

## **MEASURES FOR FACILITATION OF TRADE**

**1. Sanction of risk-based provisional refund to facilitate refund claims on account of zero-rated supply of goods or services or both (i.e. export of goods or services or both or supply to a Special Economic Zone developer/unit for authorised operations.):** The Council recommended amendment in rule 91(2) of CGST Rules, 2017 to provide for sanction of 90% of refund claimed as provisional refund by the proper officer on the basis of identification and evaluation of risk by the system. However, in exceptional cases, the proper officer may for reasons to be recorded in writing, instead of granting refund on provisional basis proceed with the detailed scrutiny of the refund claim.

The Council recommended issuance of a notification to notify certain category of registered persons who may not be granted refund on provisional basis. This provision shall be operationalised from 1<sup>st</sup> November, 2025.

**2. Proposal for Risk-Based Provisional Sanction of refunds arising out of inverted duty structure (IDS):** The Council recommended amending section 54(6) of the CGST Act, 2017, to provide for sanction of 90% of refund claimed on provisional basis, in cases arising out of inverted duty structure, on similar lines as is presently available for refund in respect of zero-rated supply.

It has been decided by the Central Government that, pending requisite amendments in CGST Act, 2017, instructions shall be issued by the Central Board of Indirect Taxes and Customs (CBIC) to direct Central Tax field formations for grant of provisional refund equivalent to 90% of amount claimed as refund, arising out of Inverted Duty Structure on the basis of identification and evaluation of risk by the system, as in the case of provisional refunds on account of zero-rated supplies. This shall be operationalized from 1<sup>st</sup> November, 2025.

**3. Amendment in CGST Act to provide for GST Refunds in respect of low value export consignments:** The Council recommended amendment to section 54(14) of the CGST Act, 2017 so as to remove the threshold limit for refunds arising out of exports made with payment of tax. This will particularly help small exporters making exports through courier, postal mode etc.

**4. Simplified GST Registration Scheme for Small and Low-Risk Businesses:** In order to simplify the registration process, the Council has recommended the introduction of an

optional simplified GST registration scheme wherein registration shall be granted on an automated basis within three working days from the date of submission of application in case of low risk applicants and applicants who based on their own assessment, determine that their output tax liability on supplies to registered persons will not exceed Rs. 2.5 lakh per month (inclusive of CGST, SGST/UTGST and IGST). The scheme will provide for voluntary opting into and withdrawal from the scheme.

This will benefit around 96% of new applicants applying for GST registration. This shall be operationalized from 1<sup>st</sup> November, 2025.

**5. Introduction of Simplified Registration Scheme for small suppliers supplying through electronic commerce operators:** The Council approved in-principle, the concept of a simplified GST registration mechanism for small suppliers making supplies through e-commerce operators (ECOs) across multiple States facing challenges in maintaining principal place of business in each State as currently required under the GST framework. The detailed modalities for operationalizing the said scheme will be placed before GST Council.

It will ease compliance for such suppliers and facilitate their participation in e-commerce across States.

**6. Amendment in place of supply provisions for intermediary services under section 13(8) of the IGST Act:** The Council recommended omission of clause (b) of section 13(8) of IGST Act 2017. Accordingly, after the said law amendment, the place of supply for “intermediary services” will be determined as per the default provision under section 13(2) of the IGST Act, 2017 i.e. the location of the recipient of such services. This will help Indian exporters of such services to claim export benefits.

**7.1 Amendment of section 15 and section 34 of CGST Act, 2017 in respect of Post Sale Discount:** The Council has recommended:

- To omit section 15(3)(b)(i) of CGST Act, 2017 thereby omitting the requirement of establishing the discount in terms of an agreement entered into before or at the time of such supply and specifically linking of the same with relevant invoices,
- To amend section 15(3)(b) of CGST Act, 2017 to provide that discount should be granted through a credit note issued under section 34 of the CGST Act and to correspondingly amend section 34 to include a reference to section 15(3)(b), so as to

provide for reversal of Input tax credit by the recipient in case where a post-sale discount is given and value of supply is reduced through GST Credit note.

- To rescind circular No.212/6/2024-GST dated 26<sup>th</sup> June 2024 which provided a mechanism ensuring compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers.

**7.2 Issuance of circular on certain issues pertaining to Post Sale Discount:** In order to remove ambiguity and legal disputes, the Council recommended to provide clarification on certain issues pertaining to Post Sale Discount namely, -

- i. non-reversal of Input Tax Credit on account of post-sale discount through financial/commercial credit note;
- ii. treatment of the post-sale discount provided by manufacturer to the dealer as additional consideration, in the transaction between dealer and end-customer;
- iii. treatment of post-sale discount as consideration lieu of promotional activities etc. performed by the dealer.

## **C. OTHER MEASURES PERTAINING TO LAW & PROCEDURE**

**8.** The Council recommended retail sale price-based valuation under GST for Pan Masala, Cigarettes, Gutkha, Chewing Tobacco, Zarda, Scented tobacco and Unmanufactured Tobacco. Accordingly, consequent amendments in CGST Rules, 2017 and notifications will be carried out.

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

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