



56th GST COUNCIL MEETING
RECOMMENDATIONS



Background

The 56th GST Council meeting was held in New Delhi under the chairpersonship of the Union Finance Minister. This meeting marks a historic reform milestone, focusing on simplifying the GST rate structure, providing relief to taxpayers, strengthening compliance and dispute resolution, and clarifying sector-specific issues to reduce litigation. The Press Release of the meeting has been structured into the following parts:

- **Part A** – Changes in GST Rates of Goods and Services
- **Part B** – Measures for Facilitation of Trade and Revenue Safeguards
- **Annexure I** – HSN-wise changes in GST rates of goods
- **Annexure II** – Sector-wise changes in GST rates of goods
- **Annexure III** – HSN-wise changes in rates of services
- **Annexure IV** – Sector-wise changes in rates of services
- **Annexure V** – Process reforms and detailed sector-specific clarifications



Part A – Changes in GST Rates of Goods and Services

- The Council approved changes in GST rates of goods and services, with detailed HSN-wise and sector-wise revisions.
- Since the product list is long, we request you to refer to Annexures I–IV of the press release to determine exact changes.

Part B – Measures for Facilitation of Trade and Revenue Safeguards

- The Goods and Services Tax Appellate Tribunal (GSTAT) will become operational, accepting appeals by September 2025, commencing hearings by December 2025, and clearing pending cases by 30 June 2026.
- The process reforms and other measures related to GST law and Procedure are provided at Annexure –V, which is summarized in subsequent slides



Annexure V- Measurers for trade facilitation

1. Risk-Based Provisional Refunds (Zero-Rated Supplies)

- The Council recommended amendment to Rule 91(2) to allow **90% provisional refunds for zero-rated supplies** (exports and SEZ supplies), based on automated system-driven risk evaluation.
- In exceptional cases, officers may withhold provisional refund and conduct detailed scrutiny. Certain categories of taxpayers may be notified as ineligible for provisional refunds.

2. Risk-Based Refunds for Inverted Duty Structure (IDS)

- To provide parity with exporters, the Council recommended amendment to Section 54(6), extending 90% provisional refunds to cases of inverted duty structure (IDS).



3. Refunds for Low-Value Export Consignments

- The Council approved amendment to Section 54(14) to remove the threshold limit for refunds in respect of exports made with payment of tax. This is expected to particularly benefit small exporters engaged in exports through courier and postal modes.

4. Simplified GST Registration Scheme for Small/Low-Risk Businesses

- An optional simplified GST registration scheme was recommended for small and low-risk businesses.
- Under this scheme, registrations will be granted automatically within three working days for eligible applicants, such as those with **monthly B2B tax liability not exceeding ₹2.5 lakh**.
- Around **96% of new applicants** are expected to benefit. The scheme will allow voluntary entry and exit, and will be effective from 1 November 2025.



5. Simplified Registration for Small E-Commerce Suppliers

- The Council gave in-principle approval for a simplified registration mechanism for small suppliers selling through e-commerce operators across multiple states.
- This scheme will address compliance challenges of such sellers, who are currently required to maintain a principal place of business in each state. Detailed modalities will be placed before the Council for final approval.

6. Place of Supply for Intermediary Services

- The Council recommended omission of Section 13(8)(b) of the IGST Act, 2017.
- Following this change, the place of supply for intermediary services will be determined under Section 13(2) i.e., the location of the recipient of services.
- This will align Indian law with global practices and allow Indian service providers to treat such supplies as exports, thereby availing export benefits.



7. Amendments on Post-Sale Discounts

- The requirement of pre-agreed, invoice-linked discounts under Section 15(3)(b)(i) will be omitted. Discounts can now be granted through a **credit note under Section 34**, with a corresponding reversal of ITC by the recipient.
- Circular No. 212/6/2024-GST dated 26 June 2024 will be rescinded.
- A fresh circular will clarify key issues relating to post-sale discounts, including:
 - i. No ITC reversal for commercial/financial credit notes.
 - ii. Treatment of discounts given by manufacturers to dealers as additional consideration in dealer-to-customer transactions.
 - iii. Discounts in lieu of promotional activities performed by dealers.
- These amendments aim to remove ambiguity and reduce disputes in the treatment of post-sale discounts.



THANK YOU



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