Para No.	Recommendation (detailed)
	Preamble
Introduction	The 57th Meeting of the GST Council was held on 08 October 2026 in New Delhi, under the chairpersonship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman.
Participants	The participants included Chief Ministers of Delhi, Goa, Haryana, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, and Meghalaya; Deputy Chief Ministers of Manipur and Telangana; the Finance Ministers and senior members of States/Union Territories with Legislative Assembly, Secretary, Department of Revenue; Chairman and Members of Central Board of Indirect Taxes & Customs and senior officials of the Ministry of Finance.
Overview	Next-Gen reforms made as per recommendations of the GST Council in its 56th meeting last year had focussed on rate rationalisation and reduction of rates. In the 57th meeting, GST Council made recommendations relating to process reforms primarily covering registration, returns, refund and adjudication; clarifications regarding applicability of GST on supply of certain goods and services; and other measures for trade facilitation and streamlining compliances in GST. FAQs are being issued for clarification of doubts.
	A. PROCESS REFORMS
	A1. Registration related reforms
1	***STREAMLINING REGISTRATION PROCESS WITH CLEAR GUIDELINES ON FILING AND PROCESSING*** **Present position**: The applicant files FORM GST REG-01 and uploads documents. There is no single published list of what is required, so applicants often submit incomplete or wrong documents, leading to queries from the officer and rejections. **Recommended change:** ➢ Circular and FAQs – a comprehensive circular, with FAQs, specifying the documents and information required for registration. ➢ FORM GST REG-01 to be amended to provide drop boxes for selecting the prescribed documents/information, so that the taxpayer and the officer both know exactly what is to be furnished. ➢ GST portal to offer a user-friendly interface for filing – clear navigational paths, dropdown lists, tool-tips and contextual guidance. **Impact:** Fewer queries and rejections caused by wrong or missing information and faster processing by the officer.
2	***RATIONALIZATION OF PROCEDURE FOR AMENDMENT IN GST REGISTRATION***
2.1	**Present position**: When particulars of registration change, the registered person must report the change on the portal. Changes in certain core particulars (such as legal name and address of places of business) are accepted only after approval of the proper officer. **Recommended change:** ➢ Rule 19 to be amended so that amendments to all registration particulars are accepted automatically on the portal, except a change in the Principal Place of Business (PPoB), which continues to need the officer's approval. ➢ For persons registered under the automatic route (rule 14A), amendment of all particulars, including PPoB, will be accepted automatically. **Impact:** Registration details can be updated almost in real time without dealing with the tax officer.
3	***RATIONALIZATION OF REGISTRATION CANCELLATION PROCESS UNDER GST***
3.1	**Present position:** Cancellation can be sought by the taxpayer (FORM GST REG-16) or initiated by the officer on specified grounds. In both cases, the proper officer examines the matter, issues a notice where required and passes an order. A person whose registration is cancelled must also file a final return in FORM GSTR-10 (within three months of the date of cancellation or of the cancellation order, whichever is later). If the officer cancels registration, the taxpayer must apply for revocation and the officer decides on it. **Recommended change**: The CGST Act, 2017 and CGST Rules, 2017 are to be amended as follows. (i) Automatic cancellation on the taxpayer's own application (FORM GST REG-16) The system will accept the application automatically, without officer intervention, once all pending returns are filed and all dues are paid, in two phases: ➢ Phase 1 – applies only where: (1) ITC passed on by the taxpayer has not exceeded ₹2.5 lakh in any month since registration; or (2) ITC passed on exceeded ₹2.5 lakh in a month, but the taxpayer has filed the final return in FORM GSTR-10 within the specified time period. ➢ Phase 2 – all applications will be accepted automatically on the same two conditions (returns filed, dues paid). FORM GST REG-16 will be amended so that the GSTR-10 details can be furnished in the application itself, removing the need for a separate final return step

Para No.	Recommendation (detailed)
3.1.1	Cancellation by the officer (suo-moto) ➢ Fewer grounds – rule 21 to be amended to omit certain grounds on which the officer can cancel registration. ➢ System-based cancellation and revocation – rules 21A and 22 to be amended and a new rule 23A to be inserted. For two defaults – non-filing of returns and non-furnishing of bank account details – the system will cancel registration if the default is not cured and will revoke the cancellation if the taxpayer subsequently complies, within specified time periods. At present, revocation requires an application and an officer's order. **Impact:** Quicker and more transparent exit from GST, less officer interface, and automatic restoration of registration where a defaulter complies in time.
3.1.2	**Simplified registration for small sellers on E-Commerce Operator (ECO) platforms – new Rule 14B** **Present position**: GST registration is State-wise. A seller who supplies goods from a State, for example from an ECO's warehouse in that State, ordinarily needs registration in that State with a place of business there. This makes it difficult for small sellers to sell to customers across India through ECOs. **Recommended change:** The 56th Council had approved this in principle; the 57th Council has recommended inserting rule 14B in the CGST Rules, 2017. ➢ Who – small suppliers making supplies of goods through ECOs. ➢ Where – in States/UTs where the supplier has no physical presence. ➢ Condition – the supplier intends to pass on ITC of not more than ₹2.5 lakh per month, excluding stock transfers between distinct persons. ➢ How – the supplier declares the ECO's warehouse in that State/UT as its PPoB. Registration will be granted automatically by the system, subject to certain conditions. **Impact:** Small sellers can expand to other States through e-commerce platforms without setting up a place of business in each State.
	A2. Return related reforms
	(a) Enhancements in FORM GSTR-1/1A/IFF Present position: These forms report supplies invoice-wise, but they are not designed to line up neatly with the tables of GSTR-3B. A taxpayer who finds a difference between GSTR-1 and GSTR-3B often cannot easily trace which supplies caused it. **Recommended change:** FORM GSTR-1/1A/IFF are to be enhanced so that the details furnished in them can be reconciled better with the details reported in GSTR-3B. The exact changes to the forms are not yet disclosed and will follow on notification. **Impact:** Taxpayers can compare outward supply details with GSTR-3B more easily and liability mismatches shall reduce.
	(b) **Statutory backing for portal facilities – new rules 86C, 86D and sub-rule (6A) of rule 60** **Present position:** The three facilities below operate on the GST portal on the strength of GSTN advisories/updates; the Rules do not specifically provide for them. **Recommended change:** The Rules are to be amended to provide for each facility, as under: Facility New rule **Rule 86D** -Electronic Statement of tax paid on reverse charge basis and ITC claimed ("RCM Liability/ITC Statement : - Records RCM liability reported in Table 3.1(d)of GSTR-3B against the corresponding ITC claimed in Table 4(A)(2)/(3), so that both are reported correctly
	Details of the underlying invoice in Form GST DRC-03 Present position: FORM GST DRC-03 is used to make a payment voluntarily, or against a notice, outside the return. It records the tax head, section and period, but not the invoice to which the payment relates. Recommended change: FORM GST DRC-03 is to be amended so that the taxpayer declares the details of the underlying invoice for which the payment is made. Impact: The department can link the payment to the specific invoice or liability it settles. This helps in matching payments and in giving credit for the payment
	Circular on reporting ITC and reversals in Form GSTR-3B **Recommended change**: A Circular is to be issued to clarify the manner of furnishing correct and proper information of ITC and its reversal in GSTR-3B, in the context of IMS, the Electronic Credit Reversal and Reclaim Statement and the Electronic Statement of RCM tax and ITC. **Impact**: One common understanding among taxpayers and officers of how GSTR-3B is to be filed when these three facilities are in place.

Para No.	Recommendation (detailed)
	Correction of liability and ITC in Form GSTR-3B – New sub-rules (1A) and (1B) of rule 61 Present position: A wrong entry in Form GSTR-3B cannot be revised in that return and a difference with GSTR-1/1A/IFF or GSTR-2B can trigger an intimation or notice even where the error is only one of reporting. **Recommended change**: An alternate mechanism is to be provided so that GSTR-3B can be aligned with the underlying statements: ➢ Liability –a mechanism for correct reporting and correction/rectification of liability in the return, so that liability in Form GSTR-3B aligns with Forms GSTR-1/1A/IFF - New Rule 61(1A). ➢ ITC –a mechanism for correct reporting and correction/rectification of ITC in the return, so that ITC availed in GSTR-3B aligns with the ITC made available in GSTR-2B - new Rule 61(1B). ➢ Effective date: The Council recommended that the provisions for the alternate mechanism of amending liability and ITC in the Return may be brought into force from the return of April 2027. The date will be confirmed on notification. Overall impact: Considerably fewer mismatches in liability and ITC, fewer demand notices and system intimations and better integrity of ITC across the supply chain.
	A3. Refunds related reforms
6	**Refund related Reforms Excess cash ledger balance, zero-rated supplies (exports/SEZ supplies, where no tax is charged on output, so credit piles up) and inverted duty structure (IDS) (input GST rate is higher than output rate, e.g. inputs 18%, product 5%).**
6.1	The GST Council recommended amendments in section 54 of the CGST Act, 2017 and the relevant CGST Rules, 2017, to provide for system-based processing and sanctioning of refund claims, pertaining to excess balance in electronic cash ledger, zero-rated supplies, and inverted duty structure, in the following two phases.
6.1 Phase 1	(1) Full refund claim of excess balance in the electronic cash ledger will be sanctioned automatically by the system, without officer intervention. (2) Time limit for issuance of acknowledgement or deficiency memo to be reduced from 15 days to 10 days. Deemed acknowledgement by the system, where such acknowledgement or deficiency memo is not issued by the proper officer within 10 days of the application. (3) For refund claims on account of zero-rated supplies and inverted duty structure, 90% of the amount claimed will be sanctioned on provisional basis automatically by the system, without officer intervention, on the basis of identification and evaluation of risk by the system.
6.1 Phase 2	(1) System-based automated acknowledgment (without officer intervention) on due verification of the refund application by the system. (2) In such acknowledged cases, automated sanction of full refund claim by the system (without officer intervention), in respect of claims pertaining to zero rated supplies, after adjusting pending dues, if any, on the basis of identification and evaluation of risk by the system.
6.2	For expediting and streamlining the refund process, the Council further recommended amendments in the CGST Act, 2017 and the CGST Rules, 2017, to inter-alia provide for: (1) Amendment in refund application in FORM GST RFD-01, to capture the details in the said application in a system-readable format and dispense with the requirement of uploading scanned documents in case of refund claims pertaining to zero rated supply and inverted duty structure. (2) Amendment in rule 89(4)(C) of the CGST Rules, 2017, to remove the restriction for maximum amount of turnover of zero-rated supply of goods, as 1.5 times the value of like goods domestically supplied. (3) Amendment in section 54(14) of the CGST Act, 2017, to add an explanation that the threshold of Rs. 1000 shall be applicable in respect of total refund amount, i.e. the amount under CGST, SGST/UTGST and IGST taken together.
6.3	With a view to ensuring greater clarity and certainty on the interest payable on refund of pre-deposit paid for filing appeals, the Council recommended: (1) amendment in section 115 of the CGST Act, 2017, to make it a standalone provision in respect of the rate of interest applicable for the refund of such pre-deposit amount, and (2) issuance of a circular to clarify issues regarding rate of interest on refund of pre-deposit.
6.4	These measures will streamline and expedite refund processing through greater automation and reduced manual intervention, thereby facilitating timely sanction of eligible refunds and reducing compliance burden for taxpayers as well as interface with the department. Introduction of automation will ensure transparency, certainty, and uniformity and will also improve cash flows for taxpayers.
	A4. Reforms related to dispute resolution
7.1	**The GST Council recommended issuance of a circular to provide comprehensive guidelines to the tax officers to streamline process of issuance of demand notices, adjudication orders and appeal orders, inter alia, covering issues relating to quality of demand notices and adjudication/appeal orders, timely issuance such notices/orders, proper invocation of grounds of fraud, wilful misstatement or suppression of facts only based on merits in each case, adherence to the principles of natural justice including the conduct of personal hearings.**

Para No.	Recommendation (detailed)
7.2	Further, to reduce compliance burden and litigation, the Council further recommended amendment in section 73, section 74 and section 74A of the CGST Act, 2017, to inter-alia provide: (1) minimum threshold of Rs. 10,000/- (CGST + SGST + IGST + Cess) for issuance of show cause notices. Thus, no notices will be issued if the tax amount involved is less than Rs. 10,000/-. The Council also recommended for a statutory provision to provide that any notices and appeals, involving an amount less than Rs. 10,000, and pending on date of the provision for the said minimum threshold coming into force, will be decided as if the said threshold of Rs. 10,000/- had been in force when the notice was issued. (2) for deeming penalty amount as 'charge', where full tax amount is voluntarily paid, along with interest and penalty, within the specified time limit. (3) for a reduced penalty of 5% in non-fraud cases, where tax along with interest is discharged within 30 days (under section 73) or 60 days (under section 74A) of the adjudication order. (4) removal of condition of minimum penalty of Rs. 10,000/-, in non-fraud cases.
7.3	The GST Council recommended reducing the maximum general penalty under section 125 of the CGST Act, 2017 from Rs. 25,000/- to Rs. 10,000/-.
7.4	The Council recommended amendment in the provisos to section 107(6) and section 112(8) of the CGST Act, 2017 to provide an upper limit of ₹40 crore (Rs. 20 crore under CGST and Rs. 20 crore under SGST/UTGST) on the pre-deposit payable for filing an appeal before the Appellate Authority or the Appellate Tribunal, respectively, in cases where the order involves only penalty and no demand of tax. This will ease the financial burden on taxpayers and make it easier for them to access appellate remedies in such cases.
	B. OTHER MAJOR REFORMS UNDER GST
	B1. Reforms for improving seamless flow of Input Tax Credit (ITC)
8	**REFUND OF ACCUMULATED ITC ON ACCOUNT OF CAPITAL GOODS AND INPUT SERVICES**
8.1	The Council recommended amendment in clause (ii) of proviso to section 54(3) of the CGST Act, 2017, and in the CGST Rules, 2017, to provide for refund of accumulated ITC on account of capital goods in case of refund pertaining to zero-rate supplies, and of accumulated ITC on account of input services and capital goods in case of refund pertaining to inverted duty structure.
8.2	The Council recommended that the refund of accumulated ITC on input services for refunds pertaining to inverted duty structure shall be available in respect of ITC availed on input services on or after 1 November, 2026.
8.3	In respect of refund of ITC on capital goods in refunds pertaining to zero rated supplies and inverted duty structure, the Council recommended that refund of ITC on capital goods will be spread over 60 months, and shall be available in respect of ITC availed on capital goods on or after 1 April, 2027.
8.4	This will ease working capital constraints for taxpayers and remove blockage of ITC on account of input services and capital goods in such cases.
9	RATIONALIZATION OF BLOCKED ITC BY AMENDMENT IN SECTION 17(5) OF THE CGST ACT, 2017: The Council recommended amendment in section 17(5) of the CGST Act, 2017 to remove the restrictions on availment of ITC inter-alia on the supplies of outdoor catering, health and life insurance, telecommunication towers, pipelines laid outside factory premises, free samples, goods destroyed or written off on expiry of shelf life as required by law. This will reduce the cascading of taxes and ensure a smoother flow of ITC across the supply chain.
	B2. Reforms relating to exports/zero rating of supplies of goods and services
10	The GST Council recommended:
10(1)	Export of services – "distinct person" condition removed -Section 2(6)(v)) Present: Services to a foreign office or branch of the same company are not treated as export, so no zero-rating.
10(2)	Circular on payment in foreign exchange or Indian rupees – To clarify the permissible modes and conditions for receipt of export payments in foreign exchange or Indian rupees, in accordance with RBI guidelines, for exports of goods and services
10(3)	Place of supply – Section 13(3)(a) omitted. Present: Where the foreign client sends goods to an Indian service provider for work (e.g. repair, processing), place of supply is where the work is done, i.e. India, so it is not export. Change: Place of supply will be governed by default provision under section 13(2) i.e. recipient's location (abroad), so export benefits are available subject to other conditions of export of services.
10(4)	Supply to overseas buyer delivered in an SEZ/FTWZ – Insertion of a new explanation in Section 16(1). If goods are sold to an overseas buyer but delivered to an SEZ/free trade warehousing zone and payment is received in convertible foreign exchange (or INR where RBI permits), it is deemed a supply to an SEZ/FTWZ.
	B3. Ease of living and doing business
11	RATIONALIZATION OF PROVISIONS RELATING TO ARREST AND PROSECUTION
11.1	Present: Officers can arrest for specified offences and prosecution applies when tax involved exceeds ₹1 crore.

Para No.	Recommendation (detailed)
11.2	With a view to further strengthening a progressive and trust-based tax regime, while retaining effective deterrence against fraud and evasion, the Council **recommended** the following measures: Arrest powers withdrawn completely – Section 69 omitted. ➢ Prosecution threshold raised from ₹1 crore to ₹5 crore. ➢ Punishments for various offences under section 132 to be rationalized with upcoming notifications. **Impact:** A trust-based regime with deterrence retained against real fraud and evasion.
12.1	Present position: Vehicles carrying goods can be stopped and checked by officers in any State they pass through. The GST Council recommended amendments in section 68, section 129 and section 130 of the CGST Act, 2017 so as to inter-alia provide that: (1) a conveyance carrying goods can be intercepted only on specific intelligence and with the authorisation of an officer not below the rank of Joint Commissioner. (2) Inspection and further action for detention or seizure can be taken when either the supplier, or the recipient, is located or registered in the State where interception is being made. No interception in the transit States. (3) Where no e-way bill has been generated, or the conveyance is not carrying any document to show the origin or destination of the goods, as the case may be, the goods can be inspected, detained or seized, irrespective of the jurisdiction. (4) Provision of confiscation of goods/conveyances under section 130 of CGST Act not applicable in respect of goods/conveyances in transit. Impact :This will enable smooth movement of goods and conveyances and will improve businesses supplies and transportation efficiency.
13	Transfer of title in Intellectual Property Rights (IPR) – Schedule II Present position: Treatment of IPR transfers has been uncertain, as temporary use and permanent transfer are treated differently. Recommended change: Transfer of title in IPR, temporary or permanent, will be treated uniformly as a supply of services.
14	Objection and hearing against blocking of electronic credit ledger – Rule 86A Present position: Under Rule 86A, the officer can block ITC in the electronic credit ledger on specified grounds. The rule has no formal objection or hearing process. Recommended change: The taxpayer can file an objection against the blocking and get a personal hearing before the officer decides. Impact: Fair opportunity to be heard before credit stays blocked.
15	Late fee waived for small taxpayers – Section 39(1) Present position: Late fee is charged for each day of delay in filing GSTR-3B. Recommended change: No late fee for taxpayers whose annual turnover in the preceding financial year was up to ₹5 crore, if the delayed return is filed by the end of the month in which it was due.
17	(f) Clarifications through Circulars ➢ Input Service Distributor (ISD) mechanism for distributing input service credit; ➢ ITC for banks and financial institutions, including NBFCs, that opt for section 17(4); ➢ Issues related to payment of pre-deposits; ➢ ITC on demonstration vehicles in certain situations;
18	Optional Annual Return Quarterly Payment (ARQP) scheme Recommended change: The Council approved in-principle a concept note for an optional ARQP scheme for taxpayers with turnover up to ₹5 crore in the preceding year who make only B2C supplies (to unregistered persons). Impact: Possible lower compliance for small retail-type businesses.
19	Compliance streamlining ➢Aligning time limits – Sections 16, 37 and 39 to be amended so that the time limits for GSTR-1 (section 37) and the return (section 39) match the ITC time limit under section 16(4). ➢ E-commerce operators (section 9(5)) – clarity that the ECO is liable to pay tax on notified services irrespective of its business model. ➢ Validation clause for notices – Notices held invalid by courts because they covered multiple financial years are to be validated by a new clause in the Act. ➢ E-invoicing extended to reverse-charge purchases from unregistered persons and import of services, for taxpayers with aggregate annual turnover of ₹5 crore and above.
	Alignment of GST Appellate Tribunal (GSTAT) Recommended change: The CGST Act and the GSTAT (Appointment and Conditions of Service of President and Members) Rules, 2023 are to be amended to align with the Tribunals Reforms Act, 2026 and the National Tribunals Commission and related Tribunals Rules, 2026. Impact: GSTAT's appointments and service conditions will follow the common framework for tribunals.
	C. CHANGES / CLARIFICATIONS IN RELATION TO GST RATES ON GOODS AND SERVICES
	C1. Recommendations relating to goods

Para No.	Recommendation (detailed)
C1(1)	Issue: Correct heading for sublimation paper was unclear, so notices and disputes arose. Recommendation:To clarify that sublimation paper is classified under heading 4809. It has also been decided to regularise the past cases on "as is where is" basis.
C1(2)	Issue:Rate entries for toys (Sr. 497 of Sch. I and Sr. 616 of Sch. II, Notification 09/2025-CTR) were read as limited to tricycles, scooters and pedal cars, leaving doubt about other toys. Clarity: To clarify that the notification entries related to toys in the GST Rate Schedules also covers all other categories of toys (such as dolls, puzzles and other toys) mentioned in heading 9503 in the Customs Tariff Act, 1975 and is not restricted to tricycles, scooters, pedal cars only (Sr. No. 497 of Schedule I and Sr. No. 616 of Schedule II of notification No. 09/2025-CTR dated 17.09.2025).
C1(3)	Issue:Such products were classified differently – some as general chemical or plant-growth products rather than fertilisers – so farm inputs faced higher tax and disputes.. Clarity: To provide clarity that sea-weed extract based bio-stimulants, which are registered under Schedule VI to the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985, are classifiable under heading 3101 as fertilisers. Further, it has been decided to regularise the past cases on "as is where is" basis (Explanation to be inserted in Sr. No. 237 of Schedule I of notification No. 09/2025-CTR).
C1(4)	Issue:Under the margin scheme, a dealer in used vehicles pays GST only on the margin – the difference between selling price and purchase price – and not on the full sale value. In return, the scheme (Notifications 8/2018-Central Tax (Rate)), (9/2018- Integrated Tax (Rate)) and (1/2018-Compensation Cess (Rate)) requires that the dealer does not claim ITC on the purchase of the used vehicle. Clarity:The Council recommended clarification in the above three notifications that the dealer can avail ITC on various inputs (other than second-hand vehicles) and input services, such as spares, repair and maintenance services, technology services, rent, marketing and advertisement services, etc. The restriction applies only to the tax paid on the procured second-hand vehicles.
C1(5)	Issue :On the recommendation of the 54th GST Council, a mechanism of RCM and 2% TDS was introduced for metal scrap from 10 October 2024. The current recommendation seeks to extend this mechanism to other categories of waste and scrap, namely plastic waste and scrap, electrical and electronic waste (e-waste), waste and scrap of tyres, and used cooking oil. Clarity: To bring waste and scrap of plastics, electrical and electronics waste and scrap, waste and scrap of tyres, and used cooking oil under Reverse Charge Mechanism (RCM) when the said waste and scrap is supplied by unregistered person to registered person provided that the supplier shall take registration as and when it crosses threshold limit and the recipient who is liable to pay under RCM shall pay tax even if supplier is under threshold. Further Tax Deducted at Source (TDS) @ 2% has been introduced when the said specified waste and scrap is supplied by registered person to registered person (B to B).
C1(6)	Issue : Tax treatment was not clearly prescribed Clarity: NIL rate of GST on Psyllium seeds, whether fresh, chilled, frozen or dried.
C1(7)	Issue: Re-treaded tractor tyres are taxed at 18% GST, compared with 5% GST on new tractor tyres. Clarity: NIL rate of GST on Psyllium seeds, whether fresh, chilled, frozen or dried.
C1(8)	Issue:CSD and Unit Run Canteens did not collect Compensation Cess on certain past sales, leaving a possible demand for the uncollected cess. Clarity: To exempt the Compensation Cess not levied by the Canteen Stores Department (CSDs) on two and four wheelers for the period 01.07.2017 to 30.09.2022, and by CSDs and Unit Run Canteens on aerated drinks for the period 01.07.2017 to 31.03.2022.
	C2. Recommendations relating to services
C2(1)	**Passenger transport and rental of motor vehicles using EVs** **Current issue** -GST on passenger transport and on renting of motor vehicles with operator has a concessional 5% option where the cost of fuel is included in the charge. For electric vehicles there is no fuel, so it was unclear whether battery charging cost gets the same treatment**.** **Recomendation** - To provide an option to pay GST at the rate of 5%, with restricted input tax credit, on passenger transport services and rental services of motor vehicles with operators, where the service is supplied using an electric vehicle, and the cost of battery charging is included in the consideration.

Para No.	Recommendation (detailed)
C2(2)	**TRANSPORTATION AND DELIVERY SERVICES SUPPLIED THROUGH ELECTRONIC COMMERCE OPERATORS**: (A)Current Issue: ECOs pay GST under section 9(5) on local delivery services by unregistered delivery partners; Recomendation: To bring delivery services, other than courier and postal, supplied through an ECO under Section 9(5) of CGST Act, 2017, where the person supplying such services is not liable for registration under Section 22(1) of the CGST Act, 2017 and to prescribe GST rate of 5% without ITC for such delivery services; (B) Current Issue :Such delivery services are taxed at the general rate for the service when the provider is registered.; Recomendation: To prescribe a GST rate of 5% without ITC for delivery services in relation to goods where such goods are supplied/ordered through an ECO (c)Curent Issue: Recomendation :To exclude the GST exemption on the services of transportation of goods to unregistered persons by GTA under Entry 21A of Notification No. 12/2017-Central Tax (Rate), where such services are in relation to goods which are supplied/ordered through an ECO. GST is 5% without ITC or 18% with ITC (the GTA's usual options).
C2(3)	**MOTOR VEHICLE LEASING TRANSACTIONS** Curent Issue:A lessor pays registration charges, road tax, insurance and FASTag and later recovers them from the lessee. It was unclear whether such recoveries are part of the lease value (taxable) or a simple reimbursement. Recomendation: Clarification will be issued on the GST treatment of these statutory and ancillary recoveries in motor vehicle leasing.
C2(4)	**Limited ITC in the same line of business** Curent Issue:Restaurant and outdoor catering, hotel stays up to ₹7,500 per unit per day, and gym/fitness services are taxed at concessional rates where ITC is not allowed in full. Credit on their own inputs and input services is mostly lost, raising cost. Recomendation:: To allow limited input tax credit in the same line of business, for the supply of restaurant/outdoor catering services, hotel accommodation services for value up to Rs. 7500 per unit per day, and gym/fitness services in the same manner as is currently available for passenger transportation services, tour operator services and renting of motor vehicles services.
C2(5)	**TRANSPORT OF PASSENGERS BY HELICOPTERS FROM/TO SPECIFIED STATES:** Curent Issue:Passenger transport by helicopter on a seat-sharing basis is currently taxable at 5%. Recomendation: exempt from GST, the services of passenger transportation by helicopter on seat-sharing basis from/to airports/helipads located in north-eastern states, Sikkim and Bagdogra in West Bengal.
C2(6)	**STORAGE OR WAREHOUSING OF SEEDS MEANT FOR SOWING:** Curent Issue: Exemption exists for storage of certain agricultural produce, but seeds meant for sowing were not clearly covered. Recommendation :Exempt from GST, the services by way of storage or warehousing of seeds meant for sowing.
C2(7)	**CURING OF COFFEE:** Curent Issue: Exemption for agricultural support services covers many farm operations, but curing of coffee by coffee curers was not clearly covered. Recommendation :Exempt from GST, the agricultural support services of curing coffee provided by the coffee curers to the cultivators.
C2(8)	**TAXABILITY OF THE SERVICES OF SEAMEN'S PROVIDENT FUND ORGANISATION:** Curent Issue: Services of SPFO to persons covered by the Seamen's Provident Fund Act, 1966 were not specifically exempt, leaving doubt on taxability. Recommendation : To exempt from GST, the services provided by Seamen's Provident Fund Organisation (SPFO) to persons governed by the Seamen's Provident Fund Act, 1966.
C2(9)	**RESEARCH & DEVELOPMENT SERVICES:** Curent Issue: R&D services get an exemption under Entry 44A of Notification 12/2017-CT(R), but institutions had no simple way to show that the activity is R&D and not consultancy, leading to disputes. Recomendation : To provide for a simple mechanism of self-certification by the head of institution/organization undertaking research and development services, certifying that the activity is in the nature of research and development and not consultancy, for the purpose of determining eligibility for exemption under Entry 44A of Notification 12/2017 – Central Tax (Rate).
C2(10)	**IMPORT OF SERVICES BY INDIAN ESTABLISHMENTS OF FOREIGN SHIPPING LINES:** Curent Issue:An Indian establishment of a foreign shipping company receives services from a related person or its own establishment abroad, without consideration. Such import of services was a taxable supply. Recomendation : To exempt the import of services by an establishment of a foreign shipping company in India from a related person or any of its establishment outside India, when made without consideration; To regularize the past period on "as is where is" basis.

Para No.	Recommendation (detailed)
C2(11)	**UPFRONT/CONCESSION AMOUNT PAID TO NHAI UNDER TOLL OPERATE TRANSFER MODEL FOR HIGHWAY PROJECTS:** Curent Issue: Government grants the concessionaire an exclusive right to collect toll on a highway. The upfront or concession amount paid to NHAI was treated as a taxable service. Recomendation : To exempt from GST, the services of the grant of exclusive right, license and authority by the Government including local Authority, governmental authority and government entity to the concessionaire for highway projects to demand, collect and appropriate toll fee.
C2(12)	**OPERATION AND MAINTENANCE SERVICES FOR HIGHWAY PROJECTS UNDER TOT MODEL** Curent Issue: Concessionaires provide O&M services to the concessioning authority for highways. There was uncertainty on how to value this and when GST is payable. Recomendation :: To provide a special procedure regarding the valuation and time of payment of GST on Operation and Maintenance (O&M) services provided by concessionaires to the concessioning authority for highway projects in TOT model.
C2(13)	FUND TRANSFER PRICING MECHANISM IN BANKS : Curent Issue: Head offices notionally transfer funds between branches and record a notional “interest” in the books. Interest services are exempt, but it was unclear whether this notional amount counted as “interest”. Recomendation :: To clarify that the notional amount regarded as “interest” in the books of accounts for the activity of notional transfer of funds between the branches of the banks by the head office as part of Funds Transfer Pricing transactions is covered by the definition of “interest”, given in Notification No. 12/2017-Central Tax (Rate).
	Note (as in the release)
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.