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GST ALERT

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57th GST Council: CBIC Notifies CGST (Amendment) Rules, 2026, Rate and Exemptions, Issues Ten Clarificatory Circulars and an Instruction on Arrests, Checks of Goods in Transit and SCNs

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Implementing the 57th GST Council recommendations: CGST (Amendment) Rules, 2026, rate and exemption notifications, ten clarificatory circulars and an interim instruction

Between October 26 and 28, 2026, the Central Board of Indirect Taxes and Customs ('CBIC') issued fourteen notifications and ten circulars to give effect to several of the recommendations of the 57th meeting of the GST Council held on October 8, 2026. Amendments to the CGST Act made by the Finance Act, 2026, upon the recommendations of the 56th meeting of the GST Council, have also been brought into force. On October 30, 2026, CBIC also issued Instruction No. 02/2026-GST, giving interim effect, pending amendment of the CGST Act, to the recommendations of the GST Council on arrests, checks of goods in transit and the minimum amount for issuing show cause notices ('SCNs').

This set of notifications and circulars moves GST administration decisively towards **system-driven processing**. Amendments to registration particulars, cancellation on application and, from April 1, 2027, suspension and revocation for non-filing will largely be handled by the portal, with **deemed approvals** where officers do not act within the prescribed timelines. Refund applications will be deemed acknowledged within 10 days, and provisional refunds generated by the system within three working days. The corollary is that lapses in compliance, such as missed returns or outdated bank account details, will trigger automatic consequences, and businesses should strengthen their compliance calendars accordingly.

On refunds, the inclusion of **input services** and, prospectively, **capital goods** in the refund formulae, and the **removal of the 1.5 times cap** for exports of goods, address long-standing industry demands and should release working capital. The benefit for input services is limited to credit availed on or after November 1, 2026, and its interplay with Section 54(3) as interpreted in *VKC Footsteps* will need to be watched until the statute is amended. The extension of **e-invoicing to reverse charge purchases from unregistered persons and import of services** from January 1, 2027 requires ERP changes, which should be planned now.

Separately, the amendments to Sections 15 and 34 now allow **post-supply discounts** to be adjusted through credit notes without a prior agreement, which should end a long-running area of dispute, while the extension of **reverse charge, TDS and compulsory registration to waste and scrap** will require changes in procurement and compliance processes for recyclers and manufacturers. On the rate side, ITC on same-line input services for hotels, restaurants and caterers, the new options for **electric vehicle** transport, and the shift of tax on **delivery services** to ECOs reshape the tax cost for these sectors from November 1, 2026, leaving only a few days for system changes. Several circulars resolve disputes in favour of taxpayers, including those on demo vehicles, export receipts, Rule 96(10), the margin scheme and Fund Transfer Pricing, and taxpayers with pending matters on these issues should bring them to the attention of the authorities. Circular No. 258/04/2026-GST provides a useful yardstick against which SCNs and orders can be tested. Instruction No. 02/2026-GST, which stops arrests, restricts checks of goods in transit and bars SCNs involving less than ₹10,000, gives immediate administrative relief ahead of the legislative amendments (see Part C).

Legislative amendments awaited: several recommendations of the 57th GST Council meeting require amendments to the CGST Act or the IGST Act and are yet to be implemented.[1] These include, illustratively:

- Omission of Section 69 (power of arrest), raising of the prosecution threshold to ₹5 crore and rationalisation of offences under Section 132;[2]

[1]Press Release on the recommendations of the 57th GST Council meeting held on October 8, 2026. See also the Dhruva Alert dated October 10, 2026 on these recommendations.

[2]CBIC has issued Instruction No. 02/2026-GST dated October 30, 2026, directing all CGST field formations that no further arrests shall be carried out under the CGST Act, 2017, pending the legislative omission of Section 69

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- Validation clause for SCNs covering multiple financial years
- A minimum tax demand of ₹10,000 for issuing SCNs under Sections 73, 74 and 74A;[3]
- Rationalisation of penalties, a standalone provision for interest on refund of pre-deposit under Section 115, and a cap on pre-deposit in penalty-only appeals;
- Removal of specified restrictions on ITC under Section 17(5), and amendments to Section 54(3) for refund of ITC on input services and capital goods;
- Omission of Section 2(6)(v) and Section 13(3)(a) of the IGST Act, and an explanation to Section 16(1) of the IGST Act for supplies to overseas buyers delivered in SEZs or FTWZs;
- Treatment of transfer of title in intellectual property rights as a supply of services under Schedule II, and clarity on ECO liability under Section 9(5); and
- Amendments to Sections 68, 129 and 130 on interception and detention of goods in transit.[4]

These amendments are likely to be implemented through the Finance Bill accompanying the Union Budget 2027.

This Dhruva Update captures these amendments and clarifications, grouped as: (A) amendments to the CGST Act; (B) amendments to the CGST Rules, 2017; (C) clarificatory circulars and the instruction on procedural and other issues; (D) e-invoicing regulations; (E) GST rates, exemptions, reverse charge and special procedures; (F) clarificatory circulars on classification, rates, exemptions and taxability; and (G) amendments to forms.

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[3] CBIC has issued Instruction No. 02/2026-GST dated October 30, 2026, directing that show cause notices under Sections 73, 74 and 74A of the CGST Act, 2017, shall not be issued where the aggregate amount involved is below ₹10,000, pending the requisite legislative amendments.

[4] CBIC has issued Instruction No. 02/2026-GST dated October 30, 2026, prescribing interim directions for interception and verification of conveyances, including restrictions on interception to cases involving specific intelligence duly authorised by an officer not below the rank of Joint Commissioner, and restricting detention, seizure and confiscation of goods in transit, pending the requisite legislative amendments.

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Subject	Amendment / Clarification and Dhruva Comments
Part A: Amendments to the CGST Act[5]	
Post-supply discounts and credit notes *Sections 15(3)(b) and 34(1) (Amended)* *Effective: November 1, 2026*	• Under Section 15(3)(b), a discount given after the supply was excluded from the value of supply only if it was established in terms of an agreement entered into at or before the time of supply and specifically linked to the relevant invoices, and the recipient reversed the ITC attributable to it. • The amended Section 15(3)(b) excludes a post-supply discount from the value of supply where the supplier issues a credit note under Section 34 and the recipient reverses the corresponding ITC. The requirements of a prior agreement and of linkage to specific invoices are omitted. • Section 34(1) now expressly permits a credit note to be issued where a discount referred to in Section 15(3)(b) is granted after the supply. The existing conditions and time limits for credit notes continue to apply. ***Dhruva Comments:*** *These amendments give effect to the recommendations made by the GST Council at its 56th meeting held on September 3, 2025, and were enacted through the Finance Act, 2026. Whether discounts not agreed at the time of supply, such as year-end volume or performance-based discounts and secondary schemes, could reduce the value of supply, has been a recurring source of dispute. Suppliers have often been required to treat such discounts as financial credit notes without GST adjustment. The amendment removes the conditions that were often disputed.* *The benefit of adjustment to the tax, now rests on the recipient reversing the ITC attributable to the discount. Suppliers will need a mechanism, such as acceptance of the credit note by the recipient on the Invoice Management System, to evidence the reversal. Credit notes must be issued within the time limit under Section 34(2).*
Provisional refund for inverted duty structure and refund threshold for exports with payment of tax *Sections 54(6) and 54(14) (Amended)* *Effective: November 1, 2026*	• Provisional refund of 90% under Section 54(6), so far available only for zero-rated supplies, is extended to refunds of unutilised ITC on account of inverted duty structure under clause (ii) of the first proviso to Section 54(3), subject to prescribed conditions. • Section 54(14) bars refund below ₹1,000. This threshold no longer applies to refund of tax paid on goods exported out of India with payment of tax. ***Dhruva Comments:*** *These amendments give effect to the recommendations of the 56th GST Council meeting. The extension of provisional refunds to inverted duty structure claims provides the statutory basis for the system-generated provisional refunds introduced in the CGST Rules (see Part B4) and should improve working capital for manufacturers facing an inverted duty structure. For such claims too, the provisional refund order in FORM GST RFD-04 will be generated by the common portal within three working days of the acknowledgement or deemed acknowledgement of the application, without examination by the proper officer (see Part B4).*
Part B: Amendments to the CGST Rules, 2017[6]	
B1. Registration, amendment and cancellation	

[5]Notification No. 03/2026-Central Tax dated October 26, 2026, appointing November 1, 2026 as the date on which Sections 153 to 155 of the Finance Act, 2026 (4 of 2026) come into force.
[6]Notification No. 05/2026-Central Tax dated October 26, 2026, notifying the Central Goods and Services Tax (Amendment) Rules, 2026. The amendments come into force on November 1, 2026, save as otherwise provided.

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Subject	Existing position	Amended position
(i) Registration		
Registration of e-commerce sellers in States without physical presence *Rule 14B (Inserted)*[7] *Effective: November 1, 2026*	A supplier making supplies from a State or Union territory is required to obtain registration in that State or Union territory and declare a principal place of business ('PPoB') there. There is no specific mechanism for sellers who only stock goods in an electronic commerce operator's ('ECO') fulfilment centre in another State. Such sellers obtain a regular registration in that State, supported by premises documents (typically an agreement or consent from the ECO), and go through the normal verification process.	Rule 14B now provides a new registration process for suppliers selling goods through an ECO. This process enables a person registered in a State where it has a physical presence (the 'home State') to obtain registration, on the same PAN, in any other State or Union territory where it has no physical presence. It does so by declaring the ECO's warehouse in that State as its PPoB. The option is subject to the following conditions: (a) Supplies of goods are to be made through ECOs required to collect tax at source ('TCS') under Section 52; (b) Output tax on supplies to registered persons (other than registrations on the same PAN) does not exceed ₹2.5 lakh per month; (c) The ECO consents to its warehouse being declared as PPoB (and, where applicable, as additional place of business) within seven working days. If consent is not received, the application is not processed further; (d) The applicant has no physical presence and no active regular registration in that State, and only one Rule 14B registration is permitted per State on a PAN; (e) No proceedings under Section 29 have been initiated, and no cancellation application has been filed, for the home-State registration; (f) Biometric Aadhaar authentication, document verification and physical verification of the PPoB are completed in the home State. Registration is deemed approved if physical verification is not completed within 30 days; and (g) A person registered under Rule 14A[8] must first withdraw from that option in FORM GST REG-32. **Other notable points:** Books of account are to be kept at the home-State PPoB and produced on demand. The ECO must appoint an authorised representative in each State or Union territory. The supplier's registration certificate need not be displayed at the ECO's warehouse. The registration is deemed cancelled (FORM GST REG-38) where, among other things, the ECO withdraws consent and the seller does not

[7]Rule 14B of the CGST Rules, 2017, inserted by Notification No. 05/2026-Central Tax.
[8]Rule 14A of the CGST Rules, 2017 – Simplified registration for persons whose output tax liability on supplies to registered persons does not exceed ₹2.5 lakh per month, effective from November 1, 2025.

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Subject	Existing position	Amended position
		amend its PPoB within 30 days, or the home-State registration is cancelled. A fresh Rule 14B registration is not permitted after cancellation or suspension.
Dhruva Comments: *The scheme permits small e-commerce sellers to stock goods in ECO warehouses across States without establishing a place of business in each State, with registration largely granted electronically. The ₹2.5 lakh monthly limit on tax charged to registered buyers confines the option to sellers who predominantly supply to consumers. Sellers will need to manage the 30-day amendment window when ECOs change warehouses, failing which the registration is deemed cancelled. For the related guidelines on registration documentation, including withdrawal from Rule 14A, refer to Circular No. 257/03/2026-GST covered in Part C.*		
(ii) Amendment of registration and enrolment		
Amendment of registration particulars – principal place of business *Rule 19 (Substituted)*[9] *Effective: November 1, 2026*	Changes to 'core fields' require approval by the proper officer within 15 working days. Core fields are the legal name of business (without change in PAN), the address of the principal or additional place of business, and the addition, deletion or retirement of partners or directors responsible for day-to-day affairs. Changes to other particulars take effect on submission of FORM GST REG-14.[10]	Only changes to the details of the PPoB are now forwarded to the proper officer, who must approve the application in FORM GST REG-15 within 15 days. Where the application is deficient, the following timelines apply: (a) The officer may issue a notice in FORM GST REG-03 within 15 days; (b) The applicant must reply in FORM GST REG-04 within seven working days; and (c) The officer must decide within seven working days of the reply. Rejection is by order in FORM GST REG-05. Failure to reply results in deemed rejection, intimated in FORM GST REG-05A. If the officer does not act within these timelines, the amendment is deemed approved.
Amendment of registration particulars – other particulars *Rule 19(4) (Substituted)* *Effective: November 1, 2026*	As above.	Changes to all other particulars, including the legal name of business, additional places of business and partners or directors, take effect on submission and online validation on the portal. Changes in the legal name or in partners, directors or persons responsible for day-to-day affairs apply to all registrations on the same PAN. Changes in the mobile number or e-mail of the authorised signatory are effected only after OTP verification.
Amendment of PPoB by Rule 14A registrants *Rule 19(3) (Substituted)*	Changes to PPoB require approval by the proper officer, as for other registrants.	For persons registered under Rule 14A who have not withdrawn from that option, changes to PPoB take effect on submission and online validation, without examination by the proper officer.

[9]Rule 19 of the CGST Rules, 2017, substituted by Notification No. 05/2026-Central Tax.
[10]FORM GST REG-14 – Application for amendment of registration particulars.

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Subject	Existing position	Amended position
Effective: December 1, 2026		
Amendment of enrolment of GST Practitioners *Rule 83C (Inserted)*[11] *Effective: November 1, 2026*	The CGST Rules, 2017 do not contain a specific provision for amendment of the particulars furnished by a GST Practitioner in the enrolment application (FORM GST PCT-01).	A GST Practitioner is to apply in FORM GST REG-14 for amendment of enrolment particulars, and the provisions of Rule 19 apply mutatis mutandis. Accordingly, a change in professional address is examined by the proper officer, while other changes take effect on validation.
(iii) Cancellation, suspension and revocation		
Cancellation of registration on application by the taxpayer *Rule 20 (Substituted)*[12] *Effective: November 1, 2026*	Application for cancellation is filed in FORM GST REG-16 within 30 days of the event warranting cancellation. Registration is deemed suspended from the date of application. The proper officer is required to issue the cancellation order in FORM GST REG-19 within 30 days of the application. There is no automated cancellation.	**Pre-conditions for filing any application for cancellation:** All returns (including FORM GST CMP-08[13], where applicable) due up to the date of application must be filed. Where FORM GSTR-1 or IFF[14] has been filed for a tax period, FORM GSTR-3B[15] for that period must also be filed. Returns for the remaining period must be filed by the respective due dates. The 30-day time limit for applying does not apply on the death of a sole proprietor, and the rule applies to the legal heirs. **Automated cancellation:** The portal will cancel the registration electronically (FORM GST REG-38) from the date sought where returns are filed and dues are paid, and either (a) output tax on supplies to registered persons has not exceeded ₹2.5 lakh in any month since registration, or (b) the final return in FORM GSTR-10 is filed within three days of its due date. **Other cases:** The application goes to the proper officer, who must cancel the registration within 15 days or issue a deficiency notice in FORM GST REG-03 within 15 days. The applicant replies within 15 days, and the officer decides within 15 days of the reply. Failure to reply results in deemed rejection. If the officer fails to act, the application is deemed approved.
Change in the effective date of cancellation	There is no prescribed procedure for revising the effective date of cancellation once a cancellation order has been passed.	Where the proper officer has reason to believe that the effective date should be an earlier date, a show cause notice is issued in FORM GST REG-34. The person replies in FORM GST REG-35 within 30 days.

[11]Rule 83C of the CGST Rules, 2017, inserted by Notification No. 05/2026-Central Tax.
[12]Rule 20 of the CGST Rules, 2017, substituted by Notification No. 05/2026-Central Tax with effect from November 1, 2026.
[13]FORM GST CMP-08 – Quarterly statement-cum-challan for payment of tax by a composition taxpayer.
[14]FORM GSTR-1 – Statement of outward supplies; FORM GSTR-1A – Amendment of FORM GSTR-1; IFF – Invoice Furnishing Facility for quarterly return filers.
[15]FORM GSTR-3B – Monthly or quarterly return under Section 39(1).

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Subject	Existing position	Amended position
Rule 20(14) to (20) (Substituted); Rule 22(6) (Substituted) *Effective: November 1, 2026 (Rule); April 1, 2027 (FORMS GST REG-34 to REG-37)*		Within 30 days of the reply, the officer either drops the proceedings (FORM GST REG-36) or changes the effective date (FORM GST REG-37). Where no reply is filed, the order is to be passed within 60 days of the notice. If no order is passed within 60 days, the proceedings are deemed dropped. The effective date can be changed only once.
Grounds for cancellation of registration by the proper officer *Rule 21 (Substituted)*[16] *Effective: November 1, 2026*	Rule 21 lists several grounds in addition to non-filing of returns. These include not conducting business from the declared place of business, issuing invoices without supply, availing ITC in contravention of Section 16, reporting outward supplies in FORM GSTR-1 in excess of FORM GSTR-3B, contravention of Rule 86B and non-furnishing of bank account details under Rule 10A.	The grounds are now confined to: (a) A composition taxpayer not filing the annual return for more than three months beyond its due date; (b) Where cancellation has been revoked, failure to furnish, within 30 days of the revocation order, the returns for the period during which the registration remained cancelled, including, where cancellation was with retrospective effect, the period from the effective date of cancellation (third and fourth provisos to Rule 23(1)); (c) A monthly return filer not filing returns for a continuous period of six months; (d) A quarterly return filer not filing returns for two consecutive tax periods; and (e) Failure to furnish details of a bank account in the name of the registered person within 30 days of grant of registration, or before furnishing details of outward supplies in FORM GSTR-1 or IFF, whichever is earlier (Rule 10A).
System-driven suspension and cancellation for non-filing, and revocation by the system *Rules 21A and 22 (Substituted); Rule 23A (Inserted)*[17] *Effective: April 1, 2027*	Suspension follows initiation of cancellation proceedings by the proper officer, or system-identified discrepancies. The proper officer issues a show cause notice in FORM GST REG-17, to be replied to within seven working days, and passes the order in FORM GST REG-19 within 30 days. Revocation is sought in FORM GST REG-21 within the prescribed period and decided by the proper officer.	The portal suspends the registration where returns are not filed for the periods listed against Rule 21 above, or Rule 10A is not complied with. The suspension is intimated in FORM GST REG-31, with 30 days to comply. If the person complies within 30 days, the suspension is deemed revoked from the date it came into effect. Otherwise, the registration is deemed cancelled (FORM GST REG-38). Under Rule 23A, the person may apply for revocation in FORM GST REG-21 within 180 days. The application is deemed approved, and the order in FORM GST REG-22 generated, once pending returns are filed and dues paid. Returns for the intervening period are to be filed within 30 days of revocation.

[16]Rule 21 of the CGST Rules, 2017, substituted by Notification No. 05/2026-Central Tax.
[17]Rules 21A and 22 of the CGST Rules, 2017 substituted, and Rule 23A inserted, by Notification No. 05/2026-Central Tax with effect from April 1, 2027.

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Subject	Existing position	Amended position
		In officer-initiated cancellation, the reply period of seven working days and the 30-day timeline for the order are retained. The mechanism for changing the effective date of cancellation to an earlier date, inserted in Rule 20 (see above), also applies to such cancellations (Rule 22(6)).

Subject	Amendment / Clarification and Dhruva Comments
B2. Input Service Distributor ('ISD')	
Distribution of credit on input services attributable to one or more distinct persons[18] *Rules 36, 39(1A) and 54(1A) (Amended)* **(Alignment with Section 20)** *Effective: November 1, 2026*	• Rule 39(1A) and Rule 54(1A) allow a registration having the same PAN and State code as the ISD to transfer to the ISD, by issuing an invoice, credit note or debit note, the credit of tax it has paid under reverse charge on input services, so that the ISD can distribute it to the distinct persons concerned. So far, this mechanism was available only for "common input services", i.e. services used by more than one distinct person. The word "common" has now been omitted, and the mechanism extends to input services "attributable to one or more distinct persons". Reverse charge credit on input services used by only one other distinct person, such as a registration in another State, can therefore also be transferred to the ISD and distributed to such distinct persons. The taxable value of the invoice is the value of the services whose credit is sought to be transferred. • Rule 36 is amended to recognise ITC distributed by an ISD as a document-supporting credit for the recipient. ***Dhruva Comments:*** *With effect from April 1, 2025, the ISD mechanism was made mandatory for input services received by an office for or on behalf of distinct persons, including services on which tax is payable under reverse charge.*[19] *However, the ISD distribution mechanism in the Rules*[20] *covered only "common" input services. This left no route under the Rules for credit of reverse charge tax paid on services exclusively attributable to one other distinct person. The amendment removes this vacuum and aligns the Rules with Section 20.*
Distribution of central tax credit[21] *Rule 39(1)(i) (Amended)* *Effective: November 1, 2026*	• Rule 39(1)(i) provides that ITC of integrated tax is distributed as ITC of integrated tax to every recipient. The words "or central tax" have been inserted after "input tax credit of integrated tax".
Source of data for the ISD and changes in FORM GSTR-6[22]	• Rule 60(2) now expressly provides that the details of outward supplies furnished by suppliers in FORM GSTR-1, FORM GSTR-1A or IFF are made available to the ISD in FORM GSTR-6A.[23]

[18]Rule 36(1) and 36(2), Rule 39(1A) and Rule 54(1A) of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax.
[19]Section 2(61) and Section 20 of the CGST Act, 2017, as amended by the Finance Act, 2024 with effect from April 1, 2025.
[20]Rule 39(1A) and Rule 54(1A) of the CGST Rules, 2017, inserted by Notification No. 12/2024-Central Tax.
[21]Rule 39(1)(i) of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax.
[22]Rule 60(2) of the CGST Rules, 2017, and FORM GSTR-6 and FORM GSTR-6A, as amended by Notification No. 05/2026-Central Tax.
[23]FORM GSTR-6A – Auto-drafted statement of inward supplies of an Input Service Distributor.

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Subject	Amendment / Clarification and Dhruva Comments
Rule 60(2) (Amended); FORMS GSTR-6 and GSTR-6A (Amended) *Effective: November 1, 2026*	• FORM GSTR-6A will be auto-drafted from FORM GSTR-1, FORM GSTR-1A and FORM GSTR-5.[24] FORM GSTR-7[25] has been removed as a source. • In FORM GSTR-6,[26] Table 7[27] and Table 11[28] are omitted, with consequential changes to Table 8[29] and the instructions. The instruction that the ISD must distribute credit in the same tax period in which the inward supplies are received is also omitted. ***Dhruva Comments:*** *The omission of the 'same tax period' instruction is consistent with Circular No. 260/06/2026-GST (see Part C), under which credit is distributed in the month in which the ISD ascertains it to be prima facie eligible.be eligible for availment. Relevant to note that the expression "prima facie eligible" is used in the Circular, and not in Section 20 or Rule 39. Rule 39(1)(a) requires the input tax credit "available for distribution" in a month to be distributed in the same month, and the Circular reads such availability as arising only when the ISD has ascertained the eligibility of the credit.*
B3. Input Tax Credit ('ITC')	
Computation of ITC reversal on cancellation of registration[30] *Rule 44 (Amended)* *Effective: December 1, 2026*	• Rule 44(1) prescribes the manner of computing the ITC to be reversed on inputs and capital goods held in stock "for the purposes of sub-section (4) of Section 18 or sub-section (5) of Section 29". The words "sub-section (5)" are omitted, so that the computation applies for the purposes of Section 29 as a whole. • Rule 44(4) provides that the amount is furnished in FORM GST ITC-03[31] (for events under Section 18(4)) or FORM GSTR-10 (on cancellation). The amount may now also be furnished in FORM GST REG-16.
Restriction on use of amount in the electronic credit ledger[32] *Rule 86A (Amended)* *Effective: April 1, 2027*	• Presently, the Commissioner, or an officer authorised by him not below the rank of Assistant Commissioner, may disallow debit of an amount equivalent to ITC believed to be fraudulently availed or ineligible, in specified situations. There is no prescribed order format and no mechanism for objection. • The power will now be exercised by the "proper officer" through an order in FORM GST DRC-26 setting out the reasons. • The taxpayer may file an objection in FORM GST DRC-27. After granting an opportunity of being heard, the proper officer passes an order in FORM GST DRC-28, either allowing the debit or rejecting the objection. • No time limit has been prescribed for filing the objection, or for the proper officer to decide it. ***Dhruva Comments:*** *Several High Courts have set aside blocking of the electronic credit ledger on account of non-adherence to the principles of natural justice.*[33] *The amendment codifies the requirement of a reasoned order and the right of the taxpayer to file an objection*

[24]FORM GSTR-5 – Return of a non-resident taxable person, whose outward supply details also flow to recipients.
[25]FORM GSTR-7 – Return to be furnished by a person required to deduct tax at source under Section 51.
[26]FORM GSTR-6 – Monthly return of an Input Service Distributor.
[27]Table 7 of FORM GSTR-6 – Input tax credit mis-matches and reclaims to be distributed in the tax period.
[28]Table 11 of FORM GSTR-6 – Refund claimed from electronic cash ledger.
[29]Table 8 of FORM GSTR-6 – Distribution of input tax credit reported in Table No. 6 and 7 (plus / minus); reference to Table 7 omitted.
[30]Rule 44(1) and Rule 44(4) of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax with effect from December 1, 2026.
[31]FORM GST ITC-03 – Declaration of ITC to be reversed or paid on events specified in Section 18(4), such as opting for composition or supplies becoming wholly exempt.
[32]Rule 86A of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax with effect from April 1, 2027.
[33]See, for example, K-9 Enterprises v. State of Karnataka (Karnataka High Court, Division Bench), against which the Special Leave Petition of the State was dismissed by the Supreme Court on May 16, 2025 (SLP (C) Diary No. 11543/2025); A.H. Traders v. State of Karnataka, W.P. No. 23205 of 2024, Karnataka High Court, order dated March 14, 2025; and NCC Ltd. v. Union Territory of J&K, WP(C) No. 1935 of 2026, High Court of Jammu & Kashmir and Ladakh, order dated August 12, 2026.

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Subject	Amendment / Clarification and Dhruva Comments
	and be heard. However, in the absence of timelines for disposal of objections, a restriction could in practice continue for most of its one-year life.
B4. Refunds	
Order of debit of the electronic credit ledger for refund of ITC[34] *Rule 86(3) (Amended); Rule 89(3) (Substituted)* *Effective: November 1, 2026*	• Rules 86(3) and 89(3) require the applicant to debit the electronic credit ledger by an amount equal to the refund claimed. Neither prescribed the tax head from which the amount was to be debited. • Rule 89(3) now prescribes the order: integrated tax first, to the extent of the balance available; then central tax and State tax or Union territory tax equally, to the extent of the balance available. A shortfall in one of the latter is met from the other. Rule 86(3) cross-refers to this order. ***Dhruva Comments:*** *The order of debit was so far prescribed only in a circular.*[35] *That circular itself acknowledged that the common portal did not support it and advised that no adverse view be taken against applicants who did not follow it. The utilisation of ITC for payment of output tax is governed by Section 49(5) read with Rule 88A, but there was no equivalent provision in the Act or the Rules for the debit made while claiming refund.* *Since refunds are sanctioned and disbursed head-wise from the Centre's and the States' accounts, the absence of a binding rule led to varying practices, deficiency memos and disputes over head-wise sanction, particularly where the integrated tax balance was not exhausted first. Codifying the order in the Rules gives it statutory backing, should enable the portal to enforce it, and removes this source of litigation for future claims. Since the amendment applies prospectively, claims filed earlier in accordance with the circular should not be reopened on this ground.*
Refund on account of inverted duty structure ('IDS') – input services[36] *Rule 89(5) (Substituted)* *Effective: November 1, 2026*	• The formula under Rule 89(5) was: Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) × Net ITC ÷ Adjusted Total Turnover} – {tax payable on such inverted rated supply × (Net ITC ÷ ITC availed on inputs and input services)}, where "Net ITC" meant ITC availed on inputs only. • **The substituted formula is: Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) × Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply.** • Two changes result: – "Net ITC" now includes ITC on "eligible input services", being input services on which ITC is availed on or after November 1, 2026, and, from April 1, 2027, ITC on capital goods attributable to the relevant period (see below); and – The proportionate reduction of tax payable by the ratio of Net ITC to total ITC is removed, since Net ITC now covers input services as well. ***Dhruva Comments:*** *In* VKC Footsteps[37] *the Supreme Court upheld the validity of Rule 89(5), confirming that IDS refund was restricted to ITC on input goods. The formula was later revised*[38] *to prorate the deduction of tax payable by the ratio of Net ITC to total ITC. The present amendment allows ITC on input services to be refunded for the first time, but only for credit availed on or after November 1, 2026. Input service credit already lying in the ledger does not qualify for refund.*

[34]Rule 86(3) and Rule 89(3) of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax.
[35]Circular No. 125/44/2019-GST dated November 18, 2019, paragraphs 37 and 38.
[36]Rule 89(5) of the CGST Rules, 2017, substituted by Notification No. 05/2026-Central Tax.
[37]Union of India v. VKC Footsteps India Pvt. Ltd., 2021 (52) GSTL 513 (SC).
[38]Notification No. 14/2022-Central Tax dated July 5, 2022.

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Subject	Amendment / Clarification and Dhruva Comments
Refund of ITC on capital goods – zero-rated supplies and IDS[39] *Rules 89(4) and 89(5) (Amended)* *Effective: April 1, 2027*	• Net ITC under Rule 89(4) (zero-rated supplies without payment of tax) and Rule 89(5) (IDS) will include ITC on "capital goods attributable to the relevant period". • This applies only to capital goods on which ITC is availed on or after April 1, 2027. The attributable amount is computed as the aggregate of (1/60 × eligible ITC on capital goods × number of months of the 60-month period, commencing from the month of availment, that fall within the relevant period), less reversals of ITC applicable to those capital goods for the months in the relevant period. • The applicant must declare that the capital goods have not been sold, disposed of or permanently removed from the business, and are being used for the relevant zero-rated or inverted rated supplies.
Removal of the cap linked to domestic value for zero-rated supplies of goods[40] *Rule 89(4)(C) (Amended)* *Effective: November 1, 2026*	• For refund of unutilised ITC on zero-rated supplies made without payment of tax, the "turnover of zero-rated supply of goods" was capped at 1.5 times the value of like goods domestically supplied by the same or a similarly placed supplier. The cap was introduced with effect from March 23, 2020.[41] • The cap has been omitted. ***Dhruva Comments:*** *The cap reduced refunds for exporters whose export prices are substantially higher than domestic prices, such as branded goods, pharmaceuticals and specialised products. Determining the value of "like goods" supplied by a "similarly placed" supplier was also documentation-heavy and frequently disputed. The removal will release blocked working capital for such exporters.* *As Rule 89(4) is the computation mechanism applied when a refund claim is filed and processed, the omission applies to refund applications filed on or after November 1, 2026, irrespective of whether the relevant period precedes that date.*
Statements and declarations in refund applications[42] *Rules 89(1), 89(1A) and 89(2) (Amended); FORM GST RFD-01 (Substituted)* *Effective: December 1, 2026 (Declaration on capital goods: April 1, 2027)*	• Applications are to be filed directly on the portal; the option of filing through a Facilitation Centre is omitted. • The following statements and declarations are required: – A statement of invoices, with the shipping bills or bills of export filed by the registered recipient, for supplies to merchant exporters at the concessional rate of 0.1%; – A statement of inward invoices with ITC details, for refunds under the first proviso to Section 54(3); – A declaration that the applicant has not been prosecuted for an offence involving tax evasion above ₹250 lakh in the preceding five years, for refunds of unutilised ITC and of tax paid on zero-rated supplies; and – A declaration regarding capital goods (as above). • References to "number and date" of invoices and shipping bills are replaced by "details". FORM GST RFD-01[43] is substituted.
Acknowledgement, provisional refund and sanction[44]	• **Acknowledgement:** The acknowledgement in FORM GST RFD-02 or deficiency memo in FORM GST RFD-03 is to be issued within 10 days of filing (earlier 15 days). If neither is issued within 10 days, the application is deemed acknowledged. The time limit of 60

[39]Rule 89(4)(B), new clause (G) and Explanation to Rule 89(4), Rule 89(2)(p) and Rule 89(5) of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax with effect from April 1, 2027.
[40]Rule 89(4)(C) of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax with effect from November 1, 2026.
[41]Notification No. 16/2020-Central Tax dated March 23, 2020.
[42]Rule 89(1), 89(1A) and 89(2) of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax; the amendments to Rule 89(2) apply from December 1, 2026, except clause (p) which applies from April 1, 2027.
[43]FORM GST RFD-01 – Application for refund, substituted with effect from December 1, 2026.
[44]Rules 90, 91 and 92 of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax.

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Subject	Amendment / Clarification and Dhruva Comments
Rules 90, 91 and 92 (Amended) *Effective: November 1, 2026*	days under Section 54(7) for passing the final refund order is then counted from the date of filing. • **Provisional refund:** The portal will generate the provisional refund order in FORM GST RFD-04, based on system-based risk evaluation, within three working days from the date of acknowledgement / deemed acknowledgement. There is no revalidation requirement by the officer. Earlier, the proper officer issued the order within seven days of acknowledgement. • **Final sanction:** For refund of the excess balance in the electronic cash ledger under Section 49(6), the order in FORM GST RFD-06[45] will be generated by the portal, showing adjustments against outstanding demands. The payment order in FORM GST RFD-05 may also be made available through the portal. Earlier, both orders were issued by the proper officer in all cases.
B5. Returns, e-way bill and recovery	
Due dates for annual return of composition taxpayers and return of non-resident taxable persons[46] *Rules 62(5) and 63 (Amended)* *Effective: November 1, 2026*	• FORM GSTR-4[47] is to be filed by June 30 following the end of the financial year (earlier April 30). • FORM GSTR-5[48] is to be filed by the 13th of the following month (earlier the 20th).
Composition taxpayers – reporting of supplies through ECOs and categories of composition[49] *FORMS GST CMP-02, CMP-04, CMP-08 and GSTR-4 (Amended)* *Effective: November 1, 2026*	• In FORM GST CMP-08 and FORM GSTR-4, outward supplies are to be reported in three rows: goods (including exempt supplies); services (including exempt supplies), other than those supplied through an ECO liable to pay tax under Section 9(5); and services supplied through such an ECO. • No tax is payable by the composition taxpayer on supplies on which the ECO pays tax under Section 9(5). However, these supplies are to be included in its aggregate turnover for compliance and reporting purposes. • The categories in FORM GST CMP-02 and FORM GST CMP-04[50] now separately identify persons opting for composition under Section 10(2A).
E-way bill for goods transported by metro railway[51]	• Under Rule 138(2A), where goods are transported by railways, air or vessel, the e-way bill is generated by the supplier or recipient, who may furnish Part B either before or after commencement of movement. The railways are not to deliver the goods unless the e-way bill is produced at the time of delivery.

[45]FORM GST RFD-06 – Refund sanction or rejection order.
[46]Rule 62(5) and Rule 63 of the CGST Rules, 2017, and the instructions to FORM GSTR-5, as amended by Notification No. 05/2026-Central Tax.
[47]FORM GSTR-4 – Annual return of a composition taxpayer.
[48]FORM GSTR-5 – Return to be furnished by a non-resident taxable person.
[49]FORM GST CMP-02, FORM GST CMP-04, FORM GST CMP-08 and FORM GSTR-4, as amended by Notification No. 05/2026-Central Tax.
[50]FORM GST CMP-02 – Intimation to opt for the composition scheme; FORM GST CMP-04 – Intimation or application to withdraw from the composition scheme.
[51]Rule 138(2A) of the CGST Rules, 2017, as amended by Notification No. 05/2026-Central Tax.

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Rule 138(2A) (Amended) *Effective: November 1, 2026*	• This treatment has now been extended to goods transported by metro railway.
Provisional attachment – order rejecting objections[52] *Rule 159 (Amended); FORM GST DRC-22 (Amended)* *Effective: November 1, 2026*	• An order of provisional attachment under Section 83 is issued in FORM GST DRC-22. The person may file objections in FORM GST DRC-22A, and the officer may release the property in FORM GST DRC-23 if satisfied. No format was prescribed for rejecting the objections. • FORM GST DRC-22 is now divided into Part A (order of provisional attachment) and Part B (order rejecting the objection, with reasons).

Subject	Amendment / Clarification and Dhruva Comments
Part C: Clarificatory circulars and instruction	
Guidelines for applicants seeking GST registration[53] **(Clarification)**	• Guidance for applicants on documents and information to be furnished in FORM GST REG-01,[54] supported by FAQs, a checklist of documents and formats for an affidavit, undertaking and consent letter. • **Proof of PPoB:** – Premises owned by a family member or director are not 'own' premises and must be declared as consent, rented or shared premises; – For premises of a deceased ancestor, an affidavit and the death certificate are required; – For rented premises without an agreement, an undertaking and a utility bill in the tenant's name are required; – For co-working spaces, the membership agreement specifying the allotted desk or cabin is required, together with proof of the provider's title or lease; and – Unmanned installations such as telecom towers and ATMs need not be declared as a place of business. • **Queries by Officers:** Queries in FORM GST REG-03 are permitted only for illegible or incomplete documents, a mismatch between address and documents, or a vague address. Officers are not to seek documents outside the prescribed list (for example, Udyam certificate, or proof that directors reside in the same State) or make subjective assessments, such as whether an electricity connection is commercial or whether residential premises are suitable for business. • **Timelines:** Seven working days where Aadhaar is authenticated; 30 days where physical verification is required; three working days under Rules 14A and 9A; and deemed approval if no action is taken.

[52]Rule 159(1) and Rule 159(5) of the CGST Rules, 2017, and FORM GST DRC-22, as amended by Notification No. 05/2026-Central Tax.
[53]Circular No. 257/03/2026-GST dated October 26, 2026, read with Instruction No. 03/2025-GST dated April 17, 2025 (guidelines for officers).
[54]FORM GST REG-01 – Application for registration.

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Demand, adjudication and appeal proceedings[55] (Guidelines)	• **Show cause notice ('SCN'):** A pre-SCN intimation in FORM GST DRC-01A should be issued wherever feasible. The SCN should set out the facts, evidence, provisions and the role of each noticee, with year-wise quantification, in neutral language ("it appears that"). Relying on *G.R. Infra Project*,[56] the Board accepts that deficiencies in an SCN cannot be cured subsequently. • **Extended period:** Section 74(1) or Section 74A(5)(ii) cannot be invoked for mere non-payment of tax, or in scrutiny cases merely because a discrepancy is noticed. Fraud, wilful misstatement or suppression requires an intent to evade tax, to be established in the SCN with evidence (citing *Sriba Nirman*[57]). A second SCN on the same facts and grounds for a subsequent period should ordinarily be issued under Section 73 or Section 74A(5)(i), unless new and independent grounds exist, such as unreported clearances. • **Demands under different provisions in one SCN:** Where a single SCN proposes demands under both Section 73 (non-fraud) and Section 74 (fraud), it must state the factual and legal basis for treating each part differently and quantify each part separately. For FY 2024-25 onwards, the same applies to demands under Section 74A(5)(i) and Section 74A(5)(ii). • **No parallel proceedings:** Central and State authorities should not initiate proceedings on the same subject matter, in line with Section 6 and *Armour Security*.[58] • **Hearings and orders:** A maximum of four personal hearing opportunities; virtual hearings are encouraged; a fresh hearing is to be given if the adjudicating authority changes; and the order is preferably to be issued within one month of the hearing. Orders must deal with each submission and judgment cited; generic statements such as "reply has been considered" are inadequate. Orders cannot go beyond the SCN (Section 75(7)). Where AI tools are used, the output must be independently verified. • **Rectification and appeals:** Rectification under Section 161 is limited to errors apparent on the face of the record and is to be carried out only by the issuing authority. Appeals are not to be rejected on merits at the admission stage, and limitation is to be decided as a preliminary issue. • **Use of the guidelines:** The circular states that the guidelines are illustrative and should not be cited by officers in SCNs or orders. In other words, an SCN or order must stand on the statutory provisions and facts, not on the circular as authority. ***Dhruva Comments:*** *The circular gives taxpayers a ready reference to challenge mechanical invocation of the extended period, non-speaking orders and orders that travel beyond the SCN. The instruction in the circular that officers should not cite the guidelines in SCNs or orders is meant to ensure that SCNs and orders rest on the statute and the facts, not on the circular. It does not limit taxpayers: since the circular is issued under Section 168 and binds departmental officers, taxpayers can point out departures from it in their replies and appeals.*
Pre-deposit for filing appeals[59] (Clarification)	• The "admitted amount" is the portion of the demand the taxpayer accepts and pays in full; the balance is the "tax in dispute", on which 10% is deposited. The taxpayer makes this choice when filing the appeal.[60] • Before the Appellate Tribunal, the additional 10% is computed on the liability confirmed by the Appellate Authority that remains in dispute. • **Refund of pre-deposit:**

[55]Circular No. 258/04/2026-GST dated October 26, 2026.
[56]G.R. Infra Project Ltd. v. State of Madhya Pradesh, (2026) 45 Centax 331 (S.C.), judgment dated August 19, 2026.
[57]Sriba Nirman Company v. Commissioner (Appeals), (2025) 29 Centax 206 (A.P.).
[58]Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate, (2025) 33 Centax 222 (S.C.).
[59]Circular No. 259/05/2026-GST dated October 26, 2026.
[60]Table 14 of FORM GST APL-01 (appeal to the Appellate Authority) and Table 20 of FORM GST APL-05 (appeal to the Appellate Tribunal).

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	– The appellate order need not expressly direct refund, and the claim is to be filed under the category 'on account of order' in FORM GST RFD-01; – Refund cannot be denied merely because the Department intends to appeal or has appealed, unless the favourable order has been stayed by the Tribunal or a Court; – Interest under Section 115 is computed separately for each level of appeal, from the actual date of each pre-deposit; and – On a full remand by the Tribunal, the pre-deposit is refundable; on a partial remand, it is refunded after adjusting the confirmed demand with interest. ***Dhruva Comments:*** *The clarification that refund cannot be withheld because of a contemplated appeal is in line with judicial views.*[61] *The GST Council has also recommended amending Section 115 to make it a standalone provision governing interest on refund of pre-deposit, delinked from Section 56. That legislative amendment is yet to be introduced; until then, interest continues at the rate under Section 56.*
Input Service Distributor[62] **(Clarification)**	• **ISD registration:** Each separate registration for a business vertical or place of business in a State that receives input service invoices for distinct persons is required to obtain an ISD registration. Credit is to be distributed only to the distinct persons to whom it is attributable. • **Eligibility conditions and reversals:** The recipients of credit, and not the ISD, are to satisfy the conditions of Sections 16 and 17 and make reversals under Sections 17(1), 17(2) or 17(4). The ISD is liable to penalty under Section 122(1)(ix) for distribution in contravention of Section 20, while excess credit is recovered from the recipients under Section 21. • **Timing of distribution:** Credit is "available for distribution" when the ISD, after the invoice appears in FORM GSTR-6A, ascertains it to be *prima facie* eligible. It is to be distributed in that month, showing eligible and ineligible credit separately. • **Credit transferred under Rule 54(1A):** Invoices or notes issued under Rule 54(1A) by the same-PAN, same-State registration to transfer credit to the ISD are only a transfer mechanism. They do not form part of that registration's "turnover in State" (for the ISD distribution ratio and for "Adjusted Total Turnover" in refunds), nor its "Net ITC" for Rule 89(4) and 89(5). No reversals are required from that registration on the credit so transferred.
Section 17(4) option for banks, financial institutions and NBFCs[63] **(Clarification)**	• Section 17(4) allows a banking company, financial institution or NBFC that supplies services by way of accepting deposits or extending loans or advances to avail 50% of eligible ITC every month, in place of proportionate reversal under Section 17(2). • A registration of such an entity that does not supply these services (for example, one engaged only in bullion trading) can neither opt for, nor be required to follow, Section 17(4). A registration that supplies these services, even along with other services, may opt. • **The option operates across the entity:** If one registration supplying these services opts for Section 17(4), all other registrations of the entity supplying these services must also follow it. For example, if a bank's Maharashtra registration opts for the 50% method, its registrations in other States that accept deposits or extend loans cannot follow proportionate reversal under Section 17(2). Registrations of the entity that do not supply deposit, loan or advance services (such as those engaged only in bullion trading) are not affected.

[61] See, for example, Omega QMS v. Commissioner, CGST, Delhi West & Anr. (Delhi High Court, 2025), in the context of Section 54(11) of the CGST Act, 2017; and IBM India (P.) Ltd. v. Union of India, Writ Petition (L) No. 38052 of 2025, Bombay High Court, judgment dated August 28, 2026.
[62] Circular No. 260/06/2026-GST dated October 26, 2026.
[63] Circular No. 261/07/2026-GST dated October 26, 2026, read with Circular No. 170/02/2022-GST dated July 6, 2022.

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	• **Same-PAN supplies:** Under the second proviso to Section 17(4), the 50% restriction does not apply to tax paid on supplies received from another registration with the same PAN. The relaxation is available only where the supplying registration has also opted for Section 17(4). For example, if the Delhi registration that has opted for Section 17(4) receives an invoice from the bank's Karnataka registration, full credit is available only if the Karnataka registration has also opted for Section 17(4). • **Reporting in FORM GSTR-3B:** Non-business and Section 17(5) credit is reversed permanently in Table 4(B)(1); same-PAN credit under the second proviso is availed in full; 50% of the balance is availed and the rest reversed in Table 4(B)(1). Credit not yet eligible under Section 16 is reversed in Table 4(B)(2) and reclaimed later. Where the Invoice Management System is used, such invoices are kept pending. • **Past periods:** Field formations have been instructed not to take an adverse view of a different methodology of reporting availment and reversal of ITC in FORM GSTR-3B adopted for past periods, as long as the amount of ITC availed under Section 17(4) is in congruence with the principles set out in the circular.
ITC on demo vehicles in the dealer-agency model[64] (Clarification / Relief)	• The earlier clarification denying ITC on demo vehicles to dealers acting only as agents of vehicle manufacturers has been withdrawn. • Demo vehicles serve the same purpose in the traditional and agency models: they are bought against tax invoices, capitalised and later sold on payment of tax. The phrase "such motor vehicles" in Section 17(5)(a)(A) covers vehicles used for further supply of similar vehicles. Accordingly, ITC on demo vehicles is not blocked under Section 17(5)(a) for dealers in the dealer-agency model.
Receipt of export proceeds[65] (Clarification)	• **Export of services:** Payment received in convertible foreign exchange or in repatriable INR accounts (such as Special Non-Resident Rupee or INR Nostro accounts) satisfies the condition in Section 2(6)(iv) of the IGST Act. Payments to stockbrokers by overseas clients through SNRR or NRE accounts qualify, and payments through NRO accounts must be routed through SNRR or NRE accounts. • **Set-off:** Export receivables set off against import payables in accordance with RBI directions satisfy the condition, including under the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, effective from October 1, 2026. • **Reinsurance brokers:** Commission retained under the net retention mechanism is treated as received in foreign exchange. • **Export of goods:** The period for realisation of export proceeds under Rule 96B is that prescribed by RBI, including extensions. Refund is not to be recovered where realisation has been written off by the authorised dealer bank, as well as by RBI.
Omission of Rule 96(10) – retrospective effect[66] (Clarification)	• Rule 96(10) restricted refund of IGST paid on exports by exporters who had availed specified exemptions on inputs. It was omitted from October 8, 2024, without a saving clause. • Following *Goodluck India*,[67] where the Supreme Court applied *Kolhapur Canesugar Works*[68] to hold that the omission applies to all proceedings pending on the date of omission, the Board has clarified that the omission is effective retrospectively from

[64]Circular No. 262/08/2026-GST dated October 26, 2026, withdrawing paragraph 4.6 of Circular No. 231/25/2024-GST dated September 10, 2024.
[65]Circular No. 263/09/2026-GST dated October 26, 2026, read with Circular No. 202/14/2023-GST dated October 27, 2023.
[66]Circular No. 264/10/2026-GST dated October 26, 2026. Rule 96(10) was omitted with effect from October 8, 2024 by Notification No. 20/2024-Central Tax.
[67]Goodluck India Limited & Anr. v. Union of India & Ors., SLP (C) No. 24550 of 2025 and connected matters, judgment dated August 6, 2026 (Supreme Court).
[68]Kolhapur Canesugar Works Ltd. v. Union of India, (2000) 2 SCC 536 (Constitution Bench).

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	October 23, 2017. The same treatment applies to the omission of Rules 89(4A) and 89(4B).
Interim measures on arrests, checks of goods in transit and SCNs[69]	• **Background:** The GST Council recommended omitting Section 69 (power of arrest), amending Sections 68, 129 and 130 on interception, detention and confiscation of goods in transit, and prescribing a minimum amount for issuing SCNs. Pending these amendments to the CGST Act, CBIC has issued administrative directions to Central tax field formations, which will remain in force until the amended provisions take effect. • **Arrests:** No further arrests are to be made under GST. • **Interception of conveyances:** Conveyances may be intercepted only on specific intelligence, with the authorisation of an officer not below the rank of Joint Commissioner, who must record in writing the reasons to believe that the goods are being transported in contravention of the law. • **Inspection, detention and seizure:** Goods may be inspected, and detained or seized under Section 129, only where the supplier or the recipient is registered (or, if unregistered, located) in the State or Union territory of the officer. Otherwise, where a contravention appears, the conveyance is to be allowed to proceed and the information passed on to the jurisdictional proper officer. • **No other grounds and no confiscation:** Goods and conveyances in transit are not to be detained or seized on any other ground or confiscated under Section 130. • **Minimum amount for SCNs:** SCNs under Sections 73, 74 and 74A are not to be issued where the amount involved, being the aggregate of central tax, State or Union territory tax, integrated tax and compensation cess, is less than ₹10,000.

Subject	Amendment / Clarification and Dhruva Comments
Part D: E-invoicing	
E-invoicing for reverse charge inward supplies from unregistered persons and import of services[70] **(Scope extension)** *Effective: January 1, 2027*	• E-invoicing presently applies to notified registered persons, namely those whose aggregate turnover in any financial year from 2017-18 onwards exceeds ₹5 crore,[71] in respect of supplies to registered persons and exports. • The scope has now been extended to two further categories of transactions undertaken by such persons: – Supplies of goods or services received from an unregistered person, where the recipient is liable to pay tax under reverse charge; and – Import of services. • In both cases, the recipient is required to issue a self-invoice.[72] Such self-invoices will now have to be reported on the IRP to obtain an IRN. The e-invoice schema[73] introduces two supply-type codes for this purpose: 'RCMDOM' (domestic supply from an unregistered person under reverse charge) and 'RCMIMP' (import of services). The

[69] Instruction No. 02/2026-GST dated October 30, 2026

[70] Notification No. 04/2026-Central Tax dated October 26, 2026, amending Notification No. 13/2020-Central Tax dated March 21, 2020, issued under Rule 48(4) of the CGST Rules, 2017.

[71] Notification No. 13/2020-Central Tax dated March 21, 2020, as amended (lastly by Notification No. 10/2023-Central Tax dated May 10, 2023), which applies e-invoicing to registered persons whose aggregate turnover in any financial year from 2017-18 onwards exceeds ₹5 crore, other than notified exempt classes.

[72] Section 31(3)(f) of the CGST Act, 2017 requires a registered person liable to pay tax under Section 9(3) or Section 9(4) to issue an invoice in respect of supplies received from a supplier who is not registered. Rule 47A of the CGST Rules, 2017 prescribes a time limit of 30 days from the date of receipt of supply for issuing such invoice.

[73] FORM GST INV-01 – The schema for reporting invoices to the Invoice Registration Portal ('IRP') for generation of the Invoice Reference Number ('IRN'). The schema is revised to version 1.2 with effect from January 1, 2027 by Notification No. 05/2026-Central Tax.

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	schema also introduces separate codes for supplies to SEZ units or developers with payment of tax, for authorised ('SEZWPA') and non-authorised ('SEZWPNA') operations. • GSTN had, earlier in October 2026, enabled this facility for testing on the sandbox environments of all six IRPs.[74] The production roll-out will follow the January 1, 2027 effective date. ***Dhruva Comments:*** *The requirement applies only to registered persons who are already within the e-invoicing net (aggregate turnover above ₹5 crore). Such businesses will need to update their ERP and e-invoicing integrations so that self-invoices for reverse charge purchases from unregistered persons and for import of services are generated as e-invoices and should use the sandbox to test the new supply types before January 1, 2027.*

Subject	Amendment / Clarification and Dhruva Comments
Part E: GST rates, exemptions, reverse charge and special procedures	
E1. Rates of services	
Hotel accommodation, restaurant, outdoor catering and food supplied on trains – ITC on same line of business[75] **(ITC relaxation)** *Effective: November 1, 2026*	• These services remain taxable at 5% without ITC. However, ITC is now allowed on input services in the same line of business, namely: – Hotel accommodation procured from another supplier of hotel accommodation; – Restaurant service procured from another restaurant service provider; – Outdoor catering procured from another outdoor caterer; and – For food supplied in trains or at platforms, inputs and input services procured from Indian Railways, IRCTC or their licensees. • For hotel accommodation and outdoor catering, where the upstream supplier charges central tax above 2.5%, ITC is restricted to tax at 2.5%. For example, where B buys accommodation from C for ₹10,000 at 9% central tax (₹900) and supplies it to A at 2.5%, B may take ITC of only ₹250.
Passenger transport and renting of electrically operated vehicles[76] **(New option)** *Effective: November 1, 2026*	• New entries have been inserted for passenger transport by an electrically operated vehicle, and for renting of such vehicles for transport of passengers or goods, where the cost of battery charging is included in the consideration. Two options are available: – 5% with ITC restricted to input services in the same line of business (capped at central tax of 2.5%); or – 18% with full ITC. • "Electrically operated vehicle" means a road vehicle that runs solely on electrical energy from an external source or on-board batteries and includes e-bicycles. ***Dhruva Comments:*** *The existing entries for passenger transport and renting of motor vehicles prescribe the concessional option only where the "cost of fuel" is included in the consideration. Since battery charging cost could not be regarded as the cost of fuel, operators of electric vehicles were left with the residual rate of 18%. The Gujarat Authority*

[74]GSTN Advisory No. 678 dated October 16, 2026 – "Introduction of e-Invoicing Facility for Recipient Generated Self Invoices under Reverse Charge Mechanism", enabling testing on the sandbox environments of all six authorised IRPs.
[75]Notification No. 06/2026-Central Tax (Rate) dated October 27, 2026, amending Notification No. 11/2017-Central Tax (Rate) dated June 28, 2017. Sr. Nos. 7(i) to 7(v) of the Table.
[76]New Sr. Nos. 8(vib), 10(ib) and 10(ic), and new clause (xxxxv) of paragraph 4, inserted in Notification No. 11/2017-Central Tax (Rate) by Notification No. 06/2026-Central Tax (Rate).

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	for Advance Ruling has held that electricity is not "fuel" for this purpose.[77] *The new entries correct this anomaly and give operators of electric vehicles the same choice as operators of conventional vehicles.*
Delivery services through ECOs – rate, ECO liability and GTA exemption[78] **(Rate / Section 9(5) / Exemption)** *Effective: November 1, 2026*	• **Rate:** Delivery services, other than postal and courier services, are taxable at 5% without ITC where they are (a) supplied through an ECO by a person not liable for registration under Section 22(1), or (b) in relation to goods supplied through an ECO. • **ECO liability:** The ECO is liable to pay tax under Section 9(5) on delivery services (other than postal and courier services) supplied through it, unless the supplier is liable for registration under Section 22(1). • **GTA exemption:** The exemption for services of a goods transport agency ('GTA') to unregistered persons does not apply to GTA services in relation to goods supplied through an ECO. ***Dhruva Comments:*** *Whether last-mile delivery to consumers buying on ECO platforms qualifies as an exempt GTA service has been contested. The West Bengal Authority for Advance Ruling held such services by Flipkart to be exempt GTA services.*[79] *The Appellate Authority reversed the ruling, holding that the integrated services are akin to courier and logistics services taxable at 18%.*[80] *The amendments change the position prospectively. Tax on delivery services by unregistered delivery partners, who generally earn below the registration threshold, now sits with the ECO at 5%. Delivery services in relation to goods supplied through ECOs are taxable at 5% without ITC, and the GTA exemption cannot be claimed for such goods. Registered logistics providers serving ECO sellers should evaluate the loss of ITC under the 5% rate.*
E2. Exemptions[81]	
New and extended exemptions (Exemption) *Effective: November 1, 2026*	• The following services are exempted: (a) Transport of passengers by helicopter on a seat-share basis, embarking from or terminating at an airport or helipad in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim or Tripura, or at Bagdogra in West Bengal;[82] (b) Services by the Seamen's Provident Fund Organisation to persons governed by the Seamen's Provident Fund Act, 1966;[83] (c) Grant by the Central Government, a State Government, Union territory, local authority, Governmental Authority or Government Entity of the exclusive right of way or access, licence and authority to demand, collect and appropriate toll;[84] (d) Curing of coffee supplied to coffee cultivators;[85] (e) Storage or warehousing of seeds meant for sowing, in addition to cereals, pulses, fruits and vegetables, with "seed" defined to include planting material;[86] and

[77] In re JBM Ecolife Mobility Surat Pvt. Ltd., Gujarat Authority for Advance Ruling, ruling dated April 28, 2026.
[78] Sr. No. 12(iii) of Notification No. 11/2017-Central Tax (Rate), substituted by Notification No. 06/2026-Central Tax (Rate); clause (v) of Notification No. 17/2017-Central Tax (Rate), substituted by Notification No. 09/2026-Central Tax (Rate); and Explanation to Sr. No. 21A of Notification No. 12/2017-Central Tax (Rate), inserted by Notification No. 07/2026-Central Tax (Rate).
[79] In re Flipkart India Pvt. Ltd., West Bengal Authority for Advance Ruling, ruling dated December 9, 2025.
[80] Flipkart India Pvt. Ltd., West Bengal Appellate Authority for Advance Ruling, order dated May 6, 2026, on appeal by the State Tax Department.
[81] Notification No. 07/2026-Central Tax (Rate) dated October 27, 2026, amending Notification No. 12/2017-Central Tax (Rate) dated June 28, 2017.
[82] Sr. No. 15(aa) of Notification No. 12/2017-Central Tax (Rate).
[83] Sr. No. 31AA of Notification No. 12/2017-Central Tax (Rate).
[84] Sr. No. 42A of Notification No. 12/2017-Central Tax (Rate).
[85] Sr. No. 54A of Notification No. 12/2017-Central Tax (Rate); "curing" has the meaning assigned in Section 3(d) of the Coffee Act, 1942.
[86] Sr. No. 24B of Notification No. 12/2017-Central Tax (Rate), and new clause (zzca) of paragraph 2 defining "seed".

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	(f) Import of services by an Indian establishment of a foreign shipping company from a related person or any of its establishments outside India, without consideration.[87] ***Dhruva Comments:*** *The exemption for grant of tolling rights covers the upfront concession fee paid to authorities such as NHAI under the toll-operate-transfer ('TOT') model and should be read with the special procedure for TOT concessionaires (see Part E4). For the shipping exemption, the past period position has been regularised on an 'as is where is' basis (see Circular No. 266/12/2026-GST in Part F).*
E3. Reverse charge, registration and TDS	
Renting of motor vehicles to body corporates[88] (Corrective amendment) *Effective: November 1, 2026*	• Reverse charge applies to renting of motor vehicles designed to carry passengers, where the cost of fuel is included in the consideration, by a supplier other than a body corporate to a body corporate. The entry excludes cases where the supplier charges central tax at 6%, i.e. opts for the rate with full ITC. • The reference to 6% is substituted by 9%. ***Dhruva Comments:*** *This is a corrective amendment for an oversight. When the 12% option with full ITC was replaced by 18% with effect from September 22, 2025,[89] the reference to central tax at 6% in the reverse charge entry was not updated. Read literally, supplies on which the supplier charged 18% therefore remained within reverse charge.* *The amendment applies only from November 1, 2026. For the period from September 22, 2025 to October 31, 2026, businesses should review how such supplies have been treated, as a clarification or regularisation for that period has not been issued.*
Waste and scrap – reverse charge, registration and TDS[90] (Reverse charge / Registration / TDS) *Effective: November 1, 2026*	• **Reverse charge:** Supplies of the following goods by an unregistered person to a registered person are brought under reverse charge under Section 9(3): (a) Used cooking oil (heading 1518); (b) Waste and scrap of plastics (heading 3915); (c) Waste and scrap of tyres (heading 4004); and (d) Electrical and electronic waste and scrap (heading 8549). • **Registration:** Persons supplying these goods, as well as metal scrap (Chapters 72 to 81), cannot avail the exemption from registration available to persons making only supplies on which the recipient pays tax under reverse charge. • **Tax deduction at source:** Registered persons receiving supplies of these goods, as well as metal scrap, from other registered persons are notified as persons required to deduct TDS under Section 51.
E4. Special procedure	
Operation and maintenance services under Toll Operate	• A concessionaire under a TOT concession agreement, which supplies operation and maintenance ('O&M') services to the concessioning authority during the concession period, is to pay tax on the amount charged or debited from the escrow account towards O&M expenses, in the tax period in which it is so charged or debited.

[87]Notification No. 07/2026-Integrated Tax (Rate) dated October 27, 2026, as referred to in Circular No. 266/12/2026-GST.
[88]Notification No. 08/2026-Central Tax (Rate) dated October 27, 2026, amending Sr. No. 15 of Notification No. 13/2017-Central Tax (Rate) dated June 28, 2017.
[89]Rate rationalisation effective September 22, 2025 (Notification No. 15/2025-Central Tax (Rate) dated September 17, 2025), under which the 12% option with full ITC for such services was replaced by 18% with full ITC.
[90]Notification No. 04/2026-Central Tax (Rate) dated October 27, 2026, amending Notification No. 4/2017-Central Tax (Rate) (new Sr. Nos. 2A, 3B, 3C and 9); Notification No. 06/2026-Central Tax dated October 27, 2026, substituting the proviso to Notification No. 5/2017-Central Tax (issued under Section 23(2)); and Notification No. 07/2026-Central Tax dated October 27, 2026, substituting clause (d) of Notification No. 50/2018-Central Tax (issued under Section 51).

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Transfer ('TOT') concessions[91] (Section 148) *Effective: November 1, 2026*	***Dhruva Comments:*** *In TOT arrangements, the consideration for O&M services is generally embedded in the right to collect toll and is not paid separately in cash, which made the value and time of supply uncertain. The special procedure ties both to the escrow debits, giving certainty and aligning tax payment with cash flows. Read with the exemption for grant of tolling rights (see Part E2), this should reduce the GST cost of TOT projects.*
E5. Rates and exemptions on goods	
Retreaded tractor tyres[92] (Rate alignment) *Effective: November 1, 2026*	• Retreaded tractor tyres (heading 4012) are taxable at 5%, in line with new tractor tyres. The 18% entry for retreaded or used pneumatic tyres now excludes retreaded tractor tyres.
Seaweed extract-based bio-stimulants[93] (Clarification by explanation) *Effective: November 1, 2026*	• An explanation in the 5% entry for organic fertilisers provides that the entry includes seaweed extract-based bio-stimulants registered under Schedule VI to the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985. This gives effect to the clarification in Circular No. 265/11/2026-GST (see Part F).
Psyllium seeds (Isabgol)[94] (Exemption) *Effective: November 1, 2026*	• Psyllium seeds (Isabgol) of tariff item 1211 90 13 are exempted from GST.
Supply of gold by nominated agencies to exporters[95] (Definition updated) *Effective: November 1, 2026*	• Supply of gold by a nominated agency to a registered person for export of jewellery is exempt, subject to conditions. "Nominated agency" was defined by reference to List 32 of Notification No. 50/2017-Customs. It is now defined as the entities mentioned in Appendix 4B of the Handbook of Procedures, as amended by DGFT from time to time.

[91]Notification No. 10/2026-Central Tax (Rate) dated October 27, 2026, issued under Section 148 of the CGST Act, 2017.
[92]Notification No. 02/2026-Central Tax (Rate) dated October 27, 2026, amending Sr. No. 237 and inserting Sr. No. 272A in Schedule I, and amending Sr. No. 138 of Schedule II, of Notification No. 09/2025-Central Tax (Rate).
[93]Notification No. 02/2026-Central Tax (Rate) dated October 27, 2026, amending Sr. No. 237 and inserting Sr. No. 272A in Schedule I, and amending Sr. No. 138 of Schedule II, of Notification No. 09/2025-Central Tax (Rate).
[94]Notification No. 03/2026-Central Tax (Rate) dated October 27, 2026, inserting Sr. No. 87A in Notification No. 10/2025-Central Tax (Rate).
[95]Notification No. 05/2026-Central Tax (Rate) and Notification No. 05/2026-Integrated Tax (Rate), both dated October 27, 2026, amending clause (c) of the Explanation to Notification No. 26/2018-Central Tax (Rate) and Notification No. 27/2018-Integrated Tax (Rate), both dated December 31, 2018.

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Part F: Clarificatory circulars on classification, rates, exemptions and taxability	
Classification and rates of certain goods[96] **(Clarification)**	• **Sublimation paper:** Classifiable under heading 4809 at 18%,[97] and not under sub-heading 4810 22. Past disputes are regularised on an 'as is where is' basis. • **Toys:** The entries for toys at 5%, and for electronic toys at 18%,[98] are not limited to tricycles, scooters, pedal cars and similar wheeled toys. They cover all toys under heading 9503, including dolls, scale models and puzzles. • **Margin scheme for used motor vehicles:** The restriction on ITC under the margin scheme notifications[99] applies only to the tax paid on the second-hand vehicles purchased. Dealers may avail ITC on other inputs and input services, such as spares, repairs, technology services, rent and marketing, subject to the CGST Act. • **Seaweed extract-based bio-stimulants:** Those registered under Schedule VI to the Fertiliser (Inorganic, Organic or Mixed) (Control) Order, 1985 are classifiable under heading 3101 as fertilisers,[100] and not as plant-growth regulators under heading 3808. Past disputes are regularised on an 'as is where is' basis.
Taxability of certain services[101] **(Clarification)**	• **Research and development:** For the exemption for R&D services against grants,[102] a certificate from the head of the institution that the activity is R&D and not consultancy may suffice. • **Foreign shipping companies:** GST paid on import of services by an Indian establishment of a foreign shipping company from a related person or its establishment outside India, without consideration, is regularised for July 1, 2017 to October 31, 2026 on an 'as is where is' basis. Such imports are exempt from November 1, 2026 (see Part E2). • **Motor vehicle leasing:** Registration charges (including road tax), insurance, FASTag and other incidental expenses recovered by the lessor in addition to the lease rent form part of the value of the composite leasing supply and are taxed at the rate applicable to leasing. • **TRAI:** As a statutory regulatory authority, the Telecom Regulatory Authority of India is not "Government".[103] • **Fund Transfer Pricing ('FTP') in banks:** Notional interest recorded when the Head Office allocates funds between branches under FTP is "interest" for the purposes of the exemption under Notification No. 12/2017-Central Tax (Rate). • **Co-lending:** Services such as sourcing, KYC, credit appraisal, servicing and collection provided by an NBFC to a bank under a co-lending arrangement[104] are taxable, at the value specified in the agreement between the NBFC and the bank.

[96]Circular No. 265/11/2026-GST dated October 28, 2026.
[97]Sr. No. 176 of Schedule II of Notification No. 09/2025-Central Tax (Rate) dated September 17, 2025.
[98]Sr. No. 497 of Schedule I and Sr. No. 616 of Schedule II of Notification No. 09/2025-Central Tax (Rate) dated September 17, 2025.
[99]Notification No. 08/2018-Central Tax (Rate), Notification No. 09/2018-Integrated Tax (Rate) and Notification No. 01/2018-Compensation Cess (Rate), all dated January 25, 2018.
[100]Sr. No. 237 of Schedule I of Notification No. 09/2025-Central Tax (Rate) dated September 17, 2025, to which an explanation has been inserted by Notification No. 02/2026-Central Tax (Rate) (see Part E5).
[101]Circular No. 266/12/2026-GST dated October 28, 2026.
[102]Sr. No. 44A of Notification No. 12/2017-Central Tax (Rate), effective from October 10, 2024, for institutions notified under Section 35(1)(ii) or (iii) of the Income-tax Act, 1961.
[103]Section 2(53) of the CGST Act, 2017, read with Point No. 6 of the CBIC Sectoral FAQs on Government Services.
[104]Reserve Bank of India (Commercial Banks – Transfer and Distribution of Credit Risk) Directions, 2025.

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Part G: Amendments to forms		
Form	**Purpose**	**Amendment**
FORM GST REG-01 (Substituted) *Effective: November 1, 2026*	Application for registration	Substituted to provide for applications under Rule 14B, with detailed instructions on the conditions and process.
FORMS GST REG-03, REG-04, REG-05 and REG-15 (Amended) *Effective: November 1, 2026*	Notice, reply, rejection order and amendment order	References aligned to Rules 14A, 14B, 19 and 20, and extended to GST Practitioner enrolment.
FORMS GST REG-05A and REG-38 (New forms) *Effective: November 1, 2026*	Deemed rejection; cancellation by the portal	New forms for intimation of deemed rejection of applications and of cancellation by the common portal.
FORM GST REG-14 (Substituted) *Effective: November 1, 2026*	Application for amendment of registration	Substituted, with revised instructions (Sr. No. 7 from December 1, 2026).
FORM GST REG-16 (Amended) *Effective: December 1, 2026*	Application for cancellation of registration	Reasons for cancellation revised (for example, opting out of voluntary registration; transfer of business, including on amalgamation or demerger) and details of stock and liability captured.
FORMS GST REG-32 and REG-33 (Substituted) *Effective: November 1, 2026*	Withdrawal from Rule 14A or 14B	Substituted, including for withdrawal from Rule 14B with proof of physical presence.
FORMS GST REG-17, REG-22 and REG-31 (Substituted); FORMS GST REG-18 and REG-20 (Amended); FORMS	Cancellation proceedings, suspension, revocation and change in effective date	Revised and new forms for system-driven suspension and cancellation, revocation by the system and change in effective date.

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GST REG-34 to REG-37 (New forms) *Effective: April 1, 2027*		
FORM GSTR-7A (Amended) *Effective: January 1, 2027*	Certificate of tax deducted at source	Table 7 revised to show invoice or document details, the amount paid to the deductee, the amount liable to TDS and TDS by tax head.
FORMS GSTR-9 and GSTR-9C (Amended) *Effective: November 1, 2026*	Annual return and reconciliation statement	Instructions providing optional reporting or relaxations for specified tables extended to FY 2025-26 onwards.
FORM GST DRC-01 (Substituted); FORMS GST DRC-01A and DRC-07 (Amended) *Effective: April 1, 2027*	Summary of show cause notice; pre-notice intimation; summary of order	DRC-01 substituted to capture the proceeding from which the notice arises (scrutiny, audit, investigation, etc.), whether DRC-01A was issued, the ground (from a prescribed list) and head-wise demand. DRC-01A to capture the proceeding and ground. DRC-07 to capture details of the show cause notice.
FORMS GST DRC-26, DRC-27 and DRC-28 (New forms) *Effective: April 1, 2027*	Restriction of debit of electronic credit ledger	New forms under Rule 86A (see Part B3).
FORM GST RFD-01 (Substituted); FORM GST RFD-07 (Amended) *Effective: December 1, 2026*	Refund application; order for withholding refund	RFD-01 substituted to capture system-readable statements; references in RFD-07 aligned.
FORMS GSTR-3B, GSTR-4A and GSTR-6A (Amended) *Effective: November 1, 2026*	Return; auto-drafted statements	References to the governing rules updated.

Dhruva Comments: *The structured fields in FORM GST DRC-01 link each show cause notice to its originating proceeding and to the pre-notice intimation. This should help taxpayers identify notices issued without the prescribed pre-notice consultation or beyond the scope of the originating proceeding and complements the guidelines in Circular No. 258/04/2026-GST (see Part C above).*

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