Circular No. 265/11/2026-GST

F. No. CBIC-190354/142/2026-TRU
Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)

Kartavya Bhavan-I, New Delhi
Dated the 28th October 2026

To,

The Principal Chief Commissioners/ Principal Directors General,
The Chief Commissioners/ Directors General,
The Principal Commissioners/ Commissioners of Central Excise & Central Tax.

Madam/Sir,

Subject: Clarification regarding classification and applicability of GST on the supply of certain goods based on the recommendations of the GST Council in its 57th meeting held on 8th October 2026, at New Delhi - reg.

Based on the recommendations of the GST Council in its 57th meeting held on 8th October 2026, in exercise of the powers conferred under section 168(1) of the Central Goods and Services Tax Act, 2017, the Central Board of Indirect Taxes and Customs (hereinafter referred to as the Board) hereby clarifies the following issues for the purpose of uniformity in the implementation:

1. <u>Sublimation Paper</u>

1.1 Representations were received seeking clarification whether sublimation paper is classified under heading 4809 or under sub heading 4810 22 of the Customs Tariff Act, 1975.

1.2 Based on the recommendations of the Council, it is clarified that sublimation paper is classifiable under heading 4809 attracting 18% GST (*vide* S.No. 176 of Schedule II of the notification No. 09/2025-C.T.R. dated 17.09.2025).

1.3 Further, in order to resolve the past disputes regarding the classification and the applicability of GST rate on sublimation paper, the GST Council has recommended to regularise the past period on "*as is where is*" basis.

2. <u>Toys</u>

2.1 Representations have been received seeking clarification whether all toys classifiable under heading 9503 of the Customs Tariff Act, 1975 are covered under S. No. 497 of Schedule I and S.No. 616 of Schedule II of the notification No. 09/2025-C.T.R. dated 17.09.2025 or the scope of

the said entries is restricted only to toys like the ones enumerated therein like tricycles, scooters, and pedal cars.

2.2 The relevant entries in the notification No.09/2025-C.T.R, dated 17.09.2025 are as under:

(a) S.No. 497 of Schedule I: Toys like tricycles, scooters, pedal cars **etc.** (including parts and accessories thereof) [other than electronic toys] (GST Rate of 5%).

(b) S.No.616 of Schedule II: Electronic Toys like tricycles, scooters, pedal cars **etc.** (including parts and accessories thereof) (GST Rate of 18%).

2.3 It was brought to the notice that the wordings in the notification No.09/2025-C.T.R, dated 17.09.2025 were being interpreted in a restrictive manner by certain field formations, leading to exclusion of certain category of toys that are not expressly enumerated therein, thereby resulting in ambiguity and inconsistent tax treatment.

2.4 Based on the recommendations of the GST Council, it is clarified that the scope of S. No. 497 of Schedule I and S. No. 616 of Schedule II of notification No. 09/2025-C.T.R. dated 17.09.2025 is not only restricted to toys like tricycles, scooters, pedal cars, and similar wheeled toys; rather the term "etc." refers to all other category of toys in the corresponding heading 9503 of the Customs Tariff Act, 1975 such as dolls' carriages, dolls, other toys, reduced-size ("scale") models and similar recreational models, working or not, and puzzles of all kinds.

3. Margin Scheme

3.1 Representations were received to clarify whether the condition of non-availment of Input Tax Credit (ITC) for seeking concessional GST and Compensation Cess rate on supply of old and used motor vehicles under the margin scheme notifications i.e. notification No. 08/2018-C.T.R., notification No. 09/2018-I.T.R., and notification No. 01/2018-Compensation Cess (Rate) dated 25.01.2018, is restricted only to the old and used motor vehicles or is applicable to all input goods and input services used in the course of the business in dealing with the said second-hand motor vehicles such as spares, repairs and maintenance services, technology services, rent, marketing and advertisement services, etc.

3.2 Based on the recommendations of the GST Council, it is clarified that the restriction on availment of ITC for availing benefit of concessional GST and Compensation Cess rate under the above-mentioned margin scheme notifications is not applicable in respect of ITC on inputs (other than the said old and used motor vehicles) and inputs services. Accordingly, suppliers of old and used motor vehicles, under the said GST margin scheme notifications, are allowed to avail ITC on various inputs (other than the said old and used motor vehicles) or input services such as spares, repair and maintenance services, technology services, rent, marketing and advertisement services, etc., subject to the provisions of CGST Act, 2017. The restriction on availment of ITC under the said scheme notifications applies only on the tax paid on the procured second-hand vehicles.

4. Sea-weed Extract Based Bio-stimulants

4.1 Representations have been received seeking clarification regarding the classification of sea-weed extract based bio-stimulants, that whether such products are classifiable as fertilisers under heading 3101 or as plant-growth regulators under heading 3808.

4.2 Based on the recommendations of the GST Council, it is hereby 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 (*vide* S. No. 237 of Schedule I of notification No. 9/2025-C.T.R dated 17.09.2025). The said recommendations have been implemented by inserting an explanation in the said entry at S. No. 237 of Schedule I of notification No. 09/2025-C.T.R dated 17.09.2025.

4.3 Further, in order to resolve the past disputes regarding the classification of sea-weed extract based bio-stimulants, the GST Council has recommended to regularise the past period on "*as is where is*" basis.

5. Field formations under your charge may be instructed accordingly.

6. Difficulty, if any, in the implementation of this circular may be brought to the notice of the Board.

Yours faithfully,

(Jainendra Singh Kandhari)
Joint Secretary (TRU)
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