

Key Highlights of 57th GST Council Meeting held on 08th October 2026

The 57th Meeting of the GST Council was held on 8th October 2026 at New Delhi under the chairpersonship of the Union Finance & Corporate Affairs Minister. While the 56th Meeting (September 2025) dealt with rate rationalisation, the 57th Meeting is directed at process reforms covering registration, returns, refunds and adjudication, together with clarifications on the applicability of GST to certain goods and services and other trade facilitation and compliance measures. No change in the general rate structure has been recommended. The Council's recommendations will take effect only through circulars, notifications and law amendments, which alone carry the force of law.

1. Process Reforms – Registration

Area	Recommendation	Timeline / Status
 Registration application	Comprehensive circular on documents and information required, with FAQs; drop boxes in FORM GST REG-01 for selecting prescribed documents; a more user-friendly portal interface with navigational paths, drop-down lists, tool-tips and contextual guidance. This is in addition to the automatic registration already granted under rule 14A where ITC passed on does not exceed ₹2.5 lakh per month.	Not specified
 Amendment of registration (rule 19)	Automatic acceptance of amendment to all registration particulars except the Principal Place of Business (PPoB). For rule 14A (automatic route) registrants, all particulars including PPoB are accepted automatically.	Not specified; requires rule amendment
 Cancellation on application (FORM GST REG-16)	Phase 1: automatic acceptance once pending returns are filed and dues paid, where (i) ITC passed on has not exceeded ₹2.5 lakh in any month since registration, or (ii) it has exceeded that limit but the final return in FORM GSTR-10 is filed within the specified time. Phase 2: all applications accepted automatically on the same conditions, with GSTR-10 details furnished in the REG-16 application itself.	Two phases; dates not specified; requires Act and Rules amendments
 Suo-moto cancellation	Certain grounds in rule 21 to be omitted; amendment of rules 21A and 22 and insertion of rule 23A for system-based cancellation and revocation on non-filing of returns or non-furnishing of bank account details and subsequent compliance within the specified time.	Not specified
 Small sellers on ECO platforms (new rule 14B)	Simple registration for small suppliers of goods through ECOs in a State/UT where they have no physical presence and intend to pass on ITC of not more than ₹2.5 lakh per month (stock transfers between distinct persons excluded), by declaring the ECO's warehouse in that State/UT as the PPoB. Registration to be granted automatically, subject to conditions.	Not specified

2. Process Reforms – Returns

The Council recommended an alternate mechanism for amendment of liability and ITC in returns, so as to minimise mismatches and the notices and intimations that follow from them.

Measure	Recommendation
 GSTR-1/1A/IFF	Enhancements for better reconciliation with the details reported in GSTR-3B.
 Rule 61(1A) and (1B)	Mechanism for correct reporting and correction/rectification of liability in GSTR-3B to align with GSTR-1/1A/IFF, and of ITC in GSTR-3B to align with GSTR-2B.
 Rule 86D	New facility: “Electronic Statement of tax paid on Reverse charge basis and input tax credit claimed”.
 Rule 86C	New facility: “Electronic Credit Reversal and Reclaim Statement”.
 Rule 60(6A) – IMS	Recipient may accept, reject or keep pending a document for the purpose of the statement in GSTR-2B, subject to conditions, including the period for which a credit note can be kept pending.
 FORM GST DRC-03	To capture details of the underlying invoice for which payment is made.
 Circular	To clarify the manner of furnishing correct ITC and reversal details in GSTR-3B in the context of IMS and the two new statements.

Timeline: The Council recommended that these provisions be brought into force from the return of April 2027.

3. Process Reforms – Refunds

Phase / Item	Recommendation
 Phase 1	(a) Full refund of excess balance in the electronic cash ledger to be sanctioned automatically by the system, without officer intervention. (b) Time limit for acknowledgement or deficiency memo reduced from 15 days to 10 days, with deemed acknowledgement by the system if neither is issued within 10 days. (c) For refunds of zero-rated supplies and inverted duty structure, 90% of the amount claimed to be sanctioned provisionally and automatically, on the basis of system-based risk identification and evaluation.
 Phase 2	System-based automated acknowledgement on due verification; in acknowledged cases, automated sanction of the full refund on zero-rated supplies after adjusting pending dues, if any, on the basis of system-based risk evaluation.
 FORM GST RFD-01	Details to be captured in a system-readable format, dispensing with scanned documents for zero-rated supply and inverted duty structure refunds.
 Rule 89(4)(C)	Restriction on the maximum turnover of zero-rated supply of goods (1.5 times the value of like goods domestically supplied) to be removed.
 Section 54(14)	Explanation to clarify that the ₹1,000 threshold applies to the total refund amount, i.e. CGST, SGST/UTGST and IGST taken together.
 Interest on pre-deposit refund	Section 115 to be made a standalone provision on the rate of interest on refund of pre-deposit paid for appeals; a circular to clarify related issues.

Timeline for the two phases has not been specified in the release; amendments to section 54 and the relevant Rules are required.

4. Process Reforms – Dispute Resolution

Area	Recommendation
 Circular for officers	Guidelines on the quality and timeliness of demand notices, adjudication orders and appeal orders; invocation of fraud, wilful misstatement or suppression only on the merits of each case; adherence to natural justice, including personal hearings.
 Minimum threshold (sections 73, 74, 74A)	No show cause notice where the tax involved (CGST + SGST + IGST + Cess) is below ₹10,000. A statutory provision to provide that notices and appeals below ₹10,000 pending on the date the threshold comes into force will be decided as if the threshold had been in force when the notice was issued.
 Penalty as “charge”	Penalty amount to be deemed a “charge” where the full tax is voluntarily paid along with interest and penalty within the specified time.
 Reduced penalty	5% in non-fraud cases where tax with interest is paid within 30 days (section 73) or 60 days (section 74A) of the adjudication order. Minimum penalty of ₹10,000 in non-fraud cases to be removed.
 Section 125 general penalty	Maximum reduced from ₹25,000 to ₹10,000.
 Pre-deposit cap (sections 107(6) and 112(8))	Upper limit of ₹40 crore (₹20 crore CGST and ₹20 crore SGST/UTGST) on pre-deposit for appeals before the Appellate Authority or Appellate Tribunal, where the order involves only penalty and no tax demand.

5. Input Tax Credit and Refund of Accumulated ITC

Category	Description	Recommendation / Effective Date
 Refund –input services (inverted duty)	Refund of accumulated ITC on input services for inverted duty structure (section 54(3) proviso, clause (ii), and Rules).	ITC availed on or after 1st November 2026
 Refund – capital goods	Refund of accumulated ITC on capital goods for zero-rated supplies and inverted duty structure, spread over 60 months.	ITC availed on or after 1st April 2027
 Section 17(5) – blocked credit	Restrictions to be removed inter alia 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.	Not specified; Act amendment
 Same fed business ITC	To allow for limited ITC for restaurant/outdoor catering, hotel accommodation up to ₹7,500 per unit per day, and gym/fitness services, in the manner already available for passenger transportation, tour operator and motor vehicle renting services.	Not specified

6. Exports and Zero-Rating

Area	Recommendation
 Export of services – distinct person condition	Omission of sub-clause (v) of section 2(6) of the IGST Act, so that the condition of supplier and recipient not being establishments of a distinct person under Explanation 1 to section 8 no longer applies. Refunds to be facilitated for services supplied to or through foreign offices/branches.
 Place of supply – goods made available by recipient	Omission of section 13(3)(a) of the IGST Act, so that the place of supply is determined under section 13(2), i.e. the location of the recipient.

Payment in foreign exchange / INR	Circular to clarify issues on receipt of payment in foreign exchange or Indian rupees, as permissible, for export of goods and services.
Area	Recommendation
Supply to overseas buyer delivery in SEZ/FTWZ	Explanation to section 16(1) of the IGST Act: where goods supplied to an overseas buyer are delivered in an SEZ/FTWZ and payment is received in convertible foreign exchange (or INR where RBI permits), the supply is deemed a supply to an SEZ/FTWZ, giving certainty on zero-rating.

7. Ease of Living and Doing Business: Key Reforms

The Council has also recommended the following measures to simplify compliance, reduce litigation and facilitate trade.

- **Arrest and Prosecution**

Complete withdrawal of the power of arrest by omission of section 69 of the CGST Act. The monetary threshold for prosecution is to be raised from ₹1 crore to ₹5 crore. Section 132(1) is to be amended by omitting clause (i), deleting the words “evades tax” in clause (e) and the words “or in any other manner deals with” in clause (h), and restricting clause (c) to fraudulent availment of ITC without receipt of goods or services or without invoice or bill. The quantum of punishment under section 132 is also to be rationalised. Deterrence against fraud and evasion is stated to be retained.

- **E-way Bill and Interception of Goods**

Sections 68, 129 and 130 are to be amended so that a conveyance may be intercepted only on specific intelligence and with the authorisation of an officer not below the rank of Joint Commissioner. Inspection, detention or seizure may be undertaken only where the supplier or the recipient is located or registered in the State of interception, and there will be no interception in transit States. Where no e-way bill has been generated, or the conveyance carries no document showing origin or destination, goods may be inspected, detained or seized irrespective of jurisdiction. Confiscation under section 130 will not apply to goods or conveyances in transit.

- **Late Fee Relief for Small Taxpayers**

Waiver of late fee on delayed return under section 39(1) for taxpayers with annual turnover up to ₹5 crore in the preceding financial year, if the delayed return is filed by the end of the month in which it was due.

- **Annual Return Quarterly Payment (ARQP) Scheme**

A concept note for an optional ARQP scheme was approved in principle for taxpayers with aggregate turnover up to ₹5 crore in the preceding financial year who are engaged exclusively in supplies to unregistered persons (B2C). Only a concept note has been approved; the detailed framework and legal amendments are yet to follow.

- **Blocking of Credit under Rule 86A**

Amendment to enable a taxpayer to file an objection against blocking of an amount in the electronic credit ledger and to avail a personal hearing before the proper officer decides the objection.

- **Transfer of Title in Intellectual Property Rights**

Schedule II of the CGST Act to be amended so that transfer of title in IPRs, whether temporary or permanent, is uniformly treated as a supply of services.

- **Alignment of Provisions**

- ✓ Sections 16, 37 and 39 are to be amended to align the time limits for furnishing outward supplies and returns with the time limit for availing ITC under section 16(4).
- ✓ Section 9(5) is to be amended to bring clarity on the ECO's liability to pay tax on notified services irrespective of business model.
- ✓ A validation clause is proposed for notices held invalid by courts for having been issued for multiple financial years.
- ✓ E-invoicing is to be extended to domestic supplies received from unregistered persons on which tax is payable under reverse charge, and to import of services, for taxpayers with aggregate annual turnover of ₹5 crore and above.

- **GSTAT**

Amendments to the CGST Act and the GSTAT (Appointment and Conditions of Service of President and Members) Rules, 2023, to align with the Tribunals Reforms Act, 2026 and the National Tribunals Commission and Qualification, Selection and Conditions of Service of Chairpersons and Members of Tribunals Rules, 2026.

- **Circulars on Specific Issues**

Circulars are to be issued on:

- ✓ Input Service Distributor mechanism;
- ✓ ITC for banking companies and financial institutions, including NBFCs, opting for section 17(4);
- ✓ payment of pre-deposits;
- ✓ ITC on demonstration vehicles in certain situations; and
- ✓ omission of rule 96(10) of the CGST Rules, effective from 23.10.2017, in accordance with the decision of the Hon'ble Supreme Court.

8. Clarifications on Rates – Goods

Category	Description	Recommendation
 Sublimation paper	Classification	Clarified as falling under heading 4809; past cases regularised on "as is where is" basis.
 Toys	Sr. No. 497 of Schedule I and Sr. No. 616 of Schedule II of notification No. 09/2025-CTR dated 17.09.2025	Clarified to cover all toys of heading 9503 (dolls, puzzles and other toys), not only tricycles, scooters and pedal cars.
 Sea-weed extract bio-stimulants	Registered under Schedule VI of the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985	Classifiable under heading 3101 as fertilisers; past cases regularised on "as is where is" basis (Explanation in Sr. No. 237 of Schedule I of notification No. 09/2025-CTR).

Category	Description	Recommendation
 Second-hand vehicles – margin scheme	Notification Nos. 8/2018-CT(R), 9/2018-IT(R) and 1/2018-CC(R)	ITC allowed on inputs and input services other than second-hand vehicles; restriction applies only to tax paid on procured second-hand vehicles.
 Waste and scrap	Plastics; electrical and electronic waste; tyres; used cooking oil	RCM on supplies by unregistered to registered persons (recipient pays even if supplier is below threshold; supplier to register on crossing threshold). TDS at 2% on supplies by registered to registered persons.
 Psyllium (Isabgol)	Fresh, chilled, frozen or dried	Nil rate.
 Re-treaded tractor tyres	Anomaly correction	Rate aligned with new tractor tyres.
 Compensation Cess – CSD canteens	Two and four wheelers (01.07.2017 to 30.09.2022); aerated drinks (01.07.2017 to 31.03.2022)	Compensation Cess not levied by CSDs/Unit Run Canteens to be exempted for the stated periods.

9. Clarifications on Rates – Services

Category	Recommendation
 Electric vehicle passenger transport and rental	Option to pay GST at 5% with restricted ITC on passenger transport and rental of motor vehicles with operator, where an electric vehicle is used and battery charging cost is included in the consideration.
 Delivery services through ECOs	Delivery services (other than courier and postal) supplied through an ECO by a person not liable to register under section 22(1) to be brought under section 9(5); 5% without ITC on delivery services in relation to goods supplied or ordered through an ECO; exemption for GTA transport of goods to unregistered persons under Entry 21A of notification No. 12/2017-CT(R) to be excluded where goods are supplied or ordered through an ECO.
 Motor vehicle leasing	Clarification on treatment of statutory and ancillary recoveries (registration charges, road tax, insurance, FASTag charges) recovered by the lessor from the lessee.
 Helicopter passenger transport	Exemption for seat-sharing services from/to airports/helipads in north-eastern States, Sikkim and Bagdogra (West Bengal).
 Seeds and coffee	Exemption for storage or warehousing of seeds meant for sowing, and for curing of coffee by coffee curers for cultivators.
 Seamen's Provident Fund Organisation (SPFO)	Exemption for services provided by SPFO to persons governed by the Seamen's Provident Fund Act, 1966.
 Research & Development	Self-certification by the head of the institution that the activity is R&D and not consultancy, for exemption under Entry 44A of notification No. 12/2017-CT(R).
 Foreign shipping	Exemption for import of services by an establishment of a foreign shipping company in India from a related person or its establishment abroad without consideration; past period regularised on "as is where is" basis.
 Highway TOT model	Exemption for grant of exclusive right, licence and authority by Government/local or governmental authority to the concessionaire to collect toll (upfront/concession amount to NHAI); special procedure on valuation and time of payment for O&M services by concessionaires to the concessioning authority.

Category	Recommendation
 Funds Transfer Pricing in banks	Clarification that the notional amount treated as “interest” in FTP transactions between branches is covered by the definition of “interest” in notification No. 12/2017-CT(R).

10. Implementation Timeline

Date / Stage	Measure
 1st November 2026	Refund of accumulated ITC on input services (inverted duty structure): applies to ITC availed on or after this date.
 1st April 2027	Refund of ITC on capital goods (zero-rated supplies and inverted duty structure), spread over 60 months: applies to ITC availed on or after this date.
 Return of April 2027	Alternate mechanism for amendment of liability and ITC in returns (IMS, rules 61(1A)/(1B), 86C, 86D, 60(6A)), after public consultation.
 Not specified	All other measures, including registration, cancellation, refund automation, dispute resolution, arrest and prosecution, e-way bill and ARQP: to take effect on notification, rule/Act amendment or circular. FAQs are stated to be issued.

Detailed recommendations can be read at **[Press Release: Press Information Bureau \(Release ID 2320934, dated 08 October 2026\)](#)**

Note: The recommendations of the GST Council have been presented in this release containing major item of decisions in simple language for information of all stakeholders. The same would be given effect through relevant Circulars/ Notifications/ Law amendments which alone shall have the force of law.