

# DESAI SAKSENA & ASSOCIATES

07<sup>th</sup> November, 2025

## Friday Tax Alert

### **Notification No. 18/2025-Central Tax**

The 3-Day Registration Rule under GST, notified via Notification No. 18/2025-Central Tax (31st October 2025), mandates that GST registration must be electronically granted within three working days starting 1st November 2025

### **Key Features of the 3-Day Registration Rule**

- **Rule 9A:** Fast-track Registration: Introduced in the Central GST Rules, it ensures electronic approval of GST registration within 3 working days.
- **Risk-Based Scrutiny:** Applications are analyzed using data and risk parameters; only high-risk cases may face extended verification.
- **Aadhaar Authentication:** Mandatory Aadhaar verification for applicants to qualify for auto-approval.
- **Rule 14A:** Withdrawal Option: Taxpayers with monthly output tax liability below ₹2.5 lakh can opt for electronic withdrawal of registration.
- **New Forms Introduced:** GST REG-32 (Application for Withdrawal) and GST REG-33 (Order of Withdrawal).
- **Revised Forms:** GST REG-01 to REG-05 updated to align with new provisions.
- **Effective Date:** Applicable from 1st November 2025, across India.

**ITC reversal and penalty under sec. 74 unwarranted as purchases backed by invoices, e-way bills and banking payments: HC.**

### **FACTS OF THE CASE:**

- **Petitioner:** M/s Singhal Iron Traders, a registered dealer engaged in trading iron scrap.
- **Respondent:** Additional Commissioner, State Tax, Agra.
- **Transactions in Question:**
  - The petitioner purchased iron scrap from M/s Arvind Metal Suppliers.
  - At the time of purchase, the supplier was a valid GST registrant.
  - The petitioner had proper invoices, e-way bills, and proof of payment through banking channels.
- **Revenue's Action:**
  - The supplier's GST registration was later cancelled retrospectively with effect from 31st January 2019.
  - Based on this cancellation, the Revenue alleged that the petitioner's purchases were from a "non-existent dealer."
  - Consequently, ITC of ₹1,95,048/- was denied, and an equal penalty was imposed under Section 74 of the CGST Act, 2017.
- **Petitioner's Argument:**
  - Purchases were genuine and supported by documents.

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- Cancellation of supplier's registration at a later date cannot invalidate transactions made when registration was valid.
- No evidence of collusion or fraud was presented by the Revenue.

## CONCLUSION:

- The **Allahabad High Court** held that **Input Tax Credit (ITC) cannot be denied to a bona fide purchaser** merely because the supplier's GST registration was later cancelled retrospectively.
- Since the petitioner had **valid invoices, e-way bills, and proof of payment**, and the purchases were made when the supplier's registration was active, the ITC claim was legitimate.
- The Revenue failed to prove **fraud, collusion, or bogus transactions** on the part of the petitioner.
- Accordingly, the **demand for reversal of ITC and penalty under Section 74 of the CGST Act was quashed.**

*[Singhal Iron Traders vs. Additional Commissioner [2025] 180 taxmann.com 163 (Allahabad) [04-11-2025]]*

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