

INDIRECT TAX NEWSLETTER

September 2026



A. Key Policy/Regulation Updates

Directorate General of Foreign Trade (“DGFT”)

1. DGFT to introduce Faceless Trade Facilitation System: ^[1]

DGFT vide Office Memorandum dated September 3, 2026, has announced the proposed launch of the Faceless Trade Facilitation System (FTFS) and Central Processing Department (CPD) from October 2, 2026. The CPD will centrally process routine, jurisdiction-neutral applications, including IEC modifications, Advance Authorization and EPCG issuance, amendments, revalidation, EO extensions and redemptions, as well as Status Holder Certificates, Registration Certificates, End User Certificates and Certificates of Origin.

Regional Authorities (RAs) will continue to handle enforcement and adjudication, physical verification, legacy records, risk-based post-issuance checks, fraud investigations and sensitive cases. Bond/BG-related functions will also remain with RAs until deployment of the e-Bond/e-BG modules. The proposed shift is aimed at faster and more uniform processing of routine EXIM applications through a faceless, allocation-based system.

2. RoDTEP Scheme extended till December 31, 2026: ^[2]

DGFT vide Notification No. 41/2026-27 dated September 30, 2026, has extended the RoDTEP Scheme for exports made by DTA units, Advance Authorisation holders, SEZ units and EOUs up to December 31, 2026. The existing RoDTEP rates and value caps under Appendices 4R and 4RE, as applicable on September 30, 2026, will continue unchanged, with all other scheme terms and conditions remaining the same.

3. DGFT introduces Open API for Certificate of Origin: ^[3]

DGFT vide Trade Notice No. 25/2026-27 dated September 7, 2026, has introduced an Open API facility on the Trade Connect e-Platform enabling exporters to integrate their ERP, accounting or other systems with the DGFT CoO system for electronic submission and exchange of Certificate of Origin data. The facility supports both Preferential and Non-Preferential CoOs, reducing manual data entry and improving processing efficiency. Exporters can obtain API credentials, whitelist their public IPs and use digital signatures for secure submission, while issued certificates can also be verified through the API.



[1] Office Memorandum dated September 3, 2026

[2] Notification No. 41/2026-27 dated September 30, 2026

[3] Trade Notice No. 25/2026-27 dated September 7, 2026



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

4. CBIC simplifies Eligible Manufacture Importer Scheme requirements^[4]

Vide Circular No. 39/2026-Customs dated September 3, 2026, CBIC has rationalized the application requirements under the Eligible Manufacturer Importer (EMI) Scheme, effective September 15, 2026. Detailed disclosures relating to EXIM documents, GST compliance, turnover, manufacturing premises, plant and machinery, raw materials, finished goods and job workers have been dispensed with. Mandatory uploads have been reduced from ten to three - UDYAM Certificate (where MSME status is claimed), CA Certificate with UDIN, and Authorization Letter.

Further, where negative net worth or net current assets are reported for the preceding two years, the CA must provide reasons within 100 words. The changes aim to significantly reduce compliance burden and facilitate faster EMI approvals.

5. CBIC operationalizes National Assessment Centre (NAC) Portal:^[5]

Vide Circular No. 41/2026-Customs dated September 3, 2026, CBIC has operationalized the centralized NAC Portal to promote uniformity and transparency in Customs assessment. The portal provides a common repository of CAAR rulings, audit objections, classification and valuation matters, NAC meeting minutes, advisories, and CCFC/PTFC deliberations, enabling trade stakeholders to access relevant assessment references across Customs formations.

The portal enables importers and Customs Brokers to undertake pre-filing checks on classification and valuation, refer to past decisions while responding to assessment queries, and monitor trade issues raised across Customs zones. The initiative is expected to reduce divergent assessment practices and facilitate more consistent and predictable Customs clearances.



[4] Circular No. 39/2026-Customs dated September 3, 2026

[5] Circular No. 41/2026-Customs dated September 3, 2026



B. Key Advance Rulings & Judgements

1. Battery-integrated tablet rear cover classifiable as lithium-ion accumulator

In the matter of M/s OPPO Mobiles India Private Limited [2026 (9) TMI 1045], the Customs Authority for Advance Rulings, New Delhi held that a battery-integrated tablet PC rear cover assembly is classifiable in its entirety under tariff item 8507 60 00 as a lithium-ion accumulator, rather than under tariff item 8473 30 99 as a part of an automatic data processing machine.

The Authority observed that the lithium-ion battery performs the essential function of storing and supplying electrical energy, while the thermal pads, conductive cloth, foam sheets, bracket, waterproofing components and protective housing facilitate its safe functioning and fall within the scope of Chapter 85 Note 3. Further, applying Section XVI Note 2(a), the specific heading 8507 prevails over the general parts heading, which is also subject to the exclusion of covers and like articles under Heading 8473.

2. No interest on capital goods intended for use in Section 65 warehouse

In M/s Acme Aklera Power Technology Pvt. Ltd. [2026 (9) TMI 1613], the Rajasthan High Court held that solar modules intended for use in a warehouse authorised for manufacture or other operations under Section 65 of the Customs Act, 1962 are covered under Section 61(1)(a) and, accordingly, are not liable to interest under Section 61(2) upon clearance for home consumption. The Court held that the expression “intended for use” is required to be examined with reference to the circumstances prevailing at the time of import and warehousing and does not mandate actual utilisation of the goods. In the present case, the modules were intended for the project and became surplus only due to subsequent changes in the project design and layout.

3. Retrospective Certificate of Origin can support preferential tariff benefit

In the matter of Kalyani Steels Ltd. [2026 (9) TMI 480], the CESTAT, Bengaluru held that preferential tariff benefit under the India-Japan CEPA cannot be denied merely because the Certificate of Origin (CoO) was not available at the time of import. The Tribunal observed that Section 149 of the Customs Act, 1962 must be read harmoniously with the CEPA Rules, particularly Appendix-A to Annexure-2, which expressly permits an importer who did not possess a CoO at the time of importation to subsequently produce a retrospectively issued CoO and seek refund of excess customs duty paid due to non-availment of preferential treatment.

Accordingly, the Tribunal remanded the matter to the adjudicating authority to consider the retrospectively issued CoO, reassess the Bills of Entry and extend the benefit of Notification No. 34/2018-Customs dated 27 March 2018, subject to fulfilment of the prescribed conditions. The ruling underscores that procedural requirements under Section 149 should be harmoniously construed with the specific mechanism under a preferential trade agreement permitting retrospective issuance and submission of origin certificates.

4. Bill of Export not the sole evidence for discharge of export obligation

In the matter of M/s K.K. Nag Private Limited [2026 (9) TMI 1053], the Karnataka High Court held that a Bill of Export is not the sole permissible evidence for discharge of export obligation in respect of supplies made to SEZ units under the Advance Authorisation Scheme. In view of the subsequent policy Circulars dated 7 June 2022 and 3 June 2024, which permit specified corroborative evidence such as duly attested ARE-1, evidence of receipt of supplies by the SEZ unit and evidence of payment by the SEZ unit to the Advance Authorisation holder, the Court set aside the rejection orders and remanded the matter for fresh consideration in accordance with the said Circulars. The Court clarified that the competent authority would determine whether the documents furnished satisfy the prescribed conditions, leaving the merits of the claim open.



5. GST audit findings do not constitute recovery

In the matter of M/s. SVS Aqua Technologies LLP, the Bombay High Court [2026 (9) TMI 170] held that communication of audit findings in Form GST ADT-02 under Rule 101(5) of the CGST Rules is an administrative action to inform the registered person of the audit findings under Section 65(6) of the CGST Act. Such communication, by itself, does not authorise the Department to recover any tax.

The Court clarified that any consequential action by the GST Department must be undertaken in accordance with the provisions of the CGST Act, including applicable adjudication proceedings. The taxpayer's apprehension that recovery could be effected solely on the basis of Form GST ADT-02 was therefore held to be misconceived.

6. Consolidated SCN for multiple financial years maintainable

In the matter of Additional Director General, DGGI, Belagavi & Anr. v. M/s. Nandi Buildcon & Ors. [2026 (9) TMI 69], the Karnataka High Court held that Sections 73 and 74 of the CGST/SGST Acts do not prohibit issuance of a common or consolidated show-cause notice covering multiple financial years. Accordingly, the quashing of the SCN and consequential proceedings solely on the ground that multiple tax periods could not be clubbed was held unsustainable.

The Court, however, set aside the appellate order for violation of principles of natural justice, as the personal hearing was confined to condonation of delay and the assessee was not given an opportunity to present the appeal on merits. The matter was remanded to the appellate authority to provide a hearing on merits and pass an appropriate order.

7. Six-month limit for retrospective ITC claim must provide sufficient-cause safeguard

In the matter of M/s Mehadia & Sons (C&F Division) [2026 (8) TMI 1847], the Bombay High Court observed that the six-month time limit prescribed under Notification No. 22/2024-Central Tax for seeking rectification to avail ITC under Section 16(5) of the CGST Act must provide for extension where the taxpayer is prevented by sufficient cause. In the absence of such safeguard, the procedure under Section 148 was held, at this stage, to curtail the statutory ITC entitlement. The matter was directed for further consideration after impleading the Union of India, State of Maharashtra and GST Council.





8. Three-month timeline for rectification application is directory, not mandatory

In the matter of Nand Kishore Garg [2026 (9) TMI 812], the Uttarakhand High Court held that the three-month period prescribed under Section 161 of the CGST Act/Notification No. 22/2024-Central Tax for deciding a rectification application is directory and not mandatory. Where the application was filed within the prescribed time, expiry of three months did not make the authority functus officio or extinguish its power to decide the application on merits. The rejection of the timely application was therefore quashed, and the matter was remanded for decision on merits.

9. Ruled/lined paper sheets remain classifiable under Heading 4802

In the matter of M/s. Mangalam Kallani HUF [2026 (9) TMI 527], the West Bengal Authority for Advance Ruling held that uncoated paper subjected to ruling/lining and cutting into loose sheets does not cease to fall under Heading 4802. Such ruled/lined sheets are not classifiable as stationery articles under Heading 4820. The AAR further held that the end-use exemption for uncoated paper under Heading 4802 is available based on actual use by the recipient in manufacture of specified books, and is not automatically available at every intermediary stage of the supply chain. Questions seeking prescription of documentary evidence or declarations were not admitted as falling outside the scope of the notification.

10. Actual end-use governs GST exemption for uncoated paper

In the matter of M/s. Radha Paper Agencies [2026 (9) TMI 526], the West Bengal Authority for Advance Ruling held that the end-use based exemption for specified uncoated paper and paperboard under Heading 4802 is to be determined with reference to the actual use of the goods, rather than their intended use, grade or technical specifications. Accordingly, the exemption is available where the recipient is an established manufacturer and the paper is actually used in the manufacture of exercise books, graph books, laboratory notebooks or notebooks, whereas supplies for other uses would remain taxable. The AAR further clarified that the revised GST rate notifications were expressly made effective from 22 September 2025, leaving no ambiguity regarding the applicable rate from such date. Questions relating to supplier-level verification of end-use, documentary requirements and liability for subsequent misuse were held to be beyond the scope of advance ruling, as such obligations were not prescribed under the relevant notification.

C. Developments on the GSTN portal

1. GSTN introduces Multistate Registration facility:

GSTN vide Advisory dated October 1, 2026, has introduced a “Multistate Registration” facility on the GST portal, enabling Normal Taxpayers to initiate registrations across multiple States/UTs under the same PAN through a single workflow. Applicants can generate one Master TRN and submit common business, promoter, authorised signatory and HSN/SAC details once through the Common Registration Information (CRI) module, which is then auto-populated into individual State applications.

The facility simplifies data entry but does not create a single all-India GST registration. Separate State-wise TRNs, ARNs and GSTINs will continue to be generated and processed independently by the respective jurisdictions. Applicants must provide state-specific details, including Principal/Additional Place of Business documents and Aadhaar authentication, within the prescribed 15-day validity of the Master TRN.





Thank You

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