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NEWSLETTER

Stay Updated. Stay Ahead.

Your Monthly Update on
**New Judgements &
Updated Notifications**
under GST



MAY 2026
EDITION



NEW
JUDGEMENTS



UPDATED
NOTIFICATIONS



KEY
HIGHLIGHTS



PRACTICAL
TAKEAWAYS

— Expertise that adds value. Insights that keep you ahead. —

GST NEWSLETTER

*The GST NEWSLETTER is a monthly journal published by **Krishnan Retna and Associates** with the objective of providing concise, reliable, and up-to-date insights on the evolving framework of Goods and Services Tax. The journal brings together significant judicial pronouncements, important notifications, circulars, advance rulings, and key regulatory developments to assist professionals, businesses, and taxpayers in understanding the practical implications of GST law.*

In a rapidly changing tax environment, staying informed is essential for ensuring compliance and making well-informed decisions. Through simplified analysis and structured presentation, The GST NEWSLETTER aims to serve as a valuable reference for readers seeking clarity on recent amendments, interpretational issues, and emerging trends under GST.

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1. Compliance Calendar – May 2026

Due Date	Form / Compliance	Applicable To
10 June 2026	GSTR-7	TDS Deductors
10 June 2026	GSTR-8	E-commerce Operators
11 June 2026	GSTR-1	Monthly Return Filers
13 June 2026	Invoice Furnishing Facility (IFF)	QRMP Taxpayers
20 June 2026	GSTR-3B	Monthly Taxpayers
25 June 2026	PMT-06	QRMP Taxpayers
28 June 2026	GSTR-11	UIN Holders

2. Practical FAQs on filing of Form GSTR-3B

The Institute of Chartered Accountants of India provides a detailed FAQ guide to help taxpayers navigate technical and procedural challenges when filing Form GSTR-3B. This practical manual helps users maintain accurate records, reconcile digital ledgers, and ensure GST compliance around portal limitations. A summary of these FAQs is provided below.

FAQ Number	Issue/Question	GSTR-3B Table Reference	Applicable GST Rule/Section	Proposed Resolution/Rectification Method	Portal Validation/Logic	Key Compliance Requirement
1	Re-claiming Input Tax Credit (ITC) inadvertently reversed in Table 4(B)(1) (Permanent) instead of Table 4(B)(2) (Temporary).	4(B)(1), 4(B)(2), 4(A)(5), 4(D)(1)	Section 16(4), Rule 37/37A, Rule 38, Rule 42 & 43, Section 17(5)	Adjust the erroneously reversed amount in a subsequent month's GSTR-3B by netting it off against actual, genuine permanent reversals in Table 4(B)(1).	The Electronic Credit Reversal and Re-claimed Statement (ECRRS) tracks only reversals reported in Table 4(B)(2). Table 4(B)(1) is for permanent/non-reclaimable reversals and does not update the Reclaim Ledger.	Reclaimed amounts are subject to statutory time limits under Section 16(4). Ensure permanent reversals are strictly reported in 4(B)(1) and temporary in 4(B)(2).
2	Inadvertent clubbing of RCM ITC under Table 4(A)(3) instead of Table 4(A)(2).	3.1(d), 4(A)(2), 4(A)(3)	Not in source	Segregate the clubbed amounts in a subsequent tax period's GSTR-3B or declare accurate segregated figures in the Annual Return (FORM GSTR-9).	GSTN system validates that combined ITC in 4(A)(2) and 4(A)(3) does not exceed declared RCM liability; clubbing does not trigger negative balance errors.	Tax must be duly paid under RCM and credit must be otherwise admissible under the law.
3	Procedure to rectify non-compliance with Rule 86B (discharging >99% liability using ITC instead of 1% cash).	Not in source	Rule 86B, Section 54(1)	Pay the shortfall (minimum 1% of output tax) through Form DRC-03. File refund application under Section 54(1) for excess ITC utilized and request re-credit via Form PMT-03.	Not in source	☐ Taxpayers with taxable turnover >Rs. 50 lakhs/month (subject to exceptions) must pay at least 1% of output liability through Electronic Cash Ledger.
4	Permanent ITC reversals inadvertently reported under Table 4(B)(2) instead of Table 4(B)(1), inflating the Reclaim Ledger.	4(B)(1), 4(B)(2)	Not in source	Identify specific periods/amounts. In the current tax period, make an offsetting adjustment in Table 4(B)(2) to reduce the ledger balance and report current permanent reversals in 4(B)(1).	ECRRS captures only temporary reversals from Table 4(B)(2); reporting permanent reversals there creates an artificial balance.	Adjustments must be revenue-neutral and must not result in excess availment of ITC.
5	Reporting reclaimed RCM credit: Should it be in original categories (4(A)(2)/4(A)(3)) or Table 4(A)(5)?	4(B)(2), 4(A)(2), 4(A)(3), 4(A)(5), 4(D)(1), 3.1(d)	Not in source	Report reclaimed credit in Table 4(A)(5) "All other ITC" and simultaneously disclose it in Table 4(D)(1).	The system validates Table 4(A)(2)/(3) against Table 3.1(d) plus RCM Ledger balance. Routing reclaims through RCM tables flags excess claims/validation errors.	Route reclaims through Table 4(A)(5) to clear Reclaim Ledger validations without disturbing the RCM Ledger.

6	Reporting ITC reversal under Rule 42 and 43 when final reversal differs at year-end.	4(B)(1), 4(B)(2)	Rule 42, Rule 43, Circular No. 170/02/2022-GST	Report monthly/provisional reversals in Table 4(B)(2) as temporary. At year-end, reclaim provisional amounts and report final annual reversal in Table 4(B)(1).	Reporting in 4(B)(1) makes it difficult to reclaim excess provisional reversals as they are treated as permanent.	Monthly reversals are provisional; final determination is mandatory at the end of the financial year.
7	Whether outward supplies taxable under RCM should be reported as exempt supplies by the supplier.	Not in source	Not in source	Do not report such supplies as exempt in GSTR-3B. The value of outward supplies attracting RCM is not required to be reported by the supplier in GSTR-3B.	Reporting under exempt supplies causes incorrect disclosure of exempt turnover and return mismatch.	RCM supplies remain taxable supplies; only the person liable to pay tax changes. Suppliers should not misclassify them as exempt.
8	ITC claim on import of goods if Bill of Entry (BoE) is not in GSTR-2B.	GSTR-2B, GSTR-3B	Not in source	Claim credit based on physical BoE and payment proof. Use the "Search BoE" functionality on the GST portal to manually fetch missing data from ICEGATE.	GSTR-2B matching restriction primarily applies to domestic supplier invoices; BoE reflection is often delayed due to ICEGATE transmission.	Ensure physical BoE and proof of IGST payment are available to support the claim.
9	Omission of outward invoices in GSTR-1 identified before filing GSTR-3B.	GSTR-1, GSTR-1A, GSTR-3B	Not in source	Furnish the missed invoice in Form GSTR-1A before filing GSTR-3B. Verify liability is updated in GSTR-3B before payment.	GSTR-1A is a correction facility for the same tax period but has limitations (e.g., cannot change recipient's GSTIN).	Avoid paying tax directly in GSTR-3B without reporting in GSTR-1/1A to prevent return mismatches and recipient ITC issues.
10	Double reversal issue: Credit note auto-populated in GSTR-3B but ITC was already reversed in a prior period.	4(A)(5)	Rule 42/43, Section 17(5)	Use the ITC declaration facility on IMS against the specific record to declare actual ITC availed and the amount to be reversed (preventing the auto-reduction).	Manual overrides in GSTR-3B without IMS action trigger validation errors. Documents with no action are "deemed accepted" leading to auto-reduction of ITC.	Ensure IMS declarations are consistent with prior GSTR-3B filings to avoid double reversal.
11	RCM liability for services from unregistered persons not reflected in GSTR-2B.	3.1(d), 4(A)(2), 4(A)(3)	Section 13(3), Section 31(3)(f), Rule 47A	Self-assess liability based on the date of self-invoice. Report and pay in cash in Table 3.1(d) and claim ITC in Table 4(A)(2)/(3).	GSTR-2B only shows supplier-reported data; unregistered transactions will never appear there.	Issue a self-invoice within the time limit prescribed under Rule 47A to determine the time of supply.
12	Editing auto-populated figures of interest and late fee in Table 5.1.	5.1	Not in source	Use "Re-compute Interest" to refresh calculation; if error persists, raise a grievance on the portal.	Late fee is strictly non-editable. Interest can be edited/increased but cannot be reduced below the system-computed minimum.	System auto-computes based on due date and actual filing/payment date.
13	Adjustment of "Negative Liability" from a previous tax period.	Negative Liability Statement	Not in source	The balance is automatically adjusted by the portal against the liability of subsequent tax periods.	Negative Liability Statement is for view only and cannot be edited. It is created when Credit Notes exceed Outward Supplies.	No manual adjustment is required; the system handles the carry-forward.

3. RECENT CASE LAWS

a. M/s. Naga Hanuman Fish Packers

Particulars	Summary
Issue	Whether processed frozen shrimps (HSN 0306), packed in individual printed pouches/boxes and subsequently placed in master cartons of up to 25 kg, qualify as 'pre-packaged and labelled' goods and consequently attract GST?
Taxpayer's Contention	The applicant sought clarification on whether processed frozen shrimps (HSN 0306), packed in individual printed pouches/boxes and subsequently placed in master cartons up to 25 kg, qualify as "pre-packaged and labelled" goods under Notification No. 1/2017-CT (Rate), as amended, and consequently attract GST at 5%.
Observation of AAAR/AAR	<p>The Authority observed that a commodity is considered "pre-packaged and labelled" when: (a) it contains a pre-determined quantity as defined under Section 2(l) of the Legal Metrology Act; and (b) it is required to bear declarations under the Legal Metrology Act and Rules.</p> <p>Since the inner packs ranged from 0.25 kg to 20 kg and were required to carry statutory declarations, they qualified as pre-packaged and labelled commodities.</p>
Decision	The supply of processed frozen shrimps packed in individual printed pouches/boxes (0.25 kg to 20 kg) is liable to GST at 5% as a pre-packaged and labelled commodity.
Outcome	GST @ 5% is applicable on such packaged frozen shrimps. The taxability remains the same irrespective of whether the supply is made domestically or exported outside India.

b. Sandeep Vihar Owners Association (M/s. SVOA)

Particulars	Summary
Issue	Whether GST is applicable on water charges, common area electricity charges, corpus fund contributions, and Community Centre maintenance charges collected by an RWA from its members; and if corpus fund contributions are taxable, whether GST is payable at the time of collection or only when the fund is utilized.
Taxpayer's Argument	The RWA argued that water and electricity charges are merely reimbursements of actual expenses, corpus fund collections are for future needs and not a supply, and Community Centre charges should be covered under the ₹7,500 monthly exemption available to RWAs.
Department's View	The Department considered all these collections as part of the services provided by the RWA to its members and therefore liable to GST, except where a specific exemption applies.
Observation of AAR	The AAR held that the RWA provides maintenance services to its members. Water and electricity charges are part of these services and cannot be treated separately. Corpus fund contributions are advances collected for future services and are taxable when received. Community Centre charges are part of the maintenance of the residential complex.
Decision	Water charges, electricity charges, and corpus fund collections are taxable under GST. Community Centre maintenance charges are eligible for the ₹7,500 per member per month exemption, subject to conditions.
Outcome	GST is payable on water charges, electricity charges, and corpus fund collections. Corpus fund is taxable at the time of collection. Community Centre charges can be covered under the ₹7,500 exemption limit, but corpus fund collections are separate and not included in that limit.

c. Laxmi Health Care Centre & ICCU

Particulars	Summary
Issue	Whether charges collected from in-patients towards room rent, medicines, consumables, laboratory tests, radiology tests, and other treatment-related services constitute a single healthcare service eligible for GST exemption.
Taxpayer's Argument	The applicant argued that all services provided to in-patients are part of a composite healthcare service, where the principal supply is healthcare. Therefore, the entire amount billed to in-patients should be exempt under Entry 74 of Notification No. 12/2017-CT (Rate).
Department's View	The Department examined whether the various charges recovered from in-patients form part of a single healthcare service or are separate taxable supplies.
Observation of AAR	The AAR observed that services provided to in-patients from admission till discharge – including doctor consultations, nursing care, medicines, consumables, laboratory tests, and other treatment-related services – constitute a single composite supply of healthcare services classifiable under SAC 999311.
Decision	Charges recovered from in-patients under a single bill for treatment, medicines, tests, consumables, and related services are exempt from GST under Entry 74 of Notification No. 12/2017-CT (Rate). However, GST is payable on room rent exceeding ₹5,000 per day (except ICU/CCU and similar specified units).
Outcome	In-patient healthcare services are treated as a single exempt healthcare service. GST is not payable on treatment-related charges, medicines, consumables, and diagnostic tests provided to in-patients. However, room rent above ₹5,000 per day may attract GST, subject to applicable exemptions.

Key takeaways from the above cases:

Case a:

- The ruling reinforces that GST liability depends not only on the nature of the product but also on its packaging.

Case b:

- The ruling takes a broad view of RWA services and treats recoveries of water and electricity charges as part of maintenance services.
- Taxability of corpus funds may lead to practical difficulties, as GST becomes payable even before the funds are actually utilized.

Case c:

- The ruling reaffirms the long-standing principle that healthcare services provided to admitted patients are generally exempt from GST.
- Hospitals need not split treatment-related charges such as medicines, diagnostics, and consumables for GST purposes when supplied as part of in-patient care.
- The distinction between **in-patients** and **out-patients** remains important. Medicines sold separately through a pharmacy to out-patients may be treated differently from medicines supplied to admitted patients.

4. DO YOU KNOW

- a) The idea behind GST/VAT was developed by a French tax official, Maurice Lauré, who is often called the "Father of VAT."
- b) The GST law recognizes a company and its branches in different States as distinct persons, even though they belong to the same legal entity.
- c) Input Tax Credit can be denied even when tax has been paid to the supplier if the supplier fails to deposit the tax with the Government and statutory conditions are not fulfilled.
- d) A person can voluntarily obtain GST registration even if turnover is below the threshold limit. Once registered, however, all GST compliance requirements apply.
- e) GST law permits issuance of a single "consolidated tax invoice" at the end of the day for multiple supplies made to unregistered customers, subject to prescribed conditions.
- f) The GST portal maintains an electronic liability register, electronic cash ledger, and electronic credit ledger—each serving a different purpose in tax compliance.

5. One minute learning

Composite Supply and Mixed Supply.

Particulars	Composite Supply	Mixed Supply
Meaning	Two or more supplies naturally bundled and supplied together in the ordinary course of business.	Two or more independent supplies offered together for a single price.
Principal Supply	Exists. One supply is the main supply.	Does not exist. No supply is predominant.
GST Rate	GST rate of the principal supply applies to the entire transaction.	Highest GST rate among all supplies applies to the entire transaction.
Example	Sale of air conditioner along with installation service. Installation is naturally bundled with the sale.	Festival gift hamper containing chocolates, dry fruits, and soft drinks sold for a single price.
Tax Treatment	Taxed as the principal supply.	Taxed at the highest rate applicable to any item in the package.

6. Top GST-Contributing States

1. Maharashtra

Maharashtra consistently contributes the highest share of India's GST collections, owing to its strong industrial and services base

2. Karnataka

Bengaluru's thriving IT and startup ecosystem contributes substantially to GST collections from software, SaaS, and digital services.

3. Gujarat

Gujarat accounts for a significant share of India's exports, making GST refunds and zero-rated supply provisions particularly important for businesses in the state.

4. Tamil Nadu

Tamil Nadu is one of India's largest manufacturing states, with major contributions from the automobile, textile, and electronics sectors.

5. Haryana

Haryana has one of the highest per-capita GST registrations in India, driven by its strong presence of manufacturing units, logistics hubs, and service sector businesses.

7. Monthly GST collection trends summary

Month	GST collection (₹ lakh crore) (Approx.)
May 2026	₹1.94
April 2026	₹2.43
March 2026	₹2.00
February 2026	₹1.84
January 2026	₹1.93

*India achieved its highest-ever monthly GST collection of ₹2.42 lakh crore in April 2026, marking a significant milestone in the country's indirect tax regime.

*The record-breaking revenue surpassed the previous high of ₹2.37 lakh crore recorded in April 2025, highlighting the resilience of the Indian economy and the effectiveness of GST administration.

DISCLAIMER

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