



GST ALERT

Announcements made for a trust based and simple GST Law

September 2025

Dear All,

To stimulate consumption and drive ease of doing business further, transformative announcements have been made at the 56th Meeting of the GST Council. Broadly the changes can be bucketed as follows:

- Shift from a 4-tiered tax rate structure (5%, 12%, 18% and 28%) to a 2 – tiered tax rate structure (5% and 18%)
- Rate changes on goods and services impacting sectors such as Auto, aviation, consumer electronics, medical, health, etc., refer enclosed annexure.
- Legislative changes, which include, operationalization of Goods and Services Tax Appellate Tribunal (GSTAT). The tribunal will start accepting Appeals by end of September 2025 and commence hearing from December 2025. Also, the GST Council has recommended the last date as Jun 30, 2026 for filing of backlog appeals.
- Permitting up to 90% risk-based refund claims filed on account of zero-rated supplies, inverted duty structure, etc.

The proposed recommendations shall come into effect through separate notifications (expected by Sep 22, 2025).

Along with these changes, announcements have been made to address industry issues that were dampening the pace of business in India, such as:

- In case of Intermediary services, the place of supply shall be the location of recipient and not supplier location (earlier provision). It would enable intermediary services to be treated as export of services provided the other conditions related to export have been fulfilled.
- Requirement to establish post sale discounts through prior agreements has been removed. And, certificates from Chartered Accountants for input tax credit reversal also will not be required.
- Simplification of registration scheme for small and low risk businesses. Small suppliers operating through electronic commerce operators will also benefit thoroughly.

MCS Comments:

The Government has taken cognizance of challenges being faced by all players, big or small. Steps taken towards a balanced tax structure, digitized and speedy dispute resolution and risk-based refunds are a welcome relief. This should lead to a boost in consumption, easy business, and a thriving economy.

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GST rate rationalization for Goods

| S.No | Tariff Heading | Description | Rate Changes | |
|-----------------------|------------------------|---|--------------|-----|
| | | | From | To |
| Paper Industry | | | | |
| 1 | 4701, 4703, 4704, 4705 | Mechanical and Chemical wood pulp | 12% | 5% |
| 2 | 4706 | Pulps of fibers derived from recovered (waste and scrap) paper or paperboard or of other fibrous cellulosic material | 12% | 5% |
| 3 | 4817 30 | Boxes, pouches, wallets and writing compendiums, of paper or paperboard, containing an assortment of paper stationery | 12% | 5% |
| 4 | 4819 10, 4819 20 | Cartons, boxes and cases of,- a. Corrugated paper or paper boards; or b. Non-corrugated paper or paper board | 12% | 5% |
| 5 | 4823 | Paper pulp moulded trays | 12% | 5% |
| 6 | 48 | Paper splints for matches, whether or not waxed, Asphaltic roofing sheets and Paper Sack and Bio degradable bags | 12% | 5% |
| 7 | 4802 | Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, and non-perforated punch-cards and punch tape paper, in rolls or rectangular (including square) sheets, of any size, other than paper of heading 4801 or 4803 [other than Uncoated paper and paperboard used for exercise book, graph book, laboratory notebook and notebooks] | 12% | 18% |
| 8 | 4804 | Uncoated kraft paper and paperboard, in rolls or sheets, other than that of heading 4802 or 4803 | 12% | 18% |
| 9 | 4805 | Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter | 12% | 18% |
| 10 | 4807 | Composite paper and paperboard (made by sticking flat layers of paper or paperboard together with an adhesive), not surface-coated or impregnated, whether or not internally reinforced, in rolls or sheets | 12% | 18% |

GST rate rationalization for Goods

| S.No | Tariff Heading | Description | Rate Changes | |
|--------------------|------------------|--|--------------|-----|
| | | | From | To |
| 11 | 4808 | Paper and paperboard, corrugated (with or without glued flat surface sheets), creped, crinkled, embossed or perforated, in rolls or sheets, other than paper of the kind described in heading 4803 | 12% | 18% |
| 12 | 4810 | Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-coloured, surface-decorated or printed, in rolls or rectangular (including square) sheets of any size | 12% | 18% |
| Electronics | | | | |
| 13 | 8507 | Electric accumulators, including separators therefor, whether or not rectangular (including square) other than Lithium-ion battery and other Lithium-ion accumulators including Lithium-ion power banks | 28% | 18% |
| 14 | 8528 | Television sets (including LCD and LED television); Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receiver or sound or video recording or reproducing apparatus, set top box for television and Television set (including LCD and LED television). | 28% | 18% |
| Automobiles | | | | |
| 15 | 8702 | Motor vehicles for the transport of ten or more persons, including the driver [other than buses for use in public transport, which exclusively run on Bio-fuels which is already at 18%] | 28% | 18% |
| 16 | 8703 | Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars | 28% | 40% |
| 17 | 8703 | Petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm | 28% | 18% |
| 18 | 8703 | Diesel driven motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm. | 28% | 28% |
| 19 | 8703 40, 8703 60 | Motor vehicles with both spark-ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion, of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm | 28% | 28% |

GST rate rationalization for Goods

| S.No | Tariff Heading | Description | Rate Changes | |
|-----------------------------|---------------------|---|--------------|-----|
| | | | From | To |
| 20 | 8703 40, 8703 60 | Motor vehicles with both spark-ignition internal combustion reciprocating piston engine and electric motor as motors for propulsion, of engine capacity exceeding 1200cc or of length exceeding 4000 mm | 28% | 40% |
| 21 | 8703 50, 8703 70 | Motor vehicles with both compression-ignition internal combustion piston engine [diesel-or semi diesel] and electric motor as motors for propulsion, of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm | 28% | 18% |
| 22 | 8703 50, 8703 70 | Motor vehicles with both compression-ignition internal combustion piston engine [diesel-or semi diesel] and electric motor as motors for propulsion, of engine capacity exceeding 1500cc or of length exceeding 4000 mm | 28% | 18% |
| 23 | 8704 | Motor vehicles for the transport of goods [other than Refrigerated motor vehicles which is already at 18%] | 28% | 18% |
| 24 | 8706 | Chassis fitted with engines, for the motor vehicles of headings 8701 to 8705 | 28% | 18% |
| 25 | 8707 | Bodies (including cabs), for the motor vehicles of headings 8701 to 8705 | 28% | 18% |
| 26 | 8708 | Parts and accessories of the motor vehicles of headings 8701 to 8705 [other than specified parts of tractor | 28% | 18% |
| 27 | 8711 | Motorcycles of engine capacity (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars, of an engine capacity not exceeding 350cc; side cars | 28% | 18% |
| 28 | 8711 | Motor cycles of engine capacity exceeding 350 cc | 28% | 40% |
| 29 | 8712 | Bicycles and other cycles (including delivery tricycles), not motorized | 12% | 5% |
| 30 | 8714 | Parts and accessories of bicycles and other cycles(including delivery tricycles), not motorised, of 8712 | 12% | 5% |
| 31 | 8714 | Parts and accessories of vehicles of heading 8711 | 28% | 18% |
| Defence & Drones | | | | |
| 32 | 8806 | Unmanned aircrafts | 28%/18% | 5% |

GST rate rationalization for Goods

| S.No | Tariff Heading | Description | Rate Changes | |
|----------------|-------------------|---|--------------|----|
| | | | From | To |
| Medical | | | | |
| 33 | 90 or any chapter | Blood glucose monitoring system (Glucometer) and test strips | 12% | 5% |
| 34 | 90 or any chapter | Patent Ductus Arteriosus / Atrial Septal Defect occlusion device 12% 5% 351. 9001 Contact l | 12% | 5% |
| 35 | 9001 | Contact lenses; Spectacle lenses | 12% | 5% |
| 36 | 9003 | Frames and mountings for spectacles, goggles or the like, and parts thereof | 12% | 5% |
| 37 | 9004 | Spectacles, corrective [including goggles for correcting vision] | 12% | 5% |
| 38 | 9018 | Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus, other electro-medical apparatus and sight-testing instruments | 12% | 5% |
| 39 | 9019 | Mechano-therapy appliances; massage apparatus; psychological aptitude-testing apparatus; ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic respiration apparatus | 12% | 5% |
| 40 | 9020 | Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters | 12% | 5% |
| 41 | 9022 | Apparatus based on the use of X-rays or of alpha, beta or gamma radiations, for medical, surgical, dental or veterinary uses, including radiography or radiotherapy apparatus, X-ray tubes and other X-ray generators, high tension generators, control panels and desks, screens, examinations or treatment tables, chairs and the light | 12% | 5% |
| 42 | 9025 | Thermometers for medical, surgical, dental or veterinary usage | 18% | 5% |
| 43 | 9027 | Instruments and apparatus for medical, surgical, dental or veterinary uses for physical or chemical analysis. | 18% | 5% |
| Textile | | | | |
| 44 | 9404 | Products wholly made of quilted textile material not exceeding Rs. 2500 per piece | 12% | 5% |

GST rate rationalization for Services

| S.No | Tariff Heading | Description | Rate Changes | |
|------|----------------|---|--|--|
| | | | From | To |
| 1 | 9964 | Supply of Air transport of passengers in other than economy class | 12% with ITC | 18% with ITC |
| 2 | 9965 | Supply of Transport of goods by GTA | 5% without ITC (RCM) or 12% with ITC | 5% without ITC (RCM) or 18% with ITC |
| 3 | 9966 | Supply of Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in consideration | 5% with ITC of input services in same line of business or 12% with ITC | 5% with ITC of input services in same line of business or 18% with ITC |
| 4 | 9966 | Supply of Renting of goods carriage (with operator) where fuel cost is included in consideration | 12% with ITC | 5% with ITC of input services in same line of business or 18% with ITC |
| 5 | 9968 | Supply of local delivery services through Electronic Commerce Operator (ECO) (Local delivery services provided by and through ECO to be excluded from the scope of GTA services) | At present not notified | <ul style="list-style-type: none"> To be notified under Section 9(5) of the CGST Act, 2017 GST Rate @18% |
| 6 | 9971 | Supply of Service of third-party insurance of “goods carriage” | 12% with ITC | 5% with ITC |
| 7 | 9988 | Supply of job work services or any treatment or process in relation to printing of all goods falling under Chapter 48 or 49, which attract 5% GST | 12% with ITC | 5% with ITC |
| 8 | 9988 | Supply of job-work not elsewhere covered (residual entry) | 12% with ITC | 18% with ITC |