

# Recommendations of 56<sup>th</sup> GST Council Meeting

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**Dated 03.09.2025**



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# 56th GST Council Meeting – Key Updates and Background



- The **56<sup>th</sup> meeting of the GST Council** was held on 3<sup>rd</sup> September 2025 under the chairpersonship of the Hon'ble Union Finance Minister, Smt. Nirmala Sitharaman. The meeting was significant as it marked a major step towards "GST 2.0," with the Council approving a simplified two-rate structure, rationalisation of tax slabs, and various relief measures for taxpayers.
- Key recommendations included restructuring of GST rates into 5% and 18% categories, and introduction of a higher demerit rate of 40% for sin and luxury goods (except for specific tobacco products, the changes will be made effective from September 22, 2025)
- Alongside tax rate changes, the Council also focused on trade facilitation and compliance reforms. These included nationwide single registration for small suppliers, pre-filled returns with automated refunds, and operationalisation of the GST Appellate Tribunal to address long-pending disputes
- Collectively, the decisions of the Council meeting are aimed at easing compliance, providing relief to the common man, and strengthening the GST framework to make it more efficient, transparent, and business-friendly



# **Recommended Industry Specific- GST Rate Change (Goods)**

Commodity	Current Rates	Recommended Rates
Chena or paneer, pre-packaged and labelled	5%	Nil
Paratha, parotta and other Indian breads by any name called	18%	Nil
Sugar Confectionery/Cocoa Powder/Chocolates/Pastries/Cakes/Biscuits/Ice-cream	18%	5%
Dried Fruits/Jams/Fruit Jellies/Fruit Juices/Namkeens & Bhujia Mixtures/Drinking Water packed in 20 litre bottles	12%	5%
Butter/Ghee/Cheese/Condensed Milk	12%	5%
Other non-alcoholic beverages	18%	40%
Soft Drinks & Carbonated/Caffeinated Beverages	28%	40%
Plant-based milk drinks, ready for direct consumption as beverages	18%	5%
Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured.	18%	5%

Commodity	Current Rates	Recommended Rates
Candles/Umbrellas/Handbags of Cotton and Jute/	12%	5%
Tableware/Kitchenware/other household articles and toilet articles	12%	5%
Parts, trimmings and accessories of articles of heading 6601 or 6602	12%	5%
Napkins and napkin liners for babies, clinical diapers	12%	5%
Talcum Powder/Hair Oil/Shampoo/Dental Floss/Toothpaste/Shaving Cream/Shaving Lotion/Toilet Soap	18%	5%
AC machines/Dish washing Machines/Television Sets (LCD and LED TV) and Monitors of a size exceeding 32 inches/projectors	28%	18%

## Tattvam Comments:

- ✓ The reduction in GST rate will provide relief to the common man and will also help in resolving classification disputes which presently persist due to multiple rate structures. For instance, the classification of flavoured milk has been under dispute since the introduction of GST and various contradicting rulings have been issued in this regard. After the proposed rate change, the rate of GST for both the competing entries will be 5%.

Commodity	Current Rates	Recommended Rates
Certain life-saving medicines (e.g., Agalsidase Beta, Imiglucerase, Onasemnogene abeparvovec, etc.)	5-12%	Nil
All Other Medicines, Ayurvedic, Homeopathic	12%	5%
Medical Oxygen	12%	5%
Diagnostic Kits, Reagents, Blood Glucose Monitoring Systems	12%	5%
Thermometers, Medical Instruments and apparatus for medical, surgical, dental or veterinary uses for physical or chemical analysis.	18%	5%

## Tattvam Comments:

- ✓ To facilitate accessibility of essential medical treatment, the Council has recommended exemption from GST on certain critical drugs and a uniform reduced rate of 5% on certain medicines and medical devices. This measure is intended to substantially ease the financial burden on patients and improve the overall availability of critical healthcare products.

Commodity	Current Rates	Recommended Rates
Sand Lime bricks/Stone inlay work	12%	5%
Marble/Granite	12%	5%
Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers.	28%	18%
Bamboo Flooring/Boards and Panel/Jute Particle Boards, and Rice Husk Boards	12%	5%
Toilet articles made of porcelain, China, or other ceramics	12%	5%

## Tattvam Comments:

- ✓ The reduction of tax rate on key construction material under the new two-slab structure is a welcome relief for the real state sector which will also reduce burden on the buyers.



Commodity	Current Rates	Recommended Rates
Sulphuric Acid/Nitric Acid/Ammonia	18%	5%
Gibberellic acid/Specific Bio-pesticides/Micronutrients	12%	5%
Hand propelled vehicles (e.g. hand carts, rickshaws and the like); animal drawn vehicles	12%	5%
Fixed speed diesel engines of power not exceeding 15HP	12%	5%
Nozzles for drip irrigation/Sprinklers	12%	5%
Composting Machines/Tractors (except road tractors for semi-trailers of engine capacity more than 1800 cc)	12%	5%
Specific Parts & Accessories of Tractors (E.g. Tyre, Bumper, Gear Box etc.)	18%	5%

# Education & Paper Sector:

Commodity	Current Rates	Recommended Rates
Erasers	5%	Nil
Maps/Pencils/Crayons/Pencil Sharpener/Exercise or Graph Book/Notebooks	12%	Nil
Mathematical boxes, geometry boxes and colour boxes	12%	5%
Uncoated paper and paperboard used for exercise book, graph book, laboratory notebook and notebooks	12%	Nil
Cartons, boxes and cases of,- (a) Corrugated paper or paper boards; or (b) Non-corrugated paper or paper board	12%	5%
Paper Sack and Biodegradable bags	12%	5%
Uncoated paper/Uncoated kraft paper/Grease proof paper/Composite paper & Paperboard	12%	18%

Commodity	Current Rates	Recommended Rates
Petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm.	28%	18%
Three wheeled vehicles	28%	18%
Diesel & Diesel Hybrid cars not exceeding 1500cc and 4000mm	28%	18%
Motorcycles of engine capacity not exceeding 350cc	28%	18%
Motor Vehicles for transportation of goods	28%	18%
Hybrids motor vehicle with engine capacity not exceeding 1200cc and of length not exceeding 4000 mm	28%	40%
Motorcycles of engine capacity exceeding 350 cc/Aircraft for personal use/Yacht and other vessels for pleasure or sports	28%	40%
Motor vehicles with both compression-ignition internal combustion piston engine [diesel-or semi diesel] and electric motor as motors for propulsion, of engine capacity exceeding 1500cc or of length exceeding 4000 mm.	28%	40%

**Note:** For Certain Motor Vehicles, Compensation cess is also applicable at present

Commodity	Current Rates	Recommended Rates
Parts and accessories of the motor vehicles of headings 8701 to 8705 [other than specified parts of tractors] (these Chapter headings covers different types of motor vehicles)	28%	18%
Parts and accessories of vehicles of heading 8711 (this Chapter Heading covers motorcycles, mopeds etc.)	28%	18%

**Tattvam Comments:**

- ✓ The classification of motor vehicle parts has been under dispute both under the GST and pre-GST regime.
- ✓ The motor vehicle parts covered under specific headings generally attract GST at the rate of 18%. However, the GST rate for general motor vehicle parts is 28%. In view of the same, there were a lot of disputes regarding the classification of different parts of motor vehicles.
- ✓ However, after the proposed amendment, the GST rate on general motor vehicle parts will also be reduced to 18%.
- ✓ This is a significant amendment for the automobile sector and will put a rest to long-standing classification disputes for the future period.

# Machinery Items:

Commodity	Current Rates	Recommended Rates
Fuel elements (cartridges), non-irradiated, for nuclear reactors	12%	5%
Spark-ignition reciprocating or rotary internal combustion piston engine [other than aircraft engines]	28%	18%
Compression-ignition internal combustion piston engines (diesel or semi-diesel engines)	28%	18%
Parts suitable for use solely or principally with the engines of heading 8407 or 8408	28%	18%
Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines; generators and cut-outs of a kind used in conjunction with such engines	28%	18%
Electric accumulators, including separators therefor, whether or not rectangular (including square) other than Lithium-ion battery and other Lithium-ion accumulators including Lithium-ion power banks	28%	18%



# Apparel, Footwear & Leather Sector:

Commodity	Current Rates	Recommended Rates
Finished textile products (including carpets, rugs, bath linen, and apparel priced up to ₹2,500 per unit)	12%	5%
Articles of apparel and clothing accessories and other articles of sale value not exceeding Rs. 2500 per piece.	12%	18%
Footwear of sale value not exceeding Rs. 2,500/- per pair	12%	5%
Leather prepared after tanning or crusting including parchment-dress leather, of buffalo/sheep/other animal without wool or hair on, whether or not split, other than leather of heading 4114	12%	5%
Composition leather with a basis of leather or leather Bhavishya and Skins and other parts of birds with their feathers or down, feathers, parts of feathers, down and articles thereof.	12%	5%

Commodity	Current Rates	Recommended Rates
Various Wooden Articles	12%	5%
Antiques of age exceeding 100 years and Wooden/Stone/Metal Idols, Statues	12%	5%
Handicraft Toys, Dolls, Artware/Handbags/Tableware and Kitchenware of clay/Bamboo/Rattan/Cane Furniture.	12%	5%
Handicraft candles/Paintings/Lamps/Brass & Copper Artware.	12%	5%
Toys like Tricycles, scooters, pedal cars etc/ Playing cards/Chess Board etc. (other than video game consoles and machines).	12%	5%
Sports goods other than articles and equipment for general physical exercise.	12%	5%

Commodity	Current Rates	Recommended Rates
Coal/Lignite/Peat	5%	18%
Solar Cookers/Solar water heater	12%	5%
Renewable energy devices and parts such as bio-gas plant etc.	12%	5%

**Note:** Presently Compensation Cess of Rs. 400 per tonne is also applicable on coal

Commodity	Current Rates	Recommended Rates
Bidis	28%	18%
Pan Masala	28%	40%
Cigarettes, Cigars	28%	40%
Gutkha, Chewing Tobacco, Zarda	28%	40%
Nicotine Products (e-cigarettes, inhalation substitutes)	28%	40%

**Note:** Revised rate will be effective from the date to be notified later

## Miscellaneous Items:

Commodity	Current Rates	Recommended Rates
Walkie Talkie used by defense/police and Tanks & other armored fighting vehicles	12%	5%
Marble/Granite/Silicon Wafers	12%	5%
Biodiesel (other than biodiesel supplied to Oil Marketing Companies for blending with High Speed Diesel)	12%	18%
Milk cans made of Iron, Steel, or Aluminium	12%	5%
Revolvers and pistols, other than those of heading 9303 or 9304	28%	40%
Smoking pipes (including pipe bowls) and cigar or cigarette holders, and parts thereof	28%	40%
All dutiable articles intended for personal use (heading 98 04)	28%	18%



## **Tattvam Comments:**

### **Benefit of discontinuation**

- ✓ Earlier, businesses had to bear the cost of compensation cess credit when their outward supplies were not subject to cess. After the GST rate change, businesses would be eligible to claim full ITC of GST paid at input stage

### **Accumulated balance of Compensation Cess**

- ✓ It is to be noted that there are certain items that will remain subject to Compensation cess until a formal notification is issued specifying otherwise.
- ✓ In the 56<sup>th</sup> GST Council Meeting, it is recommended to discontinue Compensation cess (except tobacco products for the time being) and correspondingly increase the rate of GST on certain products. As per the current legal mechanism the ITC of Compensation cess can be utilized only against output cess liability. However, going forward since the levy of Compensation cess would be discontinued, there would no avenue to utilize accumulated balance of ITC of Compensation on the stock in hand on the transition date.
- ✓ This will be applicable mainly for automobile dealers, dealers of coal and aerated beverages.

# **Recommended Industry Specific- GST Rate Change (Services)**

Services	Current Rates	Recommended Rates
Composite supply of works contract and associated services, in respect of offshore works contract relating to oil and gas exploration and production in offshore area	12% with ITC	18% with ITC
Composite supply of works contract involving predominantly earth work (that is, constituting more than 75% of the value of the works contract) provided to Government.	12% with ITC	18% with ITC
Composite supply of works contract provided by a sub-contractor to the main contractor providing services at Sl. No. 2 above to Government	12% with ITC	18% with ITC

## Tattvam Comments:

- ✓ The petroleum companies are not eligible to claim ITC of GST charges by their vendors. Therefore, increase in tax rate may result in increase of cost at their end which may result in increased prices of these products.

Services	Current Rates	Recommended Rates
Hotel accommodation having value of supply of a unit of accommodation less than or equal to INR 7,500 per unit per day or equivalent	12% with ITC	5% without ITC

## **Tattvam Comments:**

- ✓ As per press release, Hotel Accommodation services (if value < ₹7,500) may be subjected to GST @ 5% without ITC. Though the rate has been reduced from 12% to 5%, the Hotels will not be allowed to take ITC which may result in increase in cost for the Hotels.
- ✓ Recently, in the year 2025 only, an amendment was made to provide that Hotels with value of supply < ₹7,500 per unit per day (in preceding FY) will have an option to pay 18% GST with ITC on restaurant services to provide relief from reversal of common ITC under Rule 42/43.
- ✓ However, the present recommendation of GST council to tax Hotel Accommodation services (if value < ₹7,500) at 5% without ITC will re-necessitate the computation and reversal of ITC under Rules 42/43 for those who had also opted to pay tax on restaurant service @ 18% with ITC.
- ✓ This will lead to a significant increase in compliance burden and fails the objective with which the earlier amendment regarding restaurant service was made.



Services	Current Rates	Recommended Rates
Services relating to exploration, mining or drilling of petroleum crude or natural gas	12% with ITC	18% with ITC
Support services to exploration, mining or drilling of petroleum crude or natural gas or both	12% with ITC	18% with ITC

Services	Current Rates	Recommended Rates
Air transport of passengers in other than economy class	12% with ITC	18% with ITC
Passenger transport/ renting of 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
Transport of goods by GTA	5% without ITC (RCM/FCM)	5% without ITC (RCM/FCM)
	12% with ITC	18% with ITC
Multimodal transport of goods within India	12% with ITC	5%, where no leg of transport is through air, with restricted ITC (i.e. 5% of input services of goods transportation).
		18% with ITC

## Tattvam Comments:

- ✓ The proposed increase from 12% to 18% raises the cost of transportation services under GTA, impacting both operators and customers, while boosting GST revenue.

Services	Current Rates	Recommended Rates
Job work in relation to umbrella, bricks, pharmaceutical products (Chapter 30), printing of all goods falling under Chapter 48 or 49	12% with ITC	5% with ITC
Job-work not elsewhere covered (residual entry)	12% with ITC	18% with ITC

Services	Current Rates	Recommended Rates
All individual health and life insurance, along with reinsurance thereof	18% with ITC	Exempt

## **Tattvam Comments:**

- ✓ As per the press release, premium paid on ‘individual’ health and life insurance policies is proposed to be exempted from GST. However, it is important to note that individual policies are distinct from group insurance policies, which are generally taken by companies for the benefit of their employees. It is expected that further clarity will emerge through the Notifications to be issued, particularly on whether the exemption would also extend to premiums paid by companies towards ‘group’ medical insurance policies for employees.”

## Miscellaneous Services:

Services	Current Rates	Recommended Rates
Admission to casinos, race clubs, any place having casinos or race clubs, or sporting events	28% with ITC	40% with ITC%
Admission to exhibition of cinematograph films where price of admission ticket is INR 100 or less	12% with ITC	5% with ITC
Leasing or rental services, without operator, of goods which will attract (28%) 40% GST	28% with ITC	40% with ITC%
Beauty and physical well-being services falling under group 99972	18% with ITC	5% without ITC



- ✓ GST Council has recommended to reduce rate of tax on various items (28% to 18% or 12% to 5%).
- ✓ As per the FAQ issued, it seems that the intention of the Government is to deny benefit of refund of accumulated ITC where inputs and outputs are the same goods but attracting different tax rates. In this regard, the FAQ has relied upon Circular No. 135/05/2020-GST dated 31.03.2020.
- ✓ However, the said circular has been challenged before various high courts and it has been held that circular cannot override the provision of the CGST Act which explicitly provides benefit of refund of ITC where tax rate on output supply is lower than the rate of tax on input irrespective of the fact whether inputs and outputs are same goods or not. In similar set of facts, the benefit of refund was allowed to the assessee in the following cases:
  - **Baker Hughes Asia Pacific Limited Vs. Union Of India, 2022 (7) TMI 73 - RAJASTHAN HIGH COURT**

- **BMG Informatics Pvt. Ltd., Versus The Union Of India, 2021 (9) TMI 472 - GAUHATI HIGH COURT**
- **Eveready Spinning Mills Private Limited Vs. The Assistant Commissioner, 2024 (7) TMI 1160 - MADRAS HIGH COURT**

- ✓ Hence, in view of the legal precedents, the taxpayer should be eligible to claim a refund of accumulated ITC.
- ✓ However, in view of the FAQs, it seems that the Department may deny the benefit of refund to taxpayers and in such a case, the matter will have to be litigated before the appropriate forum.

# Measures for Facilitation of Trade

## **Risk-Based Provisional Refund for Zero-Rated Supply:**

- ✓ Amendment to Rule 91(2) of the CGST Rules to provide for sanction of 90% of the refund claimed as provisional refund for zero-rated supplies on the basis of identification and evaluation of risk by the system.
- ✓ In exceptional cases, the Proper Officer may proceed with detailed scrutiny instead of granting provisional refund.
- ✓ Notification will be issued specifying the category of registered persons not eligible for provisional refund.
- ✓ This provision shall be operationalized from 1<sup>st</sup> November 2025.

## **Provisional Refund for Inverted Duty Structure:**

- ✓ Amendment to Section 54(6) of the CGST Act to provide for 90% provisional refund for IDS claims , aligning with zero-rated supply provisions.
- ✓ Till the time amendment is not made in the Act, instructions will be issued for the time being for the grant of provisional refund of 90%.
- ✓ This proposal shall be operationalized from 1st November 2025.

## **Tattvam Comments:**

- ✓ This is a welcome proposal for inverted duty structure claims as it will significantly ease the working capital crunch for businesses by resolving chronic ITC accumulation issues. Ensuring speedy refunds will improve liquidity, boost operational efficiency, and enhance the ease of doing business.

- ✓ An optional simplified GST registration scheme is recommended to streamline the process, especially for small and low-risk applicants.
- ✓ Registration will be granted automatically within **3 working days** for low-risk applicants and those whose monthly output tax liability, based on their own assessment, in respect of supply to registered persons will not exceed Rs. 2.5 lakh (inclusive of CGST, SGST/UTGST and IGST).
- ✓ This scheme allows for voluntary opting-in and withdrawal, set to benefit approximately 96% of new GST applicants.
- ✓ These provisions shall be operationalized from 1st November 2025.

- ✓ Acknowledging difficulties faced by small suppliers using e-commerce operators (ECOs) across states due to requirement of principal place of business in each state, the Council approved a simplified GST registration mechanism for these suppliers.
- ✓ Detailed operational modalities for this scheme will be presented to the GST Council for finalization.
- ✓ This initiative aims to facilitate greater participation of small suppliers in the burgeoning e-commerce sector across India, fostering inclusive growth.

## **Tattvam Comments:**

- ✓ By simplifying the cumbersome requirement of a principal place of business in every state, it will empower MSMEs and small businesses to seamlessly access the national e-commerce market, fostering inclusive growth and unlocking new opportunities.



- ✓ The Council recommended omission of clause (b) of section 13(8) of IGST Act 2017, which prescribed the determination of place of supply for intermediary services.
- ✓ After this amendment, the place of supply for "intermediary services" will be determined as per section 13(2) of the IGST Act, 2017 i.e., the location of the recipient of such services.
- ✓ This change will enable Indian exporters of intermediary services to more easily claim entitled export benefits.

## **Tattvam Comments:**

- Various disputes arose in the past regarding the classification of services as 'intermediary service' or 'support services'. After the proposed amendment, the said issue will no longer be relevant.
- In instances where intermediary services were provided to a recipient outside India, the Place of Supply (POS) provisions deemed the supplier's location (India) to be the POS. Resultantly, tax was required to be discharged in respect of services provided to a foreign recipient, which ultimately turned into a cost for the supplier even when their end customers are located outside India and payments were received in foreign exchange.
- Pursuant to the proposed changes, intermediary services provided to recipient located outside India will be eligible for export benefits (zero-rated supply) as the POS shall be the location of recipient i.e., outside India.
- However, after the proposed amendment, in case an Indian entity receives the intermediary service from an overseas supplier, GST will have to be discharged under RCM as the transaction will qualify as import of service.

- ✓ The Council has recommended amendments to **Section 15 and Section 34 of the CGST Act, 2017**, regarding post-sale discounts.
- ✓ The requirement of establishing discount in terms of agreement entered before or at time of supply and linking with relevant invoices is proposed to be omitted.
- ✓ Amendment to section 15(3)(b) of CGST Act, 2017 is proposed to provide that discount should be granted through a credit note issued under section 34 of the CGST Act. Corresponding amendment is proposed to be made in 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.
- ✓ Circular No. 212/6/2024-GST which provided a mechanism for compliance with Section 15(3)(b)(ii), will be rescinded.

## **Tattvam Comments:**

- It has been held in multiple judgments in the pre-GST regime that discounts must be known and communicated prior to or at the time of sale to the customer, to be excluded from the value of supply.
- The recent proposed amendment appears to dilute this stringent requirement of establishing discount from the terms of an agreement entered before or at time of supply.
- After the proposed amendment, it has to be seen that whether GST credit note can be issued in cases where any ad-hoc discount is provided to the customer after the supply has been made.
- This change could significantly alleviate the persistent issue of Input Tax Credit (ITC) accumulation for dealers, particularly in sectors like electronics where substantial volume-based and seasonal discounts may be announced subsequent to sales.

The Council recommended clarifications on specific issues:

- ✓ Non-reversal of ITC on post-sale discount via financial/commercial credit notes.
- ✓ Treatment of post-sale discount as additional consideration between dealer and end-customer.
- ✓ Treatment of post-sale discount as consideration for promotional activities.

## **Tattvam Comments:**

- Initially, Circular 105/24/2019-GST dated 28.06.2019 was issued covering the abovementioned aspects i.e., post sales discounts. However, the said circular was rescinded later on by Circular 112/31/2019-GST dated 03.10.2019. Now, it seems that similar clarification will again be issued.
- Basis these clarifications the department may raise dispute for the past transactions.

The Council recommended retail sale price-based valuation under GST for specific products:

- ✓ Pan Masala
- ✓ Cigarettes
- ✓ Gutkha
- ✓ Chewing Tobacco
- ✓ Zarda
- ✓ Scented Tobacco
- ✓ Unmanufactured Tobacco

Consequent amendments in CGST Rules, 2017, and notifications will be issued to operationalize this change.

**Tattvam Comments:**

While the intent to standardize valuation is clear, the industry awaits detailed procedural clarity regarding the implementation mechanics of said proposal.

# Operationalization of Goods and Service Tax Appellate Tribunal (GSTAT)



## Accepting Appeals

GSTAT will be operational for accepting appeals before the end of **September 2025**.



## Commencing Hearings

GSTAT will commence hearings before the end of **December 2025**, ensuring swift resolution.



## Backlog Appeals

A limitation date of **June 30, 2026**, has been set for filing backlog appeals, addressing legacy issues.



## National Appellate Authority (NAAAR)

The Principal Bench of GSTAT will also serve as the National Appellate Authority for Advance Ruling (NAAAR).



## Rate Change Implementation

- **Update ERP/accounting systems** to reflect the new GST slabs (0%, 5%, 18%, 40%) and revised HSN codes
- **Revise product pricing (including MRP) & invoicing** for goods and services for which GST rates have been revised
- **Communicate new prices** to distributors, retailers, and e-commerce partners to avoid disputes
- Proactively **communicate and negotiate with vendors** regarding revised procurement prices

## Contract & Documentation Review

- **Revisit contracts/agreements** (especially with government departments, EPC projects, insurance, leasing, FMCG distribution) to factor in revised rates.
- Revisit existing contracts and agreements with suppliers and recipients to assess the impact of forthcoming clarifications on post-supply discounts, particularly to determine whether such discounts are to be treated as **additional consideration** or as **consideration in lieu of promotional activities**.

## Internal Readiness

- Examine the **impact of rate revision** on ITC credit availability and outward tax liability
- Computation and **reversal of ITC** in terms of section 18(4) of the CGST Act in respect closing stock of goods which are being exempted
- Ensure that section 14 (**time of supply**) implications are reviewed for transitional supplies
- **Optimize inventory** during the transition period to minimize ITC accumulation due to rate changes
- **Cross-functional coordination** between tax, finance, sales, IT, and supply chain
- **Train staff & update SOPs** for billing, returns, refunds, and customer communication
- Ensure **compliance of the Legal Metrology** (Packaged Commodities) Rules, 2011 for revising Maximum Retail Price (MRP) on product labels

## Refunds & Exports

- Examine whether the rate revision will result in inverted duty structure scenario
- Prepare for 90% provisional refunds (inverted duty & zero-rated supply cases) under new risk-based system—expected from Nov 2025.
- Exporters should align documentation (shipping bills, e-invoices, LUTs) to avoid refund delays.


## GST Appellate Tribunal (GSTAT)


- Start preparation for filing appeal the submission of which will begin before the **end of September 2025**. The last date for filing pending appeals would be **June 30, 2026**

# TATTVAM

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# Thank You