



GST Updates

[Tax & Rate Notifications]

for the month of

December, 2025

Prepared by:

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Disclaimer:

This presentation is clarificatory in nature. It is not to be construed as a legal explanation or interpretation of the Acts and the Rules. For details please refer original Notifications & Circulars.



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II. Tax Notifications: (i) <i>Amendment in the Notification No. 49/2023-CT dt. 29.09.2023 to notify supplies under section 15(5)</i> (i) <i>Amendments in the GST Rules</i>	<u>19/2025 - Central Tax dated 31.12.2025</u> <u>20/2025–Central Tax dated 31.12.2025</u>	- -

Tax (Rate) Notification

❖ Change in rate of goods [With effect from 01-02-2026]:-

Notification No. 19/2025–Central Tax(Rate) & Notification No. 19/2025 -Integrated Tax (Rate) both dated 31.12.2025

[Amendment in Notification No. 09/2025 - Central Tax (Rate) & Notification No. 09/2025-Integrated Tax (Rate) dated 17.09.2025]

(a) **28%** (Schedule VII) **to 18%** (New Entry 4A in Schedule II):

(i) **Biris** [HSN: 24031921 & 24031929]

(b) **28%** (Schedule VII) **to 40%** (New entries 14 to 19 in Schedule III):

(i) **Pan masala** [HSN: 21069020]

(ii) **Unmanufactured tobacco; tobacco refuse** [other than tobacco leaves]

[HSN: 2401]

(iii) **Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes** [HSN: 2402]

Tax (Rate) Notification

(b) 28% (Schedule VII) **to 40%** (New entries 14 to 19 in Schedule III) :

(iv) Other manufactured tobacco and manufactured tobacco substitutes; “homogenised” or “reconstituted” tobacco; tobacco extracts and essences (other than biris) [HSN:2403]

(v) Products containing tobacco or reconstituted tobacco and intended for inhalation without combustion [HSN: 24041100]

(vi) Products containing tobacco or nicotine substitutes and intended for inhalation without combustion [HSN: 24041900]

(c) Schedule VII [Rate of Tax: 28%] omitted.

Compensation Cess (Rate) Notification

❖ **Change in rate of Compensation Cess** [With effect from 01-02-2026]:-

Notification No. 03/2025 – Compensation Cess (Rate) dt. 31.12.2025

[Amendment in Notification No. 01/2017-Compensation Cess (Rate) Dated: 28.06.2017]

*Rate of Compensation Cess on the following products reduced to
‘Nil’:*

*(i) **Pan Masala** [HSN 2106 90 20]*

*(ii) **Tobacco Products** [HSN 2401/2402/2403/2404 11 00/2404 19 00]*

Tax Notification

❖ Amendment in Notification No. 49/2023-CT dt. 29.09.2023 to notify supplies under section 15(5) [With effect from 01.02.2026]:
Notification No. 19/2025 - Central Tax dated 31.12.2025

Following goods on which retail sale price is declared, is notified in terms of section 15(5) so as to prescribe the manner of determination of value of supply of the same in the rules.

(i) Pan masala [HSN: 21069020]

(ii) Unmanufactured tobacco; tobacco refuse [other than tobacco leaves] [HSN: 2401]

(iii) Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes [HSN: 2402]

(iv) Other manufactured tobacco and manufactured tobacco substitutes; “homogenised” or “reconstituted” tobacco; tobacco extracts and essences [other than biris] [HSN: 2403]

Tax Notification

❖ Amendment in Notification No. 49/2023-CT dt. 29.09.2023 to notify supplies under section 15(5) [With effect from 01.02.2026]:

Notification No. 19/2025 - Central Tax dated 31.12.2025

(v) Products containing tobacco or reconstituted tobacco and intended for inhalation without combustion [HSN: 24041100]

(vi) Products containing tobacco or nicotine substitutes and intended for inhalation without combustion. [HSN: 24041900]

✓ *Explanation is inserted in the notification inter-alia to provide for the definition of **Retail sale price (RSP)**.*

Tax Notification

❖ Amendments in the GST Rules [With effect from 01.02.2026] :-

Notification No. 20/2025–Central Tax dated 31.12.2025

(i) *New rule 31D [Value of supply of goods on the basis of Retail Sale Price] inserted to provide that the **value of supply** of goods such as Pan masala, Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes etc. shall be deemed to be the retail sale price declared on such goods, less the amount of tax as applicable.*

***Amount of applicable tax** = [retail sale price * tax rate (in %)] / (100+ sum of applicable tax rate)*

Tax Notification

❖ Amendments in the GST Rules [With effect from 01.02.2026]:-

Notification No. 20/2025–Central Tax dated 31.12.2025

(ii) **Rule 86B** *[Restrictions on use of amount available in electronic credit ledger]*
amended to exclude registered persons other than manufacturers of the
Pan Masala *[HSN: 21069020]* **and Tobacco Products** *[HSN 2401/2402/2403/2404 11*
00/2404 19 60] *from the ambit of restrictions of utilization of input tax credit*
to a maximum extent of ninety-nine percent for the payment of output tax
as provided by the said rule.

Thank
you



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