

GST Circulars, Notifications etc.

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Circulars

Clarification on doubts related to treatment of secondary /post-sale discounts under GST

Circular No. 251/08/2025-GST datned 12.09.2025

Issue	Clarification
Input Tax Credit (ITC) Treatment of Financial /Commercial Credit Notes	▪ No ITC Reversal Required: Recipients making discounted payments to suppliers through financial or commercial credit notes do not need to reverse ITC as there is no reduction in the original transaction value of the supply and accordingly the corresponding tax liability would also not get reduced. ▪ Full ITC Entitlement: Since the original transaction value and tax remain unaffected, recipients are entitled to claim full ITC on the original supply.
GST Treatment of Post-Sale Discounts to Dealers/Distributors	When there is no agreement with the end customer: ▪ The manufacturer sells goods to the dealer on a normal principal-to-principal basis. ▪ The dealer becomes the owner and sells the goods independently to customers. ▪ Any discount given later by the manufacturer is only a sales promotion and not linked to any specific service or obligation. ▪ <u>GST impact:</u> The discount is deducted from the sale value, and GST is charged only on the net amount. When there is an agreement with the end customer: ▪ The manufacturer has a pre-agreed selling price with the end customer. ▪ To help the dealer sell at that lower agreed price, the manufacturer gives a post-sale discount or credit note to the dealer. ▪ <u>GST impact:</u> The discount becomes part of the taxable value. The dealer must pay GST on the full value, including the amount supported by the manufacturer.
GST Treatment of Post-Sale Discounts for Dealer's Promotional Activities	▪ Discounts not Linked to Independent Services: When dealers receive post-sale discounts to boost their sales, any promotional activities benefit the dealer's own revenue. In such cases, the discount simply reduces the sale price of goods and does not constitute consideration for a separate supply of services to the manufacturer. ▪ Discounts for Specific Promotional Activities: GST is applicable only when the dealer undertakes distinct promotional activities for the manufacturer, such as advertising campaigns, co-branding, customization services, special sales drives, exhibitions, or customer support. Such services must be explicitly defined in an agreement with a clearly stated consideration. In these cases, the dealer is providing a distinct service to the manufacturer, and GST is chargeable. ▪ Thus, general post-sale discounts do not attract GST, whereas discounts tied to specific, agreed-upon promotional services are taxable.

Clarification on DIN Requirement

Circular No. 252/09/2025-GST dated 23.09.2025

- CBIC's eOffice system now generates a unique "Issue Number" for all communications.
- A new verification utility (<https://verifydocument.cbic.gov.in>) allows taxpayers to check the authenticity of these Issue Numbers.

- Since the Issue Number is verifiable, it will be treated as the Document Identification Number (**DIN**). Therefore, no separate DIN is required on eOffice communications sent using the public option in CBIC's eOffice application.
- DIN will still be mandatory for all other communications not issued through eOffice or which do not bear the verifiable Reference Number (RFN) generated on GST common portal.

Clarification on withdrawal of Circular No. 212/6/2024

[Circular No. 253/10/2025-GST dated 01.10.2025](#)

The CBIC has withdrawn [Circular No. 212/6/2024-GST dated 26.06.2024](#), which provided guidance on compliance with Section 15(3)(b)(ii) to exclude certain discounts from the taxable value of supply. The procedure prescribed in the circular is no longer required.

Notifications

Key amendments to the CGST Rules

[Notification No. 13/2025- Central Tax dated 17.09.2025](#)

Issue	Clarification	Effective Date
Rule 31A (2) – Valuation of Lottery	▪ The value multiplier for calculating GST on lottery tickets has been increased from 128 to 140 times of the face value. ▪ This will raise the taxable value and GST payable on lotteries.	22.09.2025
Rule 39(1A) – Distribution of ITC	Rule expanded to cover reverse-charge supplies under both the CGST and IGST Acts.	01.04.2025
Rule 91 – Refund orders	▪ Refund order (FORM GST RFD-04) must now be issued within 7 days from acknowledgment. ▪ However, the proper officer, for reasons to be recorded in writing, may not grant refund on provisional basis. ▪ Revalidation no longer required. This ensures faster refund processing with less paperwork.	01.10. 2025
Rule 110A – GST Appellate Tribunal (GSTAT)	▪ New rule introduced allowing a Single Member Bench to handle appeals that do not involve a question of law. ▪ Matters with legal interpretation will still go to a Bench comprising of a Technical Member and a Judicial Member. ▪ Helps speed up simple appeal cases.	22.09.2025
Rules 110 & 111 – Appeal Procedure Updates	▪ Appeal acknowledgment form (APL-02A) now has Part A (Provisional) and Part B (Final). Also, “self-attested” copies are accepted instead of “self-certified.” ▪ Filing appeals becomes more simpler.	22.09.2025
Appeal Forms (APL Series)	New & revised forms for Tribunal use have been introduced such as: ▪ APL-02A: Acknowledgment ▪ APL-04A: Order Summary	22.09.2025

Issue	Clarification	Effective Date
	- APL-05 / APL-06 / APL-07: Revised formats. - These updates streamline e-filing and appeal tracking.	
FORM GSTR-9 Annual Return	Significant restructuring applicable: - New ITC tables (A1 – ITC of previous year, A2 – Net ITC of year, H1 – IGST on imports availed next year). - Separate reporting of ITC reversals under Rules 37A & 38. - Revised Table 9 distinguishing payments made in cash and through ITC. - Part V expanded to include transactions of the next FY (returns filed up to 30th November). - These enhancements promote greater clarity and reconciliation accuracy.	Financial Year (FY) 2024-25 onwards
FORM GSTR-9C Reconciliation Statement	Additional disclosures introduced for: - Supplies taxed by e-commerce operators (Section 9(5)), segregation of tax paid through cash and ITC., reporting of late fee details etc. - These modifications ensure improved alignment between returns and financial statements.	FY 2024-25 onwards

Exemption from GSTR-9 Filing for Small Taxpayers

[Notification No. 15/2025- Central Tax dated 17.09.2025](#)

Taxpayers with an aggregate annual turnover up to Rs.2 crore are exempt from filing the annual return (GSTR-9) for the FY 2024–25. This change aims to ease the compliance burden on small businesses

Key Highlights of Major GST (Rate)Notifications Effective from 22nd September 2025

[Notification No. 9/2025-Central Tax \(Rate\)dated 17.09.2025](#)

- The new GST framework simplifies taxation by categorising goods into 7 schedules with CGST rates of 0.125%, 0.75%, 1.5%, 2.5%, 9%, 14%, and 20%, providing clarity and easier compliance. Most goods now fall under 2 main slabs 5% and 18% streamlining the earlier complex structure.
- The notification supersedes [Notification No. 01/2017-Central Tax \(Rate\) dated 28.06.2017](#), as it consolidates and updates the GST rate structure for goods.
- The revised rates aim to reduce the tax burden on essential and middle-class goods, potentially leading to lower prices and increased consumer spending. However, certain luxury and sin goods have been moved to higher tax slabs to offset revenue losses.

[Notification No. 10/2025-Central Tax \(Rate\)dated 17.09.2025](#)

- In a major rationalisation move, the Government has issued a completely new CGST exemption schedule for goods, superseding [Notification No. 02/2017-Central Tax \(Rate\) dated 28.06.2017](#).
- Exemptions continue for essential, unprocessed, and agricultural goods, with refined definitions and explicit exclusions for pre-packaged retail items, ensuring transparency and ease of implementation.

[Notification No. 11/2025-Central Tax \(Rate\)dated 17.09.2025](#)

- This notification has amended [Notification No. 3/2017-Central Tax \(Rate\), dated 28th June 2017](#), revising the concessional CGST rate from 2.5% to 9% for specified supplies related to petroleum and coal bed methane operations.

[Notification No. 12/2025-Central Tax \(Rate\) dated 17.09.2025](#)

- This notification amends [Notification No. 8/2018-Central Tax \(Rate\), dated 25.01.2018](#), which specified concessional CGST rates on old and used motor vehicles.
- The amendment updates the schedule references from “Schedule IV of [Notification No. 1/2017 dated 28.06.2017](#)” to Schedule II/III of Notification No. 9/2025, effective 22nd September 2025, to align GST rates with the revised framework.

[Notification No. 13/2025-Central Tax \(Rate\) dated 17.09.2025](#)

- This notification amends [Notification No. 21/2018-Central Tax \(Rate\) dated 26.07.2018](#), updating GST rates for handicraft and artisanal products.
- Most handicraft items, including handcrafted candles, wooden and stone artware, handmade carpets, handwoven tapestries, glassware, and toys, are now taxed at 2.5% CGST. Certain items, such as silver filigree work and handmade imitation jewellery, attract a concessional rate of 1.5% CGST.
- The amendment seeks to provide relief to the handicraft sector, simplifying compliance and supporting traditional artisans.

[Notification No. 14/2025-Central Tax \(Rate\) dated 17.09.2025](#)

To streamline taxation on construction materials, CBIC has notified a 6% CGST rate on selected goods, including fly ash bricks, building bricks, earthen and roofing tiles.

[Notification No. 15/2025-Central Tax \(Rate\) dated 17.09.2025](#)

- This notification amends [Notification No. 11/2017-Central Tax \(Rate\), dated 28.06.2017](#), revising GST rates for various services and supplies.
- Effective from 22nd September 2025 (for most amendments) and 1st April 2025 (for certain clarifications on premises and registration).
- Major changes include:
 - ▲ Revision of GST rates on transport services, including goods transport agencies and multimodal transport, clarifying input tax credit applicability.
 - ▲ Adjustment of rates for job work services across sectors such as diamonds, textiles, handicrafts, food products, and alcoholic liquor.
 - ▲ Specific amendments to beauty, physical well-being services, tailoring, and other miscellaneous services, ensuring clarity on mandatory tax rates and conditions.
 - ▲ Inclusion of definitions for “recognised sporting event,” “handicraft goods,” “mode of transport,” and “multimodal transporter” for uniform interpretation.
 - ▲ Clarifications on registration, including amendments for additional places of business.
- This amendment aligns GST rates with the revised GST framework and provides detailed conditions for claiming ITC.

[Notification No. 16/2025-Central Tax \(Rate\) dated 17.09.2025](#)

- GST is now exempt on life and health insurance services provided to individuals and their families. Group insurance policies remain outside this exemption.
- Reinsurance linked to the exempt individual life and health insurance policies is also GST exempt.
- The definition of Goods Transport Agency (**GTA**) has been updated to exclude electronic commerce operators (**ECOs**) offering or facilitating local delivery. Such services are not treated as GTA under GST.
- ECOs must charge GST at 18% on local delivery services provided through unregistered suppliers, except where the service provider is independently liable for registration under Section 22(1) of the CGST Act.

- These amendments aim to streamline compliance and clarify GST treatment for insurance and logistics services.

[Notification No. 17/2025-Central Tax \(Rate\) dated 17.09.2025](#)

- CBIC has amended [Notification No. 17/2017-Central Tax \(Rate\) dated 28.06.2017](#), to clarify GST treatment on local delivery services.
- Local delivery services are now taxable except when supplied through an ECO and the service provider is independently liable for registration under Section 22(1) of the CGST Act, 2017.

Instructions

Provisional Sanction of GST Refund Claims – Risk-Based Approach

[Instruction No. 06/2025-GST dated 03.10.2025.](#)

The 56th GST Council meeting has recommended an amendment to **Rule 91(2) of the CGST Rules, 2017** to allow **provisional sanction of 90% of refund claims** based on system-identified risk assessment.

Key points are as below:

- **Provisional Refund for Low-Risk Applications:**
 - ▲ Refunds categorized as “low risk” by the system may be sanctioned up to 90% provisionally.
 - ▲ Detailed scrutiny is not required unless the officer records reasons in writing under the first proviso of Rule 91(2).
- **High-Risk Applications:** Refunds not classified as “low risk” will undergo detailed examination as per existing guidelines.
- **Exclusions:**
 - ▲ Certain registered persons notified under [Notification No.14/2025-Central Tax dated 17.9.25](#) are not eligible for provisional refunds on zero-rated supplies.
 - ▲ Provisional refund may also be withheld if:
 - Previous refund issues are pending in appellate forums
 - A show cause notice has been issued
 - Orders have been passed but are not final
- **Inverted Duty Structure (IDS) Refunds:** Till the Finance Act amends Section 54(6), 90% provisional refund may be granted for IDS claims filed on or after 01.10.2025, following the same risk-based approach.
- **Process & Compliance:**
 - ▲ Refund applications will continue to follow FORM GST RFD-02/RFD-03 timelines.
 - ▲ GSTN has enabled provisional refund functionality for IDS and zero-rated supplies.
 - ▲ Implementation will be monitored by Principal Commissioners/Chief Commissioners to ensure trade facilitation measures are followed.
- Therefore, from 1st October 2025 onwards, all refund claims will be processed under the new risk-based provisional refund rules.

Key Takeaway

- The recent GST notifications and amendments, aim to streamline compliance, simplify procedures, and provide clarity across sectors including insurance, logistics, and e-commerce, while facilitating faster refund processing and easing the compliance burden for small taxpayers.
- The recent GST rationalization, with primary slabs at 5% and 18% with a 40% rate for luxury goods, aims to simplify compliance and reduce the tax burden on essentials. While consumers are expected to benefit, businesses are mandated under anti-profiteering provisions to pass on the tax benefits, ensuring fair pricing and transparency in the market.
- The circular on post-sale discounts provides much-needed clarity by differentiating genuine trade discounts from those linked to promotional incentives, ensuring that ITC need not be reversed for financial or commercial credit notes, thereby simplifying compliance and minimizing the risk of disputes for businesses.



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