

SYNOPSIS OF KEY RECOMMENDATIONS OF THE 57th GST COUNCIL MEETING

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The 57th GST Council Meeting was held on 8 October 2026 under the chairpersonship of Hon'ble Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. The meeting focused primarily on GST process reforms, registration, returns, refunds, dispute resolution, ITC, exports, enforcement, ease of doing business and clarification of GST rates on specified goods and services.

Important: These are recommendations of the GST Council. They will become legally effective only through the respective notifications, circulars, rules and amendments to the GST Acts.

A. PROCESS REFORMS

1. GST Registration - Simplification

The Council has recommended several measures to simplify and expedite GST registration:

- A comprehensive circular/FAQ will specify the documents and information required for GST registration.
- FORM GST REG-01 will be amended to provide drop-down/drop-box options for prescribed documents and information.
- The GST portal will be made more user-friendly with improved navigation, drop-down lists, tooltips and contextual guidance.
- The objective is to reduce registration rejections and queries and expedite processing.

Amendment in GST Registration

- Amendment to Rule 19 of CGST Rules has been recommended.
- Amendments to registration particulars will generally be automatically accepted, except amendments relating to the Principal Place of Business (PPoB).
- For taxpayers registered under Rule 14A, amendments including PPoB will also be automatically accepted.
- This should enable faster updating of registration particulars with reduced officer interaction.

2. Simplification of GST Cancellation

Cancellation on taxpayer's application

- Phase 1: FORM GST REG-16 applications will be automatically accepted once pending returns are filed and dues are paid where ITC passed on does not exceed ₹2.5 lakh in any month, or where ITC exceeded ₹2.5 lakh in a month but GSTR-10 has been filed within the prescribed time.
- Phase 2: Automatic acceptance will be extended to all cancellation applications, subject to filing of pending returns and payment of dues.
- FORM GST REG-16 will also be amended to capture GSTR-10 details.

Suo-moto cancellation

- A system-based mechanism is proposed for cancellation and subsequent revocation in cases involving non-filing of returns and non-furnishing of bank account details.
- Certain grounds for cancellation by tax officers are also proposed to be omitted.

3. Simplified GST Registration for Small E-Commerce Sellers

- A new Rule 14B is proposed for small suppliers selling goods through Electronic Commerce Operators (ECOs).
- Eligible small sellers may obtain registration in States/UTs where they do not have a physical presence and supply goods through ECOs, subject to the proposed ITC threshold of ₹2.5 lakh per month, excluding stock transfers between distinct persons.

- The warehouse of the ECO in that State/UT may be declared as the Principal Place of Business, subject to conditions, with automatic registration proposed.

B. RETURN-RELATED REFORMS

4. Reduction of GST Return Mismatches

The Council has recommended an alternate mechanism to reduce mismatches between GSTR-1/GSTR-1A/IFF and GSTR-3B, GSTR-3B and GSTR-2B, ITC reversal and reclaim, and RCM liability.

- Electronic Statement for RCM: Proposed Rule 86D for an electronic statement of tax paid under RCM and ITC claimed against RCM.
- Correction of GSTR-3B: Proposed mechanism under Rule 61 so that liability in GSTR-3B aligns with GSTR-1/GSTR-1A/IFF.
- DRC-03: To capture details of the underlying invoice against which payment has been made.
- Invoice Management System (IMS): Recipient facility to accept, reject or keep pending inward supply documents.
- Electronic Credit Reversal & Reclaim Statement: Proposed Rule 86C facility for reporting ITC reversed and subsequently reclaimed.
- GSTR-2B alignment: Mechanism proposed to ensure ITC availed in GSTR-3B aligns with ITC available in GSTR-2B.

Proposed effective date: The alternate mechanism is proposed to be brought into force from the return period of April 2027, subject to finalisation after stakeholder consultation.

C. REFUND-RELATED REFORMS

5. Faster and Automated GST Refunds

Phase 1

- Full refund of excess balance in Electronic Cash Ledger to be sanctioned automatically.
- Time for acknowledgement/deficiency memo proposed to reduce from 15 days to 10 days.
- Deemed acknowledgement proposed where no acknowledgement/deficiency memo is issued within 10 days.
- For zero-rated supplies and inverted duty structure, 90% of the refund claim proposed to be provisionally sanctioned automatically based on system-based risk evaluation.

Phase 2

- System-based acknowledgement and automated sanction of full refund for eligible zero-rated supply claims, after verification and adjustment of pending dues.

Other refund reforms: RFD-01 to capture information in system-readable format; scanned document uploading proposed to be dispensed with for specified claims; restriction relating to maximum turnover of zero-rated goods proposed to be removed; and ₹1,000 refund threshold proposed to apply to the aggregate CGST + SGST/UTGST + IGST refund amount.

Interest on Refund of Pre-deposit

Section 115 is proposed to be amended as a standalone provision for interest on refund of pre-deposit paid for appeals, with a circular proposed to clarify the applicable rate.

D. DISPUTE RESOLUTION & LITIGATION

6. Improved Standards for GST Notices and Orders

- Quality of demand notices and adjudication/appeal orders.
- Timely issuance of notices/orders.
- Proper invocation of fraud, wilful misstatement or suppression provisions.
- Compliance with principles of natural justice and conduct of personal hearings.

7. Minimum Threshold for GST Show Cause Notices

A ₹10,000 minimum tax threshold is proposed for issuance of SCNs under Sections 73, 74 and 74A. No notice would be issued where the tax amount involved is below ₹10,000. The proposal also addresses certain pending notices/appeals below this threshold once the provision comes into force.

8. Reduced Penalty in Certain Cases

- Where tax, interest and penalty are voluntarily paid within the prescribed time, the penalty may be treated as a charge.
- In non-fraud cases, penalty may be reduced to 5% where tax and interest are paid within 30 days under Section 73 or 60 days under Section 74A of the adjudication order.
- Minimum ₹10,000 penalty in non-fraud cases is proposed to be removed.

9. Reduction in General Penalty

Maximum general penalty under Section 125 is proposed to be reduced from ₹25,000 to ₹10,000.

10. Appeal Pre-deposit – Penalty-only Cases

Where an order involves only penalty and no tax demand, pre-deposit for appeal is proposed to be capped at ₹40 crore (CGST ₹20 crore + SGST/UTGST ₹20 crore).

E. INPUT TAX CREDIT (ITC) REFORMS

11. Refund of Accumulated ITC – Capital Goods & Input Services

- Refund of accumulated ITC on capital goods in case of zero-rated supplies.
- Refund of accumulated ITC on input services and capital goods in case of inverted duty structure.
- ITC on input services for inverted-duty refund proposed for ITC availed on or after 1 November 2026.
- Refund of ITC on capital goods to be spread over 60 months and proposed for capital goods ITC availed on or after 1 April 2027.

12. Rationalisation of Blocked ITC – Section 17(5)

- Restrictions proposed to be removed for specified supplies including outdoor catering, health and life insurance, telecommunication towers, pipelines laid outside factory premises, free samples, and goods destroyed/written off due to expiry of shelf life as required by law.

F. EXPORTS / ZERO-RATED SUPPLIES

13. Export of Services – Foreign Offices/Branches

The condition that supplier and recipient of services should not be establishments of a distinct person is proposed to be removed for determining export of services, facilitating refund/zero-rating benefits for Indian service providers supplying services to/through foreign offices or branches.

14. Foreign Currency / INR Receipt

A circular is proposed to clarify issues concerning receipt of export consideration in foreign exchange or Indian Rupees where permitted.

15. Place of Supply – Goods Made Available to Supplier

Section 13(3)(a) of the IGST Act is proposed to be omitted so that the default rule under Section 13(2), i.e. location of recipient, applies in specified cases.

16. Supplies to Overseas Buyers Delivered at SEZ/FTWZ

Where goods are supplied to an overseas buyer but delivered in an SEZ/FTWZ for warehousing/further processing and consideration is received in permitted foreign exchange/INR, the supply is proposed to be deemed as supply of goods to SEZ/FTWZ.

G. ARREST, PROSECUTION & ENFORCEMENT

17. Withdrawal of Arrest Powers

The GST Council has recommended complete withdrawal of arrest powers under GST through omission of Section 69 of the CGST Act.

18. Prosecution Threshold Increased

The monetary threshold for prosecution is proposed to increase from ₹1 crore to ₹5 crore.

- Omission of clause (i) of Section 132(1).
- Deletion of the words “evades tax” in clause (e) and specified wording in clause (h).

- Section 132(1)(c) proposed to cover fraudulent ITC availment without receipt of goods/services or without invoice/bill.
- Punishment for offences under Section 132 proposed to be rationalised.

H. E-WAY BILL & MOVEMENT OF GOODS

19. Rationalisation of E-Way Bill Interception

- Interception only on the basis of specific intelligence and authorisation by an officer not below the rank of Joint Commissioner.
- No interception in transit States where neither supplier nor recipient is located/registered in that State.
- Where no e-way bill exists or no document establishes origin/destination, goods may still be inspected/detained/seized irrespective of jurisdiction.
- Confiscation under Section 130 will not apply to goods/conveyances merely in transit.

I. OTHER COMPLIANCE REFORMS

20. Intellectual Property Rights

Transfer of title in IPRs, whether temporary or permanent, is proposed to be uniformly treated as a supply of services.

21. Blocking of ITC under Rule 86A

Taxpayers will be provided an opportunity to file an objection against blocking of the Electronic Credit Ledger and avail a personal hearing before the proper officer decides the objection.

22. Late Fee Relief for Small Taxpayers

Late fee for delayed filing of returns under Section 39(1) is proposed to be waived for taxpayers having preceding-year turnover up to ₹5 crore, provided the delayed return is filed by the end of the month in which it was due.

J. CLARIFICATIONS PROPOSED

- Input Service Distributor (ISD) mechanism.
- ITC for banking companies and financial institutions/NBFCs opting for Section 17(4).
- Pre-deposit-related issues.
- ITC on demonstration vehicles in specified situations.
- Omission of Rule 96(10) with effect from 23 October 2017, in accordance with the Supreme Court decision.

K. OPTIONAL ARQP SCHEME

23. Annual Return Quarterly Payment (ARQP)

The Council has approved in principle a concept note for an optional Annual Return Quarterly Payment (ARQP) scheme for taxpayers having aggregate turnover up to ₹5 crore in the preceding financial year and engaged exclusively in B2C supplies to unregistered persons.

L. OTHER GST COMPLIANCE CHANGES

- ITC time-limit alignment: Sections 16, 37 and 39 to be amended to align outward supply reporting and return provisions with the ITC time limit under Section 16(4).
- ECO liability: Section 9(5) proposed to be amended to clarify ECO liability for notified services irrespective of business model.
- Multi-year notices: Validation clause proposed for certain notices held invalid by courts because they covered multiple financial years.
- E-invoicing: Proposed extension to domestic supplies received from unregistered persons where tax is payable under RCM, and import of services, for taxpayers with aggregate annual turnover of ₹5 crore and above.

M. GST APPELLATE TRIBUNAL

Amendments have been recommended to the CGST Act and GSTAT (Appointment and Conditions of Service of President and Members) Rules, 2023 to align GSTAT provisions with the Tribunals Reforms Act, 2026 and related

N. CHANGES / CLARIFICATIONS IN GST RATES - GOODS

- Sublimation paper: Classification under heading 4809; past cases to be regularised on “as is where is” basis.
- Toys: GST rate entries clarified to cover all categories of toys under heading 9503.
- Seaweed extract-based bio-stimulants: Classification under heading 3101 as fertilisers; past cases regularised on “as is where is” basis.
- Second-hand vehicles: ITC allowed under margin scheme on specified inputs/input services such as spares, repairs & maintenance, technology services, rent and marketing/advertisement; restriction continues only for tax paid on the second-hand vehicle itself.
- Specified waste & scrap: Plastic, electrical/electronic waste, tyres and used cooking oil supplied by an unregistered person to a registered person proposed to be brought under RCM, subject to conditions. 2% TDS proposed for specified B2B supplies by registered persons.
- Psyllium seeds (Isabgol): NIL GST rate proposed irrespective of whether fresh, chilled, frozen or dried.
- Retreaded tractor tyres: GST rate proposed to be aligned with new tractor tyres.
- Compensation Cess: Exemption proposed for specified historical CSD/URC supplies of two/four-wheelers and aerated drinks.

O. CHANGES / CLARIFICATIONS - SERVICES

- Electric vehicles: Option proposed to pay GST at 5% with restricted ITC on passenger transport and rental of motor vehicles with operators using EVs where battery charging cost is included.
- Delivery through ECOs: Specified delivery services proposed at 5% without ITC.
- Motor vehicle leasing: GST treatment proposed to be clarified for registration charges, road tax, insurance and FASTag recoveries.
- Same-line ITC: Limited ITC proposed for specified restaurant/outdoor catering, hotel accommodation up to ₹7,500 per unit per day and gym/fitness services.
- Helicopter passenger transport: Exemption proposed for seat-sharing services from/to specified North-Eastern States, Sikkim and Bagdogra.

Other Service-Related Exemptions / Changes

- Storage/warehousing of seeds meant for sowing proposed to be exempt.
- Agricultural support services of curing coffee provided to cultivators proposed to be exempt.
- Services by Seamen’s Provident Fund Organisation to covered persons proposed to be exempt.
- Self-certification mechanism proposed for eligible R&D; services under Entry 44A.
- Specified import of services by Indian establishments of foreign shipping companies without consideration proposed to be exempt, with past period regularisation on “as is where is” basis.
- Specified upfront/concession amounts under NHAI Toll Operate Transfer model proposed to be exempt.
- Special procedure proposed for valuation and timing of GST payment on O&M; services under TOT model.
- Fund Transfer Pricing notional interest in banks proposed to be covered by the definition of interest under the relevant exemption notification.

KEY TAKEAWAYS FOR BUSINESSES

Area	Key Proposed Change
GST Registration	More automated & simplified registration
Registration Amendment	Automatic acceptance in most cases
Cancellation	System-based/automatic cancellation
E-commerce Sellers	Simplified registration for small sellers
GSTR-1 / 3B	Improved correction and reconciliation mechanism
IMS	Accept/reject/pending facility for inward invoices
ITC	Electronic reversal & reclaim mechanism
Refund	Greater automation and faster processing

Area	Key Proposed Change
SCN	₹10,000 minimum tax threshold proposed
General Penalty	₹25,000 proposed to reduce to ₹10,000
Prosecution	Threshold proposed to increase ₹1 crore → ₹5 crore
Arrest	Section 69 proposed to be omitted
E-way Bill	Intelligence-based interception
Rule 86A	Objection + personal hearing proposed
Small Taxpayers	Late-fee relief up to ₹5 crore turnover
ARQP	Optional annual-return quarterly-payment scheme proposed
E-invoicing	Proposed extension to specified RCM/import services
ITC	Several Section 17(5) restrictions proposed to be removed
Export of Services	Significant relaxation proposed
Waste/Scrap	RCM & 2% TDS proposed for specified transactions
Second-hand Vehicles	ITC clarification
IPR	Transfer of IPR treated uniformly as services
GSTAT	Tribunal provisions proposed to be aligned with 2026 reforms

IMPORTANT DISCLAIMER

The above synopsis has been prepared solely on the basis of the Press Release issued by the Press Information Bureau regarding the recommendations of the 57th GST Council Meeting dated 08 October 2026. The recommendations are not, by themselves, the final law. Actual applicability, effective dates, procedures, conditions and transitional provisions will depend upon the relevant CGST/IGST Act amendments, Rules, notifications and circulars issued by the Government.

The PIB release specifically states that the recommendations will be given effect through the relevant circulars, notifications and law amendments, which alone will have the force of law.

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