ICAI Suggestions Accepted in the 57th GST Council Recommendations

No.	ICAI Suggestion	Press Release - 57th GST Council Meeting
1	**GST Registration** It was pointed out that officers continue to raise subjective queries and demand documents beyond the standard list, despite Instruction No. 03/2025-GST. It was recommended that an exhaustive list of documents for registration be specified, that officer queries be restricted to a structured framework with standardized drop-down menus on the GSTN portal, and that a standardized checklist of documents be followed.	The GST Council, in its 57th meeting, recommended issuing a comprehensive circular specifying the documents and information required for registration, along with FAQs. It also recommended amending FORM GST REG-01 to provide drop boxes for selecting prescribed documents, and a user-friendly portal interface with drop-down lists and contextual guidance. This will reduce rejections and queries and speed up processing.
2	**Amendment of GST Registration** It was pointed out that the restriction on filing a second amendment application before the first one is approved creates unnecessary delays in updating registration details. It was recommended that the system be updated to allow multiple amendment applications to be submitted simultaneously or in quick succession.	The GST Council has recommended an amendment to Rule 19 of the CGST Rules, 2017, under which: • Amendments to all registration particulars, except those relating to the Principal Place of Business (PPoB), will be accepted automatically on the portal. • For taxpayers registered under Rule 14A (automatic route), amendments to all particulars, including PPoB, will also be accepted automatically.

3	**Cancellation of GST Registration** It was pointed out that applications for cancellation in FORM GST REG-16 remain pending for months beyond the thirty-day period under Rule 22(3). During this time, taxpayers must keep filing NIL returns and bear late fees, and officers raise queries on stock statements and ITC reconciliation even where no stock exists. It was recommended that the thirty-day timeline be enforced on the portal, with deemed cancellation from the requested date if no order or query is issued, and that the return-filing obligation and late fee be suspended from the date REG-16 is filed.	The GST Council has recommended that applications for cancellation in FORM GST REG-16 be accepted automatically by the system once all pending returns are filed and all dues are paid. In Phase 1, this applies where ITC passed on has not exceeded □2.5 lakh in any month, or where the final return in FORM GSTR-10 has been filed within the specified time. In Phase 2, all such applications will be accepted automatically, and REG-16 will be amended so that GSTR-10 details can be furnished in the application itself. This removes officer interface and the delay in cancellation.
4	**Refunds - Excess Balance in Electronic Cash Ledger** It was pointed out that refund of excess balance in the electronic cash ledger, refund of TDS/TCS credit, and refund of tax paid under a wrong head are essentially arithmetical and involve no eligibility question. Yet they go through the full RFD-01 to RFD-06 cycle and are often kept pending or queried for unrelated reasons. It was recommended that refund of excess cash ledger balance be auto-sanctioned where no demand is outstanding.	The GST Council has recommended that full refund claims of excess balance in the electronic cash ledger be sanctioned automatically by the system, without officer intervention.
5	**Refunds - Accumulated ITC on account of Input Services and Capital Good**	The GST Council has recommended amending clause (ii) of the proviso to Section 54(3) of the CGST Act, 2017, and the CGST Rules, 2017, to provide for refund of accumulated ITC on

	It was pointed out that under Section 54(3) of the CGST Act read with Rule 89(5) of the CGST Rules, refund of unutilised ITC under the inverted duty structure is restricted to input goods. Input services and capital goods are excluded from the refund formula, leading to partial credit accumulation and working-capital blockage. It was suggested that Rule 89(5) be amended to include input services and capital goods within the scope of inverted duty refunds.	input services and capital goods in case of inverted duty structure refunds. It also recommended refund of accumulated ITC on capital goods for zero-rated supplies. Input services: refund will be available for ITC availed on or after 1 November 2026. Capital goods: refund will be spread over 60 months, for ITC availed on or after 1 April 2027.
6	**Refunds - Time-Bound Refund Framework** It was pointed out that refund claims, particularly for zero-rated exports and the inverted duty structure, are often delayed beyond the 60-day limit, and provisional refunds are frequently not issued. It was also pointed out that Deficiency Memos (FORM GST RFD-03) are issued repeatedly, even for minor issues, restarting the refund cycle until the two-year limit expires. It was recommended that provisional refunds be sanctioned automatically within 7 days in low-risk cases through back-end automation, that acknowledgement in RFD-02 be generated automatically on submission of a complete application and the process be made faceless.	The GST Council has recommended that the time limit for issuing an acknowledgement or deficiency memo be reduced from 15 days to 10 days. Where neither is issued within 10 days, the system will treat the application as deemed acknowledged. It also recommended that for refund claims on account of zero-rated supplies and the inverted duty structure, 90% of the amount claimed be sanctioned provisionally and automatically by the system, without officer intervention, on the basis of system-based risk identification and evaluation.
7	**Refund of Statutory Pre-Deposit** It was pointed out that refund of pre-deposit paid under Section 107(6) or Section	Pursuant to this, CBIC has issued Circular No. 259/05/2026-GST dated 26.10.2026. It clarifies that If the Department

	112(8) of the CGST Act, 2017 is routed through the general RFD-01 mechanism meant for Section 54 refunds. This causes delay and demands for irrelevant documents such as reconciliations and unjust-enrichment certificates. Refunds are also rejected on grounds such as an active demand, or pendency or non-expiry of the department's appeal, even without any stay. It was recommended that No withholding for pendency/non-expiry of departmental appeal, unless an express stay has been obtained from the competent appellate forum.	contemplates an appeal against the order of the Appellate Authority, which is in favour of the appellant, refund of pre-deposit would still be payable unless such order is stayed by the Appellate Tribunal or Court.
8	**Registration - Shared Premises / Co-working / Virtual Office** It was pointed out that, despite Instruction No. 03/2025-GST dated 17.04.2025, the portal's dropdown for nature of possession of premises does not distinguish shared and co-working premises. Applicants therefore select the nearest category, generally "consent-based premises", and upload documents that do not match the officer's expectation. This results in REG-03 queries and delay. It was also pointed out that there are no specific guidelines on acceptable proof of place of business and the verification procedure for virtual offices and co-working spaces taken on lease. It was recommended that separate categories for shared and co-working premises be provided in the dropdown, generating the appropriate document checklist automatically. It was also recommended that specific guidelines on valid documents and verification procedure be issued for virtual offices and co-working spaces taken on lease.	Pursuant to this, Notification No. 05/2026 issued new REG 01 FORM which now have the new categories for "CO- working spaces" and prescribes the documents for co-working spaces: the membership agreement showing the desk, cabin or suite allotted, along with the provider's ownership document or the lease agreement between the owner and the provider
9	**Input Service Distributor - Invoice-Based RCM Credit Transfer under Rule**	Pursuant to this, CBIC has issued Circular No. 260/06/2026-GST dated 26.10.2026. It

	39(1A) read with Rule 54(1A) It was pointed out that, under Rule 39(1A) of the CGST Rules, 2017, where RCM input services are received for use across the business as a whole, a registered person having the same PAN and State code as the ISD (the Transferor Unit) must issue an invoice to the ISD under Rule 54(1A). The ISD can then distribute the credit under Rule 39(1). This mechanism is necessitated solely by a system limitation, as FORM GSTR-6 presently lacks the functionality to create or discharge an RCM tax liability. Since the Transferor Unit must report this invoice in FORM GSTR-1, the amount gets included in its "turnover in State" and "aggregate turnover" under Sections 2(112) and 2(6) of the CGST Act. This inflates turnover and distorts computations that depend on it, such as distribution of credit under Section 20 read with Rule 39 and "adjusted total turnover" for refund under Rule 89. It was recommended that [the value of such invoices be excluded from "turnover in State" and "aggregate turnover" of the Transferor Unit]	clarifies that an invoice, credit note or debit note issued under Rule 54(1A) by a person with the same PAN and State as the ISD is not in respect of that person's outward supply. Its amount therefore does not qualify as "turnover in State" or "turnover in Union territory" under Section 2(112), even though it may have to be declared in FORM GSTR-1 to pass it on to the ISD. Accordingly, it is not to be included in the turnover used for distributing credit to the recipient of credit under Section 20 read with Rule 39, or in "adjusted total turnover" under Section 54(3) read with Rule 89 for fixing the maximum refund.
10	**Return Due Dates: Rules 62(5) and 63** It was pointed out that the due date under Rule 62(1)(ii) was extended to give composition taxpayers more time to reconcile annual figures, but Rule 62(5) was not amended to match. Taxpayers leaving the composition scheme mid-year therefore get a shorter and unequal timeline for the same filing. It was also pointed out that Rule 63 still refers to twenty days, although Section 39(5) now provides thirteen days. This leaves non-resident taxable persons unsure which due date applies and exposes them to late fee and interest if the shorter statutory	Pursuant to this, Notification No. 05/2026-Central Tax has amended Rule 62(5) so that the GSTR-4 statement on leaving the composition scheme is due by 30 June instead of 30 April. Rule 63 has also been amended so that GSTR-5 is due within 13 days instead of 20 days. **Notified, effective 1 November 2026.**

	timeline is held binding. It was recommended that Rule 62(5) be amended to replace "thirtieth day of April" with "thirtieth day of June", and that Rule 63 be amended to replace "twenty days" with "thirteen days", so that the rules are consistent with Rule 62(1)(ii) and Section 39(5).	
11	**Online Cancellation of TDS Registration** It was pointed out that taxpayers holding TDS registration under Section 51 cannot apply for cancellation on the GST portal, because no such option exists. Under Rule 12(3), they must submit a written request to the proper officer, and these manual requests often remain unprocessed because of limitations on the officer's portal. As a result, deductors who are no longer liable to deduct tax remain active on the GST system and continue to face compliance obligations. It was recommended that an online facility for cancellation of TDS registration be enabled on the GST portal, as for regular registration, and that Rule 12(3) be suitably amended to allow cancellation applications through the common portal.	Pursuant to this, Notification No. 05/2026-Central Tax has amended Rule 20(1) so that it now applies to every registered person. The exclusion of TDS registrants has been removed, so they can now apply for cancellation online in FORM GST REG-16. **Rules notified, effective 1 November 2026.**