

Major Recommendations of the 56th Meeting of the GST Council: [Part A]

Recommendations relating to the provisions in the GST Acts and the rules and clarifications

[Unless specifically mentioned sections/ rules as referred are of the CGST/SGST Act/Rules, 2017]

Sl. No.	Recommendations	Recommended Amendments/Clarifications
01.	<p>(i) Sanction of risk-based provisional refund to facilitate refund claims on account of zero-rated supply of goods or services or both;</p> <p>(ii) Following categories of registered persons or class of persons to be notified as ineligible for provisional refund in terms of Sec.54(6) of the CGST Act, 2017:-</p> <p><i>(a) persons engaged in supply of Areca nuts, Pan Masala, Tobacco products and Essential Oils; and</i></p> <p><i>(b) any person, who has not undergone Aadhaar authentication [in the manner provided in rule 10B of CGST Rules, 2017].</i></p>	<p>(i) Amendment of Rule 91(2) to enable system determined risk-based sanction of provisional refund equivalent to 90% amount claimed as refund.</p> <p><i>[In exceptional cases, the Proper officer may, for reasons to be recorded in writing, proceed with detailed scrutiny of the refund claim instead of granting provisional refund].</i></p> <p>(ii) Issuance of notification.</p> <p><i>This provision shall be operationalized from 01.11.2025.</i></p>
02.	Sanction of risk-based provisional refund in case of inverted tax structure .	<p>(i) Amendment of Sec. 54(6) to provide for sanction of 90% of refund claimed on provisional basis.</p> <p>(iii) Amendment of Rule 91(2) to cover the risk-based provisional sanction mechanism.</p> <p><i>[Pending this amendment, the Central Government has decided that CBIC will issue instructions directing Central Tax field formations to grant provisional refund based on based on system-driven risk identification and evaluation, similar to zero-rated supplies. This is to be operationalized from 01.11.2025]</i></p>
03.	Removal of the restriction on refund on account of export of goods with payment of tax in terms of rule 96 where the amount is less than Rs.1, 000/- .	Amendment of Sec. 54(14).

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04.	<p><u>(i) Simplified GST Registration scheme for small and low-risk businesses:</u></p> <p>An optional simplified GST registration scheme to be introduced wherein registration shall be granted on an automated basis, within 3 working days from the date of submission of application, for the following applicants-</p> <p>(a) Applicants with very low risk.</p> <p>(b) Applicants whose self assessed monthly output tax liability i.r.o. B2B supplies \leq ₹2.5 lakh (inclusive of CGST, SGST/UTGST and IGST).</p> <p>(c) Applicants opting to withdrawn from the scheme (<i>i.e. seeking to make B2B supplies with monthly output tax liability > ₹2.5 lakh</i>) must follow the existing registration process.</p> <p>The scheme will provide for voluntary opting into and withdrawal from the scheme.</p> <p><u>(ii) Simplified Registration Scheme for small suppliers supplying through electronic commerce operators:</u></p> <p>In-principle approval given for Simplified Registration Scheme for small suppliers making supplies through ECOs across multiple States (<i>who face challenges in maintaining principal place of business in each State as currently required under the GST framework</i>).</p> <p>Detailed modalities for operationalizing the said scheme will be placed before the GST Council.</p>	<p>(i) Formulation of corresponding rules along with the changes in the forms.</p> <p><i>The Scheme shall be operationalized from 01.11.2025.</i></p>

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05.	Place of supply for intermediary services shall be determined as per the default provision under Sec. 13(2) of the IGST Act i.e. the location of the recipient of such services.	Omission of clause (b) of Sec. 13(8) of the IGST Act 2017 from a prospective date.
06.	Amendment of Sec. 15 & Sec. 34 of the CGST Act, 2017 in respect of Post Sale Discount : (i) For removal of the existing requirement of linking the post sales discount with an underlying agreement and relevant invoices to avail of the benefit of reduction in the value of supply. (ii) To mandate that post sales discount shall be granted by issuance of a credit note in terms of Sec. 34 and that attributable ITC is required to be reversed by the recipient for reduction in value of supply on account of such discounts.	(i) Omission of sub-clause (i) of clause (b) of sub-section (3) of section 15. (ii) Amendment of Sec. 15(3)(b) to provide that post sales discount shall be given by issuance of a credit note in terms of Sec. 34 and Sec. 34 to provide that a credit note can be issued on account of discount given in terms of Sec. 15(3)(b). (iii) Circular No. 212/6/2024-GST dated 26.06.2024 to be rescinded [<i>related to mechanism ensuring evidence of compliance with Sec. 15(3)(b)(ii) by the suppliers</i>].
07.	Clarification on certain issues pertaining to Post Sale Discount: (i) Requirement of reversal of ITC on account of post-sale discount provided through financial/commercial credit note; (ii) Whether post-sale discount provided by manufacturer to the dealer would be treated as a additional consideration paid by the manufacturer for the dealer's supply of the same goods to the end customer at a discounted price; (iii) Treatment of post-sale discount extended as consideration in lieu of activities performed to promote sale of goods by the dealer.	Circular to be issued in this regard <i>inter-alia</i> clarifying the following: (i) <i>Recipient will not be required to reverse the ITC attributed to the discount provided through financial / commercial Credit notes issued by the supplier as there is no reduction in the original transaction value of the supply and accordingly the corresponding tax liability would also not get reduced.</i> (ii) <i>In cases where there is no agreement between the manufacturer and the end customer, post-sale discount offered by a manufacturer to its dealer/distributor for competitive pricing to push sales cannot be included in consideration of the dealer/distributor as the monetary value of the inducement of further supply of these goods.</i> (iii) <i>When dealers receive such post-sale discounts, they may engage in promotional activities to boost sales. However, these activities ultimately enhance the sale of goods that the dealers themselves own, thereby increasing their own revenue. In this context, the discount merely reduces the sale price of the goods</i>

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		<p>and is not linked to any independent service rendered to the manufacturer. Therefore, post-sales discounts offered by manufacturers to dealers in such cases shall not be treated as consideration for a separate transaction of supply of services.</p> <p>However, GST would be leviable in cases where a dealer undertakes specific sales promotional activities, such as advertising campaigns, co-branding, customization services, special sales drives, exhibition arrangements, or customer support services, etc., only when such services are explicitly stated in the agreement with a clearly defined consideration payable for such a supply. In such cases, the dealer provides a distinct service to the supplier, and accordingly, GST would be chargeable.</p>
08.	<p>(i) Retail sale price based valuation for Pan Masala, Cigarettes, Gutkha, Chewing Tobacco, Zarda, Scented tobacco and Unmanufactured Tobacco;</p> <p>(ii) To exclude supply of such goods from the provisions of rule 86B except for manufacturers.</p> <p>(iii) Amendment to include the said goods in Notification No. 49/2023-CT dated 29.09.2023 <i>[Notification of supplies in terms of Sec. 15(5), so as to provide valuation of the said supplies in the rules,]</i></p>	<p>(i) Insertion of new rule 31D to provide for the valuation of the specified goods on the basis of Retail Sale Price.</p> <p>(ii) Amendment of the first proviso to rule 86B of the CGST Rules.</p> <p>(iii) Amendment of Notification No. 49/2023-CT dated 29.09.2023.</p>
09.	Exemption from filing of FORM GSTR-9 for taxpayers with turnover up to Rs. 2 crore for FY 2024-25.	<p>(i) Notification to be issued.</p> <p>(ii) Amendments in the format of Form GSTR-9 & Form GSTR 9C.</p>
10.	<p>Operationalization of GSTAT:</p> <p>(i) Notifying cases or class of cases which shall be heard only by the Principal Bench under sub-section (5) of Section 109.</p> <p>(ii) New rule to be inserted to provide the conditions subject to which the appeals may be heard by a single member bench <i>[Sec. 109(8) provides that appeals where the tax or</i></p>	<p>(i) Following cases or class of cases which shall be heard only by the Principal Bench to be notified under sub-section (5) of Section 109:</p> <p><i>(a) Cases where on an application made by the parties to an appeal, the President is satisfied that identical questions of law arise for determination in appeals pending before one or more Benches of the GSTAT in respect of one or more establishments of distinct</i></p>

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	<p><i>ITC involved or the amount of fine, fee or penalty determined in any order appealed against, does not exceed fifty lakh rupees, and which does not involve any question of law may with the approval of the President and subject to such conditions as may be prescribed may be heard by a single member].</i></p> <p>(iii) Appeal may be made before the GSTAT against the order under Sec. 107/108 <i>within three months from the date of communication of the said order or the date, as may be notified by the Government</i> for filing appeal before the Appellate Tribunal under this Act, whichever is later.</p> <p>Following is recommended in this regard:</p> <p>(a) legacy appeals need to be filed by 30.06.2026;</p> <p>(b) Condition of 3 months from the date of receipt of the order would apply from 1st April 2026.</p>	<p><i>persons; or</i></p> <p><i>(b) Cases where one or more issues involved is covered by Sec. 14 or Sec. 14A of the IGST Act; or</i></p> <p><i>(c) Cases where one or more issues involved is covered under Sec. 20 of the CGST Act.</i></p> <p>(ii) Insertion of a new rule 110A.</p> <p>(iii) Notification to be issued.</p>
11.	(i) Principal Bench of the GSTAT to function as National Appellate Authority for Advance Ruling (NAAAR) w.e.f. 01.04.2026.	<p>(i) Amendment in Sec. 101A (1).</p> <p>(ii) Insertion of new sub-section (1A) to section 101A.</p>
12.	Amendment in CGST Rules for <i>alignment of the valuation rules of lottery</i> as a consequence of change <i>in rates of taxes on lottery tickets</i> [28% with ITC to 40% with ITC].	Amendment of Rule 31A of the CGST Rules, 2017.

Note: This document is prepared on the basis of Agenda Notes of the 56th GST Council Meeting and not to be construed as a legal explanation or interpretation of the Acts and the Rules. Please refer to the original Notifications when issued.