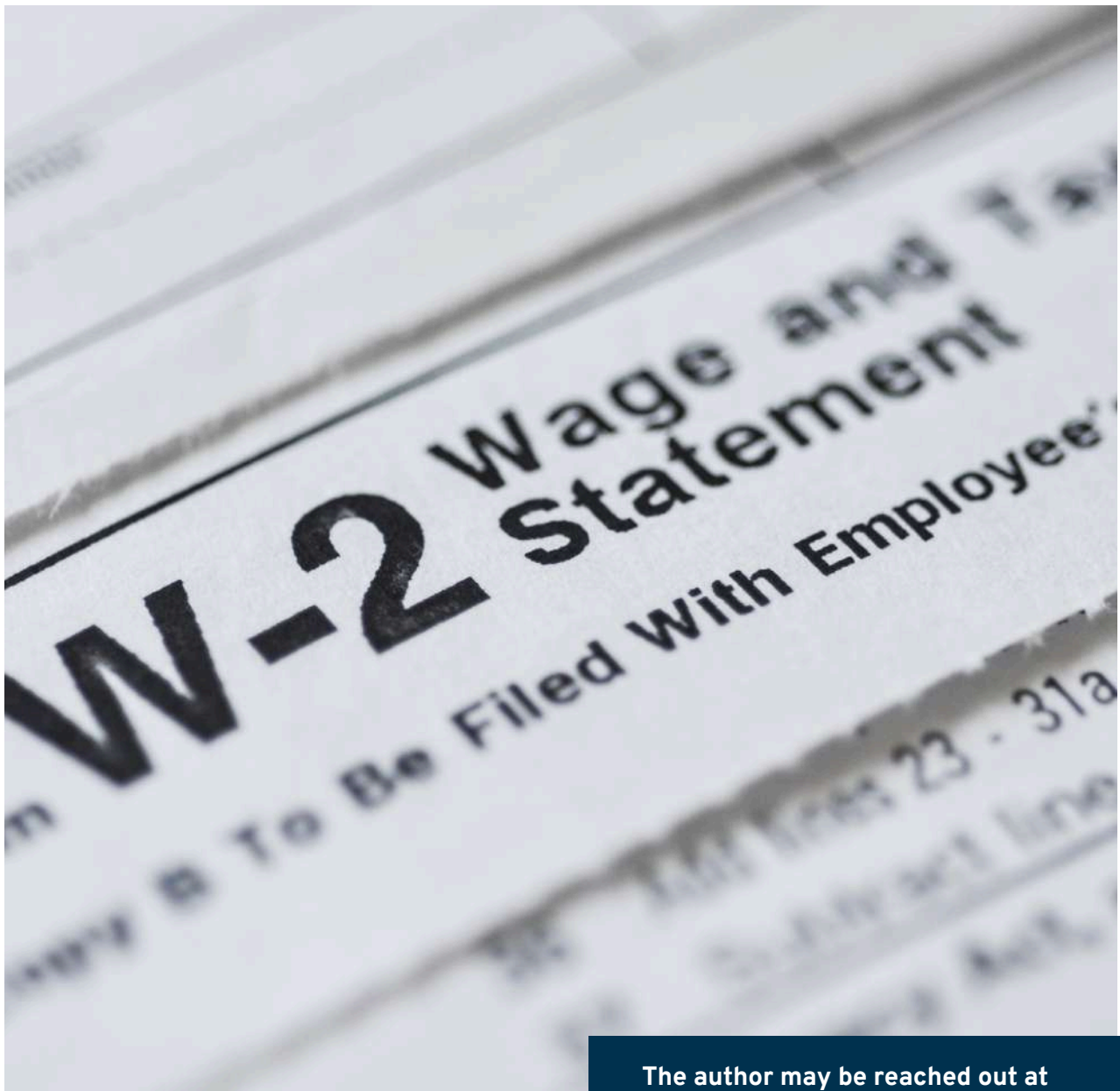


Conclusion

Form W-4 and Form W-2 are inseparable components of the U.S. tax reporting system. The W-4 represents the employee's instructions, while the W-2 reflects the results of those instructions combined with actual earnings.

A properly completed W-4 ensures accurate withholding throughout the year, which leads to a W-2 that correctly reflects federal tax withholding and minimizes surprises at tax time. Conversely, errors or omissions on the W-4 almost always surface through discrepancies on the W-2.

Understanding the relationship between these two forms allows employees to manage their tax liabilities proactively and helps employers maintain compliance with IRS regulations. As tax laws evolve and remote work becomes more prevalent, revisiting and adjusting the W-4 has become more important than ever to ensure the W-2 accurately reflects the employee's tax position.



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CA SHILPI JAIN

CASE LAW SUMMARY INDIRECT TAXATION – NOV '25

Case 1 - No ST for advances received after issuance of partial completion certificate

M/s SMIFS Capital Markets Ltd 2025-TIOL-1669-CESTAT-KOL

Facts:

- The Kolkata Municipal Corporation issued a Partial Completion Certificate (PCC) on 04.06.2016 under Rule 29 of KMC Building Rules, 2009, certifying completion of the portion of the building covering basement to 4th floor and 6th to 15th floors.
- Construction of the remaining floors (5th, 16th to 18th) continued. After finishing them, the assessee applied for a full completion certificate on 13.07.2016, and the Completion Certificate (CC) was issued on 20.08.2016 under Rule 28.
- Flat No. 15C (located within the portion covered by the PCC) was booked on 27.07.2016, i.e., after issuance of the PCC.
- Audit observed that an advance of ₹2,69,49,000 was received on 04.06.2016, and service tax was not paid. A Show Cause Notice was issued



Issue:

Whether sale of Flat 15C, where the entire consideration was received after the PCC, qualifies as a sale after completion certificate, thereby making it non-taxable under Section 66E(b) of the Finance Act, 1994.

Also, whether the SCN issued in April 2021 for FY 2016-17 was barred by limitation.

Decision:

- Section 66E(b) exempts sale of a flat where full consideration is received after issuance of a “completion certificate” by the competent authority. It does not differentiate between PCC and CC.
- The KMC issues both PCC and CC using the same prescribed format, relying on the same structural and safety certifications. Both signify that the certified portion is complete and fit for occupation.
- Rule 29 permits PCC for portions completed in all material respects, and KMC allows municipal connections even on the basis of PCC.
- Therefore, law treats PCC and CC at par for the portion specifically covered.
- Since Flat 15C fell within the portion certified complete on 04.06.2016, and the booking was on 27.07.2016, the sale was after completion for the relevant portion.

- PCC dated 04.06.2016 is valid as a completion certificate for the certified portion.
- Sale of Flat 15C after PCC is outside the ambit of service tax.
- Demand was set aside.

Comments:

Under GST also the provisions relating to tax liability on sale of units to customers is similar whereby no GST is liable on advances/amounts received towards bookings after completion certificate. Hence, the above decision, though being under the ST context, would be applicable to the GST context as well.

Hence, if any building has received partial completion certificate and bookings have been made after such date in the portion where this PCC is received, no GST would be payable on such bookings.

One may also have to note that in the Joint Development Agreement scenarios, the liability to pay tax on landowner's share and for transfer of development right is triggered on issuance of completion certificate. Going by this decision then the receipt of PCC would also trigger these liabilities and accordingly compliance with law should be done by the Developers when PCC is received.



Case 2: Cannot demand GST for Payments Received for Pre-GST Work Contracts

Vimlesh Kumar Contractor TS-943-HC(ALL)-2025-GST

Facts:

- The petitioner, a works contractor, executed contract work for UP Jal Nigam during A.Y. 2015-16 and 2016-17—entirely under the VAT regime.
- VAT @ 4% was deducted and deposited by the contractee at the relevant time, and a certificate confirming this was issued.
- Payments for this old work were released only after GST was introduced.
- GST authorities issued a Section 73 notice (FY 2018-19) only because of a mismatch between GSTR-3B and Form 26AS and passed an ex parte order, later upheld in appeal.

Issue:

Whether GST authorities can assume jurisdiction and levy GST, interest or penalty on payments received after 1 July 2017, when the related services were fully rendered prior to GST under the VAT law.

Reasoning & Decision:

- Original records summoned by the Court clearly showed the work orders belonged to VAT years 2015-16 and 2016-17.
- Merely because payments were made after GST came into force, the nature of the supply does not change.
- A mismatch between GSTR-3B and Form 26AS cannot confer GST jurisdiction when the underlying supply never occurred in the GST period.
- GST authorities must refer such matters to the VAT assessing authority—they cannot initiate GST proceedings “by any stretch of imagination” for pre-GST work.
- Hence, the department had completely exceeded its jurisdiction and demand is dropped.

Comments:

There are various demands raised by department merely due to reconciliation differences between GST returns and Form 26AS. It is time that the department understands and acknowledges that both these forms are pertaining to two different laws.

There are different provisions under a different law that govern how and when amounts would be reflected 26AS. Also, different provisions are applicable that govern when tax is required to be paid under GST. Thereby, any differences should not lead to automatic tax demand under GST without taking further explanation from the taxpayer.

This case also brings out that when supply is made or amounts are received in the earlier regime, which has triggered payment taxes under such law, there should not again be a GST liability.

Case 3: Excess RCM Paid Is Eligible for CENVAT Credit

M/s Woodward India Pvt. Ltd. 2025-TIOL-1682-CESTAT-CHD

Facts:

The assessee paid excess service tax under reverse charge on technical know-how and royalty by not availing deduction for R&D Cess under Notification 17/2004-ST.

The adjudicating authority confirmed demands of ₹46,57,205 with penalties, which was upheld in appeal.

Issue:

Whether excess service tax paid under reverse charge, due to non-availing of R&D Cess exemption, is eligible for CENVAT credit.



Decision and Reasoning:

CESTAT held that:

- Rule 3(1) of the CENVAT Credit Rules, 2004 allows credit of duty/service tax actually paid, irrespective of whether such tax was payable.
- The exemption under Notification 17/2004-ST is conditional, not mandatory—an assessee cannot be forced to avail an exemption.
- The situation is revenue-neutral, because tax paid under RCM would, in any case, be available as credit.
- CBEC Circular 877/15/2008-CX (17.11.2008) clarified that the entire duty paid, even if paid unnecessarily, is admissible as credit.
- The Tribunal followed the Punjab & Haryana High Court ruling in Ranbaxy Laboratories, holding that when duty has been paid—whether required or not—credit of such duty cannot be denied.

Thus, excess service tax paid due to non-claim of R&D Cess deduction remains fully creditable.

Comments:

Under GST the definition of 'input tax' includes

(b) the tax payable under the provisions of sub-sections (3) and (4) of section 9;

(c) the tax payable under the provisions of sub-sections (3) and (4) of section 5 of the Integrated Goods and Services Tax Act;

(d) the tax payable under the provisions of sub-sections (3) and (4) of section 9 of the respective State Goods and Services Tax Act;



Thus, one could consider that only the tax payable under RCM under the provisions of the GST law would be eligible as input tax credit and any taxes paid in excess under RCM would not be eligible as input tax credit as it does not fall under the above definition.

However, it is a known principle that no tax collected without authority of law as per article 265. Hence, if any tax is paid in excess of that which is required to be paid under RCM the same cannot be kept with the State and will have to be refunded.

Also, it has been held in various cases including in the case of Bajaj Allianz General Insurance Co. Ltd. 2014 (8) TMI 787 - CESTAT Mumbai that whatever credit is taken by the appellant is nothing but refund of tax erroneously paid by them. Hence, in cases where taxpayers have paid excess GST under RCM and have availed credit a stand can be taken that the excess credit availed should be regarded as refund of erroneously paid excess tax. Thereby, under GST also there should not be any dispute raised in case any taxpayer has paid excess GST under RCM and availed credit.

Case 4: Export with payment of tax - Interest payable on IGST Refund Delayed Due to System Glitches

Vineet Polyfab Pvt. Ltd. & Anr. 2025-TIOL-1834-HC-AHM-GST

Facts:

- Exporter filed 5 Shipping Bills (2-13 March 2020) with IGST paid: ₹7.53 lakh.
- All Shipping Bills showed SB000 = successful, but due to an ICES-GSTN technical glitch, the refund scroll generated “NIL”.
- Despite repeated requests, the system did not allow supplementary processing.
- Refund was finally released manually only after Court intervention – but interest was denied.
- Revenue later admitted in affidavit that the delay was purely technical, not due to any fault of the exporter.

Issue:

Does an exporter become entitled to statutory interest under Section 56 when IGST refund is delayed due to system errors, even though the Shipping Bills were flawless?

Decision and Reasoning:

Shipping Bill = Refund Application - For IGST on exports, the Shipping Bill is treated as the refund application. Interest clock starts 60 days after the Shipping Bill date.

Delay was solely due to technical glitches - Revenue’s own affidavit admitted the failure was due to system errors, not the exporter. So the exporter cannot be penalised for backend failures.

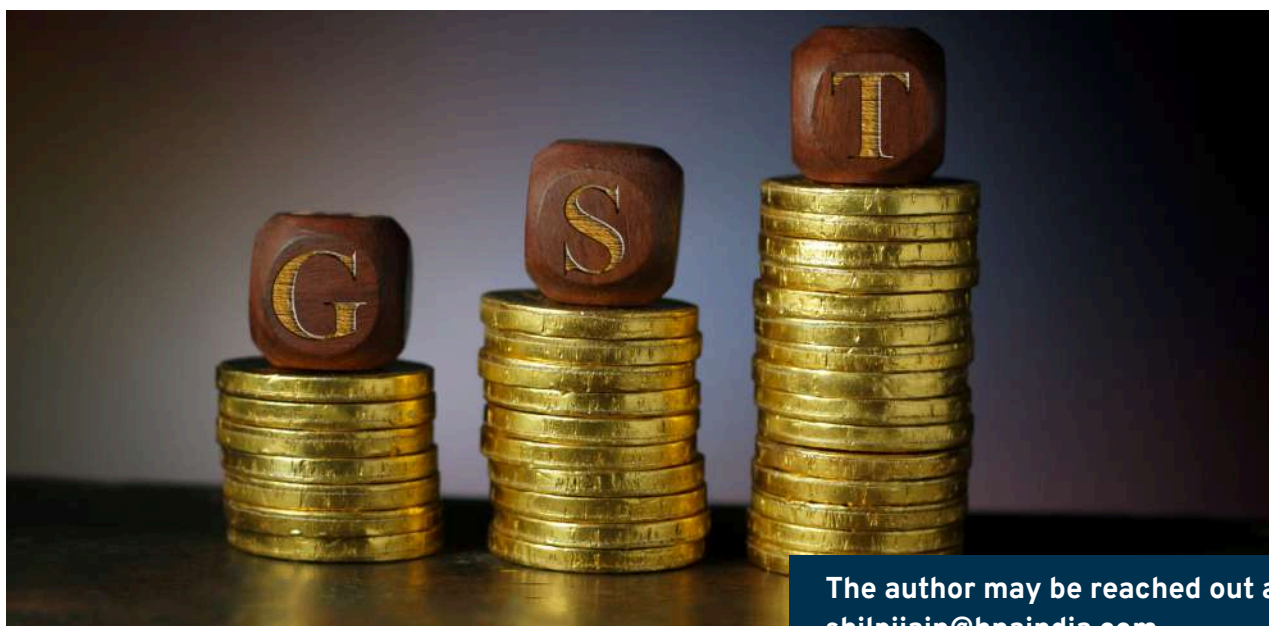


Section 56 interest is compensatory & automatic- The Court relied on Ranbaxy (SC) – once the statutory time lapses, interest becomes automatic, no matter why the delay occurred.

Government cannot retain taxpayer money without compensation. Hence interest is payable.

Comments:

Interest is automatic in cases where there is a delay in paying the refund beyond 60 days from the date of filing of the refund application. In cases where refund is claimed for export of goods with payment of taxes the shipping bill is the refund application. Hence, in cases where the refund is delayed due to any system lapses and not for any reason of the taxpayer, the refund is eligible to be paid along with the interest of the delay. This payment of interest is automatic and hence in cases where refunds are paid without interest portion, a suitable application should be made for the same.



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**THE INSTITUTE OF CHARTERED
ACCOUNTANTS OF INDIA**

(SET UP BY AN ACT OF PARLIAMENT)

HYDERABAD BRANCH (SIRC)



CRAFTING CAPTIVATING THOUGHTS

Invitation to Write Articles

Chartered Accountants with academic passion and flair for writing, are invited to share their expertise through the monthly e-newsletter of Hyderabad (SIRC). The article may cover any topic relevant to the accounting world covering auditing, finance, laws, strategy, taxation, technology, artificial intelligence, sustainability, ethics, financial reporting and so on. While submitting articles, please keep following aspects in mind:

The length of articles should be about 2000-2500 words.

Articles should not have been published or sent for publishing in any other print or electronic media.

An executive summary of about 100 words should accompany the article.

Articles should be engaging, original and aligned with newsletter guidelines. Every selected article is subjected to Plagiarism check in line with Newsletter Committee's Plagiarism Policy.

Please send articles sharing your valuable insights and expertise and help enrich the knowledge base of the accountancy profession. Attach photograph, editable soft copy of file along with the article. E-mails may be sent to the Chairman, Newsletter Committee of ICAI Hyderabad (SIRC) at ca.shaileshk@gmail.com

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The Managing Committee remains dedicated to supporting the fraternity and students. We encourage members to actively participate in sessions, stay updated, and connect with peers to grow together as a professional community.

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