

56TH GST COUNCIL MEETING

SUMMARY OF SOME IMPORTANT RECOMMENDATIONS

A. CHANGES IN GST RATES

1. Individual Consumers (Common Man & Middle Class)

- **Nil GST:** Milk, paneer, roti, paratha, pizza bread, khakhra, notebooks, pencils, maps, erasers.
- **Reduced GST (18% to 5%):** Shampoo, toothpaste, toothbrush, soap, hair oil, talcum powder
- **Electronics :** AC, Dishwasher, TV – GST reduced from 28% to 18%
- **Hotels** with tariff 7500 per day – GST reduced to 5% (without ITC)
- **Beauty & Physical wellbeing services** – GST reduced to 5% (without ITC)

2. Healthcare Clients (Hospitals, Pharma Companies, Patients)

- **Nil GST:** 33 life-saving drugs (e.g., Onasemnogene, Daratumumab, Risdipilam).
- **Reduced GST (12% to 5%):** All medicines, medical instruments, surgical gloves.
- **Insurance Relief:** Individual Life insurance & health insurance now GST-free.

3. Farmers & Agri Sector

- **Farm Machinery:** (12% to 5%) tractors, harvesters, diesel engines ≤15 HP.
- **Irrigation Equipment:** Drip irrigation & sprinklers now 5%.
- **Tractor Parts:** GST reduced from 18% to 5%.

4. Manufacturers (Textiles, Cement, Construction, Handicrafts)

- **Textile Industry:** Threads, yarns, fabrics now taxable at 5%.
- **Footwear:** ≤₹2,500/pair reduced to 5%, >2500 per pair continue to attract 18% GST.
- **Construction:** Cement – GST reduced from 28% to 18%, Granite/marble, Granite blocks, Sand lime bricks or Stone inlay work from 12% to 5%
- **Handicrafts:** Wooden, stone, ceramic, metal handicrafts now 5%.

5. Automobile

- **Small Cars:** GST reduced from 28% to 18%.
- **Two-wheelers ≤350cc :** GST reduced to 18%.
- **Luxury Cars & Bikes >350cc:** GST hiked to 40%.

6. Energy & Sustainability Sector

- **Solar & Wind Energy Equipment:** GST reduced from 12% to 5%.
- **Bio-gas & Waste-to-energy plants:** Reduced to 5%.
- **Hydrogen Fuel Cell Vehicles:** Reduced to 5%.

7. Luxury & Sin Goods Clients (Casinos, Tobacco)

GST increased to 40% on Cigarettes, gutkha, pan masala, betting, casinos, online gaming.

Implementation Timeline

The changes in GST rates on services and most goods (except tobacco products) would be implemented w.e.f. **September 22, 2025**. Union Finance Minister will decide the actual date of transition to revised rates for tobacco products based on compensation cess account obligations

B. TRADE FACILITATION RECOMMENDATIONS

1. *Refunds:*

- Recommended risk-based provisional refunds for zero-rated supplies, allowing 90% refund upfront, effective from Nov 2025.
- Similar provisional refund mechanism extended to inverted duty structure cases.
- Refund threshold for low-value export consignments will be removed, benefiting small exporters using courier/postal modes.

2. *Simplified Registration:*

- Auto-approval within 3 days for small businesses (turnover \leq ₹2.5 lakh/month), effective Nov 2025.
- A new registration mechanism for small e-commerce suppliers across states was approved in principle to ease compliance.

3. *Intermediary Services:*

Place of supply changed to recipient's location, as against provider's location, aiding Indian Service Exporters.

4. *Post-Sale Discount Clarifications*

Post-sale discount provisions were simplified, removing pre-agreement requirements and enabling credit note-based adjustments. The key clarifications and changes include:

- *Removal of prior agreement requirement:* Earlier this required post-sale discounts to be established in a pre-supply agreement.
- *Mandatory credit notes:* To adjust the value of supply, a credit note must be issued.
- *Recipient's ITC reversal:* If the value of the supply is reduced via a GST credit note, the recipient of the discount must reverse the corresponding ITC.
- *Treatment of commercial credit notes:* Clarifications will be issued on the treatment of post-sale discounts when a commercial credit note (without GST effect) is issued, and when a financial credit note is used for promotional activities.

C. OPERATIONALISATION OF GSTAT

The Goods and Services Tax Appellate Tribunal (GSTAT) will be made operational for accepting appeals before end of September 2025 and will commence hearing before end of December this year. The Council also recommended the date of June 30, 2026 for limitation of filing of backlog appeals. The Principal Bench of the GSTAT will also serve as the National Appellate Authority for Advance Ruling.