



**A.C. Bhuteria & Co.**  
Chartered Accountants

16, Strand Road, Diamond Heritage,  
Room No. H-703,  
Kolkata – 700001

Ph: 033-46002382/ 40032841

Email id: [info@acbhuteria.com](mailto:info@acbhuteria.com)

## GST Digest

- Recent case laws

September 12, 2025



### ➤ GST COUNCIL MEETING: GOM MEMBERS AGREE IN-PRINCIPLE ON EXEMPTIONS FOR LIFE, HEALTH INSURANCE

With 56th GST Council set to meet on September 3-4, a much awaited benefit that could come to the people of India is expected to be in the form of complete exemption of GST on life and health insurance. The Members of the Group of Ministers (GoM) on health and life insurance have reached an in-principle agreement that the burden of Goods and Services Tax (GST) on life and health insurance must be reduced, sources told CNBC-TV18. The proposal will be tabled in the form of the report of the GoM at the upcoming GST Council meeting, sources added. According to sources, the GoM has broadly backed the Union government's proposal to exempt all individual life insurance and health insurance policies from GST. However, several states, including Karnataka, West Bengal, Kerala, Punjab, and Tamil Nadu, have underlined that the exemption would only serve its intended purpose if insurers pass on the benefit directly to policyholders. "Some states have raised concerns that insurance companies should not end up making windfall gains by retaining the tax benefit while policyholders continue to pay unchanged premiums. This issue has troubled states as the insurance regulator, IRDAI, has not expressly addressed it," sources said.



➤ **ONLY 5% AND 18% GST SLABS FROM SEPTEMBER 22, 40% FOR SUPER LUXURY ITEMS**

The complicated GST slabs that gave headaches to small traders after the flagship tax overhaul came into effect, was cleaned up by the government today, leaving only two slabs -5 and 18 per cent. The new structure will be implemented from September 22. For the common man, it means more money in hand. This, the government hopes, will be routed into the economy, giving it a significant boost and having a revenue implication of Rs 48,000 crore. "These reforms have a multi-sectoral and multi-thematic focus, aimed at ensuring ease of living for all citizens and ease of doing business for all," Union Finance Minister Nirmala Sitharaman said after a meeting of the GST Council.

➤ **WILL GST RATE CUTS HELP COUNTER TRUMP'S 50% TARIFF'S? INDIA'S GDP GROWTH MAY EVEN GO UP; HERE'S WHY:**

India, the world's fastest growing major economy, is preparing to bear the brunt of US President Donald Trump's trade war and 50% tariffs. In this backdrop, the Goods and Services Tax (GST) rate cuts couldn't have come at a more opportune time. While FM Nirmala Sitharaman has clarified that the GST rate cuts had been in the works for several months, and the announcement is unrelated to US tariffs, a domestic consumption boost for an economy staring at uncertainty for its exports sector is a welcome move, feel experts. The Modi government has announced better-than-expected GST reforms and rate structure rationalisation, with a majority of items consumed by the common man and middle class set to see price cuts from September 22, the start of the Navratras. The move to put more disposable income in the hands of millions of consumers at the start of the festive season is widely expected to provide a consumption-led booster shot to India's GDP growth.

➤ **SWIGGY, ZOMATO BRACE FOR GST IMPACT ON DELIVERY FEES; MAY PASS COST TO CUSTOMERS**

Food delivery majors Swiggy and Zomato are bracing for a GST impact, as new rules make them liable for taxes on local delivery services routed through their platforms. The duo is already weighing the possibility of passing the additional cost on to consumers to offset the impact on their margins, sources close to the companies told Moneycontrol. Platforms are still studying the notification to gauge its impact on margins, pricing, and working capital. Legal experts, meanwhile, note that food delivery firms are likely to feel the pinch more directly, since delivery is their core service, unlike in quick commerce or e-commerce, where it is treated as ancillary to goods supply. However, members of the duo's subscription plans, Swiggy One and Zomato Gold, may not be directly impacted, as these are considered value-added services.



### ➤ CARS GET CHEAPER, FESTIVE SALES LIKELY TO HIT TOP GEAR

The Goods and Services Tax (GST) overhaul will make cars cheaper this festive season across segments. Entry-level and mid-segment cars priced up to ₹14 lakh will see up to a 13% reduction in GST and cess, making them more attractive to a price-sensitive customer base. High-end cars with engines above 1200 cc are set to become 5–10% cheaper. Small cars that run on petrol, LPG and CNG with engines below 1200 cc, and diesel cars of up to 1500 cc and with a length under 4 metres will attract a GST of 18% instead of 28%. The cess of 1% and 3% will no longer be applicable. "The benefit is greater for entry and mid-level segment as there is price sensitivity. The news will definitely bring cheer to buyers, and we expect more footfalls at showrooms," said Vinkesh Gulati, vice-president, Automotive Skill Development Council, and former president of the Federation of Automobile Dealers Association. Hyundai's MD & CEO, Unsoo Kim, called the GST revision a move that will "strengthen consumer confidence". The company has 60% of its internal combustion engine portfolio under the 18% slab rate, with the remainder at 40%.

### ➤ GST 2.0 UNVEILED: TWO-SLAB STRUCTURE CLEARED, NEW RATES WILL COME INTO EFFECT SEPTEMBER 22

The Goods and Services Tax (GST) Council, in its 56th meeting which lasted over 10 hours Wednesday, cleared the next-generation reforms under the eight-year old indirect tax regime. This effectively paves the way for a broad two-slab structure of 5 per cent and 18 per cent with a demerit rate of 40 per cent rate only for super luxury, sin and demerit goods. The aim: lower tax burden on common people with sweeping rate cuts and reduction in GST slabs, ease blocked working capital, and facilitate ease of doing business with automated refunds and registration process. All the rate changes, except those for tobacco and tobacco-related products, will come into effect from September 22, the first day of Navratri, said Union Finance Minister Nirmala Sitharaman who chaired the meeting that was attended by ministers from 31 states and Union Territories.

### ➤ AFTER GST OVERHAUL, RETAILERS POINT TO LOGISTICAL CHALLENGES

Even as GST revamp will spur consumption, for companies, it also means some immediate on ground challenges which they will have to tackle amid the festive rush. Whether prices of products go up or decline under the rejigged tax slabs, restickering/retagging of prices will need to be done. For consumer goods which have a shorter shelf life of not more than 15-20 days, it will not be much of a problem. Manufacturers, however, will have to compensate their retail partners for the differential in product pricing post tax rate adjustments (those that will be priced lower). For fashion retailers, it will not be so smooth. "Retagging merchandise on the floor right in the middle of the festive season will be a tough task," said Kumar Rajagopalan, CEO of Retailers Association of India (RAI). The industry body has written to the department of legal metrology seeking a notification allowing retailers to update MRPs on unsold goods manufactured, packed or imported before Sept 22. Under current norms (Legal Metrology Packaged Commodities Rules 2011), retailers cannot alter MRP post manufacture or import without formal approval.



➤ **GST Rate Changes:**

- Daily essentials like hair oil, shampoo, toothpaste, butter, ghee, namkeens, utensils, and baby items now attract only 5% GST instead of 12–18%.
- For farmers, tractors, tractor tyres, drip irrigation systems, bio-pesticides, and agricultural machinery see GST reduced to 5%.
- In the healthcare sector, items like insurance, thermometers, medical oxygen, diagnostic kits, and spectacles are either tax-free or taxed at just 5%.
- Education has also been made more affordable, with GST on maps, charts, notebooks, and pencils reduced to nil.
- Automobiles such as hybrid cars, motorbikes, and goods vehicles now attract lower GST rates, while appliances like air conditioners, TVs, monitors, and washing machines see rates drop from 28% to 18%.

Overall, these changes promise cheaper daily goods, relief for farmers, healthcare, and students, and affordability in automobiles and electronics—providing substantial benefits to households, MSMEs, and the economy at large.

- **Simplification of registration and refund process:** Alongside these cuts, the reform introduces simplified processes like automatic GST registration within 3 working days and improved refund mechanisms with system-based risk evaluation.

➤ **Implementation Timeline:**

- Most revised rates effective **22nd September 2025**.
- Tobacco, pan masala, and similar products to continue at current rates till compensation cess obligations are discharged.

➤ **Trade Facilitation Measures**

- **Risk-based provisional refunds** (90%) extended to **inverted duty structure cases**, operational from **1st November 2025**.
- **Refunds allowed for small export consignments**, removing earlier threshold limits.
- **Simplified GST registration** for low-risk businesses (turnover ≤ ₹2.5 lakh/month) and small e-commerce sellers.
- **Post-sale discount rules** simplified with ITC reversals linked to GST credit notes.

➤ **Dispute Resolution:**

- **GST Appellate Tribunal (GSTAT)** to be operational by **September 2025**, with hearings starting by December 2025.

## NEWS

## FEED

- Backlog appeals allowed up to **30th June 2026**. Principal Bench to also serve as the **National Appellate Authority for Advance Rulings**.

➤ **Other Notable Decisions:**

- Place of supply for intermediary services shifted to recipient's location, enabling export benefits.
- RSP-based taxation introduced for pan masala, tobacco, and similar products.

**Impact:**

The recommendations balance revenue needs with relief to consumers and small businesses, support exporters, and provide certainty in GST litigation. The reforms also signal a move towards simplified compliance, broader participation in e-commerce, and transparency in tax administration.

**1. PETITIONER TO SUBMIT PROOF OF WORK COMPLETION PRIOR TO GST RATE HIKE FROM 12% TO 18%**

In this case, **V. Janarthanan v. State Tax Officer (Madurai Bench, Madras High Court, 18.08.2025)**, the petitioner challenged an assessment order under Section 74 of the TNGST Act, 2017 for AY 2022–23. Out of five defects raised in the notice, four were dropped and only one issue remained—regarding short payment of GST at 12% instead of 18% pursuant to Notification No. 03/2022 dated 13.07.2022. The petitioner argued that the work had been completed in 2020 and the invoice raised in July 2022 was only for record purposes, hence the higher tax rate was not applicable. The respondent contended that the petitioner failed to substantiate this claim and confirmed the demand. The Court quashed the order only with respect to this defect and directed the tax officer to redo the assessment after giving the petitioner an opportunity to produce supporting documents. If the petitioner fails to provide evidence, the department may reconfirm the demand. The Court also observed that the petitioner could challenge any penalty imposed after final orders. The writ petition was thus disposed of without costs.