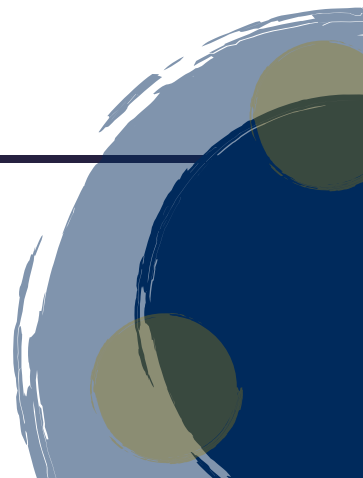




**TAXIENT  
INSIGHTS**  
INDIRECT TAXATION

Week 1 & 2 of April 2026

April 16, 2026



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## 1. HIGH COURT RULINGS

### 1.1. State Tax officers cannot intercept/detain goods governed by the IGST Act

The Petitioners faced interception, detention, and confiscation of their goods by State Tax officers in Andhra Pradesh while the goods were in transit. The consignments were engaged in inter-state trade, with both the point of origin and the final destination located outside the State of Andhra Pradesh. Despite the goods being accompanied by necessary documents, the transit-state officers initiated proceedings under Sections 129 and 130 of the CGST Act, 2017.

The High Court held that officers appointed under the State GST Act cannot exercise powers under Sections 129 or 130 to intercept, detain, or confiscate goods in transit when the movement is governed by the IGST Act, 2017. The Court reasoned that under the IGST framework, tax revenue is apportioned to the destination state and an intermediary transit state has no claim to the tax, penalty, or fines. Thus, cross-empowerment cannot be used to justify an intermediary state appropriating penalties that rightfully belong to the originating or destination states. Additionally, the Court agreed with precedents from other High Courts, stating that proper officers cannot invoke severe actions like seizure or confiscation under Sections 129 or 130 merely on grounds of valuation discrepancies.

[Golden Traders v. DCST., 2026-VIL-318-AP]

**Taxient Comments:** This decision addresses a recurring ground-level issue and offers an important clarity for businesses facing detentions during inter-state supply. The Court rightly anchors enforcement jurisdiction to the constitutional scheme of IGST, holding that a transit state having no revenue entitlement cannot invoke Sections 129 or 130 to unjustly enrich itself.

It further rejects the blanket assumption of automatic cross-empowerment of SGST officers, noting that such authority is conditional upon administrative assignment, while leaving open the nuanced question of whether a specific notification under Section 6(1) is mandatory thereby preserving scope for future jurisdictional challenges.

Importantly, the Court strikes a practical balance by permitting initial verification by officers but mandating that once inter-state movement is established, the vehicle must be released and discrepancies referred to the proper jurisdictional authority and only in cases of complete absence of documents can a presumption of intra-state supply arise. However, taxpayers must note that this protection is confined to actions by transit-state SGST officers and does not extend to enforcement by CGST authorities.

### 1.2. State Tax authorities cannot assess and collect IGST on imported goods

The Petitioner, a manufacturer of aquatic feed, imported inputs such as fish meal and soya and claimed exemption from IGST. The State Tax Authorities inspected the Petitioner's premises and subsequently issued SCNs denying exemption and demanding unpaid IGST on the

imported goods. The Petitioner challenged this action on two primary grounds. First, the jurisdiction to assess and collect IGST on imported goods lies exclusively with Customs authorities. And second, the Petitioner was administratively allotted to the Central jurisdiction, barring State authorities from initiating proceedings.

The High Court allowed the writ petition and held that the rate and quantum of IGST payable on goods imported into India must be determined in accordance with the Customs Tariff Act. Consequently, the assessment for IGST purposes on imports falls exclusively within the jurisdiction of Customs authorities. Addressing the issue of cross-empowerment under Section 6 of the CGST Act and Section 4 of the IGST Act, the Court clarified that an officer under the State GST Act can act as a proper officer only if the taxpayer has been administratively allotted to the State. Because the Petitioner was allotted to the Centre, the State Tax Authority could not invoke cross-empowerment to assume jurisdiction

**[Avanti Feeds Ltd. v. UOI., 2026-VIL-319-AP]**

**Taxient Comments:** This judgment delivers three key takeaways of practical significance. First, the Court firmly places IGST on imports within the Customs domain, holding that since the levy flows through the Customs Tariff Act and involves elements such as classification, valuation, and exemption, its assessment must be undertaken by Customs authorities and not GST officers thereby curbing parallel jurisdictional action.

Second, it clarifies that cross-empowerment is conditional and not automatic, emphasizing that jurisdiction depends on administrative allocation of the taxpayer, and State officers cannot assume authority under IGST merely by invoking Sections 4 or 6 where the taxpayer is assigned to the Centre.

Third, relying on **Kusum Ingots and Alloys Ltd., v. UOI, 2004-VIL-59-SC**, the Court observed that striking down of a Circular by a High Court will have pan-India effect. In our view, the extension of this principle from constitutional challenges to primary legislation to executive circulars appears debatable and leaves room for further legal examination.

## 2. OTHER UPDATES

### 2.1. Pre-deposit percentage in Form APL-01 made editable on the GST Portal

The GSTN has issued an advisory stating that the pre-deposit percentage field in Form APL-01 (used for filing appeals on the GST portal) has been made **editable** effective April 6, 2026. Previously, this field was auto populated at 10% in accordance with Section 107(6) of the CGST Act and was entirely non-editable. This restriction caused significant difficulties for taxpayers in scenarios where the pre-deposit had already been paid through other means or where the demand amount was incorrectly reflected under the appropriate head.

Under the updated system, taxpayers can now modify the pre-deposit percentage as applicable to their specific cases and calculate and pay the required amount accordingly while submitting the appeal. **The Appellate Authority will subsequently verify the correctness of the pre-deposit amount and the mode of payment during the adjudication of the appeal.**

[GSTN Advisory dated April 10, 2026]

**Taxient Comments:** This is a much-needed procedural relaxation that resolves practical bottlenecks faced by taxpayers during the appellate process. By removing the system restriction, the portal now accommodates legitimate scenarios where pre-deposits are made via DRC-03, paid under protest, or where the system's auto-calculated demand is disputed.

### 2.2. RoDTEP/RoSCTL benefits in cases of short realization of sale proceeds

The CBIC has issued **Circular No. 20/2026-Customs**, dated **April 10, 2026** ('Circular') clarifying how short realization of export sale proceeds affects benefits under RoDTEP/RoSCTL, and broadly aligns their treatment with duty drawback principles. Key points are as follows:

- RoDTEP/RoSCTL benefits can be granted on the full FOB value without reducing agency commission and bank charges, as long as those deductions are within the 12.5% overall limit of FOB value.
- If agency commission and foreign bank charges, individually or together, exceed 12.5% of FOB value, the excess has to be deducted while calculating benefit, similar to the duty drawback position.
- Where export sale proceeds are not fully realized, compensation received from ECGC may be treated as receipt of sale proceeds for RoDTEP/RoSCTL purposes. In such cases, recovery of RoDTEP/RoSCTL benefit should not be made, provided RBI has waived the realisation requirement on merits and the exporter submits a certificate from the concerned Indian Foreign Mission confirming non-recovery of sale proceeds.

[Circular No. 20/2026-Customs dated April 10, 2026]

**Taxient Comments:** This Circular is beneficial for exporters because it prevents denial or recovery of incentives merely due to short realization of export proceeds, subject to the stated conditions. It also brings consistency between drawback and RoDTEP/RoSCTL treatment on deduction of agency commission and banking charges. Additionally, the clarification regarding ECGC compensation offers crucial relief to exporters facing genuine payment defaults by foreign buyers.

It effectively prevents a 'double whammy' of losing export proceeds while simultaneously facing the recovery of export benefits. However, businesses must be mindful of the strict, multi-agency documentary compliance required to avail this relief specifically securing the RBI write-off and the certification from the Indian Foreign Mission.

### 2.3. New mandatory documentation requirements for Certificates of Origin

The DGFT has issued **Notification No. 05/2026-27** dated **April 7, 2026**, introducing key amendments to Para 2.62 of the Foreign Trade Policy 2023 regarding Certificates of Origin ('CoO'). While the existing 'Approved Exporter Scheme' for self-certification remains in place, the following new regulations have been implemented with immediate effect to enable digital streamlining:

- The policy now explicitly states that CoO for exports from India can only be issued by agencies authorized by the DGFT. These authorized agencies are required to issue CoOs strictly in the manner and procedure prescribed by the DGFT from time to time.
- All IEC holders are now mandated to use identical invoice numbers on both their CoO and their corresponding Shipping Bills. This synchronization of invoice numbers is a new requirement specifically designed to enable automated utilization verification, which aims to reduce overall transaction costs and processing times.

**[DGFT Notification No. 05/2026-27 dated April 7, 2026]**

**Taxient Comments:** Exporters should immediately ensure that their documentation teams are aligned on invoice numbering consistency. Any discrepancy between the invoice number on a CoO and a Shipping Bill may hinder the automated verification process and lead to delays or compliance issues.

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