

KIRTANE & PANDIT

KEY **GST** HIGHLIGHTS

**Summary of Relevant Recommendations made during the
56th GST Council Meeting**

SEPTEMBER 2025



The GST Council held its 56th meeting on 03rd September, 2025. Following are the key recommendations made by the GST Council. Relevant Notifications / Circulars will be issued shortly.

1. Highlights

- Major **rate rationalisation** towards a simplified 2 rate structure (Merit 5%, Standard 18%). Certain de merit goods would be taxed at 40%.
- **Full GST exemption** on all **individual** life and health insurance policies (including reinsurance)
- Significant **rate reductions** for essential goods, agriculture, health sector, labour intensive industries, and renewable energy
- **Inverted duty structure corrections** in textiles, fertilisers, and other sectors
- **Operationalisation of GST Appellate Tribunal (GSTAT)** by December, 2025
- **Process reforms** for faster refunds, simplified registration, and trade facilitation
- **Faster refunds** and **simpler registration** will ease working capital and compliance burden.
- **Export oriented service providers** (intermediaries) gain from place of supply change.
- **Post sale discount** compliance simplified.
- **RSP valuation** for specified goods will impact pricing and invoicing systems.

2. Implementation Timelines

- **Services rate changes:** 22nd September, 2025
- **Goods rate changes (except tobacco and related goods):** 22nd September, 2025
- **De merit goods (tobacco, pan masala, etc.):** existing rates until compensation cess loans are repaid.
- **Process reforms:** 1st November, 2025
- **GSTAT:** Appeals by 30th September, 2025; hearings by 31st December, 2025

3. Non Rate Measures Summary

1. Institutional & Dispute Resolution

- **Operationalisation of GST Appellate Tribunal (GSTAT)**
- **Appeals** to be accepted by **30 Sept 2025**; hearings to start by 31 Dec 2025.
- **Principal Bench** will also act as the **National Appellate Authority for Advance Ruling**.
- **Limitation period** for filing backlog appeals set to **30 June 2026**.
- Expected to improve dispute resolution speed, consistency in rulings, and taxpayer certainty.

2. Refund Process Reforms

- **Risk based provisional refunds** (90% of claim) extended to:
 - **Zero rated supplies (exports, SEZ supplies) and Inverted Duty Structure –**
 - ➔ At present, proper officer sanctions provisional refund after scrutiny of refund application.
 - ➔ The GST Council recommended amendment in Rule 91(2) of CGST Rules to provide sanction for 90% of refunds claimed **basis system-identified and system-evaluated risks**.
 - ➔ Similarly, provisional refund shall be sanctioned for Inverted Duty Structure also.
 - ➔ Detailed scrutiny of the refund claim to be made by the proper officer only in exceptional cases, for reasons recorded in writing.
 - **Low value export consignments** - removal of threshold for refund eligibility (benefits small exporters using courier/postal modes)
 - ➔ The council recommended amendment to Section 54 (14) of CGST Act, 2017 to remove threshold limit for claiming refunds on exports made with payment of IGST.
 - ➔ Consequently, small exporters can now claim refunds for amounts less than Rs. 1,000/-



3. Simplified GST Registration

- **Optional simplified registration scheme for:**
 - **Low risk applicants**
 - Applicants with **monthly B2B liability ≤ ₹2.5 lakh** (self-assessed)
 - **Auto approval within 3 working days** from date of submission of application
 - Voluntary opt in/opt out
 - Effective **1 Nov 2025**; expected to benefit ~96% of new applicants
- **Special scheme for small suppliers making supplies through e commerce operators:**
 - Allows supply across multiple states without maintaining a principal place of business in each state.

4. Legal & Procedural Changes

- **Place of Supply – Intermediary Services:**
 - Presently, in case of services provided by Indian intermediaries to recipients located outside India, GST is payable as per Section 13(8)(b) of IGST Act since place of supply is in India.
 - This provision is proposed to be omitted
 - Consequently, place of supply will shift to **location of recipient** basis Section 13(2) of IGST Act thereby enabling export benefits for Indian intermediaries
- **Post Sale Discount Framework:**
 - The Council recommended to remove requirement of Section 15(3)(b)(I). Accordingly, for post-sale discount given by supplier, pre agreement & invoice linking compliance would not be required
 - Amendment of Section 15(3)(b) to provide that post-sale discount should be granted through credit notes issued under Section 34
 - Amendment of Section 34 to include reference to Section 15(3)(b) thereby providing reversal of ITC by recipient where post-sale discount is given
 - Clarifications to be issued on:
 - i. ITC reversal in case of post-sale discounts through commercial credit notes
 - ii. Treatment of post-sale discount given by manufacturer to dealer as additional consideration in transaction between dealer and end consumer
 - iii. Post sale discount given as consideration for promotional activities performed by dealer
 - Circular 212/6/2024 GST dated 26th June, 2024 related to Section 15(3)(b)(ii) to be rescinded
- **Valuation Changes: Retail Sale Price (RSP)** - based valuation for pan masala, gutkha, cigarettes, unmanufactured tobacco, chewing tobacco, zarda, scented tobacco
- **Definition of specified premises** - Explanation to be added to the said definition to clarify that stand-alone restaurant cannot declare itself as specified premises and cannot avail the option of paying GST @ 18% with ITC
- **Defence Imports**
 - Ad hoc IGST & compensation cess exemption for a new armoured sedan car imported by the President's Secretariat.
 - Multiple defence related goods, parts, and equipment exempted from IGST

4. Rate Changes

Major changes in rates of goods and services are mentioned below. For comprehensive list of changes in tax rates, please refer attached annexure.

GOODS

Sr. No.	Description	Old Rate	New Rate
1	Food Preparations	12%/18%	5%
2	Tyre and Tubes for tractors	18%	5%
3	Packing Material	12%	5%
4	Fibres and Yarns	12% /18%	5%
5	Textile and Footwear products of sale value not exceeding Rs.2500 per pair	5%/12%	5%
6	Textile and Footwear products of sale value exceeding Rs.2500 per pair	12%/18%	18%
7	Renewable Energy Devices	12%	5%
8	Tractors (except road tractors for semi-trailers of engine capacity more than 1800 cc)	12%	5%
9	Parts for tractors	12%/18%	5%
10	Air-conditioning machines, Dish washing machines, Television sets more than 32"	28%	18%
11	Petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm.	28%	18%
12	Diesel driven motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm.	28%	18%
13	Motor vehicles for the transport of goods	28%	18%
14	Motor Vehicle Parts	28%	18%
15	Luxury cars	28%	40%
16	Compression Ignition Engines and parts, Fuel Pumps	28%	18%



SERVICES

Sr. No.	Description	Old Rate	New Rate
1	(i) Composite supply of works contract services involving predominantly earth work (more than 75 percent of the value of the works contract) provided to Government	12% with ITC	18% with ITC
	(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
2	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	(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 (same line of business)	5% with ITC of input services (same line of business)
4	(i) Supply of Transport of goods by GTA 5% without ITC (RCM/FCM)	12% with ITC	18% with ITC
	(ii) Supply of transport of goods in containers by rail by any person other than Indian Railways	5% without ITC (RCM/FCM)	5% without ITC
	(iii) Supply of transportation of natural gas, petroleum crude, motor spirit, high speed diesel or ATF through pipeline	12% with ITC	18% with ITC
		—	18% with ITC
	(iv) Supply of Multimodal transport of goods within India	5% without ITC	5% without ITC
		12% with ITC	18% with ITC
		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	(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 (same line of business)	5% with ITC of input services (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 (same line of business)
		—	18% with ITC
6	Supply of Service of third-party insurance of “goods carriage”	12% with ITC	5% with ITC

SERVICES

Sr. No.	Description	Old Rate	New Rate
7	Leasing or rental services, without operator, of goods which will attract (28%) 40% GST	28% with ITC	40% with ITC
8	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
9	Support services to exploration, mining or drilling of petroleum crude or natural gas or both.	12% with ITC	18% with ITC
10	(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 relation to printing of all goods falling under Chapter 48 or 49, which attract GST @ 12%	12% with ITC	5% with ITC
	(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 (51of 1975) (pharmaceutical products)	12% with ITC	5% with ITC
	(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
11	(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 to a clinical establishment.	12% with ITC	5% with ITC
12	All individual health insurance & life insurance (including reinsurance)	18% with ITC	Exempt

KIRTANE & PANDIT

Pune

5th Floor, Wing A, Gopal House, S.No. 127/1B/ 11,
Plot A1, Kothrud,
Pune – 411 038, India
Contact no : +91 20 67295100 / 25433104
E -mail : kpca@kirtanepandit.com

Mumbai

601, 6th Floor, Earth Vintage, Senapati Bapat
Marg, Dadar West,
Mumbai- 400 028, India
Contact no : 022 69328846 / 47
E -mail : kpcamumbai@kirtanepandit.com

New Delhi

272, Rajdhani Enclave, Pitampura,
Delhi-110034, India
Contact no : +91-96438 74488
E -mail : kpcadelhi@kirtanepandit.com

Bengaluru

No. 63/1, I Floor, Makam Plaza, III Main Road,
18th Cross, Malleshwaram, Bengaluru – 560
055, India
Contact no : 080 23443548 / 23461455
E -mail : kpcabengaluru@kirtanepandit.com

Nashik

First and Ground Floor, Plot No. 115, Kalpataru
Bungalow, SN- 315/1D, Pathardi Phata,
Prashant Nagar, Nashik - 422010
Contact no : +91 253 2386644
E - mail : kpcanashik@kirtanepandit.com

Hyderabad

401 to 405, 4th Floor, Sanatana Eternal,
3-6-108/1, Liberty Road, Himayatnagar,
Hyderabad - 500 029, India
Contact no : +91 99127 41089 / 94400 55917 /
98480 44743 / 98480 46106
E -mail : kpcahyderabad@kirtanepandit.com

Chennai

No. 128, Old No. 34, Unit No. 1, 6th Floor,
Crown Court, Cathedral Road Gopalapuram
Chennai 600086
Contact no : 044 47990259
E -mail : kpcachennai@kirtanepandit.com

Follow Us On:  

 kpca@kirtanepandit.com

 www.kirtanepandit.com

Authored by
KP Knowledge Management Group

The information presented in this publication is of a general nature and we strongly advise seeking professional advice before making any decisions based on its contents. Kirtane & Pandit holds no responsibility for any loss or consequences arising from actions taken or refrained from, based on the material provided in this publication.

Kirtane & Pandit is a limited liability partnership registered with relevant authorities. Our registered office is located at 5th Floor, Wing A, Gopal House, S.No. 127/1B/11, Plot A1, Kothrud, Pune-411 038, India. We are an independent entity and not directly affiliated with any other organization mentioned in this publication.

Copyright © 2025 Kirtane & Pandit. All rights reserved.