



₹ GST



THE GST INSIDER

GST 2.0: SIMPLIFIED TAX STRUCTURE AND
SECTORAL REFORMS FOR GROWTH

CA. SAMARPIT SHARMA

»»» PREFACE «««

Welcome to our latest issue of "**The GST Insider**" meticulously compiled by **CA Samarpit Sharma**. As we navigate through the ever-evolving landscape of the Goods and Services Tax (GST), our aim is to bring you the most recent and pertinent updates, including circulars, notifications, press releases, relevant case laws, advance rulings, and other essential documents.

This Newsletter is designed to serve as a comprehensive resource for enhancing your understanding of GST regulations. Each edition is carefully structured to present complex legal content in an accessible and engaging format. Through the use of explanatory visuals and simplified explanations, we strive to make the material not only easier to comprehend but also more interesting to read.

It is important to note that the information provided herein is intended solely for knowledge sharing purposes and should not be utilized as a basis for any form of professional advice. For specific GST-related advice, we recommend consulting with qualified experts.

By integrating visual aids and reformulating the legal text into reader-friendly formats, we hope to enrich your learning experience and keep you updated on significant GST developments. Enjoy the read, and may it spark both your interest and understanding of GST.

Thank you for trusting "The GST Insider" as your go-to source for GST updates. We hope you find this edition both informative and easy to comprehend.

Thank You!



CA. SAMARPIT
SHARMA

AUTHOR

“

*When effort meets
patience,
impossible becomes
inevitable.*

”

»»» NEWSLETTER «««

THE GST INSIDER



GST 2.0: SIMPLIFIED TAX STRUCTURE AND SECTORAL REFORMS FOR GROWTH

THE EVOLUTION OF INDIA'S TAX SYSTEM - A MILESTONE IN THE MAKING

56TH GST COUNCIL MEETING

»»» READ MORE

If the rollout of GST in July 2017 was the birth of a unified indirect tax regime, then the 56th GST Council meeting on 3rd September 2025 will be remembered as its coming of age.

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READ MORE



The image highlights a 28% subsidy across various vehicle categories to improve affordability and sustainability. It covers small cars, motorcycles, three-wheelers, buses, LCVs, electric passenger vans, electric goods vehicles, agricultural transport, school vans, and ambulances, aiming to lower costs.

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AUTOMOBILES & TRANSPORT - DRIVING AFFORDABILITY & EFFICIENCY

56TH GST COUNCIL MEETING

20 SEPTEMBER 25

SUN	MON	TUE	WED	THU	FRI	SAT
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7	8	9	GSTR 7 (AUG 2025) GSTR 8 (AUG 2025)	GSTR 1 (AUG 2025)	12	GSTR 1/IFF (AUG 2025) GSTR 5 & 6 (AUG 2025)
14	15 ITR (NON-AUDITED) A.Y. 2025-26	16	17	18	19	GSTR 3B (AUG 2025) GSTR 5A (AUG 2025)
21	22	23	24	25	26	27
28	29	30				

HIGHLIGHTS

»»» *Gst 2.0: Simplified tax structure and sectoral reforms for growth*

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GST 2.0 - SIMPLIFIED SLABS, SECTORAL RELIEFS, STRATEGIC REFORMS

If the rollout of GST in July 2017 was the birth of a unified indirect tax regime, then the 56th GST Council meeting on 3rd September 2025 will be remembered as its coming of age. For the last eight years, GST's evolution has been driven by incremental adjustments rate corrections, procedural tweaks, and the occasional bold step. But what we saw in this meeting was not tinkering around the edges. It was a **strategic re-engineering** of the system.

This time, the Council has not just touched individual tax lines; it has redefined the **structure of rates**, the **speed of compliance**, and the **clarity of classification**. The agenda was broad, but the outcome was sharply focused — simplify, rationalise, and accelerate.

From my experience as a Chartered Accountant advising MSMEs, corporates, and sector-specific enterprises, I know how a single percentage point change can ripple through pricing strategies, vendor negotiations, ITC claims, and customer contracts. Multiply that by the sweeping changes made here — spanning essentials, FMCG, agriculture, healthcare, renewable energy, automobiles, construction materials, luxury goods, and more — and you have a transformation that will require **careful planning to implement smoothly**.

The most visible takeaway is **consumer relief** — lower GST on everyday essentials, medicines, and small vehicles. The most headline-grabbing is the **40% special slab** for sin and luxury goods. But the most enduring change may well be in **process reforms**:

- MSME registration timelines cut from **30 days to 3 days**.
- Automated refunds for inverted duty structure cases.
- GST Appellate Tribunal (**GSTAT**) finally operationalised with hearings starting **December 2025**.

What is clear is that this meeting was built around four guiding principles:

1. **Alignment** – Similar goods should have similar rates to end classification disputes.
2. **Relief where it matters** – Sectors with mass consumer impact or employment generation see targeted cuts.
3. **Revenue neutrality** – Where rates are cut, compensations are made via cess-merging or selective hikes.
4. **Faster dispute resolution** – Clearing the backlog and creating capacity for future cases.

The GST regime has always been a living law. This meeting proves that, when the evolution is deliberate and well-structured, it can build clarity, trust, and efficiency in equal measure.



GST 2.0 - SIMPLIFIED SLABS, SECTORAL RELIEFS, STRATEGIC REFORMS

Meeting Recap – At a Glance

The 56th meeting of the GST Council was held on 3rd September 2025 at Sushma Swaraj Bhavan, New Delhi, chaired by the Hon'ble Union Finance & Corporate Affairs Minister.

Tone of the Meeting: Constructive, consensus-driven, and forward-looking. This was not a firefighting session, but a planned recalibration of the GST architecture.

Core Decisions:

• Rate Rationalisation:

- Reduced rates for essentials, FMCG, agriculture, renewable energy, healthcare, and automobiles.
- Creation of a 40% special slab for sin and luxury goods, merging erstwhile cess into GST.

• Process Reforms:

- MSME registration reduced from 30 days to 3 days.
- Risk-based automated refunds extended to inverted duty structure claims.
- Faster GSTAT operationalisation to address appeal backlogs.

• Transitional Clarity:

- Most changes effective from 22nd September 2025.
- Sin goods (tobacco, pan masala, gutkha, etc.) to transition after cess loan repayment.

Underlying Objectives:

- Remove inconsistencies in classification.
- Relieve working capital pressures by addressing inverted duty.
- Maintain fiscal stability while offering consumer relief.
- Speed up compliance and dispute resolution.

Author's Note:

For professionals, the biggest task is not learning the new rates – it's mapping them against current stock, open contracts, and procurement schedules. This is where compliance discipline will separate smooth transitions from chaotic ones.



GST 2.0 - FMCG & ESSENTIALS

The GST Council's recent rate rationalisation has brought immediate relief to households by slashing taxes on commonly used products. These changes not only make essentials more affordable but also remove long-standing classification disputes, ensuring simplicity and uniformity in taxation.

FMCG & ESSENTIALS – EVERYDAY ITEMS NOW CHEAPER



Beyond the listed ten items, the FMCG & essentials category also includes **cosmetic products** such as **shaving gels**, **certain body lotions**, and **skincare creams** that have been brought under the **reduced 5% slab**. Some packaged staples like **instant porridge mixes** and **ready-to-cook meal kits** have also been rationalised. The Council has retained exemptions for fresh unprocessed vegetables, fruits, and staples while harmonising rates for packaged and processed versions of similar goods.



GST 2.0 - PROCESSED FOOD & BEVERAGES

PROCESSED FOOD & BEVERAGES – SIMPLIFIED GST, WIDER ACCESS

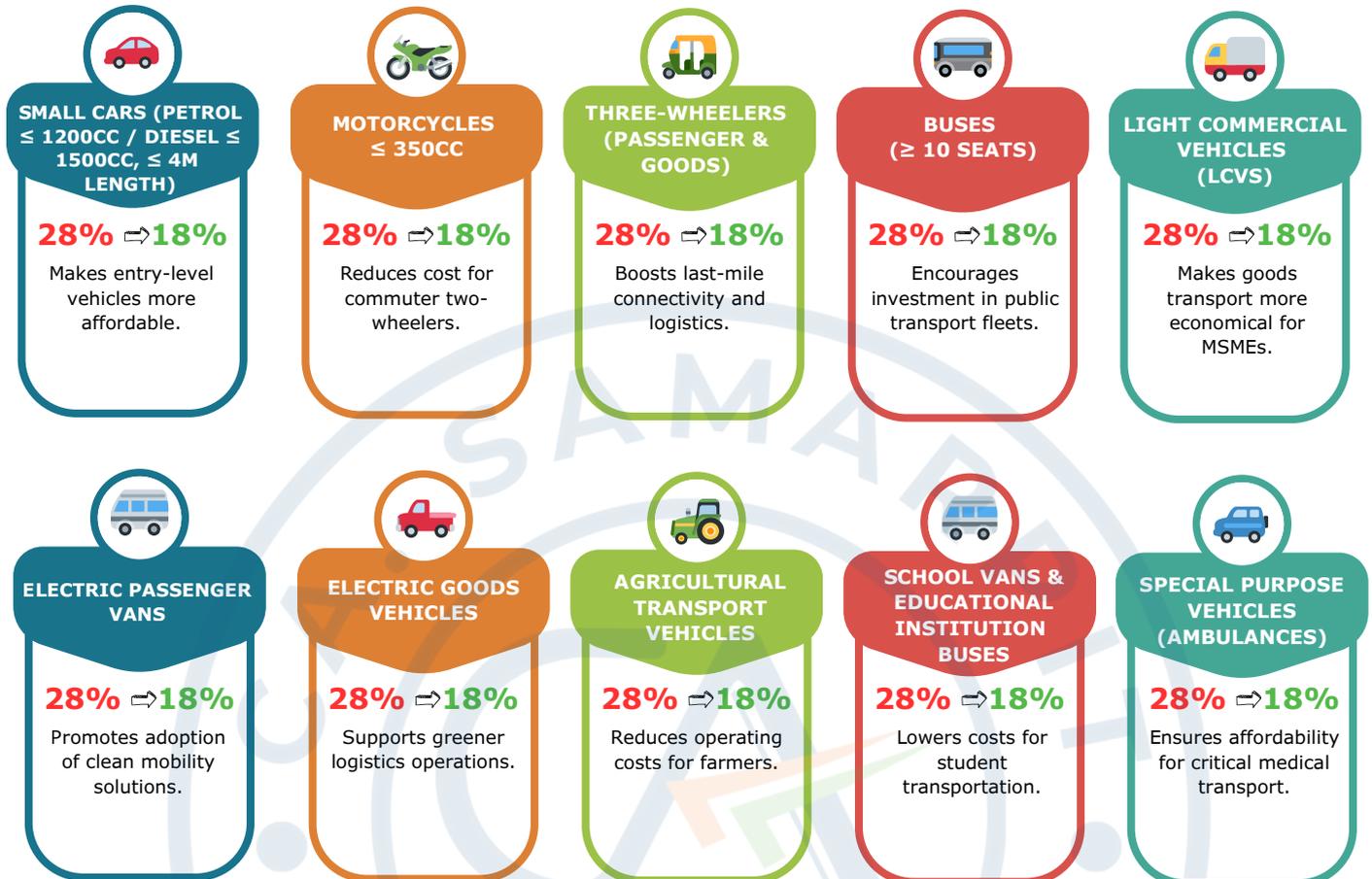


In addition to the nine highlighted items, GST reductions also cover specific **ready-to-eat snack mixes, certain flavoured yoghurt products, and dessert mixes** falling under the same rationalisation framework. **Selected plant-based protein powders and health supplement drink mixes** not marketed as medicines are also brought into the **5% category**. The exemption on fresh, unbranded food products continues unchanged, ensuring the relief is targeted at packaged and processed categories that previously attracted higher rates.



GST 2.0 - AUTOMOBILES & TRANSPORT

AUTOMOBILES & TRANSPORT – DRIVING AFFORDABILITY & EFFICIENCY

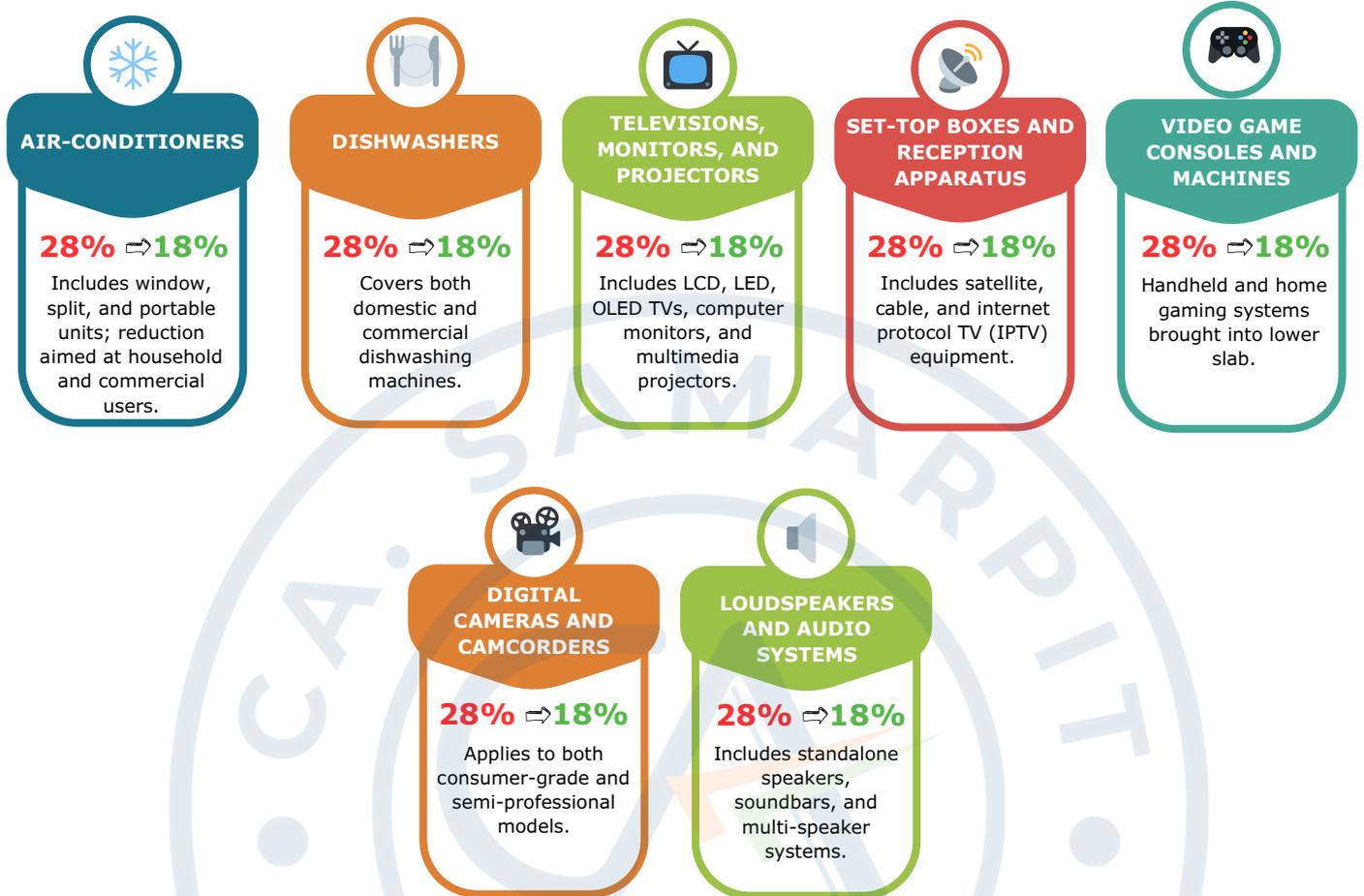


The GST reduction also extends to **electric scooters (≤ 4kW motor power)**, making EV two-wheelers more accessible, and **intercity luxury coaches**, reducing fare burdens for long-distance passengers. Additionally, certain **specialised transport vehicles** such as **refrigerated trucks for perishable goods, airport shuttle buses, and tourist coaches with advanced amenities are covered under the reduced slab**. Relief is also given for vehicle chassis fitted with engines for further body-building into buses or goods carriers, ensuring downstream manufacturers also benefit. For the EV ecosystem, the rate cut applies to **battery-swapping systems and charging infrastructure components sold with vehicles**, supporting the shift towards clean mobility.



GST 2.0 - CONSUMER ELECTRONICS

CONSUMER ELECTRONICS – MAKING APPLIANCES MORE AFFORDABLE



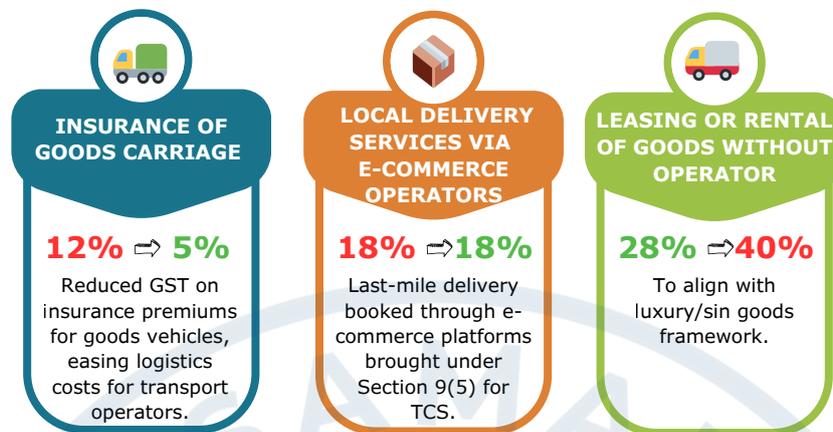
In addition to the major relief items above, the 56th GST Council Meeting also rationalised rates for a range of home and office electronics. This includes **kitchen appliances like microwave ovens, mixers, blenders, coffee machines, and toasters, as well as personal care electronics such as hair dryers, electric shavers, and trimmers, which have been aligned to the 18% slab from the previous 28% category.**

The Council's move is intended to stimulate consumer demand in the white goods and small appliances segment, where high upfront costs often deter purchases. **Lower GST on entertainment devices like projectors and gaming consoles is also expected to boost sales,** particularly through e-commerce channels, while aligning rates for IT-related hardware like monitors and set-top boxes aims to reduce classification disputes.



GST 2.0 - TRANSPORTATION SECTOR (SERVICES)

TRANSPORTATION SECTOR (SERVICES) – TARGETED RELIEF AND CLARIFICATIONS



The GST Council clarified multiple grey areas in transport-related services. For **goods transport agencies (GTA)**, the scope has been tightened by excluding last-mile delivery services provided through e-commerce operators, ensuring that such services are now taxable **under Section 9(5)** with the operator responsible for compliance.

Insurance rate relief for goods carriages is expected to benefit small and medium logistics operators, where insurance premiums form a recurring fixed cost. By reducing the GST rate from 12% to 5%, the Council aims to lower operational expenses, improve competitiveness, and promote formalisation in the logistics industry.

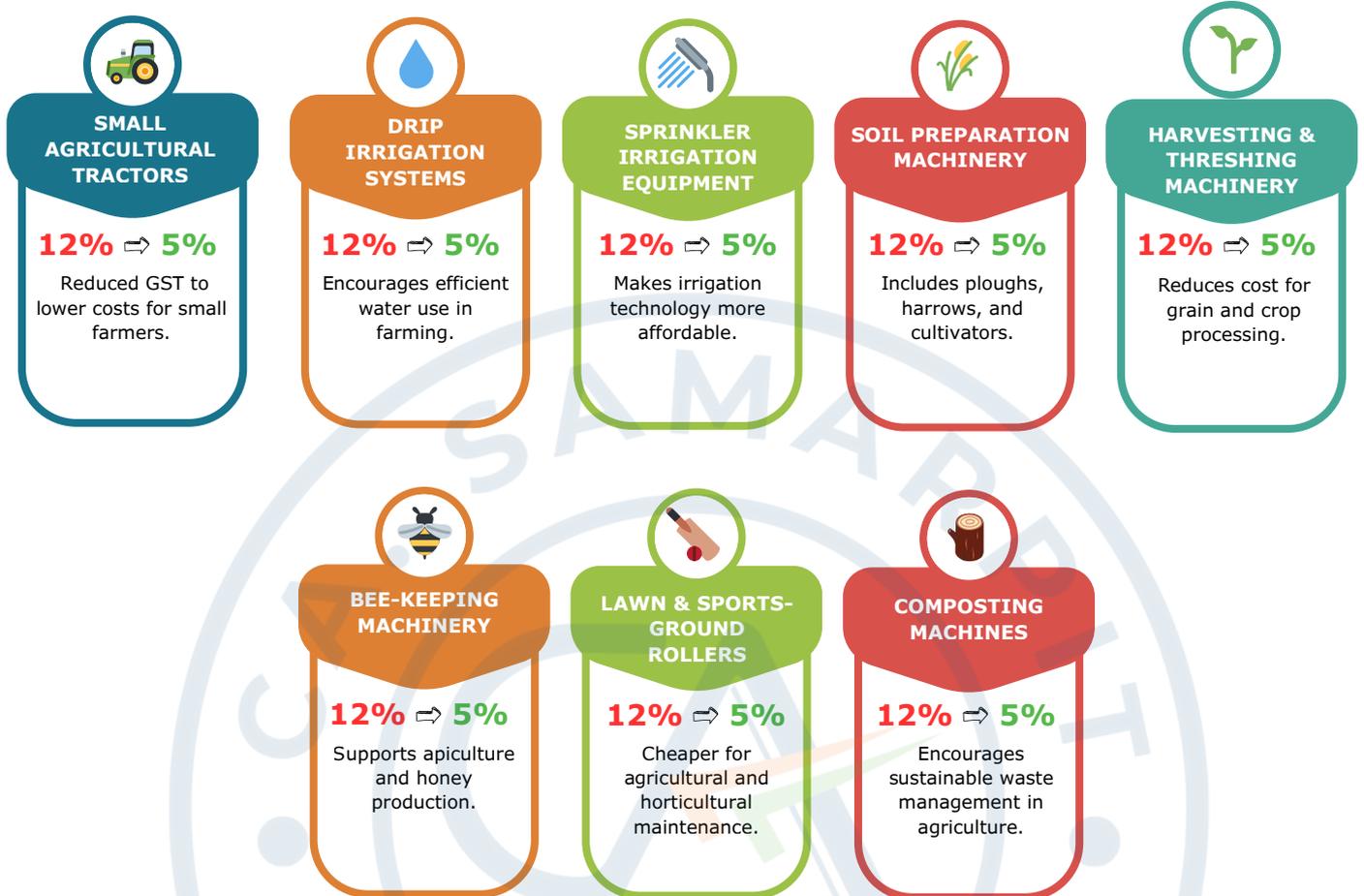
On the higher tax side, leasing or rental of goods without operator—covering high-value equipment rentals, certain commercial vehicle leases, and specialised goods—now attracts a 40% rate in line with luxury and sin goods policy. This discourages luxury asset leasing while maintaining affordability for core logistics assets through targeted relief in other areas.

The Council also reiterated that **all service rate notifications** from this meeting, unless otherwise specified, will come into force from **22 September 2025**, giving industry players a short window to update contracts, pricing models, and billing systems accordingly.



GST 2.0 - AGRICULTURE & ALLIED EQUIPMENT

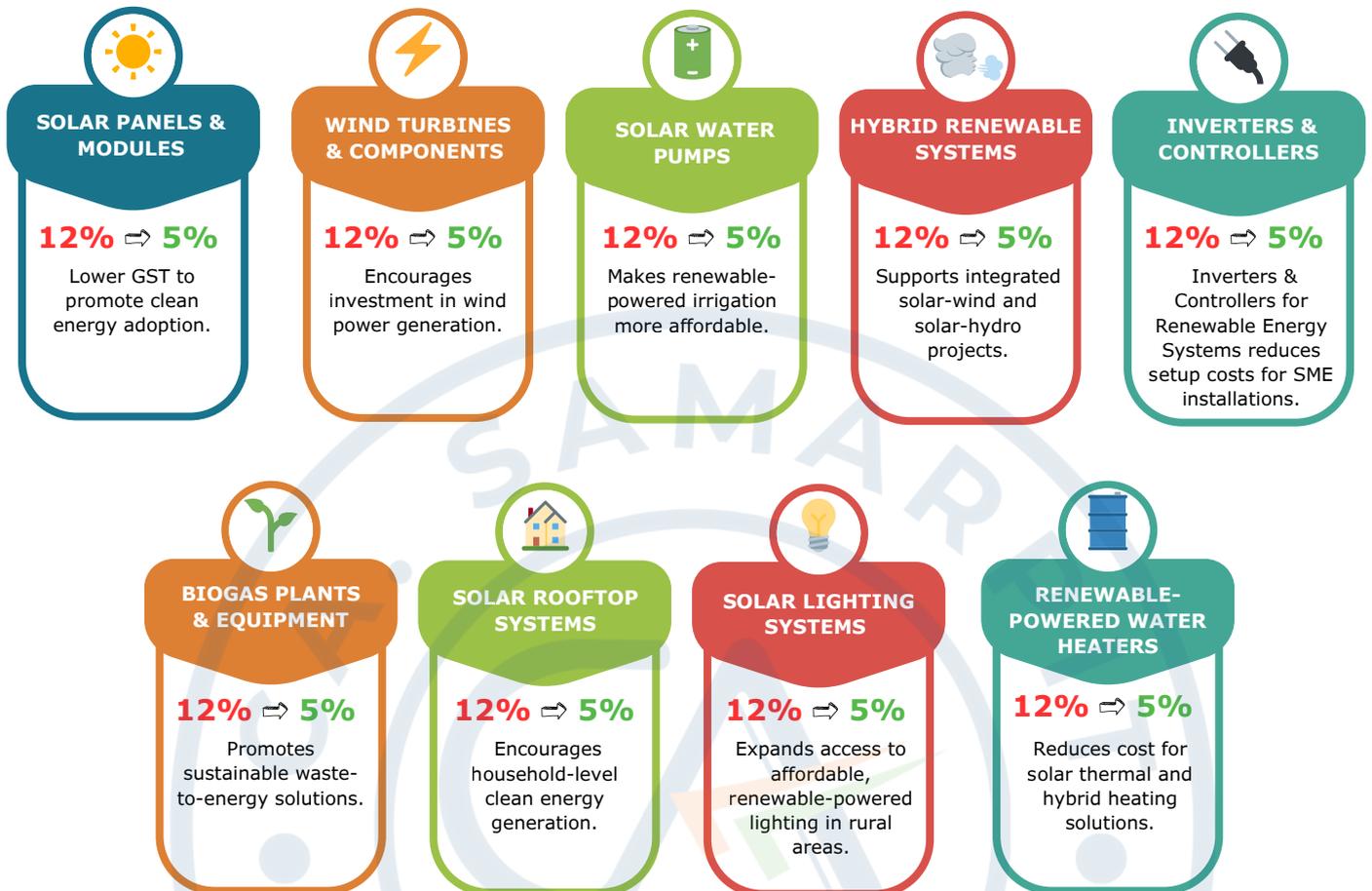
AGRICULTURE & ALLIED EQUIPMENT – BOOST TO FARMERS & AGRI SECTOR



Apart from the eight headline items, the GST reduction also benefits a range of other agricultural machinery and tools that are vital for modern and sustainable farming. This includes **poultry-keeping and hatchery equipment, greenhouse frames and structures, and specialised nursery tools used for commercial horticulture.** Certain multi-purpose farm machines, such as seeders, fertiliser spreaders, and rotavators, have also been brought under the 5% slab, making them more accessible to mid-scale farmers. The relief further extends to **forestry machinery** for plantation maintenance and harvesting of timber or non-timber produce. Importantly, the existing nil rate on **manual agricultural implements** like sickles, spades, and hoes remains unchanged, continuing the government's long-standing support for small and marginal farmers who rely on traditional tools. This combined package of measures is aimed at lowering production costs across the agri-value chain, from planting to post-harvest handling.



RENEWABLE ENERGY – POWERING GREEN GROWTH

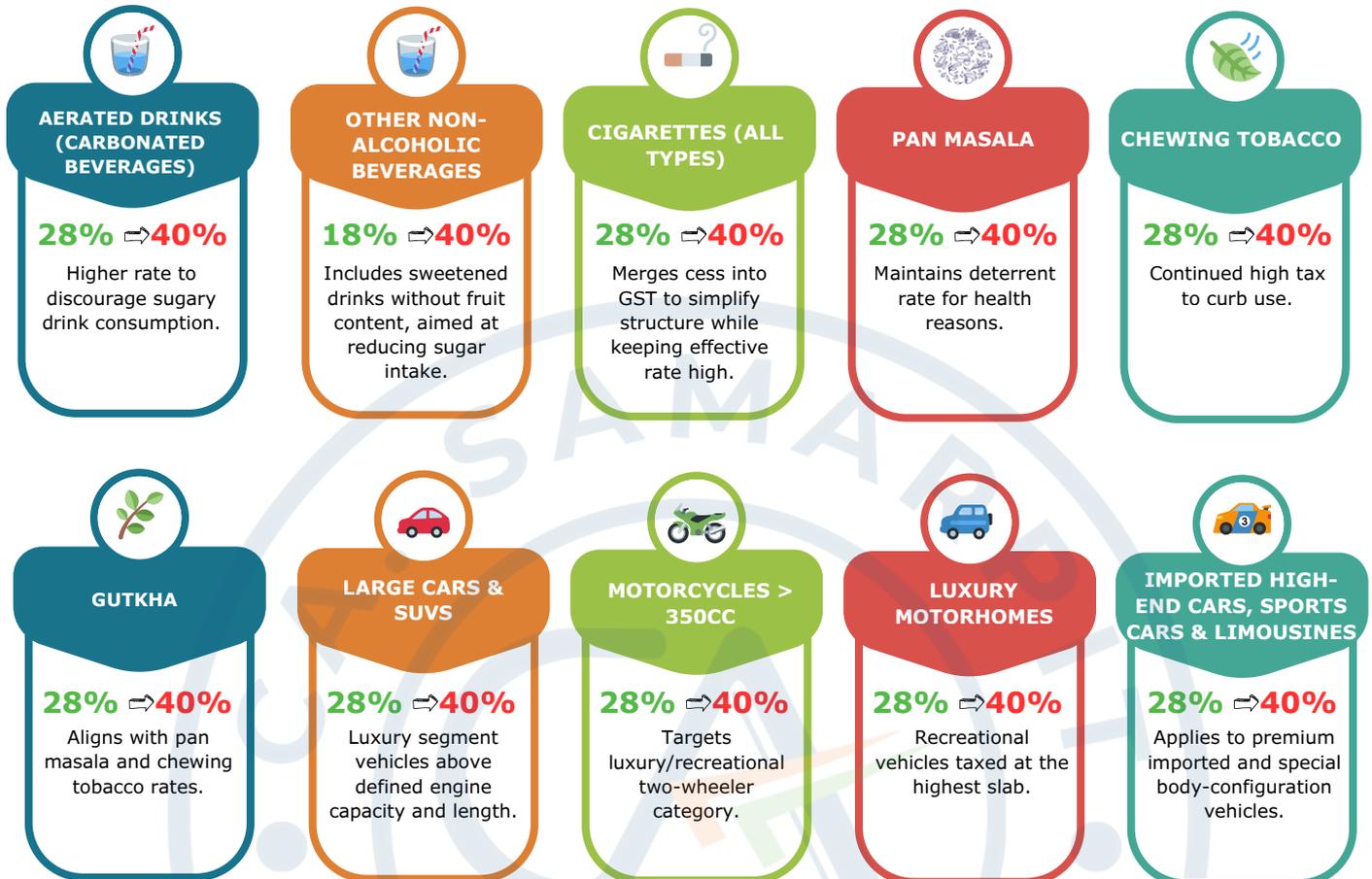


The GST cut also benefits a wide range of **renewable energy accessories and parts** such as **mounting structures for solar arrays, panel tracking systems, and specialised energy storage batteries for green projects**. Components used in **off-grid and microgrid renewable setups** particularly in rural electrification are now cheaper, making decentralised energy projects more viable. The reduced rate also applies to **charge controllers, junction boxes, and specialised cabling for solar and wind systems**. This comprehensive coverage ensures that not just the main equipment, but also the supporting infrastructure for renewable energy, becomes more cost-effective. Together with faster refund processes for inverted duty structures, these measures are expected to accelerate adoption and scale-up of clean energy solutions across India.



GST 2.0 - LUXURY & SIN GOODS

LUXURY & SIN GOODS – HIGH TAX TO DISCOURAGE HARMFUL CONSUMPTION



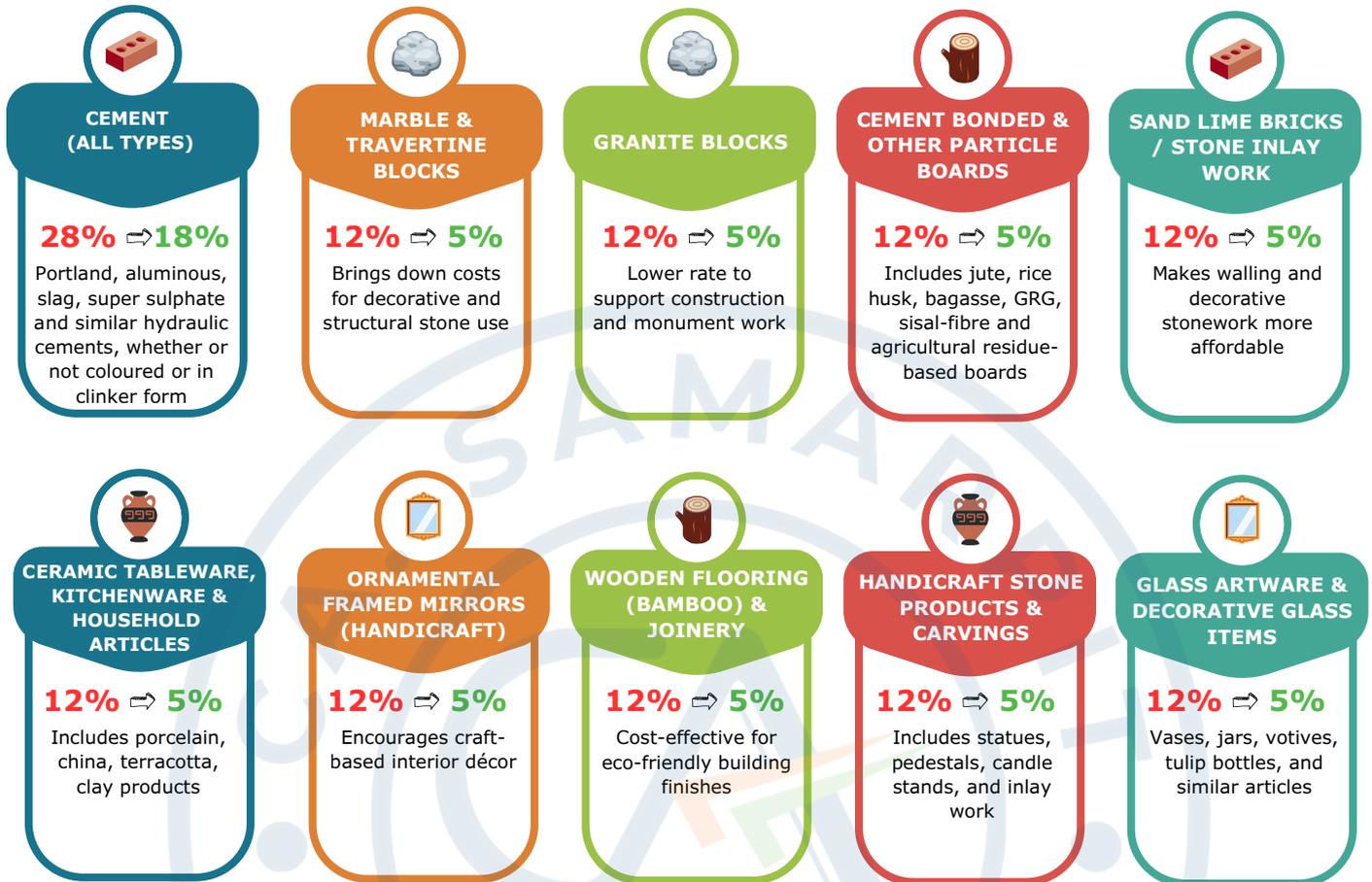
In addition to the headline items, the elevated 40% slab extends to several other goods designed either for luxury consumption or those associated with public health concerns. This includes **hookah tobacco and related accessories, heated tobacco sticks, and flavoured chewing products that fall within the broader smokeless tobacco category.** The higher rate also covers certain **novel nicotine delivery products** entering the Indian market, ensuring that new variations are not left outside the deterrent tax framework.

Within the beverages segment, the increased rate applies to **energy drinks, soda water, and a range of aerated flavoured beverages that do not meet the criteria for fruit-based drink relief.** For the automotive luxury category, this slab captures **imported prestige vehicles beyond the already-listed sports cars and limousines, including bespoke coach-built cars, ultra-luxury SUVs, and special performance models.**



GST 2.0 - CONSTRUCTION & BUILDING MATERIALS

CONSTRUCTION & BUILDING MATERIALS – LOWER COSTS FOR INFRASTRUCTURE & HOUSING



Beyond these key products, the GST rate reductions in this sector also apply to a wide range of **wood-based building products**, such as hoopwood, bamboo flooring, and veneering sheets, which are used in furniture and paneling. Certain **plasterboards, gypsum boards, and fibreboards** from various natural sources are also covered, making partitions and false ceilings more cost-effective. The relief extends to **handicraft categories** in stone, metal, and wood, including artware, statuettes, and decorative items often used in premium interiors. Additionally, reduced rates now benefit **eco-friendly materials** such as coir-based boards and cork articles, encouraging sustainable construction practices. These changes collectively aim to lower the input cost burden for both mass housing projects and high-end architectural works, enabling developers, contractors, and individual home builders to access a wider range of affordable finishing and structural materials.



GST 2.0 - TEXTILES & APPAREL

TEXTILES & APPAREL – BOOST FOR CLOTHING & FASHION SECTOR



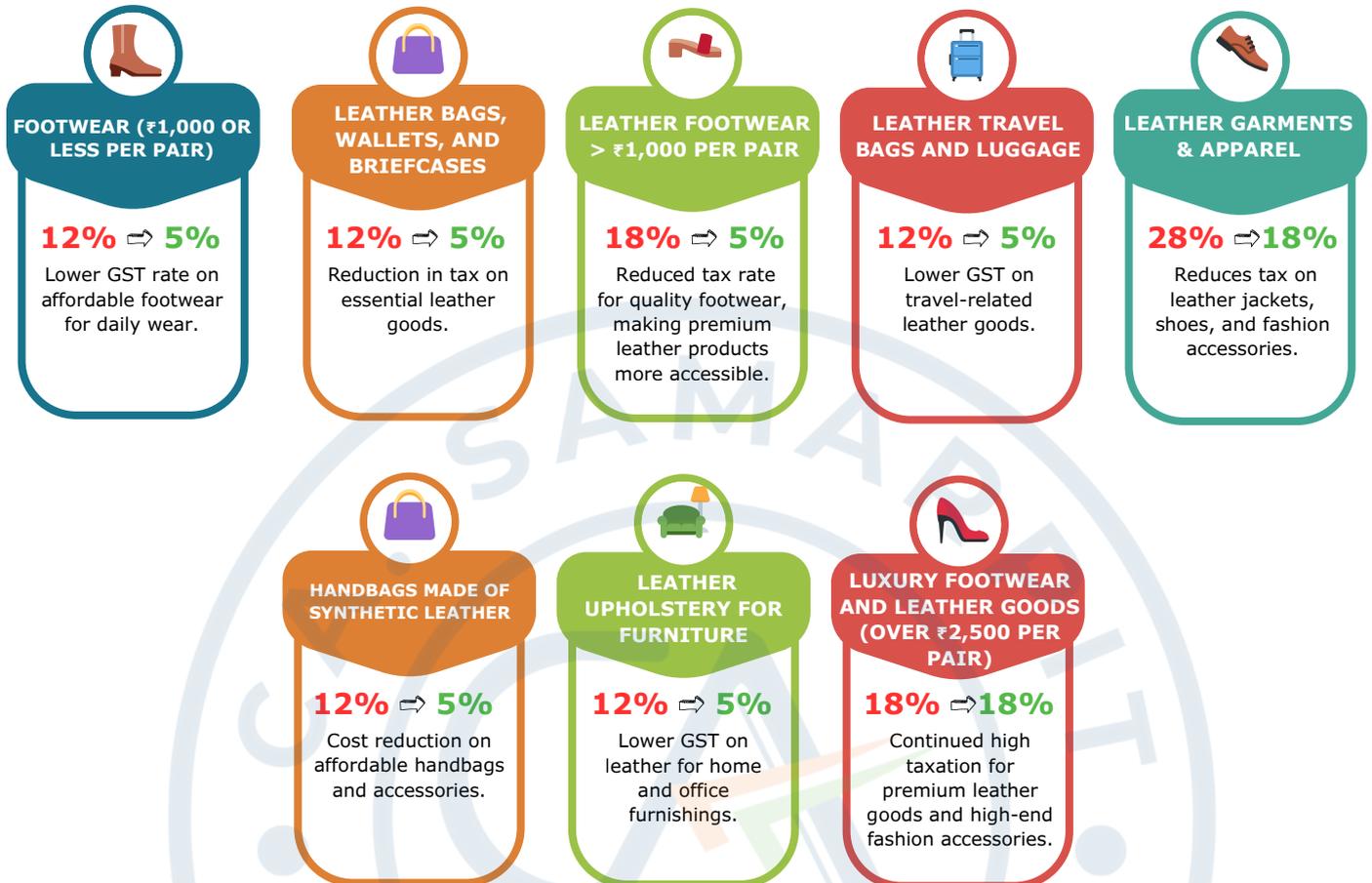
The 56th GST Council Meeting also extended the 5% concessional rate to several **technical textiles** and **specialised woven/knitted fabrics** used in protective clothing, industrial applications, and coated fabrics. Home textiles such as **bed linen, curtains, and table linen have also been aligned to 5%**, benefiting domestic furnishing brands.

The Council's decision to cut GST across the cotton value chain from raw cotton to finished garments is expected to reduce costs for manufacturers, improve export competitiveness, and make everyday clothing more affordable for consumers. The value-based split ensures that the concessional rate targets **mass-market and affordable segments, while premium apparel above ₹2,500 per piece continues to be taxed at the higher 18% slab.**



GST 2.0 - LEATHER & FOOTWEAR

LEATHER & FOOTWEAR – AFFORDABLE FOOTWEAR & LEATHER GOODS



In addition to the core footwear and leather goods rate changes, the 56th GST Council Meeting also clarified that small leather goods (such as **wallets, belts, keychains, and cosmetic bags**) are now taxed at **5%**. This makes affordable fashion more accessible across different consumer segments, while simultaneously supporting domestic leather goods manufacturers.

The rate increase on **luxury leather goods** above ₹2,500 ensures that the high-end fashion market continues to be taxed at a higher rate, aligning with the policy of taxing luxury goods more heavily. Additionally, **leather upholstery** and **synthetic leather goods** were brought down to 5%, benefiting furniture manufacturers and home décor companies.

This comprehensive overhaul aims to balance accessibility with the need to maintain higher taxation on premium, non-essential goods, benefiting both consumers and businesses across different segments.



GST 2.0 - EDUCATION & PAPER

EDUCATION & PAPER – MAKING LEARNING MORE AFFORDABLE



The GST Council **retained Nil rate** on several educational aids beyond basic stationery, such as printed educational charts, maps, and certain braille items for visually impaired learners. Concessional 5% GST has also been extended to a wider range of **school-use consumables and organisational products, including certain paper-based teaching kits, corrugated paper packaging for education supplies, and environment-friendly disposable paper items that are increasingly replacing plastic in educational settings.**

On the flip side, the shift of industrial and commercial grade paper including **printing paper, kraft paper, paperboard for packaging, coated papers used in publishing, and speciality boards to 18%** is intended to remove the inverted duty structure faced by paper manufacturers. This change ensures uniformity in the tax structure for paper products while protecting the concessional rates for purely educational uses.



GST 2.0 - DEFENCE (CUSTOMS/IGST RELIEFS)

DEFENCE (CUSTOMS/IGST RELIEFS) – SUPPORTING NATIONAL SECURITY & DEFENCE SECTOR



The **Nil GST rate** continues to apply to essential **defence procurement goods** including military aircraft, warships, and ammunition (HS 8802, HS 9301, HS 8906). These products, which are critical for **India's national security infrastructure, will remain free from GST** to allow smoother imports and procurement processes for the Indian Armed Forces. Alongside, defence-specific systems and platforms such as military simulators, radars, and communication systems (HS 8803, HS 8805, HS 8806) are also covered under Nil GST.



GST 2.0 - KEY SERVICES ACROSS VARIOUS SECTORS

TAX RATE CHANGES FOR KEY SERVICES ACROSS VARIOUS SECTORS (WITH ITC AND WITHOUT ITC)





GST 2.0 - DETAILED SUMMARY OF MEASURES FOR FACILITATION OF TRADE

The **GST Council** has recommended several measures to facilitate trade, enhance compliance, and simplify processes under the Goods and Services Tax (GST) framework. These recommendations aim to streamline refund processes, simplify GST registration, and amend provisions for specific sectors. The key decisions are detailed below:

1. Sanction of Risk-Based Provisional Refund for Zero-Rated Supply

To speed up the refund process for exports and supplies to Special Economic Zones (SEZs), the Council has recommended an amendment to **Rule 91(2) of the CGST Rules, 2017**. Refund claims made on **zero-rated supply of goods or services**, such as **exports or supplies to SEZ developers/units**, will be processed on a **provisional basis**. **90% of the refund claimed will be sanctioned provisionally** by the proper officer based on system-determined risk evaluation. In exceptional cases, the proper officer may not sanction the refund on a provisional basis. Instead, a **detailed scrutiny** of the refund claim will be conducted, with reasons recorded in writing. **Notification to be issued** for certain categories of registered persons who may not be granted refunds provisionally. This provision will be operationalized from **1st November, 2025**.

2. Risk-Based Provisional Sanction of Refunds for Inverted Duty Structure (IDS)

The Council has proposed a risk-based provisional sanction for refunds arising from **Inverted Duty Structure (IDS)**, where the tax paid on inputs is higher than the tax on output supplies. **90% of the refund claimed under IDS** will be provisionally sanctioned, similar to zero-rated supply refunds. The refund will be processed on the basis of risk evaluation by the system. While the necessary amendments to the CGST Act, 2017 are pending, the CBIC will issue instructions to the Central Tax field formations to process refunds accordingly. This change will be effective from **1st November, 2025**.

3. Amendment in CGST Act for GST Refunds on Low-Value Export Consignments

To support **small exporters**, particularly those exporting via courier or postal mode, the Council recommended removing the threshold for GST refunds on **low-value export consignments**. Currently, **low-value exports** with a certain threshold limit do not qualify for GST refunds. This amendment **proposes removal of the threshold**, thus benefiting **small exporters**. This will enable quicker refunds for small consignments that are often sent **via courier or postal services**.



GST 2.0 - DETAILED SUMMARY OF MEASURES FOR FACILITATION OF TRADE

4. Simplified GST Registration Scheme for Small and Low-Risk Businesses

The Council recommended a **simplified GST registration scheme** to ease the registration process for small and low-risk businesses. The scheme will provide an **automated GST registration** for **low-risk applicants** and businesses with an output tax liability **not exceeding ₹2.5 lakh per month (inclusive of CGST, SGST/UTGST, and IGST)**. The application for registration will be processed within three working days from submission. **Voluntary opt-in and opt-out provisions** will be available under this scheme, allowing businesses to choose whether they wish to avail themselves of the simplified process. This scheme will be operational from **1st November, 2025**, benefiting around **96% of new applicants**.

5. Simplified Registration Scheme for Small Suppliers via E-Commerce Operators (ECOs)

In response to challenges faced by small suppliers selling across multiple states via **e-commerce operators (ECOs)**, the Council has recommended a **simplified registration scheme**. E-commerce suppliers will be allowed a simplified registration process that eliminates the need to maintain a **principal place of business in each state**. This will ease compliance for businesses that struggle with the complexities of multi-state operations under the current **GST framework**. **Detailed modalities** of the scheme will be discussed in future meetings and operationalized once finalized.

6. Amendment in Place of Supply Provisions for Intermediary Services

The Council recommended an amendment to the **place of supply** provisions for intermediary services **under Section 13(8) of the IGST Act, 2017**. The amendment involves the **omission of clause (b) of Section 13(8)**, which currently defines the place of supply for intermediary services. Post-amendment, the place of supply for intermediary services will be determined as per **Section 13(2), i.e., the location of the recipient**. This change is aimed at ensuring that Indian exporters of intermediary services can benefit from the export of services provisions and claim export benefits.

7. Post-Sale Discount Amendment

To resolve ambiguities related to **post-sale discounts** and their effect on GST calculations, the Council has recommended amendments to **Sections 15 and 34** of the CGST Act. The requirement to establish a **discount prior to or at the time of supply** has been removed. Post-sale discounts will now be granted through a credit note under Section 34, with corresponding **reversal of Input Tax Credit (ITC)** by the recipient if the discount reduces the value of the supply. **Circular No. 212/6/2024-GST** will be rescinded, which previously



GST 2.0 - DETAILED SUMMARY OF MEASURES FOR FACILITATION OF TRADE

outlined compliance requirements for post-sale discounts. A new clarification circular will address issues such as non-reversal of ITC for post-sale discounts via commercial credit notes, treatment of post-sale discounts in transactions between dealers and customers, and how post-sale discounts are treated as consideration for promotional activities.

8. Retail Sale Price-Based Valuation for Specific Goods

The Council has recommended adopting **retail sale price-based valuation** for specific goods such as **Pan Masala, Cigarettes, Gutkha, Chewing Tobacco**, and other tobacco-related products. A **retail sale price-based valuation** method will be introduced for the products listed above. Amendments to CGST Rules and relevant notifications will be carried out to implement this change.

Conclusion

These measures proposed by the **GST Council** aim to simplify and streamline processes for businesses across various sectors. Key areas of focus include simplifying **GST registration**, facilitating quicker refunds, and resolving ambiguities related to post-sale discounts. The operationalization of these provisions from **1st November 2025** is expected to significantly ease the compliance burden on small businesses and exporters, promote e-commerce, and ensure faster refunds under zero-rated supplies and inverted duty structures.

MORE INFORMATION ABOUT US



The GST Insider: Stay Informed, Stay Compliant

As we conclude this edition of **The GST Insider**, we hope the insights and updates have provided valuable knowledge to our readers. Our commitment remains steadfast in delivering timely, accurate, and relevant information to help you navigate the complexities of the GST landscape. We have explored significant developments and shared expert opinions to help you stay compliant and maximize benefits.

We are grateful for your continued support and engagement. Your feedback and suggestions are invaluable as we strive to make "The GST Insider" a trusted resource for all your GST-related needs.

Until the next issue, stay informed, stay compliant, and keep thriving in your business endeavors.

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