The Institute of Chartered Accountants of India

GST & Indirect Taxes Committee

GOODS & SERVICES TAX UPDATE-271

Recommendations made in the 57th GST Council Meeting

The 57th GST Council Meeting held on 08.10.2026 made the following recommendations focusing on process and other major reforms:

A. Process Reforms

1. Registration - Amendment and Cancellation

Background: On the recommendation of the 56th Council meeting, rule 14A of the CGST Rules, 2017 provides **automatic registrations** where the applicant does not intend to pass on input tax credit (ITC) of more than ₹2.5 lakh per month, the portal grants registration without any officer intervention. All other applications are still processed by the tax officer. The 57th Council has recommended the following reforms to simplify these cases and the later stages of a registration's life.

(a) Streamlining processing of registration applications (applications outside rule 14A)

Present position: The applicant files FORM GST REG-01 and uploads documents. There is no single published list of what is required, so applicants often submit incomplete or wrong documents, leading to queries from the officer and rejections.

Recommended change:

- **Circular and FAQs** – a comprehensive circular, with FAQs, specifying the documents and information required for registration.
- **FORM GST REG-01** to be amended to provide **drop boxes** for selecting the prescribed documents/information, so that the taxpayer and the officer both know exactly what is to be furnished.
- **GST portal** to offer a user-friendly interface for filing – clear navigational paths, drop-down lists, tool-tips and contextual guidance.

Impact: Fewer queries and rejections caused by wrong or missing information and faster processing by the officer.

(b) Amendment of registration particulars – Rule 19

Present position: When particulars of registration change, the registered person must report the change on the portal. Changes in certain core particulars (such as legal name and address of places of business) are accepted only after approval of the proper officer.

Recommended change:

- ➢ Rule 19 to be amended so that amendments to all registration particulars are accepted automatically on the portal, except a change in the Principal Place of Business (PPoB), which continues to need the officer's approval.
- ➢ For persons registered under the automatic route (rule 14A), amendment of all particulars, including PPoB, will be accepted automatically.

Impact: Registration details can be updated almost in real time without dealing with the tax officer.

(c) Cancellation of registration

Present position: Cancellation can be sought by the taxpayer (FORM GST REG-16) or initiated by the officer on specified grounds. In both cases, the proper officer examines the matter, issues a notice where required and passes an order. A person whose registration is cancelled must also file a **final return in FORM GSTR-10** (within three months of the date of cancellation or of the cancellation order, whichever is later). If the officer cancels registration, the taxpayer must apply for revocation and the officer decides on it.

Recommended change: The CGST Act, 2017 and CGST Rules, 2017 are to be amended as follows.

(i) Automatic cancellation on the taxpayer's own application (FORM GST REG-16)

The system will accept the application automatically, without officer intervention, once all pending returns are filed and all dues are paid, in two phases:

- ➢ **Phase 1** – applies only where:

  (1) ITC passed on by the taxpayer has not exceeded ₹2.5 lakh in **any** month since registration; **or**

  (2) ITC passed on exceeded ₹2.5 lakh in a month, but the taxpayer has filed the final return in FORM GSTR-10 within the specified time period.
- ➢ **Phase 2** – all applications will be accepted automatically on the same two conditions (returns filed, dues paid). FORM GST REG-16 will be amended so that the GSTR-10 details can be furnished in the application itself, removing the need for a separate final return step.

(ii) Cancellation by the officer (suo-moto)

- ➢ **Fewer grounds** – rule 21 to be amended to omit certain grounds on which the officer can cancel registration.
- ➢ **System-based cancellation and revocation** – rules 21A and 22 to be amended and a new rule 23A to be inserted. For two defaults – non-filing of returns and non-furnishing of bank account details – the system will cancel registration if the default is not cured

and will revoke the cancellation if the taxpayer subsequently complies, within specified time periods. At present, revocation requires an application and an officer's order.

Impact: Quicker and more transparent exit from GST, less officer interface, and automatic restoration of registration where a defaulter complies in time.

(d) Simplified registration for small sellers on E-Commerce Operator (ECO) platforms – new Rule 14B

Present position: GST registration is State-wise. A seller who supplies goods from a State, for example from an ECO's warehouse in that State, ordinarily needs registration in that State with a place of business there. This makes it difficult for small sellers to sell to customers across India through ECOs.

Recommended change: The 56th Council had approved this in principle; the 57th Council has recommended inserting **rule 14B** in the CGST Rules, 2017.

- **Who** – small suppliers making supplies of goods through ECOs.
- **Where** – in States/UTs where the supplier has no physical presence.
- **Condition** – the supplier intends to pass on ITC of not more than ₹2.5 lakh per month, excluding stock transfers between distinct persons.
- **How** – the supplier declares the ECO's warehouse in that State/UT as its PPoB. Registration will be granted automatically by the system, subject to certain conditions.

Impact: Small sellers can expand to other States through e-commerce platforms without setting up a place of business in each State.

2. Return related reforms

(a) Enhancements in FORM GSTR-1/1A/IFF

Present position: These forms report supplies invoice-wise, but they are not designed to line up neatly with the tables of GSTR-3B. A taxpayer who finds a difference between GSTR-1 and GSTR-3B often cannot easily trace which supplies caused it.

Recommended change: FORM GSTR-1/1A/IFF are to be **enhanced** so that the details furnished in them can be **reconciled better with the details reported in GSTR-3B**. The exact changes to the forms are not yet disclosed and will follow on notification.

Impact: Taxpayers can compare outward supply details with GSTR-3B more easily and liability mismatches shall reduce.

(b) Statutory backing for portal facilities – new rules 86C, 86D and sub-rule (6A) of rule 60

Present position: The three facilities below operate on the GST portal on the strength of GSTN advisories/updates; the Rules do not specifically provide for them.

Recommended change: The Rules are to be amended to provide for each facility, as under:

Facility	New rule	What it does
Electronic Statement of tax paid on reverse charge basis and ITC claimed ("RCM Liability/ITC Statement")	Rule 86D	Records RCM liability reported in Table 3.1(d) of GSTR-3B against the corresponding ITC claimed in Table 4(A)(2)/(3), so that both are reported correctly.
Electronic Credit Reversal and Reclaim Statement	Rule 86C	Tracks ITC reversed in Table 4(B)(2) of GSTR-3B and later reclaimed (Table 4(A)(5)/4(D)(1)), so that reclaim is reported correctly.
Invoice Management System (IMS)	Rule 60(6A)	Recipient can **accept, reject or keep pending** each invoice, credit note or debit note uploaded by suppliers; GSTR-2B is generated on the basis of these actions.

- For **IMS**, rule 60(6A) is to be subject to certain conditions, including the **period for which a credit note can be kept pending**. At present, records on which the recipient takes no action are treated as accepted, and the pending option for credit notes is governed by GSTN advisories.

Impact: The facilities and their conditions will rest on the Rules and not on portal advisories, giving these functionalities the statutory power.

(c) Details of the underlying invoice in Form GST DRC-03

Present position: **FORM GST DRC-03** is used to make a payment voluntarily, or against a notice, outside the return. It records the tax head, section and period, but not the invoice to which the payment relates.

Recommended change: FORM GST DRC-03 is to be amended so that the taxpayer **declares the details of the underlying invoice** for which the payment is made.

Impact: The department can link the payment to the specific invoice or liability it settles. This helps in matching payments and in giving credit for the payment.

(d) Circular on reporting ITC and reversals in Form GSTR-3B

Recommended change: A Circular is to be issued to clarify the manner of furnishing correct and proper information of ITC and its reversal in GSTR-3B, in the context of IMS, the Electronic Credit Reversal and Reclaim Statement and the Electronic Statement of RCM tax and ITC.

Impact: One common understanding among taxpayers and officers of how GSTR-3B is to be filed when these three facilities are in place.

(e) Correction of liability and ITC in Form GSTR-3B – New sub-rules (1A) and (1B) of rule 61

Present position: A wrong entry in Form GSTR-3B cannot be revised in that return and a difference with GSTR-1/1A/IFF or GSTR-2B can trigger an intimation or notice even where the error is only one of reporting.

Recommended change: An alternate mechanism is to be provided so that GSTR-3B can be aligned with the underlying statements:

- **Liability** –a mechanism for correct reporting and correction/rectification of liability in the return, so that liability in Form GSTR-3B aligns with Forms GSTR-1/1A/IFF - New Rule 61(1A).
- **ITC** –a mechanism for correct reporting and correction/rectification of ITC in the return, so that ITC availed in GSTR-3B aligns with the ITC made available in GSTR-2B - new Rule 61(1B).
- **Effective date:** The Council recommended that the provisions for the alternate mechanism of amending liability and ITC in the Return may be brought into force from the return of April 2027. The date will be confirmed on notification.

Overall impact: Considerably fewer mismatches in liability and ITC, fewer demand notices and system intimations and better integrity of ITC across the supply chain.

3. Refund related Reforms

Excess cash ledger balance, zero-rated supplies (exports/SEZ supplies, where no tax is charged on output, so credit piles up) and inverted duty structure (IDS) (input GST rate is higher than output rate, e.g. inputs 18%, product 5%).

a) Automatic, system-based refunds – Section 54

Present position: The officer must acknowledge (FORM GST RFD-02) the application (or issue a deficiency memo) within 15 days and pass every sanction order, even for a taxpayer's own unused cash.

Recommended change: In two phases –

- **Phase 1:**
  - Excess cash ledger balance is refunded **in full, automatically**, without officer intervention.
  - Time limit for Acknowledgement or deficiency memo is cut from 15 to **10 days** for other refund applications;
  - If the officer does nothing, it is **deemed acknowledged**.
  - For zero-rated and IDS claims, **90%** is paid **provisionally and automatically**, based on the system's risk check.
- **Phase 2:** The system itself verifies and acknowledges the claim and pays the **full refund** for zero-rated supplies (after adjusting any dues) again based on risk check.

Example: On an export refund claim of ₹10 lakh, ₹9 lakh can be paid automatically in Phase 1 and in Phase 2, the full ₹10 lakh, less dues.

Impact: Faster cash for exporters and IDS sectors with less contact with the department. High-risk claims will still be examined by officers.

b) Refund application made system-readable – FORM GST RFD-01

Present position: For zero-rated and IDS claims, scanned documents are uploaded and read manually by officers.

Recommended change: RFD-01 will capture details in a **system-readable format**, and **no scanned uploads** will be needed for these claims.

Impact: Enables automatic checking; fewer deficiency memos and less paperwork.

c) "1.5 times" cap on export turnover removed – Rule 89(4)(C)

Present position: For exports under LUT, turnover used in the refund formula is capped at **1.5 times the value of like goods sold domestically**.

Recommended change: The cap is **removed,** now the actual export value counts.

d) Minimum refund of ₹1,000 – Section 54(14)

Present position: No refund is paid below ₹1,000, but the law is unclear, whether this applies to each tax separately or in total.

Recommended change: The limit will apply to the **total** of CGST, SGST/UTGST and IGST.

e) Interest on refund of appeal pre-deposit – Section 115

Present position: Pre-deposit paid to file an appeal is refunded with interest "at the rate under section 56", which has different rates (6% / 9%) and has led to confusion on which applies.

Recommended change: Section 115 will become **standalone** and state the rate itself and a C**ircular** will clarify issues related to the rate. The new rate is not disclosed yet.

Impact: Certainty on interest after winning an appeal.

f) Refund of ITC on input services and capital goods – Section 54(3)

Present position: In IDS cases, only ITC on **goods** is refundable – input services and capital goods are excluded. In zero-rated (LUT) cases, capital goods credit is excluded.

Recommended change: Refund will also be allowed for –

- IDS – input services: ITC availed on or after 1 November 2026.
- IDS and zero-rated – capital goods: ITC availed on or after 1 April 2027, refunded over 60 months (e.g. ₹6 lakh credit = ₹10,000 a month).

Impact: Credit on services and machinery is unblocked, easing working capital.

g) Omission of Rule 96(10) from 23.10.2017 – Circular

Present position: Rule 96(10) restricted IGST refunds on exports where specified duty-exemption benefits were availed. Though omitted w.e.f. 08.10.2024, the absence of a saving clause led to disputes on pending proceedings.

Recommended change: A circular may clarify that the omission of Rule 96(10) shall be effective from 23.10.2017, in accordance with the Hon'ble Supreme Court's decision.

Impact: Proceedings and recovery demands based on Rule 96(10) for the period from 23.10.2017 onwards would lose their legal basis, providing consequential relief to exporters and bringing finality to pending disputes.

4. Dispute Resolution Reforms

(a) Guidelines for quality notices and orders – Circular

Present position: Notices and orders are sometime vague, issued late, allege fraud or suppression without basis and are passed without a proper hearing.

Recommended change: A Circular to direct officers on –

- ➢ quality of notices and of adjudication/appeal orders;
- ➢ timely issue of notices and orders;
- ➢ invoking fraud, wilful misstatement or suppression only where the facts of each case justify it;
- ➢ following natural justice, including giving a personal hearing.

Impact: Fewer arbitrary notices and orders, less litigation, and a fairer hearing for the taxpayer. A circular guides officers but is not a new right in the Act.

(b) Minimum ₹10,000 tax for issuing a notice – Sections 73, 74 and 74A

Present position: A notice can be issued for any amount, however small, and the cost of defending it can exceed the tax involved.

Recommended change: No SCN will be issued if the tax involved is below ₹10,000 (CGST + SGST + IGST + Cess taken together). Notices and appeals of less than ₹10,000 that are already pending will be decided as if this limit applied when the notice was issued – so they will effectively be dropped.

Impact: Small cases end, for taxpayers and for the Department.

(c) Penalty relief for quick payment – Sections 73, 74A

Present position: In non-fraud cases, penalty is the higher of 10% of tax or ₹10,000, and a 'penalty' carries a penal character.

Recommended change:

- ➢ Reduced 5% penalty in non-fraud cases if tax with interest is paid within 30 days (section 73) or 60 days (section 74A) of the adjudication order.
- ➢ ₹10,000 minimum penalty removed in non-fraud cases.
- ➢ Where full tax, interest and penalty are paid voluntarily within the time limit, the penalty will be treated as a 'charge'.

Impact: Rewards early payment, cuts penalties on small defaults.

(d) General penalty cut from ₹25,000 to ₹10,000 – Section 125

Present position: Section 125 is the residual penalty for breaches where no specific penalty is prescribed, up to ₹25,000 (e.g. procedural lapses).

Recommended change: Maximum reduced to **₹10,000**.

Impact: Lighter penalties for minor technical defaults.

(e) Cap of ₹40 crore on pre-deposit for penalty-only orders – Sections 107(6), 112(8)

Present position: To file an appeal, a taxpayer must first deposit a part of the amount in dispute. In orders that impose only a penalty and no tax demand, there is no specific upper limit.

Recommended change: For orders involving only penalty and no tax, the pre-deposit for appeal before the Appellate Authority or the Appellate Tribunal is capped at **₹40 crore** (₹20 crore CGST + ₹20 crore SGST/UTGST).

Impact: A very large penalty will not block a genuine appeal for want of funds.

B. Other Major Reforms

(a) Blocked credit relaxed – Section 17(5)

Present position: Section 17(5) lists supplies on which ITC is not allowed ("blocked credit"), so GST paid on them becomes a cost and is taxed again in the next stage (cascading).

Recommended change: The restriction is to be **removed**, inter alia, for –

- outdoor catering;
- health and life insurance;
- telecommunication towers and pipelines laid outside factory premises;
- free samples;
- goods destroyed or written off on expiry of shelf life, as required by law.

Impact: Less tax cascading and a smoother flow of credit.

(b) Exports and zero rating – IGST Act

- **Export of services – "distinct person" condition removed -Section 2(6)(v))**
  Present: Services to a foreign office or branch of the same company are not treated as export, so no zero-rating.
  Change: Such services can qualify as export so refund is available.

- **Circular on payment in foreign exchange or Indian rupees** – To clarify the permissible modes and conditions for receipt of export payments in foreign exchange or Indian rupees, in accordance with RBI guidelines, for exports of goods and services.

- **Place of supply – Section 13(3)(a) omitted.**
  Present: Where the foreign client sends goods to an Indian service provider for work (e.g. repair, processing), place of supply is where the work is done, i.e. India, so it is not export.
  Change: Place of supply will be governed by default provision under section 13(2) i.e. **recipient's location** (abroad), so export benefits are available subject to other conditions of export of services.

- **Supply to overseas buyer delivered in an SEZ/FTWZ** – Insertion of a new explanation in Section 16(1). If goods are sold to an overseas buyer but delivered to an SEZ/free trade warehousing zone and payment is received in convertible foreign exchange (or INR where RBI permits), it is deemed a supply to an SEZ/FTWZ.

C. Ease of living and doing business

(a) Arrest and prosecution – Sections 69 and 132

Present position: Officers can arrest for specified offences and prosecution applies when tax involved exceeds ₹1 crore.

Recommended change:

- ➢ Arrest powers withdrawn completely – Section 69 omitted.
- ➢ Prosecution threshold raised from ₹1 crore to ₹5 crore.
- ➢ Punishments for various offences under section 132 to be rationalized with upcoming notifications.

Impact: A trust-based regime with deterrence retained against real fraud and evasion.

(b) E-way bill and vehicle interception – Sections 68, 129 and 130

Present position: Vehicles carrying goods can be stopped and checked by officers in any State they pass through.

Recommended change:

- ➢ Interception **only on specific intelligence**, authorised by an officer **not below Joint Commissioner**.
- ➢ Inspection, detention or seizure only if the **supplier or recipient is located/registered in that State**. **No interception in transit States.**
- ➢ If **no e-way bill** was generated, or the vehicle has **no document showing origin or destination**, goods can be inspected, detained or seized **in any State**.
- ➢ **Confiscation under section 130 will not apply** to goods and conveyances in transit.

Impact: Smoother movement of goods and fewer roadside detentions for compliant transporters.

(c) Transfer of title in Intellectual Property Rights (IPR) – Schedule II

Present position: Treatment of IPR transfers has been uncertain, as temporary use and permanent transfer are treated differently.

Recommended change: Transfer of title in IPR, temporary or permanent, will be treated uniformly as a supply of services.

(d) Objection and hearing against blocking of electronic credit ledger – Rule 86A

Present position: Under Rule 86A, the officer can block ITC in the electronic credit ledger on specified grounds. The rule has no formal objection or hearing process.

Recommended change: The taxpayer can file an objection against the blocking and get a personal hearing before the officer decides.

Impact: Fair opportunity to be heard before credit stays blocked.

(e) Late fee waived for small taxpayers – Section 39(1)

Present position: Late fee is charged for each day of delay in filing GSTR-3B.

Recommended change: No late fee for taxpayers whose annual turnover in the preceding financial year was up to ₹5 crore, if the delayed return is filed by the end of the month in which it was due.

Example: Return due 20 November, filed on 28 November → no late fee. Filed on 3 December → late fee applies.

Impact: Relief for small taxpayers for short delays. Interest on late tax paid, still applies.

(f) Clarifications through Circulars

- ➢ Input Service Distributor (ISD) mechanism for distributing input service credit;
- ➢ ITC for banks and financial institutions, including NBFCs, that opt for section 17(4);
- ➢ Issues related to payment of pre-deposits;
- ➢ ITC on demonstration vehicles in certain situations;

(g) Optional Annual Return Quarterly Payment (ARQP) scheme

Recommended change: The Council approved in-principle a concept note for an **optional** ARQP scheme for taxpayers with turnover up to **₹5 crore** in the preceding year who make **only B2C supplies** (to unregistered persons).

Impact: Possible lower compliance for small retail-type businesses.

(h) Compliance streamlining

- ➢ **Aligning time limits** – Sections 16, 37 and 39 to be amended so that the time limits for GSTR-1 (section 37) and the return (section 39) match the ITC time limit under section 16(4).
- ➢ **E-commerce operators (section 9(5))** – clarity that the ECO is liable to pay tax on notified services irrespective of its business model.
- ➢ **Validation clause for notices** – Notices held invalid by courts because they covered **multiple financial years** are to be validated by a new clause in the Act.
- ➢ **E-invoicing extended** to **reverse-charge purchases from unregistered persons** and **import of services**, for taxpayers with aggregate annual turnover of ₹5 crore and above.

(i) Alignment of GST Appellate Tribunal (GSTAT)

Recommended change: The CGST Act and the GSTAT (Appointment and Conditions of Service of President and Members) Rules, 2023 are to be amended to align with the **Tribunals Reforms Act, 2026** and the **National Tribunals Commission and related Tribunals Rules, 2026**.

Impact: GSTAT's appointments and service conditions will follow the common framework for tribunals.

D. Recommendations related to Goods

(a) Second Hand Goods & Margin Scheme

Background: Under the margin scheme, a dealer in used vehicles pays GST only on the margin – the difference between selling price and purchase price – and not on the full sale value. In return, the scheme (*Notifications 8/2018-Central Tax (Rate)*), *(9/2018-*

Integrated Tax (Rate)) and *(1/2018-Compensation Cess (Rate))* requires that the dealer does not claim ITC on the purchase of the used vehicle.

Change recommended

- ➢ The Council recommended clarification in the above three notifications that the dealer can avail ITC on various inputs (other than second-hand vehicles) and input services, such as spares, repair and maintenance services, technology services, rent, marketing and advertisement services, etc.
- ➢ The restriction applies only to the tax paid on the procured second-hand vehicles.

(b) Waste and scrap – RCM and TDS extended

Background – what was done for metal scrap: On the recommendation of the 54th GST Council, a mechanism of RCM and 2% TDS was introduced for metal scrap from 10 October 2024. The current recommendation seeks to extend this mechanism to other categories of waste and scrap, namely plastic waste and scrap, electrical and electronic waste (e-waste), waste and scrap of tyres, and used cooking oil.

Change recommended:

Waste and scrap of plastics; electrical and electronic (e-waste) waste and scrap; waste and scrap of tyres and used cooking oil.

Supplier	Recipient	Treatment recommended
Unregistered	Registered	**RCM** – the registered buyer pays the GST. The buyer pays **even if the supplier is below the registration threshold**.
Registered	Registered (B2B)	**TDS at 2%** – the buyer deducts 2% on payment and deposits it with the government.

The **supplier must take registration** as and when it **crosses the threshold limit**.

(c) Rate & Classification of Goods

S. No.	Item	Current issue	Change recommended
a)	**Sublimation paper** Heading 4809	Correct heading for sublimation paper was unclear, so notices and disputes arose.	Clarified that it falls under heading 4809. Past cases regularised "as is where is".
b)	**Toys** Heading 9503	Rate entries for toys (Sr. 497 of Sch. I and Sr. 616 of Sch. II, Notification 09/2025-CTR) were read as limited to tricycles, scooters and pedal cars, leaving doubt about other toys.	Entries cover all toys in heading 9503 (other than electronic toys), such as dolls, puzzles and other toys, not just the three named.
c)	**Seaweed-extract bio-stimulants** Heading 3101	Such products were classified differently – some as general chemical or plant-growth products	Those registered under Schedule VI of the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985 are classified under heading 3101 as fertilisers.

		rather than fertilisers – so farm inputs faced higher tax and disputes.	Explanation to be inserted in Sr. 237 of Sch. I of Notification 09/2025-CTR. Past cases regularised "as is where is".
d)	**Psyllium seeds (Isabgol)**	Tax treatment was not clearly prescribed	NIL rate of GST on Psyllium seeds, whether fresh, chilled, frozen or dried.
e)	**Re-treaded tractor tyres**	Re-treaded tractor tyres are taxed at 18% GST, compared with 5% GST on new tractor tyres.	GST rate aligned with the rate on new tractor tyres.
f)	**Compensation cess** CSD and Unit Run Canteens	CSD and Unit Run Canteens did not collect Compensation Cess on certain past sales, leaving a possible demand for the uncollected cess.	Cess not levied is exempted for: • Two- and four-wheelers sold by CSDs: 01.07.2017 to 30.09.2022. • Aerated drinks sold by CSDs and Unit Run Canteens**:** 01.07.2017 to 31.03.2022 (No demand for the uncollected cess; old cases closed.)

E. Recommendations related to Services

S. No.	Item	Current issue	Change Recommended
a)	**Passenger transport and rental of motor vehicles using EVs**	GST on passenger transport and on renting of motor vehicles **with operator** has a concessional **5% option** where the **cost of fuel** is included in the charge. For electric vehicles there is no fuel, so it was unclear whether **battery charging cost** gets the same treatment.	**Option to pay GST at 5%, with restricted ITC**, on passenger transport and rental of motor vehicles with operators, where the service is supplied using an electric vehicle and the cost of battery charging is included in the consideration.
b)	**GTA transports goods ordered/supplied through an ECO**	GTA services of transporting goods to unregistered persons are exempt under Entry 21A. So, when a GTA carries ECO-ordered goods to an unregistered consumer, no GST applies.	Exemption under Entry 21A will not be available where the goods are supplied/ordered through an ECO. GST is 5% without ITC or 18% with ITC (the GTA's usual options).

c)	**Delivery service (not GTA) for goods supplied/ordered through an ECO**	Such delivery services are taxed at the general rate for the service when the provider is registered.	GST at 5% without ITC on delivery services other than Courier and postal services in relation to goods supplied/ordered through an ECO.
d)	**Delivery service supplied through an ECO (e.g. delivery partners on the platform)**	ECOs pay GST under section 9(5) on local delivery services by unregistered delivery partners.	Delivery services (other than courier and postal) supplied through an ECO are covered under section 9(5) where the provider is not liable to register under section 22(1) at 5% without ITC.
e)	**Motor vehicle leasing – recoveries from lessee**	A lessor pays registration charges, road tax, insurance and FASTag and later recovers them from the lessee. It was unclear whether such recoveries are part of the lease value (taxable) or a simple reimbursement.	**Clarification** will be issued on the GST treatment of these statutory and ancillary recoveries in motor vehicle leasing.
f)	**Limited ITC in the same line of business**	Restaurant and outdoor catering, hotel stays up to ₹7,500 per unit per day, and gym/fitness services are taxed at concessional rates where **ITC is not allowed in full**. Credit on their own inputs and input services is mostly lost, raising cost.	Limited ITC in the same line of business allowed for: • restaurant / outdoor catering services • hotel accommodation up to ₹7,500 per unit per day • gym / fitness services Same manner as already available for passenger transport, tour operator and motor vehicle rental services.
g)	**Helicopter seat-sharing – North-East, Sikkim, Bagdogra**	Passenger transport by helicopter on a **seat-sharing basis** is currently taxable at 5%.	**Exempt from GST**: Passenger transport by helicopter on **seat-sharing** basis from/to airports/helipads in north-eastern states, Sikkim and Bagdogra (West Bengal).

h)	**Storage / warehousing of seeds for sowing**	Exemption exists for storage of certain agricultural produce, but **seeds meant for sowing** were not clearly covered.	**Exempt from GST**: Services by way of storage or warehousing of seeds meant for sowing.
i)	**Coffee curing**	Exemption for agricultural support services covers many farm operations, but curing of coffee by coffee curers was not clearly covered.	**Exempt from** GST: Agricultural support services of curing coffee provided by coffee curers to cultivators.
j)	**Seamen's Provident Fund Organisation (SPFO)**	Services of SPFO to persons covered by the Seamen's Provident Fund Act, 1966 were not specifically exempt, leaving doubt on taxability.	**Exempt from GST**: Services provided by SPFO to persons governed by the Seamen's Provident Fund Act, 1966.
k)	**Research and development services – Entry 44A**	R&D services get an exemption under Entry 44A of Notification 12/2017-CT(R), but institutions had no simple way to show that the activity is R&D and not consultancy, leading to disputes.	Simple self-certification by the head of the institution/organisation that the activity is in the nature of R&D and not consultancy, for eligibility under Entry 44A.
l)	**Import of services by foreign shipping lines' Indian establishments**	An Indian establishment of a foreign shipping company receives services from a related person or its own establishment abroad, without consideration. Such import of services was a taxable supply.	**Exempt from GST**: Import of services by an Indian establishment of a foreign shipping company from a related person or its establishment outside India, when made without consideration. **Past periods regularised** on an "as is where is" basis.

m)	**NHAI Toll-Operate-Transfer (TOT) – upfront / concession amount**	Government grants the concessionaire an exclusive right to collect toll on a highway. The upfront or concession amount paid to NHAI was treated as a taxable service.	**Exempt from GST**: The grant of exclusive right, license and authority by Government entity/local/Governmental authority to the concessionaire for highway projects to demand, collect and appropriate toll fee.
n)	**TOT model – Operation and Maintenance (O&M) services**	Concessionaires provide O&M services to the concessioning authority for highways. There was uncertainty on how to value this and when GST is payable.	**Special procedure** for **valuation** and **time of payment of GST** on O&M services by concessionaires to the concessioning authority for highway projects under the TOT model.
o)	**Funds Transfer Pricing (FTP) in banks**	Head offices notionally transfer funds between branches and record a **notional "interest"** in the books. Interest services are exempt, but it was unclear whether this **notional amount** counted as "interest".	**Clarification** that the notional amount treated as "interest" in the books for notional fund transfers between branches under Fund Transfer Pricing is covered by the definition of "interest" in *Notification 12/2017-CT(R).*

Recommendations can be read at : Press Release: Press Information Bureau

Frequently Asked Questions

Readers can access all updated notifications on the Committee's website https://idtc.icai.org/ under the 'GST Statutes' section. To stay instantly connected with the latest in GST & other indirect taxes, join the Official WhatsApp Channel of the GST & Indirect Taxes Committee of ICAI at https://whatsapp.com/channel/0029VbC5pZYATRSrKi8c4s0r.

Chairman *GST & Indirect Taxes Committee*	*Vice-Chairman* *GST & Indirect Taxes Committee*

The GST Update is an endeavour of the GST & Indirect Taxes Committee of ICAI to apprise the readers with the amendments made in the GST law vide significant notifications, circulars etc. The Committee welcomes your feedback on the Update at gst@icai.in. Please visit the website of the Committee https://idtc.icai.org/index.php for previous GST Updates and other knowledge resources on GST like articles, publications, legal updates, newsletter etc. as also for the information on upcoming events on GST organised by the Committee.

Information published in the Update is taken from publicly available sources and is believed to be accurate. The GST &Indirect Taxes Committee of ICAI takes no responsibility of accuracy and reliability of information published in the Update. No part of this Update may be reproduced, stored in a retrieval system, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording, or otherwise without the permission of GST & Indirect Taxes Committee of ICAI.

The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector 62, Noida (U.P.)-201301