

KEY HIGHLIGHTS OF THE 56th GST COUNCIL MEETING

The 56th Meeting of the GST Council was held on September 3, 2025 at New Delhi under the chairpersonship of the Union Finance & Corporate Affairs Minister, Smt. Nirmala Sitharaman. Key decisions were made to revise GST rates and simplify trade procedures. Further, relief measures were introduced for the common man and middle class.

Key recommendations made by the GST Council in its 56th Meeting:

1. GST rate changes: Goods

- GST to be charged on Retail Sale Price, instead of transaction value, on items like Pan Masala, Gutkha, Cigarettes, Unmanufactured tobacco and Chewing tobacco (tobacco related products)
- Special IGST and compensation cess exemption granted for new armored sedan car imported for the President of India
- Select key rate changes summarized below:

SI	Goods	From	To
A	Daily Essentials		
1	Hair Oil, Shampoo, Toothpaste, Toilet Soap, Toothbrush, Shaving Cream etc.	18%	5%
2	Butter, Ghee, Cheese & Dairy Spreads; Pre-packaged Namkeens, Bhujia & Mixtures; Utensils, Feeding Bottles, Napkins for Babies & Clinical Diapers; Sewing Machines & Parts	12%	5%
B	Electronic Appliances		
1	Air Conditioners; Television (above 32") (LED & LCD TVs); Dish Washing Machines; Monitors & Projectors	28%	18%
C	Automobiles		
1	Petrol, Petrol Hybrid, LPG or CNG motor vehicles of engine capacity not exceeding 1200cc and length not exceeding 4000 mm Diesel & Diesel Hybrid motor vehicles of engine capacity not exceeding 1500 cc and length not exceeding 4000 mm Motorcycles of engine capacity not exceeding 350cc; 3 Wheeled Vehicles Motor Vehicles for transport of goods	28%	18%
2	Motorcycles of engine capacity exceeding 350 cc Motor vehicles of engine capacity exceeding 1200cc or of length exceeding 4000 mm Aircraft for personal use; Yacht and other vessels for pleasure or sports	28%	40%
D	Healthcare Sector		
1	Thermometer	18%	5%

SI	Goods	From	To
2	Medical Grade Oxygen; All Diagnostic Kits & Reagents; Glucometer & Test Strips; Corrective Spectacles	12%	5%
E	Farmers & Agriculture		
1	Tractor Tyres & Parts	18%	5%
2	Drip-irrigation System & Sprinklers; Tractors; Specified Bio-Pesticides, Micro-Nutrients Agricultural, Horticultural or Forestry Machines for Soil Preparation, Cultivation, Harvesting & Threshing	12%	5%
F	Education		
1	Maps, Charts & Globes; Pencils, Eraser, Sharpeners, Crayons & Pastels; Books & Notebooks; Geometry Box & Test Kits	12%	Nil

- Please refer Press Release for detailed HSN wise rate changes and sector wise rate changes in **Annexure I & II** respectively

2. GST rate changes: Services

- Clarification added that a stand-alone restaurant cannot declare itself as a 'specified premises' and hence cannot avail the option of paying GST at the rate 18% with ITC
- Proposed amendments to align the valuation rules with the change in the tax rates applicable to lottery tickets
- Select key rate changes summarized below:

SI	Services	From	To
1	All individual health and life insurance, along with reinsurance thereof	18% with ITC	Exemption
2	Hotel accommodation having value of supply ≤ Rs 7500 per unit per day	12% with ITC	5% without ITC
3	Transport of goods by Goods Transport Agency	<ul style="list-style-type: none"> 5% without ITC (RCM / FCM) 12% with ITC 	<ul style="list-style-type: none"> Same 18% with ITC
3	Renting of any motor vehicle (with operator) for carrying passengers where fuel is included	<ul style="list-style-type: none"> 5% with ITC (in same business) 12% with ITC 	<ul style="list-style-type: none"> Same 18% with ITC
4	Admission to casinos, race clubs or sporting events like the IPL	28% With ITC	40% with ITC
5	Beauty and physical well-being services (under group 99972)	18% with ITC	5% without ITC
6	Specified actionable claims (betting, casinos, gambling, horse racing, lottery, online money gaming) defined as goods	28% With ITC	40% with ITC

- Please refer Press Release for detailed HSN wise rate changes and sector wise rate changes in ***Annexure III & IV*** respectively

3. Implementation Timeline

- New GST rates on services and most goods (except tobacco related products) will be effective from 22nd September 2025
- Tobacco-related products will continue with current rates until loan and interest payment obligations under the compensation cess account are completely discharged
- Certain trade facilitation measures below will be operationalized from 1st November 2025

4. Trade facilitation measures

- Goods and Services Tax Appellate Tribunal (GSTAT) to start accepting appeals by September 2025 and hearings by December 2025
- To introduce risk-based provisional sanction of 90% refund to facilitate refund claims on account of zero-rated supply (i.e. export) of goods or services to a Special Economic Zone Developer / Unit for authorized operations, subject to exceptions. To be operationalized from 1st November 2025
- Similarly, 90% risk-based provisional refunds arising out of Inverted Duty Structure to be granted. To be operationalized from 1st November 2025
- In respect of low value export consignments, threshold limit for refunds arising out of exports made with payment of tax to be removed, to help small exporters making exports through courier, postal mode etc.
- Simplified GST registration scheme to be introduced for small and low-risk businesses, whose output GST tax liability to registered persons does not exceed Rs. 2.5 lakh per month. Automated registration to be granted within 3 working days. To be operationalized from 1st November 2025
- Similarly, simplified registration scheme to be introduced for small suppliers selling via e-commerce platforms
- The place of supply for “intermediary services” to be determined as per the default provision under the IGST Act i.e. the location of the recipient of such services. This will help Indian exporters of such services to claim export benefits
- Issuance of Circular to clarify issues and reduce disputes related to post-sale discounts:
 - non-reversal of Input Tax Credit (ITC) on account of post-sale discount through financial / commercial credit notes
 - treatment of the post-sale discount provided by manufacturer to the dealer as additional consideration, in the transaction between dealer and the end-customer
 - treatment of post-sale discount as consideration in lieu of promotional activities etc. by the dealer

4. Frequently Asked Questions (FAQs)

The GST Council also issued FAQs for clarification of doubts. Key FAQ's summarized below:

SI	FAQ	GST Council Response
1	What happens to the applicable rate of tax, if I had supplied goods/services or	In case goods or services have been supplied before the change in rate of tax and the invoice is issued

SI	FAQ	GST Council Response
	<p>both before the changes in GST rates come into force but the invoices were issued later?</p> <p>What would be the GST rate applicable if I have received advances for supply of goods/services or both but supply has not been completed or invoice is not issued?</p>	<p>after the change in rate of tax - the time of supply (i.e. date of liability to pay tax) shall be:</p> <p>i. <u>Payment received after change in rate of tax</u> the date of receipt of payment or the date of issue of invoice, whichever is earlier</p> <p>ii. <u>Payment received before change in rate of tax</u> the date of receipt of payment</p>
2	What will happen to the ITC for purchases made before changes in GST rates came into effect? Will I get ITC at reduced rate now?	A registered person is entitled to ITC on inward supply on which tax has been duly charged at the rates prevailing at the time of such supply subject to prescribed conditions / restrictions under CGST Act
3	The GST rate has been reduced on my outward supply of goods/services made on or after 22nd September 2025 but I already have ITC of GST in ledger that accrued on account of higher rate. Can I continue to use such credit?	ITC once availed in the e-credit ledger can be used for discharge of any output tax liability
4	My outward supply is exempt under new rate schedule. But I already have ITC of GST paid in my ledger. Will I need to reverse ITC?	<p>ITC can be utilized to discharge outward liability for supplies of goods / services made till 21st September 2025</p> <p>However, for supplies made on or after 22nd September 2025, when the rate change is effected, ITC will have to be reversed as per provisions of CGST Act, 2017</p>
5	If I already have stock on the date when rate changes come into effect, should I apply the revised rate?	Goods supplied on or after the revised GST rates are notified - new GST rates will be applicable on the outward supplies of such goods / services
6	Will the e-way bills have to be cancelled and generated afresh on goods in transit when the new rates come into effect?	No mandatory requirement for cancellation and fresh generation of e-way bills for goods in transit when the new rates come into effect. E-way bills currently in transit will continue to remain valid as per their original validity period

The recommendations of the GST Council would be given effect through relevant Circulars / Notifications / Law amendments which alone shall have the force of law.

Please [Click Here](#) to read the Press Release and [Click Here](#) to read the FAQs.

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