

Next-Gen GST Reform

56th GST Council Recommendation

GST 2.0

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Preface

On **29th August 2025**, Bizsolindia published its bulletin on **GST 2.0**, which received wide appreciation. As anticipated, the **56th GST Council Meeting** held on **3rd September 2025** delivered the much-awaited recommendations for the **Next Generation GST Reforms**. These reforms were shaped by extensive deliberations and consensus in GST council and were officially announced through a press release on 3rd September 2025.

The reforms mark a major milestone:

- **Simplified tax structure** with slabs rationalized to **5% and 18%**, while exempted goods and specific categories of sin and luxury goods continue to attract separate rates.
- **Compensation cess rationalization**, with exemptions extended to automobiles and revised rates applied selectively to align with fiscal requirements.

As part of our continued commitment to keeping stakeholders informed, **Bizsolindia Services Pvt. Ltd.** has prepared this booklet to:

- Summarize the **proposed changes and sectoral impacts**.
- Highlight their **likely implications on trade and industry**.
- Outline **action points** requiring immediate attention for compliance readiness.

Key areas emphasized in this bulletin include:

- Sectoral changes in **Tax Rates**
- Impact on **accumulated input tax credit** across the supply chain.
- Adjustments in **Maximum Retail Price (MRP)** due to shifting tax costs.
- Simplification of **refund and registration processes**.
- Other critical **system-level action points** where trade and industry must prepare proactively.

We believe this booklet will serve as a **practical guide** for our clients, partners, and industry members to navigate the forthcoming changes under GST with clarity and confidence.

Disclaimer

This booklet has been compiled by **Bizsolindia Services Pvt. Ltd.** based on the **press release of the 56th GST Council meeting** and related official communications. While every effort has been made to ensure accuracy and completeness, **errors or omissions may inadvertently remain**.

Readers are advised that the **final legal position will be determined only upon issuance of official notifications, circulars, and amendments** to the GST Act and Rules by the Government.

This document is intended purely for **informational and educational purposes** and should not be construed as professional advice. For specific queries or compliance support, readers are encouraged to consult with **Bizsolindia's professional advisors**.

Change of Rate of Tax: Key Points

A. Invoice:

The GST rate as applicable based on the time of supply as defined under Section 12 and 13 of CGST Act is applicable. However, in case of change in tax rates, the governing provisions are contained in Section 14 of the CGST Act, 2017. It is important to note that the provision of Section 14 has overriding clause over section 12 & 13 of the CGST Act, 2017.

1. Section 14 (CGST Act, 2017) as amended

When there is a change in the rate of tax, the determination of applicable rate depends on whether supply, invoice issuance, and payment occur before or after the rate change.

The provisions of section 14 are summarized in below table for easy reference.

Section 14 of CGST Act, 2017				
Type	Scenario	Invoice Date	Payment Date	TOS (Applicable Rate)
Supply Before	Supply before rate change	After change	After change	Earlier of Invoice/Payment → New Rate
	Supply before rate change	Before change	After change	Invoice Date → Old Rate
	Supply before rate change	After change	Before change	Payment Date → Old Rate
Supply After	Supply after rate change	Before change	Before change	Earlier of Invoice/Payment → Old Rate
	Supply after rate change	Before change	After change	Payment Date → New Rate
	Supply after rate change	After change	Before change	Invoice Date → New Rate

3. Impact on change in GST Rate

- Correct GST rate (old or new) must be charged on the invoice depending on provision as mentioned in Section 14 and summarized in above mentioned table.
- If the wrong rate is charged on invoice:
 - Short payment of GST - Liability to pay differential tax along with interest.
 - Excess collection - Needs to be deposited with the government (cannot be retained).
- In certain cases, issuance of credit note or debit note may be required to adjust invoices already issued prior to the rate change.

B. Debit Note and Credit Notes:**1. Legal Background**

- **Section 14, CGST Act, 2017:** Determines applicable tax rate when there is a change in rate, based on the time of supply rules (as mentioned in Invoice section above).
- **Section 34, CGST Act, 2017:** Governs issuance of debit notes/credit notes in relation to a supply for which a tax invoice has already been issued.

Thus, debit/credit notes are linked to the original supply & invoice.

2. Impact of GST Rate Change**(A) Credit Note****(i) Downward Revision:**

- If goods/services were supplied before the rate changes and later a credit note is issued (e.g., discount, return, downward price revision):
 - The old GST rate (at the time of original supply/invoice) continues to apply.
- If goods/services were supplied after the rate change → The new rate applies.

Reason: Credit notes adjust tax liability with respect to original invoice. It does not reopen the rate applicable on the supply date.

The 56th GST Council has recommended a significant step towards **simplifying the treatment of credit notes** under GST.

Key Highlights

- The Council has **decided to de-link credit notes for adjustment of outward liability from the original supply**. Thereby reducing the litigation.
- A **suitable amendment to Section 15 (3) (b) and Section 34 of the CGST Act, 2017** will be carried out to give legislative backing. This change impacts **credit notes issued for post-sale discounts, promotional schemes, and other commercial reasons**.
- Issues such as **post-sale discount adjustments, credit notes for promotional activities, credit note on account of dealer-to-consumer adjustment** have been examined, GST council recommended to issue necessary clarifications which are expected shortly.
- The objective is to **remove ambiguity and prevent legal disputes** especially around **financial credit notes**.

Advisory for Industry

1. **Review Pending Credit Notes** – All credit notes proposed to be issued (for any reason, whether commercial, financial, or promotional) should be carefully analysed.
2. **Compliance Alignment** – Businesses should prepare to align processes with the upcoming **statutory amendment** to avoid compliance risks.
3. **Future Structuring** – Commercial arrangements involving discounts, incentives, and promotional credits must be **contractually structured** keeping in mind that **credit notes will stand independent of original supplies**.

Comparative Table – Current vs Proposed Framework

Aspect	Current Position (Before Amendment)	Proposed Position (As per Points 7.1 & 7.2 of Press release)
Linkage with original supply	Credit notes must be linked to original supply agreement.	Credit notes will be de-linked from the original supply agreement.
Discounts & Adjustments	Post-sale discounts/financial adjustments often contested; credit notes only allowed where directly linked to original supply.	Credit notes may be issued for post-sale discounts, promotional schemes, financial adjustments , etc. without linking to original supply.
GST Liability Adjustment	GST credit notes adjustments permitted only if it satisfied condition of Section 15 (3) (b) and Sec. 34 are met.	Credit note will be delinked to the agreement at the time of supply by legislative amendment. However, the timeline for issuance of credit note for tax adjustment will remain,
Legal Ambiguity	Ambiguities exist on ITC on account of financial credit notes.	Explicit clarification will be issued to remove disputes around financial credit notes.

(B) Debit Note (Upward Revision)

- If goods/services were supplied before rate change but later a debit note is raised (e.g., price increase, supplementary billing):
 - Old GST rate applies (same as original invoice).
- If supply was after rate change → New rate applies.

Reason: Debit notes are deemed to be a part of the original tax invoice (Sec. 34(3)), hence the applicable rate follows the original supply's rate.

3. Practical Implications

1. In case of wrong tax rate charged in original invoice:

- Issue of Debit Note / Credit Note may resolve liability

2. For returns of goods after rate change:

- Credit note will carry the rate of original invoice, even though at the time of return the rate might be different.
- In case recipient returns the goods on tax invoice, then it is treated as fresh supply and hence new tax rate at the time of return to be applied.

4. Example

- GST rate reduced from 18% to 5% w.e.f. 01.10.2025.
- Invoice raised on 25.09.2025 at ₹1,00,000 + 18% GST.
- Later, on 05.10.2025, a debit note for ₹20,000 (price increase) is issued.
 - GST Rate = 18%, not 5%, since supply was before rate change.
- Conversely, if original supply was on 05.10.2025 (after rate change), then debit note would carry 5%.

C. GST Payable under Reverse Charge Mechanism

1. Legal Background

- For forward charge supplies (normal invoices), Section 14 of CGST Act, 2017 governs rate change.
- For RCM supplies, the time of supply provisions under Section 12(3) (for goods) and Section 13(3) (for services) apply, subject to Section 14 in case of rate change.

2. Time of Supply under RCM in regular case :

(A) For Goods [Section 12(3) of CGST Act 2017]

Time of supply = **earlier of:**

1. Date of receipt of goods, or
2. Date of payment as entered in books or debit in bank account, or
3. 30 days from the date of issue of supplier's invoice.

(B) For Services [Section 13(3) of CGST Act 2017]

Time of supply = **earlier of:**

1. Date of payment as entered in books or debit in bank account, or
2. 60 days from the date of issue of supplier's invoice.
3. in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment
4. date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.

3. Effect of Change in GST Rate (Section 14 read with Sec. 12/13)

- Applicable GST rate under RCM will depend on when the time of supply occurs, relative to the date of rate change.
- If time of supply falls before rate change - Old rate applies.
- If time of supply falls after rate change - New rate applies.

4. Practical Scenarios

Example (Services under RCM):

- GST rate on services decreases from 18% to 5% w.e.f. 01.10.2025.
- Invoice issued by advocate on 25.09.2025.
- Payment made on 05.10.2025.
- Time of supply = earlier of payment (05.10.2025) or 60 days from invoice (24.11.2025) - 05.10.2025.
- Since this is after rate change, GST @ 5% applies under RCM.

Example (Goods under RCM):

- Rate on notified goods under RCM increases from 5% to 18% w.e.f. 01.10.2025.
- Goods received on 28.09.2025, invoice dated 25.09.2025, payment made on 05.10.2025.
- Time of supply = earliest of receipt (28.09.2025), payment (05.10.2025), 30 days from invoice (25.10.2025).
- Earliest = 28.09.2025 - before rate change - GST @ 5% applies.

5. Key Takeaways

1. In RCM, unlike forward charge, supply date is not decisive – **the time of supply rule decides applicable rate.**
2. Businesses must carefully track date of receipt/payment/invoice around the rate change.
3. Wrong rate application under RCM may cause short payment liability, interest and penalty thereon.

Key Points for Importers

1. Background

The Government is considering rationalization of GST rates, including the possibility of introducing a higher GST slab or removing/altering compensation cess. While such changes primarily impact domestic supplies, they also have direct implications on imports, since Integrated GST (IGST) is levied on imported goods under the Customs Tariff Act, 1975.

Importers and businesses dealing in goods subject to higher tax slabs or cess (such as automobiles, aerated beverages, tobacco products, etc.) must carefully evaluate the timing of imports and structuring of supply chains in light of proposed changes.

2. Levy of IGST on Imports under the Customs Tariff Act, 1975

- **Statutory Provision:** Section 3(7) of the Customs Tariff Act, 1975 provides that IGST shall be levied on all imported goods, in addition to Basic Customs Duty (BCD).
- **Taxable Value:** The value for levy of IGST is calculated as:

Assessable Value under Customs law + Basic Customs Duty + Any other duties (except GST Compensation Cess, if applicable).

- **Rate of IGST:** The rate of IGST is aligned with the GST rate applicable to similar goods when supplied within India.
- **Collection Mechanism:** IGST is collected at the time of filing the Bill of Entry, and the importer discharges this liability upfront.
- **ITC Availability:** IGST paid on imports is eligible as input tax credit (ITC), subject to the conditions under the CGST Act, 2017.

Key Point: Since the IGST rate on imports is directly linked to domestic GST rates, any revision in GST slabs or cess will automatically change the IGST payable on imported goods.

3. Relevant Date for Determination of Duty – Section 15 of the Customs Act, 1962

Section 15 — Date for determination of rate of duty and tariff valuation (Corrected Summary)

- **Home consumption (no warehousing):**

The applicable rate of duty and tariff valuation is the rate/valuation in force on the date the Bill of Entry (BoE) for home consumption is presented under Section 46. *Proviso:* If the BoE is presented before “entry inwards” of the vessel (or arrival of the aircraft/vehicle), the BoE is deemed presented on the date of entry inwards/arrival.

- **Goods cleared from a warehouse (after warehousing):**

The applicable rate/valuation is the rate/valuation in force on the date the ex-bond BoE for home consumption is presented under Section 68 (i.e., not the date of the into-bond/warehousing BoE).

- **Any other goods:**

The applicable rate/valuation is the rate/valuation in force on the date of payment of duty.

- **Exclusions:**

Section 15 does not apply to baggage and goods imported by post.

4. Practical Implications for Importers

1. Impact of GST Rate Change

- If the GST Council revises GST rates (for example, removal of compensation cess or introduction of a 40% slab), such changes will immediately based on the relevant date as mentioned above affect the IGST payable on imports.
- Goods cleared for home consumption after the effective date will attract the new rate, even if they were shipped or landed earlier.

2. Care to be Taken by Importers

- Importers must closely monitor the effective date of new GST rates.
- Bills of Entry filed before the effective date will attract the old rate, while those filed on/after the effective date will attract the revised rate.
- For debit notes, credit notes, or adjustments post-import, the treatment will follow the rate as per Section 15, based on the date of clearance.

3. Strategic Use of Warehousing (Bonded Warehouses)

Since, bill of entries needs to be filed within specified timeline from the date of filing Import General Manifest (IGM). Imports in transit needs to be analysed w.r.t. arrival of vessels / air cargo and following strategic decisions needs to be taken w.r.t. future action plan to reduce cost implications and liquidity.

- Importers may consider using public or private bonded warehouses to defer clearance of goods into India until the revised GST rate comes into effect.
- This can be advantageous where a lower GST rate is expected in the near future.
- Conversely, if higher rates are anticipated, importers may prefer to clear goods before the new rates are notified.

4. Illustrative Example

- For goods like automobiles, aerated drinks, and cigarettes, which currently attract Compensation Cess in addition to GST, the proposed changes (such as substitution of cess or shifting to a flat 40% rate) may significantly alter landed cost and working capital requirements.

5. Conclusion

The proposed GST rate rationalization will not only affect domestic transactions but will also have a direct impact on imports, as IGST under the Customs Tariff Act mirrors GST rates. Importers should:

- Track imports in transit and probable IGM date
- Track developments and official notifications closely.
- Plan clearance of goods and warehousing strategies around the effective date of rate changes.
- Factor in working capital and ITC positions while evaluating the timing of imports.

Proactive planning can result in significant tax savings and ensure compliance with both GST and Customs requirements.

Phased Withdrawal of Compensation Cess – Key Implications for Industry & Trade

Background

When GST was introduced in July 2017, States were concerned about possible revenue loss due to the shift from an origin-based tax to a destination-based consumption tax. To address this, the Constitution (101st Amendment) Act, 2016 empowered the Central Government to levy **Compensation Cess**, intended to compensate States for revenue shortfall.

The cess applied mainly on **luxury goods and sin goods** such as tobacco, pan masala, coal, and high-end cars. It was initially meant to lapse after five years (i.e., 30th June 2022). However, due to the **COVID-19 pandemic**, the Central Government borrowed from RBI to assist States, and through the Finance Act 2022, extended Compensation Cess until **31st March 2026**.

In the **56th GST Council Meeting**, it was decided that:

- Compensation cess will **continue on sin goods** (like tobacco and pan masala).
- Compensation cess on **luxury goods, automobiles, and non-alcoholic carbonated beverages** will be **discontinued**.
- The rate of tax has accordingly been **modified to 40% with effect from 22nd September 2025 for some super luxury goods / drinks**.

Impact on Consumers and States

Consumers may see price reductions on certain luxury goods particularly motor cars due to the removal of cess, though harmful products (sin goods) will remain taxed.

Impact on Trade and Industry

Closing Balance of Compensation Cess

- As per current provisions, **ITC of Compensation Cess can only be used against Compensation Cess liability**.
- Once cess is withdrawn on certain goods, balances lying in the **electronic credit ledger** cannot be utilized against CGST/SGST/IGST.
- This creates a potential **loss for taxpayers**, unless inventory is reduced or managed effectively before 22nd September 2025.
- Businesses across the supply chain (C&F agents, dealers, distributors, wholesalers, stockists, and retailers) must assess and align stock positions.
- For retailers under composition or below threshold, impact will be minimal as they do not avail ITC.

Credit Notes / Debit Notes

- As per **Section 14 of the CGST Act, 2017**, any **credit or debit note must follow the tax rate of the original supply**.
- Hence, for supplies made prior to 22nd September 2025, **credit notes must still reflect cess**, even if issued later.
- This results in:
 - **Credit Notes** – No adjustment of cess possible against liability, creating cost to supplier.
 - **Debit Notes** – Cess payable without recipient being eligible for ITC, again leading to cost escalation.
- Businesses should **issue all pending debit/credit notes at the earliest** to avoid additional burdens.

Possible Resolutions (Though Uncertain)

1. **Transfer of Balance** – Allowing transfer of Compensation Cess ITC into CGST ledger. However, Government may not agree as it enriches businesses where outward supplies are not subject to cess.
2. **Refund of Balance** – Introducing a refund mechanism for unutilized cess credit. Again, Government may resist since cess was designed as a temporary revenue-support measure.

Given these challenges, it appears likely that cess balances may **remain a sunk cost**, adversely affecting **pricing and profitability**. However, we expect more clarity in this in coming days.

Conclusion

With the **withdrawal of Compensation Cess** on multiple categories from 22nd September 2025, businesses must:

- **Assess stock positions** across the supply chain.
- **Review sales, pricing, and business policies** immediately.
- **Accelerate issuance of credit/debit notes** to avoid tax mismatches.
- Prepare for **potential cost absorption** if unutilized cess credits cannot be transitioned or refunded.

Early planning and proactive adjustments will be key to mitigating risks and ensuring smoother transition.

Place of Supply for Intermediary Services – Proposed Change

Background

Under the **IGST Act, 2017**, the place of supply of services is generally determined as per **Section 13**, which applies where either the supplier or the recipient is located outside India.

The term “**intermediary**” is defined in **Section 2(13)** as:

“a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods, services, or securities, between two or more persons, but does not include a person who supplies such goods or services on his own account.”

Currently, under **Section 13(8)(b)**, the **place of supply for intermediary services is deemed to be the location of the supplier of services**.

Issues under the Existing Provision

- This treatment has been a **major source of litigation**, especially where Indian intermediaries provide services to overseas clients.
- Since the place of supply is deemed to be India, such services are treated as **taxable domestic supplies** rather than exports.
- This denies **export benefits** (zero-rating) to intermediaries, despite services being rendered to foreign principals.
- The position has been challenged in various courts, with conflicting rulings adding to uncertainty.

GST Council’s Recommendation

To **reduce litigation and align with international trade principles**, the GST Council has recommended an amendment:

- **Intermediary services will no longer fall under Section 13(8).**
- Instead, **Section 13(2) will apply**, meaning the **place of supply will be the location of the recipient of services**.
- This effectively allows intermediary services provided to overseas clients to qualify as **exports of services**, subject to conditions.

Industry Impact

- **Reduced Litigation** – Removal of the anomaly in Section 13(8) will settle long-standing disputes.
- **Boost for IT, Consulting, Sourcing & Commission Agents** – Industries heavily engaged in cross-border facilitation will benefit from clarity and tax relief.

Implementation Awaited – This change will be effective only after formal amendment to the IGST Act and issuance of notification. Businesses should track the notification and adjust compliance processes accordingly.

Simplified Refund Mechanism for Exporters – Removal of Threshold under Section 54

Background

Exporters, particularly those exporting **without payment of IGST under LUT** and claiming refund of accumulated **Input Tax Credit (ITC) under Rule 89(4)**, have consistently faced delays in refund sanction. A key issue was the **minimum threshold of ₹1,000** prescribed under **Section 54 (14) of the CGST Act, 2017**, below which refunds were not sanctioned.

This threshold created particular hardship for **MSMEs, e-commerce exporters, and export by post/courier shipments**, where invoice values are often small. In many cases, refund claims were **denied or held back**, leading to working capital blockages.

GST Council's 56th Meeting – Key Recommendation

Removal of ₹1,000 Threshold (Section 54 (14))

- The GST Council has recommended **removal of the refund sanction threshold of ₹1,000 under Section 54**.
- This ensures that **all refund claims, irrespective of value, will now be admissible**.
- The move is especially beneficial for **exporters under Rule 89(4)**, dealing with **small-value shipments via post and e-commerce platforms**, where earlier refunds were not allowed.

Additional Reforms in Refund Mechanism

- **Provisional Refunds** – 90% of refund claims will be sanctioned **within 7 days** through a system-driven risk evaluation process. If not sanctioned, officers must record written reasons .
- **Coverage** – Applies to:
 - Exports of goods under Rule 89(4).
 - Exports of services.
 - Supplies to SEZ Developers/Units.
 - Refunds under inverted duty structure.
- **Legal Backing** – Amendments will be made to **Section 54(6), Section 54(14)** and relevant rules to operationalize this.
- **Effective Date** – The scheme will be implemented **from 1st November 2025**.

Exporter Perspective

- **Relief for Small Exporters** – Even refunds of a few hundred rupees will now be processed, supporting **micro exporters and e-commerce sellers**.
- **Boost for Export by Post** – Particularly relevant for **low-ticket exports**, where earlier the ₹1,000 limit denied refunds.
- **Working Capital Efficiency** – Timely refund of accumulated ITC improves cash flow and reduces export costs.
- **Accountability** – With mandatory officer justification for withheld refunds, discretion is reduced.

Next Steps for Exporters

- Ensure **accurate reconciliation** of GST returns, shipping bills, and postal/courier export documents.
- Prepare compliance systems for **automated risk checks**.

The removal of the **Section 54 (14) threshold** is a long-awaited relief, ensuring that **no refund claim is “too small”** to be processed. For **exporters under Rule 89(4)**, especially in the **e-commerce and postal export segment**, this will provide meaningful liquidity support and promote cross-border competitiveness.

Simplified GST Registration Process – Relief for Small Taxpayers and E-Commerce Suppliers

Background

Obtaining GST registration has been a **cumbersome and time-consuming process**, particularly for **small taxpayers and new entrants**. Despite the issue being highlighted through **Instruction No. 03/2025-GST dated 17th April 2025**, delays in granting registration have continued, adversely impacting business operations and market entry.

GST Council's Recommendation

1. Faster Registration for Small Taxpayers

- A **simplified registration scheme** has been proposed for **small and low-risk businesses**.
- Registration will now be granted **within 3 working days** from the date of application, provided the applicant declares that their **monthly B2B output tax liability will not exceed ₹2.5 lakhs**.
- This is expected to substantially reduce procedural delays and improve ease of doing business.

2. Simplification for E-Commerce Suppliers

- Currently, **small taxpayers supplying through e-commerce operators** are required to obtain **separate GST registrations in each state** where they supply goods/services.
- Maintaining a **principal place of business in every state** has been a major compliance burden.
- The GST Council has **agreed in principle** to introduce a **simplified GST registration mechanism for small suppliers to e-commerce platforms**, thereby reducing administrative costs and encouraging wider participation in the digital marketplace .

Industry Perspective

- **Ease of Market Entry** – New entrants and MSMEs can now commence business quickly without being held back by prolonged registration delays.
- **Boost for Digital Trade** – E-commerce suppliers will benefit from a **centralized and simplified registration process**, removing one of the biggest barriers to interstate sales.

- **Cost Efficiency** – Reduced need for multiple state registrations will cut down compliance costs.
- **Encouragement for Informal Sector** – Simplified procedures may encourage more small businesses to enter the formal tax net.

This reform marks a **big step towards GST 2.0**, ensuring that **registration no longer acts as a bottleneck** for small taxpayers and e-commerce suppliers.

Goods and Services Tax Appellate Tribunal (GSTAT)

GSTAT: The Long-Awaited Tribunal for GST Disputes

When the Goods and Services Tax (GST) was rolled out in India on 1st July 2017, it unified a patchwork of indirect taxes into a single nationwide system. While this was a landmark reform, it also brought with it inevitable disputes — on assessments, refunds, exemptions, classification of goods and services, and the ever-complex issue of input tax credit (ITC).

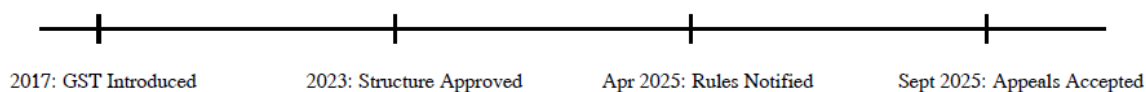
To deal with such disputes, the GST law provided for a structured system of appeals. The first two levels — before departmental appellate authorities and then before state or central appellate authorities — have been functioning for some time. What remained missing was the national-level appellate tribunal, the final fact-finding authority before taxpayers had to escalate matters to High Courts or the Supreme Court. That gap is now being filled with the **Goods and Services Tax Appellate Tribunal (GSTAT)**.

What is GSTAT?

The GSTAT is established under **Section 109 of the CGST Act, 2017** as a **quasi-judicial appellate body**. It serves as the **second appellate authority** for GST disputes, after the first appeal before an Appellate Authority or Joint Commissioner (Appeals).

Its purpose is clear: to provide a specialized forum that can resolve GST disputes efficiently, uniformly, and with legal expertise.

Timeline of GSTAT's Rollout



Structure of GSTAT

Following Supreme Court observations on tribunal independence, the GST Council's 49th and 50th meetings (2023) approved a revised composition. Members now come from senior judicial and technical backgrounds, ensuring credibility and balance.

The tribunal has a two-tier framework:

National Bench & Regional Benches	- Headquartered in New Delhi. Handles inter-state disputes and place-of-supply issues. - Composition includes: - President (a former Supreme Court judge or Chief Justice of a High Court), - Judicial Members, - Technical Members from both the Centre and the States.
State Benches	Established in every state. Jurisdiction restricted to intra-state GST disputes.

Powers and Jurisdiction

The GSTAT is empowered to hear appeals against orders from appellate or revisional authorities under GST. Its scope covers disputes on:

- Classification of goods and services
- Eligibility for ITC
- Valuation issues
- Refund claims
- Place of supply matters

The tribunal can **confirm, modify, or annul** orders brought before it. Like a civil court, it has powers to summon witnesses, examine evidence, and compel the production of documents.

Decisions of GSTAT can only be appealed to the **High Court**, and that too on substantial questions of law.

Procedure and Rules

The GSTAT (Procedure) Rules, 2025 provide the operational framework. These include filing appeals via Form GST APL-05 on the GSTAT portal, publishing cause lists, and assigning cases to single-member or division benches depending on complexity. Timelines are strictly enforced to prevent delays.

The September 2025 Breakthrough

A major breakthrough came during the **56th GST Council meeting on 3 September 2025**. The Council announced that:

- **Appeals** will be accepted by **end of September 2025**.
- **Hearings** are scheduled to begin by **December 2025**.

- The **Principal Bench** will also act as the **National Appellate Authority for Advance Ruling**, ensuring uniformity in advance rulings across states.
- A firm **deadline of 30 June 2026** has been set for clearing backlog appeals.

These announcements mark the long-awaited operationalisation of GSTAT and reflect the government's commitment to making GST dispute resolution faster and more reliable.

Why GSTAT Matters

For taxpayers and businesses, GSTAT provides much-needed relief from prolonged litigation. By offering an expert bench, a transparent process, and strict timelines, GSTAT will reduce case loads at High Courts and bring greater confidence to India's GST regime.

Action Points:

Eight years after GST's launch, GSTAT's operationalisation is a turning point. Its establishment signals that India's indirect tax system is entering a phase of maturity — with consistent rulings, faster dispute resolution, and more certainty for businesses.

Key Action Points for Taxpayers – Preparing for GSTAT Appeals

With the GST Council confirming that the GST Appellate Tribunal (GSTAT) will start accepting appeals from the end of September 2025, taxpayers must act proactively to safeguard their rights and prepare for efficient dispute resolution.

1. Identify Eligible Matters

- Review all pending cases already decided by the First Appellate Authority.
- Shortlist orders where filing an appeal before GSTAT is legally permissible and commercially beneficial.

2. Monitor Limitation Periods

- Appeals must generally be filed within 3 months from the date of receipt of the appellate order (extendable by another 3 months if sufficient cause is shown).
- Since GSTAT was not operational earlier, the limitation period stood deferred. With the Council's decision:
 - Appeals can be filed from end-September 2025.
 - For orders issued before September 2025, the last date for filing appeals is 30th June 2026.
- Action Point: Track appellate orders nearing limitation and prioritize filing timelines to avoid disputes on delay.

3. Engage Representation

- Consider appointing experienced counsel or authorized representatives specializing in GST litigation and tribunal practice.
- Draft appeals with strong legal grounds based on merits and judicial precedents.

4. Prepare Appeal Sets in Advance

- Draft, finalize, and compile complete appeal sets now, so they are ready for filing immediately once the notification is issued.
- Appeals should be filed on the very first day possible to secure an early listing, as hearings are expected to begin from December 2025 on a “First In, First Out” basis.
- Filing will be done electronically through the GSTN/GSTAT portal, with physical copies submitted to the tribunal registry if required under the notified procedure.

5. Strategic Takeaway

The GST Council’s September 2025 decision signals a new phase: GSTAT is operational, and GST disputes will finally move to fast-track resolution. Taxpayers must act swiftly, ensure readiness, and position themselves to benefit from timely adjudication of their matters.

GST Valuation

GST Valuation – Key Changes and Industry Impact - No Major Overhaul, Except for Specific Categories

While the fundamental framework of **Section 15 read with Rules 27 to 32** remains majorly intact, GST will continue to be levied on the **transaction value** for most products. However, **significant changes have been introduced** for certain categories of goods and valuation methods.

Tax on Specified Goods Based on Retail Sale Price (RSP)

- For **Pan Masala, Gutkha, Cigarettes, and unmanufactured chewing tobacco (e.g., Jarda)**, GST will now be levied on the **Retail Sale Price (RSP)** rather than the transaction value.
- This change is intended to ensure that **taxes are collected at the first point of supply**, minimizing leakages and ensuring higher compliance.
- Notably, this system is not new—it was **already followed under the Central Excise Regime** and is now being revived in GST for better control.

Alignment with Lottery Valuation Rules

The GST Council has also recommended changes to **align valuation rules with the revised tax structure for lottery tickets**. This will bring greater consistency in the application of valuation across industries.

Amendment to Section 15(3)(b)(i) – Discounts

- The Council has proposed to **amend Section 15(3)(b)(i)** to **remove the requirement of linking discounts to the arrangement at the time of supply**.
- Once notified, **discounts agreed in terms of a contract prior to or at the time of supply** will no longer need to be tied directly to specific invoices.
- This will **reduce disputes** relating to discounts and tax adjustments.

Clarification on Post-Sale Discounts & Promotional Schemes

- Similar clarity is expected on **post-sale discounts, additional consideration, and promotional activities**.
- This will help avoid litigation on issues such as **alleged reversal of ITC** or classification of promotional discounts as **additional consideration**.
- Once implemented, these changes will provide **certainty and consistency** for trade and industry.

Industry Takeaway

- No major structural overhaul, but **specific amendments will significantly impact valuation of sin goods and discounts.**
- Businesses dealing in tobacco and pan masala products must be prepared for **RSP-based taxation** at the first point of supply.
- Companies should **review their sales contracts and discount structures** in anticipation of the amendment to Section 15.
- Proactive adjustments now will **minimize disputes and ensure compliance readiness.**

Business Process Changes Due To Change In GST Rates

Change in GST doesn't just affect accounting or tax entries, it requires business process changes across multiple functions. We are listing some of the business process alongwith the impact, challenges, and suggestion due to change in tax rate as under :

➤ **Change in Retail Prices – Impact of GST Rate Revision:**

The recent GST rate revisions are aimed at reducing the burden on end consumers. To ensure that the benefit of tax cuts actually reaches consumers, however, it has been clarified by Hon'ble Revenue Secretary in the Press Conference that Govt do not intend to reinforce or introduce the antiprofitteering measures.

However, in case, spirit of the government of reduction rate has to be implemented in later & spirit then it is the option to manufacturers to work out the impact on MRP of such reduction in tax rate and print the revised labels accordingly mentioning revised MRP very clearly mentioning it is revised MRP on account of change in tax rates. Such labels are to be affixed to stocks lying at various supply chain levels including distributors, stockiest, wholesalers and retailers.

Further, any goods which are getting supplied after 22nd Sept i.e. after new rates change then impact of MRP to be calculated and new MRP to be decided which may be affixed / printed on each retail package.

Since the Maximum Retail Price (MRP) printed on goods is inclusive of all applicable taxes (including GST), any change in GST rate directly affects the MRP:

- A reduction in GST rates should translate into a reduction in MRP.
- An increase in GST rates would justify only that extent of upward revision in MRP.

Implications for Businesses

Organisations dealing in retail-priced goods must be prepared for:

1. **Impact Analysis** – Understanding how GST rate cuts alter MRPs of their product lines.
2. **Compliance** – If an anti-profitteering clause is applied, revising MRPs downward will become not just good practice but a legal requirement. Kindly refer separate deliberation on action points.

3. **Consumer-Centric Approach** – Even if not explicitly mandated by law, businesses should look beyond short-term profiteering and ensure that consumers visibly benefit from tax reductions.

➤ **Stock – Impact of GST Rate Revision**

The supply chains of FMCG, pharma, and automobile companies are typically long and complex, with stock spread across multiple points — dealers, distributors, stockists, and retailers. Any change in GST rates can therefore create a significant impact on inventory already in circulation.

- **Immediate MRP Revisions:** In the event of a tax rate change, the Government may require companies to revise retail prices with immediate effect, so that the change is passed on to consumers.
- **Impact of Compensation Cess:** The withdrawal or reduction of Compensation Cess will also influence the cost structure of goods lying at various stock points.
- **Inventory Evaluation:** Companies will need to carefully evaluate the financial & operational impact of GST rate changes on stock held at different levels of the supply chain.
- **Lean Stocking Strategy:** Businesses may prefer to keep leaner inventories during periods of anticipated tax changes, to minimise exposure to sudden price revisions.
- **Retailer Concerns:** Retailers outside GST or under the composition scheme may raise claims with companies to compensate for any losses suffered due to mandatory price revisions.
- **Stock in Transit:** Goods already dispatched but still in transit during the effective date of a GST rate change may face resistance from dealers/distributors, who could refuse to take delivery if the consignment carries higher taxes (e.g., Compensation Cess). This could create disputes and require companies to adjust invoices, prices, or commercial terms.
- **Action Points :**
 - Ascertain electronic credit ledger balance as well as ITC receivable accounts in books of accounts.
 - If there is accumulation of input tax credit, then evaluate the inputs and stock position and try to dispose of by way of return of goods or liquidation of stocks. Especially this is needed to reduce the blockage of liquidity.
 - In terms of Section 54(3)(ii), accumulation of ITC is based on higher tax rates of inward supplies. Whereas rates of outward supplies will be reduced and therefore, refund under inverted duty structure may be obtained.

However, in the FAQ released by GST Council in Q No. 10 clearly clarified that :

The said issue has been clarified vide circular No. 135/05/2020-GST dated 31.03.2020 (as amended), which states that refund of accumulated ITC in terms of clause (ii) of first proviso to section 54(3) of the CGST Act, is available where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies. However, the input and output being the same in such cases, though attracting different tax rates at different points in time, do not get covered under the provisions of clause (ii) of the first proviso to sub-section (3) of section 54 of the CGST Act.

Therefore, it may not be granted and hence planning to be made for avoiding the blockage of amount in electronic credit ledger and therefore, various options to liquidate the stocks including returns of goods, if required, to be considered.

➤ **Change in systems (ERP) :**

Any revision in GST tax rates necessitates corresponding changes in ERP systems. Since critical documents such as Purchase orders, sales order, invoices, e-way bills, debit notes, and credit notes are generated through the ERP, organizations must be ready to implement tax rate updates across the relevant modules.

Additionally, changes in GST rates will affect procurement processes, including amendments to existing or open purchase orders and revisions to ongoing contracts.

Flexibility in ERP to be built in to handle in -transit items.

Therefore, organizations need to proactively prepare their ERP systems and related software to accommodate tax rate changes as soon as they are introduced.

➤ **Change in Purchase orders (PO) :**

With change in GST rate, organisations need to review the line wise items in PO and following actions are suggested :

1. Extract report of all open POs (not fully delivered/invoiced) for Material POs (domestic & import)
2. While issuance of New PO, Applicable GST rate to be put in.

3. Review the PO Clause of TAX as under :

- Generally, PO has defined GST Tax rates for any supply and accounting is done as per PO rate and Invoice rate. With change in GST rate, specific amendments to PO w.r.t GST Rate clause to be done.
- Tax-inclusive/fixed total → Recalculate base price and amend PO total.
- Issue intimation to vendors that GST rate is changing from __% to __% with effective date

➤ **Sales & Marketing :**

With change in GST rate on outward supplies, following steps are suggested:

- Review and update of Customer contracts, quotations, price lists, MRPs in line with impact due to change in GST Rate.
- Communicate with Dealers, Distributors, Customers.
- Re-label/re-sticker MRPs for pre-packaged goods (Legal Metrology compliance)
- To Advertise the change in MRP so that end consumers gets the intended benefit.
- Re-visit sales strategy to boost domestic demand and increase sales with focused Consumer Centric Approach.

- **Reviews** of all credit notes to be issued on account of pre-sale discount or post-sale discount or for any reason needs to be done. *Albeit*, there is a clear intention of the Govt. to de-link credit notes with original supply and therefore, amendment in Section 34 will be carried out. It has been further clarified to remove ambiguity and legal disputes on account of financial credit notes and therefore, suitable clarification may be issued. However, it is advisable to analyse such pending credit notes to be issued.

The proposed GST rate overhaul will impact multiple business processes, not just retail pricing, stock management. We have tried to highlight some of the key areas here, but there are several other processes from procurement to invoicing to distributor incentives that may also require changes.

It is therefore critical for businesses to undertake a detailed “**as-is**” process study to minutely assess the impact across functions, identify risk areas, and realign systems and policies accordingly. Early preparation will help organisations stay compliant, manage stakeholder expectations, and smooth transition to the revised tax framework.

Exemption from GST

The GST Council has **proposed exempting GST on a wide range of goods** listed in the table below. This exemption will come into force from **22nd September 2025**. The notified list primarily includes **common goods, daily-use items and lifesaving drugs / medicines**, thereby providing significant relief to consumers and streamlining compliance for businesses

Chapter / Heading / Sub-heading / Tariff item	Description
0401	Ultra-High Temperature (UHT) milk
0406	Chena or paneer, pre-packaged and labelled
1905	Pizza bread
1905 or 2106	Khakhra, chapathi
2106	Paratha, parotta and other Indian breads by any name called
30	1 Onasemnogene abeparvovec 2 Asciminib 3 Mepolizumab 4 Pegylated Liposomal Irinotecan 5 Daratumumab 6 Daratumumab subcutaneous 7 Teclistamab 8 Amivantamab 9 Alectinib 10 Risdiplam 11 Obinutuzumab 12 Polatuzumab vedotin 13 Entrectinib 14 Atezolizumab 15 Spesolimab 16 Velaglycerase Alpha 17 Agalsidase Alfa 18 Rurioctocog Alpha Pegol 19 Idursulphatase 20 Alglucosidase Alfa 21 Laronidase 22 Olipudase Alfa 23 Tepotinib 24 Avelumab 25 Emicizumab 26 Belumosudil 27 Miglustat 28 Velmanase Alfa 29 Alirocumab 30 Evolocumab 31 Cystamine Bitartrate 32 CI-Inhibitor injection

Chapter / Heading / Sub-heading / Tariff item	Description
	33 Inclisiran 34 Agalsidase Beta 35 Imiglucerase 36 Eptacog alfa activated recombinant coagulation factor VIIa
4016	Erasers
4905	Maps and hydrographic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed
8214	Pencil sharpeners
9608, 9609	Pencils (including propelling or sliding pencils), crayons, pastels, drawing charcoals and tailor's chalk.
4820	Exercise book, graph book, & laboratory note book and notebooks
4802	Uncoated paper and paperboard used for exercise book, graph book, laboratory notebook and notebooks

- **Revised MRP for Fresh Supplies** – For fresh supplies made on or after **22nd September 2025**, businesses should re-calculate the **Maximum Retail Price (MRP)**. This recalculation must account for the **loss of ITC benefit on inputs, packing material, and services**, which will now form part of the cost structure. The revised pricing should ensure margins remain protected while remaining competitive in the market.
- **Stock Impact** – Registered taxpayers (other than those under the composition scheme) must carefully assess their **stock position as on 22nd September 2025** for the exempted goods.
- **Input Tax Credit (ITC) Reversal** – Since outward supplies of these items will be fully exempt, any **ITC availed on inputs lying in stock** relating to such goods will need to be **reversed in accordance with Section 18 of the CGST Act, 2017**. Separate note is provided in this bulletin itself, where such actions will be needed.
- **Compliance Preparedness** – Businesses dealing in these goods should immediately initiate a review of their procurement, pricing, and compliance processes to avoid disputes during transition.
- **Consumer & Market Impact** – The exemption is expected to make these **daily-use goods more affordable**, boosting consumption and reducing compliance costs for suppliers.

Sector Wise Impact

Pharmaceutical & Healthcare Sector

The **56th GST Council Meeting** has delivered a landmark reform for the **pharmaceutical and healthcare sector**, addressing a long-pending demand to ease the **treatment cost burden on patients**. By reducing GST rates across a wide range of essential medicines, diagnostic equipment, and life-saving drugs—including many for rare diseases and oncology—the Council has made healthcare more **affordable and accessible**.

This rationalization of tax rates is expected to directly benefit patients and their families, while also supporting hospitals, distributors, and public health procurement by lowering overall costs. It represents a decisive move to align GST policy with the broader national objective of **“Healthcare for All.”**

Summary of Rate Changes:

Sr. No.	Existing GST Rate	Revised GST Rate	Key Goods / Categories Covered
1	5%	Nil	Rare disease drugs (Agalsidase Beta, Imiglucerase, Eptacog alfa, etc.)
2	12%	Nil	Oncology & rare disease drugs (Onasemnogene abeparvovec, Risdiplam, Daratumumab, Atezolizumab, Amivantamab, Alectinib, Spesolimab, Velaglucerase Alfa, Emicizumab, etc.)
3	12%	5%	Anaesthetics, Potassium Iodate, Steam, Iodine, Medical Oxygen, Hydrogen Peroxide, All drugs & medicines (incl. AYUSH), Medicaments, Blood products, Diagnostic kits, Surgical consumables, Gloves, Glucometers, Occlusion devices, Spectacles, Medical/Surgical equipment
4	18%	5%	Thermometers, Instruments & apparatus for physical/chemical analysis (medical, surgical, dental, veterinary use)

Item-wise GST Rate Revision and Industry Impact

Sr. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Existing GST Rate	Revised GST Rate	Bizsol Comments
1	30	Agalsidase Beta	5%	Nil	Items Covered: • Oncology: Daratumumab, Teclistamab, Amivantamab, Alectinib, Entrectinib, Atezolizumab. • Rare Diseases & Genetic Disorders: Onasemnogene abeparvovec (SMA), Risdiplam (SMA), Velaglucerase Alfa (Gaucher's), Agalsidase Alfa (Fabry), Alglucosidase Alfa (Pompe), Laronidase (MPS I), Olipudase Alfa (Niemann-Pick B). • Blood & Immunological Disorders: Rurioctocog Alfa Pegol and Emicizumab (Hemophilia A), C1-Inhibitor (Hereditary Angioedema), Belumosudil (chronic GvHD). • Autoimmune & Inflammatory Conditions: Spesolimab (Psoriasis), Mepolizumab (Asthma). Stakeholder Impact: • End Consumer: Drastic affordability improvement; access to rare/orphan disease therapy. • Hospitals & Distributors: Procurement becomes cheaper, but system must ensure pass-through of benefits. • Pharma Companies: Higher adoption expected, but ITC blockage creates working capital strain and pricing revision challenges. Risks & Challenges: • ITC blockage on manufacturing inputs. • Inverted duty structure increases dependency on refunds. • Margins pressured unless volume growth offsets.
		Imiglucerase	5%	Nil	
		Eptacog alfa activated recombinant coagulation factor VIIa	5%	Nil	

Sr. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Existing GST Rate	Revised GST Rate	Bizsol Comments
2	30	Onasemnogene abeparvovec	12%	Nil	Items Covered: • Oncology – Multiple drugs such as Daratumumab, Teclistamab, Amivantamab, Alectinib, Entrectinib, Atezolizumab, etc., used for treatment of blood cancers and lung cancers. • Rare Diseases & Genetic Disorders – Medicines like Onasemnogene abeparvovec (SMA gene therapy), Risdiplam (SMA), Velaglucerase Alfa (Gaucher's disease), Agalsidase Alfa (Fabry disease), Alglucosidase Alfa (Pompe disease), Laronidase (MPS I), Olipudase Alfa (Niemann-Pick B). • Blood & Immunological Disorders – Rurioctocog Alfa Pegol and Emicizumab for Hemophilia A, C1-Inhibitor for Hereditary Angioedema, Belumosudil for chronic GvHD. • Autoimmune & Inflammatory Conditions – Spesolimab (generalized pustular psoriasis), Mepolizumab (severe asthma). • Cardiovascular & Lipid Disorders – Alirocumab, Evolocumab, and Inclisiran for hypercholesterolemia and cardiovascular risk management. Stakeholder Impact: • End Consumer: Substantial reduction in out-of-pocket costs, improving treatment uptake. • Hospitals & Distributors: Lower procurement costs; expected to pass benefits to End Consumer. • Pharma Companies: While sales volumes may grow, ITC blockage and pricing revisions pose margin pressures. • Government: Foregoes GST revenue but enhances health equity. Risks & Challenges
		Asciminib	12%	Nil	
		Mepolizumab	12%	Nil	
		Pegylated Liposomal Irinotecan	12%	Nil	
		Daratumumab	12%	Nil	
		Daratumumab subcutaneous	12%	Nil	
		Teclistamab	12%	Nil	
		Amivantamab	12%	Nil	
		Alectinib	12%	Nil	
		Risdiplam	12%	Nil	
		Obinutuzumab	12%	Nil	
		Polatuzumab vedotin	12%	Nil	
		Entrectinib	12%	Nil	
		Atezolizumab	12%	Nil	
		Spesolimab	12%	Nil	
		Velaglucerase Alfa	12%	Nil	
		Agalsidase Alfa	12%	Nil	
		Rurioctocog Alpha Pegol	12%	Nil	
		Idursulphatase	12%	Nil	
		Alglucosidase Alfa	12%	Nil	
		Laronidase	12%	Nil	
		Olipudase Alfa	12%	Nil	
		Tepotinib	12%	Nil	
		Avelumab	12%	Nil	
		Emicizumab	12%	Nil	
		Belumosudil	12%	Nil	
		Miglustat	12%	Nil	
		Velmanase Alfa	12%	Nil	
		Alirocumab	12%	Nil	
		Evolocumab	12%	Nil	
		Cystamine Bitartrate	12%	Nil	
		CI-Inhibitor injection	12%	Nil	
		Inclisiran	12%	Nil	

Sr. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Existing GST Rate	Revised GST Rate	Bizsol Comments
					While the Nil GST move boosts End Consumer affordability, it creates ITC blockage, compliance burden, and margin management challenges for pharma companies. The key risk is that industry costs go up, while revenue per unit goes down, unless volumes increase significantly.
3	28	Anaesthetics	12%	5%	Items Covered: • Essential Medicines & AYUSH: Allopathy and AYUSH (Ayurveda, Unani, Siddha, Homoeopathy). • Critical Inputs: Anaesthetics, Iodine, Potassium Iodate, Steam, Medical Oxygen, Hydrogen Peroxide. • Consumables: Bandages, gauze, sutures, catgut, dressings. • Diagnostics & Devices: Diagnostic kits, glucometers, spectacles, radiography/radiotherapy apparatus, occlusion device Stakeholder Impact: • End Consumer: Benefit from lower cost of essential medicines, diagnostics, and routine surgeries. • Pharma & device industry: gains through expanded demand and domestic manufacturing push under “Make in India”. • Hospitals and diagnostic labs: reduced operating costs; Public health procurement becomes more cost-efficient. Risks & Challenges: • ITC accumulation due to reduced output liability.
4	28	Potassium Iodate	12%	5%	
5	28	Steam	12%	5%	
6	2,80,120	Iodine	12%	5%	
7	2804 40 10	Medical grade oxygen	12%	5%	
8	2847	Medicinal grade hydrogen peroxide	12%	5%	
9	30	All Drugs and medicines including: (i) Fluticasone Furoate + Umeclidinium + Vilanterol (ii) Brentuximab Vedotin (iii) Ocrelizumab (iv) Pertuzumab (v) Pertuzumab + trastuzumab (vi) Faricimab	12%	5%	
10	3001	Glands and extracts for organo-therapeutic uses	12%	5%	
11	3002	Animal blood, antisera, toxins, cultures	12%	5%	
12	3003	Medicaments (mixed for therapeutic use, not in retail sale) incl. Ayurvedic, Unani, Siddha, Homeopathic, Biochemic	12%	5%	
13	3004	Medicaments in retail sale incl. Ayurvedic, Unani, Siddha, Homeopathic, Biochemic	12%	5%	
14	3005	Wadding, gauze, bandages, dressings, plasters	12%	5%	

Sr. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Existing GST Rate	Revised GST Rate	Bizsol Comments
15	3006	Pharmaceutical goods specified (sterile surgical catgut, sutures, adhesives, haemostatics, etc.)	12%	5%	• Need for strict monitoring to ensure tax benefit is passed down. • Grey zone risks in classifying nutraceuticals vs medicaments.
16	3822	All diagnostic kits and reagents	12%	5%	
17	4015	Surgical rubber gloves or medical examination gloves	12%	5%	
18	90 or any other Chapter	Blood glucose monitoring system (Glucometer) and test strips	12%	5%	
19	90 or any other Chapter	Patent Ductus Arteriosus / Atrial Septal Defect occlusion device	12%	5%	
20	9004	Spectacles and goggles for correcting vision	12%	5%	
21	9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences incl. imaging and sight-testing	12%	5%	
22	9019	Mechano-therapy, massage, oxygen therapy, aerosol therapy, artificial respiration apparatus	12%	5%	
23	9020	Other breathing appliances and gas masks	12%	5%	
24	9022	Apparatus using X-rays or alpha/beta/gamma radiations incl. radiography/radiotherapy apparatus	12%	5%	
25	9804	Other drugs and medicines for personal use	12%	5%	
26	9025	Thermometers for medical, surgical, dental or veterinary usage	18%	5%	
					Items Covered:

Sr. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Existing GST Rate	Revised GST Rate	Bizsol Comments
27	9027	Instruments and apparatus for medical, surgical, dental or veterinary uses for physical or chemical analysis	18%	5%	Diagnostic Devices: Thermometers, medical/analytical instruments, physical/chemical analysis apparatus for medical, surgical, dental, veterinary use. Stakeholder Impact: • End Consumer: Indirect benefit through cheaper diagnostics and testing. • Hospitals & Labs: Capex and opex relief; expansion of diagnostic capacity in tier-2/3 cities • Pharma/Device Industry: Stronger competitiveness of domestic manufacturing & import substitution. Risks & Challenges: hospitals and labs must ensure cost benefits reflect in diagnostic tariffs; transitional renegotiation may be needed for procurement contracts.

Action Points

1. Stock Analysis: Review inventory held by CNF agents, distributors, stockists, and wholesalers that was procured at higher tax rates but may be sold at reduced rates. This could lead to excess Input Tax Credit (ITC), which may not qualify for refund under the inverted duty structure. A strategic approach to liquidate or return such stock should be formulated. Refer to the detailed note included in this bulletin.
2. Change in MRP: Assess the impact of tax rate reductions on Maximum Retail Price (MRP). Recalculate and update MRP accordingly, ensuring new labels are affixed. This applies to both new and existing stock. Guidelines for implementation should be issued. A separate note is provided in this bulletin.

Reversal of Input Tax Credit: For goods that have become fully exempt, identify and quantify the related input stock. Reverse the corresponding ITC as per Section 18 of the CGST Act, 2017. A separate note is provided in this bulletin.

3. Additional Action Points: Separate note has been provided in this bulletin itself.

Cautions:

- Develop a robust strategy for filing regular refund claims under the inverted duty structure. Since key inputs—such as APIs, intermediates, packaging materials, and services—are taxed at 18%, ITC accumulation will continue. Monthly refund claims should be filed consistently to manage this effectively.

The revised tax structure is clearly **pro-consumer** and will reduce the financial strain on millions of households, especially those battling critical illnesses or rare diseases. However, the relief for patients comes with **new challenges for the industry**. With exemptions and reduced rates, pharma companies and device manufacturers face **loss of input tax credit (ITC), inverted duty structures, and margin pressures**, which must be carefully managed through refunds, pricing adjustments, and efficient supply chain strategies.

For consumers, the **benefits will take time to flow through**, as stock procured at old rates moves out of the system. Moreover, since the Government has chosen **not to enforce the anti-profiteering clause**, the expectation is that **market forces will eventually ensure price reductions**. Until then, immediate benefits may not fully reach patients, highlighting the delicate balance between policy intent, industry transition, and consumer affordability.

Overall, this reform is a **step in the right direction**, easing patient access to medicines and medical care while challenging the industry to adapt business models for long-term sustainability.

Automotive Sector

It was immediate need to reduce the cost of logistics which is the key factor for deciding the retail price or prices in the hands of consumer. Therefore, reform in the tax rates w.r.t to automobile industry and transportation is the key factor. India is focusing on green energy, supporting affordability, domestic manufacturing, EV adoption, and sustainable transport.

Preferential rates for electric vehicles and hybrid technologies align with India's clean-energy goals. Luxury and high-end segments maintain proportionate taxation, balancing revenue objectives with market competitiveness. Overall, this initiative strengthens the domestic automotive ecosystem, improves export competitiveness, and enhances operational efficiency across logistics, agriculture, and industrial transport sectors.

Benefits:

- It will overall reduce the logistic cost and ease out pricing in hands of consumer.
- Reduces upfront and operational costs for consumers and fleet operators.
- Encourages adoption of electric and hybrid vehicles, promoting sustainable mobility.
- Boosts domestic manufacturing and export competitiveness.
- Supports modernization of agricultural and commercial vehicles.
- Enhances efficiency in logistics and supply chain operations.
- Encourages aftermarket growth and innovation in auto components.

Summary of Impact of GST Rate Rationalization on Transportation:

Category	Goods / HSN	Earlier Rate	Revised Rate	Key Impact
Passenger Vehicles	Cars, SUVs, Motorcycles, Auto Rickshaws (8703, 8711)	28–50%	18 - 40%	Lowered tax burden improves affordability, boosts mid/high-end vehicle sales, supports EV/hybrid adoption, encourages domestic manufacturing and exports.
Commercial Vehicles	Trucks, Lorries, Dumpers, Special Purpose Vehicles (8704–8705)	18–28%	18%	Reduces cost for fleet operators and logistics, strengthens domestic truck manufacturing, supports industrial and municipal transport.

Category	Goods / HSN	Earlier Rate	Revised Rate	Key Impact
EV & Hybrid Vehicles	EV Cars, EV Buses, EV Motorcycles, Hybrid Cars (8703, 8702, 8711)	5–28%	5–18%	Maintains preferential rates to promote electric mobility, energy efficiency, and Make in India initiatives.
Agricultural & Industrial Vehicles	Tractors, Chassis, Trailers, Parts (8701, 8706–8709, 8716)	12–28%	5–18%	Lowers input and maintenance costs, encourages domestic production, supports farm mechanization and industrial logistics.
Luxury & Specialty Vehicles	Aircrafts, Drones, Yachts, Armoured Vehicles (8802, 8806, 8903, 8710)	28–31%	5–40%	Rationalizes tax on luxury goods, promotes drone adoption, boosts domestic defence and premium leisure vehicle manufacturing.

Action Points:

1. Analysis & Action Plan for CESS-Applied Stock with Dealers:

- Certain stock with dealers has been procured under GST with CESS applied, whereas future supplies will be without CESS due to rate rationalization.
- Dealers may have unutilized CESS input tax credit which cannot be claimed for refund under the inverted duty structure.
- Evaluate options to clear or return CESS-applied stock to minimize stranded ITC and optimize working capital. Analysis whether stock can be returned to manufacturer or adjusted in pricing to prevent losses or credit blockages.

2. Pricing and Product Strategy:

- Revise vehicle prices to reflect reduced GST and CESS, ensuring competitiveness.
- Implement segment-wise pricing adjustments to optimize sales and margins.
- Align marketing and product messaging with sustainability and cost-efficiency benefits.

3. Invoicing & ERP

- Update ERP/invoicing systems to reflect revised GST and sunset CESS rates.
- Flag dealer stocks supplied with old CESS rates; track ITC accumulated on these stocks.
- Monitor GST notifications and circulars; reconcile ERP records with latest government rates and amendments.

4. Reduction in Litigation Risk

- The GST rate rationalization and sunset of CESS on automobile goods reduces ambiguity in classification, minimizing disputes with tax authorities.

5. Separate note has been provided for further action points in this bulletin.

The table below provides a detailed breakdown of HSN codes, vehicle categories, GST rates, cess, revised rates, and the expected impact on the transportation industry:

Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Common Name	Rate	CESS	Earlier Rate	Revised Rate
4011	New pneumatic tyres, of rubber [other than of a kind used on/in bicycles, cycle-rickshaws and three wheeled powered cycle rickshaws; rear tractor tyres; and of a kind used on aircraft]	Tyres	28%	0%	28%	18%
87	Fuel Cell Motor Vehicles including hydrogen vehicles based on fuel cell technology	Fuel Cell Electric Vehicle	12%	0%	12%	5%
8701	Tractors (except road tractors for semi-trailers of engine capacity more than 1800 cc)	Tractors	12%	0%	12%	5%

Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Common Name	Rate	CESS	Earlier Rate	Revised Rate
8701	Tractors (road tractors for semi-trailers of engine capacity more than 1800 cc)	Tractors	28%	0%	28%	18%
8702	Motor vehicles for the transport of ten or more persons, including the driver	Buses, Ambulance, Coaches	28%	0%	28%	18%
8702	EV-Motor vehicles for the transport of ten or more persons, including the driver	EV -Buses, Ambulance, Coaches	5%	0%	5%	No Change
8702 or 8703	Motor vehicles cleared as ambulances duly fitted with all the fitments, furniture and accessories necessary for an ambulance from the factory manufacturing such motor vehicles	Ambulances (factory-fitted)	28%	0%	28%	18%
8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars [other than Cars for physically handicapped persons]	Cars, Jeeps, SUV, Auto Rickshaws	28%	Varying from 1%-22%		
8703 21 or 8703 22	LPG or CNG, Engine capacity not exceeding 1200cc and length not exceeding 4000 mm	Cars- LPG or CNG Engine ≤1200cc, length ≤4000mm	28%	1%	29%	18%
8703 31	Diesel driven motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm.	Cars- Diesel Engine ≤1500cc, length ≤4000mm	28%	3%	31%	18%

Chapter / Heading /Sub-heading /Tariff item	Description of Goods	Common Name	Rate	CESS	Earlier Rate	Revised Rate
8703	Three wheeled vehicles	Auto Rickshaws	28%	0%	28%	18%
8703 40, 8703 60	Motor vehicles with both spark-ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion, of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm	Cars- Petrol+ Electric Engine ≤1200cc, length ≤4000mm	28%	0%	28%	18%
8703 50, 8703 70	Motor vehicles with both compression-ignition internal combustion piston engine [diesel-or semi diesel] and electric motor as motors for propulsion, of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm	Cars- Diesel+ Electric Engine ≤1500cc, length ≤4000mm	28%	0%	28%	18%
8703 40,8703 50, 8703 60, 8703 70	Engine capacity exceeding 1200cc and length exceeding 4000 mm	Cars, Jeeps, SUV Engine >1200cc, length >4000mm	28%	15%	43%	40%
8703	Engine capacity exceeding 1500cc	Cars, Jeeps, SUV Engine >1500cc	28%	17%	45%	40%
8703	Engine capacity exceeding 1500cc other than covered under 22%	Cars, Jeeps, SUV Engine >1500cc (other than covered under 22%)	28%	20%	48%	40%
8703	SUV, MUV, MPV,XUV Engine capacity exceeding 1500CC,	Cars, Jeeps, SUV	28%	22%	50%	40%

Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Common Name	Rate	CESS	Earlier Rate	Revised Rate
	Length exceeding 4000mm and ground clearance of 170 mm and above	Engine >1500cc, length >4000mm, ground clearance ≥170mm				
8703 10 10	EV-Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars [other than Cars for physically handicapped persons]	EV- Cars, Jeeps, SUV	5%	0%	5%	No Change
8704	Motor vehicles for the transport of goods [other than Refrigerated motor vehicles]	Dumpers, Lorries, Trucks	28%	0%	28%	18%
8704	Motor vehicles for the transport of goods [Refrigerated motor vehicles]	Dumpers, Lorries, Trucks	18%	0%	18%	No Change
8704	EV-Motor vehicles for the transport of goods	EV- Dumpers, Lorries, Trucks	5%	0%	5%	No Change
8705	Special purpose motor vehicles, other than those principally designed for the transport of persons or goods	Breakdown lorries, crane lorries, fire fighting vehicles, concrete-mixer lorries, road sweeper lorries, spraying	18%	0%	18%	No Change

Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Common Name	Rate	CESS	Earlier Rate	Revised Rate
		lorries, mobile workshops, mobile radiological unit				
8706	Chassis fitted with engines, for the motor vehicles of headings 8701 to 8705	Chassis	28%	0%	28%	18%
8707	Bodies (including cabs), for the motor vehicles of headings 8701 to 8705	Bodies	28%	0%	28%	18%
8708	Parts and accessories of the motor vehicles of headings 8701 to 8705 [other than specified parts of tractors]	Parts and accessories other than Tractors	28%	0%	28%	18%
8708	Parts and accessories of the motor vehicles of headings 8701 to 8705 [specified parts of tractors]	Parts and accessories of Tractors	18%	0%	18%	5%
8709	Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dockare as or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the foregoing vehicles	Work Truck	18%	0%	18%	No change
8709	EV-Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dockare as or airports for short distance transport of goods; tractors of the type used on railway	EV-Work Truck	5%	0%	5%	No change

Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Common Name	Rate	CESS	Earlier Rate	Revised Rate
	station platforms; parts of the foregoing vehicles					
8710	Tanks and other armoured fighting vehicles, motorised, whether or not fitted with weapons, and parts of such vehicles	Tanks	12%	0%	12%	5%
8711	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars	Motor Cycled	28%	0%	28%	18%
8711	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without sidecars; side-cars engine capacity exceeds 350cc	Motor Cycled	28%	3%	31%	40%
8711	EV-Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars	EV-Motor Cycled	5%	0%	5%	No Change
8712	Bicycles and other cycles (including delivery tricycles), not motorised	Bicycles	12%	0%	12%	5%
8713	Carriages for disabled persons, whether or not motorised or otherwise mechanically propelled	Carriages for disabled persons	5%	0%	5%	No Change
8714	Parts and accessories of carriage for disabled persons	Parts and accessories of Carriages for disabled persons	5%	0%	5%	No Change

Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Common Name	Rate	CESS	Earlier Rate	Revised Rate
8714	Parts and accessories of Bicycles and other cycles (including delivery tricycles), not motorised	Parts and accessories of Bicycles	12%	0%	12%	5%
8714	Parts and accessories of Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars	Parts and accessories of Motor Cycle	28%	0%	28%	18%
8715	Baby carriages and parts thereof	Baby carriages and parts thereof	18%	0%	18%	No Change
8716	Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof [other than Self-loading or self-unloading trailers for agricultural purposes, and Hand propelled vehicles (e.g. hand carts, rickshaws and the like); animal drawn vehicles]	Trailers and Semi-trailers	18%	0%	18%	No Change
8716	Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof {Self-loading or self unloading trailers for agricultural purposes, and Hand propelled vehicles (e.g. hand carts, rickshaws and the like); animal drawn vehicles]	Trailers and Semi-trailers which are Self-loading or self-unloading trailers for agricultural purposes, and Hand propelled vehicles	12%	0%	12%	5%
8802	Aircraft for personal use.	Aircraft, Jets	28%	3%	31%	40%

Chapter / Heading / Sub-heading / Tariff item	Description of Goods	Common Name	Rate	CESS	Earlier Rate	Revised Rate
8806	Unmanned aircrafts	Drones	28%/18%	3% (if there is personal use)	31%/21%	5%
8903	Rowing boats and canoes	Dories, Skiffs, and Racing shells	28%	0%	28%	18%
8903	Yacht and other vessels for pleasure or sports	Yachts, Cabin cruisers, Day boats, Kayaks, Sailboards.	28%	3%	31%	40%

Agriculture & Fertilizer Sector

Key Rate Reductions

Agriculture Equipment

- GST rate reduced from **12% to 5%** on a wide range of farm machinery and implements, including:
 - Fixed speed diesel engines (≤ 15 HP)
 - Hand pumps
 - Drip irrigation and sprinkler systems
 - Soil preparation and cultivation machinery
 - Harvesting and threshing equipment
 - Poultry and bee-keeping machinery
 - Composting machines
 - Tractors (except large road tractors > 1800 cc)
 - Agricultural trailers and hand-propelled/animal-drawn vehicles .

Fertilizers & Agro-Chemicals

- GST reduced from **18% to 5%** on key raw materials:
 - Sulphuric acid, Nitric acid, Ammonia.
- GST reduced from **12% to 5%** on:
 - Biopesticides (including neem-based and microbial bio-pesticides).
 - Micronutrients covered under the Fertilizer Control Order, 1985.
- Tractor-related inputs and parts (tyres, tubes, hydraulic pumps, gear boxes, radiators, clutches, silencer assemblies, etc.) also rationalised from **18% to 5%** .

Rationale & Benefits

- **Cost Reduction** – Lower GST on fertilizers and equipment will directly reduce input costs for farmers.
- **Correcting Inverted Duty** – Aligns input and output GST rates in fertilizers, addressing the issue of refund claims and improving working capital efficiency.
- **Support for Sustainable Farming** – Cheaper access to biopesticides, micronutrients, and modern farm equipment will encourage scientific and eco-friendly farming practices.

GST Not Fully Exempted

- The Council has deliberately avoided **full exemption** on agricultural equipment and fertilizers to maintain balance between **users and producers**.
- Full exemption would have blocked ITC, increasing production costs. A concessional rate of **5% strikes a balance** by keeping costs low while preserving credit flow in the value chain .

Input Tax Credit (ITC) & Cash Flow Impact

- **No Accumulated ITC** – With uniformity between inward and outward supply rates, accumulation of ITC will no longer arise. This eliminates the need for inverted duty refunds, LUT refunds, or IGST-paid export refunds.
- **Cash Payment of GST** – Since ITC will be neutralized, suppliers may need to discharge a portion of their GST liability in **cash**, especially on value addition. Businesses must plan liquidity accordingly .

Industry Implications

- **Farmers** – Lower cost of fertilizers and equipment, boosting affordability.
- **Manufacturers** – Simplified tax credit flow, but need to manage higher cash payouts on outward supplies.
- **Dealers** – Reduction in procurement costs, enabling competitive pricing in rural markets.

Overall, this reform is expected to **lower production costs, support agricultural productivity, and promote affordable mechanisation**, while simultaneously removing distortions caused by inverted duty structures.

Revised Rate charts:

1. GST Rates Reduced from 12% to 5% - Agriculture Sector

S.No	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
1.	8408	Fixed Speed Diesel Engines of power not exceeding 15HP
2.	8414 20 20	Other hand pumps
3.	8424	Nozzles for drip irrigation equipment or nozzles for sprinklers
4.	8424	Sprinklers; drip irrigation system including laterals; mechanical sprayers
5.	8432	Agricultural, horticultural or forestry machinery for soil preparation or cultivation; lawn or sports-ground rollers; Parts [8432 90]
6.	8433	Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; parts thereof
7.	8436	Other agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders; parts thereof
8.	8479	Composting Machines
9.	8701	Tractors (except road tractors for semi-trailers of engine capacity more than 1800 cc)
10.	8716 20 00	Self-loading or self-unloading trailers for agricultural purposes
11.	8716 80	Hand propelled vehicles (e.g. hand carts, rickshaws and the like); animal drawn vehicles

2. GST Rates Reduced from 18% to 5% - Fertilizers

S.No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
1.	2807	Sulphuric acid
2.	2808	Nitric acid
3.	2814	Ammonia

3. GST Rates Reduced from 12% to 5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
1.	29 or 380893	Gibberellic acid
2.	3808	The following Bio-pesticides, namely - 1 Bacillus thuringiensis var. israelensis 2 Bacillus thuringiensis var. kurstaki 3 Bacillus thuringiensis var. galleriae 4 Bacillus sphaericus 5 Trichoderma viride 6 Trichoderma harzianum 7 Pseudomonas fluorescens 8 Beauveria bassiana 9 NPV of Helicoverpa armigera 10 NPV of Spodoptera litura 11 Neem based pesticides 12 Cymbopogon
3.	28 or 38	Micronutrients, which are covered under serial number 1(g) of Schedule 1, Part (A) of the Fertilizer Control Order, 1985 & are manufactured by the manufacturers which are registered under the Fertilizer Control Order, 1985

4. GST Rates Reduced from 18% to 5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
1.	4011	Rear tractor tyres and rear tractor tyre tubes
2.	4011 70 00	Tyre for tractors
3.	4013 90 49	Tube for tractor tyres
4.	8408 20 20	Agricultural Diesel Engine of cylinder capacity exceeding 250 cc for Tractor
5.	8413 81 90	Hydraulic Pumps for Tractors
6.	8708	Following parts of tractors namely: a.Rear Tractor wheel rim, b.tractor centre housing, c.tractor housing transmission, d.tractor support front axle
7.	8708 10 10	Bumpers and parts thereof for tractors
8.	8708 30 00	Brakes assembly and its parts thereof for tractors
9.	8708 40 00	Gear boxes and parts thereof for tractors
10.	8708 50 00	Transaxles and its parts thereof for tractors
11.	8708 70 00	Road wheels and parts and accessories thereof for tractors
12.	870800	Radiator assembly for tractors and parts thereof; Cooling system for tractor engine and parts thereof
13.	8708 92 00	Silencer assembly for tractors and parts thereof
14.	8708 93 00	Clutch assembly and its parts thereof for tractors
15.	8708 94 00	Steering wheels and its parts thereof for tractor
16.	8708 99 00	Hydraulic and its parts thereof for tractors
17.	8708 99 00	Fender, Hood, wrapper, Grill, Side Panel, Extension Plates, Fuel Tank and parts thereof for tractorsll

FMCG Sector

Key Rate Changes

Beneficial Reductions (Essentials)

- **Reduced from 12%/18% to 5%:** Tooth powder, candles, safety matches, feeding bottles, cotton/jute handbags, wooden/porcelain tableware, sewing needles, kerosene stoves, utensils (iron/steel/copper/aluminium), sewing machines, bicycles & parts, bamboo/cane/rattan furniture, hurricane lanterns, combs/hair accessories, napkins/diapers, talcum/face powder, hair oil/shampoo, dental floss/toothpaste, shaving cream/lotion, toilet soap bars, toothbrushes.

Increases (Sin & Luxury Items)

- **Non-alcoholic beverages:** 18% → 40%
- **Caffeinated beverages:** 28% → 40%
- **Carbonated fruit drinks/juices:** 28% → 40%
- **Tobacco products (cigars, cigarettes, chewing tobacco, inhalation products):** 28% → 40% (effective later).

Other Notable Changes

- **Bidi wrapper leaves (tendu) & Indian katha:** 18% → 5%
- **Bidis:** 28% → 18%
- **Smoking pipes/holders:** 28% → 40%

Impact Analysis

On Manufacturers

- **Rate Reductions:** Lower GST on sales vs. higher GST on inputs may deepen **inverted duty structures**, leading to accumulation of ITC. Refunds are available but may strain short-term cash flows.
- **Exemptions:** Outward supplies exempted from GST reduce selling prices but block ITC on related inputs (as per Section 17(2)). This increases effective cost of production.

On Dealers (Wholesalers/Retailers)

- **Lower Procurement Costs:** Reduced rates post-22nd September 2025 allow competitive pricing and may boost turnover.

- **ITC & Cash Flow:** Lower rates can create **accumulated ITC**. Dealers should consider stock strategies (e.g., timely disposal/returns).
- **Exempt Supplies:** Outward exempt sales (e.g., UHT milk) improve affordability but require **reversal of ITC on such stock**, reducing available credit.

On Consumers

- **Positive Impact:** Daily essentials (soaps, shampoos, utensils, bicycles, etc.) become cheaper, easing household budgets and supporting affordability.
- **Mixed Impact:** While essentials benefit, luxury and sin goods will see sharp price increases.

Recommended Actions for Industry

1. Inventory Management

- Conduct **stock audit** as on 21st September 2025.
- Segregate items by **rate reduction**, **exemption**, and **unchanged** categories.
- Reverse ITC for items becoming exempt (Rule 42/43).

2. Pricing & MRP Adjustments

- Revise MRPs and price lists effective **22nd September 2025**.
- Ensure **anti-profiteering compliance (Section 171)** by passing on benefits of rate reductions to consumers.
- For exempt goods, account for blocked ITC as part of cost structure.

3. Documentation & Compliance

- Maintain clear records of stock valuation pre- and post-rate change for audit trail.
- No need for credit/debit notes solely for rate change unless supplies straddle the cut-off date.
- Monitor **refund claims under Section 54** for inverted duty structures.

The rate changes are designed to **simplify GST slabs, promote essentials, and discourage sin/luxury consumption**. Manufacturers and dealers must **act quickly on inventory, pricing, and ITC management** to ensure compliance and minimize cash flow disruptions.

Food Industry

The 56th GST Council Meeting has brought sweeping reforms to the food industry, rationalizing tax rates across a wide range of items. This move addresses long-standing concerns of rate inconsistencies, litigation, and consumer affordability.

By aligning GST rates on comparable food products—such as paneer (loose vs. packaged), roti vs. paratha, and packaged vs. loose staples—the Council has created a uniform and simplified tax framework. Essential household items including milk, paneer, butter, bread, and daily consumables are now either nil-rated or taxed at 5%, while sin and luxury beverages face higher rates to discourage consumption.

This rationalization not only lowers the grocery bills of households but also reduces tax disputes for businesses, ensuring equitable treatment across manufacturers, retailers, restaurants, and consumers.

Major changes in GST Rates in Food Industry are as follows:

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description	From	To
1.	0401	Ultra-High Temperature (UHT) milk	5%	Nil
2.	0406	Chena or paneer, pre-packaged and labelled	5%	Nil
3.	1905	Pizza bread	5%	Nil
4.	1905 or 2106	Khakhra, chapathi or roti	5%	Nil
5.	2106	Paratha, parotta and other Indian breads by any name called	18%	Nil
6.	0402 91 10, 0402 99 20	Condensed milk	12%	5%
7.	0405	Butter and other fats (i.e. ghee, butter oil, etc.) and oils derived from milk; dairy spreads	12%	5%
8.	0406	Cheese	12%	5%
9.	0801	Brazil nuts, dried, whether or not Shelled or Peeled	12%	5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description	From	To
10.	0802	Other nuts, dried, whether or not shelled or peeled, such as Almonds, Hazelnuts or filberts (Corylus spp.), Chestnuts (Castanea spp.), Pistachios, Macadamia nuts, Kola nuts (Cola spp.), Pine nuts	12%	5%
11.	0804	Dates (soft or hard), figs, pineapples, avocados, guavas, mangoes (other than mangoes sliced, dried) and mangosteens, dried	12%	5%
12.	0805	Citrus fruit, such as Oranges, Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids, Grapefruit, including pomelos, Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia), dried	12%	5%
13.	0813	Fruit, dried, other than that of headings 0801 to 0806; mixtures of nuts or dried fruits of Chapter 8 (other than dried tamarind)	12%	5%
14.	1107	Malt, whether or not roasted	18%	5%
15.	1108	Starches; inulin	12%	5%
16.	1302	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, whether or not modified, derived from vegetable products	18%	5%
17.	1404 90 10	Bidi wrapper leaves (tendu)	18%	5%
18.	1404 90 50	Indian katha	18%	5%
19.	1501	Pig fats (including lard) and poultry fat, other than that of heading 0209 or 1503	12%	5%
20.	1502	Fats of bovine animals, sheep or goats, other than those of heading 1503	12%	5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description	From	To
21.	1503	Lard stearin, lard oil, oleo stearin, oleo-oil and tallow oil, not emulsified or mixed or otherwise prepared	12%	5%
22.	1504	Fats and oils and their fractions, of fish or marine mammals, whether or not refined, but not chemically modified	12%	5%
23.	1505	Wool grease and fatty substances derived therefrom (including lanolin)	12%	5%
24.	1506	Other animal fats and oils and their fractions, whether or not refined, but not chemically modified	12%	5%
25.	1516	Animal or microbial fats and animal or microbial oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared	12%	5%
26.	1517	Edible mixtures or preparations of animal fats or microbial fats or animal oils or microbial oils or of fractions of different animal fats or microbial fats or animal oils or microbial oils of this Chapter, other than edible fats or oils or their fractions of heading 1516	12%	5%
27.	1,51,710	All goods i.e. Margarine, Linoxyn	18%	5%
28.	1518	Animal or microbial fats and animal or microbial oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of heading 1516; inedible mixtures or preparations of animal, vegetable or microbial fats or oils or of fractions of different fats or oils of	12%	5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description	From	To
		this chapter, not elsewhere specified or included		
29.	1520 00 00	Glycerol, crude; glycerol waters and glycerol lyes	18%	5%
30.	1521	Vegetable waxes (other than triglycerides), Beeswax, other insect waxes and spermaceti, whether or not refined or coloured	18%	5%
31.	1522	Degras, residues resulting from the treatment of fatty substances or animal or vegetable waxes	18%	5%
32.	1601	Sausages and similar products, of meat, meat offal, blood or insects; food preparations based on these products	12%	5%
33.	1602	Other prepared or preserved meat, meat offal, blood or insects	12%	5%
34.	1603	Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates	12%	5%
35.	1604	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	12%	5%
36.	1605	Crustaceans, molluscs and other aquatic invertebrates prepared or preserved	12%	5%
37.	1701 91, 1701 99	All goods, including refined sugar containing added flavouring or colouring matter, sugar cubes	12%	5%
38.	1702	Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel	18%	5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description	From	To
39.	1704	Sugar boiled confectionery	12%	5%
40.	1704	Sugar confectionery	18%	5%
41.	1804	Cocoa butter, fat and oil	18%	5%
42.	1805	Cocoa powder, not containing added sugar or sweetening matter	18%	5%
43.	1806	Chocolates and other food preparations containing cocoa	18%	5%
44.	1901 [other than 1901 20 00]	Malt extract, food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40% by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of heading 0401 to 0404, not containing cocoa or containing less than 5% by weight of cocoa calculated on a totally defatted basis not elsewhere specified or included	18%	5%
45.	1902	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared	12%	5%
46.	1904 [other than 1904 10 20]	All goods i.e. Corn flakes, bulgar wheat, prepared foods obtained from cereal flakes, Fortified Rice Kernel (FRK)	18%	5%
47.	1905	Pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products (other than bread, pizza bread, khakhra, chapathi, roti)	18%	5%
48.	1905 90 30	Extruded or expanded products, savoury or salted	12%	5%
49.	2001	Vegetables, fruit, nuts and other edible parts of plants,	12%	5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description	From	To
		prepared or preserved by vinegar or acetic acid		
50.	2002	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid	12%	5%
51.	2003	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid	12%	5%
52.	2004	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading 2006	12%	5%
53.	2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006	12%	5%
54.	2006	Vegetables, fruit, nuts, fruit-peel and other parts of plants, preserved by sugar (drained, glacé or crystallised)	12%	5%
55.	2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter	12%	5%
56.	2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included; such as Ground-nuts, Cashew nut, roasted, salted or roasted and salted, Other roasted nuts and seeds, squash of Mango, Lemon, Orange, Pineapple or other fruits	12%	5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description	From	To
57.	2009	Fruit or nut juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	12%	5%
58.	2009 89 90	Tender coconut water, pre-packaged and labelled	12%	5%
59.	2101 11, 2101 12 00	Extracts, essences and concentrates of coffee, and preparations with a basis of these extracts, essences or concentrates or with a basis of coffee	18%	5%
60.	2,10,120	All goods i.e Extracts, essences and concentrates of tea or mate, and preparations with a basis of these extracts, essences or concentrates or with a basis of tea or mate	18%	5%
61.	2,10,130	Roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof	12%	5%
62.	2102	Yeasts (active and inactive); other single cell micro- organisms, dead (but not including vaccines of heading 3002); prepared baking powders	12%	5%
63.	2103	All goods, including Sauces and preparations therefor, mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard, Curry paste, mayonnaise and salad dressings	12%	5%
64.	2104	Soups and broths and preparations therefor; homogenized composite food preparations	18%	5%
65.	2105 00 00	Ice cream and other edible ice, whether or not containing cocoa	18%	5%
66.	2106	Texturised vegetable proteins (soya bari), Bari made of pulses including mungodi and batters	12%	5%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description	From	To
67.	2,10,690	Namkeens, bhujia, mixture, chabena and similar edible preparations ready for consumption form (other than roasted gram), pre-packaged and labelled	12%	5%
68.	2106 90 91	Diabetic foods	12%	5%
69.	2106	Food preparations not elsewhere specified or included	18%	5%
70.	2201	Drinking water packed in 20 litre bottles	12%	5%
71.	2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured	18%	5%
72.	2,20,299	Plant-based milk drinks, ready for direct consumption as beverages	18%	5%
73.	2202 99 10	Soya milk drinks	12%	5%
74.	2202 99 20	Fruit pulp or fruit juice based drinks (other than Carbonated Beverages of Fruit Drink or Carbonated Beverages with Fruit Juice)	12%	5%
75.	2202 99 30	Beverages containing milk	12%	5%
76.	2106 90 20	Pan masala*	28%	40%
77.	2,20,210	All goods (including aerated waters), containing added sugar or other sweetening matter or flavoured	28%	40%
78.	2202 91 00, 2202 99	Other non-alcoholic beverages	18%	40%
79.	2202	Carbonated Beverages of Fruit Drink or Carbonated Beverages with Fruit Juice	28%	40%
80.	2202 99 90	Caffeinated Beverages	28%	40%

Let's summarise the impact of change in GST Rates :

- **Reduction in Litigation through rationalization of GST Rates :**

Uniform tax treatment by removing inconsistencies in GST rates has resulted in better rationalization of the tax structure. Earlier, food items often faced ambiguity and disputes due to differential tax rates on similar or comparable products—for example, loose vs. packaged goods, or roti vs. paratha. By aligning these rates under a uniform slab, the GST Council has simplified classification, reduced scope for litigation, and ensured equitable tax treatment across the industry. This not only provides clarity to businesses but also creates a level playing field for manufacturers, retailers, and consumers.

Examples:

- A) **Paratha, roti, khakhra** whether falling under 1905 or 2106 are both made Nil from 5% and 18%.
- B) **Paneer** pre-packaged and labelled is now shifted to Nil rated from 5% removing the inconsistency of rate with other than pre-packaged and labelled panner.
- C) Uniformity in GST Rate of **Drinking water** packed in 20 litre bottles, Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored and Ice and snow all falling under 5% now.

- **Basic food items are necessary for various industries and the impact of change in GST rates is mentioned below:**

A. Dairy & Agro-Processing

- Items like paneer, butter, ghee, curd, etc. are being shifted to nil or 5% GST and this will boost affordability and consumption.
- Inconsistency in GST Rates for packaged, branded and labelled vis-à-vis others in loose form has been removed and will now be taxed uniformly.

B. Restaurants & Hospitality (Hotels, QSR Chains, Cloud Kitchens)

- Huge impact on the cost since the GST Rates on basic inputs of this industry has been reduced significantly.
- The margins can be optimized due to cheaper inputs.

C. Bakery, Confectionery & Snack Industry

- Lower GST on chocolates and confectionery items makes them more affordable for consumers. This will increase the demand especially during festivals and gifting seasons.
- Lower GST, affordability, increased sales for small bakeries and large confectionery brands (Nestlé, Britannia, Mondelez).

D. Healthcare & Nutrition Products

- The reduced rates will reduce the cost for consumers, encouraging higher adoption of health supplements in middle-class households.
- If treated closer to “food” instead of “pharma,” consumers may benefit, but manufacturers might face classification disputes.

E. Food Retail & E-Commerce

- Supermarkets, kirana stores, online grocery apps (BigBasket, Blinkit, Amazon Fresh, etc.) need to recalibrate billing software, and update SKUs with new tax rates.
- Impact on pricing strategies and discounts, especially during festive seasons (like Diwali).
- The main challenge lies in updating systems and pricing strategies during the transition phase.

F. Agriculture Value Chain

- Farmers indirectly impacted through demand for processed food and packaged goods.
- Lower GST on processed staples (flour, paneer, parathas, etc.) encourages more formal processing units and give an encouraging push for agro-processing SMEs.

G. Exporters of Food Products

- Revised rates may affect input tax credit (ITC) accumulation and refunds.
- Export competitiveness improves if ITC flows become smoother and working capital is not blocked.

The change in the GST rate will benefit the common man as under :

- Items like paneer, butter, ghee, flour, bread, and pizza bread now attract nil or lower GST, reducing the grocery bill for households.
- Lower GST on biscuits, noodles, chocolates, sauces, snacks, and namkeens makes them more pocket-friendly, especially for middle-class families.
- Hotels, restaurants, and cloud kitchens benefit from lower GST on key ingredients, this means they may avoid steep price hikes on menus, keeping eating out and ordering food affordable for the common man.
- Uniform GST on comparable items (e.g., paneer loose vs. packaged, roti vs. paratha) removes confusion and ensures fair treatment for consumers.

The GST rate cuts make groceries cheaper, festive food affordable, and restaurant meals less costly for the common man, while also reducing confusion in pricing and tax disputes. Wherever the GST rate is changed to NIL rate, the tax payer needs to reverse the Input Tax Credit as per provisions of GST Act and Rules.

The following action points are required to cope up with the changes in GST Rates :

➤ **How to Handle Accumulated ITC Considering Decrease in GST Rates:**

Utilization Mechanism: ITC from pre-change purchases (at higher rates) remains fully eligible and can be used to offset any output GST liability (Section 16). Prioritize using it for taxable supplies before 22nd September 2025.

Reversal Requirements: Reverse ITC if inputs are used for exempt supplies post-change as per CGST Act and Rules.

- **Stock Handling:** Segregate stock by old vs. potential new rates, including identifying items shifting to exempt (nil) rate. For reduced-rate items (continue selling at the new rate from 22nd September 2025, since GST is levied on supply and not purchase date of new stock. It is advisable to reduce the inventory including return so as to avoid blockage of ITC.

For other action points kindly refer separate points given in this booklet.

Further , Government has issued FAQs on the GST Council meeting and we give in below the related FAQs

- ✓ **FAQ 13- UHT & Plant-based milk**
UHT milk exempt. Plant-based milk drinks and soya milk drinks reduced to 5% (earlier 18%/12%).
- ✓ **FAQ 14- Other non-alcoholic beverages**
GST 40% to align tax on similar beverages and avoid misclassification.
- ✓ **FAQ 15- Food preparations (not elsewhere specified)**
Uniform GST rate of 5%.
- ✓ **FAQ 16- Indian breads**
All types of Indian bread (paratha, roti, porotta, pizza bread, etc.) exempt.
- ✓ **FAQ 17- Carbonated fruit beverages**
GST increased to maintain same overall tax as before after cess removal.
- ✓ **FAQ 18- Paneer vs. other cheese**
Unpacked paneer exempt; packed paneer taxed. Policy supports small-scale Indian paneer.

Textile Industry

Impact on Manufacturers:

1. From many years the textile sector had been facing this issue of blockage of working capital due to inverted duty structure as yarn was at 18% whereas the final product "Clothes" where either at 5% or 12%.
2. The tariff on synthetic Yarn, fibers and other raw material has been reduced from 18% to 5%.
3. Various raw material items like Sewing thread, yarn from staple fiber, rubber threads, etc. rates have been reduced from 12% to 5%.
4. This will resolve the working capital blockage issue of the textile manufactures and also easy their compliance related to refund due to inverted duty structure.

Impact on Traders: -

1. As far as the traders are concerned, most of the textile goods are now taxed at 5% GST. This eases their work of keeping track of classification of goods and the GST rate to be charged on them.

Impact on Consumer: -

1. As the Prime minister had stated that he will be giving a Diwali gift to majority of people this Diwali, it was expected that the textile sector will get rate cut as Clothes are the thing that almost every person buys for himself before Diwali.
2. Thus, now the customer will have to bear a less tax on majority of clothes as the slab for GST rate of readymade garments has been raised from Rs.1000/- to Rs.2500/-. And the rates will be as below:

Particular	Earlier	Now	Impact to consumer
Articles of apparel and clothing accessories, of sale value not exceeding Rs. 1000 per piece	5%	5%	No change
Articles of apparel and clothing accessories, of sale value above 1000/- but not exceeding Rs. 2500 per piece	12%	5%	Savings of 7%
Articles of apparel and clothing accessories, of sale value above Rs. 2500 per piece	12%	18%	These products would now cost 6% more than earlier

3. For majority of the people in country Carpets, Hats, Caps, curtains, rugs, etc will be more affordable as the same have been reduced from 12% to 5%

Action Points:

1. MRP – Since the rates have been substantially reduced, refixing MRP is advisable even though it has been stated that the government will not reimpose again the anti-profiteering clause

Conclusion

1. The 56th GST Council's textile sector reforms represent a landmark policy shift that addresses long-standing structural issues in India's textile industry.
2. With an estimated positive impact ranging from 6-8% of revenue for major players, these changes are expected to boost competitiveness, enhance export potential, and drive domestic consumption growth.
3. The resolution of inverted duty structures, particularly for man-made fibres, positions the sector for sustained growth and improved profitability.
4. The implementation of these reforms from September 22, 2025, marks a new chapter for India's textile industry, potentially transforming it into a more globally competitive and domestically robust sector.

Service Sector: Key Changes

The 56th GST Council's service rate rationalisation is a major reform. The service sector reforms are a balancing act—essential and socially relevant services see rate cuts or exemptions, while luxury and high-risk services face steep hikes. It raises rates where ITC is available (neutral for B2B) and reduces rates/exempts socially beneficial sectors (insurance, healthcare, Common Effluent Treatment Plant services).

The key challenge is classification, compliance, and transitional invoicing, particularly in job work, insurance, and entertainment sectors and ITC management.

1. Broad view on Impact – Services

- Essential & social services - **Relief** (insurance, healthcare, CETPs, small cinema).
- Luxury & risk-prone services - **Higher tax burden** (air travel, casinos, online gaming, Govt contracts).
- MSMEs supported via job work rationalisation.
- Classification & compliance risks heightened (especially in job work and transitional contracts).
- Exporters of services much faster refunds (from Nov 2025).
- Small service providers easier registration and compliance.
- BPOs/intermediaries finally treated as exporters (major relief).
- Contracting sectors clarity on valuation/post-sale discounts.
- Dispute resolution GSTAT operational, reducing prolonged litigation.

2. Service-wise Detailed Impact Analysis

1. Transportation & Logistics:

Service Type	Earlier Rate	New Rate	Impact
Air passenger transport (other than economy class)	12%	18%	B2B: Neutral (full ITC available). B2C: Airfares (business/first class) to rise ~5-6%. Premium travel demand may see marginal drop.
Goods transport by GTA (Goods)	5% (no ITC) or 12% (with ITC)	5% (no ITC) or 18% (with ITC)	Shippers opting for ITC route face higher cash outflow (12% to 18%). Those using 5% option unchanged.

Service Type	Earlier Rate	New Rate	Impact
Transport Agency)			May push companies to evaluate ITC vs non-ITC option more carefully.
Rail transport of goods in containers (non-IR operators)	12%/5%	18%	Logistics cost rises for exporters and FMCG companies; neutral if ITC fully used. Rail container operators may pass cost to users.
Pipeline transport of petroleum products	5% (no ITC) or 12% (with ITC)	5% (no ITC) or 18% (with ITC)	Oil & gas companies supplying via pipelines may need pricing realignment.
Renting of motor vehicles with operator (fuel included)	5% (restricted ITC – same line of business) / 12% (with ITC)	5% (restricted ITC) / 18% (with ITC)	Employee transport contracts (IT/ITES, factories) to get costlier if ITC not available. For corporates availing ITC, cost-neutral.
Renting of goods carriage with operator (fuel included)	12%	18% (with ITC) / 5% (restricted ITC)	Transport contractors need to classify correctly; corporates with ITC unaffected, others face higher outgo.
Multimodal transport of goods within India	12%	18% (with ITC) or 5% (restricted ITC if no air leg)	Exports & domestic multimodal shipments may see cost uptick.

2. Construction & Works Contracts:

Service Type	Earlier Rate	New Rate	Impact
Works contract for Govt. predominantly earthwork (>75%)	12%	18%	EPC contractors for Govt infra projects (roads, canals, dams) face increased GST, may claim “change in law” in contracts.
Sub-contractors to above contracts	12%	18%	Small contractors/sub-contractors may need price revisions; impacts Govt budgets.

Service Type	Earlier Rate	New Rate	Impact
Offshore works contracts (oil & gas exploration/production)	12%	18%	Oilfield EPC contracts to become costlier; neutral if ITC absorbed.

3. Job Work (Key Rationalisation):

Service Type	Earlier Rate	New Rate	Impact
Printing services (Ch. 48/49, taxable @12%)	12%	5%	Relief for publishers/education material printers.
Brick kiln job work (output @5%)	12%	5%	Major cost reduction for construction supply chain.
Pharmaceutical products (Ch. 30)	12%	5%	It is in line with outward rate applicable for Pharma products. Pharma industry benefits; reduces outsourcing costs for bulk drug/job work units.
Leather, hides & skins (Ch. 41)	12%	5%	Leather MSMEs benefit—export competitiveness improves.
Umbrella job work	12%	5%	Relief for small-scale umbrella manufacturers.
Residual job work (not specifically covered)	12%	18%	This is critical—unclassified services now taxed higher. Clear documentation needed to avoid disputes.

4. Hotel & Restaurant:

Service Type	Earlier Rate	New Rate	Impact
Hotels & Restaurants (Standalone restaurants)	5% without ITC	Confirmed – 5% without ITC (cannot self-declare as “specified premises”)	Restaurants cannot opt 18%; compliance clarity.
Hotels & Restaurants (Restaurants inside hotels with room tariff ≥ ₹7,500/day (specified premises))	18% with ITC	Confirmed – 18% with ITC	Segregation of sales critical in hotel accounting.
Hotel Accommodation Tariff having ≤ ₹7,500/day	12% with ITC	5% without ITC	Room tariffs up to ₹7,500 will become cheaper for customers.

5. Other Services

Service Type	Earlier Rate	New Rate	Impact
Third-party insurance of goods carriages	12%	5%	Freight operators benefit; insurance premiums fall.
Admission to cinemas (tickets ≤ ₹100)	12%	5%	Relief for small theatres & low-priced cinema tickets.
Effluent treatment by CETPs (Common Effluent Treatment Plants)	12%	5%	Cost savings for industrial clusters (tanneries, textiles, chemicals). Environmental compliance cheaper.
Biomedical waste treatment services to clinical establishments	12%	5%	Hospitals/clinics get relief; encourages proper biomedical waste disposal.

Service Type	Earlier Rate	New Rate	Impact
Beauty & physical well-being services (Group 99972)	18%	5% (no ITC)	Spas, salons, wellness centres cheaper for consumers; ITC denial increases embedded costs for businesses.
Admission to casinos, race clubs, sporting events (e.g., IPL)	28%	40%	Very sharp rise; casinos, betting, and high-end sporting events will get costlier.
Licensing of bookmakers by race clubs	28%	40%	Operators' compliance cost spikes; industry lobbying likely.
Online money gaming, lottery, betting, actionable claims	28%	40%	Online gaming sector hit hardest; margins reduce, may pass cost to consumers.

6. Exemptions

Service Type	Earlier Rate	New Rate	Impact
Individual health insurance (including reinsurance)	18%	Exempt	Relief for policyholders; insurers lose ITC—profitability/margins affected.
Individual life insurance (including reinsurance)	18%	Exempt	Same as above—positive for consumers, negative for insurers due to blocked ITC.

Implementation note: Council proposes service-rate changes effective 22-Sep-2025, but apply only on and from the date(s) of official notifications. Build in effective-date clauses in contracts/POs.

3. Way Forward (Compliance & Advisory)

1. **ERP/Contracts:** Update GST masters with new service rates effective 22-Sep-2025. Insert “subject to notified rate” clauses in service agreements.
2. **Job Work:** Classify carefully—residual services will attract 18%. Maintain documentation to avoid disputes.
3. **Insurance:** ITC block reversal for exempt supplies from 22-Sep-2025.
4. **Govt Contracts:** Seek “change-in-law” claims for increased GST burden.
5. **Gaming & Entertainment:** Rework pricing and profit-sharing with customers/partners under new 40% regime.
6. **Refunds:** Watch for provisional refund changes (90% risk-based refunds from Nov 2025) especially for exporters using service inputs.
7. **Communication:** Educate customers on ticketing (cinemas, casinos, wellness centres) about revised rates to avoid disputes.

4. Relevant FAQs (Services)

- **FAQ 1:** Services rate changes effective **22-Sep-2025**.
- **FAQ 4 & 5:** If service supplied before rate change but invoiced later - time of supply rules under Sec. 14 apply.
- **FAQ 6:** ITC is allowed as per rate at time of inward supply—no retrospective adjustment.
- **FAQ 8 & 9:** If outward supply rate reduces or becomes exempt, ITC already availed can be used till effective date, thereafter reversal required for exempt supplies.
- **FAQ 10:** No refund of ITC just because rates change (not covered under inverted duty clause).

5. Needs Attention (Red Flags)

- **Time of Supply Issues:** Services straddling 22-Sep-2025 need careful tax treatment (advance receipts vs invoicing).
- **Insurance sector:** Significant compliance burden on ITC reversals from 22-Sep-2025.

- **Job Work disputes:** Clear identification of category (pharma vs residual) is key to avoid litigation.
- **Entertainment/Gaming:** 40% rate may trigger representation/lobbying—watch for amendments or litigation.
- **Transitional ITC:** Ensure reversal for exempt services (life/health insurance).
- **Contracts with Govt:** Prepare legal claims under “change-in-law” clauses.

6. Measures for Facilitation of Trade (Relevant to Services)

A. Refunds – Faster & Risk-based

- **Zero-rated supplies (exports of services included):**
 - Rule 91(2) to be amended - 90% provisional refund to be sanctioned based on risk parameters.
 - Refund will not be held up for full scrutiny unless high risk.
 - This benefits exporters of services (IT/ITES, consultancy, R&D, intermediaries after POS change).
 - Effective 01-Nov-2025.
- **Inverted Duty Structure :**
 - Similar 90% provisional refund mechanism to be rolled out administratively until law is amended.
 - Helps service providers with inverted credit structure (limited, but relevant for specific job-worked service outputs).

B. Simplified GST Registration

- For low-risk suppliers of services (and goods):
 - Automated registration within 3 working days.
 - Optional scheme for small businesses with monthly outward tax liability to registered persons ≤ ₹2.5 lakh.
 - Helps small service providers who mainly bill corporates.
 - Effective 01-Nov-2025.
- For suppliers via E-commerce Operators (ECOs):
 - In-principle approval for a simplified registration mechanism across States.
 - Important for online service providers (wellness, consultancy, skill training, etc.) using platforms.

C. Place of Supply (POS) Reform – Intermediary Services

- Omission of Sec. 13(8)(b), IGST Act (which taxed intermediary services in India even if provided to foreign clients).
- POS will now be location of recipient (Sec. 13(2)).
- This makes intermediary services exportable if forex realised - big facilitation for BPOs, outsourcing, marketing support services.
- Please refer separate note in this bulletin.

D. Post-Sale Discounts & Credit Notes

- Omission of Sec. 15(3)(b)(i); all discounts to be passed via credit notes (Sec. 34).
- Will bring clarity in valuation disputes and reduce litigation in service industries with rebates/discounts (telecom, financial services, consultancy).
- Please refer separate note in this bulletin.

E. GSTAT Functionality

- National Bench + State Benches of GST Appellate Tribunal (GSTAT) to become functional:
 - Appeals acceptance by 30-Sep-2025.
 - Hearings to commence by 31-Dec-2025.
 - Outer date for filing backlog appeals fixed at 30-Jun-2026.
- Facilitates faster resolution of service tax classification/rate disputes.
- Please refer separate note in this bulletin.

Annexure A - Detailed list of services and proposed rates

S.No.	HSN Code	Description of Service	From	To
1.	9954	(i) Composite supply of works contract services involving predominantly earth work (that is constituting more than 75 percent of the value of the works contract) provided to Government	12% with ITC	18% with ITC

S.No.	HSN Code	Description of Service	From	To
		(ii) Composite supply of works contract provided by a sub- contractor to the main contractor providing services at (i) above to Government	12% with ITC	18% with ITC
		(iii) 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
2.	9963	Supply of “hotel accommodation” having value of supply of a unit of accommodation less than or equal to seven thousand five hundred rupees per unit per day or equivalent	12% with ITC	5% without ITC
3.	9964	(i) Supply of Air transport of passengers in other than economy class	12% with ITC	18% with ITC
		(ii) Supply of 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
4.	9965	(i) Supply of Transport of goods by GTA	5% without ITC (RCM/FCM)	5% without ITC (RCM/FCM)
			12% with ITC	18% with ITC
		(ii) Supply of transport of goods in containers by rail by any	12% with ITC	5% without ITC
				18% with ITC
		person other than Indian Railways		
		(iii) Supply of transportation of natural	5% without ITC	5% without ITC

S.No.	HSN Code	Description of Service	From	To
		gas, petroleum crude, motor spirit, high speed diesel or ATF through pipeline	12% with ITC	18% with ITC
		(iv) Supply of 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
5.	9966	(i) Supply of Renting of any motor vehicle (with operator) 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
		(ii) Supply of Renting of goods carriage (with operator) where fuel cost is included in consideration	12% with ITC	5% with ITC of input services (in the same line of business)
				18% with ITC
6.	9968	(i) Local delivery services (This service is currently taxed at the rate of 18% with ITC as this is covered under SAC 996813 – under the Group Postal and Courier Services)	18% with ITC	18% with ITC (no change)

S.No.	HSN Code	Description of Service	From	To
		(ii) Supply of local delivery services through Electronic Commerce Operator (ECO)	Not currently notified under section 9(5) of the CGST Act	Local delivery services to be notified under section 9(5) of the CGST Act in cases where the person supplying
				such services through electronic commerce operator is not liable for registration under GST - The applicable rate on such services to be 18%. - Local delivery services provided by and through ECO to be excluded from the scope of GTA services.
7.	9971	Supply of Service of third-party insurance of “goods carriage”	12% with ITC	5% with ITC
8.	9973	Leasing or rental services, without operator, of goods which will attract	28% With ITC	40% with ITC

S.No.	HSN Code	Description of Service	From	To
		(28%) 40% GST		
9.	9983	Other professional, technical and business services relating to exploration, mining or drilling of petroleum crude or natural gas or both;	12% with ITC	18% with ITC
10,	9986	Support services to exploration, mining or drilling of petroleum crude or natural gas or both.	12% with ITC	18% with ITC
11.	9988	(i) Supply of services by way of job work in relation to umbrella	12% with ITC	5% with ITC
		(ii) Supply of job work services or any treatment or process in	12% with ITC	5% with ITC
		relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 12% 5%		
		(iii) Supply of job work in relation to bricks which attract GST at the rate of 5%	12% with ITC	5% with ITC
		(iv) Supply of job-work services in relation goods falling under Chapter 30 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (pharmaceutical products)	12% with ITC	5% with ITC

S.No.	HSN Code	Description of Service	From	To
		(v) 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
		(vi) Supply of job-work not elsewhere covered (residual entry)	12% with ITC	18% with ITC
12.	9994	(i) Services by way of treatment of effluents by a Common Effluent Treatment Plant;	12% with ITC	5% with ITC
		(ii) Services by way of treatment or disposal of biomedical waste or the processes incidental thereto by a common bio-medical waste treatment facility to a clinical establishment.	12% with ITC	5% with ITC
13.	9996	(i) 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
		(ii) Admission to casinos, race clubs, any place having casinos or race clubs, or sporting events like the IPL.	28% With ITC	40% with ITC
		(iii) Services by a race club for licensing of bookmakers in such club.	28% With ITC	40% with ITC

S.No.	HSN Code	Description of Service	From	To
14.	9997	Beauty and physical well-being services falling under group 99972 [This service is currently taxed at the rate of 18% with ITC as this is covered under SAC 9997]	18% with ITC	5% without ITC
15.	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

A. Services Proposed to be exempted

S.No.	HSN Code	Description of Service	From	To
1	9971	(i) All individual health insurance, along with reinsurance thereof	18% with ITC	Exemption
		(ii) All individual life insurance, along with reinsurance thereof	18% with ITC	Exemption

Services TRANSPORTATION SECTOR

S.No.	Entry	From	To
1	Supply of Air transport of passengers in other than economy class	12% with ITC	18% with ITC
2	Supply of Passenger transport by any motor vehicle where fuel cost is included	5% with ITC of input services (in the	5% with ITC of input services (in the

S.No.	Entry	From	To
		same line of business)	same line of business)
		12% with ITC	18% with ITC
3	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
4	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
5	Supply of Transport of goods by GTA	5% without ITC (RCM/FCM) 12% with ITC	5% without ITC (RCM/FCM) 18% with ITC
6	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) 12% with ITC	5% with ITC of input services (in the same line of business) 18% with ITC
7	Supply of Renting of goods carriage (with operator) where fuel cost is included in consideration	12% with ITC	5% with ITC of input services (in the same line of business) 18% with ITC
8	Supply of 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

JOB WORK SECTOR			
S.No.	Entry	From	To
1	Supply of services by way of job work in relation to umbrella	12% with ITC	5% with ITC
2	Supply of job work services or any treatment or process in relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ (12%)-5%	12% with ITC	5% with ITC
3	Supply of job work in relation to bricks which attract GST at the rate of 5%	12% with ITC	5% with ITC
4	Supply of job-work services in relation goods falling under Chapter 30 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (pharmaceutical products)	12% with ITC	5% with ITC
5	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
6	Supply of job-work not elsewhere covered (residual entry)	12% with ITC	18% with ITC

CONSTRUCTION SECTOR			
S.No.	Entry	From	To
1	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
2	Composite supply of works contract involving predominantly earth work (that is, constituting more than 75 per cent. of the value of the works contract) provided to Government	12% with ITC	18% with ITC

CONSTRUCTION SECTOR

S.No.	Entry	From	To
3	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

LOCAL DELIVERY SERVICES

S.No.	Entry	From	To
1	Local delivery services (This service is currently taxed at the rate of 18% with ITC as this is covered under SAC 996813 – under the Group Postal and Courier Services)	18% with ITC	18% with ITC (no change)
	Supply of local delivery services through Electronic Commerce Operator (ECO)	Not currently notified under section 9(5) of the CGST Act	- Local delivery services, to be notified under section 9(5) of the CGST Act in cases where the person supplying such services through electronic commerce operator is not liable for registration under GST - The applicable rate on such services to be 18%. - Local delivery services provided by and through ECO to be excluded from the scope of GTA services.

OTHER SERVICES

S.No.	Entry	From	To
1	Supply of Service of third-party insurance of “goods carriage”	12% with ITC	5% with ITC
2	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
3	Services by way of treatment of effluents by a Common Effluent Treatment Plant;	12% with ITC	5% with ITC
4	Services by way of treatment or disposal of biomedical waste or the processes incidental thereto by a common bio-medical waste treatment facility to a clinical establishment.	12% with ITC	5% with ITC
4	Supply of “hotel accommodation” having value of supply of a unit of accommodation less than or equal to seven thousand five hundred rupees per unit per day or equivalent	12% with ITC	5% without ITC
5	Other professional, technical and business services relating to exploration, mining or drilling of petroleum crude or natural gas or both;	12% with ITC	18% with ITC
6	Support services to exploration, mining or drilling of petroleum crude or natural gas or both.	12% with ITC	18% with ITC
7	Beauty and physical well-being services falling under group 99972 [This service is currently taxed at the rate of 18% with ITC as this is covered under SAC 9997]	18% with ITC	5% without ITC

(28% to 40%)

S.No.	Entry	From	To
1	Admission to casinos, race clubs, any place having casinos or race clubs, or sporting events like the IPL.	28% With ITC	40% with ITC
2	Services by a race club for licensing of bookmakers in such club.	28% With ITC	40% with ITC
3	Leasing or rental services, without operator, of goods which will attract (28%) 40% GST	28% With ITC	40% with ITC
4	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

C. Services Proposed to be exempted

LIFE AND HEALTH INSURANCE

S.No.	Entry	From	To
1	All individual health insurance, along with reinsurance thereof	18% with ITC	Exemption
2	All individual life insurance, along with reinsurance thereof	18% with ITC	Exemption

Insurance Sector

Background

For years, consumers and industry bodies have been urging the Government to reduce the **GST burden on insurance premiums**. The levy of **18% GST** on life and health insurance had significantly increased the cost of coverage, making policies less affordable—particularly for middle-income households and first-time buyers. This often ran contrary to the national objective of expanding insurance penetration in India.

Recognizing this long-pending demand, the **56th GST Council** has now recommended a **complete exemption (Nil GST rate)** on **individual life insurance and individual health insurance premiums**, effective **22nd September 2025**.

Consumer Benefits

- **Direct Cost Reduction:** Removal of 18% GST means policyholders will now pay only the base premium. This results in an estimated **15% reduction in overall cost**.
- **Improved Affordability:** Particularly beneficial for middle-income families, young earners, and first-time buyers.
- **Greater Insurance Penetration:** Expected to drive demand and support the long-term goal of “Insurance for All by 2047.”

Important Note:

- GST already paid on policies purchased before 22nd September 2025 **will not be refunded**.
- Policies due for renewal between **3rd September 2025 and 22nd September 2025** should ideally be renewed **after 22nd September 2025**, however the impact of GST on such renewal during the grace period needs to be clarified for better implementation.

Impact on Insurers

- **Loss of ITC:** Since premiums will be exempt from GST, insurers will lose the ability to claim **Input Tax Credit (ITC)** on goods and services used for policy servicing. However, the major cost of insurance companies 60-70% is claim settlement which is out of the purview of GST. Hence the impact of cost may be limited.
- **Long-Term Growth:** Improved affordability is expected to significantly increase policy uptake, offsetting margin pressures over time.

Third-Party Insurance for Goods Carriage

- **GST Rate Reduced:** From **12% to 5%**.
- **Customer Impact:** Owners of goods carriages will see lower premiums.
- **Insurer Impact:** While insurers retain ITC benefits, they must re-align **pricing models** to safeguard margins amid reduced GST rates .

Industry Outlook

This reform marks a **landmark step towards consumer-centric GST rationalization**. While insurers may face transitional challenges, the overall impact is expected to be **positive for policyholders and long-term insurance growth**.

Education Sector

Category	HSN / Chapter	Description of Goods	Old GST Rate	New GST Rate
Education Essentials	4016	Erasers	5%	Nil
Learning Materials	4905	Maps, charts, atlases, globes (printed)	12%	Nil
	8214	Pencil sharpeners	12%	Nil
	9608, 9609	Pencils, crayons, pastels, drawing charcoals, tailor's chalk	12%	Nil
	4820	Exercise books, graph books, laboratory notebooks, notebooks	12%	Nil
Stationery Kits	7310 / 7326	Mathematical boxes, geometry boxes, colour boxes	12%	5%

Impact of GST Rate Changes:

GST rate on key educational materials reduced from 5%/12% to Nil and from 12% to 5%, lowering overall costs, supporting affordability, and improving access to education for all students. Lower tax rates may increase demand for these products, benefiting local manufacturers and small businesses in the stationery sector.

Action Point:

- 1. Reversal of ITC-** When goods become Nil-rated, ITC on inputs, packaging, and services used for such supplies cannot be claimed and must be reversed. If inputs are used exclusively for Nil-rated items, full ITC to be reversed.
- 2. Revision of MRP due to GST Rate Reduction-** When GST rates change, it directly affects the MRP. Therefore, manufacturers must revise the MRP as per the new rate and print it on new packs or affix stickers on old stock.

Real Estate and Construction (including Works Contract)

Key Rate Reductions

- **Cement:** GST reduced from **28% to 18%** – a significant cut that will substantially lower construction costs.
- **Sand-lime bricks & stone inlay work:** Reduced from **12% to 5%** .

Cost Reduction & Affordability

- Lower GST on cement and allied materials will **reduce project expenses**, improving the viability of construction projects.
- Developers are expected to **pass on part of the savings** to buyers, especially in the affordable housing segment.
- This directly supports the Government's **"Housing for All" vision**.

Implementation Challenges

- Benefits may take time to flow through since many ongoing contracts were signed **prior to the rate change**.
- Developers and contractors must **revisit tax clauses in contracts**, especially those marked "inclusive of taxes," to determine eligibility for price revisions.
- For government tenders, representations may be required where rate-change clauses are not explicitly provided.

Reverse Charge Mechanism (RCM) on Shortfall Purchases

- Earlier: Shortfall in procurement from registered dealers attracted RCM @18%, and purchases of cement from unregistered dealers attracted RCM @28%.
- Now: With cement taxed at 18%, there is **no need to separately identify cement purchases**. Any shortfall is uniformly taxable at **18%** under RCM.

Public vs. Private Sector Dynamics

- **Government works contracts** will now attract **higher GST (12% → 18%)**, including:
 - Composite works contracts for offshore oil & gas exploration/production.
 - Earthwork contracts (>75% of contract value) provided to Government.
 - Sub-contractor services linked to such government projects.
- This may **raise costs for public infrastructure**, even as private developers gain from lower input costs .

Growth Outlook

- The tax rationalisation is expected to:
 - Boost **housing demand**.
 - Improve **project economics** for developers.
 - Encourage **new project launches**, especially in the mid and affordable housing segments.
 - Stimulate **urban infrastructure development**, particularly during the upcoming festive season.

Key Takeaways for Industry

- **Developers** should immediately revisit contracts, pricing strategies, and budgets in light of reduced tax costs.
- **Government contractors** must prepare for increased GST on specific works contracts and adjust bid pricing accordingly.
- **Buyers** can expect greater affordability in housing and allied construction activities.

Overall, the 56th GST Council's recommendations mark a **game-changer for the construction sector**, balancing affordability for private housing with fiscal adjustments for government contracts. **It is critical - Businesses should immediately begin impact assessments, align their contracts, prepare ITC tracking mechanisms, and**

Conclusion

Readiness is critical. Businesses must act now to conduct impact assessments, realign contracts, strengthen ITC tracking mechanisms, and proactively communicate the upcoming GST changes with all stakeholders. Early preparedness will be the key to avoiding compliance gaps and managing transition smoothly.

At **Bizsolindia Services Pvt. Ltd.**, we bring deep expertise in GST law, compliance, and strategic advisory to support businesses in this transformation. Our services include:

- **Sector-specific GST impact assessments** tailored to your business model.
- **ERP and billing system redesign** to accommodate new rate structures.
- **Classification and job-work documentation guidance** to minimise litigation.
- **Support in ITC reversal management** and transitional adjustments.
- **Drafting and reviewing contracts/POs** with effective-date and change-in-law clauses.
- **Advisory on refund claims** (zero-rated and inverted duty) including the new **90% provisional refund mechanism**.
- **Practical compliance strategies** for smooth adoption of reforms.
- **Representation before GSTAT** once operational, ensuring effective dispute resolution.

With Bizsolindia's **proactive approach**, businesses can remain fully compliant, mitigate tax risks, and optimise GST positions while navigating these **sweeping changes under GST 2.0**.

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