



57th GST Council Meeting: Key Outcomes

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57th GST Council Meeting: Key Outcomes

A Guide to the Recommendations of the GST Council Meeting held in New Delhi on 8 October 2026

Prepared by	ANKH and Associates
Sources	Note on Outcomes of the 57th Meeting of the GST Council PIB Press Release dated 8 October 2026 (Release ID 2320934)

Disclaimer: This note is for general guidance only. These are recommendations of the GST Council and will be given effect through circulars, notifications and amendments to the law, which alone have the force of law. The final wording may differ.

A. Executive Summary

The 57th Meeting of the GST Council was held in New Delhi on 8 October 2026. After the rate rationalisation recommended at the 56th meeting, this meeting focused on process reforms covering registration, returns, refunds and dispute resolution, wider input tax credit, and relief on penalties and prosecution. There was no general revision of rates; the Council made item-specific clarifications and a few targeted changes for certain goods and services.

Key intent: Reduce officer interface, speed up refunds, minimise mismatches and notices, and move enforcement from deterrence to system-based detection. Some recommendations also add new compliance obligations, which are set out in Section I.

A.1 At a Glance

Area	What was recommended	Who is affected most
Rates	No general rate revision. Item-specific clarifications and a few targeted changes (see Section J). Rates to be reviewed once a year at a dedicated meeting.	All taxpayers
Input tax credit	Blocked credit restrictions removed on outdoor catering, health and life insurance, telecom towers, pipelines outside factory, free samples and expired goods destroyed as required by law.	Employers, pharma, FMCG, telecom, oil and gas
Refunds	90 percent provisional sanction by the system for exports and inverted duty claims. Refund extended to input services and capital goods.	Exporters, inverted duty businesses
Returns	New mechanism to correct liability and credit in returns, built around IMS, from the return of April 2027.	All regular taxpayers
Disputes and penalties	No notice below Rs 10,000. Reduced 5 percent penalty in non-fraud cases on prompt payment. Arrest power withdrawn; prosecution threshold Rs 5 crore.	All taxpayers
Goods in transit	Interception only on specific intelligence, and not in transit States.	Traders, manufacturers, transporters
Exports	Export benefit for services to or through own foreign branches and for work on a foreign client's goods in India. Deliveries to overseas buyers in SEZ/FTWZ treated as SEZ supplies.	IT, design, engineering, testing, manufacturers
E-commerce	Simplified multi-State registration for small sellers of goods. New 5 percent levy without credit on delivery services through platforms.	Online sellers, platforms, delivery partners

Area	What was recommended	Who is affected most
New compliances	E-invoicing extended to reverse charge supplies and import of services (turnover Rs 5 crore and above). Reverse charge and 2 percent TDS on specified waste and scrap.	Mid-size and large taxpayers, scrap trade

B. Process Reforms

B.1 Registration

New registrations

- Automatic registration without an officer continues under rule 14A where the applicant does not intend to pass on credit of more than Rs 2.5 lakh a month.
- For other cases:** a comprehensive circular with FAQs will list the documents and information required; FORM GST REG-01 will have drop boxes for the prescribed documents; and the portal will give guided filing with drop-down lists and tool-tips.

Amendments

- Amendments to all registration particulars will be accepted automatically on the portal, except those relating to the principal place of business (rule 19 to be amended).
- For taxpayers registered under the automatic route (rule 14A), amendments to the principal place of business will also be accepted automatically.

Cancellation and restoration

- Phase 1:** a cancellation application in FORM GST REG-16 will be accepted automatically once all returns are filed and dues paid, where the taxpayer has never passed on credit above Rs 2.5 lakh in a month, or has done so but has filed the final return in FORM GSTR-10 in time.
- Phase 2:** all cancellation applications will be accepted automatically once returns are filed and dues paid. GSTR-10 details will be furnished in the REG-16 application itself.
- Cancellation by the department:** certain grounds for officer-initiated cancellation will be omitted. Cancellation for non-filing of returns or missing bank details will be system-based, and the registration will be restored by the system once the default is made good within the specified time (new rule 23A).

Small sellers on e-commerce platforms

- New rule 14B:** a small supplier of goods through e-commerce operators can register in a State where it has no physical presence by declaring the operator's warehouse as its principal place of business. Registration will be granted automatically, subject to conditions.
- Limit:** credit passed on must not exceed Rs 2.5 lakh a month, excluding stock transfers between distinct persons. As per the Council's note, the seller must have a physical presence in a home State, the registration is limited to supplies through platforms, and a seller crossing the limit moves to ordinary registration.

B.2 Returns

The Council recommended an alternate mechanism to amend liability and credit in returns, to reduce mismatches and the notices that follow. It is proposed to apply from the return of April 2027, after a time-bound public consultation.

- GSTR-1 / 1A / IFF** will be enhanced for better reconciliation with GSTR-3B.
- Liability corrections:** new rule 61(1A) will allow correction of liability so that GSTR-3B aligns with GSTR-1/1A/IFF.
- Credit corrections:** new rule 61(1B) will allow correction of credit so that GSTR-3B aligns with GSTR-2B.
- Invoice Management System (IMS):** new rule 60(6A) gives legal backing for the recipient to accept, reject or keep pending an inward supply document for generating GSTR-2B, including a limit on how long a credit note can be kept pending.
- Two new portal statements:** an Electronic Credit Reversal and Reclaim Statement (rule 86C) and an Electronic Statement of tax paid on reverse charge and credit claimed (rule 86D).

- **FORM GST DRC-03** will capture details of the underlying invoice for which payment is made.
- **Time limits:** sections 16, 37 and 39 will be amended to align the time limits for the outward supply statement and the return with the time limit for availing credit under section 16(4).
- **Late fee relief:** late fee will be waived for taxpayers with turnover up to Rs 5 crore in the preceding year, if the delayed return under section 39(1) is filed by the end of the month in which it was due.

B.3 Refunds

Faster, system-based processing

- **Phase 1:** excess cash ledger balance refunded in full automatically. Acknowledgement or deficiency memo within 10 days instead of 15, failing which the claim is deemed acknowledged. For zero-rated supplies and inverted duty structure, 90 percent of the claim sanctioned provisionally by the system on risk evaluation. As per the Council's note, the order will issue within three working days of acknowledgement instead of seven.
- **Phase 2:** automated acknowledgement by the system, and automated sanction of the full claim for zero-rated supplies after adjusting pending dues, on risk evaluation.

Other refund changes

- **FORM GST RFD-01** will capture details in system-readable form; scanned documents will no longer be required for zero-rated and inverted duty claims.
- **Exporters of goods:** the cap on zero-rated turnover at 1.5 times the value of like goods supplied domestically (rule 89(4)(C)) will be removed.
- **Minimum refund of Rs 1,000** will apply to the total of CGST, SGST/UTGST and IGST taken together.
- **Interest on refund of pre-deposit:** section 115 will be made a standalone provision on the rate of interest, with a clarifying circular.

Wider scope of refund

- **Input services (inverted duty structure):** refund extended to accumulated credit on input services, for credit availed on or after 1 November 2026.
- **Capital goods:** refund of accumulated credit on capital goods allowed for both zero-rated supplies and inverted duty structure, spread over 60 months, for credit availed on or after 1 April 2027.

C. Input Tax Credit

- **Blocked credits (section 17(5)):** restrictions to be removed on outdoor catering, health and life insurance, telecommunication towers, pipelines laid outside factory premises, free samples, and goods destroyed or written off on expiry of shelf life as required by law.
- **Same line of business:** limited credit to be allowed for restaurant and outdoor catering services, hotel accommodation up to Rs 7,500 per unit per day, and gym and fitness services, in the same manner as for passenger transport, tour operator and motor vehicle renting services.
- **Blocking of credit ledger (rule 86A):** a taxpayer will be able to file an objection against blocking of the electronic credit ledger and get a personal hearing before a decision is taken.
- **Second-hand vehicle dealers (margin scheme):** credit is available on inputs and input services such as spares, repairs, rent, technology and advertising. Only tax paid on the second-hand vehicles procured is restricted.
- **Genuine buyer protection:** as per the Council's note, a Committee of Officers will examine protecting a buyer who holds a proper invoice, has received the goods and has paid the supplier in full. It is to report within three months. No relief has been granted yet.
- **Circulars to follow on:** the Input Service Distributor mechanism; credit for banks, financial institutions and NBFCs opting for section 17(4); and credit on demonstration vehicles in certain situations.

D. Notices, Penalties and Appeals

- **Minimum threshold:** no show cause notice where the tax involved (CGST, SGST, IGST and cess together) is below Rs 10,000. Pending notices and appeals below this amount will be decided as if the threshold had applied when the notice was issued.
- **Reduced penalty:** in non-fraud cases, penalty of 5 percent where tax and interest are paid within 30 days (section 73) or 60 days (section 74A) of the adjudication order. The minimum penalty of Rs 10,000 in non-fraud cases is removed.
- **Voluntary payment:** where the full tax is paid voluntarily with interest and penalty within the specified time, the penalty amount will be deemed a 'charge'.
- **General penalty (section 125):** maximum reduced from Rs 25,000 to Rs 10,000.
- **Pre-deposit for appeals:** capped at Rs 40 crore (Rs 20 crore CGST and Rs 20 crore SGST/UTGST) for appeals to the Appellate Authority or the Tribunal where the order involves only penalty and no tax demand. A circular will also clarify issues on payment of pre-deposits.
- **Quality of notices and orders:** a circular will guide officers on demand notices, adjudication and appeal orders, timely issue, invoking fraud or suppression only on merits, and personal hearings.
- **Point to watch:** a validation clause will be introduced to validate notices that courts have held invalid for having been issued for multiple financial years. Clients with such litigation should review their position.
- **GST Appellate Tribunal:** provisions will be aligned with the Tribunals Reforms Act, 2026 and the related rules.

E. Arrest and Prosecution

- **Arrest:** complete withdrawal of arrest powers under GST by omission of section 69.
- **Prosecution threshold:** raised from Rs 1 crore to Rs 5 crore.
- **Scope of offences narrowed (section 132):** clause (i) omitted; the words "evades tax" deleted from clause (e) and "or in any other manner deals with" from clause (h); clause (c) limited to fraudulent availment of credit without receipt of goods or services or without an invoice or bill.
- **Punishment:** the amount of punishment for various offences will be rationalised. As per the Council's note, the minimum punishment is removed and fine, imprisonment or both is left to judicial discretion.

F. E-way Bill and Goods in Transit

- **Interception** only on specific intelligence and with authorisation of an officer not below the rank of Joint Commissioner.
- **No interception in transit States:** inspection, detention or seizure only where the supplier or the recipient is located or registered in the State of interception.
- **Exception:** where no e-way bill has been generated, or the conveyance carries no document showing origin or destination, goods can be inspected, detained or seized irrespective of jurisdiction.
- **Confiscation under section 130** will not apply to goods or conveyances in transit.

G. Exports and Cross-border Transactions

- **Services to or through foreign branches:** the condition that supplier and recipient must not be establishments of a distinct person is being removed from the definition of export of services. Indian service providers will be able to claim refunds on services supplied to or through their foreign offices.
- **Work on goods made available by a foreign client:** section 13(3)(a) of the IGST Act is to be omitted, so the place of supply will be the location of the recipient. Testing, repair, certification, research or processing done in India for a foreign client can then qualify for export benefits.

- **Delivery in SEZ/FTWZ for overseas buyers:** goods supplied to an overseas buyer but delivered to that buyer in an SEZ or FTWZ, with payment in convertible foreign exchange or permitted Indian rupees, will be deemed a supply to an SEZ/FTWZ and zero-rated.
- **Receipt of payment:** a circular will clarify issues on receipt of export proceeds in foreign exchange or Indian rupees as permissible.
- **Rule 96(10)** is to be treated as omitted with effect from 23 October 2017, in line with the Supreme Court decision.
- **Intellectual property:** transfer of title in IPR, whether temporary or permanent, will uniformly be treated as a supply of services.

H. E-commerce Operators

- **Liability under section 9(5):** the law will be amended to make clear that the operator is liable to pay tax on notified services irrespective of its business model.
- **Delivery services through a platform:** delivery services other than courier and postal, supplied through an operator by a person not liable to register, are brought under section 9(5) at 5 percent without credit.
- **Delivery of goods ordered through a platform:** 5 percent without credit prescribed for delivery services in relation to such goods.
- **Goods transport agency:** the exemption for transport of goods to unregistered persons (Entry 21A of Notification 12/2017) will not apply where the goods are supplied or ordered through an e-commerce operator.

I. New Compliance Obligations

- **E-invoicing extended:** for taxpayers with aggregate annual turnover of Rs 5 crore and above, e-invoicing will cover supplies received from unregistered persons where tax is payable under reverse charge, and import of services.
- **Waste and scrap under reverse charge:** waste and scrap of plastics, electrical and electronic waste, waste and scrap of tyres, and used cooking oil will be under reverse charge when supplied by an unregistered person to a registered person. The recipient pays even if the supplier is below the threshold.
- **TDS at 2 percent** introduced on supplies of the same specified waste and scrap between registered persons.
- **Small B2C taxpayers:** an optional Annual Return Quarterly Payment (ARQP) scheme is approved in principle for taxpayers with aggregate turnover up to Rs 5 crore in the preceding year who supply only to unregistered persons. Details will come at the next Council meeting.

J. Goods and Services: Clarifications and Changes

J.1 Goods

Item	Recommendation
Psyllium seeds (Isabgol)	Nil rate, whether fresh, chilled, frozen or dried.
Re-treaded tractor tyres	Rate aligned with that on new tractor tyres.
Toys	Rate schedule entries cover all toys under heading 9503 (dolls, puzzles and others), not only tricycles, scooters and pedal cars.
Sublimation paper	Classified under heading 4809. Past cases regularised on “as is where is” basis.
Sea-weed extract based bio-stimulants	Classifiable under heading 3101 as fertilisers where registered under Schedule VI of the Fertiliser Control Order, 1985. Past cases regularised.
Canteen Stores Department	Compensation cess not levied on two and four wheelers (1 July 2017 to 30 September 2022) and on aerated drinks by CSDs and Unit Run Canteens (1 July 2017 to 31 March 2022) is exempted.

J.2 Services

Item	Recommendation
Electric vehicles: passenger transport and rental with operator	Option to pay 5 percent with restricted credit, where the cost of battery charging is included in the consideration.
Motor vehicle leasing	Clarification on treatment of registration charges, road tax, insurance and FASTag charges incurred by the lessor and recovered from the lessee.
Helicopter passenger transport	Exempt on seat-sharing basis from or to airports and helipads in north-eastern States, Sikkim and Bagdogra.
Seeds for sowing	Storage and warehousing services exempt.
Coffee curing	Agricultural support service of curing coffee for cultivators exempt.
Seamen's Provident Fund Organisation	Services to persons governed by the Seamen's Provident Fund Act, 1966 exempt.
Research and development	Self-certification by the head of the institution that the activity is R&D and not consultancy, for exemption under Entry 44A.
Foreign shipping lines	Import of services by an Indian establishment from a related person or its establishment abroad, without consideration, exempt. Past period regularised.
Highway projects (TOT model)	Grant of right to collect toll by Government to the concessionaire exempt. Special procedure for valuation and time of payment on O&M services.
Banks: funds transfer pricing	Notional interest on transfers between branches is covered by the definition of "interest" in Notification 12/2017.

K. Dates to Note

When	What
1 November 2026	Refund of credit on input services under inverted duty structure, for credit availed on or after this date.
1 April 2027	Refund of credit on capital goods (spread over 60 months), for credit availed on or after this date.
Return of April 2027	Proposed start of the new mechanism for amending liability and credit in returns, after public consultation.
Within three months	Committee of Officers to report on protecting the genuine buyer's credit.
Next Council meeting	Detailed framework for the ARQP scheme.
Not yet announced	Effective dates for all other recommendations, which depend on notifications and law amendments.

L. Practical Impact & Advisory

- **Review blocked credits:** identify spend on outdoor catering, employee insurance, free samples and expired stock where credit may open up.
- **Plan refunds:** exporters and inverted duty businesses should map input service and capital goods credits against the two effective dates, and consider the timing of capital purchases.
- **Strengthen IMS and reconciliation routines:** accepted invoices will drive credit, and return corrections will run through the new mechanism from April 2027.
- **Prepare for wider e-invoicing:** taxpayers with turnover of Rs 5 crore and above should list reverse charge purchases from unregistered persons and imports of services.

- **Scrap buyers and sellers:** review reverse charge and TDS readiness for plastics, e-waste, tyre scrap and used cooking oil.
- **Pending disputes:** identify notices and appeals below Rs 10,000, non-fraud demands where the 5 percent penalty may help, and matters involving multi-year notices.
- **Service exporters and SEZ suppliers:** revisit arrangements with foreign branches, work on foreign clients' goods, and deliveries into SEZ/FTWZ.
- **Online sellers and platforms:** evaluate multi-State registration under rule 14B and the impact of the 5 percent levy on delivery services.

M. Conclusion

The 57th GST Council meeting is a process-focused reform. For most taxpayers, tax rates remain unchanged. The real impact is operational: registration, returns, refunds and disputes will run increasingly through the system, with less officer discretion.

Taxpayer-friendly improvements include: removal of several blocked credit restrictions, refund of credit on input services and capital goods, 90 percent provisional refunds, the Rs 10,000 threshold for notices, reduced penalties, withdrawal of arrest powers, and no interception of goods in transit States.

Points that need attention include: wider e-invoicing, reverse charge and TDS on specified waste and scrap, the 5 percent levy on delivery services through e-commerce operators, validation of multi-year notices, and the new return correction mechanism from April 2027.

Warm Regards,
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