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CHARTERED ACCOUNTANTS

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NEWSLETTER

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

JULY 2026
EDITION

WELCOME TO THE JULY 2026 EDITION

Dear Readers,

We are pleased to bring you the **July 2026 Edition** of the **GST Newsletter**, your trusted monthly digest designed to keep you updated in the dynamic arena of indirect taxation. This journal is published with the objective of providing concise, reliable, and highly actionable insights on the evolving framework of Goods and Services Tax in India.

In a rapidly changing tax tax-sphere, staying compliant is non-negotiable for sustainable business operations. Over the last several months, the GST Council and judicial forums have witnessed landmark deliberations that shape the interpretation of tax exemptions, rate structures, and reverse charge mechanisms. Through simplified analysis and professional presentation, our editorial board aims to serve as a valuable reference for readers seeking clarity on statutory rules and procedural filings.

This month's edition focuses on landmark Advance Rulings, crucial compliance dates for July 2026, a structured summary of GST exemptions for charitable and non-profit organizations, and a comprehensive roadmap of the GST appeal hierarchy. We trust that this publication will continue to add value and support you in managing tax obligations effectively.

Warm regards,

Editorial Board
Krishnan Retna & Associates
Chartered Accountants

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1. COMPLIANCE CALENDAR – JULY 2026

Filing returns accurately and within prescribed timelines is a cornerstone of GST compliance. Late filings not only attract interest and statutory late fees but can also disrupt the Input Tax Credit (ITC) flow in the supply chain. Below is the scheduled compliance calendar for the month of July 2026, summarizing forms, due dates, and applicable taxpayer categories:

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

2. RECENT CASE LAWS

1. Akhil Arun Naik – GST Exemption on Drinking Water

AAAR Order No.: GOA/GAAAR/01 of 2025-26/1973 dated 31.07.2025 (Goa)

Particulars	Summary
Issue	Whether drinking/potable water supplied through water tankers to IIT Goa is exempt from GST.
Taxpayer's Argument	The taxpayer argued that the water supplied was drinking/potable water for students of IIT Goa and was supplied in bulk through tankers. Hence, it should be GST exempt.
Department's View	The Department examined the exemption under Entry No. 99 of Notification No. 2/2017-Central Tax (Rate). Water supplied in sealed containers and certain specified types of water are excluded from the exemption.
Observation of AAAR	The water was drinking/potable water, supplied through tankers and not in sealed containers. It was supplied to IIT Goa for use by students. Therefore, it falls under the exempt category.
Decision	The AAAR held that drinking/potable water supplied through tankers is exempt from GST, as long as it is not supplied in sealed containers or falls under any of the excluded categories.
Outcome	No GST is payable on the supply of drinking/potable water through tankers to IIT Goa.

2. RECENT CASE LAWS (CONTINUED)

2. Easy Flux Polymers Pvt. Ltd. – GST Rate on Biodegradable Bags

AAAR Order No.: 01/2026-2027 dated 02.04.2026 (Rajasthan)

Particulars	Summary
Issue	Whether biodegradable/compostable plastic bags are eligible for 5% GST under Entry No. 319 of Schedule I to Notification No. 09/2025-Central Tax (Rate), or taxable at 18%.
Taxpayer's Argument	The company argued that its bags are biodegradable and compostable and are supported by CPCB/CIPET/TÜV Rheinland certifications. Therefore, they should qualify for the concessional GST rate of 5%.
Department's View	The bags are made from polymer/plastic materials and are classifiable under Chapter 39, Heading 3923. The 5% rate can be given only if the bags satisfy the condition of being biodegradable.
Observation of AAAR	The AAAR observed that the bags are plastic articles classifiable under Heading 3923. Classification is independent of biodegradability. However, eligibility for the 5% rate depends on whether the bags are established to be biodegradable.
Decision	The AAAR held that 5% GST applies if the bags are biodegradable. If they do not qualify as biodegradable, the applicable GST rate would be 18%.
Outcome	The product remains classified under Chapter 39, Heading 3923. The taxpayer can claim the 5% concessional rate only upon satisfying the requirement of biodegradability; otherwise, GST is payable at 18%.

2. RECENT CASE LAWS (CONTINUED)

3. Indian Oil-Adani Gas Pvt. Ltd. – RCM on Government Services

AAAR Order No.: GOA/GAAAR/02 of 2025-26/2209 dated 18.08.2025 (Goa)

Particulars	Summary
Issue	Whether services provided by PWD Goa, a Government Department, to Indian Oil-Adani Gas Pvt. Ltd. are liable to GST under Reverse Charge Mechanism (RCM).
Taxpayer's Argument	Adani argued that the charges paid to PWD should not be treated as payment for taxable services covered under RCM. Therefore, GST should not be payable under RCM on such charges.
Department's View	PWD Goa is a Government Department and Adani is a business entity. The Department therefore considered the charges as consideration for services provided by PWD and held that GST under RCM is applicable.
Observation of AAR	The AAR observed that PWD Goa is a Government Department and that the relevant services/permissions were provided to Adani for consideration. Therefore, the applicable GST is required to be paid by Adani under RCM.
Decision	The AAR held that the applicable services provided by PWD Goa to Adani are liable to GST under RCM, with Adani being responsible for payment of the GST.
Outcome	Adani is required to pay GST under RCM on the applicable charges paid to PWD Goa. Being dissatisfied with the AAR ruling, Adani filed an appeal before the AAAR.

3. REAL-LIFE GST MISTAKES – WHAT WENT WRONG?

Filing returns involves handling large volumes of transactional data. Simple procedural errors can lead to legal notices, financial penalization, and massive reconciliatory challenges. Below are five of the most common compliance mistakes made by GST taxpayers and simple, robust practices to prevent them:

Sl.	GST Mistake	What Goes Wrong?	How to Avoid It
1	**Claiming ITC without proper reconciliation**	ITC is claimed based on purchase invoices without reconciling with GSTR-2B, resulting in excess or ineligible ITC.	Reconcile Purchase Register ↔ GSTR-2B ↔ GSTR-3B every month.
2	**Claiming Blocked ITC**	ITC is claimed on expenses restricted under Section 17(5), such as specified motor vehicles, certain food & beverages, personal consumption, etc.	Review Section 17(5) statutory provisions before claiming ITC.
3	**Incorrect GSTIN / Invoice Details**	Wrong GSTIN, invoice number, taxable value or tax amount can cause ITC and reporting mismatches.	Verify GSTIN, HSN/SAC, Place of Supply, taxable value and GST rate before issuing the invoice.
4	**Missing RCM Liability**	Expenses attracting Reverse Charge are overlooked, resulting in unpaid GST and potential interest exposure.	Review expense ledgers monthly and maintain a separate RCM checklist.
5	**Ignoring GST Notices / Compliance Deadlines**	Notices on the GST portal are missed, or replies are filed late, which can lead to adverse consequences.	Check the GST portal regularly and maintain a notice/deadline tracker.

PRACTICAL FILING TIP

Set Up a Multi-Tier Audit Trail: Prior to GSTR-3B submission, ensure your ERP or purchase books cross-match with the portal's GSTR-2B data file. Never claim ITC based solely on physical vendor invoices unless they are formally uploaded by the supplier. This prevents interest penalties under Section 50.

4. GST EXEMPTIONS FOR CHARITABLE TRUSTS & NPOs

Organizations registered under section 12AA or 12AB of the Income Tax Act enjoy specific concessions on supplies of services. However, these exemptions are strictly bound by the nature of the activities and specific statutory conditions. The following reference table outlines **items 1 to 8** of the exemption entries under Notification No. 12/2017-Central Tax (Rate):

Sl.	Activity / Supply	Exemption Entry	Conditions
1.	**Services by an entity registered u/s 12AA or 12AB for charitable activities**	Entry 1, Notification 12/2017	Entity must be registered under section 12AA/12AB; activities must fall strictly under charitable activities as defined in Clause 2(r).
2.	**Services by an old age home run by Central/State Govts or registered trusts to its residents (aged 60+)**	Entry 9D, Notification 12/2017	Consideration charged from members should be up to twenty-five thousand rupees per month per member, inclusive of boarding, lodging and maintenance.
3.	**Healthcare at clinical establishment**	Entry 74, Notification 12/2017	Provided by authorized medical professionals/paramedics at a qualified clinical establishment.
4.	**Educational services (school, college, educational institution)**	Entry 66, Notification 12/2017	Provided by institutions as defined under Clause 2(y) to its students, faculty, and staff.
5.	**Affiliation services provided by Central/State Educational Boards to government-owned schools**	Entry 66A, Notification 12/2017	Services provided by Central or State Educational Board or Council (like CBSE) to school owned by Government (e.g., Kendriya Vidyalaya).
6.	**Public library lending books/publications**	Entry 50, Notification 12/2017	Applicable to all libraries open to the public; private libraries are strictly excluded from the exemption.
7.	**Religious pilgrimage by Haj Committee or KMVN**	Entry 60, Notification 12/2017	Exemption applies only to religious services provided by Kumaon Mandal Vikas Nigam or the Haj Committee.
8.	**Supply of accommodation services**	Entry 12A, Notification 12/2017	Value of supply should be less than or equal to twenty thousand rupees per person per month, supplied for a minimum continuous period of ninety days.

4. GST EXEMPTIONS FOR CHARITABLE TRUSTS & NPOs (CONTINUED)

Sl.	Activity / Supply	Exemption Entry	Conditions
9.	**Religious ceremony or religious service**	Entry 13, Notification 12/2017	Services provided by way of conduct of religious ceremonies are fully exempt.
10.	**Renting of religious place to public (below threshold)**	Entry 13, Notification 12/2017	Rooms: < Rs. 1,000 per day; Kalyan Mandapam: < Rs. 10,000 per day; Shops: < Rs. 10,000 per month.
11.	**Import of services from outside India for charitable purpose**	Entry 10, Notification 9/2017	Service received by trust registered u/s 12AA/12AB for charitable purposes; strictly excludes OIDAR services.
12.	**Yoga, religion, or spirituality camps (including boarding/lodging)**	Entry 1, Notification 12/2017 + Circular	Primary purpose must be the advancement of religion, spirituality, or yoga under Clause 2(r).
13.	**Services by a veterinary clinic in relation to healthcare of animals/birds**	Entry 46, Notification 12/2017	Charitable trusts running veterinary clinics for the healthcare of animals or birds are fully exempt.
14.	**Training or coaching in recreational activities relating to sports**	Entry 80, Notification 12/2017	Training or coaching provided by a charitable trust in recreational activities relating to sports.
15.	**Donations or gifts received by trusts (no quid pro quo)**	Not a supply under Section 7	Must be philanthropic in nature; there must be no commercial obligation on the trust in return.
16.	**Donor nameplate display or display of gratitude**	Circular No. 116/35/2019-GST	Must be a pure expression of gratitude; should not serve as business promotion for the donor.

5. GST APPEAL HIERARCHY

Understanding dispute resolution channels is vital for handling adverse orders passed by GST officers. The statutory framework lays down a clear procedural path of appeal, escalating up to judicial reviews:

Authority	Main Role	Appeal / Next Level
AAR – Authority for Advance Ruling	Gives advance rulings on GST matters such as classification, taxability, and ITC eligibility.	**AAAR**
AAAR – Appellate Authority for Advance Ruling	Decides appeals against advance rulings passed by the AAR.	**High Court (via Writ)**
Proper Officer	Issues notices and passes original orders relating to tax, interest, or penalties.	**Appellate Authority**
Appellate Authority	First stage appellate body that reviews original orders passed by the Proper Officer.	**GSTAT**
GSTAT – GST Appellate Tribunal	Decides appeals against orders passed by the first Appellate Authority.	**High Court / Supreme Court**
High Court	Hears appeals involving substantial questions of law or writ petitions against other orders.	**Supreme Court**
Supreme Court	The final judicial authority for tax disputes under the Indian Constitution.	**Final Decision**

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