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Prep by CA Pankaj Shrivastav



57th GST COUNCIL MEETING RECOMMENDATIONS

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Background

The 57th GST Council meeting was held on 8th October 2026 in New Delhi under the chairpersonship of the Union Finance Minister. The meeting focuses on **process reforms** covering registration, returns, refunds and adjudication, along with clarifications on the applicability of GST on certain goods and services and measures for trade facilitation. The Press Release is structured into the following parts:

- **Part A** – Process Reforms (registration, returns, refunds and dispute resolution)
  - Registration related reforms
  - Return related reforms
  - Refunds related reforms
  - Reforms related to dispute resolution

- **Part B** – Other Major Reforms under GST (input tax credit, exports and ease of doing business)
  - Reforms for seamless flow of ITC
  - Reforms related to exports/ zero rating of goods & services
  - Ease of living and doing business

- **Part C -** Changes and Clarifications in GST Rates

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Registration related reforms

- User friendly forms, clear navigation, tool-tips and clarificatory circulars to help taxpayers with GST registrations.
- Rule 19 to be amended so that changes to all registration particulars, except the Principal Place of Business (PPoB), are accepted automatically on the portal, while taxpayers registered under Rule 14A get automatic acceptance of amendments to all particulars, including PPoB.
- In certain cases, the cancellation application will get auto-accepted once pending returns filed and dues paid as part of Phase 1
- Final return in Form GSTR -10 will become the part of the closure application in Phase 2.
- Simplified registration for small E-Commerce sellers

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Return related reforms

- GSTR-1/1A/IFF to be enhanced
- Form DRC-03 to be amended to declare underlying invoice details and circular to clarify ITC and reversal reporting in GSTR-3B.

Refunds related reforms

- Automatic refund of excess balance in the electronic cash ledger.
- Time limit for acknowledgement or deficiency memo reduced from 15 days to 10 days, with deemed acknowledgement if neither is issued in 10 days.
- Provisional Refund of 90% of the amount claimed in case of zero-rated supplies and inverted duty structure by the system on risk evaluation.
- Removal of restriction of 1.5 times, on turnover of zero-rated supply of goods under the rule 89(4)(c).

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Reforms related to dispute resolutions

- Sections 73, 74, 74A amended with Rs. 10,000 SCN threshold (applying to pending cases)
- 5% reduced penalty on timely payment after adjudication
- No minimum ₹10,000 penalty in non-fraud cases
- Section 125 penalty cut to ₹10,000 from 25,000
- ₹40 crore pre-deposit cap for penalty-only orders.

Reforms for seamless flow of ITC

- Section 54(3) proviso amended to allow refund of accumulated ITC on input services under inverted duty structure, for ITC availed on or after 1 November 2026.

- Refund of ITC on capital goods for zero-rated supplies and inverted duty structure spread over 60 months, for ITC availed on or after 1 April 2027.

- ITC restrictions to be removed on outdoor catering, health and life insurance, telecom towers, pipelines outside factory premises, free samples and goods written off on shelf-life expiry

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Reforms related to exports/ zero rating of goods & services

- Export of services conditions proposed to be relaxed for supplies to/through foreign offices or branches.
- Place of supply relief proposed for certain services involving goods made physically available.
- Supplies to overseas buyers delivered in SEZ/FTWZ proposed to be treated as Zero-rated in specified cases.

Ease of living and doing business

- Withdrawing the power of arrest under GST
- Monetary threshold for prosecution raised from Rs. 1 crore to Rs. 5 crore.
- Interception of goods vehicle only on specific intelligence and with joint commissioner authorization.
- No interception in transit states in specified cases.

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- Opportunity of hearing proposed before blocking ITC under rule 86A.

- Late fee waiver proposed for section 39(1) return filing delay for taxpayers upto Rs. 5 crore turnover if filed by the end of the due month

- In-principle approval for optional ARQP scheme for eligible B2C taxpayers upto Rs. 5 crore turnover.

Changes and Clarifications in GST Rates

- Nil GST proposed on psyllium seeds.

- Clarity proposed on sublimation paper, toys, and sea-weed extract bio stimulants.

- Certain waste and scrap supplies proposed under RCM; 2% TDS proposed for specified B2B supplies.

- 5% GST without ITC option proposed for passenger transport and rental services using electric vehicles.

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- Certain delivery services through ECO proposed at 5% without ITC.

- Exemptions proposed for storage/warehousing of seeds, curing of coffee, SPFP services, specified helicopter passenger transport, and certain highway concession/toll-related services.

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THANK YOU

D-723/ 724, Neelkanth Business Park,
Vidyavihar (West), Mumbai 400086

+91 9152729402 | +91 9152729403 |
+91 8291466022

www.scvora.com

PARTNERS

Subodh Vora

M: +91-9821151467 | E: subodh@scvora.com

Kush Vora

M: +91-9821305187| E: kush.vora@scvora.com

Bhakti Vora

M: +91-9821362481| E: bhakti.vora@scvora.com

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