

GST NEWSLETTER



GST Council Secretariat, New Delhi

Issue-77, August, 2025



Goods and Services Tax Council





MESSAGE

The 56th meeting of the GST Council marks a watershed in India's indirect tax journey, as next-generation reforms were adopted to simplify the system, ease the burden on the common man, and strengthen the economy. By moving decisively to a broad two-rate structure of 5% and 18%, with a special rate of 40% for luxury and sin goods, the Council has fulfilled the promise of a Good and Simple Tax. Sweeping rate cuts—from food and household essentials to medicines, health and life insurance, agriculture equipment, small cars, motorcycles, and even beauty and wellness services—will directly benefit households, farmers, MSMEs, women, youth, and labour-intensive sectors. With health and life insurance now exempt and daily-use items like milk, roti, butter, cheese, and soaps made cheaper, this reform truly touches every citizen's life.

Equally significant are the structural measures— sanction of risk-based provisional refund claims on account of zero-rated supply of Goods or Services or both, a simplified registration scheme for small and low-risk businesses, correction of inverted duty structures in textiles and fertilisers, and the long-awaited operationalisation of the GST Appellate Tribunal. The Tribunal will accept appeals before end of September and commence hearings before end of December this year, with its Principal Bench also serving as the National Appellate Authority for Advance Ruling. Together, these reforms strengthen the institutional framework of GST, provide a robust mechanism for dispute resolution, and ensure greater certainty for taxpayers. Achieved through consensus between Centre and States, they will ease flow of working capital, reduce disputes, and create a business-friendly tax regime. This collective step reinforces India's march towards a stronger, simpler, and more inclusive GST.

India's Goods and Services Tax (GST) framework continues to evolve with significant reforms and strong revenue growth. Gross GST collections surged by 6.5% to ₹1.86 lakh crore in August 2025, driven by domestic consumption and improved compliance.

Warm Regards

Pankaj Kumar Singh,
Additional Secretary

Recommendations of the 56th Meeting of the GST Council held at New Delhi

The 56th meeting of the GST Council was held in New Delhi under the chairpersonship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. The GST Council *inter-alia* made the recommendations relating to changes in GST tax rates, provide relief to individuals, common man, aspirational middle class and measures for facilitation of trade in GST. FAQs are also being issued for clarification of doubts. The recommendations made by the 56th GST Council are as below:

A. CHANGES IN GST RATES OF GOODS AND SERVICES

Recommendations relating to GST rates on goods

I. Changes in GST rates of goods

The HSN wise rate changes are at ***Annexure - I*** and sector wise rate changes are at ***Annexure -II***

II. Other changes relating to goods

- i. It has been decided that the GST will be levied on Retail Sale Price (RSP) instead of transaction value on Pan Masala, Gutkha, Cigarettes, Unmanufactured tobacco, Chewing tobacco like Zarda.
- ii. It has been decided to grant ad hoc IGST and compensation cess exemption on new armoured sedan Car imported by the President's Secretariat for the President of India.

Recommendations relating to GST rates on services

III. Changes in GST rates of services

The HSN wise rate changes are at ***Annexure -III*** and Sector wise rate changes are at ***Annexure -IV***.

IV. Other changes relating to services

- i. The Council has recommended to add Explanations to the definition of 'specified premises' in the context of taxability of restaurant services in order to clarify the position that a stand-alone restaurant cannot declare itself as a 'specified premises' and consequently cannot avail the option of paying GST at the rate of 18% with ITC.

- ii. The Council has recommended to align the valuation rules with the change in the tax rate applicable to lottery tickets, certain amendments in the GST Valuation rules are being carried out.

Recommendation relating to date of implementation

The Council was of the view that the changes in GST rates of goods and services need to be implemented with effect from 22nd September, 2025. However, keeping in view the requirement of funds to fulfill the obligation under the compensation cess account, the Council decided that the changes in GST rates may be implemented in a phased manner as follows:

- a. The changes in GST rates on services will be implemented **with effect from 22nd September, 2025.**
- b. The changes in GST rates of all goods except pan masala, gutkha, cigarettes, chewing tobacco products like zarda, unmanufactured tobacco and bidi, will be implemented **with effect from 22nd September, 2025.**
- c. Pan Masala, gutkha, cigarettes, chewing tobacco products like zarda, unmanufactured tobacco and bidi will continue at the existing rates of GST and compensation cess where applicable, till loan and interest payment obligations under the compensation cess account are completely discharged.
- d. Based on c) above, Union Finance Minister and Chairperson of the GST Council may decide the actual date of transition to the revised rates of GST approved by the Council for the above-mentioned goods.
- e. Pending requisite amendments in CGST Act, 2017, Central Board of Indirect Taxes and Customs (CBIC) shall administratively start implementation of the revised system of grant of 90% provisional refunds arising out of Inverted Duty structure on the basis of data analysis and risk evaluation done by the system, as in the case of risk based provisional refunds on account of zero-rated supplies.

B. MEASURES FOR FACILITATION OF TRADE

1. Process Reforms

- i. GST Council has taken various decisions and recommended various measures to facilitate trade. The process reforms and other measures related to GST law and Procedure are at ***Annexure -V***. The date of implementation of these process reforms will be notified in due course.

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

The Goods and Services Tax Appellate Tribunal (GSTAT) will be made operational for accepting appeals before end of September and will commence hearing before end of December this year. The Council also recommended the date of 30.06.2026 for limitation of filing of backlog appeals. The Principal Bench of the GSTAT will also serve as the National Appellate Authority for Advance Ruling. These measures will significantly strengthen the institutional framework of GST by providing a robust mechanism for dispute resolution, ensuring consistency in advance rulings, and offering greater certainty to taxpayers. This will further enhance trust, transparency, and ease of doing business under the GST regime.

Annexure -V

MEASURES FOR FACILITATION OF TRADE

1. **Sanction of risk-based provisional refund to facilitate refund claims on account of zero-rated supply of goods or services or both (i.e. export of goods or services or both or supply to a Special Economic Zone developer/unit for authorised operations.):** The Council recommended amendment in rule 91(2) of CGST Rules, 2017 to provide for sanction of 90% of refund claimed as provisional refund by the proper officer on the basis of identification and evaluation of risk by the system. However, in exceptional cases, the proper officer may for reasons to be recorded in writing, instead of granting refund on provisional basis proceed with the detailed scrutiny of the refund claim.

The Council recommended issuance of a notification to notify certain category of registered persons who may not be granted refund on provisional basis. This provision shall be operationalised from 1st November, 2025.

2. **Proposal for Risk-Based Provisional Sanction of refunds arising out of inverted duty structure (IDS):** The Council recommended amending section 54(6) of the CGST Act, 2017, to provide for sanction of 90% of refund claimed on provisional basis, in cases arising out of inverted duty structure, on similar lines as is presently available for refund in respect of zero-rated supply.

It has been decided by the Central Government that, pending requisite amendments in CGST Act, 2017, instructions shall be issued by the Central Board of Indirect Taxes and Customs (CBIC) to direct Central Tax field formations for grant of provisional refund equivalent to 90% of amount claimed as refund, arising out of

Inverted Duty Structure on the basis of identification and evaluation of risk by the system, as in the case of provisional refunds on account of zero-rated supplies. This shall be operationalized from 1st November, 2025.

3. **Amendment in CGST Act to provide for GST Refunds in respect of low value export consignments:** The Council recommended amendment to section 54(14) of the CGST Act, 2017 so as to remove the threshold limit for refunds arising out of exports made with payment of tax. This will particularly help small exporters making exports through courier, postal mode etc.
 4. **Simplified GST Registration Scheme for Small and Low-Risk Businesses:** In order to simplify the registration process, the Council has recommended the introduction of an optional simplified GST registration scheme wherein registration shall be granted on an automated basis within three working days from the date of submission of application in case of low risk applicants and applicants who based on their own assessment, determine that their output tax liability on supplies to registered persons will not exceed Rs. 2.5 lakh per month (inclusive of CGST, SGST/UTGST and IGST). The scheme will provide for voluntary opting into and withdrawal from the scheme. This will benefit around 96% of new applicants applying for GST registration. This shall be operationalized from 1st November, 2025.
 5. **Introduction of Simplified Registration Scheme for small suppliers supplying through electronic commerce operators:** The Council approved in-principle, the concept of a simplified GST registration mechanism for small suppliers making supplies through e-commerce operators (ECOs) across multiple States facing challenges in maintaining principal place of business in each State as currently required under the GST framework. The detailed modalities for operationalizing the said scheme will be placed before GST Council. It will ease compliance for such suppliers and facilitate their participation in e-commerce across States.
 6. **Amendment in place of supply provisions for intermediary services under section 13(8) of the IGST Act:** The Council recommended omission of clause (b) of section 13(8) of IGST Act 2017. Accordingly, after the said law amendment, the place of supply for “intermediary services” will be determined as per the default provision under section 13(2) of the IGST Act, 2017 i.e. the location of the recipient of such services. This will help Indian exporters of such services to claim export benefits.
- 7.1 Amendment of section 15 and section 34 of CGST Act, 2017 in respect of Post Sale Discount:** The Council has recommended:

- To omit section 15(3)(b)(i) of CGST Act, 2017 thereby omitting the requirement of establishing the discount in terms of an agreement entered into before or at the time of such supply and specifically linking of the same with relevant invoices,
- To amend section 15(3)(b) of CGST Act, 2017 to provide that discount should be granted through a credit note issued under section 34 of the CGST Act and to correspondingly amend section 34 to include a reference to section 15(3)(b), so as to provide for reversal of Input tax credit by the recipient in case where a post-sale discount is given and value of supply is reduced through GST Credit note.
- To rescind circular No.212/6/2024-GST dated 26th June 2024 which provided a mechanism ensuring compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers.

7.2 Issuance of circular on certain issues pertaining to Post Sale Discount: In order to remove ambiguity and legal disputes, the Council recommended to provide clarification on certain issues pertaining to Post Sale Discount namely, -

- i. non-reversal of Input Tax Credit on account of post-sale discount through financial/commercial credit note;
- ii. treatment of the post-sale discount provided by manufacturer to the dealer as additional consideration, in the transaction between dealer and end-customer;
- iii. treatment of post-sale discount as consideration lieu of promotional activities etc. performed by the dealer.

C. OTHER MEASURES PERTAINING TO LAW & PROCEDURE

The Council recommended retail sale price-based valuation under GST for Pan Masala, Cigarettes, Gutkha, Chewing Tobacco, Zarda, Scented tobacco and Unmanufactured Tobacco. Accordingly, consequent amendments in CGST Rules, 2017 and notifications will be carried out.

Annexure I, Annexure II, Annexure III and Annexure IV are provided in the link below:

<https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=2163555>

Source: PIB release dated 03.09.2025

Prime Minister Shri Narendra Modi, on the occasion of 79th Independence Day, highlights how GST is a significant reform which has benefited the nation

The Prime Minister underscored the importance of the next generation of reforms under GST, which brings relief to the common man, farmers, middle class and MSMEs.

To build an ‘Atmanirbhar Bharat’, the Central Government is proposing significant reforms in GST. It will be focused on 3 pillars, namely:

1. structural reforms
2. rate rationalisation, and
3. ease of living

The Central Government has sent its proposal on GST rate rationalisation and reforms to the Group of Ministers (GoM) constituted by the GST Council to examine this issue.

Key areas identified for next-generation reforms include the rationalisation of tax rates to benefit all sections of society, especially the common man, women, students, middle class, and farmers.

Reforms will also seek to reduce classification-related disputes, correcting inverted duty structures in specific sectors, ensuring greater rate stability, and further enhancing ease of doing business. These measures would strengthen key economic sectors, stimulate economic activity, and enable sectoral expansion.

Key Pillars of the Centre’s Proposed Reforms:

Pillar 1: Structural reforms:

1. **Inverted duty structure correction:** The correction of inverted duty structures to align input and output tax rates so that there is a reduction in the accumulation of input tax credit. This would support domestic value addition.
2. **Resolving classification issues:** Resolve classification issues to streamline rate structures, minimise disputes, simplify compliance processes, and ensure greater equity and consistency across sectors.
3. **Stability and Predictability:** Provide long-term clarity on rates and policy direction to build industry confidence and support better business planning.

Pillar 2: Rate Rationalisation:

1. **Reduction of taxes on common-man items and aspirational goods:** This would enhance affordability, boost consumption, and make essential and aspirational goods more accessible to a wider population.
2. **Reduction of slabs:** Essentially move towards *simple tax* with 2 slabs – standard and merit. Special rates only for select few items.
3. **Compensation Cess:** The end of compensation cess has created fiscal space, providing greater flexibility to rationalise and align tax rates within the GST framework for long-term sustainability.

Pillar 3: Ease of Living:

1. **Registration:** seamless, technology-driven, and time-bound, especially for small businesses and startups.
2. **Return:** Implement pre-filled returns, thus reducing manual intervention and eliminating mismatches.
3. **Refund:** faster and automated processing of refunds for exporters and those with inverted duty structure.

The Centre's proposal, anchored on the above three foundational pillars, has been shared with the GoM for further deliberations within the GoM. The Centre has taken this initiative with the aim of building a constructive, inclusive, and consensus-based dialogue among all stakeholders.

In the true spirit of cooperative federalism, the Centre remains committed to working closely with the States. It will be building a broad-based consensus with the States in the coming weeks, to implement the next generation of reforms as envisioned by Prime Minister Shri Narendra Modi.

The GST Council, when it meets next, will deliberate on the recommendations of GoM, and every effort will be made to facilitate early implementation so that the intended benefits are substantially realised within the current financial year.

The Government reaffirms its commitment to evolving the GST into a simple, stable, and transparent tax system — one that supports #InclusiveGrowth, strengthens formal economy and enhances Ease of Doing Business (EoDB) across the country.

[Source: PIB release dated 15.08.2025](#)

Notifications

- **Notification No. 12/2025-CT dated 20.08.2025 seeking to extend the due date for furnishing FORM GSTR-3B for the month of July, 2025 upto 27.08.2025, for the taxpayers registered in Mumbai (City), Mumbai (sub-urban), Thane, Raigad and Palghar districts of Maharashtra**

The Central Board of Indirect Taxes and Customs (CBIC) has issued the said Notification to extend the due date for filing FORM GSTR-3B for the month of July, 2025. The due date for filing has been extended till 27th August, 2025 for registered taxpayers whose principal place of business is located in the districts of Mumbai (City), Mumbai (sub-urban), Thane, Raigad and Palghar in the State of Maharashtra.

GST Portal Updates

- **Advisory regarding System Enhancement for Order-Based Refunds**

As per the available functionality, taxpayers could claim refunds under the category "On account of Assessment/Enforcement/Appeal/Revision/Any Other Order" (ASSORD) only if:

- The cumulative amount of the Demand ID showed a negative balance (i.e., refund eligible).
- The status of the Demand ID was "Refund Due".

This restriction prevented taxpayers from claiming refunds when individual components (minor heads) of a demand showed negative balances and the overall cumulative balance was zero or positive.

For the above scenario, several references have been made by the tax payers and tax officers stating that the taxpayers are not able to claim the refund. Accordingly the following changes have been implemented in the system:

- Refunds can now be claimed irrespective of the Demand ID status.
- Refunds are allowed even when the cumulative balance is positive or zero, provided any minor head has a negative balance.

- Only negative balances will be auto-populated in the refund application (Form RFD-01); taxpayers cannot claim any refund for the positive amounts within the demand.
- **Order Number Suggestions:** The system automatically suggests the most recent demand order associated with a negative balance such as *order-in-original*, *rectification order* or *appellate order* etc.
- **Tooltips:** Clear guidance is provided near the **Order No.** and **Demand ID** fields to help taxpayers enter the correct details.

A comprehensive user manual and FAQs will be shared shortly by GSTN. In case of any discrepancies or system-related queries, a ticket may be raised with the GST helpdesk.

[Portal update on 28.08.2025](#)

➤ **Advisory on extension of GSTR-3B due date in few districts of Maharashtra State**

In view of the natural calamity caused by heavy rains, the due date of GSTR-3B for the July, 2025 tax period has been extended from 20th August, 2025 to 27th August, 2025 for the following districts of Maharashtra State:

1. Mumbai (City),
2. Mumbai (sub-urban),
3. Thane,
4. Raigad
5. Palghar

For further details, please refer to [Notification No. 12/2025 – Central Tax dated 20th August, 2025](#) issued by CBIC.

[Portal update on 21.08.2025](#)

➤ **Gross and Net GST revenue collections for the month of July, 2025**

Gross and Net GST revenue collections for the month of July, 2025 and the same is given below.

(https://tutorial.gst.gov.in/downloads/news/approved_monthly_gst_data_for_publishing_july_2025.pdf)

[Portal update on 01.08.2025](#)

➤ GST Registration Seva Kendra Inaugurated in Bharuch

The GST Registration Seva Kendra was inaugurated on 28th August, 2025 at the CGST office, Bharuch (Vadodara-II Commissionerate), to provide dedicated support for GST registration and related services. The ceremony was graced by the Hon'ble Principal Chief



Commissioner of CGST, Vadodara Zone, along with officers, trade members, and tax professionals. The initiative aims to simplify compliance by assisting taxpayers, especially small businesses and entrepreneurs, with registration applications, documentation guidance, and query resolution. Appreciated by the trade, the Seva Kendra is expected to ease registration, reduce compliance burden, and promote formalisation of the economy.

➤ CGST Chief Commissioner Attends Interactive Session in Kolkata



Shri Shrawan Kumar, Chief Commissioner, CGST, Kolkata, along with State GST officers, attended an interactive session organised by the Bengal Chamber of Commerce & Industry in Kolkata. The session focused on strengthening industry, department dialogue and facilitating ease of doing business.

➤ **State-Level Tax Practitioners' Meet Held at Kochi**



The State Level Meeting of the Association of Tax Practitioners commenced at Kochi, where Shri S. K. Rahman, Chief Commissioner, Thiruvananthapuram CGST & Customs, addressed the gathering and deliberated on key issues related to taxation and allied matters.

➤ **CGST Gandhinagar Zone Holds Outreach Programs for Taxpayers**



CGST Divisions Kadi & Kalol organised an outreach program on 22.08.2025 under the leadership of Commissioner Shri Nagendra Yadav, with the theme "*Grow Together with GST*", focusing on grievance redressal and taxpayer suggestions. Similar programs were held in Gandhinagar and Himmatnagar divisions on 21.08.2025, reinforcing the department's commitment to taxpayer facilitation.



➤ **Consensus ad idem**

The doctrine of **Consensus ad idem**, meaning “*meeting of the minds*”, is the cornerstone of contract law. It implies that for a valid and enforceable contract, all parties must agree on the same subject matter in the same sense. In other words, their understanding and intention behind the agreement must be identical. If one party intends one thing and the other interprets it differently, the agreement fails for want of true consent. For instance, if A agrees to sell “his car” while he owns two cars and B assumes he is buying a specific one, there is no consensus ad idem, and thus no binding contract.

However, the law recognizes certain exceptions to this principle. In modern commerce, standard form contracts (such as insurance policies, banking documents, or online agreements) are enforceable even though parties may not fully negotiate or even read all the terms. Similarly, statutory contracts mandated by law, such as public utility supply agreements, are binding regardless of a true meeting of minds. Further, under the principle of promissory estoppel, if one party leads another to reasonably believe that a contract exists and the latter acts upon it, the first party is barred from denying it for lack of consensus.

Thus, while consensus ad idem remains the general rule ensuring fairness and clarity in contracts, these exceptions balance the need for certainty and practicality in modern economic and legal systems.

DISCLAIMER: This newsletter is the in-house effort of the GST Council Secretariat. The contents of this newsletter do not represent the views of GST Council and are for reference purpose only.

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