



57th GST Council Meeting

Key Outcomes & the Sectors Most Impacted



Part A · Key Outcomes

pp. 2–5

- ✓ One year of the two-rate structure · why process reforms now
- 📄 Registration · returns · refunds · litigation · closure
- ✓ ITC relief · wider refunds · small taxpayers · transit
- ⚖️ Penalties · exports of services · e-commerce



Part B · Sectors Most Impacted

pp. 6–8

- 💊 Pharma & FMCG · manufacturers · telecom & pipelines
- 💻 IT / GCCs · contract mfg & testing · hospitality · employers
- 🛒 Online sellers · platforms · logistics · small B2C retailers



NO rate change



Process Reforms



Ease of Business



Decriminalisation



These are GST Council decisions — they take effect only after the law is amended or notifications are issued.





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NO rate change



Process Reforms



Ease of Business



Decriminalisation



1 Year of the 2-Rate Structure

Taxable supply / month

₹ 40.19 →
50.58 L Cr
▲ 25.8%

B2C supplies reported / month

₹ 5.98 → 7.58
L Cr
▲ 26.7%

Gross tax liability / month

₹ 5.85 → 6.64
L Cr
▲ 13.6%

Effective tax rate

14.55% →
13.13%
▼ ~1.5 pp



Taxable supply grew >25% in FY 2025-26 vs 13% in FY 2024-25



B2C grew 31% faster than total supply → better reporting



GST revenue +11% in FY 2026-27; +14.7% for Jun-Aug 2026



Rates came down · Base grew



Why Process Reforms Now?

- ✓ Rate structure is **settled** → focus on day-to-day working
- ➡ Businesses face registration, returns & refunds far more often than a rate
- ✳ System matches **seller vs buyer, invoice-by-invoice**
- 🕸 **Network analysis** catches fake ITC near its creation
- 👤 3 National Coordination Meetings (Centre + States); every proposal went to States first



Rates

NO RATE CHANGED

- 📅 Rates to be taken up **once a year**, at one dedicated meeting
- ✳ This meeting only fixed **inconsistencies & ambiguities** left after last year's GST 2.0 exercise

Registration · Returns · Refunds

Registration

- ⚡ Auto-grant within **3 working days**, **no officer** — for low-risk applicants & those with output tax on B2B supplies $\leq ₹2.5$ lakh/month

61% automated



39% officer



- 📝 Smart form: shows only relevant fields; each document mapped to its purpose
- 📅 Nov 2025–Sep 2026: **16.73 lakh** amendment applications; **10.95 lakh (65.45%)** were:
 - trade name • director / partner • addl. place of business address
 - to be accepted automatically

Refunds

- Acknowledgement: ~~15 days~~ → **10 days**
- 🕒 No ack / deficiency memo in 10 days → **deemed acknowledged**
- 🤖 **System** (not officer) sanctions **90%** on risk assessment
- Order: ~~7 days~~ → **3 working days**
- 🏦 Excess **cash ledger** refund → **fully automatic**, zero officer role
- 📊 65% claims = exports / inverted rate; 55% of these already low-risk; 19% = cash-ledger balances
- 🔗 Form auto-filled: shipping data from **Customs**, payment data from **banks**

Returns

- ✉️ ~**95,000** system notices/year on return mismatches → recovery only **0.08%** = mostly **data-entry** problems
- 🔒 Seller's downward change goes in his **sales statement** → reaches the buyer who took credit
- 🔧 Corrections allowed for **earlier periods**; wrongly keyed **buyer GSTIN** can be fixed
- 📄 ITC settled via **Invoice Management System (IMS)** — **what buyer accepts = what enters his return**

Litigation

- 🔍 One **common standard** for: issue & service of notice • pre-notice intimation • when fraud may be alleged • hearing • writing the order
- 🚫 No notice at all below ₹10,000

Closing a Business

- 📅 Closure **automated in stages**, smaller taxpayers first
- 📊 ~**90%** seeking cancellation never passed credit $> ₹2.5$ lakh in any month → low risk
- 📎 Final return becomes part of closure application
- 🔒 System-suspended/cancelled (missing return / bank details) → **auto-restored** once made good

ITC Relief · Refunds · Transit

✓ ITC – Big Relief Zone

🛡️ Honest buyer

- 👥 Committee of Officers to examine protecting a genuine buyer who has **proper invoice + received goods + paid supplier in full**
- 🕒 Study in **3 months** → agenda at **next Council meeting**

🏠 ITC now available on

- 🏠 Health & life insurance for **employees**
- 📶 Telecom **towers**
- 🛢️ Pipelines laid outside the factory
- 📺 Free samples
- 🗑️ Stock written off on **expiry of shelf life** where law requires destruction

🔄 No double taxation

- 💰 Service bought & resold in same line of business → taxed **once**
- 🏨 Hotel stay ≤ ₹7,500/night via agent · 🍽️ restaurant & catering · 🚗 passenger transport
- 🔗 Earlier blocked as **5% without credit** → **chain now runs through**

🏢 Inverted Duty & Export Refund – Wider

- ✚ **Input services** now included in IDS refund (earlier only goods)
- ⚙️ **Plant & machinery** exclusion removed — for exporters & IDS
- ÷ P&M refund = **1/60th of credit per month** (matches asset life)

📅 **17 July 1 Nov 2026**
credit on **input services** available on/after

📅 **17 July 1 Apr 2027**
credit on **plant & machinery** available on/after

💊 Pharma & 🧴 FMCG → better working capital; new production line tax no longer idle in credit pool

👤 Smallest Taxpayers

- 💡 Optional scheme **approved in principle**: turnover ≤ ₹5 Cr, supplying **only to consumers (B2C)**
- 📅 **17 July 1 return/yr** + 🏠 **tax quarterly**
- 👥 **16.85 lakh** of 1.05 crore active taxpayers report only B2C; **16.66 lakh (99%)** are below ₹5 Cr — together <1% of liability
- 📺 Framework & amendments → **next meeting**

🚚 Goods in Transit

- 👤 Vehicle stopped **only on specific intelligence**
- 📝 Prior authorisation by officer ≥ **Joint Commissioner**
- 📍 Only **source State & destination State** can inspect; States en route cannot stop
- 📦 S-State consignment: checked at **origin & destination only**
- 📄 Document still required & matched — **information first, physical check after**

Penalty · Exports · E-Commerce



Arrest · Prosecution · Penalty

Power of arrest removed from GST

Prosecution: ₹1 Cr → ₹5 Cr

Minimum punishment removed — fine / imprisonment / both left to **judicial discretion**

General penalty: ₹25,000 → ₹10,000

Late filing / mistake / payment delay → **recovery + interest + proportionate penalty**, nothing more

Why now? Invoice-level matching → **detection over deterrence**



Exam / Client Watch-list

17 **1 Nov 2026** — IDS refund on input services

17 **1 Apr 2027** — refund on plant & machinery (1/60 per month)

Next meeting: honest-buyer committee report · small B2C taxpayer framework

These are **Council decisions** — operative only after law amendments / notifications



Export of Services



Billing via own branch abroad

Indian firm serving foreign client through its **own foreign branch** → export benefit; blocking condition removed



Analytics, design studios, engineering consultancies, GCCs in India



Work on client's goods in India

Testing · repair · certification · research · processing on foreign client's goods = **export**, even if goods stay in India



Contract manufacturing → **level footing** with competing countries



Payment

Receipt of export proceeds → **RBI rules** (one standard, not two)



E-Commerce



Reach for the smallest seller



Can declare **e-commerce operator's warehouse** in another State as principal place of business there



Operator's consent given **automatically** by system



Physical presence in ≥1 State (home State); **one registration per PAN per State**, only for platform supplies



>90% platform sellers pass credit < ₹2.5 lakh/month; crossing it → **ordinary registration**



One rule for every platform



Tax turns on the **service actually delivered** — same delivery, same tax, however routed





Most Impacted Industries

Who gains most from the process reforms? 📌



Pharma & FMCG



Named in Council note



Inverted-duty refund now covers **input services** (credit availed on/after 1 Nov 2026)



Refund on **plant & machinery** @ 1/60th per month (credit on/after 1 Apr 2027)



ITC allowed on **free samples**



ITC on stock written off on **expiry of shelf life** where law requires destruction

Impact → Council itself says these sectors get **better working capital**; credit no longer stuck in the pool



Manufacturers & Exporters (Capex)



Named in Council note



⊘ P&M exclusion from refund **removed** — for exporters & inverted-rate units



A manufacturer putting up a **new line** **recovers the tax** on that investment



System sanctions **90%** of refund; order in **3 working days** (was 7)



Ack time **15** → **10 days**, else deemed acknowledged

Impact → Capex tax comes back as cash, faster — **lower effective cost of expansion**



Telecom & Pipeline Operators



Named in Council note



ITC now available on **telecommunication towers**



ITC on **pipelines laid outside a factory**



Council: both are "large items for those sectors"

Impact → Big-ticket network capex becomes **creditable** — lower tax cost on rollout



17

Mark the Dates

1 Nov 2026

Inverted-duty refund on **input services** (credit availed on/after)

1 Apr 2027

Refund on **plant & machinery** (credit availed on/after)

Services · Exports · Hospitality

IT / ITeS, GCCs & Consultancies

🔑 Named in Council note



🌐 Serving a foreign client through **own branch abroad** → **export benefit**; blocking condition removed

🏢 Named: analytics firms, design studios, engineering consultancies, **GCC offices**

💰 Export receipt timing follows **RBI rules** — one standard

🔄 Exporters recover tax on services & equipment, **quickly**

Impact → Branch-billing models become **zero-rated**; refunds unlock cash

People-Heavy Employers

💡 TWT reading



🏥 ITC on **health & life insurance** taken for employees

🏢 Benefits every employer; bigger for large workforces (IT, BPO, factories)

Impact → Group insurance becomes **cheaper** by the **GST credit**

Contract Mfg, Testing, Repair & R&D

🔑 Named in Council note



🔬 Testing, repair, certification, research, processing on a **foreign client's goods** = **export of service**

📦 Even if the goods **never leave India**

🏁 India on **same tax footing** as competing locations

Impact → More **global outsourcing** work becomes tax-neutral for the client

Hospitality, Travel & Catering

🔑 Named in Council note



🏨 Hotel stay ≤ ₹7,500/night booked via an agent

🍽️ Restaurant & catering · 🚌 passenger transport

🔄 Bought & resold in same line of business → **taxed once**, not twice

🔗 Was 5% **without credit** → **credit chain** now runs through

Impact → Travel agents, tour operators & sub-contracted caterers lose the **tax-on-tax cost** (💡 our reading of who gains)

Trade · E-Commerce · Logistics



Small Online Sellers & D2C

📌 Named in Council note



- 📦 Can declare an **e-commerce operator's warehouse** in another State as principal place of business
- 📱 Operator's consent given **automatically** by system
- 🏠 Need physical presence in home State; **1 registration per PAN per State**, platform supplies only
- 📊 >90% platform sellers pass credit < ₹2.5 lakh/month — crossing it → ordinary registration

Impact → **Pan-India reach** without opening offices in every State



Small B2C Retailers (≤ ₹5 Cr)

💡 TWT reading



- 📅 **Optional scheme approved in principle**: 1 return a year + tax quarterly
- 👤 16.66 lakh taxpayers (99% of B2C-only filers) below ₹5 Cr
- 🔄 Framework & law changes → **next Council meeting**

Impact → Big **compliance relief** — but not operative yet



Booking & Aggregator Platforms

📌 Named in Council note



- ⚖️ Tax on a booking turns on the **service actually delivered**
- 🎯 Same delivery = **same tax**, however the contract is routed

Impact → Ends **model-based disputes**; contract structuring no longer changes tax



Logistics & Transporters

💡 TWT reading



- 👤 Vehicle stopped **only on specific intelligence**, pre-authorised by officer ≥ **Joint Commissioner**
- 📍 Only **source & destination States** can inspect; route States cannot stop
- 📦 S-State consignment → checked at **origin & destination only**

Impact → **Fewer roadside detentions**, faster turnaround



How to read

- 📌 **Named in Council note** — sector mentioned by the Council
- 💡 **TWT reading** — our view of who gains from the provision
- 🔥 **Impact level** = TWT view (🔥🔥🔥 high · 🔥🔥 medium)
- ⚠️ All are **Council decisions** — operative only after law amendment / notification

