

Frequently Asked Questions (FAQs) on GST Law and procedures

FAQ on GST registration application

S. No.	Question	Answer
1.	How can I submit an application for GST registration?	You can submit the application for GST registration online on the GST portal (https://www.gst.gov.in/) through Services → Registration → New Registration.
2.	Where can I find the step-by-step procedure for filing the GST registration application?	1. A step-by-step manual/tutorial for filing the GST registration application is available on the GST portal. (https://www.gst.gov.in/) through Help and taxpayer facilities → GST Knowledge Portal → Register with GST. 2. The application form on the portal also provides tool-tips and real-time contextual guidance to help applicants furnish the required information correctly. 3. Further the amended GST registration FORM REG-01 will have drop down boxes and tool tips to guide you in filing the prescribed documents.
3.	Whether any guidelines have been provided regarding the information/documents required to be furnished in respect of various fields in GST registration application?	1. A comprehensive guideline has been issued to provide clear and consistent guidance on the information/documents required to be furnished in various fields of the GST registration application, such as constitution of business, Principal Place of Business, etc. They also provide guidance for the tax officers across the Centre and States for uniform and expeditious processing of registration applications. 2. Furthermore, a detailed FAQ on various issues pertaining to GST registration application and its processing, shall be clarified through a circular 3. The registration form will be aligned to the circular and the user interface will be enhanced for hand-holding of taxpayers through auto populated fields, drop-down menus and guidance pop-ups in respect of documents required to be submitted.
4.	Is there a checklist of documents and information required for filing the GST registration application?	Yes. The same shall be clarified through a circular, specifying the information and documents required for filing the registration application so that applicants can keep the required information and documents ready before submitting the application.
5.	What documents are required as proof of	A consolidated list of documents required as proof of PPoB and APoB in different situations shall be provided

	Principal Place of Business (PPOB)?	in the circular and FORM GST REG-01, shall be suitably amended. Accordingly, when an applicant selects the type of premises on the GST portal, the portal will display only those documents that are relevant to that particular type of premises say owned or rented premises shall show different document requirements. No additional documents are required to be uploaded or sought by the officer in respect of the GST registration application. The same shall be clarified through a circular.
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FAQ on amendment in GST Registration

S.No.	Question	Answer
1.	What changes have been introduced in respect of amendment of GST registration?	1. The amendments relating to the legal name of the business, constitution of the business and Additional Place of business, hitherto were considered core amendments and therefore required approval from the officer. However, now such amendments would be considered non-core amendments and such amendments would be automatically processed by the system without need of approval from the officer. 2. Further, the amendment of Principal Place of Business (PPoB) in respect of registration obtained under rule 14A of CGST Rules, 2017, will also be considered non-core amendment now and will be processed through this automatic route by the system, without requiring approval of the officer. 3. However, for GST registrations other than those obtained under Rule 14A of CGST Rules, 2017, any amendment in PPoB would continue to be considered core amendment and would require approval of the officer.
2.	How can I change the legal name of my business?	You need to submit an application in FORM GST REG-14 on the common portal. After successful submission of application on the common portal and on successful validation of PAN details furnished by you, the legal name will be amended by the system.

3.	How can I add an Additional Place of Business (APoB) to my GST registration?	You need to submit an application on the common portal in FORM GST REG-14, along with the required documents as proof of the place of business, as specified in the list attached to FORM GST REG-01. The application will be processed automatically by the system and the APoB details will be added in the registration of the applicant.
4.	I have taken registration under simplified registration scheme, under rule 14A of CGST Rules, 2017. What is the process for changing my Principal Place of Business (PPoB)?	You need to submit an application on the common portal in FORM GST REG-14, along with the required documents as proof of the place of business, as specified in the list attached to FORM GST REG-01. The application will be processed automatically by the system and the PPoB details will be amended in the registration of the applicant.
5.	I am a normal taxpayer registered under rule 9 of CGST Rules, 2017. How can I change my PPoB?	1. You need to submit an application on the common portal in FORM GST REG-14 along with the required documents as proof of the Principal Place of Business, as specified in the list attached to FORM GST REG-01. 2. On successful submission of application, the application will be processed by the proper for amendment of PPoB in the following manner: i. If there is no discrepancy, the application will be approved by the Proper officer within 15 days from the date of application. ii. If there is a discrepancy in the PPoB application, the proper officer shall issue a show-cause notice within 15 days from the date of application. The applicant must reply within 7

		working days from the date of issue of the notice. iii. After receiving the reply, the officer shall to take action within 7 working days.
6.	I wish to add multiple additional places of business in my registration details. Do I need to wait for approval of my earlier application before filing a new amendment application?	Since amendment to additional place of business will be accepted automatically by the system, there would not be any waiting required.

FAQ on cancellation of GST registration

S.No.	Question	Answer
1.	I am registered under GST. In what circumstances can I apply for cancellation of my GST registration?	Cancellation of GST registration can be applied for in the following circumstances: • Your business has been completely discontinued, closed down, or transferred fully for any reason. • There is a change in the constitution of the business resulting in a new PAN. • Your business has been amalgamated, demerged, or disposed of. • You are no longer liable to be registered.
2.	How should I apply for cancellation of my GST registration?	1. You can submit your application online in FORM GST REG-16 by following these steps: • Go to the official GST Portal https://www.gst.gov.in/ and log in using your valid credentials. • Go to Services > Registration > Application for Cancellation of Registration (FORM GST REG-16). • Provide the reason for cancellation, the date from which you want the registration to be cancelled, details of your closing stock, and any tax liabilities associated with it. • Submit the Application- Verify the details using a Digital Signature Certificate (DSC) or Electronic Verification Code (EVC) and submit the form 2. Once submitted, an ARN (Application Reference Number) will be generated. You can track the status on the portal.
3.	Is there any specific time limit in which I should apply for cancellation of my GST registration?	1. Yes, you should file an application for cancellation of your registration within 30 days of occurrence of event warranting cancellation of your registration. 2. However, in the event of death of a sole proprietor, there is no such time limit for filing application of cancellation of registration.
4.	What are the conditions which need to be fulfilled for enabling auto-acceptance of my application for cancellation of registration?	The following conditions need to be satisfied for the auto-acceptance of application for cancellation of registration viz; - i. Furnishing of all the returns due for filing on or before date of application for cancellation. ii. Payment of any due tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority.

		iii. If you have furnished details of outward supply in FORM GSTR-1 or Invoice Furnishing Facility (IFF) of a tax period, you will have to mandatorily file the return in FORM GSTR-3B for the said tax period before submission of your application for cancellation.
5.	I have never passed on ITC exceeding Rs 2.5 lakh in any of the month since my registration, how my application for cancellation of registration will be processed?	Upon submission of application and subject to fulfillment of conditions mentioned above, your request will be accepted automatically by the system and communication in this regard will be sent to you on the common portal in FORM GST REG-38.
6.	I have passed on ITC exceeding Rs 2.5 lakh in any of the month. How my application for cancellation of registration will be processed?	1. In Phase 1, if you file your application for cancellation of registration in FORM GST REG-16 along with the final return in FORM GSTR-10, your application would be processed on an automated basis, by the system. 2. In Phase-2, you just need to file the application in FORM REG-16 and the system will process the application.
7.	My registration has been suspended by the system on the portal, as I have not filed return for consecutive period of six months, I fail to file the pending return within one month of such suspension, whether my registration will be cancelled?	1. In cases where registration has been suspended by the system on account of non-compliances such as non-filing of returns for consecutive six months or non-furnishing of bank account as required under rule 10A of CGST Rules, section 29 is being amended to provide for registration to be cancelled by the system, without intervention of officer. 2. Further, on compliance of the said non-compliances and filing of application for revocation by the taxpayer in FORM GST REG-21 within 180 days of the date of cancellation, system-based revocation of such cancelled registration has been provided for.
8.	What changes have been made in respect of the grounds on which proper officer can initiate cancellation of my GST registration?	GST Council in its 57th meeting, recommended to omit four grounds for cancellation of registration from rule 21 of CGST Rules, 2017, as follows: i. availment of input tax credit in violation of the provisions of section 16 of the Act or the rules made thereunder; ii. violation of the provisions of section 171 of the Act(Anti-profiteering); iii. violation of the provision of rule 86B;

		iv. where the details of outward supplies in FORM GSTR-1/1A, for one or more tax periods is in excess of the outward supplies declared in FORM GSTR-3B.
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FAQ on Simplified Registration Schemes for ECO Sellers

S. No.	Question	Answer
1.	What is the simplified registration scheme for sellers supplying goods through electronic commerce operators (ECOs)?	The Simplified Registration Mechanism for small sellers on the electronic commerce operators' platform is an optional registration scheme for such suppliers, <i>inter alia</i>, with the following features: • Sellers intending to pass ITC less than Rs. 2.5 lakh in a month (excluding stock transfer) can declare ECO's warehouse as their principal place of business (PPOB) in the State/UT in which they do not have physical presence. • Mandatory biometric based Aadhaar authentication and physical verification in their home State. • Registration under this scheme shall be used for supplying goods exclusively through ECO's platform. • Single registration against a PAN can be obtained in a State/UT. • Registration to be sought on prior concurrence from ECO for declaring its warehouse as PPOB.
2.	What conditions must be fulfilled to obtain registration under the scheme?	The following conditions must be met to obtain registration under the scheme: • The person must intend to make supplies of goods only through electronic commerce operators, who are required to collect tax at source under section 52 of the CGST Act, 2017. Thus, non-ECO supplies can not be made through such registration. • The total output tax liability comprising Central tax, State or Union territory tax and integrated tax on supplies made to registered persons, other than to those persons registered on the same PAN, must not exceed Rs. 2.5 lakh per month. • The electronic commerce operator must give consent to the registered person for declaring his warehouse as the Principal Place of Business (PPOB).
3.	How can I apply for registration under the scheme?	• You need to apply in FORM GST REG-01 on the common portal for registration in a State or Union territory opting for registration under rule 14B of CGST Rules, 2017.

		- You must declare the GSTIN obtained against the same PAN in your home-State. - You must provide the address and particulars of the warehouse of the ECO, which is to be declared as the Principal Place of Business in that State or UT and you must also provide details of any other ECO warehouses in that State or Union territory to be declared as Additional Places of Business (APoB). - He must have regular registration other than the under this scheme or rule 14A of CGST Rules, 2017.
4.	How will my application be processed under the scheme?	- The application will be forwarded to the concerned ECO, whose warehouse is declared to be used as PPoB in that State/UT, or APoB, for consent within 7 working days. - On receipt of consent, the application will be forwarded to the jurisdictional officer of the home State for biometric-based Aadhaar authentication, photograph and verification of original documents and physical verification of the PPoB in the home State, where such authentication or verification has not already been done. - Upon verification, registration will be granted electronically by the common portal. - The application will be rejected electronically if the verification is not successful.
5.	What particulars related to PPoB or APoB will be shown in the registration certificate issued to a seller under the simplified scheme?	The registration certificate will contain the details of the ECO warehouses declared as the Principal Place of Business or Additional Place of Business in that State/UT, along with the address of the Principal Place of Business in the home State.
6.	What will happen if the ECO does not give its consent to have its warehouse registered as the PPOB or APOB within 7 days?	The simplified registration scheme shall be available to a seller supplying goods through an ECO only upon the ECO's consent to have his warehouse registered as the PPOB or APOB of the seller in the concerned State. Thus, in case consent is not given by the ECO, the application of the seller will be deemed to be rejected.
7.	I have obtained registration under	If you have obtained registration in the home State only under rule 14A of CGST Rules, 2017 and intend

	rule 14A of the CGST Rules, 2017. Can I obtain registration under the simplified registration scheme for sellers supplying goods through ECOs in another State or Union territory?	to obtain registration under the scheme under rule 14B of CGST Rules in another State or Union territory, you must first submit a withdrawal application in FORM GST REG-32 to withdraw from the option under rule 14A in the home State before applying for registration in another State/UT under this scheme under rule 14B.
8.	Can I withdraw from the scheme?	Yes. A person registered under this scheme under rule 14B may withdraw from the option availed under the scheme by submitting an application in FORM GST REG-32.
9.	How can I amend the registration obtained under the scheme?	If the address of the ECO warehouse declared as the Principal Place of Business or Additional Place of Business is to be amended, you need to apply in FORM GST REG-14 on the common portal. The provisions relating to ECO consent will apply and, upon receipt of consent of ECO, the relevant address in respect of Principal Place of Business or Additional Place of Business, as the case may be, will stand amended. For any other change in the registration certificate, the certificate shall stand amended to the extent applied for, upon submission of the application in FORM GST REG-14 under rule 19 of the CGST Rules.
10.	What are the obligations of a registered person (seller/supplier) under the scheme?	• A person registered under this scheme must maintain the books of account and other records, including electronic data, at the Principal Place of Business in the home State for each registration obtained in different States or Union territories against the same PAN. • He will be required to submit the same when demanded by the proper officer of the state where he has obtained registration under Rule 14B. • Where the ECO withdraws his consent, the registered person must submit FORM GST REG-14, within 30 days of the ECO's intimation of withdrawal of consent, to change the Principal Place of Business or Additional Place of Business, as applicable, in that State/UT.

11.	What are the obligations of an electronic commerce operator under the scheme?	• The registration application made under the scheme will be forwarded on the common portal to the ECO for his consent to permit his warehouse to be declared as the Principal Place of Business or Additional Place of Business in that State/UT. ECO must take a decision on the same within 7 working days from the date of receipt of application. • The ECO must appoint an authorised representative in each State or Union territory for arranging and providing information required by the tax authorities from the person registered under the scheme. • If the ECO withdraws his consent for use of his warehouse as the Principal Place of Business or Additional Place of Business, he must intimate the said withdrawal on the common portal.
12.	In what circumstances registration obtained under the scheme under rule 14B will be cancelled?	The registration will be deemed to be cancelled electronically by the common portal and communicated in FORM GST REG-38 if the ECO withdraws permission for using his warehouse as PPOB in that State/UT and the registered person does not apply for amendment of registration details within 30 days of the withdrawal; or if the registration in the home State, on the basis of which registration under the scheme was obtained, is cancelled.
13.	How many registrations can I obtain in a State or Union territory under the scheme?	Under this scheme, a single registration can be obtained against a PAN in a State or Union territory.
14.	Do I need to display my GST registration certificate and GSTIN at the ECO warehouse?	No. A person registered under this scheme is not required to display the registration certificate and GSTIN on the name board at the ECO warehouse.

FAQs on Refunds

Sl. No	Question	Answer
1.	What are the key changes being introduced in the refund mechanism?	• The existing refund mechanism is being modified to provide for time-bound and automated processing of refund claims in specified categories on the basis of risk analysis by the system, so as to enhance ease of doing business, improve transparency and expedite the processing of refund claims to ease the working capital requirement of the taxpayers. The changes are being introduced in 2 phases as per readiness of the system. • Phase I: There shall be reduction of time limit for acknowledgement or deficiency memo from 15 to 10 days, and in case, no action is taken by the officer in 10 days, the application will be deemed to be acknowledged and the acknowledgement will be given by the system. • There will be automated sanctioning of provisional refund, to the extent of 90% of the refund amount claimed, by the system for acknowledged low-risk refund claims pertaining to zero-rated supplies or inverted duty structure. • There will be automated sanctioning of final refund by the system in case of refund claim on account of any balance in electronic cash ledger. • Phase II: Auto acknowledgement of refund application shall be done by the system after validation of information in the refund application. • In case of any mismatch, the system would communicate the error(s) to the taxpayer for rectification of the errors and filing of a fresh application. However, in case the validation failure reoccurs, the application may be

		forwarded to the proper officer for scrutiny and processing. • Further, in case of low-risk zero-rated supply refund claims, final refund shall also be automatically given by the system.
2.	Which categories of refund are eligible for automated provisional refund?	Refund of unutilized ITC for low-risk refund claims pertaining to zero-rated supplies or inverted duty structure are eligible for automated provisional refund.
3.	How does automated provisional refund differ from the earlier provisional refund process?	In case of low-risk refund claims on account of zero-rated supplies and inverted duty structure, after the issuance of acknowledgement, 90% of the claimed amount will be sanctioned provisionally by the system on an automated basis, without the intervention of tax officer.
4.	Are there any exclusions to sanction of provisional refund in respect of refund claims on account of zero-rated supplies and inverted duty structure?	There are certain exclusions as under: • Certain notified categories of persons engaged in the supply of commodities such as areca nuts, pan masala, tobacco and manufactured tobacco substitutes, essential oils are not eligible for refund on provisional basis. • Any person, who has not undergone Aadhaar authentication under rule 10B of the CGST Rules, 2017, shall also not be eligible for refund on a provisional basis. Kindly refer to notification No. 14/2025–Central Tax dated 17.09.2025 for more details. • Restriction will be applicable in cases where a DRC-01 has been issued against an RFD-06, or where an APL-03 has been filed without a corresponding APL-04, or where an APL-07 has been filed against an appellate order and APL-04 is yet to be issued, ensuring such cases are referred for appropriate scrutiny before provisional refund is sanctioned.
5.	Is there any restriction on refund of unutilized ITC on account of inverted duty structure refund claims?	Yes. Refund shall not be allowed on account of inverted duty structure in respect of goods notified vide notification No. 5/ 2017-Central Tax (Rate) dated 28.06.2017 (as amended).

		Further, statutory restrictions on sanction of refund will be applicable in terms of sub-section (10) and (11) of section 54 of the CGST Act, which <i>inter alia</i> provide for withholding of refund where the refund order is subject to any appeal or other proceedings through linkages with relevant modules.
6.	What will be the role of officer in the processing of refund application?	In Phase I, the officer shall issue acknowledgement within 10 days of receipt of application after checking for its completeness. In case he finds any discrepancy in the documents, a deficiency memo in FORM RFD-03 may be issued to the claimant intimating such deficiency. While the provisional refund in the acknowledged cases will be sanctioned by the system in cases involving low risk zero-rated supplies and inverted duty structure, the final processing and scrutiny of refund will be done by the proper officer. Further, in cases where the refund claim is not eligible for provisional refund, the processing and scrutiny of refund applications shall be done by the proper officer. In Phase II, the following cases will be handled by the proper officer: i. processing of refund claims which are not identified by the system for processing on an automated route. ii. Final scrutiny of refund claims in case of inverted duty structure refunds, after provisional refund to the extent of 90% of the claimed amount is sanctioned by the system.
7.	Can the proper officer deny provisional refund even if a refund application is low-risk?	In case of low-risk refund applications on account of zero-rated supply and inverted duty structure, the system will automatically sanction 90% of the claimed amount on a provisional basis. This will be fully system-

		driven and there will be no officer interface at this stage.
8.	What is the revised timeline for issuing the provisional refund order?	The provisional refund order in FORM GST RFD-04 is proposed to be issued within three working days by the system from the date of acknowledgement.
9.	How would a low-risk refund claim be processed subsequent to automated provisional refund?	Once the system grants provisional refund in a low-risk refund application, the application shall move to the proper officer for scrutiny and issuance of final refund order in FORM GST RFD-06.
10.	What happens if a refund application is not classified as low-risk?	If a refund application is not classified as low-risk, it shall be scrutinized by the proper officer after acknowledgement, for the purpose of sanction of provisional refund (in case of refund claims on account of zero-rated supplies and inverted duty structure) and subsequent processing of final refund.
11.	What is the prescribed time limit for issuance of acknowledgement or deficiency memo by the tax officer?	In refund categories other than excess balance in cash ledger, the proper officer is now required to issue an acknowledgement in FORM GST RFD-02 or deficiency memo in FORM GST RFD-03 within 10 days of filing of the refund application. If neither acknowledgement nor deficiency memo is issued within this period, the application will be deemed acknowledged by the system.
12.	What will happen if neither an acknowledgement nor a deficiency memo is issued within this time?	If neither an acknowledgement nor a deficiency memo is issued within 10 days of filing of refund application, then the application will be deemed acknowledged, i.e., an acknowledgement in FORM GST RFD-02 will be made available through the common portal on expiry of the said period.
13.	Will the refund application be processed automatically by the system after deemed acknowledgement?	No. Deemed acknowledgement only means that the refund application is treated as received and complete for the purpose of starting the processing timeline. Further processing of the refund application shall be done as per the

		risk-based framework and applicable provisions.
14.	What is the process to be followed in cases where a refund application is found to have deficiencies?	1. In refund applications which are found to have deficiencies, proper officer issues a deficiency memo in FORM GST RFD-03. After a deficiency memo has been issued, the refund application would not be further processed, and a fresh application would have to be filed by the applicant on the portal. 2. Any amount of input tax credit/cash debited from electronic credit/ cash ledger at the time of filing of refund application would be re-credited automatically once the deficiency memo has been issued. 3. The applicant is required to rectify the deficiencies highlighted in deficiency memo and file fresh refund application electronically in FORM GST RFD-01 again for the same period.
15.	Can a deficiency memo be issued after acknowledgement?	Once an acknowledgement has been issued in relation to a refund application, no deficiency memo, on any grounds, can be subsequently issued for the said application.
16.	What happens if my refund is not sanctioned within the statutory timeline?	If a refund is not sanctioned within the statutory time limit, the refund applicant becomes entitled to interest on delayed refund for the period of delay beyond 60 days as per the provisions of section 56 of the CGST Act, 2017.
17.	How will the refund be granted for inverted duty structure claims in Phase II?	In Phase II, the refund application will be acknowledged automatically by the system after validation of information furnished in the refund application. Ninety per cent of the claimed amount will be sanctioned as provisional refund automatically by the system based on risk evaluation, with the payment order issued in FORM GST RFD-05. Thereafter, the refund application will be processed by the tax officer for issuance of final refund order.

18.	How will my refund of excess balance in the electronic cash ledger be processed now?	Refund of excess balance in the electronic cash ledger will be processed in a fully automated manner by the common portal itself.
19.	Will there be any role of the officer in refund of excess cash balance in electronic cash ledger?	No. Such a refund will be processed without requiring any intervention by a tax officer.
20.	Will I be able to file my refund application if I have not yet filed my GST return?	Before filing a refund application, it must be ensured that all returns that are due to be filed on or before the date of the refund application have in fact been filed by the registered person. For example, if refund application is being filed on the 3 rd of April, 2026 the returns for the month of February, 2026 should have been filed.
21.	Is there a need to submit any documents physically with the jurisdictional officer?	No. There is no need to submit physical documents separately as the refund process is presently fully electronic. All statements, declarations, undertakings, and supporting documents are to be uploaded on the common portal at the time of filing. Even after this amendment, there is no need to submit these documents physically to the jurisdictional officer.
22.	Will the new form increase my compliance burden?	No, the updated refund form does not increase compliance burden. Information that was hitherto required to be uploaded in scanned form will now be captured within the application itself, enabling system-based data matching. This makes the refund process more predictable, smooth, and transparent, thereby benefitting the taxpayer.
23.	Do I need to submit invoices at the time of filing of refund?	No. As mentioned in para 36 of circular No. 125/44/2019-GST dated 18.11.2019, there is no need to submit invoices (either original or duplicate) along with the refund claim.
24.	Will my shipping bill and export payment details be verified automatically?	Yes. In Phase II, for refunds on account of zero-rated supplies, the system will be integrated with ICEGATE (for shipping bill and bill of export details), with EDPMS of the RBI (for

		realisation of export proceeds for services), and with SEZ Online (for supplies made to SEZ units or developers), so that these details can be verified electronically rather than through manual checks.
25.	What if my application does not pass the system's validation?	You will be informed of the specific errors so that you can rectify them and file a fresh application. If validation is still unsuccessful after correction, your application will be forwarded to the proper officer for scrutiny and processing, so that processing of your claim continues to move forward.
26.	What can I do to ensure that my application is processed smoothly by the system?	To ensure smooth processing of refund application by the system, the applicant may keep the following points in mind while filing their refund application: 1. Ensure that the data is filled correctly in the application, and no clerical errors are made. 2. The data being filled in the refund application must match the data filled in the returns or other documents such as shipping bill by the applicant. 3. Validation failures can be avoided by ensuring that data matching across various documentary compliances is maintained. 4. The refund application must be checked properly before submission to avoid errors at the time of filing. 5. The claimant must ensure that ineligible ITC (such as ITC restricted under section 17(5) of the CGST Act, 2017) is not being taken into account for the purpose of refund calculation. 6. The claimant must ensure that any reversal of input tax credit required under rule 42 or rule 43 of the CGST Rules, 2017 is carried out as prescribed under the said rules.

27.	Will I get interest if my refund is withheld under section 54(11) and I later become entitled to it? From when and till which date will this interest be calculated?	Yes. Where a refund is withheld under section 54(11) and the applicant subsequently becomes entitled to it as a result of appeal or other proceedings, interest is payable at the rate of 6%. The interest will be computed for the period starting from the date the refund was withheld till the date the refund is actually paid.
28.	Is there a minimum amount below which refund is not paid?	Yes, a threshold of Rs.1,000 continues to apply below which refund is not paid. The threshold of Rs. 1,000 will be applied with reference to the total refund amount payable across all tax heads taken together, rather than separately for each individual tax head. However, this minimum threshold of Rs. 1000 is not applicable in respect of refund on account of goods exported out of India with payment of tax.
29.	I am an exporter making zero-rated supply of goods and claiming refund on account of accumulated input tax credit for such zero-rated supplies. Am I required to provide value of like goods supplied domestically by similarly placed supplier for the calculation of turnover of zero-rated supply of goods under rule 89(4)(C) of the CGST Rules?	Keeping in mind the difficulty being faced by taxpayers, as well as genuine concerns of taxpayers regarding providing the value of like goods supplied domestically by similarly placed supplier, the condition regarding calculation of turnover of zero-rated supply of goods as value which is 1.5 times the value of like goods domestically supplied, for calculation of refund is being removed through amendment in rule 89(4)(C) of the CGST Rules, 2017.

FAQs on refund of ITC accumulated on account of inward supply of input services and capital goods

S.No.	Question	Answer
1.	What is the change being proposed in respect of refund of unutilised input tax credit (ITC) on input services and capital goods?	At present, under rule 89 of the CGST Rules, 2017, "Net ITC" excludes ITC availed on capital goods in the case of refund of unutilized ITC on account of zero-rated supplies made, and excludes ITC availed on both input services and capital goods in the case of refund on account of inverted duty structure. It has now been recommended by the GST Council to: - include ITC availed on input services (availed on or after 01.11.2026) in "Net ITC" for computation of refund on account of inverted duty structure under rule 89(5) of the CGST Rules, 2017; and - include ITC availed on capital goods (availed on or after 01.04.2027) to the extent attributable to the relevant period, in "Net ITC" for computation of refund on account of zero-rated supplies under rule 89(4) and inverted duty structure under rule 89(5) of the CGST Rules, 2017. This will ease the blockage of working capital for businesses.
2.	From which date would such ITC be available for refund?	The refund of ITC on input services and capital goods shall be available in respect of: - ITC on input services availed on or after 1st November, 2026, and - ITC on capital goods availed on or after 1st April, 2027.
3.	Whether refund of accumulated ITC will be available, even if the	No. The existence of inverted duty structure shall continue to be determined by comparing the rate of tax on inputs with the rate of tax on

S.No.	Question	Answer
	inverted duty structure is on account of rate of input services being higher than the rate of outward supplies?	output supplies only. Only where such inversion is established, ITC on eligible input services, along with ITC on capital goods attributable to the relevant period, shall be included in "Net ITC" for computation of the refund amount. The proposal does not expand the class of persons eligible for refund under clause (ii) of the first proviso to section 54(3) of the CGST Act, 2017. For instance, the following two scenarios can be considered to understand the difference: Case A: A manufacturer procures inputs taxed at 18% and makes output supplies taxed at 5%. He also avails ITC on input services such as professional services taxed at 18%. As the rate of tax on inputs is higher than the rate of tax on output supplies, inverted duty structure exists. ITC on input services availed on or after 1st November, 2026 shall be included in "Net ITC" for computation of refund. Case B: A supplier procures inputs taxed at 5% and makes output supplies taxed at 5%, but avails input services taxed at 18%. As there is no inversion between the rate of tax on inputs and the rate of tax on output supplies, the supplier is not eligible for refund on account of inverted duty structure merely because the rate of tax on input services is higher.
4.	In which categories of refund will ITC on capital goods be considered?	ITC on capital goods shall be considered in the following categories:

S.No.	Question	Answer
		i. refund of unutilised ITC on account of zero-rated supplies made without payment of tax under bond or LUT under rule 89(4), and ii. refund of unutilised ITC on account of inverted duty structure under rule 89(5). The change does not affect zero-rated supplies made on payment of integrated tax, as there is no restriction on utilization of ITC on capital goods for payment of tax on such supplies.
5.	Will I get refund of the entire ITC on capital goods in the tax period in which it is availed?	No. Capital goods are utilised over an extended period. Accordingly, ITC on capital goods shall be considered for refund in equal proportion over a period of sixty months, i.e., one-sixtieth for each month, commencing from the month in which such ITC is availed. Further, the refund will only be available in respect of such ITC on capital goods available on or after 01.04.2027. This releases capital locked up in capital-intensive sectors while distributing the revenue outgo over a longer period.
6.	How will the ITC on capital goods attributable to the relevant period be computed?	Capital goods attributable to the relevant period are those capital goods on which ITC has been availed on or after 1st April, 2027, in any of the months not earlier than fifty-nine months from the last month of the relevant period. ITC on such capital goods shall be calculated as per the formula prescribed in Rule 89.
7.	Which ITC on capital goods can be included in the refund claim?	Only eligible ITC availed on capital goods can be included. ITC blocked under section 17(5) of the CGST Act, 2017, or otherwise not admissible, cannot form part of the claim. Further, any reversal of ITC required under the Act or the

S.No.	Question	Answer
		Rules in respect of such capital goods, including under rule 43 of the CGST Rules, 2017, attributable to the months in the relevant period shall be deducted.

FAQs on reforms related to Litigation Management

S. No.	Question	Answer
Minimum threshold for issuance of show cause notices under sections 73, 74 & 74A of the CGST Act, 2017		
1.	If the amount of tax is exactly ₹10,000, will the minimum threshold for issuance of a show-cause notice be satisfied?	Yes. The minimum threshold shall be considered to have been met where the relevant amount of tax, including the applicable cess covered by the Explanation, is ₹10,000 or more. Accordingly, where the amount of tax is exactly ₹ 10,000 a show cause notice may be issued.
2.	How is the minimum threshold of ₹10,000 to be determined under sections 73, 74 or 74A of the CGST Act, 2017, where the demand involves more than one tax head, such as CGST, SGST/UTGST, IGST and cess?	The minimum threshold of ₹10,000 shall be determined with reference to the aggregate amount of tax involved under CGST, SGST/UTGST, IGST and cess, as applicable. It is not necessary for the amount under each individual tax head to independently meet the threshold of ₹10,000.
3.	Will interest, late fee or penalty be taken into account for determining the minimum threshold of ₹10,000 under sections 73, 74 or 74A of the CGST Act, 2017?	No. The minimum threshold of ₹10,000 shall be determined with reference to the amount of tax including the applicable cess. Interest, late fee and penalty shall not be included for determining whether the threshold is met.
4.	Will the minimum threshold of ₹10,000 for issuance of demand notices, apply in cases involving input tax credit wrongly availed or utilised?	Yes. The amount of tax relating to input tax credit wrongly availed or utilised, shall be taken into account for determining whether the minimum threshold of ₹10,000 is met. Where such amounts arise under more than one tax head, the relevant amounts shall be aggregated for this purpose.

Deeming of penalty payment as charge and rationalization of penalty, in case of voluntary payment under the CGST Act, 2017		
1.	Does substitution of the term “penalty” with “charge” under the CGST Act, change the amount payable by the taxpayer under the voluntary payment provisions?	No. The substitution of the term “penalty” with “charge” shall not alter the quantum of the amount payable. The amount payable shall remain the same as prescribed under the relevant provisions of the CGST Act.
2.	Will the amount referred to as “charge” (substitution of the term “penalty”) under the CGST Act, be payable in addition to the tax and interest?	Yes. To avail the benefit of conclusion of proceedings, the noticee shall be required to pay the tax along with applicable interest and the prescribed reduced amount of penalty within the specified timeline. Upon such payment, the amount presently referred to as “penalty” under the relevant provision shall be referred to as “charge” under the amended provision.
3.	Under which head the amount payable as “charge” should be deposited?	The amount payable as “charge” shall be deposited under the head “Others”, in accordance with the prescribed payment mechanism.

FAQs on reforms related to rationalization of interception and verification of goods and conveyances in transit (e-way bill)

S. No.	Question	Answer
1.	Can a conveyance be intercepted on a random basis to verify the e-way bill after the proposed amendment?	No. A conveyance may be intercepted only on the authorisation of a proper officer not below the rank of Joint Commissioner, who has reasons to believe, to be recorded in writing, that the goods being carried in the conveyance are being transported in contravention of the provisions of the CGST Act, 2017 or the rules made thereunder.
2.	Officers of which jurisdiction can inspect, detain or seize goods and conveyances in transit after the amendment?	The goods may be inspected, and detained or seized in accordance with section 129 of the CGST Act, 2017, only by an officer of the jurisdiction/ State or Union territory where either the supplier or the recipient is located. No inspection, detention and seizure of goods/ conveyance can be done by transit states. <i>For example, M/s X of State A supplies goods to M/s Y of State B, and the goods move through State C. Officers of State A (the supplier's State) or State B (the recipient's State) may intercept, inspect, detain or seize the goods. Officers of State C shall not exercise these powers, as neither the supplier nor the recipient is located there.</i> <i>In case of an intra-State supply, where both the supplier and the recipient are located in State A, only officers of State A may exercise these powers.</i>
3.	What action can be taken by the officer of a transit State where, on verification of documents, a contravention is noticed?	The officer of a State or Union territory where neither the supplier nor the recipient is located shall not undertake any inspection, detention or seizure of the goods or the conveyance.

S. No.	Question	Answer
		He shall allow the conveyance and the goods to pass through unhindered and shall transmit the information, to the officer having jurisdiction over the supplier or the recipient, as the case may be. <i>For example, goods moving from State A to State B are intercepted in State C, and an incorrect HSN is noticed in the e-way bill. The officer of State C shall allow the vehicle to proceed and transmit the information to the jurisdictional officer of State A or State B.</i>
4.	Where no information relating to the consignment has been furnished electronically (i.e. no e-way bill has been generated), or conveyance is not carrying the prescribed documents, can an officer detain or seize goods in transit irrespective of where the supplier or recipient is located?	Yes. Where no information relating to the consignment has been furnished electronically (i.e. no e-way bill has been generated), or the person in charge of the conveyance is not carrying the prescribed documents, the authorised officer may inspect the goods and may detain or seize them in accordance with section 129, even where neither the supplier nor the recipient is located in his State or Union territory. <i>For example, a truck carrying goods valued at ₹5 lakh passes through State C without an e-way bill and without any invoice or delivery challan showing the origin and destination of the goods. The officer of State C may detain or seize such goods.</i>
5.	Can goods or conveyances in transit be confiscated under section 130 of the CGST Act, 2017?	No. section 130 shall apply only to cases other than those in transit. Goods and conveyances in transit shall be dealt with only under section 129, read with section 68. Further, goods and conveyances in transit shall not be detained or seized for any reason other than those specified under section 68.

FAQs on Rationalization and Decriminalization of Arrest and Prosecution Provisions in GST

S. No.	Question	Answer
13.	What changes have been recommended by the GST Council in respect of arrest and prosecution provision under GST?	The GST Council has recommended: • removal of the arrest provisions under GST; • increase in the threshold for prosecution from Rs. 1 crore to Rs. 5 crore; • omission or narrowing of certain offences under section 132(1) of the CGST Act, and redrafting of clause (c) thereof; • rationalisation of the maximum term of imprisonment from three or two years in case of tax evasion of more between Rs 5 to Rs 10 Crore; and • discretion to the Court to impose only a fine, and removal of the minimum imprisonment of six months.
14.	Can someone be arrested under GST after the proposed amendment?	No. The arrest provisions under GST are now proposed to be removed, and no person shall be arrested for an offence under the GST law. However, prosecution may still be launched before the competent Court, on a complaint filed by the tax authorities, where the amount involved exceeds Rs. 5 crore.
15.	In which cases can someone be prosecuted under GST?	Prosecution may be launched for offences under section 132(1) where the evaded tax amount exceeds Rs. 5 crore, as against the present threshold of Rs. 1 crore.
17.	What will be the punishment on conviction after the amendment?	The maximum term of imprisonment is being rationalised as under:

S. No.	Question	Answer
		• where the amount involved exceeds Rs. 10 crore: imprisonment up to five years, or fine, or both; • where the amount involved exceeds Rs. 5 crore but does not exceed Rs. 10 crore: imprisonment up to two years, or fine, or both.
18.	Someone who is convicted, will imprisonment be compulsory?	No. The punishment is proposed to be changed from “imprisonment and fine” to “imprisonment or fine or both”, so that the Court may have discretion of awarding punishment. Further, the requirement of a minimum imprisonment of six months under section 132(3) is being removed, so as to confer discretion on the Court.
19	Which offences are being omitted or narrowed for the purpose of prosecution?	• Clause (i) of section 132(1), relating to supply of services in contravention of the Act, is being omitted, as the offence is difficult to quantify and liable to subjective interpretation. • Clause (e) of section 132(1): the expression “evades tax” is being omitted, so that the clause is confined to fraudulently obtaining refund. • Clause (h) of section 132(1): the expression “or in any other manner deals with” is being omitted, leaving only the specific acts listed in the clause.

FAQ in respect of reforms for enhancing export competitiveness

Sl. No	Questions	Answers
1.	What amendment is being brought in the place of supply provisions under section 13 of the IGST Act?	For services requiring goods to be made physically available to the supplier in India for the provision of service (e.g., testing, repair, R&D, clinical trials), place of supply is considered as the location of performance of services, i.e. in India as per provisions of section 13(3)(a) of the IGST Act, 2017, denying export/zero-rating benefit even though the recipient is abroad and payment is received in foreign exchange. Omission of clause (a) of section 13(3) will bring such services under the default rule of section 13(2), i.e., place of supply as the location of the recipient.

Frequently Asked Questions (FAQs) on issues related to goods

(Disclaimer: Answers are only for educational and guidance purposes and do not hold any legal validity. For complete details, please refer to the notifications, circulars etc issued in this regard)

1. What is the classification of sea-weed extract based bio-stimulants?

57th GST Council has clarified that sea-weed extract based bio-stimulants, registered under Schedule VI to the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985 are classifiable under heading 3101 as fertilisers (*vide* S. No. 237 of Schedule I of Notification No. 9/2025-Central Tax (Rate), dated 17.09.2025). GST council has also recommended to regularise the past cases on “*as is where is*” basis.

2. Are all sea-weed extract based products classifiable under S. No. 237 of Schedule I of Notification No. 9/2025-Central Tax (Rate), dated 17.09.2025?

No. All sea-weed extract based products are not classifiable under S. No. 237 of Schedule I of Notification No. 9/2025-Central Tax (Rate), dated 17.09.2025. Only those sea-weed extract based bio-stimulants that are registered under the Fertiliser Control Order, 1985 are classifiable under the said entry.

3. Whether sea-weed extract based products containing Plant Growth Regulators (PGRs) would be classified under S. No. 237 of Schedule I of Notification No. 9/2025-Central Tax (Rate), dated 17.09.2025?

Sea-weed extract based products containing Plant Growth Regulators (PGRs) would not qualify as bio-stimulants under the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985 and, accordingly, would not be classified under S. No. 237 of Schedule I of Notification No. 9/2025-Central Tax (Rate), dated 17.09.2025.

4. What are the recommendations of the GST Council with regards to the entry pertaining to toys in the GST rate notifications?

The Council has clarified that the notification entries related to toys in the GST Rate notification (S. No. 497 of Schedule I and S. No. 616 of Schedule II of notification No. 09/2025-Central Tax (Rate) dated 17.09.2025) also include all other categories of toys

mentioned in the chapter heading 9503 of the Customs Tariff Act, such as dolls, puzzles and other toys, and is not restricted only to tricycles, pedal cars and scooters which are mentioned in the notification.

5. Are second-hand car dealers barred from availing the concessional rate of GST under the GST margin scheme if they avail ITC on repair and maintenance services, spares, etc. used in the course of business?

No. Benefit of concessional rate of GST under GST margin scheme *vide* notification No. 8/2018-Central Tax (Rate), notification No. 9/2018-Integrated Tax (Rate) and notification No. 1/2018-Compensation Cess (Rate), all dated 25.01.2018, for supply of second-hand cars can be taken even if ITC is availed on the input goods and inputs services used in furtherance of business. However, ITC cannot be availed on tax paid on purchase of second-hand vehicles, if dealer of the said second-hand vehicles intends to take concessional rate of GST under the margin scheme.

6. What is the classification of sublimation paper?

There were disputes in the field regarding the correct classification of sublimation paper i.e whether sublimation paper is classified under sub-heading 4810 22 or under heading 4809. GST Council in its 57th meeting has clarified that Sublimation paper is classifiable under heading 4809 (*Sr. No. 176 of Schedule II of the notification No. 9/2025-CTR dated 17.09.2025*). Further, GST Council has also recommended regularization of past period on “*as is where is*” basis so as to resolve the past disputes.

7. What is the GST treatment on retreaded tractor tyres?

The Council has recommended to correct the anomaly of GST treatment of retreaded tractor tyres by aligning its GST rate with GST rate applicable on new tractor tyres.

8. What has the 57th GST Council recommended regarding waste and scrap of plastics, waste and scarp of tyres, electrical and electronics waste and scrap and used cooking oil?

57th GST Council has recommended introduction of Tax Deducted at Source (TDS) at the rate of 2% on the supply of waste and scrap of plastics, waste and scarp of tyres,

electrical and electronics waste and scrap and used cooking oil, by a registered person to a registered person. The Council has also recommended the introduction of Reverse Charge Mechanism (RCM) on the supply of such waste and scrap by an unregistered person to a 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.

9. What is the existing mechanism based on which this recommendation regarding waste and scrap of plastics, waste and scarp of tyres, electrical and electronics waste and scrap and used cooking oil is made?

The mechanism is on the lines of the TDS and RCM framework already in place for metal scrap which was introduced based on the recommendations of the 54th GST Council meeting. Under that framework, TDS at the rate of 2% under Section 51 of the CGST Act, 2017 is to be paid on the supply of metal scrap by a registered person to a registered person, and tax has to be paid on the RCM basis by the recipients on the supply of metal scrap by an unregistered person to a registered person.

10. When is TDS at 2% applicable on waste and scrap of plastics, waste and scarp of tyres, electrical and electronics waste and scrap and used cooking oil?

TDS at the rate of 2% is applicable when a registered person supplies above specified waste and scrap to another registered person. The recipient (buyer) is required to deduct tax at the rate of 2% from the payment made to the supplier and deposit the same with the Government.

11. When is Reverse Charge Mechanism (RCM) applicable on waste and scrap of plastics, waste and scarp of tyres, electrical and electronics waste and scrap and used cooking oil?

RCM is applicable when an unregistered person supplies above specified waste and scrap to a registered person. In such cases, the liability to pay GST on the supply shifts to the recipient, i.e. the registered buyer.

12. Is the supplier required to take registration under GST for supply of waste and scrap of plastics, waste and scarp of tyres, electrical and electronics waste and scrap and used cooking oil?

The supplier is required to take registration under GST when the aggregate turnover crosses the threshold limit prescribed under Section 22 of the CGST Act, 2017. Once the threshold is crossed, the supplier must obtain registration and the TDS provisions will apply to subsequent supplies made to registered persons.

13. If the supplier of waste and scrap of plastics, waste and scarp of tyres, electrical and electronics waste and scrap and used cooking oil is below the threshold limit and is unregistered, is the recipient still required to pay tax under RCM?

Yes. The recipient who is a registered person is required to pay GST under RCM on the supply received from an unregistered person, even if the unregistered supplier is below the threshold limit for registration.

14. What are the compliance obligations of the recipient (buyer) of waste and scrap of plastics, waste and scarp of tyres, electrical and electronics waste and scrap and used cooking oil under this mechanism?

The recipient (buyer) who is a registered person is required to:

- (i) deduct TDS at 2% on purchases of such specified waste and scrap from registered suppliers and file the TDS return in Form GSTR-7;
- (ii) issue a TDS certificate to the supplier in accordance with the rules prescribed;
- (iii) pay GST under RCM on purchases of these items from unregistered suppliers and report the same in the return.

15. What are the recommendations of 57th GST Council with regards to Psyllium seeds (Isobgul/ Isobgol)?

In order to remove the ambiguity and provide clarity, 57th GST Council has recommended to create a separate entry for Psyllium seeds (Isobgul/Isobgol), irrespective of whether it is fresh, chilled, frozen or dried, in the notification No. 10/2025-Central Tax (Rate), dated 17.09.2025, which prescribes Nil rate of GST.

(The above changes will be implemented by issuance of relevant notifications, circulars, etc. which will be uploaded on the CBIC website (taxinformation.cbic.gov.in))

Frequently Asked Questions (FAQs) on issues related to services

(A) Helicopter passenger transport

Q1. Whether the proposed exemption to passenger transport by helicopter on a seat-sharing basis is in addition to the existing exemption available to passenger transportation by air in economy class?

Ans. Yes, the existing GST exemption for passenger transportation by air in economy class embarking or terminating at specified airports will continue. In addition, the exemption will be extended to passenger transportation by helicopter on a seat-sharing basis from/to such airports.

Q2. Will the chartered helicopter services also qualify for this exemption?

Ans. No, the chartered helicopter services will not be covered by the proposed exemption. The proposed exemption is being extended only to passenger transportation by helicopter on a seat-sharing basis which is distinct from chartered helicopter services.

Q3. Whether helicopter passenger services from/to a helipad be covered under the exemption?

Ans. Yes. A helipad is covered within the scope of “aerodrome” under the Bharatiya Vayuyan Adhiniyam, 2024. Accordingly, passenger transportation by helicopter on a seat-sharing basis from/to the specified locations, including where the helicopter operates from a helipad, will be covered by the exemption.

(B) Import of services by Indian establishment of foreign shipping line

Q4. Whether the proposed exemption is available in case import of services from the overseas Head Office/establishment of a foreign shipping line to its Indian establishment is provided with consideration?

Ans. No. The proposed exemption is only in respect of import of services from the overseas Head Office/establishment of a foreign shipping line to its Indian establishment when such services are provided without consideration. Services provided against consideration will continue to be taxed in accordance with the applicable provisions.

Q5. What is meant by a “foreign company” for the purposes of the proposed exemption?

Ans. “Foreign company” would have the same meaning assigned to it under section 2(42) of the Companies Act, 2013.

Q6. What will be the treatment of the GST liability for the past period?

Ans. For the past period, the GST treatment of such transactions will be regularised on an “as is where is” basis since the exemption will come into effect from the date specified in the relevant notification. This means that the tax position already adopted by the taxpayers for the past period will be accepted; In cases where the GST was paid, no refund of such amount will be allowed.

Q7. Does the exemption for foreign shipping lines bring parity with the treatment of foreign airlines?

Ans. Yes. The exemption brings parity in the GST treatment of foreign shipping lines and foreign airlines in respect of services received by their Indian establishments from their overseas establishments, where such services are provided without consideration, subject to the prescribed conditions.

(C) Electric Vehicle (EV) passenger transport / rental services

Q8. Whether the GST treatment of passenger transportation services by electric vehicles and rental services (with operator) of electric vehicles for passenger/goods transport were earlier different from the corresponding services using conventional motor vehicles?

Ans. The earlier GST provisions for passenger transportation services and rental services of vehicles (with operator) linked the prescribed rate options to cases where the **cost of fuel was included in the consideration**. Since electricity used for charging an electric vehicle is not regarded as “fuel”, the same rate options were not available for EV-based passenger transportation and rental services. This resulted in differential GST treatment for otherwise similar services, based solely on the fact whether the vehicle was powered by conventional fuel or electricity.

Q.9 Whether the said disparity in GST treatment for passenger transportation and rental services with operator using electric vehicles vis-à-vis those using conventional vehicles, is being resolved?

Ans. Yes, the proposed change aligns the GST treatment of passenger transportation and rental services (with operator) using electric vehicles where cost of battery charging is included in the consideration, with the corresponding services using conventional vehicle, where cost of fuel is included in the consideration. Accordingly, the GST rates applicable for such services using an EV will be the same as those applicable to the corresponding conventional-vehicle services.

Q10. Whether the proposed GST rate also apply to leasing services of electric vehicles as goods (i.e. without an operator)?

Ans. No. This does not alter the existing GST treatment of services of leasing/rental of vehicles without an operator. Such services will continue to be taxed in accordance with the rate applicable to the underlying goods.

(D) Statutory and ancillary recoveries in motor vehicle leasing

Q11. What will be the GST rate applicable on registration charges, road tax, insurance, FASTag charges and other statutory or ancillary expenses recovered by the lessor from the lessee in a vehicle leasing arrangement?

Ans. Registration charges, road tax, insurance, FASTag charges and other statutory or ancillary expenses recovered by the lessor from the lessee in a leasing arrangement, will form part of the value of the composite supply of leasing of the vehicle and will be taxed at the GST rate applicable to the leasing service.

(E) ECO-enabled transportation and delivery services

Q12. What will be the GST rates for the services of transportation of goods by a GTA, where such goods are supplied/ordered through an ECO?

Ans. In cases where services of transportation of goods by GTA are in respect of goods, which are supplied/ordered through an ECO, GST @ 5% without ITC or 18% with ITC

will be applicable and the benefit of exemption under Entry no. 21A will not be available for such services.

Q13. Whether the ECO, through which goods are ordered/supplied, will be liable to pay GST under section 9(5) of CGST Act, 2017 for the services of transportation of such goods GTA?

Ans. No. The ECO is not liable to pay GST under section 9(5) of CGST Act, 2017 for the services of transportation of goods by GTA even if the said service is supplied in relation to goods which are supplied/ordered through an ECO. In such cases, GTA will be liable to pay GST, as applicable.

Q14. Whether the proposed change in Entry 21A of Notification No. 12/2017-CTR will impact the tax treatment on the services of transportation of goods by GTA if the said services are not in relation to goods ordered/supplied through an ECO.

Ans. No. The proposed change will not affect the exemption available for transportation of goods by a GTA, under entry 21A of the Notification No. 12/2017-CTR, in relation to goods which are not ordered or supplied through an ECO.

Q15. What will be the applicable GST rate for supply of delivery service if such service is supplied in relation to goods supplied/ordered through ECO?

Ans. GST at the rate of 5% without ITC will be levied on such services.

Q16. What will be the applicable GST rate for delivery services supplied through an ECO and who will be liable to pay GST in such cases?

Ans. If the delivery service provider is not liable to be registered, then the GST at the rate of 5% without ITC will be applicable and ECO will be liable to pay such GST under the provisions of section 9(5) of CGST Act, 2017.

If the delivery service provider is liable to be registered, then the GST on such services is payable by the delivery service provider at the rate of 5% without ITC in accordance with the provisions applicable for delivery services.

Q17. Whether the proposed changes will affect the GST treatment on services of transportation of goods by individual truck owners/operators?

Ans. No. The changes do not affect the GST treatment on services of transportation of goods by individual truck owners/operators.

Grant of Right to collect and appropriate tolls from Users

Q18. What is the implication of proposed exemption in relation to upfront payment made by concessionaire for highway projects under Toll-Operate and Transfer (TOT) model?

Ans. The exemption will be available to leasing services by way of grant of exclusive rights to access, use, operate, collect, demand and appropriate toll where the upfront payment is made for receiving such services by the concessionaire. Hence, the upfront payment made in such projects under TOT model will be covered by the exemption.

Q19. Whether the services (mentioned in Question No. 19) of grant of exclusive rights are different from the services of allowing access to a bridge/road on payment of toll?

Ans. Yes, both are different services. The latter service for toll charges is already exempt under Entry No. 23 of Notification number 12/2017 – CT(Rate).

Q20. What will be the GST implication if payment made by the concessionaire is not upfront but periodic?

Ans. The exemption will also be available for such periodic payments made by concessionaire for receiving the services by way of grant of exclusive rights as mentioned in Question number 19.

Q21. Whether the exemption is available if such rights (as mentioned in Question No. 19) are granted by private entity?

Ans. No, the exemption will be available only in cases where such rights are granted by the Government, local authority, governmental authority or government entity.

(F) Time of payment of Tax and Valuation of Operations & Maintenance (O&M) Services

Q22. Who is eligible to avail the special procedure being provided regarding time of payment of tax and valuation of O&M services?

Ans. The special procedure being provided under Section 148 of CGST Act applies to a registered person who is a concessionaire under a TOT Concession Agreement with the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity, wherein the concessionaire is required to supply Operations & Maintenance (O&M) services of the road or highway and the expenditure towards such services is adjusted out of the upfront concession fee paid by the said concessionaire.

Q23. Why this special procedure has been prescribed for valuation and taxability of O&M services provided under TOT model?

Ans. The value for O&M services is not generally determinable in a TOT project, where the upfront consideration paid by the concessionaire to the concessioning authority is adjusted for the expected cost to be incurred for O&M services to be provided by the concessionaire.

Q24. When does the liability to pay GST arise with respect to such O&M services?

Ans. GST is required to be paid by the concessionaire in a tax period in which the expenses incurred for O&M services are debited/ charged from the Escrow Account being maintained for collection of the toll proceeds by the Concessionaire.

Q25. How the value of O&M services on which GST is payable is ascertained?

Ans. The methodology proposed to determine the value of O&M services is linked to the periodic actual expenditure incurred towards O&M services by the concessionaire which is charged/debited from the Escrow Account maintained with the concessioning authority (NHAI). For example, if ₹100 is actually incurred towards O&M services by the concessionaire and the same amount is debited from the Escrow Account in a particular tax period, GST shall be discharged on ₹100 at the applicable rate.

Q26. Is GST on the entire O&M component required to be paid at the commencement of the concession period?

Ans. No. In cases covered by the proposed notification, GST on O&M services will require to be paid in accordance with the special procedure under Section 148 of CGST Act, to the extent of the actual O&M expenditure charged/debited from the Escrow Account during the relevant tax period.

Q27. Does the special procedure apply to every O&M contract for roads or highways?

Ans. No. The special procedure applies only where the registered person is a concessionaire under a Toll-Operate-Transfer (TOT) Concession Agreement and is required to undertake O&M of the road or highway during the concession period and where the O&M expenditure is adjusted from the upfront amount paid by the concessionaire to the concessioning authority

(G)Input Tax Credit for the reseller of certain services

Q28. Whether ITC is to be allowed to Reseller of certain services (leviable at 5% without ITC) where the ITC is presently blocked at successive stages of supply?

Ans. Yes. Input tax credit is to be allowed to reseller of certain services which are facing cascading because of ITC blockage in respect of the same category of service used as an input service for supplying the same category of output service, in respect of specified services taxable at 5%.

Q29. What are the services on which such ITC block is to be lifted?

Ans. The relaxation would apply to the following reselling services:

- hotel accommodation services up to ₹7,500 per unit per day;
- restaurant and outdoor catering services; and
- gym/fitness services.

Q30. Whether all ITC where the GST is leviable at 5% without ITC, is now proposed to be allowed in such cases?

Ans. No, only the limited input tax credit in respect of same category of input service is allowed as has been allowed for passenger transportation, tour operator services and renting of motor vehicles services.

(I) Services Provided by Seamen's Provident Fund Organisation (SPFO)

Q31. What are the services on which exemption is provided for SPFO?

Ans. An exemption is being provided for the services provided by the Seamen's Provident Fund Organisation (SPFO) in administering the Seamen's Provident Fund Scheme to the persons governed by the Seamen's Provident Fund Act, 1966, on the lines of the existing exemptions available to EPFO and CMPFO.

(J) Research and Development Services

Q32. How will it be determined whether an activity is in the nature of research and development or consultancy for the purpose of availing the GST exemption?

Ans. For the purpose of distinguishing research and development services from consultancy services, the concerned Head of the Government Entity, research association, university, college or other eligible institution notified under clauses (ii) or (iii) of sub-section (1) of section 35 of the Income Tax Act, 1961, undertaking the research has been entrusted to issue a certificate that the work undertaken is in the nature of research and development and not in the nature of consultancy. It is also proposed that the field formations may accept such certification as the basis of exemption claim for such R&D services.

This mechanism is intended to support research and promote ease of compliance in availing the exemption.

Q33. Is self-certification required to be furnished in every case where the exemption for Research and Development services is claimed?

Ans. Self-certification is required to be issued by the concerned Head of the Government Entity, research association, university, college or other eligible institution

as and when an exemption to such effect is claimed. However, the same is not required to be submitted along with the monthly returns. This certificate is to be kept in records by the concerned organization/institution/entity. It is required to be furnished only in cases where the same is sought by the tax authorities during scrutiny, audit, investigation, etc.

Q34. Is any specific format prescribed for furnishing the self-certification in respect of Research and Development activities?

Ans. No specific format has been prescribed for such self-certification.

(K) Coffee Curing Services

Q35. What is meant by curing of coffee?

Ans. As per the Coffee Act, 1942, *curing* means application of mechanical processes, other than pulping, to raw coffee for the purpose of preparing it for marketing. Coffee curing may involve processes such as drying, hulling, cleaning, sorting, grading and polishing of coffee beans.

Q36. Whether the process of coffee curing not covered under the existing exemption?

Ans. Under the existing exemption, specified processes such as drying, cleaning, curing, sorting and grading of agricultural produce are exempt when carried out at an agricultural farm.

Coffee curing, however, owing to climatic and geographical considerations, ordinarily cannot be undertaken at the farm and is generally carried out at coffee curing works. This is an intermediate process required to make coffee marketable and does not appear to alter the essential character of the coffee beans. Hence, a specific exemption is being provided for coffee curing services supplied to cultivators.

Q37. What is the scope of this exemption?

Ans. The exemption is specifically for services by way of curing of coffee provided to coffee cultivators. It does not extend to roasting or other processing which is not in the nature of coffee curing.

Q38. Whether the exemption is available if the coffee curing work is carried out at Coffee Estates/Farms?

Ans. Yes. The exemption for services by way of curing of coffee provided to coffee cultivators would apply irrespective of whether the curing is carried out at a coffee estate/farm or at a separate curing works.

Q39. Who will be the intended beneficiaries of the exemption being extended to the services of coffee curing?

Ans. The exemption for the services of coffee curing provided by the coffee curer to the coffee cultivators will benefit primarily the coffee cultivator, by reducing its cost of getting the coffee processed/curied.

(L) Storage and Warehousing of Seeds

Q40. What change has been made in respect of storage or warehousing of seeds?

Ans. A specific exemption from GST is being provided for services by way of storage or warehousing of seeds meant for sowing, irrespective of the fact whether such seeds are covered by the definition of 'agricultural produce' or not.

Q41. Which seeds are covered by the exemption?

Ans. The exemption will apply only to the seeds meant for sowing, as defined for the purposes of the relevant notification. Seeds not meant for sowing and processed products derived from seeds or seeds processed for consumption, industrial or any other non-sowing use would not be covered.

Q42. Is the exemption for storage or warehousing available only for agricultural seeds, or does it cover all seeds?

Ans. The exemption is available in respect of all seeds meant for sowing and is not restricted only to seeds used for agricultural crops. For this purpose, the expression "seeds" has been defined in paragraph 2 of Notification No. 12/2017-Central Tax (Rate). Accordingly, all seeds falling within the said definition and meant for sowing are covered by the exemption.

Q43. Who will be the intended beneficiaries of the exemption being provided to the services of storage/warehousing of seeds meant for sowing?

Ans. The benefit of the GST exemption is intended to accrue to traders, farmers and other businesses that incur storage/warehousing charges for seeds meant for sowing. The exemption would reduce the cost of storage/warehousing for all such persons.
