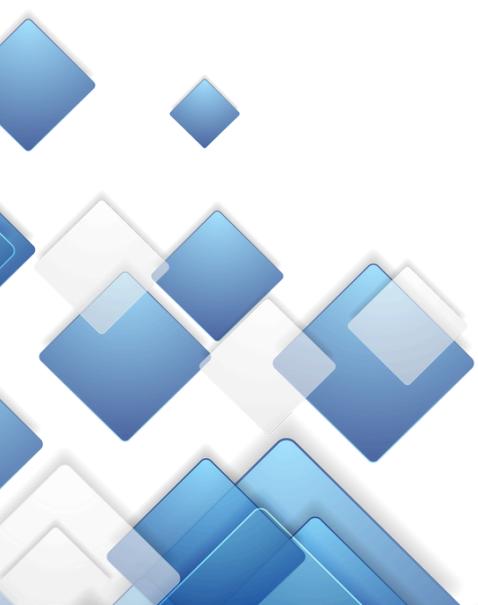




INDIRECT TAX NEWSLETTER



October 2025





A. Customs Law: Key Policy Updates

Directorate General of Foreign Trade (“DGFT”)

1. DGFT has updated the Handbook of Procedures (“HBP”) 2023 to include the India–European Free Trade Association Trade and Economic Partnership Agreement (India – EFTA)^[1]

The HBP has been updated to include India – EFTA in the list of Free Trade Agreements (“FTA”) signed by India. Also, now exporters can obtain Certificate of Origin for exports under India–EFTA through self-declaration, in addition to issuance by authorized agencies.

2. ITC (HS) 2022 Schedule-I updated to align with the Finance Act, 2025^[2]

The DGFT has issued an updated ITC (HS) Schedule I (Import policy), which is aligned with the changes introduced by the Finance Act, 2025. The related Policy Conditions, which have either been inserted/deleted/amended/slit/merged have also been updated.

3. Mandatory REEIMS registration required for import of goods for solar & wind energy projects^[3]

The DGFT has mandated prior registration of imports for solar and wind energy projects on the Renewable Energy Equipment Import Monitoring System (REEIMS) of the Ministry of New and Renewable Energy (MNRE). Goods covered under chapter 70,73,84,& 85 of the Customs Tariff are impacted and detailed revision in import policy has been issued.

4. New Standard Input Output Norm (SION) have been notified for mobile phones^[4]

The DGFT has notified SIONs for export of mobile phones, specifying the list of permissible import items such as accelerometer sensors, acoustic filters, camera modules, connectors, capacitors, and related electronic components on a Net-to-Net or Net +1% basis. Regional Authorities (RA) can now issue Advance Authorisations for mobile phone exports directly, without having to refer those to the Norms Committee.

5. Last date to file annual RODTEP Return for FY 2023–24 has been extended.^[5]

The DGFT has extended the deadline for filing of annual RoDTEP Returns for FY 2023–24 till November 30, 2025 on payment of a composition fee of ₹10,000.

Central Board of Indirect Taxes and Customs (“CBIC”)

6. Customs exemption notifications consolidated^[6]

On October 24, 2025 a new Mega customs exemption has been issued which has consolidated multiple exemption Notification issued between the year 1957 and 2017. The new Notification brings various customs duty exemptions into a single framework and shall come into force from November 1, 2025.

[1] Public Notice No. 29/2025-26, dated October 28,2025

[2] Notification No. 44/2025-26, dated October 15,2025

[3] Notification No. 40/2025-26, dated October 10, 2025

[4] Public Notice No.25/2025-26, dated October 10,2025

[5] Public Notice No. 24/2025-2026, dated October 3, 2025

[6] Notification No. 44/2025 –Customs, dated October 24, 2025



7. PAN India implementation of Sea Cargo Manifest & Transshipment Regulations (SCMTR) 2018^[7]

On October 31, 2024 the SCMTR, 2018 was notified by the CBIC to streamline and digitize the movement of sea cargo in India. Now, its PAN India implementation has been announced. The facility of Stuffing Message (SF) has been launched on a pilot basis at ICD Tughlakabad and CFS-Sattva, Chennai, and all remaining SCMTR messages will be operational by December 31st 2025.

8. Guidelines for implementation of Section 18A of the Customs Act, 1962

The Government vide Circular No. 26/2025 - Customs - dated October 31, 2025 has enabled provision for importers and exporters to voluntarily revise customs entries after clearance of goods in order to declare any material facts and pay the applicable duty along with interest, without penalty, provided that no audit or investigation have been initiated. Below are the key guidelines mentioned in the Circular:

- Electronic application to be filed at the port of import/export for revising entries under one Bill of Entry or Shipping Bill.
- Duty and interest, if applicable, to be paid against the generated Acknowledgement Reference Number.
- Applications will be self-assessed, with verification by the proper officer where required.
- Refund claims, if arising, will be processed automatically, no separate refund application needed for refund.
- A fee of ₹1,000 per application has been prescribed.

Special Economic Zone (“SEZ”)

9. Conversion of Non-Processing Area to Processing Area in IT/ITES SEZs approved^[8]

The Department of Commerce has allowed conversion of Non-Processing Built-up Area (NPA) into Processing Area (PA) in IT/ITES SEZs. The Development Commissioner is empowered to approve such proposals, subject to the condition that the applicant Developer has no pending duty refund claims.

10. No requirement to file SOFTEX/EDF forms for transactions between SEZ unit & from DTA to SEZ.^[9]

It has been clarified that export of services between SEZ units, and from DTA units to SEZ units, does not require SOFTEX or EDF filings, as these transactions are not subject to FEMA.

B. Customs Law: Key Advance Rulings & Judgements

1. Technical Manuals and Test Reports are classifiable under Tariff Heading 4901 of the Customs Tariff as Printed Books^[10]

In the present case, importer undertook import of technical documents which were not meant for public circulation and availed exemption from customs duty^[11]. Revenue contended that correct classification to be under the residuary Tariff Heading, i.e., 4911 of the Customs Tariff.

[7] Circular No. 25/2025 – Customs, dated October 8, 2025

[8] Instruction No. 121, SEZ, dated 17 th October, 2025

[9] Instruction No. 120, SEZ, dated October 7, 2025

[10] M/s. Hindustan Aeronautics Limited versus the Principal Commissioner of Customs, Bengaluru, 2025(10) TMI-CESTAT Bangalore

[11] S. No. 302 of Notification No. 50/2017-cus., dated June 30, 2017



The Hon'ble CESTAT, Bangalore concluded the classification under Tariff Heading 4901 of the Customs Tariff as the WCO Explanatory Notes for Tariff Heading 4901 specifically include scientific and technical publications, research papers, and instructional materials, with no limitation on them being for public circulation.

2. Royalty paid for supply of technical know-how in relation to the manufacture/assembly of the licensed products is not to be included in the transaction value of imported goods.^[12]

In the present case, importer paid royalty as a percentage of gross sales of finished goods, which were manufactured using the technical know-how supplied by its foreign related Company. The Hon'ble CESTAT, New Delhi held that such royalty payments are not to be included as there is no linkage between the payments and the goods imported. Royalty is being paid for use of technology, after import of goods and is not a condition for buying or importing the goods.

C. Goods and Services Tax Law: Statutory amendments

1. GST Implications on Secondary and Post-Sale Discounts

CBIC has issued Circular No. 253/10/2025-GST dated October 01, 2025, in order to withdraw the Circular No. 212/6/2024-GST dated June 26, 2024.

The earlier circular i.e., Circular No. 212/6/2024-GST dated June 26, 2024 had laid down the mechanism for suppliers to provide evidence of compliance with conditions under Section 15(3)(b)(ii) of the CGST Act, 2017 i.e., in relation to post sale discounts. It required suppliers to obtain a CA certificate or, in cases below ₹5 lakh, a recipient's undertaking, confirming proportionate ITC reversal on discounts passed through credit notes. With the withdrawal of this circular, such prescribed procedure shall no longer be required.

This is to highlight that the Government has made such change considering the introduction of the Invoice Matching System (IMS) from October 01, 2025. The GSTN portal vide IMS mechanism allows the recipients to directly accept or reject credit notes on the portal itself i.e., addressing the earlier verification gap. Simultaneously post IMS mechanism, Section 34 has been amended to make ITC reversal by the recipient an explicit pre-condition for the supplier to reduce tax liability.

Accordingly, the Government has withdrawn the earlier certification requirement. This step has been taken to ensure uniformity in implementation across field formations.

2. Provisional sanction of refund claims on the basis of identification and evaluation of risk by the system:

CBIC, vide Instruction No. 06/2025-GST dated October 03, 2025, has introduced a risk-based system for faster sanction of GST refunds. Effective from October 01, 2025, 90% of the refund amount in low-risk cases (as identified by the system) will be provisionally sanctioned without detailed scrutiny for zero-rated supplies and, as an interim trade facilitation measure, also for refund claims on account of inverted duty structure. High-risk or disputed cases will continue to undergo full verification. Proper officers retain discretion to withhold provisional refunds with recorded reasons, and excess amounts, if any, will be recovered through due process.

[12] M/s. Ericsson India Private Limited, Shri Tej Nirmal Singh, Shri Bharat Bandhu versus Additional Director General, 2025 (10) TMI 827 - CESTAT



D. Developments on the GSTN portal

1. Invoice Management System (IMS): Changes/clarifications have been provided in the Invoice Management System (IMS) with effect from the October 2025 tax period vide advisory dated October 8, 2025 and October 30, 2025

- **Auto-population of ITC:** Input Tax Credit will continue to be auto-populated from GSTR-2B to GSTR-3B without any manual intervention.
- **GSTR-2B Generation:** GSTR-2B will be generated automatically on the 14th of every month. Taxpayers can take actions in IMS after generation of GSTR-2B and may regenerate GSTR-2B before filing GSTR-3B if required.
- **Credit Note Handling:** Recipient taxpayers will have the flexibility to keep a Credit Note or related document pending for a defined period. On acceptance, ITC can be reversed to the extent of availment, allowing manual adjustment of the reversal amount.
- **Introduction of details of “Import of Goods”:** A new section for “Import of Goods” has been introduced, through which Bills of Entry (BoE) filed for imports, including imports from SEZ, will now be available in the IMS for taxpayers to accept, reject, or keep pending through GSTR-1/1A/IFF . If no action is taken on a BoE, it will be deemed accepted, and based on the action taken, the draft GSTR-2B will be generated on the 14th of the subsequent month.

2. Enablement of GSTR 9/9C for FY 2024-25

GSTR-9/9C for FY 2024-25 has been enabled on the GST portal w.e.f. October 12, 2025. Further, CBIC has released detailed FAQ for assisting the taxpayer in filing GSTR-9/9C.



Thank You

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