



The Institute of Chartered Accountants of India

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

GST & INDIRECT TAXES COMMITTEE

Webinar on Decoding the 57th GST Council Meeting: Key Recommendations

Date: 09-10-2026

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What lies ahead

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From reform direction to delivery

7.8%

GDP growth
Q1 FY26-27

56th GSTCM

Direction set

GST 2.0: Rationalization of the GST rate structure into two principal slabs - 5% for essential supplies and 18% for standard supplies



Accelerating Reforms

57th GSTCM

Delivery consolidated

Focused on advancing the GST reform agenda beyond the 56th GST Council Meeting, with emphasis on compliance simplification, refund efficiency, and procedural streamlining.

Even after undertaking landmark GST reforms of rate rationalisation, the Government has remained visionary in its approach and is now driving the next generation of reforms focused on the following areas:



Input tax credit and Working capital unlock

Rationalization of blocked credits and wider refund eligibility



Ease of doing business

Simpler registration, return filing, refund processing and adjudication across the taxpayer lifecycle.
Clarifications resolving long standing disputes making India an investment destination



Zero Rated Supply

Expanding the scope of Zero-rated supply to include genuine cross border transactions



More certainty to businesses

Higher prosecution thresholds, reduced arrest exposure and penalties aligned more closely with severity.



Revenue and Growth trends

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11.6% Revenue Growth

For October 2025 to September 2026

12.46 lakh crores

Gross GST collection during April to September 2026 which is up 11.6% from corresponding period from a year ago.

1.8 lakh crores

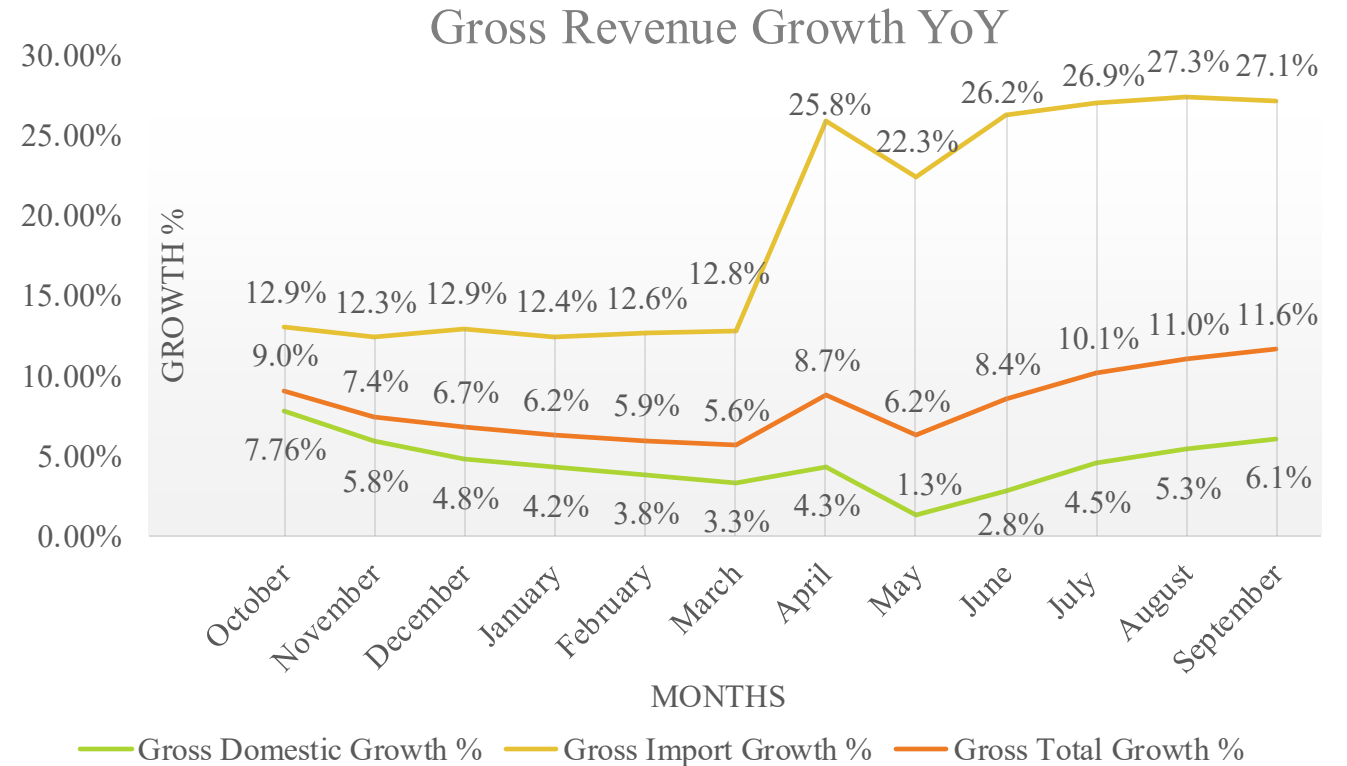
GST refunded during the April – September 2026

13.6%

Gross tax liability is up from Rs 5.85 lakh crore a month to Rs 6.64 lakh crore

16%

Increase in SGST and state share of IGST Revenue during April – September 2026



7.8%

Real GDP Growth

26.7%

Growth in B2C segment
consumption post September
2025 reforms

1.75cr

GST registrations across all
Central and State Jurisdictions,
up by 15%

AGENDA

01 Unlocking of ITC



02 Ease of Doing Business



03 Arrest and Prosecution



04 Sectoral Reforms





Unlocking Input Tax Credit (ITC)

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Category	Recommendations
Blocked credits to be rationalised [Section 17(5)]	<ul style="list-style-type: none">▪ Health and life insurance▪ Outdoor catering▪ Free samples, goods destroyed or written off on expiry of shelf life as required by law▪ Construction of telecommunication towers and pipelines load outside a factory premises
Credit for honest buyer	<p>Limitation to avail credit under Section 16(2)(c)</p> <ul style="list-style-type: none">▪ Committee to be constituted to protect the genuine buyer who holds a proper invoice, received the goods and has paid his supplier in full▪ Committee to provide inputs within 3 months
ITC eligibility in case of same line of business	<p>Following services taxed @ 5% with limited ITC to same line of business</p> <ul style="list-style-type: none">▪ Hotel accommodation up to INR 7,500 per unit per day▪ Fitness services▪ Restaurant / outdoor catering services



Ease of Doing Business (1/2)

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Category	Recommendations
Simplified Return mechanism	<ul style="list-style-type: none">▪ Alternate mechanism for amendment of liability and ITC in the GST return, may be brought into force from the return of April, 2027▪ Amendment in FORM GST DRC-03, to declare the details of the underlying invoice for which payment has been made.▪ Credit will be settled through the Invoice Management System▪ Approved in-principle a concept note for an optional Annual Return Quarterly Payment (ARQP) scheme for eligible small B2C taxpayers (turnover upto INR 5 crores)
E-Invoice	<ul style="list-style-type: none">▪ Extended e-invoicing requirements to specified reverse-charge transactions and import of services for taxpayers with turnover of ₹5 crore and above.
E-way bill	<ul style="list-style-type: none">▪ Interception only on specific intelligence and with the authorisation of an officer not below the rank of Joint Commissioner▪ No interception in the transit States, can be done either in the state of supplier or recipient



Ease of Doing Business (2/2)

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Category	Recommendations
Adjudication process	<ul style="list-style-type: none">▪ A standard practice for issuance and serving notice, how pre-intimation is given, how a hearing is conducted and an order is written▪ Deeming penalty amount as 'charge', where full tax amount is voluntarily paid along with interest and penalty▪ For non-fraud cases - reduced penalty of 5% when tax is discharged within 30/60 days under Section 73/74A▪ Provide upper limit of INR 40 crore on pre-deposit for filing of appeal in case of order regarding penalty only.▪ Maximum general penalty reduced from INR 25,000 to INR 10,000/-
Centralised Administration	<ul style="list-style-type: none">▪ Central Government working on streamlining processes for taxpayers under Central registration – to be put up for public consultation▪ Presently 69.5Lakh taxpayers under CGST out of which 2Lakh taxpayers have multiple CGST jurisdiction within one state or across state▪ Taxpayers with multiple registration under center jurisdiction to have a unified procedure/ authority for scrutiny, return, audit, adjudication, taxpayer services, grievances etc.▪ Registration and refund system to be system driven



Rationalisation of Arrest and Prosecution

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Category	Recommendations
Arrest	<ul style="list-style-type: none">Remove of GST officers' power of arrest, while rationalising and retaining prosecution for specified offences
Rationalisation of prosecution provisions	<ul style="list-style-type: none">Increase the monetary threshold for prosecution from INR 1 crore to INR 5 croreOmission of cases where supply is made without issuance of an invoice from the list attracting prosecution ,<ul style="list-style-type: none">Prosecution herein to cover only offence of fraudulent availment of ITC without receipt of goods or services or without invoice or billFurther rationalise and narrow the prosecution provisions under Section 132 to focus criminal proceedings on serious and fraudulent offences



Sectoral Impact (1/3)

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Particular	Sector Impact
Financial Services	<p>Availment of ITC as per Section 17(4) vs Section 17(2)</p> <ul style="list-style-type: none">▪ Banks/NBFCs having more than one registration for separate businesses availing Input Tax credit (Section 17(2) v. 17(4))<ul style="list-style-type: none">▪ View taken in Banking FAQ (released in 2018) allowing separate ITC availment for separate businesses upheld▪ Segregating businesses into lending/non-lending to avoid mis-use of current provisions▪ Benefit of second proviso to Section 17(4) to be re-visited in cases where other registration has opted for availment under Section 17(2)▪ Registrations availing ITC under Section 17(4) that ITC has to be availed in the month in which it is reflected in GSTR-2B (irrespective of matching with taxpayers payment register) or ITC shall lapse<ul style="list-style-type: none">▪ Availment of ITC to be linked to matching and not to month in which the same is reflected in GSTR-2B▪ Detailed process on manner of availment to clear any ambiguity for field formations▪ Overall restriction of availment of ITC under Section 16(4) to continue <p>Others</p> <ul style="list-style-type: none">▪ Clarification on Exemption for Notional Interest for the activity of notional transfer of funds as part of Funds Transfer Pricing transactions▪ IGST exemption on imports of Gold, Silver and Platinum by banks/nominated agencies discontinued from 1 April 2027▪ ITC Rationalisation of blocked credits for life and health insurance under 17(5)



Sectoral Impact (2/3)

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Particular	Sector Impact
Logistics and E-Commerce	Liability of E-Com operator <ul style="list-style-type: none">Amendment in Section 9(5) - Liability of the ECO to pay tax for the notified services, irrespective of the business models being followed
	Delivery services <ul style="list-style-type: none">Delivery services, other than courier and postal, supplied by unregistered persons through an ECO brought under Section 9 (5) of CGST Act, 2017 – Taxable @5% without ITCDelivery services in relation to goods where such goods are supplied/ordered through an ECO – Taxable @5%B2C exemption not available to GTA in case services are provided in relation to goods supplied through ECO
	Passenger transportation services <ul style="list-style-type: none">PTS through EVs – Option of 5% with restricted ITC and 18% with full ITC for PTS using EVs and rental services of EVs meant for goods and passenger transport where cost of battery charging is included in consideration
	Shipping <ul style="list-style-type: none">Services received by the Indian office of a foreign shipping line from its own head office abroad, without consideration, have been exempted – past period to be regularised on as-is basis



Sectoral Impact (3/3)

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Particular	Sector Impact
Automobile	<ul style="list-style-type: none">▪ Demo Vehicles – Clarification to be issued regarding admissibility of ITC in respect of demonstration vehicles in certain situations.▪ Clarify that the suppliers of second-hand vehicles, under the GST margin scheme, are allowed to avail ITC on various inputs or input services and the restriction on availment of ITC applies only on the tax paid on the procured second-hand vehicles.▪ Statutory cost on Motor vehicle Leasing - Clarify the GST treatment of certain statutory and ancillary recoveries such as registration charges, road tax, insurance and FASTag charges incurred by the lessor which are subsequently recovered from the lessee.▪ Exempt Compensation Cess not levied by the Canteen Stores Department (CSDs) on two and four wheelers for the period 01 July 2017 to 30 September 2022▪ GST rate rationalised on re-treaded tractor tyres from 18% to 5%.



Other recommendations

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IPR

Transfer of title in IPRs, whether temporary or permanent, to be treated as service (Amendment in Schedule II)



Waste and scrap of plastics, electronics, tyres and used cooking oil

Enhanced scope of RCM (unregistered to registered) and TDS (B2B) on scrap supply to include plastic, electrical, tyre scrap.



Notices pertaining to multiple years

Introduction of a validation clause for validation of notices which have been held invalid by various courts on the ground of having been issued for multiple financial years.



**Road
Ahead**



Thank You