

SPECIAL REPORT

57th GST Council meeting

THE DETAILED PROPOSALS



IN THIS REPORT

Process reforms in registration, returns, refunds and adjudication, with ITC, export and rate changes

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The 57th meeting of the GST Council was held in New Delhi on 8 October 2026. The 56th meeting had focused on rate rationalisation; this one dealt mainly with process: registration, returns, refunds and adjudication, together with the withdrawal of arrest powers, a higher prosecution threshold, wider input tax credit and export changes, and clarifications on rates. Every item below is a **recommendation**. The press release itself states that the decisions will be given effect through circulars, notifications and law amendments, which alone have the force of law, and dates are given here only where the release states them.

Read for this report: PIB press release 'Recommendations of the 57th Meeting of the GST Council', Ministry of Finance, posted 8 October 2026 (Release ID 2320934), read in full. 55 items in 10 parts. Section references are to the source document.

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KEY CHANGES AT A GLANCE

ITEM	EFFECTIVE	WHO IS AFFECTED
1. REGISTRATION		

● Guidelines, FAQs and a revised FORM GST REG-01	—	Applicants for GST registration outside the rule 14A route
● Automatic acceptance of amendments to registration	—	All registered persons amending registration particulars
● Cancellation on application accepted automatically	—	Registered persons applying to cancel registration
● Suo motu cancellation and revocation by the system	—	Registered persons facing suo motu cancellation
● Registration at an e-commerce warehouse for small sellers	—	Small sellers of goods on e-commerce platforms
2. RETURNS AND THE REPORTING OF ITC		
● Reconciling GSTR-1/1A/IFF with GSTR-3B	From the return of April 2027 (recommended)	All regular return filers
● Correcting ITC in GSTR-3B against GSTR-2B	From the return of April 2027 (recommended)	Registered persons availing ITC
● Invoice Management System in the rules	From the return of April 2027 (recommended)	Recipients of supplies using IMS
● Two new electronic statements	From the return of April 2027 (recommended)	Registered persons reversing and reclaiming ITC, and those paying tax under reverse charge
● Public consultation before the mechanism is final	—	Taxpayers and professionals wishing to comment
3. REFUNDS		
● Automated refunds: phase 1	—	Exporters, inverted duty claimants and those with excess cash ledger balance
● Automated refunds: phase 2	—	Claimants of refund on zero-rated supplies
● FORM GST RFD-01 in a system-readable format	—	Refund claimants on zero-rated supplies and inverted duty structure
● The 1.5 times cap on zero-rated turnover removed	—	Exporters of goods claiming refund of unutilised ITC
● The ₹1,000 refund threshold counted on the total	—	Claimants of small refunds
● Interest on refund of pre-deposit	—	Appellants receiving refund of pre-deposit
4. NOTICES, PENALTIES AND APPEALS		
● Guidelines on notices and orders	—	Taxpayers receiving notices and orders
● No show cause notice below ₹ 10,000	—	Taxpayers with small demands, including those pending
● Penalty treated as a charge on voluntary payment	—	Taxpayers who pay voluntarily within the time allowed
● Penalty of 5% in non-fraud cases	—	Taxpayers with non-fraud demands
● General penalty reduced to ₹ 10,000	—	All registered persons

● Cap on pre-deposit in penalty-only appeals	—	Appellants against penalty-only orders
● Validation of notices covering several years	—	Taxpayers with notices covering several financial years
5. INPUT TAX CREDIT		
● Refund of ITC on input services in inverted duty cases	ITC availed on input services on or after 1 November 2026	Taxpayers with inverted duty structure
● Refund of ITC on capital goods, over 60 months	ITC availed on capital goods on or after 1 April 2027	Exporters and inverted duty claimants investing in capital goods
● Blocked credits under section 17(5) reduced	—	All registered persons incurring these costs
● Limited ITC in the same line of business	—	Restaurants, caterers, hotels and gyms
● Margin scheme dealers in second-hand vehicles	—	Dealers in second-hand vehicles under the margin scheme
6. EXPORTS AND ZERO RATING		
● Services to a foreign branch can be exports	—	Indian service providers with foreign offices or branches
● Place of supply when goods are made available	—	Service providers working on goods for foreign recipients
● Delivery to an overseas buyer in an SEZ or FTWZ	—	Manufacturers supplying overseas buyers through an SEZ or FTWZ
● Circular on receipt of export proceeds	—	Exporters of goods and services
7. ARREST, PROSECUTION AND E-WAY BILLS		
● Arrest powers withdrawn	—	All taxpayers
● Prosecution threshold raised to ₹ 5 crore	—	All taxpayers
● Interception only on intelligence and authorisation	—	Suppliers, recipients and transporters moving goods
● No confiscation of goods in transit	—	Owners of goods and transporters
● A hearing before blocking of ITC	—	Taxpayers whose ITC is blocked
8. OTHER COMPLIANCE CHANGES AND CLARIFICATIONS		
● Late fee waived for returns filed within the month	—	Taxpayers with turnover up to ₹ 5 crore
● Optional Annual Return Quarterly Payment (ARQP) scheme	—	Small businesses supplying only to unregistered persons
● E-invoicing extended to RCM and import of services	—	Taxpayers with turnover of ₹ 5 crore and above
● Return provisions aligned with section 16(4)	—	All registered persons
● ECO liability under section 9(5)	—	Electronic commerce operators

● Transfer of title in IPR is a supply of services	—	Owners and licensees of IPR, including in cross-border deals
● Circulars on ISD, banks, pre-deposits and demo vehicles	Omission of rule 96(10): from 23 October 2017	ISDs, banks and NBFCs, appellants, vehicle dealers, exporters
● GST Appellate Tribunal provisions aligned	—	Litigants before the GST Appellate Tribunal
9. GOODS: RATES AND CLASSIFICATION		
● Sublimation paper and bio-stimulants	—	Manufacturers and traders of these goods
● Toys under heading 9503	—	Manufacturers and sellers of toys
● Reverse charge and TDS on specified waste and scrap	—	Scrap dealers, recyclers and their buyers
● Psyllium seeds, re-treaded tractor tyres, CSD cess	—	Traders of these goods; Canteen Stores Departments
10. SERVICES: RATES, EXEMPTIONS AND CLARIFICATIONS		
● Option of 5% for EV passenger transport and rental	—	Operators of electric passenger vehicles and cab rental
● Delivery services through e-commerce operators	—	Delivery partners, ECOs and GTAs
● Exemptions for helicopters, seeds, coffee and SPFO	—	The service providers named
● Self-certification for R&D exemption	—	Research institutions
● Highways under the TOT model	—	Highway concessionaires and NHAI
● Shipping lines, vehicle leasing and bank FTP	—	Foreign shipping lines, vehicle lessors, banks

1^{GST} 1. Registration

5 items

Changes to registration, amendment and cancellation under the **CGST Rules, 2017**.

1.1 Guidelines, FAQs and a revised FORM GST REG-01

Automatic registration under rule 14A of the CGST Rules, 2017 already applies where the applicant does not intend to pass on ITC of more than ₹ 2.5 lakh a month. For the remaining applications the Council recommended a comprehensive circular listing the documents and information required, with FAQs; drop boxes in FORM GST REG-01 for selecting the prescribed documents; and a more user-friendly portal interface with drop-down lists, tool-tips and contextual guidance. The stated aim is fewer rejections and queries.

WHO Applicants for GST registration outside the rule 14A route **SOURCE** Press release, para 1.1 (p. 2)

1.2 Automatic acceptance of amendments to registration

Rule 19 of the CGST Rules, 2017 is to be amended so that amendments to all registration particulars are accepted automatically on the portal, except those relating to the principal place of business (PPoB). For taxpayers registered under rule 14A (the automatic route), amendments to all particulars, including the PPoB, will be accepted automatically.

WHO All registered persons amending registration particulars **SOURCE** Press release, para 2.1 (p. 2)

1.3 Cancellation on application accepted automatically

In phase 1, an application for cancellation in FORM GST REG-16 will be accepted automatically once all pending returns are filed and all dues paid, where the taxpayer has not passed on ITC exceeding ₹ 2.5 lakh in any month since registration, or has passed on more but filed the final return in FORM GSTR-10 within the specified time. In phase 2, all cancellation applications will be accepted automatically on the same conditions, and FORM GST REG-16 will be amended to take the FORM GSTR-10 details within it.

WHO Registered persons applying to cancel registration **SOURCE** Press release, para 3.1.1 (pp. 2–3)

1.4 Suo motu cancellation and revocation by the system

Rule 21 of the CGST Rules, 2017 is to be amended to omit certain grounds on which officers cancel registration. Rules 21A and 22 are to be amended, and a new rule 23A inserted, for system-based cancellation for non-filing of returns or non-furnishing of bank account details within the specified time, and system-based revocation once the default is made good.

WHO Registered persons facing suo motu cancellation **SOURCE** Press release, para 3.1.2 (p. 3)

1.5 Registration at an e-commerce warehouse for small sellers

A new rule 14B of the CGST Rules, 2017 is recommended for small suppliers of goods through electronic commerce operators (ECOs) in States or UTs where they have no physical presence. Where such a supplier intends to pass on ITC of not more than ₹ 2.5 lakh a month, excluding stock transfers between distinct persons, it may declare the ECO's warehouse in that State as its principal place of business. Registration will be granted automatically by the system, subject to conditions.

WHO Small sellers of goods on e-commerce platforms **SOURCE** Press release, para 4.1 (p. 3)

2^{GST} 2. Returns and the reporting of ITC

5 items

An alternate mechanism to correct liability and ITC in returns, to be **placed for public consultation** first.

2.1 Reconciling GSTR-1/1A/IFF with GSTR-3B

FORM GSTR-1, GSTR-1A and IFF are to be enhanced for better reconciliation with FORM GSTR-3B. A new sub-rule (1A) in rule 61 of the CGST Rules, 2017 will provide for reporting and correcting liability in GSTR-3B so that it aligns with the liability furnished in GSTR-1/1A/IFF. FORM GST DRD-03 is to be amended to capture the underlying invoice for which payment is made.

WHO All regular return filers **EFFECTIVE** From the return of April 2027 (recommended)

SOURCE Press release, paras 5.1 (items 1, 3, 4) and 5.2 (pp. 3-4)

2.2 Correcting ITC in GSTR-3B against GSTR-2B

A new sub-rule (1B) in rule 61 of the CGST Rules, 2017 will provide a mechanism for correct reporting and rectification of ITC so that ITC availed in FORM GSTR-3B aligns with the ITC made available in FORM GSTR-2B. A circular is to clarify how ITC and its reversal are to be reported in GSTR-3B in the context of IMS and the two new electronic statements.

WHO Registered persons availing ITC **EFFECTIVE** From the return of April 2027 (recommended)

SOURCE Press release, paras 5.1 (items 7, 8) and 5.2 (pp. 3-4)

2.3 Invoice Management System in the rules

A new sub-rule (6A) in rule 60 of the CGST Rules, 2017 will provide for the Invoice Management System (IMS), allowing a recipient to accept, reject or keep pending a document relating to an inward supply for the purpose of generating FORM GSTR-2B, subject to conditions, including the period for which a credit note can be kept pending on IMS.

WHO Recipients of supplies using IMS **EFFECTIVE** From the return of April 2027 (recommended)

SOURCE Press release, paras 5.1 (item 5) and 5.2 (pp. 3-4)

2.4 Two new electronic statements

Rule 86C is to provide an "Electronic Credit Reversal and Reclaim Statement" for reporting ITC reversed and reclaimed in FORM GSTR-3B. Rule 86D is to provide an "Electronic Statement of tax paid on Reverse charge basis and input tax credit claimed", for correct reporting of tax liability and ITC on supplies liable to reverse charge.

WHO Registered persons reversing and reclaiming ITC, and those paying tax under reverse charge

EFFECTIVE From the return of April 2027 (recommended)

SOURCE Press release, paras 5.1 (items 2, 6) and 5.2 (pp. 3–4)

2.5 Public consultation before the mechanism is final

The Council recommended placing the proposed revised return mechanism in the public domain for a time-bound consultation. The Union Finance Minister was authorised to approve changes based on the feedback received from stakeholders. The stated aim of the mechanism is to reduce mismatches in liability and ITC, and the demand notices and system-generated intimations that follow them.

WHO Taxpayers and professionals wishing to comment

SOURCE Press release, paras 5.2 and 5.3 (pp. 3–4)

3^{GST} 3. Refunds

6 items

System-based processing of refunds under **section 54 of the CGST Act, 2017**, in two phases.

3.1 Automated refunds: phase 1

Refund of the full excess balance in the electronic cash ledger will be sanctioned automatically by the system, without officer intervention. The time for an acknowledgement or deficiency memo is to be cut from 15 days to 10 days, with deemed acknowledgement where neither is issued within 10 days. On zero-rated supplies and inverted duty structure, 90% of the amount claimed will be sanctioned provisionally by the system on the basis of its risk evaluation.

WHO Exporters, inverted duty claimants and those with excess cash ledger balance

SOURCE Press release, para 6.1, phase 1 (p. 4)

3.2 Automated refunds: phase 2

In phase 2 the system will acknowledge a refund application on due verification, without officer intervention. In acknowledged cases relating to zero-rated supplies, the full refund will be sanctioned by the system, after adjusting pending dues, if any, on the basis of the system's identification and evaluation of risk.

WHO Claimants of refund on zero-rated supplies

SOURCE Press release, para 6.1, phase 2 (p. 4)

3.3 FORM GST RFD-01 in a system-readable format

FORM GST RFD-01 is to be amended to capture its details in a system-readable format, dispensing with the upload of scanned documents for refund claims relating to zero-rated supplies and inverted duty structure.

WHO Refund claimants on zero-rated supplies and inverted duty structure

SOURCE Press release, para 6.2 (item 1) (p. 4)

3.4 The 1.5 times cap on zero-rated turnover removed

Rule 89(4)(C) of the CGST Rules, 2017 is to be amended to remove the restriction that limits the turnover of zero-rated supply of goods, for computing refund, to 1.5 times the value of like goods supplied domestically.

UNTIL NOW Zero-rated turnover of goods was capped at 1.5 times the value of like goods domestically supplied.

WHO Exporters of goods claiming refund of unutilised ITC **SOURCE** Press release, para 6.2 (item 2) (p. 4)

3.5 The ₹1,000 refund threshold counted on the total

An explanation is to be added to section 54(14) of the CGST Act, 2017 so that the threshold of ₹1,000 applies to the total refund amount, that is, CGST, SGST/UTGST and IGST taken together.

WHO Claimants of small refunds **SOURCE** Press release, para 6.2 (item 3) (p. 4)

3.6 Interest on refund of pre-deposit

Section 115 of the CGST Act, 2017 is to be amended to make it a standalone provision on the rate of interest for refund of the pre-deposit paid for filing appeals, and a circular is to clarify issues on that rate of interest.

WHO Appellants receiving refund of pre-deposit **SOURCE** Press release, para 6.3 (p. 4)

4^{GST} 4. Notices, penalties and appeals

7 items

Amendments to **sections 73, 74, 74A, 107, 112 and 125** of the CGST Act, 2017, and guidelines for officers.

4.1 Guidelines on notices and orders

A circular is to give comprehensive guidelines to tax officers on demand notices, adjudication orders and appeal orders: their quality, timely issue, invoking fraud, wilful misstatement or suppression of facts only on the merits of each case, and adherence to natural justice, including personal hearings.

WHO Taxpayers receiving notices and orders **SOURCE** Press release, para 7.1 (p. 4)

4.2 No show cause notice below ₹10,000

A minimum threshold of ₹10,000 (CGST + SGST + IGST + Cess) for issuing show cause notices under sections 73, 74 and 74A. No notice will be issued if the tax involved is less than ₹10,000. Notices and appeals below that amount pending when the provision comes into force will be decided as if the threshold had been in force when the notice was issued.

WHO Taxpayers with small demands, including those pending **SOURCE** Press release, para 7.2 (item 1) (p. 5)

4.3 Penalty treated as a charge on voluntary payment

The penalty amount is to be deemed a "charge" where the full tax is paid voluntarily, along with interest and penalty, within the specified time limit.

WHO Taxpayers who pay voluntarily within the time allowed **SOURCE** Press release, para 7.2 (item 2) (p. 5)

4.4 Penalty of 5% in non-fraud cases

A reduced penalty of 5% in non-fraud cases where tax with interest is paid within 30 days of the adjudication order under section 73, or within 60 days under section 74A. The condition of a minimum penalty of ₹10,000 in non-fraud cases is to be removed.

WHO Taxpayers with non-fraud demands **SOURCE** Press release, para 7.2 (items 3, 4) (p. 5)

4.5 General penalty reduced to ₹10,000

The maximum general penalty under section 125 of the CGST Act, 2017 is to be reduced from ₹25,000 to ₹10,000.

UNTIL NOW The maximum general penalty was ₹25,000.

WHO All registered persons **SOURCE** Press release, para 7.3 (p. 5)

4.6 Cap on pre-deposit in penalty-only appeals

The provisos to section 107(6) and section 112(8) are to provide an upper limit of ₹40 crore (₹20 crore under CGST and ₹20 crore under SGST/UTGST) on the pre-deposit for an appeal to the Appellate Authority or the Appellate Tribunal, where the order involves only penalty and no demand of tax.

WHO Appellants against penalty-only orders **SOURCE** Press release, para 7.4 (p. 5)

4.7 Validation of notices covering several years

A validation clause is to be introduced in the CGST Act, 2017 to validate notices that various courts have held invalid on the ground that they were issued for multiple financial years.

WHO Taxpayers with notices covering several financial years **SOURCE** Press release, para 18 (item 3) (p. 7)

5^{GST} 5. Input tax credit

5 items

Refund of accumulated ITC on capital goods and input services, and a shorter **section 17(5)** list.

5.1 Refund of ITC on input services in inverted duty cases

Clause (ii) of the proviso to section 54(3) of the CGST Act, 2017 and the rules are to be amended so that refund of accumulated ITC in inverted duty structure cases also covers ITC on input services. It will be available for ITC availed on input services on or after 1 November 2026.

WHO Taxpayers with inverted duty structure **EFFECTIVE** ITC availed on input services on or after 1 November 2026
SOURCE Press release, paras 8.1 and 8.2 (p. 5)

5.2 Refund of ITC on capital goods, over 60 months

Refund of accumulated ITC on capital goods is to be allowed in refunds relating to zero-rated supplies and to inverted duty structure. The refund of ITC on capital goods will be spread over 60 months and will be available for ITC availed on capital goods on or after 1 April 2027.

WHO Exporters and inverted duty claimants investing in capital goods
EFFECTIVE ITC availed on capital goods on or after 1 April 2027 **SOURCE** Press release, paras 8.1 and 8.3 (p. 5)

5.3 Blocked credits under section 17(5) reduced

Section 17(5) of the CGST Act, 2017 is to be amended to remove the restrictions on ITC on, among others, outdoor catering, health and life insurance, telecommunication towers, pipelines laid outside factory premises, free samples, and goods destroyed or written off on expiry of shelf life as required by law.

WHO All registered persons incurring these costs **SOURCE** Press release, para 9 (p. 5)

5.4 Limited ITC in the same line of business

Limited ITC in the same line of business is to be allowed for restaurant and outdoor catering services, hotel accommodation services of value up to ₹ 7,500 per unit per day, and gym or fitness services, in the same manner as is now available for passenger transport, tour operator and motor vehicle renting services.

WHO Restaurants, caterers, hotels and gyms **SOURCE** Press release, part C2, item 4 (p. 8)

5.5 Margin scheme dealers in second-hand vehicles

A clarification that suppliers of second-hand vehicles under the margin scheme may avail ITC on inputs other than second-hand vehicles and on input services such as spares, repair and maintenance, technology services, rent, and marketing and advertisement. The restriction applies only to tax paid on the second-hand vehicles procured (notification No. 8/2018–Central Tax (Rate)).

WHO Dealers in second-hand vehicles under the margin scheme **SOURCE** Press release, part C1, item 4 (p. 7)

^{GST} 6. Exports and zero rating

4 items

Changes to the **IGST Act, 2017** on export of services, place of supply and SEZ/FTWZ deliveries.

6.1 Services to a foreign branch can be exports

Sub-clause (v) of section 2(6) of the IGST Act, 2017 is to be omitted, removing the condition that supplier and recipient must not be establishments of a distinct person under Explanation 1 to section 8. The release states this will facilitate refunds for Indian service providers on services supplied to or through their foreign offices or branches.

WHO Indian service providers with foreign offices or branches **SOURCE** Press release, para 10 (item 1) (p. 5)

Full article: updates.nkgaba.com/gst-council-export-of-services-foreign-branch-section-2-6-v-igst

6.2 Place of supply when goods are made available

Clause (a) of section 13(3) of the IGST Act, 2017 is to be omitted, so that where goods are made physically available by the recipient of services to the supplier, the place of supply follows the default rule in section 13(2): the location of the recipient. The release links this to export benefits for services to foreign recipients.

WHO Service providers working on goods for foreign recipients **SOURCE** Press release, para 10 (item 3) (p. 5)

Full article: updates.nkgaba.com/gst-council-export-of-services-foreign-branch-section-2-6-v-igst

6.3 Delivery to an overseas buyer in an SEZ or FTWZ

An explanation in section 16(1) of the IGST Act, 2017 is to provide that goods supplied to an overseas buyer but delivered to that buyer in an SEZ or FTWZ, with payment received in convertible foreign exchange or in Indian rupees wherever permitted by the RBI, are deemed a supply of goods to an SEZ or FTWZ.

WHO Manufacturers supplying overseas buyers through an SEZ or FTWZ **SOURCE** Press release, para 10 (item 4) (p. 5)

6.4 Circular on receipt of export proceeds

A circular is to clarify issues relating to the receipt of payment in foreign exchange, or in Indian rupees where permissible, for export of goods and services.

WHO Exporters of goods and services **SOURCE** Press release, para 10 (item 2) (p. 5)

7^{GST} 7. Arrest, prosecution and e-way bills

5 items

Amendments to **sections 69, 132, 68, 129 and 130** of the CGST Act, 2017.

7.1 Arrest powers withdrawn

The Council recommended complete withdrawal of arrest powers under GST by omitting section 69 of the CGST Act, 2017.

WHO All taxpayers **SOURCE** Press release, para 11.1 (p. 6)

7.2 Prosecution threshold raised to ₹ 5 crore

The monetary threshold for prosecution is to be raised from ₹ 1 crore to ₹ 5 crore. In section 132(1), clause (i) is to be omitted, the words "evades tax" deleted from clause (e) and "or in any other manner deals with" deleted from clause (h). Clause (c) is to cover only fraudulent availment of ITC without receipt of goods or services or without an invoice or bill. The punishments for the offences are to be rationalised.

UNTIL NOW The monetary threshold for prosecution was ₹ 1 crore.

WHO All taxpayers **SOURCE** Press release, para 11.2 (p. 6)

7.3 Interception only on intelligence and authorisation

Sections 68, 129 and 130 are to be amended so that a conveyance can be intercepted only on specific intelligence and with the authorisation of an officer not below Joint Commissioner. Inspection, detention or seizure can follow only where the supplier or recipient is located or registered in the State of interception, with no interception in transit States. Where no e-way bill or document showing origin or destination is carried, action can be taken irrespective of jurisdiction.

WHO Suppliers, recipients and transporters moving goods **SOURCE** Press release, para 12.1 (items 1–3) (p. 6)

7.4 No confiscation of goods in transit

Confiscation of goods or conveyances under section 130 of the CGST Act, 2017 is not to apply to goods or conveyances in transit.

WHO Owners of goods and transporters **SOURCE** Press release, para 12.1 (item 4) (p. 6)

7.5 A hearing before blocking of ITC

Rule 86A of the CGST Rules, 2017 is to provide a mechanism for a taxpayer to file an objection against the blocking of any amount in the electronic credit ledger and to be heard in person before the proper officer decides the objection.

WHO Taxpayers whose ITC is blocked **SOURCE** Press release, para 14 (p. 6)

8^{GST} 8. Other compliance changes and clarifications

8 items

Late fee, e-invoicing, e-commerce, IPR, an optional scheme for small B2C businesses, and the Tribunal.

8.1 Late fee waived for returns filed within the month

Waiver of late fee on delayed filing of the return under section 39(1) of the CGST Act, 2017 for taxpayers with annual turnover up to ₹ 5 crore in the preceding financial year, if the return is filed by the end of the month in which it was due.

WHO Taxpayers with turnover up to ₹ 5 crore **SOURCE** Press release, para 15 (p. 6)

8.2 Optional Annual Return Quarterly Payment (ARQP) scheme

The Council approved in principle a concept note for an optional Annual Return Quarterly Payment (ARQP) scheme for taxpayers with aggregate turnover of ₹ 5 crore or less in the preceding financial year and engaged exclusively in supplies to unregistered persons (B2C). The release gives no further detail or date.

WHO Small businesses supplying only to unregistered persons **SOURCE** Press release, para 17 (p. 6)

8.3 E-invoicing extended to RCM and import of services

E-invoicing is to be extended to domestic supplies received from unregistered persons where tax is payable under reverse charge, and to import of services, for taxpayers with aggregate annual turnover of ₹ 5 crore and above.

WHO Taxpayers with turnover of ₹ 5 crore and above **SOURCE** Press release, para 18 (item 4) (p. 7)

8.4 Return provisions aligned with section 16(4)

Sections 16, 37 and 39 of the CGST Act, 2017 are to be amended to align the provisions on the statement of outward supplies under section 37 and the return under section 39 with the time limit for availing ITC under section 16(4).

WHO All registered persons **SOURCE** Press release, para 18 (item 1) (p. 7)

8.5 ECO liability under section 9(5)

Section 9(5) of the CGST Act, 2017 is to be amended to clarify that the ECO is liable to pay tax on the notified services irrespective of the business model it follows.

WHO Electronic commerce operators **SOURCE** Press release, para 18 (item 2) (p. 7)

8.6 Transfer of title in IPR is a supply of services

Schedule II of the CGST Act, 2017 is to be amended to provide that transfer of title in intellectual property rights, temporary or permanent, will be uniformly treated as a supply of services.

WHO Owners and licensees of IPR, including in cross-border deals **SOURCE** Press release, para 13 (p. 6)

8.7 Circulars on ISD, banks, pre-deposits and demo vehicles

Circulars are to clarify the Input Service Distributor mechanism; ITC of banking companies and financial institutions, including NBFCs, that opt for section 17(4); issues on payment of pre-deposits; and ITC on demonstration vehicles in certain situations. Rule 96(10) of the CGST Rules, 2017 is to be omitted with effect from 23 October 2017, in accordance with the Supreme Court's decision.

WHO ISDs, banks and NBFCs, appellants, vehicle dealers, exporters
EFFECTIVE Omission of rule 96(10): from 23 October 2017 **SOURCE** Press release, para 16 (p. 6)

8.8 GST Appellate Tribunal provisions aligned

The Council approved amendments to the CGST Act, 2017 and the GSTAT (Appointment and Conditions of Service of President and Members) Rules, 2023 to align the GST Appellate Tribunal provisions with the Tribunals Reforms Act, 2026 and the related Rules, 2026.

WHO Litigants before the GST Appellate Tribunal **SOURCE** Press release, para 19 (p. 7)

9^{GST} 9. Goods: rates and classification

4 items

Clarifications and changes on goods, several regularising the past on an "as is where is" basis.

9.1 Sublimation paper and bio-stimulants

Sublimation paper is clarified as classified under heading 4809. Seaweed-extract bio-stimulants registered under Schedule VI to the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985 are clarified as classifiable under heading 3101 as fertilisers, with an explanation in Sr. No. 237 of Schedule I of notification No. 09/2025-CTR. Past cases in both are to be regularised on an "as is where is" basis.

WHO Manufacturers and traders of these goods **SOURCE** Press release, part C1, items 1 and 3 (p. 7)

9.2 Toys under heading 9503

The toy entries in the GST rate schedules (Sr. No. 497 of Schedule I and Sr. No. 616 of Schedule II of notification No. 09/2025-CTR dated 17 September 2025) are clarified to cover all toys under heading 9503, such as dolls and puzzles, and not only tricycles, scooters and pedal cars.

WHO Manufacturers and sellers of toys **SOURCE** Press release, part C1, item 2 (p. 7)

9.3 Reverse charge and TDS on specified waste and scrap

Waste and scrap of plastics, electrical and electronic waste and scrap, waste and scrap of tyres, and used cooking oil supplied by an unregistered person to a registered person are to come under reverse charge; the recipient pays even if the supplier is under the threshold. TDS at 2% is introduced on supplies of these goods between registered persons.

WHO Scrap dealers, recyclers and their buyers **SOURCE** Press release, part C1, item 5 (p. 7)

9.4 Psyllium seeds, re-treaded tractor tyres, CSD cess

Psyllium (isabgol) seeds are to carry a NIL rate whether fresh, chilled, frozen or dried. The rate on re-treaded tractor tyres is to be aligned with that on new tractor tyres. Compensation cess not levied by Canteen Stores Departments on two and four wheelers from 1 July 2017 to 30 September 2022, and by CSDs and Unit Run Canteens on aerated drinks from 1 July 2017 to 31 March 2022, is to be exempted.

WHO Traders of these goods; Canteen Stores Departments **SOURCE** Press release, part C1, items 6 to 8 (p. 7)

10^{GST} 10. Services: rates, exemptions and clarifications

6 items

Rate options, exemptions and clarifications on services.

10.1 Option of 5% for EV passenger transport and rental

An option to pay GST at 5%, with restricted ITC, on passenger transport services and rental of motor vehicles with operators, where the service is supplied using an electric vehicle and the cost of battery charging is included in the consideration.

WHO Operators of electric passenger vehicles and cab rental **SOURCE** Press release, part C2, item 1 (p. 7)

10.2 Delivery services through e-commerce operators

Delivery services, other than courier and postal, supplied through an ECO by persons not liable to registration under section 22(1) are to be brought under section 9(5), at 5% without ITC. Delivery services for goods supplied or ordered through an ECO are to carry 5% without ITC. The exemption for GTA transport to unregistered persons under Entry 21A of Notification No. 12/2017–Central Tax (Rate) is excluded where the goods are supplied or ordered through an ECO.

WHO Delivery partners, ECOs and GTAs **SOURCE** Press release, part C2, item 2 (pp. 7–8)

10.3 Exemptions for helicopters, seeds, coffee and SPFO

Exemptions are recommended for passenger transport by helicopter on seat-sharing basis to or from airports and helipads in the north-eastern states, Sikkim and Bagdogra in West Bengal; storage or warehousing of seeds meant for sowing; curing of coffee by coffee curers for cultivators; and services of the Seamen's Provident Fund Organisation to persons governed by the Seamen's Provident Fund Act, 1966.

WHO The service providers named **SOURCE** Press release, part C2, items 5 to 8 (p. 8)

10.4 Self-certification for R&D exemption

A self-certification by the head of the institution undertaking research and development services, that the activity is research and development and not consultancy, is to decide eligibility for the exemption under Entry 44A of Notification 12/2017–Central Tax (Rate).

WHO Research institutions **SOURCE** Press release, part C2, item 9 (p. 8)

10.5 Highways under the TOT model

The grant by Government and governmental bodies to a concessionaire of the exclusive right to demand, collect and appropriate toll fee for highway projects is to be exempted. A special procedure is to be provided for the valuation and time of payment of GST on operation and maintenance services by concessionaires to the concessioning authority under the TOT model.

WHO Highway concessionaires and NHAI **SOURCE** Press release, part C2, items 11 and 12 (p. 8)

10.6 Shipping lines, vehicle leasing and bank FTP

Import of services without consideration by an Indian establishment of a foreign shipping company from a related person or its establishment abroad is to be exempted, with the past regularised "as is where is". The GST treatment of registration charges, road tax, insurance and FASTag recovered by a lessor from a lessee is to be clarified. Notional interest under banks' Funds Transfer Pricing is clarified as "interest" under Notification No. 12/2017–Central Tax (Rate).

WHO Foreign shipping lines, vehicle lessors, banks **SOURCE** Press release, part C2, items 3, 10 and 13 (p. 8)

DATES TO NOTE

Dates as stated in the source document. Where the document gives none, the item is not listed here. Confirm against the notified text before acting.

EFFECTIVE	ITEM	PART
From the return of April 2027 (recommended)	Reconciling GSTR-1/1A/IFF with GSTR-3B	2. Returns and the reporting of ITC
From the return of April 2027 (recommended)	Correcting ITC in GSTR-3B against GSTR-2B	2. Returns and the reporting of ITC
From the return of April 2027 (recommended)	Invoice Management System in the rules	2. Returns and the reporting of ITC
From the return of April 2027 (recommended)	Two new electronic statements	2. Returns and the reporting of ITC
ITC availed on input services on or after 1 November 2026	Refund of ITC on input services in inverted duty cases	5. Input tax credit
ITC availed on capital goods on or after 1 April 2027	Refund of ITC on capital goods, over 60 months	5. Input tax credit
Omission of rule 96(10): from 23 October 2017	Circulars on ISD, banks, pre-deposits and demo vehicles	8. Other compliance changes and clarifications

CA. Mohit Gaba

N.K.Gaba & Co., Chartered Accountants
42, Shaheed Bhagat Singh Nagar, Hoshiarpur Road, Phagwara 144401, Punjab,
India

updates.nkgaba.com

mail@nkgaba.com

+91-9872473334 · +91-9417314030

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