

# INDIRECT TAX NEWSLETTER

June 2026





## A. Key Policy/Regulation Updates

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

#### **1. Streamlining the mechanism for seeking clarification on interpretation of Foreign Trade Policy (FTP) provisions from DGFT <sup>[1]</sup>**

Instruction No. 07/2026-Customs dated June 02, 2026 prescribes a standardized procedure for Customs field formations to seek clarifications on the interpretation of provisions of the Foreign Trade Policy (FTP). The Instruction directs that Customs Commissionerate and field officers should not approach DGFT directly for policy clarifications. Instead, issues requiring interpretation should first be examined at the Commissionerate level and, where necessary, routed through the concerned Principal Chief Commissioner/Chief Commissioner to the CBIC. In cases involving commodity-specific matters, the concerned National Assessment Centre (NAC) is required to examine and endorse the issue before it is referred to the Board.

The Instruction aims to ensure uniformity in the interpretation and implementation of FTP provisions across Customs formations, prevent conflicting practices, and streamline coordination between CBIC and DGFT. It also emphasizes that references to the Board should be comprehensive and well-reasoned, containing all relevant facts and legal provisions, while advising field formations to avoid unnecessary detention of consignments during the pendency of such clarifications. Wherever permissible under law, facilitative measures such as provisional assessment should be adopted to ensure smooth clearance of goods and promote ease of doing business.

#### **2. Amendment to Import Policy for Specified Silver Products – Mandatory DGFT Import Authorisation <sup>[2]</sup>**

DGFT vide Notification No. 19/2026-27 dated June 02, 2026 amends the import policy conditions for specified silver products falling under Chapter 71 of ITC (HS), 2022. While these items continue to remain under the **Restricted category**, the notification mandates that imports by RBI-notified banks, DGFT-notified nominated agencies, and qualified jewellers importing through the India International Bullion Exchange (IIBX), wherever permitted, shall be allowed only against a valid **Import Authorisation** issued by the DGFT.

ITC HS Code	Description
7106 91 00	Silver powder
7106 91 10	Silver grains
7106 91 20	Pure silver 99.9% or more
7106 91 90 Others	Others

**Exception** - Only silver dore can be imported by refineries against a license with Actual User condition.

[1] Instruction No. 07/2026-Customs dated June 02, 2026

[2] Notification No. 19/2026-27 dated June 02, 2026



### 3. QCO/BIS Exemption for Imports by SEZ Units and Developers<sup>[3]</sup>

DGFT vide Notification No: 20/2026-27, dated June 02, 2026 amends Paragraph 2.03A(iii) of the Foreign Trade Policy (FTP), 2023 to expand the exemption from Quality Control Orders (QCOs) and Bureau of Indian Standards (BIS) requirements for imports into Special Economic Zones (SEZs). The amendment extends the exemption to SEZ Units and SEZ Developers for the import of all permissible goods, including raw materials, components, consumables, spares, capital goods and other items required for authorised operations within the SEZ.

Exemption Criteria:

- Exemption applies only for use of imported goods inside the SEZ for authorised operations.
- Any removal, transfer, or clearance of such goods, into the Domestic Tariff Area (DTA) must comply with all QCO and BIS laws.
- Submit an undertaking to the concerned SEZ Development Commissioner when you import these goods.

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

#### 4. Imposition of Countervailing Duty on import of Solar Glass<sup>[4]</sup>

The Government vide Notification No. 02/2026-Customs (CVD) dated June 02, 2026 imposes Countervailing Duty (CVD) on solar glass imports from Malaysia for the next five years to protect domestic manufacturers. The duty applies to textured toughened glass used in solar panels with specifications of over minimum of 90.5% transmission of thickness not exceeding 4.2mm (including tolerance of 0.2 mm) and where at least one dimension exceeds 1500 mm, whether coated or uncoated.

#### 5. Declaration for Exemption from Bank Guarantee/Cash Security for Advance Authorisation & EPCG Registration<sup>[5]</sup>

The Government vide Public Notice No. 68/2026 dated 4 June 2026\* prescribes the declaration to be furnished by Authorisation Holders seeking exemption from furnishing Bank Guarantee (BG) or Cash Security at the time of registration of Advance Authorisation and EPCG licences. The Public Notice requires applicants to submit a true and complete declaration/affidavit confirming that they have not been subjected to specified penalties under the Customs Act, 1962, the Central Excise Act, 1944, the Foreign Exchange Management Act, 1999, or the Foreign Trade (Development and Regulation) Act, 1992 during the preceding three financial years. The declaration is intended to ensure that only eligible Authorisation Holders avail the exemption, while any false or misleading declaration may attract penal action under the Customs Act, thereby promoting compliance, transparency, and uniform implementation of the exemption framework.

#### 6. Implementation of Compulsory Registration Requirements for Standalone Hard Disk Drives (HDDs)<sup>[6]</sup>

The Government vide Instruction No. 09/2026-Customs dated 12 June 2026 directs Customs field formations to implement the Ministry of Electronics and Information Technology (MeitY) Notification dated May 05, 2026. The Instruction expands the scope of the Electronics and Information Technology Goods **(Requirements for Compulsory Registration) Order, 2021 to cover Standalone Hard Disk Drives (HDDs)**.

The Instruction clarifies that while USB Type External Hard Disk Drives will continue to be governed by the existing notified provisions, **all other standalone HDDs will be subject to the Compulsory Registration Order with effect from 5 November 2026.**

[3] Notification No: 20/2026-27, dated June 02, 2026

[4] Notification No. 02/2026-Customs (CVD) dated June 02, 2026

[5] Public Notice No. 68/2026 dated 4 June 2026

[6] Instruction No. 09/2026-Customs dated 12 June 2026



## 7. Mandatory to obtain MeitY approval for Highly Specialized Equipment (HSE) Exemption<sup>[7]</sup>

CBIC vide Instruction No. 08/2026-Customs dated June 12, 2026 has directed the field formations to implement the MeitY Notification S.O. 1246(E) dated March 10, 2026, which provides an exemption for specified Highly Specialized Equipment (HSE) from the applicability of the Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2021. The requirement to obtain the necessary approval from MeitY has been mandated has been made effective from June 15, 2026.

The key highlights of the notification are:

- The exemption is available for Highly Specialized Equipment (HSE) that is manufactured or imported in quantities of less than 100 units per model per year.
- The equipment must satisfy any one of the following criteria:
  - Powered by a three-phase power supply; or
  - Powered by a single-phase power supply with a current rating exceeding 16 Amperes; or
  - Has dimensions exceeding 1.5 metres × 0.8 metres; or
  - Weighs more than 80 kilograms.

## 8. Implementation of Revised Procedure for Customs Clearance of Imported Goods through Sea Cargo<sup>[8]</sup>

The Government vide Instruction No. 10/2026-Customs dated June 18, 2026 prescribes a revised procedure for the clearance of imported goods through sea cargo to enhance efficiency, transparency, and uniformity in Customs operations. The Instruction provides the following :

- New up-gradation in DIGIT data entry will effected and live on 1st April 2026
- All the details in MPR-DRI-CUS-1 (Monthly Performance Report) and MPR-DRI-CUS-8 will be auto-populated in DIGIT from FY 2026-27.
- No Manual report submissions will be required or allowed from FY 2026-27.
- Minor cases do not need to be logged if the goods value falls below these limits prescribed:
  - Airports Baggage goods less than Rs. 5 Lakh
  - Sea Ports, ICDs, and Air Cargo Complexes goods less than Rs.20 Lakh
  - Cases at courier centers or foreign post offices goods less than Rs. 1 Lakh
  - Land Customs Stations or land border security check posts goods less than Rs. 1 Lakh
- All enforcement actions, including Search, Summons, Seizure, Arrest, Show Cause Notice (SCN) uploads, NDPS Court Complaints, Party Payments, and Investigation Reports (IRs), must be entered into the DIGIT portal within five days of the respective action.

## 9. Clarification regarding jurisdiction in cases involving migration/ transfer of taxable persons from one jurisdiction to another jurisdiction<sup>[9]</sup>

The GST department has released a clarification on June 25 ,2026, regarding jurisdiction in cases involving the migration or transfer of taxable persons from one jurisdiction to another jurisdiction. This clarification addresses three main points:

- **Previous action is valid:** All orders, notices, audits, and searches conducted by the previous jurisdictional authority remain valid for the newly migrated jurisdiction authority of taxable persons.
- **Transfer of Powers:** All the powers of the previous jurisdiction authority of the taxable persons are transferred to the new jurisdiction authority. Previous authority should only inform the new jurisdiction authority of any new finding regarding previous cases of taxable persons.
- **Responsibility of New Authority:** The new jurisdiction authority alone should be fully responsible for completing pending matters, implementing past orders and handling all subsequent legal proceedings

[7] Instruction No. 08/2026-Customs dated June 12, 2026

[8] Instruction No. 10/2026-Customs dated June 18, 2026

[9] GST released a clarification on June 25, 2026



## 10. Extension of last date of filing of GSTAT Appeal <sup>[10]</sup>

The Ministry of Finance has officially extended the deadline for filing appeals before the GST Appellate Tribunal (GSTAT) under Section 112 to **July 31, 2026**.

However, the official government advisory strongly urges taxpayers not to wait for the final week to avoid system errors and technical lockouts.

## Key Advance Rulings & Judgements

### 1. CAAR - Classification of CKD Kits for Customs Purposes

The Customs Authority for Advance Rulings (CAAR), Mumbai, vide Order No. CAAR/Mum/ARC/18/2026-27 dated 9 June 2026, held that a Completely Knocked Down (CKD) kit comprising various components required for assembly cannot be treated as a motherboard for the purpose of customs classification. The Authority observed that the imported consignment consists of distinct components and parts, each retaining its individual identity and function, and therefore cannot be classified as a single product merely because they are imported together.

Accordingly, the CAAR ruled that each component or part of the CKD kit is required to be classified separately under its respective tariff heading based on its individual characteristics and description. Consequently, the Authority held that the CKD kit is not classifiable under tariff item 8473 30 20 (Motherboards), and the applicable HSN classification and customs duty must be determined individually for each imported component in accordance with the Customs Tariff Act, 1975.

### 2. Preferential Duty benefit cannot be denied by unilateral re-computation of local value addition

In *Veekay Diamants v. Commissioner of Customs, Airport, Chennai*, the CESTAT held that the benefit of a preferential duty exemption under a Free Trade Agreement (FTA) cannot be denied merely because the Customs authorities unilaterally re-compute the local value-added content of the imported goods. The Tribunal observed that a valid Certificate of Origin (CoO) issued by the competent authority of the exporting country enjoys a presumption of correctness and cannot be disregarded without following the prescribed verification mechanism under the applicable trade agreement.

The Tribunal further held that Customs authorities are not empowered to substitute their own methodology for determining the originating status of goods in the absence of evidence of fraud, misrepresentation, or an adverse verification report from the issuing authority. Accordingly, the denial of the preferential exemption solely on the basis of a unilateral re-computation of the value addition was held to be unsustainable, and the benefit of the concessional duty was allowed.

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[10] GST Appellate Tribunal (GSTAT) under Section 112 to July 31, 2026.



### **3. CAAR Clarifies Classification of Automotive Parts Imported for Manufacturing**

In Authority for Advance Ruling Nos. CAAR/DEL/Denso/14 and 15/2026 dated 12 June 2026, in the case of M/s DENSO Haryana Pvt. Ltd. v. Customs Authority for Advance Rulings, the Customs Authority for Advance Rulings (CAAR), Delhi examined the customs tariff classification of automotive components proposed to be imported for use in the manufacture of automotive systems. The Authority analyzed the product specifications, technical functions, relevant tariff headings, Section and Chapter Notes, and the General Rules for Interpretation (GRI) of the Customs Tariff Act, 1975 to determine the appropriate classification.

The CAAR held that the classification of the imported goods must be based on their individual characteristics, principal function, and specific tariff descriptions, rather than their intended end use or the finished automotive system in which they are ultimately incorporated. The ruling reinforces the principle that customs classification is governed by the terms of the tariff and applicable legal notes, thereby providing certainty to importers and reducing classification disputes.

### **4. Core Business Support Services Not Classifiable as 'Intermediary Services'**

In M/s. DOW Chemical International Private Ltd. v. Commissioner of State Tax, Mazgaon, Mumbai, the Tribunal held that the services provided by Dow Europe to its group entity cannot be classified as "intermediary services" under the GST law. It observed that the services were rendered on a principal-to-principal basis and constituted core business support services performed on behalf of the recipient, rather than facilitating or arranging a supply between two or more parties.

The Tribunal further held that merely because the services were provided within a multinational group structure does not make the service provider an intermediary. Since Dow Europe was providing the services directly to its group entity and not acting as a broker, agent or facilitator, the services did not satisfy the essential ingredients of an intermediary service. Accordingly, the benefit available to export of services could not be denied on the ground that the services were intermediary in nature.

## **C. Developments on the GSTN portal**

### **1. Advisory on e-Invoice API and e-Way Bill by IRN API changes for mandatory capture of Ship-to GSTIN and Voluntary Closure of e-Way Bill**

The GST department on dated 17th June 2026 has released an advisory pursuant to the Advisory dated May 20, 2025 to clarify regarding the enhancements to the e-Way Bill system. As per the earlier advisory, in Bill-to/Ship-to transactions, capturing the "Ship-to GSTIN" in the e-Way Bill has been made mandatory. Further, if the consignee is an unregistered person, the value "URP" to be entered in the Ship-to GSTIN field.

Based on representations received from industry and technology stakeholders, corresponding changes have been introduced in the e-Invoice API, e-Way Bill by IRN API, and EWB Closure API. These enhancements are currently under testing and will be effective from 1 August 2026.

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# Thank You

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