

# INDIRECT TAX NEWSLETTER

May 2026





## A. Key Policy/Regulation Updates

### **Directorate General of Foreign Trade (“DGFT”)**

#### **1. Recovery/Reconciliation of Export Incentives (Drawback, RoDTEP & RoSCTL) in Cases of Non-Realisation or Short Realisation of Export Proceeds <sup>[1]</sup>**

Vide Public Notice No. 28/2026 (Customs) dated May 19, 2026, exporters are required to reconcile their EDPMS status with Customs. If export proceeds are not realized or are short-realized within the RBI-prescribed timeframe, exporters must either provide proof of realization or repay the incentives availed - Drawback, RoDTEP & RoSCTL - along with applicable interest to avoid penalties.

However, exporters can retain RoDTEP/RoSCTL benefits despite short/non-realization if they obtain an RBI-authorized write-off and submit a non-recovery certificate from ECGC or the relevant Indian Foreign Mission. RoDTEP/RoSCTL can be claimed on full FOB value provided agency commissions/foreign bank charges do not exceed 12.5% of FOB. Also, any compensation received from ECGC for short realization is accepted by Customs as valid sale proceeds.

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

#### **2. Electronic filing and Issuance of Preferential Certificate of Origin (CoO) under India-Oman Comprehensive Economic Partnership Agreement (India-Oman CEPA) with effect from June 01, 2026 <sup>[2]</sup>**

CBIC vide Trade Notice No. 06/2026-2027 notifies that from June 01, 2026, Preferential CoOs for exports to Oman under the India-Oman CEPA will be issued electronically on the Trade Connect ePlatform ([www.trade.gov.in](http://www.trade.gov.in)). E-COOs will be processed via the "Certificate of Origin" module and issued by authorised agencies selected as "India Oman CEPA (Agency Issued)". On approval, the system generates an "Electronic Copy" with QR code, digital signature, and the issuing officer's signature/stamp, which exporters can download and use.

For IEC holders, existing DGFT login credentials can be used on Trade Connect, and additional users can be created via DSC linking on DGFT. Users must ensure their profile name matches their DSC, and IEC details are updated for correct selection during eCOO application.

#### **3. Movements of Goods between SEZ and Custom Bonded Warehouse <sup>[3]</sup>**

The Kolkata Customs Port authorities vide PUBLIC NOTICE NO. 36/2026 (Port) dated May 15, 2026, has introduced a system-enabled mechanism for the movement of goods between Special Economic Zones (SEZs) and Customs Bonded Warehouses (CBWs). The new functionality allows transfer of goods from SEZs to bonded warehouses and vice versa through electronic filing of Bills of Entry and automated ledger accounting, without requiring payment of customs duty at the time of transfer. The process includes debiting and crediting of SEZ and warehouse ledgers, bond management, and integration with Ex-Bond Shipping Bill procedures, thereby ensuring seamless tracking of goods and facilitating efficient inventory movement between SEZ units and bonded warehouses through the Customs automated system.

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[1] Public Notice No. 28/2026 (Customs) dated May 19, 2026

[2] CBIC vide Trade Notice No. 06/2026-2027

[3] PUBLIC NOTICE NO. 36/2026 (Port) dated May 15, 2026



#### 4. Extension of Guidelines and Instructions for Scrutiny of appeals filed on GSTAT Portal <sup>[4]</sup>

The Registrar, GSTAT vide F.No. GSTAT/Pr.Bench/Portal/125/25-26 dated May 14, 2026 has extended the timelines for appellants facing initial difficulties on the GSTAT Portal. In exercise of powers under Rule 123 of GST Appellate Tribunal (Procedure) Rules, 2025, it has been directed that the guidelines of Office Order No. 16/2026 dated 20th Jan 2026 and Instructions dated 10th March 2026 will continue to be followed till 31st Dec 2026 to ease filing of appeals.

#### 5. Import of Hazardous Cargo <sup>[5]</sup>

The Customs Board vide Circular No. 24/2026-Customs, F. No. 401/04/2025-Cus.III, May 14, 2026 is introducing system-based identification and fast-track clearance for hazardous cargo imports following trade requests.

- **Mandatory declaration:** Importers must declare hazardous cargo at the item level in the Bill of Entry if the goods fall under the Chapters listed in Annexure-A.
- **System flagging:** Such Bills of Entry will be flagged in the system and a message will be displayed to Customs officers during assessment, examination, and out-of-charge to ensure expeditious processing.
- **Implementation:** DG Systems will issue a detailed Advisory, and the facility will be rolled out across all customs formations by 01.07.2026. NCTC will also update RMS for better facilitation.

#### 6. Import Sector-Specific Exemptions: Precious Metals <sup>[6]</sup>

CBIC vide Notification No. 17/2026-Customs dated May 12, 2026 amends Notification No. 57/2000-Customs to revise the concessional rates for gold, silver, and platinum imported under specified export promotion schemes. Under this amendment, the applicable concessional customs duty rate has been sharply increased from the existing 4.35% to 10%. The revised rate came into effect from 13.05.2026, resulting in a higher customs duty incidence on such replenishment imports and aligning the concessional duty structure with the revised customs duty framework for precious metals.

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[4] GSTAT vide F.No. GSTAT/Pr.Bench/Portal/125/25-26 dated May 14, 2026

[5] Circular No. 24/2026-Customs, F. No. 401/04/2025-Cus.III, May 14, 2026

[6] Notification No. 17/2026-Customs dated May 12, 2026



## B. Customs Law: Key Advance Rulings & Judgements

### 1. Haryana AAAR Denies Export Status to Market Support Services Provided to Overseas Consultant

The Haryana AAAR held that market support and consulting services provided by M/s Maithani Enterprises to a Malaysian consultant in relation to an Indian client constituted intermediary services under Section 2(13) of the IGST Act. Since the place of supply was deemed to be India under Section 13(8)(b), the services did not qualify as export of services and were therefore taxable at 18% GST, with no entitlement to zero-rating benefits or refund of accumulated ITC. M/s Maithani Enterprises, Haryana, provided Sales & Marketing Consulting and Manpower/HR Consulting services to M/s Meteora Consulting, Malaysia, in connection with a consulting project for an Indian client, M/s Modenik Textiles Pvt. Ltd. The appellant contended that the services were rendered on a principal-to-principal basis, consideration was received in foreign exchange, and all conditions prescribed under Section 2(6) of the IGST Act for “export of services” were fulfilled. It was further argued that the appellant was not acting as an intermediary, as it neither negotiated nor facilitated contracts between Meteora and its Indian clients.

The Haryana AAAR rejected the contention and held that the appellant was providing “on-the-ground market services” and working closely with the Indian client’s team, thereby facilitating the supply of services between Meteora and its Indian customer. Accordingly, the services were classified as intermediary services under Section 2(13) of the IGST Act. Since the place of supply was deemed to be India under Section 13(8)(b), the services did not qualify as export of services and were therefore taxable at 18% GST, with no entitlement to zero-rating benefits or refund of accumulated ITC.

### 2. CESTAT Delhi: ONT/ONU and OLT Classifiable under CTI 8517 62 90; Extended Limitation and Penalties Set Aside

In **GX India Pvt. Ltd. v. Principal Commissioner of Customs, ICD TKD, New Delhi**, the CESTAT held that Optical Network Terminals (ONT)/Optical Network Units (ONU) and Optical Line Terminals (OLT) are machines that receive, convert and transmit data and are therefore correctly classifiable under CTI 8517 62 90. The Tribunal observed that CTI 8517 69 is a residual entry and cannot apply where the goods are specifically covered under CTI 8517 62, thereby upholding the importer’s classification.

The Tribunal further remanded the issue of exemption under Notification Nos. 24/2005-Cus and 57/2017-Cus for fresh adjudication after considering the telecom expert’s report produced by the importer. It also held that a mere change in tariff classification does not justify invocation of the extended period of limitation in the absence of suppression or wilful misstatement. Accordingly, the demand for the extended period and penalties under Sections 114A and 114AA of the Customs Act were set aside.

### 3. CESTAT Mumbai: EDD Refund Cannot Be Withheld Pending Finalisation of Bills of Entry; Interest Payable on Delayed Refund

In **Commissioner of Customs, Goa v. JSW Steel Limited**, the CESTAT held that **Extra Duty Deposit (EDD)** collected during Special Valuation Branch (SVB) investigations is a refundable deposit and not customs duty. Accordingly, once the related-party valuation proceedings were concluded in favour of the importer, the EDD became refundable and its refund could not be withheld merely because the Bills of Entry were pending finalisation on unrelated issues. The Tribunal further held that the importer was entitled to interest under Section 27A of the Customs Act on the delayed refund, observing that the Department cannot deny statutory interest on account of its own failure to process the refund claim or complete assessments in a timely manner. Consequently, the Revenue’s appeal was dismissed and the order granting interest on the delayed refund was upheld.





#### 4. Bluetooth Wireless Earbuds/Headsets Classifiable under CTI 8518 30 00; Extended Limitation Not Invocable

In **Samsung India Electronics Pvt. Ltd. v. Principal Commissioner of Customs (Import), New Delhi**, the CESTAT held that Bluetooth wireless headsets, headphones, earphones, earbuds, and neck bands are correctly classifiable under CTI 8518 30 00, following its earlier decision in G-Mobile Devices Pvt. Ltd. Consequently, the exemption benefit claimed by the importer was denied and the duty demand for the normal period was upheld.

However, the Tribunal ruled that the dispute was purely one of tariff classification and there was no evidence of suppression or wilful misstatement. Accordingly, the demand raised for the extended period of limitation and the penalty under Section 114A of the Customs Act were set aside. The matter was remanded only for quantification of the duty demand falling within the normal limitation period and the corresponding interest liability.

## C. Developments on the GSTN portal

### 1. Enhancements in the e-Way Bill (EWB) Portal

GST department has released an advisory dated May 20, 2026 in relation to certain enhancements proposed in the e-Way Bill (EWB) Portal with the objective of strengthening data integrity, improving traceability of goods movement and enabling system-driven closure of transactions.

According to advisory the key proposed changes are as follows:

- a. Mandatory capture of “Ship-To GSTIN” in Bill-To/Ship-To** transactions during EWB generation. In cases where consignee is unregistered, “URP” is required to be mentioned in the Ship-To GSTIN field.
- b. Introduction of voluntary EWB Closure functionality**, enabling closure of e-Way Bills upon completion of delivery. The closure facility can be exercised by supplier, recipient, transporter, and driver or authorised person.
- c. Closure either by EWB-wise or date-wise** - EWB closure can be undertaken either EWB-wise or date-wise through the portal. Further, API functionality has also been introduced for system integrators and API users.

API and System Integration NIC have already released the required API changes in Sandbox environment and the proposed changes are scheduled to be deployed in production by June 15, 2026.

### 2. Filing of Annexure-B for Refund Applications involving Accumulated ITC using the offline utility in GST portal

W.e.f. 18th May 2026, GSTN has made it mandatory to file Annexure-B through a new Excel-based Offline Utility instead of PDF for refund applications involving Accumulated ITC. This applies to 4 categories: Export of Goods/Services without tax payment, Supplies to SEZ Unit/Developer without tax, ITC accumulated due to Inverted Tax Structure u/s 54(3), and Export of Electricity without tax.

The utility has 2 tables - Reversal Details and HSN/SAC-wise Inward Invoice Details from GSTR-3B. Taxpayers must report invoice-wise, splitting invoices with multiple HSN/SAC or categories into separate lines with 1 line = 1 HSN/SAC + 1 category. Max 10,000 lines per file, up to 25 files = 2.5 lakh lines per application. After generating JSON, upload it on RFD-01. System will validate against GSTR-2B - pre-Nov 2024 "not validated" is normal, while Nov 2024+ mismatches show in Invalid Report. Don't edit/rename the JSON, avoid extra spaces, and report reversals as per GSTR-3B.

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# Thank You

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