

A graphic featuring the Indian Rupee symbol (₹) in red and the letters 'GST' in white, overlaid on a blue map of India with a network of white dots and lines.

THE GST INSIDER

SEPTEMBER 25 EDITION

(01st Sep 25 to 30th Sep 25)

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

“

*Rise each day as
proof that
yesterday's struggles
couldn't break you.*

”

>>> NEWSLETTER <<<

THE GST INSIDER



TOP NOTIFICATIONS & CIRCULARS OF THE MONTH

**NOTIFICATION NO. 9/2025-
CENTRAL TAX (RATE) - GST
RATE RESTRUCTURING**
DATED 17TH SEPTEMBER 2025

>>> READ MORE

The new GST schedules levy 2.5% on essentials (food, medicines, EVs, fertilisers), 9% on standard goods, and 20% on luxury/sin goods; concessional rates of 1.5%, 0.13% and 0.75% apply to precious stones and diamonds at different stages.

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READ MORE <<<

general post-sale discounts are not taxable supplies of services and do not affect ITC, while discounts linked to specific obligations or pre-agreed promotional activities are taxable as service consideration.

.... Cont. on Page 38

**CIRCULAR NO. 251/08/2025-GST
ISSUES A CLARIFICATION ON THE
TREATMENT OF SECONDARY OR
POST-SALE DISCOUNTS.**

DATED 12TH SEPTEMBER 2025

20 OCTOBER

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	GSTR 7 (SEP 2025) GSTR 8 (SEP 2025)	GSTR 1 (SEP 2025)	10	11
12	GSTR 1 (JULY TO SEP 2025) GSTR 5 & 6 (SEP 2025)	14	15	16	17	CMP 08 (JULY TO SEP 2025)
	GSTR 3B (SEP 2025) GSTR 5 & 5A (SEP 2025)	21	22	23	24	25
26	27	28	29	30	31 LAST DATE FOR ITR AUDITED & TAR	

HIGHLIGHTS

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NOTIFICATION NO. 9/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST RATE RESTRUCTURING

GST Rate Restructuring 2025 – A Historic Reset in India's Indirect Tax Regime

On 17th September 2025, the Government of India issued **Notification No. 9/2025-Central Tax (Rate)**, superseding the original Notification No. 01/2017-CTR, which had served as the foundation of the GST rate framework since the introduction of GST on 1st July 2017.

The notification represents a paradigm shift in the way goods are classified and taxed under GST. The earlier framework, with multiple overlapping rates and exemptions, often led to classification disputes, litigation, and compliance complexities. Over the past eight years, these issues had become pressing, with businesses frequently approaching Advance Ruling Authorities, High Courts, and the Supreme Court to resolve interpretational doubts.

By introducing a new seven-slab structure, **effective from 22nd September 2025**, the government has attempted to:

- Simplify the classification matrix,
- Provide clarity and consistency,
- Align taxation with essentiality, sustainability, and economic policy priorities, and
- Reduce the scope for interpretational litigation.

The GST Council, in its **56th Meeting held on 3rd September 2025**, emphasized that the GST framework must evolve to support India's current economic trajectory. The Council identified three broad drivers for change:

1. **Consumer Relief on Essentials** – ensuring that food, medicine, and basic necessities remain affordable.
2. **Sustainability Push** – incentivizing renewable energy devices, electric vehicles, and green technologies through concessional rates.
3. **Revenue Protection** – maintaining higher rates on luxury and sin goods to ensure buoyant tax collections while discouraging socially undesirable consumption.

The reforms are being described as the biggest GST reset since 2017, signalling that the GST regime is entering a **“second phase of maturity”** after eight years of implementation.



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GST Rate Structure at a Glance

The restructured framework introduces seven slabs, each carefully designed to balance socio-economic objectives with revenue considerations:

Schedule	Rate	Policy Intent & Illustrative Goods
Schedule I	2.50%	Essentials: Foodgrains, pulses, milk, edible oils, medicines, fertilisers, textiles, footwear, renewable energy devices, EVs, tractors. Intent: Keep daily-use items and growth-supporting sectors affordable.
Schedule II	9%	Standard Goods: Processed foods, industrial intermediates, certain consumer goods. Intent: Provide a moderate rate to maintain affordability while ensuring tax neutrality.
Schedule III	20%	Luxury & Sin Goods: Aerated drinks, caffeinated beverages, cars, high-end vehicles. Intent: Revenue protection and discouragement of non-essential consumption.
Schedule IV	1.50%	Precious stones & jewellery intermediates. Intent: Encourage exports and reduce accumulation of inverted ITC in the gem & jewellery sector.
Schedule V	0.13%	Rough diamonds, unworked precious stones. Intent: Maintain global competitiveness of India's diamond trade.
Schedule VI	0.75%	Cut & polished diamonds, jewellery sector intermediates. Intent: Rationalize rates for the value-added stage of diamond processing.
Schedule VII	14%	Pan masala, tobacco & substitutes. Intent: High-rate taxation of sin goods in line with public health objectives.



NOTIFICATION NO. 9/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST RATE RESTRUCTURING

SCHEDULE I (2.5% ESSENTIALS)

FOOD & AGRICULTURE

A. Foodgrains, Pulses & Flours

One of the most consumer-facing changes under Schedule I is the concessional 2.5% rate on **staple foodgrains, pulses, and flours**. The list is exhaustive, covering pre-packaged **wheat, rice, maize, barley, oats, millets, and even niche grains like sorghum and buckwheat**. **Pulses from chickpeas to kidney beans are also included**.

This rate resolves a long-standing grey area in GST. Under the earlier regime, disputes often arose around whether “pre-packaged” cereals should be taxed at 5% or be exempt. The new notification settles this by bringing all pre-packaged and labelled foodgrains firmly into the 2.5% bracket.

Industry Lens: FMCG and e-commerce platforms like BigBasket, Blinkit, and JioMart — which rely heavily on packaged staples — will now operate under a predictable rate structure. For kirana stores, this clarity reduces the risk of retrospective tax demands.

B. Sweeteners & Traditional Foods

Sugar, jaggery, khandsari, rab, palm sugar, and even culturally significant items like mishri, batasha, gajak, and revdi are expressly listed. This recognition of India’s diverse consumption patterns is more than cosmetic — it closes the door on litigation.

In earlier years, there were frequent disputes on whether jaggery was “natural” and hence exempt, or “processed” and thus taxable at higher slabs. With a flat 2.5% rate, manufacturers and sweet-makers get certainty.

DAIRY, SPICES & PROCESSED FOOD

A. Dairy Products

Milk and cream (condensed, sweetened, or flavoured), curd, yoghurt, buttermilk, and lassi all pre-packaged are included at 2.5%. Butter, ghee, and cheese (other than paneer) are also covered.

The notification carefully distinguishes **paneer/chhena, which remains exempt if loose but taxable if pre-packaged**. This reflects the Council’s balancing act: keeping traditional fresh paneer sold by local halwais outside the net, while ensuring large dairy brands (Amul, Mother Dairy, etc.) collect GST on packaged SKUs.



NOTIFICATION NO. 9/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST RATE RESTRUCTURING

B. Spices, Tea & Coffee

All major Indian spices turmeric, chilli, pepper, cinnamon, cumin, coriander, saffron, nutmeg, bay leaves are listed. By explicitly excluding “fresh” forms (like fresh ginger/turmeric), the notification avoids overlap with exemption schedules.

Tea and coffee, key agricultural exports, are uniformly rated at 2.5% (excluding instant coffee preparations). This reduces disputes around flavoured vs unflavoured teas, which had earlier been taxed at different slabs.

Export Competitiveness: With India accounting for over 40% of global spice trade, a low uniform slab helps exporters compete globally.

PHARMACEUTICALS & HEALTHCARE

A. Life-saving Medicines

A broad sweep of **pharmaceutical goods is included at 2.5%: insulin, cyclosporin, ORS, anti-cancer drugs, and diagnostic kits.** By bringing “all formulations” under the low rate (unless expressly exempted elsewhere), the government sends a strong affordability signal.

B. Medical Devices & Supplies

Sterile surgical dressings, gauze, ostomy appliances, and medicinal grade hydrogen peroxide are specifically named. This closes disputes where such supplies were previously taxed at 12% as “medical equipment.”

Industry Lens: Hospitals and healthcare chains will see reduced procurement costs. For patients, lower GST on medicines ensures the tax burden doesn’t push up treatment costs.

Case Example: In the past, diagnostic reagents were litigated as to whether they were “chemicals” (12%) or “medicines” (5%). Under this notification, kits for hepatitis detection and other reagents are listed at 2.5%, ending ambiguity.

RENEWABLES, FERTILISERS & TEXTILES

A. Renewable Energy Devices & EVs

Solar water heaters, biogas plants, wind turbines, and even parts for such devices are now at 2.5%. Electric vehicles (EVs) and fuel cell vehicles are explicitly included.

Special Valuation Rule: For composite supplies like turnkey EPC projects, only 70% of value is treated as goods. This removes the double-taxation risk that plagued the renewable sector.

Industry Lens: The renewable push aligns with India’s COP26 commitments. For EV makers this tax relief enhances affordability and consumer adoption.



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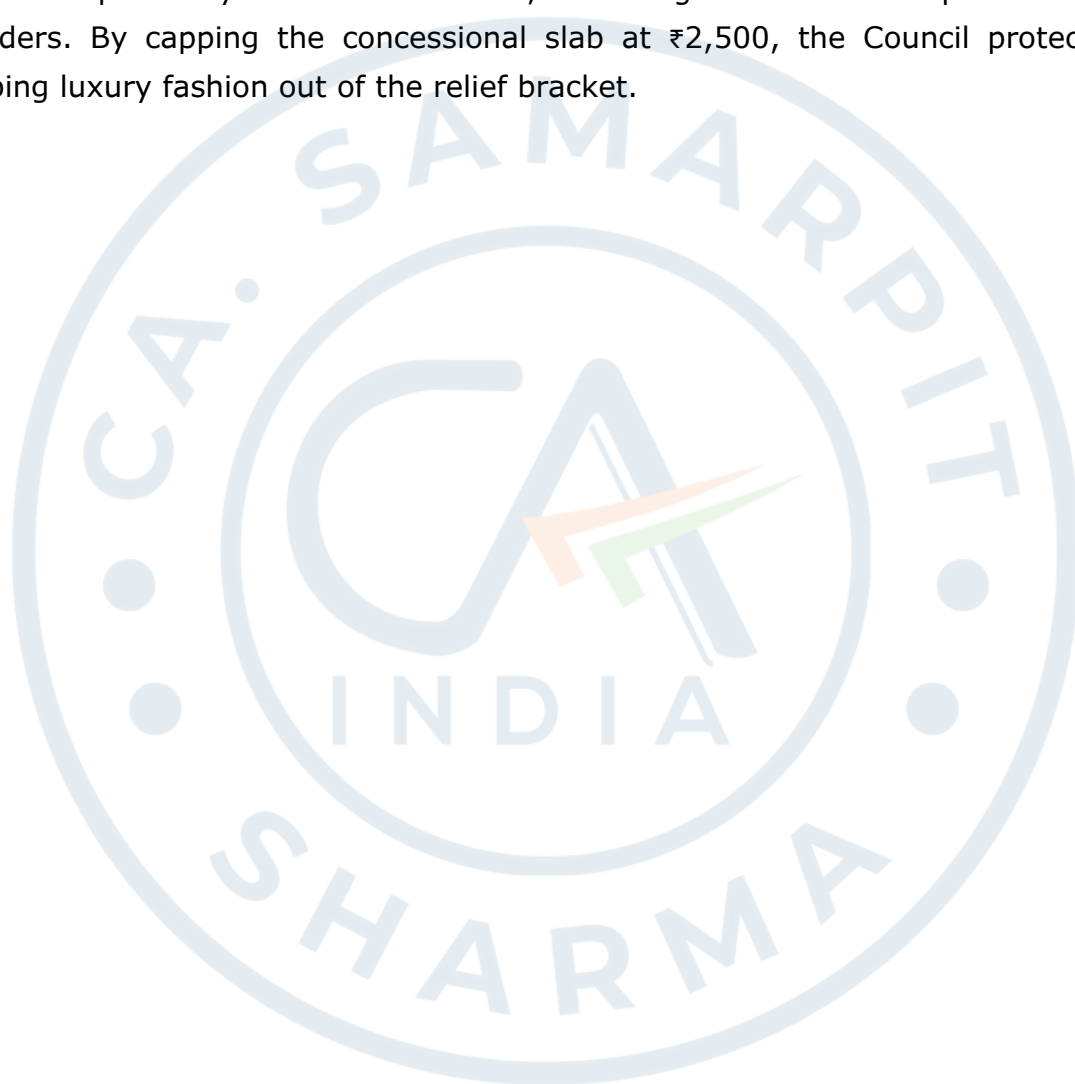
B. Fertilisers & Agricultural Inputs

Animal- and chemical-based fertilisers, phosphoric acid, ammonia, and micronutrients are all listed. This ensures farmers access affordable inputs and avoids ITC inversion problems faced in the past.

C. Textiles & Footwear

Cotton, silk, wool, man-made fibre fabrics, garments priced up to ₹2,500, and footwear below ₹2,500 per pair all fall under 2.5%.

Context: This is politically sensitive — earlier, GST on garments caused protests by Surat's textile traders. By capping the concessional slab at ₹2,500, the Council protects MSMEs while keeping luxury fashion out of the relief bracket.





NOTIFICATION NO. 9/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST RATE RESTRUCTURING

SCHEDULE II (9% STANDARD GOODS)

Overview

While Schedule I focuses on essentials, Schedule II sets the tone for **standard-rate goods**. **At 9% central GST (18% total, with State GST)**, this slab is intended for items that are neither essential nor luxury, but rather widely consumed goods and industrial intermediates. This mid-level slab addresses the industry's demand for predictability. In earlier years, several items oscillated between 12% and 18% leading to compliance headaches and frequent classification disputes. The new flat 9% central tax attempts to close those gaps.

1. ELECTRONICS & APPLIANCES

One of the most transformative changes under the new notification is the inclusion of **consumer electronics and white goods into the standard 18% GST slab**. Previously, many items like large-screen televisions, refrigerators, washing machines, air conditioners, and projectors attracted a higher 28% rate, while smaller appliances and select electronics were scattered between 12% and 18%. This fragmented structure caused classification disputes, compliance headaches, and litigation over marginal distinctions such as screen size or capacity.

By consolidating most electronics under **HSN 8528 and related codes into the 18% slab**, the government has sent a strong signal: consumer electronics are to be treated as standard goods, not luxury items. This significantly reduces the tax burden on households purchasing TVs, monitors, projectors, and similar appliances. Industry players anticipate an uptick in demand, particularly in the middle-income segment, as affordability improves. For businesses, this requires an immediate update of ERP systems, product catalogs, and pricing strategies, since the older "luxury rate" classifications no longer apply.

From a policy perspective, this move supports 'Digital India' and 'Make in India' initiatives, ensuring that access to technology is more affordable. Manufacturers of appliances also benefit from reduced inversion risks between input tax credits and output taxes. **The key compliance challenge is to differentiate between consumer goods (Schedule II, 18%) and premium or luxury variants (Schedule III, 20%) to avoid misclassification.**

2. MINING & MINERALS

The **mining and mineral sector** has seen significant simplification. Earlier, various ores such as **iron, manganese, copper, nickel, cobalt, aluminium, zinc, tin, and chromium** were spread across 5% and 18% slabs depending on purity levels and use.



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Under Notification No. 9/2025-CTR, all these ores (HSN 2601–2610) are aligned at 18% GST. This removes long-standing disputes regarding rate differentiation based on grade or beneficiation.

Additionally, fuels such as coal, lignite, and peat (HSN 2701–2703) are now in Schedule II at 18%. Previously, coal was taxed at 5% under GST — a concession that created major inversion problems, since mining equipment, explosives, and services attracted 18%. Aligning coal with the standard rate is a bold move that improves ITC flow and reduces refund blockages. For the power and steel sectors, this alignment means higher upfront tax cost but cleaner credit availability downstream.

Mineral by-products like **slag, dross, and ash residues (HSN 2619–2621)** also appear in this schedule. The government's approach clearly reflects a policy to harmonize raw materials under one slab, thereby reducing litigation on whether an ore, slag, or concentrate is taxed differently. For exporters of minerals, the uniform rate ensures stable refund claims and avoids disputes at customs.

3. CHEMICALS & PLASTICS

The chemical sector, which was previously plagued by multiple rate categories, has been streamlined under Schedule II. **Items such as basic inorganic chemicals, organic solvents, resins, and polymers (HSN 3901–3913) now attract 18%.** Earlier, **certain polymers and specialty chemicals were at 12% while others were at 18%,** leading to disputes and classification challenges for manufacturers in packaging, textiles, and FMCG. By aligning **all plastics and polymers at 18%, the notification ensures that input credits flow smoothly** across industries that rely heavily on plastic-based raw materials. This is particularly significant for the packaging industry, which previously faced inverted duty structures when packaging material was at a higher slab than the final product. Specialty items like adhesives, inks, and industrial chemicals also fall squarely into this standard slab, giving predictability to manufacturers.

This consolidation also has compliance benefits. Taxpayers can now treat all common industrial chemicals as standard-rated without engaging in complex HSN disputes. However, businesses should take care to review transitional contracts if a particular chemical was previously invoiced at 12%, invoices raised post-22nd September must reflect the corrected 18% rate.



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4. CONSTRUCTION MATERIALS

Construction and real estate are among the biggest beneficiaries of this reform. Cement (HSN 2523), long taxed at the highest 28% slab, is now under the standard 18% GST slab. This single change is expected to reduce the cost of infrastructure projects, affordable housing, and real estate development significantly. Cement has consistently been one of the most litigated commodities under GST, with the industry lobbying for a reduction for years.

In addition, marble (HSN 2515), granite (HSN 2516), and travertine are also placed at 18%. Decorative stones and building inputs were previously scattered between 12% and 28%, leading to classification disputes between raw blocks and polished slabs. The uniform rate eliminates those disputes and simplifies procurement for construction companies.

From an industry standpoint, this move balances government revenue with affordability. While tax revenue may drop marginally due to the reduced rate on cement, the boost in construction activity and formalization of supply chains is expected to offset the shortfall. Contractors and real estate developers must revisit contracts that quoted “GST extra” at old rates and ensure that invoices reflect the new structure post-22nd September 2025.

5. FOOD & BEVERAGES

Though **most essential food items are placed in Schedule I (2.5%), Schedule II captures specialty items and intermediates.** Examples include **artificial honey (HSN 1702), vinegar (HSN 2209), denatured ethyl alcohol (HSN 2207), and spirits for industrial use (HSN 22071012).** These are not daily essentials but play an important role in food processing, hospitality, and industrial applications.

The industry should note that alcoholic liquor for human consumption remains outside GST, but industrial alcohol and related products are brought squarely into the 18% net. This move closes loopholes where businesses attempted to classify industrial-grade alcohol at concessional rates.

For the food processing industry, this means uniformity in procurement — inputs like vinegar and artificial sweeteners are now clearly standard-rated. Businesses must update classification codes in ERP to avoid misbilling, since these products often overlap with exempt or lower-rate food items in Schedule I.



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6. TOBACCO & SUBSTITUTES

Products such as **nicotine pouches, e-cigarette liquids, and transdermal nicotine substitutes (HSN 2404)** are included in **Schedule II**. The notification makes it **clear that while traditional tobacco products (cigarettes, bidis, chewing tobacco) fall in the higher sin-goods slab (Schedule VII, 28% + cess), tobacco cessation products are taxed at 18%.**

This differentiation reflects a nuanced policy: discourage tobacco consumption but not overburden substitutes that help users quit. Businesses dealing in nicotine replacement therapy (NRT) products must take note of this classification to avoid misinterpretation by field officers. Since this is a sensitive industry, compliance must be watertight, and businesses should maintain proper HSN mapping and legal opinions where required.

7. PAPER & PRINTING

Schedule II also covers a **range of paper products, printing materials, and books. Inclusions like printing inks, stationery items, and printed goods (HSN 4817, 4906, etc.)** have been consolidated at 18%. Earlier, there was a split between 12% and 18%, particularly for different categories of printed books and printed packaging material.

This uniformity benefits the publishing and packaging sectors, where input tax credits were often stuck in disputes due to varied rates on paper vs. printed material. **For educational institutions and publishers, it is important to note that certain categories of educational books remain exempt or NIL-rated** under separate notifications so careful classification is still required.

8. GLASS & CERAMICS

The inclusion of glass sheets, ceramic products, and sanitaryware at 18% GST brings relief to the construction and interior design sectors. These items were previously split between 12% and 28%, depending on whether they were plain or decorative. The alignment simplifies procurement for real estate and interior contractors, avoiding disputes on whether a particular glass item was “float glass” at 12% or “toughened glass” at 28%.

9. MACHINERY & INDUSTRIAL EQUIPMENT

Finally, **Schedule II captures mechanical appliances, pumps, compressors, and other industrial equipment.** These have always been a core part of the standard slab, and the new notification reinforces that position. The clarity helps capital goods manufacturers and industrial units claim input credits without worrying about differential rates.



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SCHEDULE III (20% THE LUXURY & SIN GOODS BASKET)

1. AERATED, SWEETENED & CAFFEINATED BEVERAGES

The beverage sector is one of the clearest targets of the sin-goods category. **All aerated waters and sugary beverages (HSN 2202 10)** are expressly classified under Schedule III, **carrying a steep 40% GST**. This includes not only carbonated soft drinks but also sweetened flavored waters. The notification **also ropes in non-alcoholic flavored beverages (2202 91 00, 2202 99 90)** that are not covered by concessional slabs, ensuring that virtually the entire spectrum of cola-type and flavored drinks are placed under this high tax bracket.

The inclusion of **caffeinated beverages (2202 99 90)** is notable. These products have been aggressively marketed in India over the past decade, often targeting youth. By placing them under 40%, the government is signaling a public health stance: discourage overconsumption of high-caffeine and sugar-loaded beverages. Even **carbonated fruit-juice drinks** are not spared, unless they fall squarely under Schedule I as essentials.

For the FMCG sector, this creates a sharp compliance divide: while lassi, buttermilk, milk-based drinks, and packaged fruit juices are taxed at concessional 2.5%–5%, aerated and caffeinated beverages are pushed to the maximum slab. Companies must therefore ensure ERP and HSN mapping are watertight to avoid wrongful classification. The pricing impact will be felt most in restaurants, multiplexes, and quick-service chains, where beverages are a key part of consumer spend.

2. PASSENGER CARS & LUXURY VEHICLES

The automobile industry continues to face a heavy GST load on **motor cars and passenger vehicles (HSN 8703)**. All standard personal cars, including **station wagons and racing cars**, are placed in **Schedule III at 40%**. The notification further details **hybrid vehicles** spark-ignition hybrids (8703 40, 8703 60) and diesel hybrids (8703 50, 8703 70) — which are also covered if they exceed specified thresholds (engine capacity over 1200cc/1500cc or length beyond 4000mm). This makes clear that even technologically advanced hybrids are treated as luxury if they fall in the higher engine/size bracket.

The classification is pegged to the Motor Vehicles Act, 1988, ensuring that disputes over what constitutes a “car” are settled by statutory definitions. This is important because manufacturers have in the past attempted to classify SUVs differently to avail concessional rates. **With all such cars consolidated at 40%, the government has neutralized these classification games.**



NOTIFICATION NO. 9/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST RATE RESTRUCTURING

3. MOTORCYCLES, AIRCRAFT & YACHTS

The luxury mobility segment extends beyond cars. **Motorcycles above 350cc (HSN 8711) are explicitly taxed at 40%.** This targets **premium cruisers, superbikes, and imported motorcycles**, which are clearly positioned as luxury goods. The earlier ambiguity where motorcycles were split across 28% and 31% effective slabs is now removed — all high-capacity bikes are uniformly taxed at 40%.

Similarly, **aircrafts for personal use (HSN 8802) and yachts or pleasure vessels (HSN 8903) are placed under this schedule.** These items were already understood as luxury symbols, but the notification codifies their classification, removing any doubt. For aviation and marine dealers, this means that corporate jets or yachts sold for private use will attract GST at the maximum slab, separate from commercial or defense sales which are covered elsewhere.

For compliance, businesses must maintain clear documentation proving whether an aircraft or vessel is for personal use (Schedule III, 40%) or commercial/industrial use (covered under different schedules). This distinction is vital, as misclassification can trigger significant tax demands and penalties.

4. ARMS & AMMUNITION

The notification also includes **revolvers and pistols (HSN 9302)**, other than service or military weapons. Civilian arms have always attracted heavy taxation given their restricted, non-essential nature, and this continues under GST 2.0 with their placement in Schedule III.

For the limited number of businesses in the licensed arms trade, this means continuing with a 40% GST burden. Since arms imports and sales are tightly regulated under Indian law, GST collections from this category may be small, but their placement in the “sin goods” slab is symbolic. It reflects the government’s consistent stance: civilian firearms are not to be treated as ordinary consumer goods.

5. LUXURY LIFESTYLE GOODS

Beyond vehicles and beverages, Schedule III includes items that symbolize indulgence. **Smoking pipes and cigar/cigarette holders (HSN 9614) are squarely placed at 40%.** This is consistent with the policy of discouraging tobacco use not just by taxing tobacco itself (Schedule VII, 28% + cess), but also the accessories that facilitate consumption.

This category may also capture **high-end imitation jewellery and lifestyle articles**, where cross-references appear with Schedule IV and Schedule V. Businesses must carefully



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check whether their specific product codes fall under the luxury slab or under concessional slabs for cultural/handicraft items. Misclassification here is common, especially for imitation jewellery that overlaps with handicraft exemptions.

The placement of lifestyle products under 40% underscores the principle that “non-essential indulgence” is to be discouraged through high taxation. Traders in this sector must maintain strong HSN-based invoicing practices to avoid disputes with GST authorities.

6. BETTING, GAMBLING & ONLINE GAMING (ACTIONABLE CLAIMS)

A unique and highly debated feature of Schedule III is the explicit inclusion of specified actionable claims. These include:

- **Betting**
- **Casinos**
- **Gambling**
- **Horse racing**
- **Lottery**
- **Online money gaming**

By placing these under Schedule III at 40%, the government has closed long-standing debates about whether actionable claims in gaming fall under GST. This means that operators of online gaming platforms must levy GST at 40% on the full face value of bets or entry amounts. This is a seismic shift for the industry, which had argued for taxation only on platform fees.

For businesses, this creates immediate compliance challenges: platforms must overhaul IT systems, payment gateways, and GST reporting mechanisms to reflect the new rate. Failure to implement this correctly could invite penalties, especially given that gaming is now a regulatory hotspot for tax authorities. Consumers will see significantly higher costs for participating in lotteries, online games, and betting activities.



NOTIFICATION NO. 9/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST RATE RESTRUCTURING

SCHEDULE IV (1.5% SEMI-PRECIOUS AND PRECIOUS MATERIALS)

This concessional slab applies to **specific categories of semi-precious stones and industrially significant precious materials**. It is designed to aid India's **export-oriented gem and jewellery sector** while ensuring traceability and formalization of trade.

- Balances between near-nil taxation on rough stones and higher slabs on finished jewellery.
- Supports employment-intensive clusters in Gujarat, Maharashtra, and Rajasthan.
- Requires careful classification to avoid disputes.

SCHEDULE V (0.125% ROUGH DIAMONDS AND ROUGH PRECIOUS STONES)

This is the **ultra-low slab** for roughs (e.g., HSN 7102, 7104). The rate is kept almost nil to ensure **uninterrupted flow of rough diamond imports** into India's cutting and polishing hubs.

- Prevents working capital blockage for exporters.
- Recognizes that rough stones add little domestic value, hence heavy taxation is counterproductive.
- Businesses must maintain rigorous import records to avoid diversion allegations.

SCHEDULE VI (0.75% CUT AND POLISHED DIAMONDS AND PRECIOUS STONES)

This slab applies **once roughs are processed into polished diamonds or stones**.

- Maintains India's competitiveness in the global polished diamond market.
- Slightly higher than roughs (0.25%), reflecting value addition.
- Input tax credits remain available, keeping net burden low.

SCHEDULE VII (14% TOBACCO, PAN MASALA, AND NICOTINE PRODUCTS)

This is the punitive slab, applying the highest GST rates (plus compensation cess in most cases).

- **Covers pan masala (2106 90 20), unmanufactured and manufactured tobacco (2401–2403), and modern products like vapes (2404).**
- Designed to discourage consumption of harmful products while boosting revenue.
- Effective tax burden (GST + cess) often exceeds 50%.



NOTIFICATION NO. 10/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - NEW NIL RATE SCHEDULE NOTIFIED

The Government of India has issued **Notification No. 10/2025-Central Tax (Rate), dated 17th September 2025**, in exercise of powers under Section 11(1) of the CGST Act, 2017. This notification, which comes into force from **22nd September 2025**, represents a **complete overhaul of the GST exemption framework**.

It supersedes the **earlier exemption notification (No. 2/2017-CTR dated 28th June 2017)** and **introduces a revised, consolidated NIL-rate schedule**. The focus is on ensuring that essential goods such as **fresh food items, unbranded cereals and pulses, milk and dairy products, seeds, drugs and medicines for critical care, educational and cultural materials, and traditional/Khadi products—remain outside the tax net**.

By aligning exemptions with the concept of **“pre-packaged and labelled” under the Legal Metrology Act, 2009**, the notification closes earlier ambiguities and strengthens compliance clarity. This move ensures that only **basic necessities and items of public interest enjoy GST exemption**, while packaged and branded goods continue to be taxed, thereby protecting revenue without burdening common households.

Expanded Coverage of Exempted Goods under Notification No. 10/2025-CTR

The Schedule to this notification contains 172 serial entries, which broadly exempt essential food, agriculture, healthcare, education, cultural, and public utility goods from GST. Below is a structured sector-wise breakdown:

1. LIVE ANIMALS & ANIMAL PRODUCTS

- HSN 0101–0106: All major categories of **live animals** such as asses, mules, hinnies, bovine animals, swine, sheep, goats, poultry (chicken, ducks, geese, turkeys, guinea fowls), and other live mammals, birds, and insects.
- HSN 0201–0210: **Fresh or chilled meat** of bovine animals, swine, sheep, goats, poultry, and fish. Frozen or preserved meat is also exempt, provided it is not pre-packaged and labelled.
- HSN 0301–0309: **Live fish, fish seeds, prawn/shrimp seeds**, and fresh or chilled aquatic products. Non-prepackaged frozen/dried fish also exempt.
- HSN 0401, 0403, 0406: **Fresh/pasteurized milk, UHT milk, curd, lassi, buttermilk** (non-prepackaged), and **paneer** (chena), whether or not prepackaged.
- HSN 0407–0409: **Fresh eggs in shell, natural honey** (non-prepackaged).
- HSN 0501–0507: Human hair, bones, horn-cores, hoof meal, claws, nails, antlers, waste of human hair, semen (including frozen semen).



**NOTIFICATION NO. 10/2025-CENTRAL TAX (RATE), DATED 17TH
SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) -
NEW NIL RATE SCHEDULE NOTIFIED**

2. FRESH VEGETABLES & FRUITS

- HSN 0701-0714: **Potatoes, tomatoes, onions, cabbages, cauliflowers, carrots, turnips, cucumbers, gherkins, legumes, leafy vegetables, cucurbits, salad vegetables, etc., when sold fresh or chilled.**
- **Frozen, provisionally preserved, or dried vegetables** exempt only when not pre-packaged and labelled.
- **Pulses and leguminous vegetables** in dried form are exempt if sold loose.
- Manioc, sweet potatoes, arrowroot, Jerusalem artichokes, and other starch-rich roots are exempt in fresh/chilled/frozen form (non-prepackaged).
- HSN 08: **Fresh fruits including bananas, mangoes, guavas, citrus fruits (oranges, lemons, limes), grapes, apples, pears, peaches, plums, cherries, apricots, melons, papayas, litchis, tamarind, strawberries, cranberries, pomegranates, custard apples, sapota, kiwi, durian, persimmon, etc.**
- **Dried fruits** like tamarind dried and dried makhana also covered.

3. CEREALS, PULSES & FLOURS

- HSN 1001-1008: **All major cereals such as wheat, rice, maize, barley, rye, oats, sorghum, millet** (jowar, bajra, ragi), buckwheat, and canary seed **when sold not prepackaged and labelled.**
- HSN 1101-1106: **Cereal flours, groats, meals, pellets, potato flour, tamarind flour, mango flour, singoda flour, sago, guar meal, etc.,** when not prepackaged.
- HSN 0713: **Pulses (dried leguminous vegetables) exempt when loose.**

4. TRADITIONAL & CULTURAL FOODS

- HSN 1701-1702: **Jaggery of all types** (gur, palmyra jaggery), khandsari sugar, rab — exempt if not **prepackaged.**
- HSN 1901, 1904, 1905, 2106: **Millet-based food preparations** (70%+ millet), puffed rice (muri), flattened rice (chira), parched rice (khoi), sugar-coated rice (murki), papad, khakhra, bread, roti, chapati, paratha, parotta, pizza bread.
- HSN 2009: **Tender coconut water (non-prepackaged).**
- HSN 2106: **Prasadam** supplied by religious places.

5. SEEDS, PLANTS & FODDER

- HSN 06: **Live trees, plants, flowers, bulbs, roots.**
- HSN 09-12: Coffee beans, tea leaves, anise, fennel, cumin, coriander, turmeric, ginger, mustard, sunflower, sesame, castor, cottonseed, rapeseed, palm kernel, groundnut,



**NOTIFICATION NO. 10/2025-CENTRAL TAX (RATE), DATED 17TH
SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) -
NEW NIL RATE SCHEDULE NOTIFIED**

6. HEALTH & MEDICINES

- HSN 30: **Life-saving drugs and medicines** listed in Annexure I, including therapies for rare diseases (e.g., Gene Therapy, Onasemnogene, Daratumumab, Avelumab, Inclisiran).
- HSN 3002, 3006: **Human blood**, components, contraceptives.
- HSN 9021: **Hearing aids** and parts thereof.
- HSN Any Chapter: Parts for manufacture of hearing aids.

7. DAILY NEEDS & HOUSEHOLD ITEMS

- HSN 2501: **Salt, sea water.**
- HSN 2716: **Electrical energy.**
- HSN 4014, 4016, 3926: **Condoms, contraceptives, erasers, plastic bangles.**
- HSN 3304, 117: **Kajal, kumkum, bindi, sindur, alta.**
- HSN 9619: **Sanitary napkins, tampons.**
- HSN 9603, 9608, 9609, 9610: **Brooms**, muddhas, pencils, crayons, chalks, slates.
- HSN 6912, 69, 7018, 7117: **Clay pots**, earthen lamps, glass bangles, lac bangles, idols made of clay.

8. AGRICULTURE, RURAL & KHADI ITEMS

- HSN 8201, 8214: **Agricultural hand tools, pencil sharpeners.**
- HSN 8445-8446: **Charkha**, handlooms.
- HSN 44-55: **Khadi yarn**, khadi fabric sold through KVIC.
- HSN 5303-5305: **Jute, coconut coir fibres**, coir pith compost.
- HSN 46: **Plates, cups, dona made from leaves, bark, flowers.**

9. EDUCATION, CULTURE & PUBLIC GOODS

- HSN 48-49: **Books**, Braille books, newspapers, journals, maps, music manuscripts, children's books, postal items, stamp papers, duty credit scrips, RBI notes/coins.
- HSN 92: **Indigenous handmade musical instruments** (Annexure II lists 134 instruments including sitar, tabla, bansuri, veena, shehnai, santoor, mridangam, nagara, ghatam).
- HSN 63: **Indian National Flag.**



**NOTIFICATION NO. 11/2025-CENTRAL TAX (RATE), DATED 17TH
SEPTEMBER 2025 - GST RATE ALIGNED ENTRY NO. 1 OF NOTIF.
3/2017 RESET TO 9%.**

The Government of India, vide **Notification No. 11/2025-Central Tax (Rate) dated 17th September 2025**, has carried out a specific amendment under the powers granted by **Section 11(1) of the CGST Act, 2017**. This notification amends the earlier **Notification No. 3/2017-CTR dated 28th June 2017**, which dealt with exemptions and concessional GST rates applicable to certain categories of supplies.

The amendment focuses on **Serial No. 1** of the Table annexed to Notification No. 3/2017-CTR. Under this entry, the rate column (Column 4) has now been revised to prescribe **"9%" CGST**. This change effectively places the concerned supply covered under S. No. 1 at a **standardized 18% GST (9% CGST + 9% SGST/UTGST)**. Prior to this amendment, a different concessional rate was applicable, but with effect from this notification, the Government has aligned it with the new slab structure introduced through Notification No. 9/2025-CTR.

The amendment will **come into force from 22nd September 2025**, ensuring that all supplies falling under the said entry in Notification No. 3/2017-CTR are taxed at the revised rate from this effective date. This change is consistent with the broader GST restructuring exercise, wherein concessional and exempt rates are being rationalized, and a uniform structure is being brought into place to avoid classification disputes and revenue leakage.

It is important to note that the original Notification No. 3/2017-CTR, which is the principal notification here, had been subject to several amendments over the years, with the last major update brought through **Notification No. 08/2022-CTR dated 13th July 2022**. The present amendment supersedes those earlier modifications in relation to S. No. 1 and ensures clarity going forward.

In summary, **Notification No. 11/2025-CTR brings Serial No. 1 of Notification 3/2017-CTR under the ambit of a 9% CGST rate (18% total GST), effective from 22nd September 2025, thereby streamlining this entry in line with GST 2.0's revised rate framework.**



**NOTIFICATION NO. 12/2025-CENTRAL TAX (RATE), DATED 17TH
SEPTEMBER 2025 - CONCESSIONAL RATE NOTIFICATION
UPDATED - REFERENCES SHIFTED TO NEW GST SCHEDULES.**

The Government of India, through this notification, has amended **Notification No. 8/2018-Central Tax (Rate) dated 25th January 2018**, which originally dealt with the concessional GST rates available to certain goods.

The amendment is straightforward but highly significant. In the original notification, concessional treatment was linked to goods covered under **Schedule IV of Notification No. 1/2017-CTR** (the original master rate notification). However, with the advent of the new **GST rate restructuring under Notification No. 9/2025-CTR**, the schedules have been redefined and reorganized.

To align the concessional benefits with the new structure, this notification **substitutes the reference**. Now, instead of referring to “Schedule IV of Notification No. 1/2017-CTR”, the text will read **“Schedule II or Schedule III of Notification No. 9/2025-CTR”**.

- **Schedule II of Notification No. 9/2025-CTR** applies a 9% CGST rate (18% total GST) to standard goods.
- **Schedule III of Notification No. 9/2025-CTR** applies a 20% CGST rate (40% total GST) to luxury and sin goods.

By making this substitution, the Government ensures that the concessional rate framework provided under Notification No. 8/2018-CTR now directly corresponds to the **restructured rate schedules**. This step eliminates inconsistency between the old 2017 schedule references and the new 2025 GST framework.

The notification becomes effective from **22nd September 2025**, coinciding with the date when the new GST slabs notified under Notification No. 9/2025-CTR also come into effect.

The principal Notification No. 8/2018-CTR has been subject to amendments over time, the last one being **Notification No. 4/2025-CTR dated 16th January 2025**. This amendment marks a significant transitional adjustment, ensuring that all concessional references are fully harmonized with the updated GST rate regime.



NOTIFICATION NO. 13/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - HANDICRAFTS & TRADITIONAL GOODS - NEW GST RATE LIST

This notification is issued by the **Central Government under Section 11(1) of the CGST Act, 2017**, exercising its power to grant exemptions and concessional rates. It specifically amends the earlier **Notification No. 21/2018-Central Tax (Rate) dated 26th July 2018**, which contained a table of handicraft and handmade goods eligible for concessional GST. The amendment **fully substitutes the existing table with a new, revised table comprising 39 entries**, thereby updating and restructuring the concessional rate framework for artisan and handicraft products.

The changes come into force from **22nd September 2025** and are aligned with the broader **GST 2.0 rate restructuring** introduced through Notification No. 9/2025-CTR. The objective is to provide **targeted fiscal support to India's traditional handicraft sector**, ensuring its survival and growth in a competitive market environment, while also harmonising concessional rates under the new GST regime.

1. HANDICRAFT & DECORATIVE ITEMS 2.5% (5%).

The notification extends concessional GST treatment to a wide variety of **handcrafted decorative articles**. Items such as **carved wood products, stone statuettes, jewellery boxes, candles, handbags, purses, artware made of cork, brass, copper, aluminium, or iron** are all brought under this umbrella. Traditional crafts like Bidriware, Panchloga lamps, and Swamimalai bronze icons are also specifically recognised. By doing so, the notification ensures that the cultural richness of India's artisan tradition is preserved under favourable GST rates, thereby reducing the financial burden on artisans and buyers alike.

2. TRADITIONAL CRAFTWORK 2.5% (5%).

A significant portion of the concessional list covers **traditional rural craft forms**. These include **mats, basketwork, wickerwork, coir articles, and handmade doorway decorations** like torans. Unique heritage craft clusters are identified such as **lacquerware, inlay work, articles of sholapith, bamboo and rattan crafts, and the famous Channapatna and Sawantwadi toys**. Even Ganjifa playing cards, which are deeply rooted in India's cultural heritage, are specifically protected. By recognising such diverse art forms, the notification ensures that rural artisans and small-scale craft producers continue to thrive in the formal GST regime.

3. HANDMADE TEXTILES & CARPETS 2.5% (5%).

Traditional textile craft finds a central place in this notification. Handmade carpets, including **traditional namda and gabba**, are covered under concessional rates. Alongside, items such as **handmade lace, handwoven tapestries, hand-braids**, and trimmings are included, reflecting the diversity of India's textile heritage. **Hand-embroidered articles**



NOTIFICATION NO. 13/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - HANDICRAFTS & TRADITIONAL GOODS - NEW GST RATE LIST

including shawls have also been specifically mentioned, giving a fillip to embroidery craft clusters in regions such as Lucknow (chikan work), Kashmir, and Gujarat. This recognition ensures that artisanal textile industries are placed on a supportive fiscal footing.

4. CERAMICS, TERRACOTTA & POTTERY 2.5% (5%)

The **clay, terracotta, and ceramic traditions** of India are also given space in the concessional list. Articles of **tableware, kitchenware, and ornamental items of clay** and terracotta are recognised. Specific mention of **blue pottery and decorative ceramics** highlights the government's effort to sustain traditional pottery hubs such as Jaipur and Khurja. By placing these under concessional GST, the government signals support for fragile craft ecosystems that face competition from mass-produced industrial substitutes.

5. PAPER & STATIONERY (HANDMADE) 2.5% (5%)

The notification also nurtures the **handmade paper industry and allied crafts**. Handmade paper and paperboard, as well as articles of papier-mâché, are specifically covered. This sector employs a large number of rural women and small-scale workers, and concessional GST treatment is expected to enhance its competitiveness while sustaining eco-friendly and sustainable product alternatives.

6. JEWELLERY & ACCESSORIES (HAND-CRAFTED) 1.5% (3%)

The concessional list makes room for certain **artisan jewellery products, including silver filigree work (at a lower concessional slab of 1.5% CGST, i.e., 3% total GST)** and handmade imitation jewellery, beads, and jewellery made from natural seeds and cardamom garlands. These craft-intensive sectors often involve highly skilled manual work and cater to both domestic and export markets. The concessional rate is intended to reduce cost pressures while simultaneously encouraging the preservation of traditional jewellery-making techniques.

7. ART & CULTURAL ITEMS 2.5% (5%)

A strong cultural focus runs through this notification, as seen in the treatment of **traditional paintings and sculptures**. Hand paintings such as Mysore, Tanjore, and Rajasthani paintings, as well as palm leaf art, are brought into scope. Sculptures and statuettes carved from bone, ivory substitutes, horn, seashell, wax, stearin, lac, or shellac are also included. By explicitly listing these, the notification provides fiscal relief to artists and ensures these endangered art forms are kept alive.

8. FURNITURE & LIGHTING 2.5% (5%)

The concessional framework also covers **handcrafted furniture and lighting products**,



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such as **bamboo, cane, and rattan furniture, as well as handcrafted lamps including Panchloga lamps.** These items, being central to traditional interior decoration and household use, reflect the Indian tradition of integrating craft with functional design. Lower GST rates make such eco-friendly and artisanal furniture more accessible to households and commercial buyers.



>>> NOTIFICATION NO. 14/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST CONCESSIONAL RATE OF 12% ON BRICKS AND TILES

Notification No. 14/2025–Central Tax (Rate), dated 17th September 2025 (effective from 22nd September 2025), has been issued under Section 9(1) and Section 15(5) of the CGST Act, 2017, on the recommendations of the GST Council. Through this notification, the Government has introduced a new concessional **GST rate of 6% CGST (12% total GST)** applicable to **certain specified construction materials**. The items covered under this concessional slab include fly ash products such as

- **Bricks, aggregates, and blocks (HSN 6815)**
- **Bricks of fossil meals or similar siliceous earths (HSN 6901 00 10)**
- **Building bricks (HSN 6904 10 00)**
- **Earthen or roofing tiles (HSN 6905 10 00)**

The notification clarifies that classification of goods shall follow the rules and principles of the Customs Tariff Act, 1975, ensuring consistency across taxation laws, while undefined expressions will carry the same meaning as assigned under the CGST, IGST, or UTGST Acts.

The effective date for implementation is 22nd September 2025.

This concessional rate reflects the Government's intent to reduce costs for the construction and housing sector, particularly in affordable housing and eco-friendly projects. By lowering GST on fly ash bricks and blocks, the move promotes sustainable construction practices and encourages the use of environmentally friendly materials. Moreover, by bringing clarity and uniformity to the taxation of different categories of bricks and tiles, the notification also reduces classification disputes and compliance challenges for businesses. Overall, the measure is expected to strike a balance between revenue considerations and policy objectives of infrastructure growth and sustainability.



NOTIFICATION NO. 15/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST 2.0 - MAJOR OVERHAUL OF SERVICE RATES

This notification amends the long-standing Notification No. 11/2017-CTR on GST rates for services, restructuring multiple entries to align them with the new GST 2.0 framework. It is wide-ranging in scope, covering logistics, job work, professional services, cultural and personal care services.

TRANSPORT & LOGISTICS SERVICES

A major sectoral change is in **transport and logistics**. The entry for transportation of goods by rail, multimodal transport, containers, and goods carriages is revised to allow dual-rate options: **service providers may opt for 2.5% CGST (5% total GST) provided they forego input tax credit (ITC), or they may choose 9% CGST (18% total GST) with full ITC availability.** This ensures small players can keep costs low by choosing the concessional rate, while larger organized logistics providers can benefit from ITC credits. Multimodal transport services are given special clarification, with detailed ITC rules to avoid disputes. In contrast, courier, postal, and local delivery services are simplified to a straight 9% CGST (18% total GST), reflecting their integration with the e-commerce supply chain.

PROFESSIONAL & BUSINESS SERVICES

The notification also overhauls professional and business services. Under Serial No. 21, **“other professional, technical and business services”** has been clarified to exclude services already categorized elsewhere, thereby preventing classification overlap. This means consultancy, technical testing, training, and back-office services now clearly fall in the **18% slab (9% CGST)** unless specifically covered by another concessional entry.

PERSONAL CARE SERVICES

In **personal care services, beauty, wellness, and grooming retain the concessional 2.5% CGST (5% total GST) if input tax credit is not availed.** However, ancillary services such as **spas, body treatments, or luxury add-ons are shifted to 18% (9% CGST)**, drawing a line between basic wellness and luxury services.

JOB WORK & MANUFACTURING SUPPORT SERVICES

For manufacturing support, job work services are comprehensively rationalized:

- **Diamond job work continues at the ultra-low 0.75% CGST (1.5% total GST)** to support the export-oriented gem industry.
- **Food and food products, pharmaceutical products, textiles (including yarn and fabrics), hides and leather goods, printing, handicrafts,** and umbrellas are all placed at the concessional **2.5% CGST (5% total GST)**, encouraging MSME and cottage industries that rely heavily on outsourcing.



NOTIFICATION NO. 15/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - GST 2.0 - MAJOR OVERHAUL OF SERVICE RATES

- **All other job work services not specifically covered are now standardized at 9% CGST (18% total GST)**, eliminating multiple scattered rates.
- **Tailoring services remain at 2.5% CGST (5% total GST)** to protect small artisans and individual workers.

CULTURAL & SPORTING SERVICES

The notification also touches on cultural and sporting services. Definitions are aligned for “recognised sporting events,” and **certain sports and recreational services are shifted into the 20% slab (40% total GST)**, marking them as entertainment-oriented. At the same time, essential cultural services like traditional art training, music, or community cultural programs remain under concessional entries to promote accessibility.

In totality, this notification represents a systematic restructuring of service taxation. It provides flexible options in transport, protects MSMEs through low job work rates, and differentiates between essential versus luxury services in personal care and sports. By consolidating GST rates and clarifying definitions, it aims to reduce classification disputes, support input tax credit flow, and balance affordability with revenue needs under the GST 2.0 framework.



NOTIFICATION NO. 16/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - LIFE & HEALTH INSURANCE EXEMPT, ECO DELIVERIES TAXABLE

Notification No. 16/2025–Central Tax (Rate) introduces significant amendments to the exemptions and definitions in the service tax rate framework, aligning with the broader GST 2.0 reforms. Issued under multiple enabling provisions of the CGST Act, 2017 — including Sections 9(3) and 9(4) (reverse charge provisions), Section 11(1) (exemption power), Section 15(5) (special valuation), and Section 148 (special procedures) — this notification amends the principal Notification No. 12/2017–CTR, which lists exempted services. The changes are intended to update exemptions, close loopholes, and provide targeted relief in areas of public welfare such as insurance, while also clarifying the role of e-commerce operators in logistics.

The first amendment addresses **local delivery services**. An explanation is inserted against entry No. 18 of the exemption table to clarify that exemptions under this entry will **not apply to local delivery services provided by, or through, an electronic commerce operator**. This removes ambiguity and ensures that last-mile delivery services routed via e-commerce platforms are taxable, thus protecting revenue and aligning with the principle that exemptions are to be narrowly interpreted. Traditional non-ECO providers of local delivery may still avail exemptions where conditions are satisfied.

The second major set of amendments introduces **new entries 36C, 36D, and 36E** into the exemption schedule, covering insurance and reinsurance. **Entry 36C exempts life insurance services provided by an insurer to an individual, or an individual and their family, where the insured is not a group.** **Entry 36D provides a similar exemption for health insurance services provided to an individual or an individual and their family.** In both cases, the explanation clarifies that the exemption is limited to personal and family policies, explicitly excluding group insurance schemes. **Entry 36E extends the exemption to reinsurance of the above-mentioned exempted individual life and health insurance contracts**, ensuring that the benefit flows consistently through the insurance value chain. These changes reflect a clear policy direction the government intends to make individual and family-oriented life and health insurance tax-free, thereby encouraging penetration of insurance for households, while continuing to tax group and employer-employee policies at standard rates.

To support these changes, important definitional amendments are introduced in paragraph 2 of the notification. The definition of **“goods transport agency” (clause ze)** is substituted to exclude e-commerce operators who provide or facilitate local delivery services. This harmonises the treatment of ECOs across both transport and delivery exemptions. A new clause (zfb) defines **“group”** for insurance purposes, clarifying that groups include employer–employee arrangements and non-employer groups with a common purpose other



**NOTIFICATION NO. 16/2025-CENTRAL TAX (RATE), DATED 17TH
SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) -
LIFE & HEALTH INSURANCE EXEMPT, ECO DELIVERIES TAXABLE**

than availing insurance. This ensures that employer-sponsored and association-based group policies remain taxable and outside the scope of the new exemption. Additionally, **a new clause (zga) defines “health insurance business” to cover contracts providing sickness benefits, medical or hospital expense benefits, out-patient cover, travel cover, and personal accident insurance.** This comprehensive definition prevents misclassification and confirms the scope of the exemption.

Overall, Notification 16/2025-CTR represents a targeted refinement of GST exemptions. By **removing exemptions for ECO-driven last-mile deliveries**, it plugs a growing revenue leakage area, while by exempting individual life and health insurance and their reinsurance, it provides strong policy support for financial security and public health coverage. The effective date of 22nd September 2025 requires insurers, reinsurers, and logistics players to immediately re-align their systems. Insurers must segregate group and individual policies for GST compliance, while e-commerce operators must update tax treatment of local delivery services. The notification thus reflects the dual policy goals of broadening the tax base in the digital economy while providing meaningful relief to households in essential areas like health and life insurance.



NOTIFICATION NO. 17/2025-CENTRAL TAX (RATE), DATED 17TH SEPTEMBER 2025 (EFFECTIVE FROM 22ND SEPTEMBER 2025) - LOCAL DELIVERY SERVICES VIA ECOS BROUGHT UNDER GST.

Notification No. 17/2025-Central Tax (Rate), dated 17th September 2025 (effective from 22nd September 2025), has been issued by the Government of India under the powers conferred by Section 9(5) of the CGST Act, 2017. This notification **makes an important amendment to the earlier Notification No. 17/2017-CTR dated 28th June 2017**, which specifies services **where the liability to pay GST rests with the Electronic Commerce Operator (ECO) instead of the actual supplier**. Through this amendment, a new clause (v) is inserted to clarify the tax treatment of **“services by way of local delivery”**. The clause provides that **such local delivery services, when supplied through an ECO, will be covered under Section 9(5), i.e., the liability to discharge GST shifts to the ECO**. However, a significant exception is built in if the person supplying such local delivery services through the ECO is already liable for registration under Section 22(1) of the CGST Act (i.e., crossing the turnover threshold for compulsory GST registration), then the liability will remain with the supplier and not shift to the ECO. This amendment has twofold implications: (i) it strengthens the tax net over ECO-driven last-mile delivery operations, ensuring uniformity in treatment across gig economy platforms; and (ii) it preserves compliance responsibility with larger suppliers who are mandatorily registered under GST, thereby preventing any unintended revenue leakage. The change is effective from 22nd September 2025 and must be read in conjunction with Notification No. 16/2025-CTR, which simultaneously withdrew GST exemption for ECO-facilitated local delivery services, indicating a coordinated policy shift. Together, these measures reflect the government’s intent to bring local delivery and gig-economy logistics within a transparent GST framework, while still balancing ease of doing business for small, unregistered suppliers who depend on ECO platforms.



NOTIFICATION NO. 13/2025-CENTRAL TAX, DATED 17TH SEPTEMBER 2025 - MAJOR OVERHAUL OF GST RULES - APPEALS, REFUNDS & RETURNS RECAST

This notification represents one of the most comprehensive procedural reforms in the history of the Central Goods and Services Tax Rules, 2017. Running across 37 pages, it amends, substitutes and inserts multiple rules and forms, with implications spanning appeals before the Appellate Tribunal, refunds and provisional refunds, distribution of credit by ISD, annual returns (Form GSTR-9), reconciliation statements (Form GSTR-9C), and a host of related compliances. The objective is to harmonise GST procedures under the GST 2.0 regime, strengthen risk management, and bring greater clarity for taxpayers and authorities alike.

1. APPEALS AND APPELLATE TRIBUNAL PROCEDURES

One of the most far-reaching changes introduced by Notification No. 13/2025-CT Rules lies in the area of appeals before the Appellate Tribunal. The reforms are intended to streamline the appellate framework under GST 2.0, reduce pendency of cases, bring uniformity in documentation, and ensure that orders are communicated in a structured and quantified manner. The government has recognised that a large backlog of appeals and disputes has arisen in the past few years, and hence the procedures have been modernised through a series of amendments to Rules 108–113, the insertion of Rule 110A, and the substitution of multiple appellate forms.

The most notable innovation is the **creation of single-member benches of the Appellate Tribunal through the insertion of Rule 110A**. This provision allows specific categories of appeals, where **no substantial question of law is involved, to be heard and decided by a single member rather than a division bench**. Matters eligible for such disposal include those relating to routine classification disputes, procedural refunds, or ITC mismatches where the legal principles are already settled. Complex cases involving constitutional challenges, valuation principles, or broader questions of law will continue to be reserved for multi-member benches. This is a significant departure from the earlier system and is expected to increase disposal efficiency by freeing up two-member benches for more substantial disputes.

The procedure for filing and acknowledgment of appeals has also been completely redesigned. Under the new framework, **the appellant is first given a Provisional Acknowledgement in Form GST APL-02A (Part A) upon filing the appeal within the statutory time limit**. This ensures that the appeal is considered filed for limitation purposes, even if the details of pre-deposit, court fee, or supporting documents are yet to be scrutinised. Once the **registry verifies compliance with all mandatory requirements, a Final Acknowledgement in Form GST APL-02A (Part B) is issued**. This two-stage acknowledgement mechanism prevents genuine appellants from being penalised on



NOTIFICATION NO. 13/2025-CENTRAL TAX, DATED 17TH SEPTEMBER 2025 - MAJOR OVERHAUL OF GST RULES - APPEALS, REFUNDS & RETURNS RECAST

limitation grounds due to technical deficiencies, while still safeguarding revenue by ensuring that defective appeals are rectified. It also introduces transparency, since the date of provisional acknowledgement will now be visible to both parties in the system.

Another landmark insertion is **Form GST APL-04A, which has been made mandatory for every Tribunal order.** The rule requires the registry to **issue a structured summary alongside the detailed order.** The summary captures the precise quantum of tax, interest, penalty, refund, or registration relief decided, ensuring there is no scope for interpretational ambiguity about the outcome. In the past, parties often had to read through lengthy orders to extract the operative part, sometimes leading to disputes about the enforceable demand. With APL-04A, the outcome is standardised in tabular form, which can be directly fed into departmental systems for demand management or refund sanction. This marks a significant step towards automation and predictability in GST litigation, akin to how civil courts issue decrees separately from judgments.

Form **GST APL-05**, which governs **appeals to the High Court against Tribunal orders, has also been restructured.** The new form demands much greater detail: appellants must now set out the **exact questions of law involved, provide quantification of disputed amounts under separate heads, and clearly state the relief sought.** This ensures that only genuine legal questions are carried to the High Court, filtering out cases that merely reargue facts. For practitioners, this means more careful drafting, but for the system, it promises efficiency by narrowing the High Court's focus to substantial legal issues.

Similarly, Form GST APL-06, which relates to **cross-objections filed by the respondent in an appeal, has been completely revamped.** Previously, cross-objections were often narrative and lacked a structured format. The new form requires the respondent to specifically indicate whether they are disputing the entire demand, part of it, or certain findings of the adjudicating authority. This brings parity with income-tax appellate procedures and avoids situations where respondents introduce new grounds belatedly. The discipline imposed by APL-06 ensures that both sides are clear about the exact scope of the dispute before the Tribunal.

Finally, **Form GST APL-07** has been inserted to **cover applications before the Tribunal that are not strictly appeals such as applications for condonation of delay, restoration of dismissed appeals, or rectification of mistakes.** Earlier, there was no prescribed form for these purposes, which meant such applications were often filed in an ad hoc manner, leading to objections or dismissals. By prescribing APL-07, the government has standardised the procedure, requiring applicants to disclose all essential particulars in a uniform format, thus reducing technical disputes.



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Taken together, the introduction and substitution of these forms under Notification No. 13/2025 signify a fundamental reshaping of GST appellate practice. Taxpayers gain certainty that their appeals will be provisionally protected from limitation challenges; the department gains clarity and enforceability in demand and refund outcomes; and the higher judiciary gains better-prepared appeals with precisely identified questions of law. The GST Appellate Tribunal, which has often been criticised for pendency and lack of uniformity, will now operate under a framework that is closer to a codified code of procedure rather than a loosely administered body. By combining the flexibility of provisional acknowledgements with the rigidity of structured orders, this reform strikes a balance between taxpayer rights and revenue protection.

2. REFUNDS AND RISK-BASED PROVISIONAL REFUNDS

Rule 91 undergoes a major amendment, effective **1st October 2025**, to restrict **provisional refunds. Under the revised framework, refunds under section 54(6) (90% provisional refund)** will be sanctioned only after system-based risk evaluation. Officers are now empowered to withhold provisional refunds where the system flags risks such as fake invoicing, Aadhaar authentication failure, or high-risk sectors. This is a deliberate move to curb fraudulent refund claims which have been a major concern for the administration. Genuine taxpayers, however, will still benefit from fast-track refunds, subject to positive risk evaluation.

Linked to this, amendments are made in **Rule 39 (retrospectively from 1st April 2025) clarifying the distribution of input tax credit by ISD, aligning it with cross-charge and ISD provisions under the IGST Act, thus ensuring that refund claims arising from distributed credits are consistent and less prone to challenge.**

3. AMENDMENTS TO ACTIONABLE CLAIMS & LOTTERIES

In Rule 31A, the figure “128” is substituted with “140”, thereby expanding the notified actionable claims relevant for lottery and betting valuation. This amendment ensures that the valuation formulae under GST capture the correct range of actionable claims as defined in the CGST Act, plugging any legal gaps that could have been exploited.

4. ANNUAL RETURN (FORM GSTR-9)

Substantial amendments are made to Form GSTR-9, which is the annual return. New rows and columns have been added, particularly to capture:

- **Reclaimed input tax credit under Rule 37 and Rule 37A, to separately identify credits earlier reversed for non-payment to suppliers and later reclaimed.**



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- Supplies **where tax is payable by e-commerce operators under section 9(5)**, thereby reflecting the growth of platform-based businesses.
- Imports, SEZ supplies, and ITC of previous years claimed in the current year, to improve accuracy of reconciliation.

Specific instructions are revised to clarify reporting requirements for **FY 2024-25 onwards**, including disclosure of **ITC reversals, reclaimable ITC, and differentiation between auto-populated and manually entered fields**. These changes will impose a greater reporting burden but will significantly reduce litigation arising from mismatched credits and disclosures.

5. RECONCILIATION STATEMENT (FORM GSTR-9C)

Form GSTR-9C (the reconciliation statement certified by auditors) is also heavily modified. New tables require detailed disclosure of:

- **Supplies under section 9(5), distinguishing between liability discharged by the ECO and by the supplier.**
- **Additional liabilities identified during reconciliation, with bifurcation into “cash paid” and “discharged by ITC.”**
- **Auditor’s certification to include specific confirmations on ITC availed, reversed, and reclaimed, thereby tightening accountability of auditors and tax professionals.**

These changes are designed to make reconciliation statements more comprehensive and to pre-empt revenue leakages through under-reporting or misclassification.

6. PROCEDURAL & TRANSITIONAL PROVISIONS

The notification provides for retrospective applicability in certain cases (such as Rule 39 from 1st April 2025), while most provisions including appeal reforms and annual return modifications apply from **22nd September 2025**, coinciding with the GST 2.0 restructuring of rates. Refund restrictions under Rule 91, however, commence from 1st October 2025. This staggered applicability gives businesses a short window to adjust their ERP systems, return-filling processes, and documentation templates.



NOTIFICATION NO. 14/2025-CENTRAL TAX, DATED 17TH SEPTEMBER 2025 - REFUND RESTRICTIONS ON HIGH-RISK GOODS & NON-AADHAAR AUTHENTICATED TAXPAYERS.

The Government of India, exercising its powers under **Section 54(6) of the CGST Act, 2017**, has issued **Notification No. 14/2025–Central Tax, dated 17th September 2025**, to notify specific categories of registered persons who shall not be entitled to provisional refunds under GST. This measure is intended to curb misuse of refund provisions, especially in sectors where evasion and fraudulent claims are prevalent, thereby ensuring greater compliance discipline.

The notification **identifies two broad categories of taxpayers who will be denied provisional refund of input tax credit (ITC):**

1. **Persons without Aadhaar authentication** – Any registered person who has not undergone Aadhaar authentication as mandated under **Rule 10B of the CGST Rules, 2017, will be automatically ineligible to claim refunds on a provisional basis.** This condition strengthens the compliance ecosystem by linking refunds to verified identity and preventing fictitious registrations from siphoning off tax refunds.
2. **Suppliers of specified high-risk goods** – Refund restrictions are also imposed on taxpayers engaged in the supply of **certain sensitive goods** that are prone to large-scale evasion or illicit trading. The notification specifically lists:
 - **Areca nuts (HSN 0802 80)**, often flagged for under-invoicing and smuggling.
 - **Pan masala (HSN 2106 90 20)**, a sector already under strict scrutiny due to widespread tax evasion.
 - **Tobacco and manufactured tobacco substitutes (Chapter 24)**, which remain among the most revenue-sensitive and highly taxed goods.
 - **Essential oils (HSN 3301)**, which have been flagged for valuation disputes and misuse in refund claims.

The notification also clarifies that the terms **“tariff item”, “heading”, “sub-heading” and “Chapter”** will carry the same meanings as defined in the **First Schedule to the Customs Tariff Act, 1975**, and that the interpretative rules, Section Notes, and Chapter Notes of the Customs Tariff Act will apply. This ensures alignment with existing customs classification rules and prevents misclassification attempts.

Finally, the notification stipulates that these **restrictions will take effect from 1st October 2025**, giving businesses a short transitional period to align with the new requirements. From this date onwards, any provisional refund claim made by a person falling under these categories will be rejected outright, though such taxpayers may still seek refunds through the regular scrutiny route after detailed verification.



**NOTIFICATION NO. 15/2025-CENTRAL TAX, DATED 17TH
SEPTEMBER 2025 - ANNUAL RETURN (GSTR-9) WAIVER FOR
SMALL TAXPAYERS UP TO ₹2 CRORE TURNOVER.**

The Central Board of Indirect Taxes and Customs (CBIC), through Notification No. 15/2025–Central Tax, dated 17th September 2025, has exercised the powers conferred under the first proviso to Section 44(1) of the Central Goods and Services Tax Act, 2017, to grant relief to small taxpayers with respect to annual return filing. **With effect from the financial year 2024–25 onwards, all registered persons whose aggregate turnover in any financial year does not exceed ₹2 crore shall be exempted from filing the annual return (Form GSTR-9) for that financial year.** This move effectively continues and formalizes the relief provided in earlier years, where filing of the annual return for small taxpayers was repeatedly waived through annual notifications. By making this exemption prospective “for FY 2024–25 onwards,” the Government has provided certainty and reduced compliance burden for micro and small enterprises, eliminating the need for repetitive yearly extensions of the waiver.

The significance of this notification lies in its impact on compliance costs and administrative ease. The annual return (GSTR-9) is a comprehensive reconciliation statement requiring disclosure of outward supplies, inward supplies, tax paid, input tax credit availed or reversed, and other details for the entire financial year. Preparing such detailed reconciliations requires professional assistance, often incurring additional compliance costs for small businesses. By exempting taxpayers with turnover up to ₹2 crore from this obligation, the GST Council and CBIC have reinforced their commitment to ease of doing business, particularly for small and medium enterprises that form the backbone of the economy.



CIRCULAR NO. 251/08/2025-GST, DATED 12TH SEPTEMBER 2025

CLARIFICATION ON VARIOUS DOUBTS RELATED TO TREATMENT OF SECONDARY OR POST-SALE DISCOUNTS.

The Central Board of Indirect Taxes and Customs (CBIC) issued Circular No. 251/08/2025-GST to resolve long-standing doubts surrounding the GST implications of secondary or post-sale discounts. Representations had been received from trade and industry seeking clarity, particularly where manufacturers grant discounts to dealers or distributors after the initial sale, often through financial or commercial credit notes. The Board examined these issues under the framework of the CGST Act, 2017, and clarified them to ensure uniformity across field formations.

1. ITC REVERSAL IN CASE OF FINANCIAL/COMMERCIAL CREDIT NOTES

One of the most common industry concerns is whether a dealer or distributor needs to reverse Input Tax Credit (ITC) when a manufacturer issues a financial or commercial credit note to adjust for a post-sale discount. **The circular makes it absolutely clear that the recipient is not required to reverse ITC in such cases.** The reasoning is rooted in the legal framework of **Section 16(1) of the CGST Act, which entitles ITC on tax charged on supplies used in the course of business.** When a supplier issues a financial or commercial credit note, it is important to note that such notes do not have any GST impact the supplier cannot reduce their original output tax liability because these are not “credit notes under Section 34”. The tax on the original supply remains fully paid to the government. As such, the recipient continues to hold a valid tax invoice and remains eligible to avail ITC in full. This clarification removes doubts raised by several field officers who had previously insisted on ITC reversals, thereby providing significant relief to businesses that commonly use post-sale discounts for price support and market alignment.

2. TREATMENT OF DISCOUNTS AS ‘CONSIDERATION’ FOR ONWARD SUPPLIES TO CUSTOMERS

Another critical issue was whether post-sale discounts provided by a manufacturer to dealers should be seen as a form of “consideration” for the dealer’s onward supply to end customers. The circular carefully distinguishes between two scenarios. **In the first scenario, there is no agreement between the manufacturer and the end customer.** Here, the dealer purchases goods on a principal-to-principal basis, owns the goods, and resells them independently. **Any discount given by the manufacturer is simply a commercial arrangement to lower the dealer’s purchase price and make products more competitive in the market. Such discounts are not linked to the dealer’s onward supply and therefore cannot be treated as “consideration” for those sales.** In the second scenario, where **the manufacturer has a prior arrangement with the end customer for example, to supply goods at a reduced or fixed price** the manufacturer



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may route the benefit of such discounts through the dealer by issuing credit notes. In such cases, **the discount directly relates to the transaction with the end customer and becomes part of the overall consideration. Therefore, such discounts will have GST implications, as they effectively subsidize the dealer's sale to the customer.** This nuanced clarification prevents misuse while providing a structured framework for genuine trade discounts.

3. POST-SALE DISCOUNTS AND PROMOTIONAL/MARKETING ACTIVITIES

The third area of confusion has been **whether post-sale discounts can be treated as payment for services when dealers or distributors carry out promotional or marketing activities.** The circular clarifies that not all dealer activities fall into this category. **If a dealer independently decides to promote the manufacturer's goods say, by offering local advertisements, bundling schemes, or running retail campaigns such actions are undertaken in the dealer's own interest to boost sales and are not a separate supply of services to the manufacturer.** Discounts in such cases simply reduce the dealer's cost of purchase. However, if there is a clear, **pre-existing contractual obligation where the manufacturer directs the dealer to carry out specific promotional or marketing activities such as co-branding, advertising campaigns, organizing exhibitions, offering warranty support, or running loyalty programs on the manufacturer's behalf then the discount effectively acts as consideration for those services.** In such instances, the arrangement is no longer a mere discount but a barter-like transaction involving supply of services by the dealer to the manufacturer. **Accordingly, GST becomes payable on the value of such services.** This distinction ensures that legitimate commercial discounts are not taxed, but disguised service arrangements do not escape GST.

In conclusion, this circular removes ambiguity by confirming that **general post-sale discounts are not taxable supplies of services and do not affect ITC, while discounts linked to specific obligations or pre-agreed promotional activities are taxable as service consideration.** The CBIC directed field formations to issue trade notices to publicize these clarifications and invited stakeholders to report any difficulties in implementation.



CIRCULAR NO. 252/09/2025-GST, DATED 23RD SEPTEMBER 2025 - DIN REQUIREMENT RATIONALIZED FOR EOFFICE COMMUNICATIONS"

This circular marks a significant procedural reform in the GST communication framework, particularly regarding the requirement of quoting the Document Identification Number (DIN). Earlier, as per Circulars 122/41/2019-GST and 128/47/2019-GST, **DIN was mandated on all communications sent to taxpayers and stakeholders to ensure authenticity and transparency, covering notices, summons, inspection letters, and other correspondences.** Subsequently, Circular 249/06/2025-GST clarified that communications issued through the **GST common portal already bear a verifiable Reference Number (RFN), and hence an additional DIN was not required,** since RFN itself served as a unique identifier. In continuation of this progressive rationalization, the present circular addresses communications issued through the CBIC's eOffice system. Such eOffice communications already carry an auto-generated "Issue Number" that functions as a unique electronic identifier. However, until now, taxpayers and recipients had no way to independently verify the authenticity of these Issue Numbers, necessitating the parallel quoting of DIN, leading to duplication and administrative complexity.

To resolve this, CBIC has now developed and operationalized a dedicated online verification utility at <https://verifydocument.cbic.gov.in>. This portal allows taxpayers and concerned parties to input the Issue Number appearing on an eOffice communication and instantly verify its authenticity. The verification provides key metadata such as the file number, date of issue, type of communication, name of the issuing office, and masked details of the recipient's name, address, and email, thereby ensuring both transparency and confidentiality. Officers drafting documents in the eOffice system are mandated to carefully fill out this metadata accurately while creating the communication draft, as it directly forms part of the verification record.

Accordingly, the Board has decided that for communications issued through the eOffice system using the **"public option," the Issue Number itself shall be treated as the DIN, and no separate DIN is required. This eliminates the duplication of having two different electronically generated numbers (DIN and Issue Number) on the same document,** thereby simplifying compliance and enhancing the ease of verification for taxpayers. However, **the requirement to mandatorily quote DIN continues unchanged for all other communications,** including those not issued via eOffice or those not bearing a verifiable RFN from the GST common portal.

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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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