

# GST

## Highlights from the 56<sup>Th</sup> GST Council Meeting (3<sup>rd</sup> September 2025)

### **Operationalization of the Goods and Services Tax Appellate Tribunal (GSTAT)**

**GST Appellate Tribunal (GSTAT)** – to start accepting appeals by Sept 2025, begin hearings from Dec 2025, and accept backlog appeal until 30 June 2026, strengthening dispute resolution and taxpayer certainty.

### **Expediting GST Refunds:**

#### **Provisional Refunds for Exports & IDS:**

Businesses exporting goods/services or those with an inverted duty structure can now get 90% of their refund amount on a provisional basis. This process is automated and risk-based, operational from November 1, 2025.

**Help for Small Exporters:** The minimum value limit for claiming refunds on low-value export shipments (e.g., those sent via courier or postal service) has been eliminated, which will particularly benefit small businesses.

### **Simplified GST Registration:**

#### **Easy Registration for Small Businesses:**

An optional, simplified registration scheme will be available for low-risk applicants. It will grant automated GST registration within three working days from the date of submission of application, with an output tax liability to registered persons not exceeding ₹2.5 lakh per month. starting from November 1, 2025.

#### **New Scheme for E-commerce Suppliers:**

A simplified registration process is also being developed for small suppliers who sell products through e-commerce platforms across multiple states. This will ease their compliance burden.

### Amendments to GST Law:

**Intermediary Services:** The place of supply for "intermediary services" will now be the location of the service recipient. This change, which omits clause (b) of section 13(8) of the IGST Act, will help Indian exporters of these services qualify for export benefits.

### Post-Sale Discounts:

- **Simplified Rules:** The previous requirement that a post-sale discount had to be part of an agreement made at or before the time of supply has been removed.
- **Credit Note Requirement:** The discount must now be given via a credit note issued under section 34 of the CGST Act.
- **ITC Reversal:** When a discount is given through a GST credit note that reduces the value of the supply, the recipient of the goods/services will be required to reverse their Input Tax Credit (ITC) accordingly.
- **Rescinded Circular:** A previous circular (No. 212/6/2024-GST) that set conditions for compliance has been withdrawn.

- **Clarifications on Post-Sale Discounts:**

The GST Council will issue a new circular to provide clarity on issues that have caused legal disputes. This includes guidance on:

- When ITC does not need to be reversed for discounts given through financial or commercial credit notes.
- How to treat a discount from a manufacturer to a dealer as an "additional consideration" in the transaction between the dealer and the final customer.
- How to treat a post-sale discount given in exchange for promotional activities performed by the dealer.

### Change in GST Rate

#### Implementation Timeline:

**22 Sept 2025** – New GST rates on goods & all services will be effective.

**GST on Tobacco & related products** – existing rates continue until cess loan obligations are cleared, after which Finance Minister will decide the transaction date.

## Bird's Eye View: Change in GST Rate



### Food Sector:

HSN	Description	From	To
401	Ultra-High Temperature (UHT) milk (HSN	5%	Nil
406	Chena or paneer, pre-packaged and labelled	5%	Nil
1905	Pizza bread	5%	Nil
2106	Paratha, parotta and other Indian breads by any name called	18%	Nil
0402, 0405, 0406	Condensed milk, butter, cheese	12%	5%.
0801, 0802, 0804, 0805	Dried nuts & fruits (almonds, pistachios, dates, citrus)	12%	5%
1601-1605	Meat, sausages, fish preparations	12%	5%
2007-2009	Jams, juices, tender coconut water	12%	5%
2101, 2103, 2106	Coffee/tea extracts, sauces, soya bari, namkeens, diabetic foods	12%	5%
1804-1806	Cocoa butter, powder, chocolates	18%	5%
1901-1905	Malt extract, cornflakes, cakes, biscuits, pastry	18%	5%
2104-2105	Soups, ice creams	18%	5%
2202	Plant-based milk drinks	18%	5%
2106 90 20	Pan Masala	28%	40%
2202 10, 2202 99 90	Aerated, caffeinated & carbonated beverages	28%	40%

**Agriculture & Inputs: -**

HSN	Description	From	To
8408, 8414, 8424, 8432-8436	Diesel engines ≤15HP, irrigation pumps, sprinklers, tractors, harvesting machinery	12%	5%
2807-2814	Fertilizer Inputs: Sulphuric/Nitric Acid, Ammonia	18%	5%
3808	Bio-Pesticides	12%	5%
8708, 4011	Tractor Parts	18%	5%

**Health Sector: -**

HSN	Description	From	To
3001-3006	Life-saving Drugs (Agalsidase Beta, Imiglucerase)	5%	Nil
30	Rare Disease & Oncology Drugs (Onasemnogene, Daratumumab, etc.)	12%	Nil
3003-3005	Essential Medicines	12%	5%
2804 40 10	Medical Oxygen	12%	5%
3822, 90	Diagnostic Kits & Glucometers	12%	5%
9025 - 9027	Medical Thermometers, instruments	18%	5%

**Common Man Items: -**

HSN	Description	From	To
3304-3307, 3401, 9603	Toothpaste, Soaps, Hair Oil, Shampoos	18%	5%
3306 1010, 3406, 3605	Tooth Powder, Candles, Safety Matches	12%	5%
3926, 4202, 4419, 6601	Feeding Bottles, Jute/Cotton Bags, Wooden Kitchenware, Umbrellas	12%	5%
8712-8714	Bicycles & Parts	12%	5%

## Consumer & Industrial Goods

HSN	Description	From	To
8415, 8422, 8528	ACs, Dishwashers, TVs, Monitors	28%	18%
2523	Cement	28%	18%
2701-2703	Coal, Lignite, Peat	5%	18%
8407-8409, 8708	Engines, Auto Parts	28%	18%
841 9 12	Solar water heater and system	12%	5%

## Transport Sector

HSN	Description	From	To
8702, 8703, 8704, 8711	Small Cars, biofuel buses, Motorcycles ≤350cc, chassis, goods transport vehicles	28%	18%
8703, 8711	Luxury Cars, SUVs, Motorcycles >350cc	28%	40%
8802, 8903	Yachts & Personal Aircraft	28%	40%

## Handicrafts

HSN	Description	From	To
44, 68, 83, 6117, 9503, 9601-9602	Wooden/Stone Idols, embroidery, hand paintings, Brass Artware, Shawls, stone/wood carvings	12%	5%
4802, 6912	Handmade Paper, Terracotta, Pottery	12%	5%
9403, 9405, 4202, 7326	Bamboo/rattan furniture, handcrafted lamps, handbags, artware	12%	5%

**For more details, check- <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2163555>**

## Services

HSN	Description	From	To
9964	Air transport of passengers (other than economy class)	12% with ITC	18% with ITC
	Passenger transport by any motor vehicle (where fuel cost is included)	5% with ITC of input services (in the same line of business)	5% with ITC of input services (in the same line of business)
		12% with ITC	18% with ITC
9965	Goods Transport by GTA, Multimodal Transport	5% without ITC (RCM/FCM)	5% without ITC (RCM/FCM)
		12% with ITC	18% with ITC
	Supply of transport of goods in containers by rail by any person other than Indian Railways	12% with ITC	5% without ITC; 18% with ITC
	Supply of transportation of natural gas, petroleum crude, motor spirit, high speed diesel or ATF through pipeline	5% without ITC; 12% with ITC	5% without ITC; 18% with ITC
9966	Supply of Renting of any motor vehicle (With operator) of any motor vehicle designed to carry passengers, where the cost of fuel is included in consideration.	5% with ITC of input services (in the same line of business)	5% with ITC of input services (in the same line of business)
		12% with ITC	18% with ITC
	Supply of Renting of any motor vehicle (With operator) where the cost of fuel is included in consideration.	12% with ITC	5% with ITC of input services (in the same line of business); 18% with ITC
9971	All individual health insurance, along with reinsurance thereof.	18% with ITC	Exempt
9963	Supply of "hotel accommodation $\leq$ ₹7,500/day	12% with ITC	5% without ITC
9954	Composite supply of works contract services involving predominantly earth work (more than 75% of value) provided to Government.	12% with ITC	18% with ITC
	Composite supply of works contract provided by a sub-contractor to the main contractor for the service mentioned Above		
	Composite supply of works contract and associated services for offshore works contract relating to oil and gas exploration and production.		

9971	Supply of Service of third-party insurance of "goods carriage"	12% with ITC	5% with ITC
9973	Leasing or rental services, without operator, of goods	28% With ITC	40% with ITC
9988	Supply of services by way of job work in relation to umbrella	12% with ITC	5% with ITC
	Supply of job work services or any treatment or process in relation to printing of all goods falling under Chapter 48 or 49,	12% with ITC	5% with ITC
	Supply of job work in relation to bricks	12% with ITC	5% with ITC
	Supply of job-work services in relation goods falling under Chapter 30 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975) (pharmaceutical products)	12% with ITC	5% with ITC
	Supply of job-work services in relation to Hides, skins and leather falling under Chapter 41 in the First Schedule to the Customs Tariff Act, 1975	12% with ITC	5% with ITC
	Supply of job-work not elsewhere covered (residual entry)	12% with ITC	5% with ITC
9996	Services by way of admission to exhibition of cinematograph films where price of admission ticket is one hundred rupees or less.	12% with ITC	5% with ITC
	Admission to casinos, race clubs, any place having casinos or race clubs, or sporting events like the IPL.	28% With ITC	40% with ITC
	Services by a race club for licensing of bookmakers in such club.	28% With ITC	40% with ITC
9997	Beauty and physical well-being services falling under group 99972	18% with ITC	5% without ITC
Any chapter	Specified Actionable Claims (betting, casinos, gambling, horse racing, lottery, online money gaming) defined as goods. (Corresponding changes in the lottery valuation rules are also being carried out)	28% With ITC	40% with ITC

For more details, check- <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2163555>



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