71st Edition

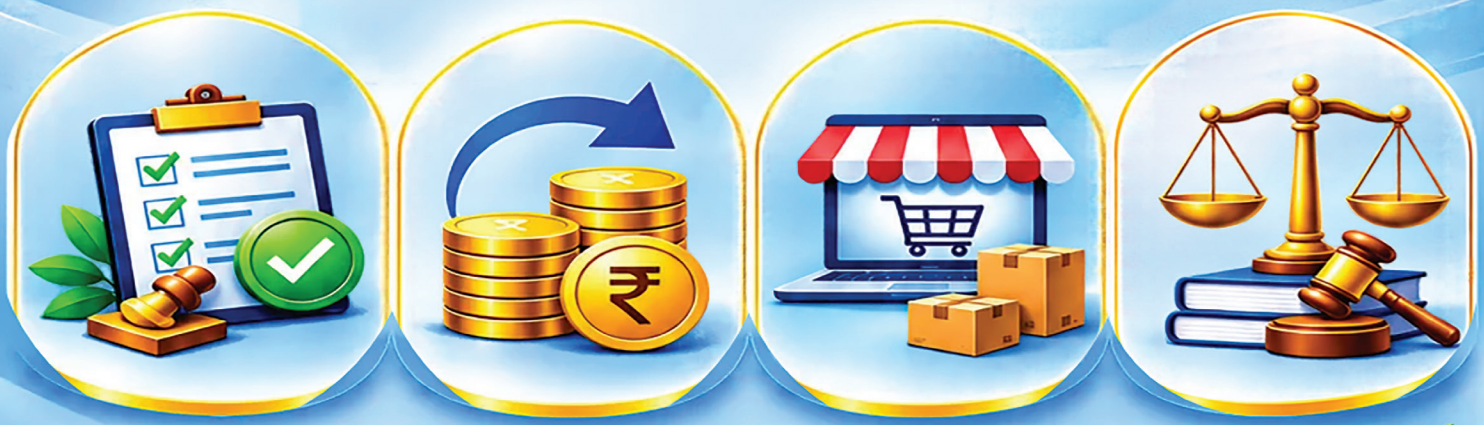
ICAI-GST NEWSLETTER

ICAI - SET UP BY AN ACT OF PARLIAMENT | OCTOBER 2026

57TH COUNCIL MEETING

GST REFORMS

Simplification – Digitalization – Dispute Resolution





Newsletter from The Institute of Chartered Accountants of India

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Shri Santosh Kumar
Shri Naveen Singhvi
Shri Sanjay Sharan
Justice (Former) Shashi Kant Gupta
Shri Mukhmeet Singh Bhatia
Shri Vinod Kumar Jindal

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President's Communication



Dear Professional Colleagues,

Greetings!

India's economic resilience and sustained growth momentum continue to be reflected in the consistent performance of Goods and Services Tax (GST) collections, underscoring the growing strength and maturity of the country's indirect tax framework. India's gross GST collections recorded a robust 22.9% year-on-year increase, amounting to ₹ 2,31,290 crore in October 2026, against ₹ 1,88,125 crore in the corresponding month of the previous year. This represents the highest monthly collection since April 2026, when revenues touched ₹ 2,42,702 crore. Notably, the growth rate marks the fastest expansion since September 2022, highlighting strong domestic economic activity coupled with a considerable rise in import-related tax receipts. The buoyancy in GST revenue was further driven by increased consumer spending associated with pre-festive and festive season demand.

The recommendations of the 57th GST Council Meeting held on 8th October 2026 mark a significant step towards simplifying GST and addressing taxpayers' challenges. Reforms in registration, returns, refunds and dispute resolution, along with rationalisation of penalties and prosecution provisions, aim to promote ease of doing business and a more transparent, efficient and taxpayer-friendly GST administration.

As a key knowledge and technical partner in the field of indirect taxation, the Institute of Chartered Accountants of India (ICAI), through its GST & Indirect Taxes Committee, consistently contributes to the Government's policy-making initiatives by providing valuable recommendations, technical insights and expert inputs on various aspects of indirect taxation. In this regard, several suggestions submitted by ICAI have been favourably considered and incorporated in the recommendations of the 57th GST Council Meeting, reflecting the Institute's continued contribution towards strengthening and streamlining the GST framework.

While the GST framework continues to evolve and technology increasingly reshapes the compliance landscape, Chartered Accountants have a vital role in guiding businesses through change with expertise and integrity. By combining professional competence with a strong commitment to public interest, members of the profession can contribute significantly to strengthening transparency, compliance and trust within the tax ecosystem.

I encourage members to actively engage with ICAI's knowledge initiatives to strengthen the profession and contribute meaningfully to India's economic progress.

CA. Prasanna Kumar D

President

The Institute of Chartered Accountants of India

PHOTOGRAPHS



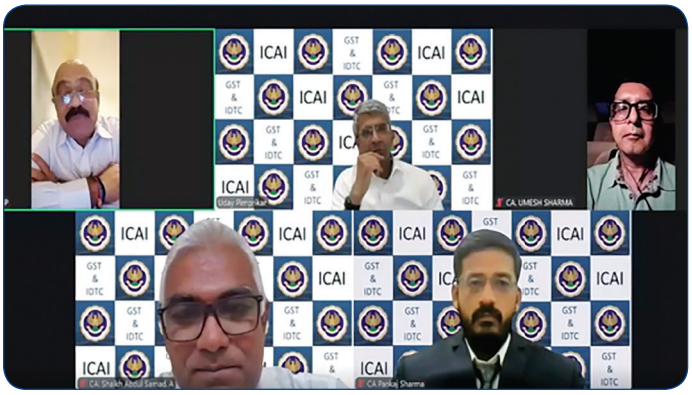
CA. Umesh Sharma, Chairman, GST & IDTC, ICAI, met Shri Alok Kumar, IRS and Shri Amaresh Kumar, IRS, Executive Vice Presidents, GSTN, on 1.10.2026 during an interactive meeting with professional bodies, professionals and practitioners. Discussions focused on recent GST developments, process reforms, operational issues and possible solutions to further streamline GST processes.



The GST & IDTC of ICAI organised a GST Faculty Identification & Development Programme at the ICAI Centre of Excellence, Hyderabad, on 16–17 October 2026. CA. Charanjot Singh Nanda, Hon'ble Past President, ICAI, CA. Umesh Sharma, Chairman, CA. Rajendra Kumar P, Vice-Chairman, GST & IDTC of ICAI and CA. Muppala Sridhar, Central Council Member attended the inaugural session.



The GST & IDTC of ICAI successfully organised the National Conference on Indirect Taxes on October 17–18, 2026, at Pune, hosted by the Pimpri Chinchwad Branch of WIRC of ICAI. CA. Umesh Sharma, Chairman, GST & IDTC, ICAI, addressed the gathering and interacted with the participants.



A webinar titled "Decoding the 57th GST Council Meeting: Key Recommendations" was organised on 9.10.2026 in the esteemed presence of CA. Umesh Sharma, Chairman, and CA. Rajendra Kumar P, Vice-Chairman, GST & IDTC of ICAI. The distinguished speakers, CA. Uday Pimprikar and CA. Shaikh Abdul Samad A, shared valuable insights into the key recommendations, important amendments and significant changes arising from the 57th GST Council Meeting.

Chairman's Communication



Esteemed Members,

Warm Greetings!

I am delighted to present the 71st edition of the ICAI GST Newsletter, bringing you a comprehensive update on the latest developments in the Goods and Services Tax (GST) landscape.

The month of October witnessed significant developments in India's indirect tax regime, building upon the Next-Generation GST reforms initiated in 2025. The recommendations of the 57th GST Council Meeting, held on 8 October 2026, marked another important step towards a simpler, more efficient and taxpayer-friendly GST framework.

While the GST reforms initiated in 2025 focused substantially on rate rationalisation, the recommendations of the 57th GST Council Meeting mark a further step in the reform journey, with emphasis on procedural simplification, trade facilitation and strengthening tax administration. The measures span several key areas, including registration, input tax credit, refunds, e-way bills, adjudication and appeals, alongside clarifications on the classification and taxability of various goods and services. Collectively, these initiatives seek to reduce compliance burden, promote uniformity and make GST administration more efficient and taxpayer - friendly.

Pursuant to these developments, several amendments to the CGST Rules and notifications have been issued. Among the important measures are provisions facilitating eligible small online sellers to undertake inter-State business through e-commerce operators, a system-based mechanism for revocation of cancellation of GST registration, and measures for faster processing of refunds. These changes, along with other compliance-related initiatives, are expected to ease operational challenges and improve the overall efficiency of the GST framework.

Further, to ensure uniformity in the implementation of GST provisions, the CBIC issued a series of Circulars addressing a wide range of issues concerning GST registration, demand and adjudication proceedings, appeals and pre-deposits, Input Service Distributor (ISD) provisions, input tax credit, exports, and the taxability and classification of specified goods and services. These clarifications are expected to bring greater consistency in interpretation, reduce potential disputes and facilitate smoother GST compliance.

Members and stakeholders may access the latest GST notifications, circulars and other important legislative updates through the Committee's website.

On the technology and compliance front, the GST portal has introduced the 'Multistate Registration' facility, enabling normal taxpayers to apply for registration in multiple States/UTs simultaneously under the same PAN. Further, GSTN is enhancing the e-invoicing framework to facilitate recipient-generated self-invoices for specified Reverse Charge Mechanism (RCM) transactions through the introduction of two new supply type codes, RCMDOM and RCMIMP, for taxpayers having Aggregate Annual Turnover (AATO) of ₹5 crore and above. These initiatives reflect the continuing efforts to leverage technology for simplifying compliance and improving the efficiency of GST processes.

The GST & Indirect Taxes Committee continues to complement these reform initiatives through its efforts towards knowledge dissemination and professional capacity building. In this endeavour, the Committee has released the updated Handbook on E-Way Bill under GST, incorporating amendments and developments up to 15 August 2026. The publication provides practical guidance to members on the evolving e-way bill framework and is available for free download on the Committee's website as well as in printed form through the CDS Portal.

I encourage members and stakeholders to stay connected with the Committee through its official WhatsApp Channel and X handle. Your valuable feedback and suggestions are always welcome at gst@icai.in and will help us make our initiatives and knowledge resources increasingly relevant and impactful.

Happy Reading!

CA. Umesh Sharma
Chairman
GST & Indirect Taxes Committee
The Institute of Chartered Accountants of India

GST UPDATES

1. Guidelines for Processing GST Registration Applications

The CBIC has issued guidelines to streamline the processing of GST registration applications, standardise documentation requirements and prevent unwarranted queries or delays. The key clarifications and instructions are summarised below:

(a) Business, promoter and authorised signatory details (Part B of Form REG-01)

Constitution of business: Select the correct constitution and upload the requisite supporting document; partnership deed (partnership), registration certificate/proof of constitution (society, trust, club, AOP/BOI, Government department, local authority, statutory body, etc.) or Karta document (HUF).

Promoters/partners: Details of the proprietor, Managing Partner and all partners, Karta, Managing/ whole-time directors, members of the managing committee or trustees are required as per Annexure-II. DIN is mandatory for directors and designated partners and is validated with MCA.

Photographs: Recent, colour, full front-face photograph of the concerned individual (limited to ten for partners/committee members). It must not be a group photograph or a copy, even cropped, of PAN, Aadhaar, driving licence, passport, etc. A wrong photograph may lead to a query or rejection.

Authorised signatory/representative: Up to ten authorised signatories (including the primary) can be added, with details, photographs and an authorisation letter from the proprietor/partners/board/trust/ committee. The primary signatory signs the application digitally; adding an alternate is advisable. Details of the authorised representative (GST Practitioner's Enrolment ID, or name, PAN, etc.) may be given.

(b) Principal Place of Business (PPoB) and Additional Place of Business (APoB)

Wrong or inadequate PPoB details are a major reason for queries and rejection. The address must be complete and specific, down to the shop/flat/premises (building/ plot number, Khasra/Khata number where applicable, road, locality, city, district, correct PIN Code and, as far as possible, latitude and longitude), and must match the address in the uploaded proof. The correct State and Centre jurisdiction, contact details and nature of business must be selected.

(c) Standardised Documentation for Principal Place of Business (PPoB)

A list of documents required as proof of the Principal Place of Business (PPoB) has been appended to FORM GST REG-01 on the GST portal. Key clarifications include:

- Premises owned by family members/partners/ directors: Such premises cannot be declared as owned by the applicant. The applicant must select the appropriate category, such as Consent, Rented/ Leased or Shared, as applicable.
- Premises inherited from a deceased ancestor: An affidavit (Annexure IV) in the prescribed format, death certificate and any of the relevant property document viz., copy of latest Property Tax receipt, latest property tax receipt, municipal khata, property identification document, latest electricity bill or water bill must be furnished.
- Rented premises without a rent/lease agreement: An undertaking (Annexure V) in the prescribed format, along with a document evidencing possession of the premises viz., latest electricity bill or water bill containing the name of the tenant, is required.
- Co-working spaces: Copy of membership agreement which must specify the period of membership, allocated suite/cabin/desk and document evidencing ownership or lease of the premises. Supporting property documents or the registered lease agreement between the co-working space provider and owner must also be furnished, in case the property is taken on lease by the co-working space provider
- Jointly owned property: Where the applicant is a co-owner, consent letter (Annexure VI) or NOC from other co-owners is required. Where supporting utility documents are in another co-owner's name, a document evidencing joint ownership must be submitted.
- Udyam/MSME certificate: It is neither required nor acceptable as proof of PPoB/APoB.
- Unmanned installations: Telecommunication towers and bank ATMs are not required to be declared as PPoB or Additional Place of Business (APoB).
- SEZ: Valid Letter of Approval/Permission issued by the Development Commissioner. A separate registration is mandatory for an SEZ unit/developer, even if the applicant holds a registration for a non-SEZ place in the same State/UT.

(d) Restrictions on Unwarranted Queries by Tax Officers

The Circular directs officers to strictly adhere to the prescribed document checklist and refrain from raising presumptive queries or seeking unwarranted documents, such as residential address of the applicant/MD/authorised signatory in a different city/ State; Udyam Certificate; or objection that the activity cannot be carried out from the premises. Officers must also not classify electricity connection as domestic or commercial, scrutinise bill amounts, or deem residential premises as unfit for business. Utility bills/property tax receipts are to be verified only for name and address; rent/lease agreements only for validity, names of the applicant and lessor and exact property address. Discrepancies are to be communicated only through FORM GST REG-03, providing an opportunity to rectify the deficiencies rather than rejecting the application outright.

(e) Clarification on Bank Account Details

Although bank account details need not be furnished

at the time of applying for registration, applicants are advised to provide them wherever available. As per rule 10A of the CGST Rules, 2017, details of account(s) in the name of the applicant and obtained on its PAN must be furnished within 30 days of grant of registration or before furnishing outward supplies in FORM GSTR-1/IFF, whichever is earlier.

The Circular clarifies that details of up to 10 business bank accounts may be furnished. The accounts must be in the applicant's name and obtained on the applicant's PAN.

(f) Processing of Registration Applications

The Circular reiterates the prescribed processing timelines and provides practical guidance for applicants:

- Applicants selected for biometric Aadhaar authentication and document verification must complete the process at the designated Facilitation Centre within the applicable timeline.
- Where physical verification is required, officers must upload the verification report, along with GPS-enabled site photographs and other relevant documents, on the portal at least five days before expiry of the prescribed 30-day processing period.
- If no action is taken within the prescribed time limit, registration is deemed to have been approved.
- All registration-related communications must be made through the GST common portal. Applicants should regularly monitor the portal for notices and other communications.

(g) Withdrawal from the Simplified Registration Scheme

A registered person opting to exit the simplified registration scheme under Rule 14A must apply in FORM GST REG-32, along with the documents specified in REG-01. The application will thereafter be processed following the procedure applicable to regular registration.

(h) Grievance Redressal

Applicants facing delays in processing registration applications or unwarranted queries may lodge a complaint or grievance with the jurisdictional Chief Commissioner of Central Tax or Commissioner of State Tax through the special email address designated by the concerned Zone or State.

The Circular also includes:

- FAQs (Annexure-I)
- Checklist of information & documents to be furnished along with the registration Application (Annexure-II),
- List of PPoB proofs (Annexure-III)
- Format of Affidavit for inherited property (Annexure-IV)
- Undertaking where no rent agreement exists (Annexure-V)
- Consent Letter (Annexure-VI)

Circular No. 257/03/2026-GST dated 26.10.2026

2. Detailed Guidelines on Demand, Adjudication and Appeal Proceedings under GST

The Circular establishes a uniform framework to ensure transparency, consistency and fairness in GST demand, adjudication and appellate proceedings, promote reasoned decision-making, improve the quality of quasi-judicial orders, reduce avoidable litigation and ensure consistency in GST administration.

(a) Pre-Show Cause Notice Intimation: Wherever feasible, taxpayers may be intimated of the proposed tax liability through Part A of FORM GST DRC-01A before issuance of a formal show cause notice (SCN), enabling them to clarify their position and potentially avoid formal proceedings.

(b) Drafting of Show Cause Notices: SCNs should clearly set out the relevant facts, allegations, applicable legal provisions, evidence relied upon and computation of the proposed demand. The notice must provide sufficient particulars to enable the taxpayer to understand the allegations and submit an effective response. To ensure clarity, structure, and completeness, a well drafted SCN should ideally comprise the following parts, though it may vary from case to case:

- **Brief profile and introduction of the case:** The SCN should specify the noticee's particulars, GSTIN/Temporary ID, registration status, business address, jurisdiction, relevant tax periods and, where applicable, details of each noticee. It should briefly outline the background and basis of proceedings, including assessment, audit, scrutiny or enforcement, with sufficient factual particulars to enable an effective reply, as emphasised in M/s Nice Enterprises v. Deputy Commissioner ST [(2024) – Telangana HC
- **Factual background and examination of documents and evidences:** The SCN should objectively outline the noticee's acts of omission or commission and discuss relevant evidence substantiating the alleged contraventions, using neutral expressions such as "it appears that" and avoiding categorical conclusions that may suggest a pre-judged outcome.
- **Discussion and legal framework:** The SCN should identify the relevant legal provisions, link each alleged contravention to the noticee's acts or omissions, avoid invoking unrelated provisions unless specifically required. Clearly specify each noticee's individual role based on facts and evidence to uphold natural justice, where more than 1 noticee is involved.
- **Statement of charges:** The SCN should concisely state the allegations and grounds for proposed action, ensuring all requisite particulars are included as deficiencies arising from non-application of mind or failure to meet legal requirements cannot subsequently be cured, as held in G.R. Infra Project Ltd. v. State of Madhya Pradesh [(2026) 331 (S.C.)].
- **Quantification of Demand:** The SCN should quantify the proposed demand, specify its basis, provide financial year-wise break-up for multi-year demands. Where the determination of interest depends upon the discharge of demand by the noticee i.e. actual date of payment of tax, a suitable phrase like "why interest as applicable should not be demanded" may be mentioned in the notice for demanding the interest component on the tax demanded.

The concluding paragraph of a SCN should clearly specify the Adjudicating Authority, submission deadline for the reply, and consequences of non-compliance.

(c) **Justification for invoking tax demand on grounds of fraud, wilful misstatement, or suppression of facts:** The power to invoke fraud, wilful-misstatement or suppression of facts for demand is conditional, hinging on proof of intent to evade tax, which is required to be clearly established in the SCN along with evidence. Further, issuing a second SCN, after the first on the same facts and grounds for the subsequent period, invoking fraud, wilful-misstatement or suppression of facts is generally not legally valid unless new and independent grounds exist, such as unreported clearances as emphasised in G.R. Infra Project Ltd. v. State of Madhya Pradesh [(2026) (S.C.)] and Sriba Nirman Company v. Commissioner (Appeals) [(2025) (A.P.)].

(d) **SCNs covering demands under Sections 73 and 74:** Where demands are proposed under both sections, the SCN should clearly specify the factual and legal basis for each category and separately quantify the demands. For FY 2024–25 onwards, where Section 74A applies, fraudulent and non-fraudulent demands should be distinctly delineated with their respective grounds and quantification to ensure clarity and transparency.

(e) **Avoidance of Parallel Proceedings:** Proceedings concerning the same subject matter should not be initiated simultaneously by CGST and SGST/UTGST authorities in contravention of Section 6 of the CGST Act. Appropriate coordination between the authorities is emphasised to prevent multiplicity of proceedings as set out in M/s Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate, (2025) (S.C).

(f) **Timely issuance of SCNs:** As far as practicable, the proper officer should issue notices well in advance before the due date and avoid last-minute issuance.

(g) **Principles of Natural Justice and Personal Hearings:** Taxpayers should be provided a reasonable opportunity to present their case. The guidelines address personal hearings, representation through authorised representatives, virtual hearings, adjournments and maintenance of proper hearing records.

(h) **Reasoned Adjudication Orders:** Orders should follow the following criteria-

- **Drafting of the Adjudication Order:** The adjudication order should be a well-structured, concise and reasoned speaking order with a logical flow, relevant facts and law and limited citations. It should include the issuing authority's details, statutory provisions, taxpayer's appellate rights, a summary of facts and SCN particulars and clearly identify the issues of fact and law requiring determination, in line with Joint Commissioner of Income Tax, Surat v. Saheli Leasing & Industries Ltd. [2010 (253) E.L.T. 705 (S.C.)].
- **Examination of evidences vis-à-vis allegations:** The Adjudicating Authority should critically assess the relevance and reliability of evidence against the SCN allegations, recording reasoned findings where documents are inconclusive or do not substantiate the allegations.
- **Consideration of submission/ defence and additional evidences submitted by the taxpayer:** The adjudication order should independently assess submissions made through FORM GST DRC-06 or during personal hearings, record reasoned findings on their evidentiary value and specify whether they are accepted, partially accepted or rejected, avoiding generic statements such as "reply has been considered".
- **Upholding procedural fairness and due process:** The Adjudicating Authorities should limit their findings to the allegations and grounds mentioned in the SCN. Any new issue identified may be pursued through a separate SCN.
- **Discussion of case laws cited by department as well as taxpayer:** Preference may be given to the decisions of the Hon'ble Supreme Court and jurisdictional High Courts, for balanced, defensible outcomes. Further, judgments cited by the noticee should be duly considered and discussed. Any AI-generated information used in adjudication must be independently verified for accuracy under appropriate human oversight, as the issuing authority remains ultimately responsible for the correctness of the order.
- **Issue-wise Analysis and Findings:** The Adjudicating Authority should objectively analyse each issue by correlating the facts, evidence, SCN allegations, taxpayer's defence, applicable legal provisions, circulars and judicial precedents, and record clear, reasoned findings on whether each charge is established.
- **Quantification of tax amount, interest and penalty:** The final order should provide accurate, issue-wise and, preferably, financial year-wise quantification of tax, interest and penalty under each tax head, without exceeding the demand proposed in the SCN, with interest quantified up to the order date wherever possible and payable until actual payment. It should clearly distinguish the original and confirmed demands, adjust payments or pre-deposits and specify the balance payable or refundable in a tabular format.
- **Penalty justification for each taxpayer:** The Adjudicating Authority should record clear and reasoned findings before imposing any penalty, it should not be levied mechanically but after establishing the nature of the default and the applicable legal provision. Adherence to the general discipline related to the penalty as provided under section 126 of the CGST Act should be ensured during the adjudication proceedings.
- **Conclusion:** Adjudication order should conclude with a clear, concise, and reasoned closing paragraph summarizing the outcome of the proceedings. The quantum of tax, interest, and penalty confirmed or dropped, as the case may be, should be clearly specified, along with a clear reference to the specific legal provisions invoked while confirming or waiving such liabilities.

(i) **Timely issuance and communication of Orders:** Adjudication orders should be planned and issued within the prescribed timelines, avoiding last-minute

decisions that may compromise their quality. The prescribed summary of the order must also be uploaded electronically in FORM GST DRC-07.

(j) **Rectification under Section 161:** Rectification is confined to errors apparent on the face of the record and cannot be used to review the merits of an order, reappreciate evidence or correct errors requiring detailed reasoning. Such matters fall within the appropriate appellate mechanism.

(k) **First Appeal Proceedings:** The Circular provides guidance on preliminary scrutiny of appeals, limitation, withdrawal, personal hearings, additional grounds and admission of additional evidence. Appellate authorities are expected to record reasons for their decisions and ensure that hearing proceedings and relevant submissions are appropriately reflected in the appellate order.

Circular No. 258/04/2026-GST dated 26.10.2026

3. Clarifications on Pre-deposit for Appeals under GST

The CBIC has clarified the following issues regarding pre-deposit and its refund under Sections 107 and 112 of the CGST Act, 2017:

(a) **Basis for Pre-deposit:** The 10% pre-deposit is calculated on the disputed tax component, excluding the amount admitted by the taxpayer, which must be paid in full. The taxpayer's classification of admitted and disputed amounts is captured in Table 14 of FORM GST APL-01 and Table 20 of FORM GST APL-05.

(b) **Appeal before the Appellate Tribunal:** Where the Appellate Authority modifies the tax liability, the 10% pre-deposit for an appeal before the Appellate Tribunal is calculated on the remaining disputed tax liability confirmed by the Appellate Authority.

(c) **Refund of Pre-deposit:** An appellate order allowing relief need not expressly direct refund of the pre-deposit. The refund claim should be filed under S. No. 7 of FORM GST RFD-01 – "On account of order."

(d) **Departmental Appeal:** Refund of pre-deposit cannot be withheld merely because the Department intends to file, or has filed, a further appeal against a favourable order. Refund remains payable unless the order is stayed by the Appellate Tribunal or a Court.

(e) **Interest on Refund:** Where pre-deposits are paid at both appellate stages, the respective actual payment dates must be considered separately for each level for computing interest on the refund.

(f) **Remand by Appellate Tribunal:** On remand to the original Adjudicating Authority, the pre-deposit is refundable within the prescribed time limit. In a partial remand, the amount attributable to the demand upheld in favour of Revenue must first be recovered or adjusted, along with applicable interest, before refunding the balance.

Circular No. 259/05/2026-GST dated 26.10.2026

4. Clarifications on issues pertaining to Input Service Distributor (ISD) under GST

The CBIC has issued the following clarifications regarding the distribution of input tax credit (ITC) through the ISD mechanism:

(a) Multiple ISD registrations

There is no bar on obtaining more than one ISD registration within a State/UT for separate business verticals or places of business registered separately, as each such registrant is a distinct person under section 25. Each registrant receiving input service invoices for or on behalf of distinct persons, which are to be distributed under section 20, must obtain an ISD registration. Credit is to be distributed only to the distinct person to whom it is attributable.

(b) Compliance with sections 16/17 and consequences of wrong distribution

The ISD must distribute credit to its distinct persons in the manner provided in section 20. It is the recipients of credit, and not the ISD, who must comply with the conditions of eligibility under sections 16 and 17 and the rules made thereunder.

If the ISD distributes credit in contravention of section 20, it is liable to a penalty under section 122(1)(ix) (₹10,000 or the amount of credit distributed irregularly, whichever is higher). Where this results in excess distribution, the excess credit is recoverable from the recipients along with interest, through proceedings under section 73, 74 or 74A, as applicable.

(c) Timing of distribution

Under Rule 39(1)(a), credit available for distribution in a month must be distributed in the same month and reported in FORM GSTR-6. Credit appearing in FORM GSTR-6A is treated as "available for distribution" only once the ISD ascertains it to be prima facie eligible for availment, since the ISD, which receives the invoices, is best position to make this determination. The ISD must distribute it in the month of such ascertainment, separately as eligible and ineligible credit, in terms of Rule 39(1)(g).

(d) Reversals by recipients

The ISD must distribute the entire input tax credit available to it to the recipients to whom it is attributable. The recipients are required to make the reversals under section 17(1) or 17(2) read with Rules 42 and 43 or under section 17(4) read with Rule 38, as the case may be.

(e) Credit transferred under Rule 54(1A)

Rule 54(1A) allows a regular registrant having the same PAN and State code as the ISD to issue an invoice, credit note or debit note to the ISD, to transfer credit on input services (including reverse charge) attributable to one or more distinct persons. The Circular clarifies that this is merely a credit transfer mechanism, and therefore:

Turnover: The value of such invoices and notes is not an outward supply of the issuer. It is excluded from its "turnover in State/UT" under section 2(112) and from its "adjusted total turnover" for refund under rule 89, even though it may be declared in its FORM GSTR-1.

Net ITC: The transferred credit is not input tax credit on inward supply of the issuer and does not qualify as "Net ITC" for the refund formula under Rule 89(4) and (5).

Reversals: The issuer is not required to make reversals under section 17(1), 17(2) or 17(4) and must transfer the entire credit to the ISD. The recipients,

which may include the issuer itself, make the reversals as applicable

Circular No. 260/06/2026-GST dated 26.10.2026

5. Clarification on ITC under Section 17(4) of the CGST Act, 2017

The CBIC has clarified the following aspects concerning banking companies and financial institutions, including NBFCs, engaged in accepting deposits or extending loans and advances, opting for the 50% ITC availment mechanism under Section 17(4) of the CGST Act:

(a) Applicability of Section 17(4): Registrations (distinct persons) not engaged in accepting deposits or extending loans and advances, such as those exclusively engaged in bullion trading, are neither eligible nor required to opt for Section 17(4).

Further, where one eligible registration (distinct person) which is engaged in supplying such services, is also providing other services, has the option to comply with section 17(4). Where one eligible registration opts for this provision, all other registrations of the same entity who also engaged in accepting deposits or extending loans and advances must also follow Section 17(4).

(b) ITC on Supplies from Persons having the same PAN: The relaxation under the second proviso to Section 17(4) is available only for supplies received from another registered person having the same PAN who has also opted for Section 17(4).

(c) Reporting of ITC in GSTR-3B under section 17(4): Ascertain eligibility of ITC from GSTR-2B (other than RCM) and of RCM credit. Reverse non-business use and section 17(5) credit permanently in Table 4(B)(1), avail second proviso credit in full, and avail 50% of the remaining credit, with the balance reversed permanently in Table 4(B)(1).

Where IMS is not used: ITC that cannot be ascertained as eligible due to unmet section 16 conditions, but may become eligible later, is reversed temporarily in Table 4(B)(2). Once the conditions are met, it can be reclaimed in Table 4(A)(5) of a later period. The reclaimed ITC is again subject to the 50% procedure.

Where IMS is mandatory after the CGST Rules amendment, and where it is already used: The taxpayer may accept, reject or keep pending invoices on IMS. Invoices whose ITC is presently ineligible under section 16, but may become eligible later, must be kept pending. Such ITC does not appear in GSTR-2B or auto-populate in GSTR-3B. Once the conditions are met, the pending invoice is accepted on IMS and the ITC appears in GSTR-2B and auto-populates in GSTR-3B of that tax period. It is again subject to the 50% procedure, so the balance 50% must be reversed permanently in Table 4(B)(1) of that period.

(d) Relief for Past Periods: Tax authorities have been advised not to take an adverse view of different methodologies followed for reporting ITC availment and reversal in past periods, provided the total ITC availed under Section 17(4) is in accordance with the principles clarified in the Circular.

Circular No. 261/07/2026-GST dated 26.10.2026

6. Clarification on ITC admissibility to authorised agents appointed by manufacturers for sale of motor vehicles

The CBIC has withdrawn paragraph 4.6 of Circular No. 231/25/2024-GST dated 10 September 2024 and stated the following:

(a) Earlier position under Circular No. 231/25/2024-GST

Para 4.6 of the said Circular had clarified that where an authorised dealer merely acts as an agent or service provider to the manufacturer, ITC on a demo vehicle bought for test drives would be blocked under section 17(5)(a)(A) of the CGST Act, since the dealer was not making the supply of motor vehicles on its own account and was only providing marketing or facilitation services.

(b) Reasoning of the Board

Two models: In the dealer-agency model, the OEM sells vehicles directly to customers and the dealer holds only demo vehicles. In the traditional dealership model, the dealer sells vehicles on its own account and designates some as demo vehicles.

Same purpose and treatment: In both models, demo vehicles allow customers to experience a drive before buying. They are bought from the manufacturer on tax invoices, treated as capital assets, held for a mandatory period and later sold at written down value with applicable tax. They are also treated alike under the Central Motor Vehicle Rules, 1989. Denying ITC to one model therefore has a discriminatory effect.

"Such motor vehicles": Section 17(5)(a)(A) uses the phrase "such motor vehicles" and not "said motor vehicle", which indicates that ITC is permitted not only on the specific vehicle sold but also on vehicles used for further supply of similar motor vehicles.

(c) Clarification

The clarification in para 4.6 of Circular No. 231/25/2024-GST is withdrawn. ITC on demo vehicles is not blocked under Section 17(5)(a) of the CGST Act for the dealer in the dealer-agency model.

Circular No. 262/08/2026-GST dt. 26.10.2026

7. CBIC Clarifies GST Treatment of Export Proceeds Received Through Alternative Payment Mechanisms

The CBIC has issued clarifications regarding the receipt and realisation of export proceeds for the purposes of qualifying as export of services under the IGST Act, 2017 and recovery of refunds in cases of non-realisation of export proceeds from export of goods.

(a) Receipt of Export Proceeds in INR: Receipt of export proceeds in repatriable INR accounts, including SNRR and INR Nostro accounts, is recognised for satisfying the relevant condition under section 2(6)(iv) of the IGST Act, 2017.

(b) Stockbroking Services: Payments received by Indian stockbrokers from overseas clients through repatriable INR accounts, such as SNRR and NRE accounts, are considered to fulfil the prescribed condition. Payments through NRO accounts must be routed through repatriable INR accounts.

(c) Set-off of Receivables and Payables: Where export receivables are set off against import payables in accordance with RBI directions, the relevant condition for export of services is considered to be fulfilled. While existing guidelines permit goods-against-goods and services-against-services set offs subject to conditions, these conditions have ceased to apply under the FEMA (Export and Import of Goods and Services) Regulations, 2026, effective October 1, 2026. Accordingly, from 1st October, 2026 such set off in compliance with RBI directions, qualify is an acceptable mode of settlement under Section 2(6)(iv) of the IGST Act.

(d) Reinsurance Brokers: Commission received through the net retention mechanism, in accordance with FEMA regulations, is treated as satisfying the relevant condition for export of services.

(e) Realisation of Export Proceeds for Goods: The prescribed period for realisation of export proceeds shall be governed by the applicable RBI Master Direction, as amended from time to time.

(f) Recovery of Refunds: Under Rule 96B of the CGST Rules, recovery of refund on account of non-realisation of export proceeds shall not be made to the extent the realisation requirement has been written off by the Authorised Dealer (AD) Bank, wholly or partly.

These clarifications provide greater certainty regarding acceptable modes of receipt and settlement of export proceeds and the treatment of export refunds under GST.

Circular No. 263/09/2026-GST dated 26.10.2026

8. Retrospective Effect of Omission of Rule 96(10) of the CGST Rules

Rule 96(10) restricted refund of IGST paid on exports where specified concessional or exemption benefits had been availed on inputs. The rule was omitted with effect from 8 October 2024. In Goodluck India Limited v. Union of India, the Supreme Court held that, in the absence of a saving clause, the omission applies to pending proceedings.

Pursuant to above judgement, CBIC has clarified that:

(a) The omission of Rule 96(10) is effective retrospectively from 23 October 2017, rather than prospectively from 8 October 2024.

(b) Pending proceedings relating to Rule 96(10) are to be dealt with in accordance with the Supreme Court's judgment.

(c) The same treatment applies, mutatis mutandis, to the omission of Rules 89(4A) and 89(4B) of the CGST Rules.

Circular No. 264/10/2026-GST dated 26.10.2026

9. Clarifications on Classification and Applicability of GST on Certain Goods

Based on the recommendations of the 57th GST Council Meeting held on 8 October 2026, CBIC has issued the following clarifications to address classification disputes and ensure uniformity in the applicability of GST on certain goods:

(a) Classification and GST Rate of Sublimation Paper

Sublimation paper has been clarified to be classifiable under heading 4809, attracting GST at 18%, in accordance with S. No. 176 of Schedule II of Notification No. 09/2025-CT(R) dated 17 September 2025. Further, to resolve disputes relating to its past classification and applicable GST rate, the past period has been regularised on an "as is where is" basis.

(b) Scope of GST Rate Entries Covering Toys

It has been clarified that the scope of S. No. 497 of Schedule I (5% GST) and S. No. 616 of Schedule II (18% GST) of Notification No. 09/2025-CT (R) dated 17 September 2025 is not restricted to toys such as tricycles, scooters and pedal cars.

The expression "etc." used in these entries covers all other categories of toys falling under heading 9503 of the Customs Tariff Act, 1975, including dolls' carriages, dolls, other toys, reduced-size ("scale") models and similar recreational models, whether working or not, and puzzles of all kinds.

(c) Availability of ITC under the Margin Scheme for Old and Used Motor Vehicles

It has been clarified that the restriction on availment of ITC under Notification Nos. 08/2018-Central Tax (Rate), 09/2018-Integrated Tax (Rate) and 01/2018-Compensation Cess (Rate), all dated 25 January 2018, is limited to the tax paid on the procurement of the old and used motor vehicles themselves.

Accordingly, suppliers dealing in such vehicles under the margin scheme may avail ITC on other inputs and input services used in the course of business, such as spare parts, repair and maintenance services, technology services, rent, marketing and advertising services, subject to the applicable provisions of the CGST Act, 2017.

(d) Classification of Seaweed Extract-Based Bio-stimulants

Seaweed extract-based bio-stimulants registered under Schedule VI to the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985, have been clarified to be classifiable under heading 3101, in terms of S. No. 237 of Schedule I of Notification No. 09/2025-CT(R) dated 17 September 2025.

The clarification has been implemented by inserting an explanation in the said entry. Further, to resolve past classification disputes, the past period has been regularised on an "as is where is" basis.

Circular No. 265/11/2026-GST dated 28.10.2026

10. Clarifications Regarding Applicability of GST on Certain Services

Based on the recommendations of the 57th GST Council Meeting held on 8 October 2026, CBIC has issued clarifications on the applicability of GST on certain services to address interpretational issues and ensure uniformity in tax treatment. The key clarifications are summarised below:

(a) Distinction between Research & Development and Consultancy Services – Self-Certification Mechanism

Entry 44A of Notification No. 12/2017-CT(R) exempts research and development (R&D) services provided by specified Government entities, research associations, universities, colleges and other institutions notified under clauses (ii) or (iii) of Section 35(1) of the Income-

tax Act, 1961, against consideration received in the form of grants.

Considering the potential overlap between R&D and consultancy services, it has now been clarified that, for claiming the exemption under the said entry, a certificate issued by the head of the concerned Government entity, research association, university, college or other notified institution, certifying that the activity undertaken is in the nature of R&D and not consultancy, may suffice.

(b) Regularisation of GST on Import of Services by Indian Establishments of Foreign Shipping Companies

The import of services by an Indian establishment of a foreign shipping company from a related person or any of its establishments outside India, when made without consideration, has been exempted with effect from 1 November 2026 vide Notification No. 07/2026-IT(R) dated 27 October 2026.

Further, the GST Council has recommended regularisation of the past period. Accordingly, the payment of GST on such import of services for the period from 1 July 2017 to 31 October 2026 has been regularised on an "as is where is" basis.

(c) GST Treatment of Statutory and Ancillary Recoveries in Motor Vehicle Leasing Transactions

In motor vehicle leasing arrangements, lessors often recover certain statutory and ancillary expenses separately from lessees, in addition to lease rentals. These expenses may include registration charges (including road tax), insurance premiums, FASTag charges and other incidental expenses relating to the leased vehicle.

It has been clarified that such expenses are incurred by the lessor in respect of a vehicle owned by it and are incidental to the leasing service. Accordingly, recoveries of these statutory and ancillary expenses form part of the value of the composite supply of leasing services and shall attract GST at the rate applicable to the leasing service.

(d) TRAI Not Covered within the Meaning of "Government" under GST Law

It has been clarified that the Telecom Regulatory Authority of India (TRAI), being a statutory regulatory authority established under the Telecom Regulatory Authority of India Act, 1997, does not qualify as "Government" within the meaning of Section 2(53) of the CGST Act, 2017. It has also been clarified in point no. 6 of CBIC's Sectoral FAQs on Government Services that regulatory bodies and other autonomous entities do not fall within the definition of "Government".

The clarification is based on the distinction between the Central Government and statutory bodies or authorities constituted under legislation, which are separate legal entities and cannot be regarded as Government merely by virtue of their statutory constitution or functions.

(e) GST Treatment of Notional Interest under Fund Transfer Pricing (FTP) Mechanism in Banks

Under the Fund Transfer Pricing (FTP) mechanism, banks notionally transfer funds between branches through their Head Office for internal fund allocation and performance measurement. The notional interest recorded in the books of account in respect of such transfers had raised concerns regarding its taxability as a financial service provided by the Head Office to its branches.

It has now been clarified that the notional amount/ interest recorded in the books of account against the activity of making a loan or an advance under the FTP mechanism is covered within the definition of "interest" for the purpose of exemption under Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017. Accordingly, such notional interest is covered by the said exemption.

(f) Taxability of Services Provided by NBFCs to Banks under Co-Lending Arrangements

Under co-lending arrangements, banks and Non-Banking Financial Companies (NBFCs) jointly extend credit to borrowers in a pre-agreed proportion. While the bank generally contributes funds at a lower cost, the NBFC provides its wider customer reach and undertakes activities such as customer sourcing, KYC, credit appraisal, underwriting, servicing, monitoring, collection of repayments and recovery.

It has been clarified that the lending-related services provided by an NBFC to a bank under a co-lending arrangement constitute taxable services under GST.

Further, the value of such services shall be the value specified in the contractual agreement entered into between the NBFC and the bank.

Circular No. 266/12/2026-GST dated 28.10.2026

11. Date notified for applicability of certain provisions of the Finance Act, 2026

The Central Government vide Notification No.03/2026 - CT dated 26.10.2026 has appointed 1 November 2026 as the date on which Sections 153 to 155 of the Finance Act, 2026, shall come into force, thereby giving effect to the following amendments:

a) Post-Supply Discounts –Section 15(3)(b) substituted to remove the earlier pre-supply agreements & specific invoice-linkage conditions.

b) Credit Notes for Discounts –Section 34(1) amended to expressly add a ground for issuing credit notes where post-supply discount u/s 15(3)(b) is given.

c) Inverted-Duty Refunds – Section 54(6) amended to extend 90% provisional refunds framework to eligible unutilised ITC u/s 54(3), first proviso, clause (ii).

d) Small Export-Tax Refunds – Section 54(14) amended to remove restriction of Rs.1,000 minimum refund from export of goods with payment of tax.

12. Amendment in applicability of supplies for E-Invoicing

Notification No.13/2020- CT dated 21.03.2020 has been amended vide Notification No .04/2026 CT dated 26.10.2026 to extend the scope of applicability of E-Invoicing to Reverse Charge Supplies received from unregistered persons and Import of services. The said amendment shall become effective from 01 January, 20 27:

The words "in respect of supply of goods or services or both to a registered person or for exports" shall be substituted with namely:

"In respect of, -

- supply of goods or services or both to a registered person; or
- supply of goods or services or both for exports;
- supply of goods or services or both received from unregistered persons where tax payable on reverse charge basis by recipient of such goods or services or both; or
- import of services".

13. Amendment in CGST Rules, 2017

Notification No. 05/2026 - CT dated 26.10.2026 has notified CGST (Amendment) Rules, 2026. These Rules have become effective from 1st November 2026, unless otherwise notified.

a) New Rule 14B inserted - Registration through ECO warehouses

A person registered in home State may obtain registration on the same PAN in another State where there is no physical presence, by declaring ECO's warehouse as PPoB subject to following conditions: -

- Supplies of goods to be made through an ECO liable to collect TCS under Section 52.
- Seller must already hold a valid, regular GST registration in their home State where they have physical presence.
- Output tax liability on supplies to registered persons (other than same PAN persons) does not exceed Rs.2.5 lakhs per month.
- ECO consents for declaring warehouse as PPoB within 7 working days.
- Aadhar authentication is mandatory.
- One registration is allowed per State per PAN.

Deemed approval of application if physical verification in the home State is not completed within 30 days.

Biometric-based Aadhar authentication and document verification undertaken by jurisdictional officer of the home State, if not done earlier.

Physical verification of principal place of business in the home State by officer shall be undertaken only if not done earlier.

Additional place of business – Any other warehouse of the ECO in the same State where registration intended to be obtained shall be shown as Additional place of business.

Maintenance of books – Books of account, records or other information shall be kept and maintained at his principal place of business in home State for each registration obtained under this Rule.

Where on Physical verification, it is found that the applicant does not conduct any business in the home State, the application shall be deemed to be rejected and rejection be intimated electronically in FORM GST REG-05A.

New FORM GST REG-38 for deemed cancellation of registration granted under this Rule:

- Where ECO withdraws the consent granted to supply of goods from declared warehouse or its registration (including TCS registration u/s 52) is cancelled and registered person fails to amend its registration within 30 days from date of withdrawal of consent or cancellation of registration.
- Where the registration obtained in the Home State, on the basis of which registration under this rule was granted, is cancelled.
- Where the e-commerce operator's application for change of the declared Principal Place of Business address is approved but the registered person fails to amend its registration within 30 days of such approval.

Persons already registered under Rule 14A in the home State and intend to obtain registration under Rule 14B shall submit an application in FORM GST REG-32 to withdraw from option availed under 14A.

b) Rule 19 Substituted - Amendment of Registration

- Rule 19 has been substituted to revise procedure for amending registration particulars and scope has been extended for other categories: UIN (REG-13), NRTP/OIDAR(REG-09/10) and GSTP enrolment (PCT-01).
- Applications relating to Principal Place of business (PPoB) will be examined by PO, with prescribed timelines for approval, seeking clarification & rejection.
- Deemed amendment of certificate of Registration where PO fails to take any action within 15 days of submission of application or 7 working days from receipt of clarification.
- Sub-rule 19(3), effective from 1st December 2026 – For persons registered under Rule 14A, who has not opted to withdraw from under Rule 14A (5), changes relating to legal name of business, partners/directors and including PPoB can be amended electronically through online validation, without requirement of officer approval.
- For registered persons other than those registered under Rule 14A, changes relating to legal name of business, partners/directors (except for PPoB) can be amended electronically through online validation, without requirement of officer approval.
- Changes relating to legal name of business and addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for day to day affairs of the business, in any State or Union territory, shall be applicable for all registrations of the registered person obtained on the same Permanent Account Number.

c) Rule 20 Substituted - Cancellation of Registration on Taxpayer's Request

- System–based Cancellation – Cancellation on request is now system-based, with the registration cancelled electronically in FORM GST REG-38, without officer intervention.
  - ➢ Category 1: Where all returns are furnished and dues are paid and the output tax liability on supplies made to registered persons does not exceed ₹ 2.5 lakh in any month from the date of registration till the date of the cancellation application.

- Category 2: Persons not covered in Category 1 must, in addition to furnishing all returns and paying dues, file the final return in FORM GSTR-10 within three days from the due date of furnishing the returns under sub-rule (3). The registration is then cancelled electronically in FORM GST REG-38.

- New Procedure prescribed for changing effective date of cancellation – After cancellation, where PO has reasons to believe to change effective date of cancellation to earlier date in terms of provisions of Sec 29(3), PO may issue SCN in FORM GST REG-34. Reply to SCN within 30 days in FORM GST REG-35, Proceedings may be dropped on satisfaction of reply through FORM GST REG-36 or Order in FORM GST REG-37 where reply not satisfactory within 30 days.
- If no reply furnished within 30 days of notice, order in FORM GST REG-37 be issued within 60 days, changing effective date of cancellation of registration.
- Failure to issue an order within 60 days of notice, proceedings for changing effective date of cancellation shall be deemed to be dropped through FORM GST REG-36
- Effective date of cancellation once changed under this Rule shall not be subject to further change.

d) Rule 21 Substituted - Registration to be cancelled in certain cases

- Rule 21 is scaled down to objective, system-verifiable defaults.
- Following grounds for cancellation of registration have been listed:-
  - Composition taxpayer not filing annual return beyond 3 months of due date of furnishing such return; or
  - Violates provisions of third proviso to sub-rule (1) of rule 23 or fourth proviso to sub-rule (1) of rule 23; or
  - monthly filer not filing returns for 6 continuous months; or
  - quarterly filer not filing returns for 2 continuous tax periods; or
  - violates the provisions of rule 10A.

e) Rules 21A, 22 and 23A (effective from 1 April 2027)

- Rule 21A Substituted - Suspension other than on taxpayer request
  - Automatic suspension by portal for Rule 21 return defaults and Rule 10A violations, intimated through FORM GST REG-31, requiring taxpayers to furnish returns or comply with Rule 10 within 30 days of intimation.
  - Suspension of registration on data mismatches between returns under Sec 39 with details of outward supplies in GSTR-1/1A ground removed.
- Rule 22 Substituted - Cancellation of registration
  - Deemed Cancellation through FORM GST REG-38 – Where a person whose registration is suspended under 21A (2) does not furnish all pending returns or does not comply with Rule 10A within 30 days from suspension date, registration shall be deemed to be cancelled electronically by portal and same intimated through FORM GST REG-38.
- New Rule 23A Inserted – Revocation of cancellation of registration by the system
  - Applicability – For registered person, whose registration deemed to cancelled electronically under Rule 22(5).
  - Revocation of Application Submission – Application in FORM GST REG-21 may be submitted within a period of 180 days from the date of cancellation.
  - No application for revocation be filed where pending returns not furnished, amount of tax due and bank account details under Rule 10A not furnished.
  - All pending returns for the period between cancellation and revocation of registration shall be furnished within 30 days from the date of the revocation order.
  - Revocation shall be deemed approved and order in FORM GST REG-22 communicated where all pending returns or compliance with Rule 10A done.

14. Amendments in CGST Rules, 2017 – Other than Registration Amendments

Notification No.05/2026 - CT dated 26.10.2026 has made the following amendments in CGST Rules, 2017 through CGST (Amendment) Rules, 2026

These Rules shall be effective from 1st November 2026, unless otherwise notified.

A. Input Service Distributor (ISD)

- Rule 39(1)(i) - Distribution of CGST Credit – The words “or central tax” have been inserted after the words “input tax credit of integrated tax”. Accordingly, the ISD may now distribute credit on account of integrated tax as input tax credit of integrated tax or central tax to every recipient.
- Removal of the word “Common” from Rule 39(1A) - Earlier, the provision referred to “common input services”. Its omission removes the express common-service condition, enabling RCM-related input services attributable to one or more distinct persons to be distributed, even where such services are not commonly used by multiple registrations.
- ISD Invoicing – Clause (a) of Rule 54(1A) has been amended to clarify the scope of ISD invoicing to cover ITC on input services attributable to one or more distinct persons, instead of being restricted to common input services facilitating distribution of eligible ITC attributable to distinct persons through ISD mechanism.
- Rule 60(2) – Reference to FORM GSTR-6A has been added in clause (2) of Rule 60.

B. Rule 44 – Reversal of ITC on Cancellation of Registration

Effective from 1 December 2026

- Rule 44(1) – The words “sub-section (5)” shall be omitted, removing the specific reference to this sub-section in provision governing ITC reversal.

- Rule 44(4) – FORM GST REG-16 has been inserted along with GSTR-10 for reporting amount of ITC payable at the time of applying for cancellation of registration, instead of relying exclusively on subsequent reporting through GSTR-10.

C. RETURNS

- Rule 62(5) - Annual Return (GSTR-4) for Withdrawal from Composition Scheme – Due date for furnishing Annual Return in Form GSTR-4 changed to 30 June following the end of financial year during such withdrawal falls. This aligns with Rule 62(5) with the annual GSTR-4 due date already moved to 30 June under Rule 62(1)(ii).
- Rule 63: FORM GSTR-5 (Return for NRTP) – GSTR-5 filing by Non-resident taxable person changed from 20 days to 13 days after end of tax period. This aligns the rule with the statutory due date under section 39(5).

D. Insertion of Rule 83C – Amendment of Enrolment of GST Practitioners

- A new Rule 83C has been inserted prescribing the procedure for amendment of particulars furnished in FORM GST PCT-01 by a GST Practitioner, shall be submitted through application in FORM GST REG-14, along with supporting documents, duly verified electronically.
- The provisions of Rule 19 relating to amendment of registration particulars shall apply mutatis mutandis to such applications.

E. Debit of Electronic Credit Ledger - Rule 86(3) has been amended to align the procedure for debiting the Electronic Credit Ledger under Rule 86(3) with the prescribed mechanism under Rule 89(3), ensuring uniformity in the treatment and reporting of such debit entries, particularly in the context of refund claims.

F. Rule 86A (from 1 April 2027): Restriction on debit of electronic credit ledger

- Rule 86A(1) - The power to disallow debit of electronic credit ledger now vests in the "proper officer" (instead of Commissioner or an officer authorized by him not below Assistant Commissioner).
- A formal order- based mechanism introduced for restricting debit of ITC along with a prescribed procedure for taxpayers to file objections and obtain a reasoned decision from the proper officer.
- In Rule 86A (1) - The order is issued in new FORM GST DRC-26 and made available on the portal.
- The order remains in force until one year from issue or until the officer allows the debit, whichever is earlier.
- The taxpayer may object in the new FORM GST DRC-27.
- After a hearing, the officer issues order in FORM GST DRC-28: Part A allows the debit, Part B rejects the objection.

G. REFUNDS

Procedure & Timelines

- Facilitation Centre route removed – the words "either directly or through a Facilitation Centre notified by the Commissioner" shall be omitted from Rule 89(1) and (1A).
- The window in rule 90(2) reduced from 15 days to 10 days and the proper officer shall act within 10 days of filing the application as per rule 90(3).
- Deemed acknowledgement (new rule 90(3A)) inserted – If neither an acknowledgement in FORM GST RFD-02 nor a deficiency memo in FORM GST RFD-03 issued within 10 days by PO, the application shall be deemed to be acknowledged in FORM GST RFD-02.
- System generated provisional order (Rule 91(2)) – Order in FORM GST RFD-04 shall be generated on portal within 3 working days of acknowledgement, based on system-based risk evaluation. The order issued shall not be required to be revalidated by proper officer.
- Payment order – FORM GST RFD-05 shall now be made available through the portal (Rule 91(3))
- Adjustment against any outstanding dues – New Rule 92(1B) shall be inserted, where refund payable under Sec 49(6) and order in FORM GST RFD-06 shall be generated mentioning the amount adjusted against any outstanding demand under the Act or any other law for time being in force and balance refundable. Rule 92(4) shall also be aligned accordingly.
- Rule 92 (4) substituted - Refund orders in FORM GST RFD-06 and payment orders in FORM GST RFD-05 will now cover refunds under Rule (1B). Refund amounts will be electronically credited to the applicant's bank account declared in the registration particulars and specified in the refund application, through a consolidated payment advice. Provided that the order issued in FORM GST RFD-06 shall not be required to be revalidated by the proper officer. Provided further that the payment order in FORM GST RFD-05 shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said payment order was issued.

Rule 89(3) substituted - Debit of credit ledger

- For Rule 89(3) – A prescribed sequence has been introduced for debiting the electronic credit ledger while claiming refunds in the following order namely:
  - Integrated tax, to the extent available
  - Central tax and State/UT tax, equally to extent of balance available
  - In case of shortfall in balance available in particular credit ledger, differential amount shall be debited from other credit ledger.

Documents and Declarations – Rule 89(2), effective from 1 December 2026

- Rule 89(2) prescribed document requirements applicability has been extended to refund applications filed under sub-rules (1A) and (1B), in addition to sub-rule (1).
- Invoice particulars – "number and date'' is replaced by "details" in following clauses of sub - rule (2) – clause (b), (ba), (bb), (c), (d) and (e) and in clause (d) and (e) , the word "second" shall be substituted by word "first".

- Rule 89(2)(h) - The refund documentation requirement has been expanded to include detailed particulars of invoices received, ITC availed and invoices issued, with an express reference to inverted duty structure refunds under Section 54(3)(ii). The earlier restrictive wording specifying accumulation of ITC due to a higher tax rate on inputs has been omitted.
- New clause (ha) to be inserted – Suppliers making concessional-rate supplies to merchant exporters under Notification Nos. 40/2017-CT(R) and 41/2017-IT(R) will now be required to furnish invoice-wise details along with corresponding shipping bills/bills of export while claiming an inverted duty structure refund
- New clause (n) - Applications claiming refund of unutilized ITC covering zero-rated supplies without payment of tax and inverted duty structure will now be required to furnish invoice-wise details of inward supplies along with corresponding ITC availed.
- New clause (o) to be inserted – declaration on non-prosecution for any offence under the Act or any law for the time being in force where tax evaded exceeds Rs.250 lakhs during preceding five years from which the refund relates to, for unutilised ITC refunds or zero -rated supplies with payment of tax.
- New clause (p) to be inserted, effective from 1st April 2027 – declaration that capital goods in the claim have not been sold, disposed of or permanently removed, are eligible for ITC and are used for making relevant zero-rated or inverted rated supplies in case of refund of unutilised ITC under Sec 54(3) and claim includes credit availed on capital goods.

  Refund formula – Rule 89(4) and (5)
- Inclusion of Input Services and Capital Goods - Net ITC for refund computation under zero-rated supplies under Rule 89(4) and inverted duty structure under Rule 89(5) will include eligible ITC on input services and proportionate ITC on capital goods, in addition to inputs. For inverted duty structure refunds, eligible input services will be those on which ITC is availed on or after 1st November 2026, while capital goods ITC will be considered proportionately over 60 months from 1st April, 2027.
- Capital Goods ITC Attribution – New clause G to Rule 89(4) shall be inserted effective from 1st April ,2027 for capital goods ITC attributable to the relevant refund period will be calculated at 1/60th of eligible ITC for each relevant month, after deducting applicable reversals. For the purposes of this clause, an explanation shall be inserted for number of months shall be taken as the period covered within the relevant period, out of the period of sixty months commencing from the month in which the input tax credit in respect of such capital goods was availed.
- Change in Export Turnover Valuation - With effect from 1st November, 2026, the alternative valuation based on 1.5 times the value of like domestically supplied goods has been removed from Rule 89(4)(C).
- Revised Inverted Duty Structure Formula - Rule 89(5) has been substituted to expressly include eligible input services and proportionate capital goods ITC in Net ITC for calculating the maximum refund under the inverted duty structure.

  Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) × Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods and services.

  Where Net ITC shall mean the sum of input tax credit availed on inputs and eligible input services during the relevant period and the input tax credit on capital goods attributable to the relevant period

  Eligible input services shall mean input services on which input tax credit has been availed on or after the 1st day of November, 2026

H. E-way Bill Rule 138 (2A) – The exemption for goods transported by railways now also covers metro railway.

I. Provisional attachment Rule 159

- Amendment in Rule 159(1) – Order of provisional attachment – the words "Part A of" have been inserted after the words "an order in". Accordingly, the Commissioner shall now issue the order of provisional attachment in Part A of FORM GST DRC-22
- Amendment in Rule 159(5) – Rejection of objection against provisional attachment – The Commissioner may now reject the application filed against provisional attachment in Part B of FORM GST DRC-22, if not satisfied with submission of applicant.

New Forms Introduced & Amendments to Existing Forms

FORM Number	Purpose / Changes
FORM GST CMP-02/CMP-04	In both Forms, In Table 5 – Category of Registered Person, a category inserted for Persons eligible for Composition under section 10(2A)
FORM GST CMP-08	Table 3 has been revised to separately report outward supplies of goods, services and services supplied through ECOs liable to pay tax under Section 9(5), clarifying that such ECO supplies are included in the composition taxpayer's aggregate turnover but do not attract tax payment by the composition taxpayer.
FORM GST REG-01	Updated to incorporate options and declarations for small suppliers registering under Rule 14B, a list of requisite documents to be uploaded annexed with FORM GST REG-01, New categories added in nature of possession of premises – a) Co-working space, b) In the name of deceased ancestor c) Special Economic Zone d) ECO's Warehouse under rule 14B

FORM GST REG-14/REG-15	Revised to cover UIN & GSTP enrolment amendments.
FORM GST REG-16 (effective from 1 December 2026)	Reasons for cancellation have been rationalised, the effective date of cancellation has been clarified, and an option to file NIL returns for the intervening period between the last filed return and the proposed cancellation date has been introduced
FORM GST REG-17, 18, 19, 20, 22, 31 and 38 (REG-17, 18, 20, 22 and 31 effective from 1 April 2027)	Aligned with the substituted Rules 21A and 22 and the new Rule 23A. REG-17 (show-cause notice), REG-22 (revocation order, now also system-generated under rule 23A(2)) and REG-31 (intimation of suspension and notice for cancellation) are substituted. REG-18, REG-19 and REG-20 have rule and clause references amended, and REG-19 has new text added. The new REG-38 intimates deemed cancellation by the system.
FORM GST REG-32/33	Scope of GST REG-32 has been extended to cover withdrawal from Rule 14A & Rule 14B and REG-33 providing for the corresponding withdrawal order.
FORM GSTR-9 / 9C	Optional instructions extended to FY 2025-26 onwards
FORM GSTR-7A (effective from 1st Jan 2027)	Table 7 recast for invoice-wise TDS details.
New FORM GST REG-34 to REG-37 (effective from 1 April 2027)	Procedure specified for changing effective date of cancellation – GST REG-34 (SCN), GST REG-35(Reply), GST REG-36 (Drop Proceeding Order) & GST REG-37 (Final Order)
New FORM GST DRC 26 to 28 (effective from 1 April 2027)	Standardized Procedure & format prescribed for Rule 86A – Order (DRC-26), Objection to Order (DRC-27) & DRC-28(Order after hearing)
FORM GST RFD-01 (Substituted effective from 1 Dec 2026)	Refund application redesigned (rules 89(1), 89(1A) and 89(1B)). Table 8 now lists additional refund grounds, including refund to unregistered persons, export of electricity without payment of tax, and additional IGST on upward price revision after export. Adds a capital goods Y/N flag against ITC-based claims and revised Declarations A to E and Undertakings A and B. Statements and annexures are revised, including Statement 1B, Statement 10 (capital goods ITC), Annexure 3 (inward supplies) and Annexure 4 (scheduled energy for electricity exports).

15. Exclusion of Specified Goods from Section 23(2) Exemption

Notification No.5/2017 CT dated 19.06.2017 issued under Section 23(2) of the CGST Act, 2017, exempts persons making only supplies on which the entire tax is payable by the recipient under reverse charge from obtaining registration. It has been amended vide Notification No.06/2026 - CT dated 27.10.2026 which substitutes the existing proviso.

The exemption will not apply to any person engaged in the supply of:

- Used Cooking Oil (falling under First Schedule to Customs Tariff heading 1518).
- Waste and Scrap of Plastics (falling under heading 3915 of First Schedule).
- Waste and Scrap of Tyres (falling under heading 4004 of first Schedule).
- Metal Scrap (falling under Chapters 72 to 81 of first Schedule).
- Electrical and Electronics Waste and Scrap (E-Waste) (falling under heading 8549 of first schedule).

Notification effective from 1 November 2026.

16. Implementation of TDS on Specified Waste and Scrap Supplies

Notification No.50/2018- CT dated 13.09.2018 has been amended vide Notification No. 07/2026 - CT dated 27.10.2026 to mandate the deduction of TDS under Section 51 of the CGST Act, 2017 on supplies of specific waste, scrap and used materials received by registered persons.

Notification effective from 1 November 2026.

Clause (d) of the principal notification has been substituted to mandate that any registered person receiving supply of following goods from another registered person must deduct TDS namely : -

- Used Cooking Oil (falling under Customs Tariff heading 1518).
- Waste and Scrap of Plastics (falling under Customs Tariff heading 3915).
- Waste and Scrap of Tyres (falling under Customs Tariff heading 4004).
- Metal Scrap (falling under Customs Tariff Chapters 72 to 81).
- Electrical and Electronics Waste and Scrap (E-Waste) (falling under Customs Tariff heading 8549)

17. Amendments in Notification No.9/2025 - CT(R) dated 17.09.2025 – CGST rate schedule for goods

CGST rate 2.5% in Schedule I notified for following goods:

a) Seaweed-extract-based bio-stimulants under fertilisers: S.No. 237 has been substituted to read “All goods i.e. animal or vegetable fertilisers or organic fertilisers pre-packaged and labelled”. An Explanation has been added stating that the entry includes sea-weed extract

based bio-stimulants, as registered under Schedule VI to the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985.

b) Retreaded Tractor Tyres: A new entry S. No. 272A has been inserted under Chapter heading 4012 to cover Retreaded tractor tyres.

CGST rate 9% amended in Schedule II:

c) Other retreaded tyres: The entry at S.No. 138 of Schedule II (9%) has been substituted to exclude retreaded tractor tyres. It now covers retreaded or used pneumatic tyres of rubber (other than retreaded tractor tyres), and solid or cushion tyres, tyre treads and tyre flaps, of rubber. These items remain in Schedule II (9%).

[Effective from 01.11.2026]

Notification No. 02/2026- CT(R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

18. Amendment in Notification No.10/2025 - CT(R) dated 17.09.2025

Exemption for Psyllium Seeds (Isobgul/Isobgol)

- A specific entry (87A) for "Psyllium seeds (Isobgul/ Isobgol) classified under tariff item 1211 90 13 shall be inserted in exemption schedule.

[Effective from 01.11.2026]

Notification No.03/2026 - CT (R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

19. Amendment in Notification No.04/2017- CT(R) dated 28.06.2017 – Reverse Charge on certain specified supplies of goods (Section 9(3))

The following supplies of goods by any unregistered person to any registered person have been added to the list of goods attracting reverse charge:

a) S. No. 2A: Used cooking oil (tariff heading 1518)

b) S. No. 3B: Waste and scrap of plastics (heading 3915)

c) S. No. 3C: Waste and scrap of tyres (heading 4004)

d) S. No. 9: Electrical and electronic waste and scrap (heading 8549)

[Effective from 01.11.2026]

Notification No.04/2026 - CT (R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

20. Definition of "Nominated Agency"– Amendment in Notification No. 26/2018 - CT(R) dated 31.12.2018

- Clause (c) of the Explanation has been substituted. "Nominated Agency" now means entities mentioned in Appendix 4B of Handbook of Procedures, as amended by the Directorate General of Foreign Trade from time to time.

[Effective from 01.11.2026]

Notification No.05/2026 - CT (R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

21. Amendment in Notification No.11/2017 - CT(R) dated 28.06.2017

Sl. No. / Category	Description of service	Central Tax (Rate)	ITC Conditions & Restrictions
1. Hotel Accommodation & Restaurant Services (Serial no 7)	(i) Hotel accommodation (up to ₹7,500 per unit per day)	2.5%	a) ITC on goods and services used in supplying the service is restricted, except for input service in the same line of business (hotel accommodation procured from another supplier of hotel accommodation) b) If the input supplier charges central tax higher than 2.5%, ITC is capped at 2.5% of the value
	(ii) Restaurant service other than at specified premises	2.5%	a) ITC on goods and services restricted, except for input service in the same line of business (restaurant service procured from another provider other than at specified premises)
	(iii) Food or any other article or any drink supplied in trains or at platforms (procured from Railways/ IRCTC or their licensees)	2.5%	ITC restricted except ITC of inputs and input services in the same line of business (goods procured from Indian Railways, IRCTC or their licensees).
	(iv) & (v) Outdoor catering services	2.5%	a) ITC is not allowed, except ITC of input service in the same line of business (outdoor catering procured from another outdoor caterer) b) If input supplier charges higher than 2.5%, ITC is capped at 2.5% of the value

2. Transport of Passengers via Electrically Operated Vehicles (Serial Number 8)	(vib) Transport of passengers by any electrically operated vehicle (battery charging cost included in consideration)	2.5%	a) ITC restricted, except for input service in the same line of business (transportation or renting of electrically operated vehicle procured from another provider) b) If input supplier charges higher than 2.5%, ITC is capped at 2.5% of the value.
		9%	a) Or Supplier may pay at GST rate 9% without any ITC availment restrictions as mentioned above
3. Renting of Electrically Operated Vehicles (Serial Number 10)	(ib) Renting of electrically operated vehicle for passenger transport (where cost of battery charging is included in the consideration charged from the service recipient). (ic) Renting of electrically operated vehicle for goods transport (where cost of battery charging is included in the consideration charged from the service recipient)	2.5% 9%	a) ITC restricted, except for input service in the same line of business (passenger transport/renting of EV procured from another provider/ goods transport or renting of EV procured from another provider) b) Capped at 2.5% if input tax is charged higher than 2.5% c) Or Supplier may pay at GST rate 9% without any ITC availment restrictions as mentioned above. Or Supplier may pay at GST rate 9% without any ITC availment restrictions as mentioned above
4. Delivery Services (Serial Number 12) item (iii) substituted	(iii) Delivery services (supplied through ECO where the supplier is not liable for registration under section 22(1), or in relation to goods supplied through ECO)	2.5%	ITC charged on goods and services used in supplying the delivery service has not been taken.

- Paragraph 3 has been omitted. It dealt with the deemed value of lottery, which now follows Rule 31A(2) of the CGST Rules.
- **Key Definitions Added/Amended**
  - Goods Transport Agency (GTA)– Clause (xxxx) of paragraph 4 has been substituted to mean any person who provides service in relation to transport of goods by road and issues a consignment note by whatever name called. This removes the exclusion for ECOs providing or facilitating local delivery.
  - Electrically Operated Vehicle – New clause (xxxxv) has been inserted to mean a road vehicle which runs solely on electrical energy derived from an external source or from one or more electrical batteries fitted to the vehicle and it includes E-bicycles.

[Effective from 01.11.2026]

Notification No.06/2026 - CT (R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

22. Amendments in exemption notification for services - Notification No.12/2017-CT(R) dated 28.06.2017

a) Passenger transport by helicopter-seat share basis (S.No. 15, new item (aa)) – Exemption provided for air travel in a helicopter on a seat -share basis, embarking from or terminating in an airport including helipad located in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim or Tripura, or at Bagdogra in West Bengal.

b) Goods transport agency (GTA) (S. No. 21A) – The exemption entry does not apply to GTA services relating to goods, where such goods are supplied through an electronic commerce operator (ECO).

c) Storage/warehousing services (S.No. 24B) – The exemption relating to storage/warehousing substituted to include cereals, pulses, fruits, vegetables and seeds meant for sowing.

d) Seamen's Provident Fund Organisation – New exemption entry (Serial no 31AA) shall be inserted under heading 9971or 9991 for services by Seamen's Provident Fund Organisation to persons governed by the Seamen's Provident Fund Act, 1966 (4 of 1966).

e) Right to collect Toll – New exemption entry (Serial no 42A) shall be inserted under heading 9973 for Services by way of grant of exclusive right of way or access, license and authority to demand, collect and appropriate toll fee by the Central Government, State Government, Union Territory, Local Authority, Governmental Authority or Government Entity.

f) Curing of coffee – New exemption entry (Serial no. 54A) shall be inserted under heading 9986 forServices by way of curing of coffee supplied to coffee cultivators. "Curing" shall have same meaning as assigned to it in clause (d) of section 3 of the Coffee Act, 1942.

g) Definition of seed – A definition shall be inserted through new clause (zzca) for "seed" meaning any plant

material, including seedlings, tubers, bulbs, rhizomes, roots, cuttings, all types of grafts, tissue culture plantlets, and other vegetatively propagated material, used or intended for use in propagation or sowing,and includes-seeds of cereals, coarse cereals, pulses, oilseeds, fibre crops, forage and fodder crops, green manures, sugar crops; (ii) seeds of fruits, vegetables, spices, flower crops, ornamental crops and plantation crops; and (iii) planting material.'

h) Definition of "goods transport agency": Clause (ze) of paragraph 2 is substituted to mean any person who provides service in relation to transport of goods by road and issues a consignment note by whatever name called.

i) Explanation against serial number 18 in column (3) of the exemption table shall be omitted.

[Effective from 01.11.2026]

Notification No.07/2026 - CT(R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

23. Amendment in Notification No.13/2017 - CT(R) dated 28.06.2017 - Reverse charge entry on renting of passenger vehicles

- Against serial number 15 in column (3) of the table, the figure "6" is substituted with "9".
- The notification amends the CGST rate from 6% to 9% for Services provided by way of renting of motor vehicle designed to carry passengers (where the cost of fuel is included in the consideration) supplied to a body corporate. Following the rate rationalisation, the central tax figure in RCM notification has been updated from 6% to 9%.

[Effective from 01.11.2026]

Notification No.08/2026 - CT(R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

24. Amendment in Notification No.17/2017 - CT(R) dated 28.06.2017 – Delivery services covered under Section 9(5)

- The clause (v) relating to delivery services is substituted to cover Delivery services, other than postal and courier services, except where the person supplying such services through electronic commerce operator is liable for registration under sub-section (1) of section 22 of the Central Goods and Services Tax Act, 2017.

[Effective from 01.11.2026]

Notification No.09/2026 - CT(R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

25. Special procedure notified for payment of tax for concessionaires under Toll-Operate-Transfer model

The notification notifies Concessionaire under a concession agreement, who supplies operation and maintenance services to the concessioning authority during the concession period, as a class of registered persons who shall pay:

a) Central tax on the supply of such operation and maintenance services on the amount charged or debited from the Escrow Account, maintained in accordance with the concession agreement, towards operation and maintenance expenses incurred by such registered persons, in a tax period in which such expenditure is so charged or debited.

b) "Concession Agreement" means an agreement entered into between a concessionaire and the concessioning authority under the Toll-Operate-Transfer model, whereby the concessionaire is granted the exclusive rights to demand, collect and appropriate toll in respect of a road or highway and is required to operate and maintain such road or highway during the concession period where the concessionaire is required to pay the concession fee upfront

c) "Concessioning authority" means the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity which enters into the Concession Agreement.

[Effective from 01.11.2026]

Notification No.10/2026 - CT(R) dated 27.10.2026

Parallel amendments have been made in IGST & UTGST Notifications.

26.Amendment in exemption notification for services – Notification No. 9/2017 - IT(R) dated 28.06.2017

Import of services by an establishment of a foreign company – New exemption entry (Serial no. 10M) has been inserted under Chapter 99 for Import of services by an establishment of a foreign company in India, which is a shipping company, from a related person or from any of its establishments outside India, when made without consideration.

[Effective from 01.11.2026]

Notification No.07/2026 - IT(R) dated 27.10.2026

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