



57th GST Council

Held on 08-10-2026

2026

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1. GST Classification of Sublimation Paper

The Council has clarified that sublimation paper is classifiable under HSN 4809. Past cases will be regularized on an as is where is basis.

2. GST Classification of Toys

The Council has clarified that the GST rate notification entries relating to toys under HSN 9503 in the Custom Tariff Act, 1975 cover all categories of toys mentioned under that heading, including dolls, puzzles and other toys. The entries are not restricted only to tricycles, scooters and pedal cars (Sr No 197 of Schedule I and Sr No 616 of Schedule II of Notification No 09/2025-CTR Dated 17-09-2025)

3. GST Classification of Seaweed Extract-Based Bio-Stimulants

Seaweed extract-based bio-stimulants registered under Schedule VI of the Fertiliser (Control) Order, 1985 will be classified under HSN 3101 as fertilisers. Past cases will be regularised on an as is where is basis.

4. ITC Eligibility under the Second-Hand Vehicle Margin Scheme

The Council has clarified that suppliers of second-hand vehicles operating under the GST margin scheme can claim ITC on eligible inputs and input services, including spare parts, repairs, maintenance, technology services, rent, marketing and advertisement services. The ITC restriction under the margin scheme applies only to tax paid on the purchase of second-hand vehicles.

5. RCM and TDS on Specified Waste and Scrap

The Council has recommended bringing the following supplies under RCM when supplied by an unregistered person to a registered person:

- Plastic waste and scrap.
- Electrical and electronic waste and scrap.
- Tyre waste and scrap.
- Used cooking oil.

The registered recipient will be liable to pay GST under RCM even where the supplier's turnover is below the registration threshold. The supplier must obtain registration once the applicable turnover threshold is crossed.

Further, TDS at 2% is proposed where the specified waste and scrap is supplied by one registered person to another registered person (B2B).

6. NIL GST on Psyllium Seeds (Isabgol)

The Council has recommended prescribing NIL GST on Psyllium seeds (Isabgol/Isobgol), irrespective of whether they are fresh, chilled, frozen or dried.

7. GST Rate on Re-Treaded Tractor Tyres

The Council has recommended aligning the GST rate on re-treaded tractor tyres with the rate applicable to new tractor tyres to remove the existing difference in tax treatment.

8. Compensation Cess Relief for Canteen Stores

The Council has recommended exemption of Compensation Cess not levied by Canteen Stores Departments (CSDs) on two-wheelers and four-wheelers during 1 July 2017 to 30 September 2022. Similarly, relief has been recommended for Compensation Cess not levied by CSDs and Unit Run Canteens on aerated drinks during 1 July 2017 to 31 March 2022.

1. GST on Passenger Transport and Rental Services Using Electric Vehicles

The Council has recommended an option to pay GST at 5%, with restricted ITC, on passenger transport services and rental of motor vehicles with operators where electric vehicles are used and battery-charging costs are included in the consideration.

2. GST on Delivery Services through E-Commerce Platforms

- The Council has recommended bringing delivery services, other than courier and postal services, supplied through e-commerce operators under Section 9(5), where the actual service provider is not required to register under Section 22(1).
- A GST rate of 5% without ITC is proposed for such delivery services.
- The Council has also recommended 5% GST without ITC on delivery services relating to goods supplied or ordered through e-commerce platforms.

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- Further, the existing exemption for GTA services transporting goods to unregistered persons will not apply where the goods are supplied or ordered through an e-commerce operator.

3. GST on Motor Vehicle Leasing Recoveries

The Council has recommended clarifying the GST treatment of registration charges, road tax, insurance charges, FASTag charges and other statutory or incidental expenses incurred by a lessor and subsequently recovered from the lessee with leasing of motor vehicles.

4. Limited ITC for Businesses in the Same Line of Services

The Council has recommended allowing limited ITC for purchases of services in the same line of business for restaurant and outdoor catering services, hotel accommodation services valued up to ₹7,500 per unit per day, and gym or fitness services. This will be on similar lines to the existing provisions applicable to passenger transportation, tour operator and motor vehicle renting services.

5. GST Exemption on Specified Helicopter Passenger Services

The Council has recommended exempting passenger transportation by helicopter on a seat-sharing basis from or to airports and helipads located in northeastern States, Sikkim and Bagdogra in West Bengal.

6. GST Exemption on Storage of Seeds

The Council has recommended exempting storage and warehousing services relating to seeds intended for sowing.

7. GST Exemption on Coffee Curing Services

The Council has recommended exempting agricultural support services involving curing of coffee provided by coffee curers to coffee cultivators.

8. GST Exemption for Seamen's Provident Fund Organisation

The Council has recommended exempting services provided by the Seamen's Provident Fund Organisation to persons covered under the Seamen's Provident Fund Act, 1966.

9. Self-Certification for Research and Development Services

The Council has recommended introducing a simplified self-certification mechanism for institutions or organisations providing research and development services.

The head of the institution or organisation will be allowed to certify that the services are research and development activities and not consultancy services, for determining eligibility for exemption under Entry 44A of Notification No. 12/2017-Central Tax (Rate).

10. Exemption on Import of Services by Indian Offices of Foreign Shipping Companies

The Council has recommended exempting import of services received by an Indian establishment of a foreign shipping company from its related person or another establishment outside India, where such services are provided without consideration. Past cases will be regularised on an as is where is basis.

11. GST Exemption on Toll Collection Rights under the TOT Model

The Council has recommended exempting the grant of exclusive rights, licences and authority by the Government, local authority, governmental authority or government entity to concessionaires for highway projects to demand, collect and retain toll fees under the Toll Operate Transfer (TOT) model.

12. GST on Operation and Maintenance Services under the TOT Model

The Council has recommended a special procedure for determining the valuation and time of GST payment on operation and maintenance services provided by concessionaires to concessioning authorities for highway projects under the TOT model.

13. GST Clarification on Fund Transfer Pricing in Banks

The Council has recommended clarifying that the notional interest recorded in the books of banks for notional fund transfers between branches through the head office, under the Fund Transfer Pricing mechanism, is covered by the definition of interest under Notification No. 12/2017-Central Tax (Rate).

1. Simplification of GST Registration Process

- Under Rule 14A of the CGST Rules, automatic GST registration is already available where the applicant does not intend to pass on ITC exceeding ₹2.5 lakh per month.
- For other registration applications, the Council has recommended issuing clear guidelines and FAQs specifying the documents and information required. FORM GST REG-01 will be modified to provide dropdown options for selecting the required documents and information.
- The GST portal will also be made more user-friendly with clear instructions and guidance.
- These changes are intended to reduce unnecessary queries, rejection of registration applications and delays in granting registration.

2. Automatic Approval of Amendments in GST Registration

- The Council has recommended amending Rule 19 to allow automatic approval of changes in GST registration details, except changes relating to the Principal Place of Business (PPoB).
- However, taxpayers registered under Rule 14A will be allowed automatic approval of all amendments, including changes in their Principal Place of Business.
- This will help taxpayers update their registration details quickly without requiring approval from tax officers in the specified cases.

3. Simplification of GST Registration Cancellation

- The Council has recommended automatic cancellation of GST registration based on applications submitted by taxpayers in FORM GST REG-16.
- In Phase 1, automatic cancellation will be available after filing all pending returns and paying outstanding dues in the following cases:
 - Where the taxpayer has not passed on ITC exceeding ₹2.5 lakh in any month since registration.
 - Where the taxpayer has passed on ITC exceeding ₹2.5 lakh in a month but has filed the final return in FORM GSTR-10 within the prescribed time.
- In Phase 2, all applications for cancellation will be accepted automatically once pending returns are filed and outstanding dues are paid.
- FORM GST REG-16 will also be amended to include details of GSTR-10.

4. Suo-moto Cancellation of GST Registration

- Further, the Council has recommended removing certain grounds for cancellation under Rule 21 and introducing a system-based mechanism for cancellation and revocation where taxpayers fail to file returns or provide bank account details and subsequently complete the required compliance by amending Rule 21A, Rule 22 of CGST Rules 2017 and inserting Rule 23A of CGST Rules 2017.

5. Simplified GST Registration for Small E-Commerce Sellers

- The Council has recommended introducing Rule 14B to simplify GST registration for small suppliers selling goods through Electronic Commerce Operators (ECOs).
- This facility will apply to sellers supplying goods through e-commerce platforms in States or Union Territories where they do not have a physical presence, provided they do not intend to pass on ITC exceeding ₹2.5 lakh per month, excluding stock transfers between distinct persons.
- Such sellers will be allowed to declare the e-commerce operator's warehouse as their Principal Place of Business. Registration will be granted automatically, subject to prescribed conditions.
- This will help small businesses sell goods in multiple States without establishing separate physical business premises.

1. Alternate Mechanism for amendment of GST Liability and ITC in Returns

The Council has recommended several changes to reduce mismatches between GSTR-1, GSTR-3B and GSTR-2B. The proposed changes include:

- Improvements in GSTR-1, GSTR-1A and IFF for better reconciliation with GSTR-3B.
- Introduction of Rule 86D for an Electronic Statement of Tax Paid on Reverse Charge Basis and Input Tax Credit Claimed on the portal, to facilitate the taxpayers in correct reporting of tax liability and ITC on supplies liable to RCM in returns.
- Introduction of Rule 61(1A) to allow correct reporting and correction of tax liability in GSTR-3B so that it matches GSTR-1, GSTR-1A and IFF.

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- Amendment of FORM GST DRC-03 to capture details of invoices against which tax payments are made.
 - Introduction of Rule 60(6A) for the Invoice Management System (IMS), allowing recipient to accept, reject or keep inward supply documents pending to inward supply received on the portal, for the purpose of generation of statement of ITC in GSTR-2B subject to specified conditions, including period for which Credit note can be kept pending on IMS.
 - Introduction of Rule 86C for the Electronic Credit Reversal and Reclaim Statement on the portal for correct reporting of ITC reversed and reclaimed in Form GSTR-3B.
 - Introduction of Rule 61(1B) for correct reporting and rectification of ITC in GSTR-3B to align it with GSTR-2B.
 - Issuance of a circular to clarify the manner of furnishing correct and proper information of ITC and reversal thereof in return in FORM GSTR-3B, in the context of IMS, Electronic Credit Reversal and Reclaim Statement and Electronic Statement of tax paid on Reverse charge basis and input tax credit.
 - The Council has recommended implementing the revised mechanism for amendment of liability and ITC in the GST return, from the April 2027 GST return.
 - Before implementation, the proposed changes will be placed in the public domain for stakeholder consultation. The Union Finance Minister has been Authorised to approve necessary modifications based on feedback.
 - These changes are expected to reduce GST mismatches, system-generated notices and unnecessary compliance difficulties.

1. Faster and Automated Processing of GST Refunds

The Council has recommended amendments to Section 54 and the relevant rules to introduce system-based processing and sanctioning of refund claims, pertaining to excess balance in electronic cash ledger, zero-rated supplies, and inverted duty structure. The proposed system will be implemented in two phases.

Phase 1

- Refund of excess balance in the Electronic Cash Ledger will be sanctioned automatically without officer intervention.

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- The time limit for issuing refund acknowledgement or deficiency memo will be reduced from 15 days to 10 days.
 - Where no acknowledgement or deficiency memo is issued within 10 days, the system will issue a deemed acknowledgement.
 - For refunds relating to zero-rated supplies and inverted duty structure, 90% of the claimed refund may be provisionally sanctioned automatically, based on system-based risk assessment.

Phase 2

- Refund applications will be acknowledged automatically after system verification.
- Eligible refund claims relating to zero-rated supplies will be sanctioned automatically in full after adjustment of pending dues, if any, and subject to system-based risk assessment.

2. Other Changes in GST Refund Procedures

- The Council has recommended simplifying refund applications in FORM GST RFD-01 by capturing information in a system-readable format and removing the requirement to upload scanned documents for refunds relating to zero-rated supplies and inverted duty structure.
- Further, the restriction limiting the turnover value of zero-rated supply of goods to 1.5 times the value of similar goods supplied domestically, under Rule 89(4)(C), is proposed to be removed.
- It has also been clarified that the minimum refund amount of ₹1,000 under Section 54(14) will apply to the combined refund amount under CGST, SGST/UTGST and IGST.

3. Interest on Refund of Appeal Pre-Deposit

- The Council has recommended amending Section 115 of the CGST Act to provide a separate provision regarding the rate of interest payable on refund of amounts deposited for filing appeals.
- A circular will also be issued to clarify issues relating to the applicable interest rate.

1. Guidelines for GST Notices and Adjudication Orders

- The Council has recommended issuing comprehensive guidelines to GST officers for issuing show cause notices, adjudication orders and appeal orders.
- The guidelines will cover the quality of notices and orders, timely issuance, proper application of allegations of fraud, wilful misstatement or suppression of facts based on the merits of each case, and compliance with the principles of natural justice, including personal hearings.
- The objective is to improve the quality of GST proceedings and reduce unnecessary disputes.

2. Minimum Tax Demand of ₹10,000 for Issuing Show Cause Notices

- The Council has recommended amendments to Sections 73, 74 and 74A to introduce a minimum tax amount of ₹10,000 for issuing GST show cause notices.
- This limit will be calculated by combining CGST, SGST, IGST and Compensation Cess.
- Accordingly, no show cause notice will be issued where the tax involved is less than ₹10,000.
- The Council has also recommended that notices and appeals involving amounts below ₹10,000 and pending when the new provision takes effect will be decided as though the ₹10,000 threshold existed when the notice was issued.

3. Reduction in Penalties under GST

The Council has recommended the following changes:

- In non-fraud cases, penalty will be reduced to 5% where tax and interest are paid within 30 days under Section 73 or within 60 days under Section 74A of the adjudication order.
- The existing minimum penalty of ₹10,000 in non-fraud cases will be removed.
- The maximum general penalty under Section 125 will be reduced from ₹25,000 to ₹10,000.
- A provision will be introduced to treat the penalty amount as a charge where the entire tax, interest and penalty are voluntarily paid within the specified time.

4. Maximum Pre-Deposit for Appeals Involving Only Penalty

- The Council has recommended amending Sections 107(6) and 112(8) to prescribe a maximum pre-deposit of ₹40 crore, comprising ₹20 crore under CGST and ₹20 crore under SGST/UTGST.

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- This limit will apply to appeals before the Appellate Authority or Appellate Tribunal where the disputed order involves only penalty and no tax demand.
 - The change is intended to reduce the financial burden of filing appeals in such cases.

1. Reforms Relating to Input Tax Credit

- Refund of ITC on Capital Goods and Input Services:

The Council has recommended amendment in clause (ii) of proviso to section 54(3) of CGST Act, 2017 and in CGST Rules, 2017 to provide for refund of accumulated ITC on account of capital goods in case of refund pertaining to zero-rate supplies, and of accumulated ITC on account of input services and capital goods in case of refund pertaining to inverted duty structure.

- The proposed eligibility dates are:
 - Input services under inverted duty structure: ITC availed on or after 1 November 2026.
 - Capital goods under zero-rated supplies and inverted duty structure: ITC availed on or after 1 April 2027, with the refund spread over 60 months.
 - These changes will help businesses recover ITC that would otherwise remain accumulated, improving working capital.

2. Removal of Certain ITC Restrictions under Section 17(5)

- The Council has recommended removing restrictions on ITC for certain goods and services currently covered by Section 17(5).
- These include outdoor catering, health insurance, life insurance, telecommunication towers, pipelines laid outside factory premises, free samples, and goods destroyed or written off due to expiry of shelf life where required by law.
- The proposed amendment will allow wider availability of ITC and reduce the tax cost of businesses.

3. Reforms Relating to Exports and Zero-Rated Supplies

- **Export of Services to Foreign Branches or Offices**
 - The Council has recommended removing Section 2(6)(v) of the IGST Act.

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- At present, one of the conditions for qualifying as an export of services is that the supplier and recipient should not merely be establishments of a distinct person under Explanation 1 to Section 8.
 - The proposed amendment will remove this condition and facilitate export benefits and refunds for Indian service providers supplying services to or through their foreign offices or branches.
 - The Council has recommended issuing a circular clarifying issues relating to receipt of export payments in foreign currency or Indian rupees wherever permitted.
 - The clarification will apply to exports of goods and services.

➤ **Change in Place of Supply for Services Relating to Goods Physically Made Available**

- The Council has recommended removing Section 13(3)(a) of the IGST Act.
- As a result, where goods are physically made available by the recipient to the supplier for providing services, the place of supply will generally be determined under Section 13(2), based on the location of the service recipient.
- This change will help eligible Indian service providers obtain export-related GST benefits when providing such services to overseas customers.

➤ **Zero-Rated Supplies to Overseas Buyers through SEZ/FTWZ**

- The Council has recommended inserting an explanation under Section 16(1) of the IGST Act.
- Where goods are sold to an overseas buyer but delivered to that buyer in an SEZ or Free Trade Warehousing Zone (FTWZ), such supplies will be treated as supplies to SEZ/FTWZ, provided payment is received in convertible foreign exchange or Indian rupees wherever permitted by RBI.
- This will provide clarity on zero-rating benefits for Indian manufacturers supplying goods to overseas buyers for warehousing or further processing in an SEZ/FTWZ.

4. Ease of Doing Business and GST Compliance

➤ **Removal of Arrest Powers under GST**

The Council has recommended completely removing the power of arrest under GST by deleting Section 69 of the CGST Act.

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- The Council has recommended increasing the monetary threshold for prosecution from ₹1 crore to ₹5 crore.
 - It has also recommended changes to Section 132, including removal of clause (i) of Section 132(1), deletion of certain expressions relating to tax evasion and dealing with goods, and restricting the offence under Section 132(1)(c) to fraudulent availment of ITC without receipt of goods or services or without an invoice or bill.
 - Punishments prescribed for various offences under Section 132 will also be rationalized.

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Restrictions on Interception and Detention of Goods in Transit

- The Council has recommended changes to Sections 68, 129 and 130 relating to E-Way Bills and movement of goods.
- **Under the proposed changes:**
 - Vehicles carrying goods may be intercepted only on the basis of specific intelligence and with authorisation from an officer not below the rank of Joint Commissioner.
 - Inspection, detention or seizure may be undertaken where either the supplier or recipient is located or registered in the State where the interception occurs.
 - Goods will generally not be intercepted in States through which they are merely passing.
 - Where no E-Way Bill has been generated or the vehicle does not carry documents showing the origin or destination of goods, inspection, detention or seizure may take place irrespective of jurisdiction.
 - Confiscation provisions under Section 130 will not apply to goods or vehicles in transit.
 - These measures are intended to reduce unnecessary interruption in the transportation of goods.

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GST Treatment of Intellectual Property Rights (IPR)

- The Council has recommended amending Schedule II of the CGST Act to clarify that transfer of title in Intellectual Property Rights, whether temporary or permanent, will be treated as a supply of services. This will provide uniform GST treatment of IPR transactions.

- The Council has recommended amending Rule 86A to allow taxpayers to file objections against blocking of amounts in their Electronic Credit Ledger. Taxpayers will also be entitled to a personal hearing before the proper officer decides on such objections.

- The Council has recommended waiving late fees on delayed filing of returns under Section 39(1) for taxpayers whose annual turnover in the preceding financial year was up to ₹5 crore. The waiver will apply where the delayed return is filed by the end of the same month in which it was originally due.

- The Council has recommended issuing circulars to clarify the following matters:
 - Distribution of ITC through the Input Service Distributor (ISD) mechanism.
 - ITC eligibility for banks, financial institutions and NBFCs opting for Section 17(4).
 - Issues relating to payment of pre-deposits.
 - ITC eligibility on demonstration vehicles in specified situations.
 - Retrospective omission of Rule 96(10) with effect from 23 October 2017, in accordance with the Supreme Court decision.

- The Council has given in-principle approval to an optional Annual Return Quarterly Payment (ARQP) scheme. The proposed scheme is intended for taxpayers having aggregate turnover up to ₹5 crore in the preceding financial year and making supplies exclusively to unregistered persons (B2C). At present, the Council has approved the concept note for the scheme.

1. Alignment of Return Filing and ITC Time Limits

The Council has recommended amending Sections 16, 37 and 39 to align provisions relating to furnishing details of outward supplies and GST returns with the time limit prescribed under Section 16(4) for availing ITC.

2. GST Liability of E-Commerce Operators under Section 9(5)

The Council has recommended amending Section 9(5) to clarify the responsibility of Electronic Commerce Operators to pay GST on notified services, irrespective of the business model followed by the operator.

3. Validation of GST Notices Issued for Multiple Financial Years

The Council has recommended inserting a validation provision in the CGST Act for notices that have been held invalid by various courts because they were issued for multiple financial years. The proposal seeks to validate such notices through a statutory amendment.

4. Extension of E-Invoicing to RCM Transactions

The Council has recommended extending e-invoicing to domestic supplies received from unregistered persons where GST is payable under Reverse Charge Mechanism (RCM). E-invoicing is also proposed for the import of services. The proposed requirement will apply to taxpayers having aggregate annual turnover of ₹5 crore or more.

5. Changes Relating to GST Appellate Tribunal

The Council has approved amendments to the CGST Act and the GSTAT (Appointment and Conditions of Service of President and Members) Rules, 2023.

These amendments will align GSTAT provisions with the Tribunals Reforms Act, 2026 and the rules relating to the National Tribunals Commission and qualifications, selection and service conditions of tribunal members.