

## **Quarter of Transformation: Key GST Reforms and Policy Updates - July to September 2025**

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The months of July, August, and September 2025 witnessed a series of far-reaching reforms aimed at simplification, inclusivity, and economic revitalisation. Building upon the Government's vision of a "Simple Tax, Simple System", these updates reflected a decisive shift toward making GST more citizen-centric and business-friendly, while ensuring fiscal stability and cooperative federalism.

During this period, significant policy measures were rolled out, beginning with rate rationalisation discussions in July, followed by the Prime Minister's announcement of next-generation GST reforms in August 2025 from the Red Fort, and culminating in the 56th GST Council Meeting in September 2025, which finalised the structural and rate-related changes. The reforms introduced new two-tier rate slabs, broad-based exemptions for essential goods and services, and corrections in inverted duty structures, alongside the operationalisation of the Goods and Services Tax Appellate Tribunal (GSTAT).

### **I. GST collections during July, August, and September 2025**

The monthly Goods and Services Tax (GST) revenue collections for July, August, and September, categorised under CGST, SGST, IGST, and Cess, are, in July, the gross collections amounted to Rs. 35,470 crore as CGST, Rs.44,059 crore as SGST, Rs.1,03,536 crore as IGST, and Rs.12,670 crore as Cess. During August, the figures slightly declined to Rs.34,076 crore for CGST, Rs.42,854 crore for SGST, Rs.97,186 crore for IGST, and Rs.12,199 crore for Cess. In September, the collections were Rs.33,645 crore under CGST, Rs.41,836 crore under SGST, Rs.1,01,883 crore under IGST, and Rs.11,652 crore under Cess. Overall, the data indicates a marginal variation across the three months, with IGST consistently accounting for the highest share of total GST revenue. Table - 1 presented the

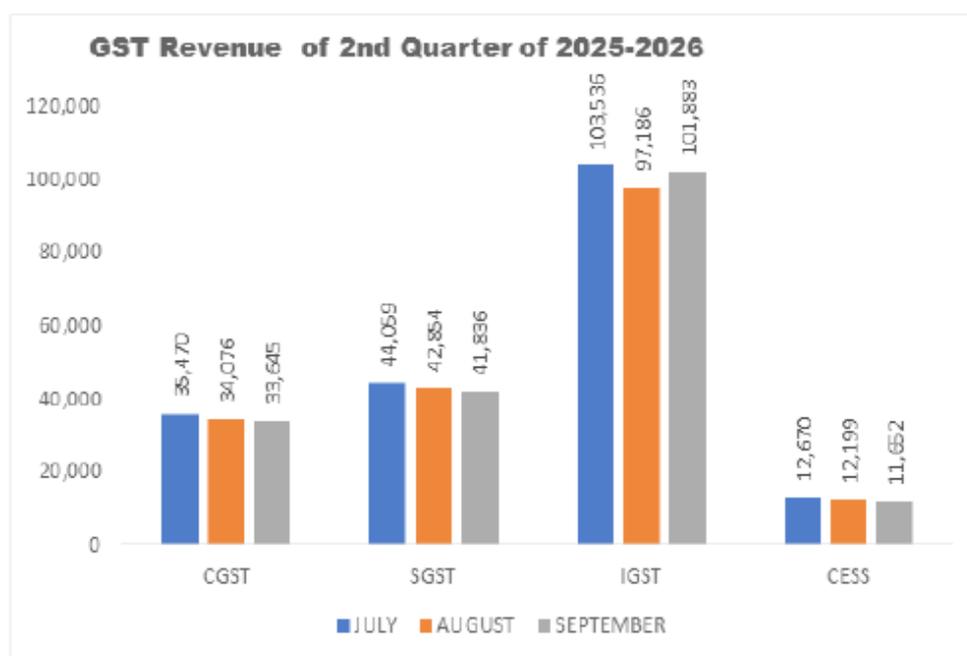
GST data of India for the second quarter of 2025. Chart -1 gives the comparative picture of GST revenue in second quarter of 2025 over the same quarter of 2024.

**Table 1:** GST collection of India from July 2025- September 2025 (RS in crores)

Months	CGST	SGST	IGST	CESS
JULY	35,470	44,059	1,03,536	12,670
AUGUST	34,076	42,854	97,186	12,199
SEPTEMBER	33,645	41,836	1,01,883	11,652

Source: <https://www.gst.gov.in/>

**Chart 1:** Comparison of GST Revenue of July- September 2025 over July- September 2024



## II. GST Revenue in Kerala

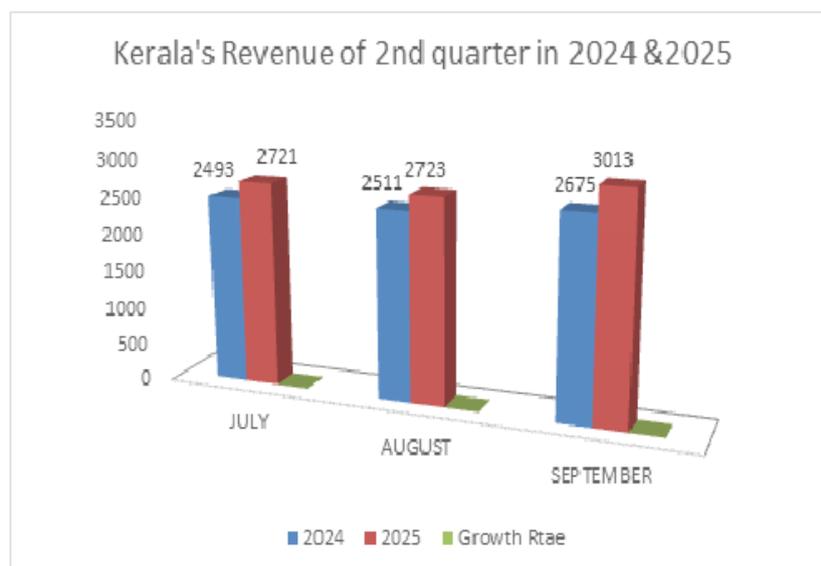
Kerala's Goods and Services Tax (GST) revenue showed a positive growth trajectory during the period from July to September 2025 compared to the same months in 2024. In July 2025, the State recorded a collection of Rs.2,721 crore, reflecting a 9% growth over Rs.2,493 crore in July 2024. The upward trend continued in August 2025, with collections rising to Rs.2,723 crore from Rs.2,511 crore in the previous year, marking an 8% increase. The most notable improvement was observed in September 2025, when revenue surged by 13%, from Rs.2,675 crore in 2024 to Rs.3,013 crore in 2025. The consistent increase across these three months

indicates a steady expansion in Kerala's GST base, reflecting improved compliance and effective tax administration efforts in the State.

**Table 2 :** GST Revenue of Kerala from July to September of 2024 and 2025, and the growth rate

Months	2024	2025	Growth Rate
JULY	2,493	2721	9%
AUGUST	2,511	2723	8%
SEPTEMBER	2,675	3,013	13%

**Chart 2:** GST Revenue of Kerala from July to September 2025 in comparison with the same period in the previous year.



### III. Recommendations of the 56th Meeting of the GST Council held at New Delhi, on 03 SEP 2025

The next-generation GST reforms, announced by Prime Minister Shri Narendra Modi from the Red Fort on August 15, 2025, mark a significant, citizen-centric transformation of India's landmark tax framework. These reforms aim to improve the quality of life for every citizen and strengthen the ease of doing business, especially for small traders and entrepreneurs. The GST Council, chaired by the Union Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman, at its 56th meeting in New Delhi, approved a comprehensive set of multi-sectorial and multi-thematic reforms designed to benefit all sections of society. Key highlights include rate rationalisation, tax relief for essential sectors, and simplification of the rate structure.

**Key Announcements :**

1. **Simplified Rate Structure:** The existing four-tier GST rate system will be streamlined into a two-rate "Simple Tax" structure a standard rate of 18%, a merit rate of 5%, and a special demerit rate of 40% for select items.
2. **Insurance Relief:** All individual life and health insurance policies (including term life, ULIPs, endowment, and family floater policies) along with their reinsurance will now be exempt from GST, making insurance more affordable and increasing coverage.
3. **Common Man Items:** GST rates on everyday essentials like toothpaste, soaps, shampoos, bicycles, and kitchenware reduced to 5%.

4. **Food Products:** Major reductions include:

Nil GST on UHT milk (Ultra-High Temperature milk ), prepackaged paneer/chena, and all Indian breads (roti, paratha, parotta, etc.).

5% GST on packaged food items such as namkeens, noodles, sauces, chocolates, pasta, coffee, butter, ghee, and more.

5. **Healthcare Sector:**

Nil GST on 33 lifesaving drugs, and from 5% to Nil on three critical drugs used in cancer and rare disease treatment.

GST on all other medicines reduced to 5%.

5% GST on medical devices, diagnostic kits, and hospital supplies.

**Agriculture and Labour-Intensive Sectors:** GST on tractors, agricultural machinery, handicrafts, leather goods, marble, and granite blocks reduced to 5%.

6. **Industrial and Infrastructure Goods:**

Cement now taxed at 18% (down from 28%).

Fertilizer inputs such as sulphuric acid, nitric acid, and ammonia reduced from 18% to 5%.

Renewable energy devices and hotel accommodation (Rs.7,500/day) also taxed at 5%.

7. **Automobile Sector:**

GST on small cars, motorcycles (<math>\leq 350\text{cc}</math>), buses, trucks, and ambulances reduced to 18%.

Uniform 18% rate for all auto parts, resolving classification disputes.

8. **Textile Sector:** Correction of inverted duty structure manmade fibre and yarn now uniformly taxed at 5%.

9. **Services:**

Beauty, salon, gym, yoga, and wellness services to attract a reduced 5% GST.

#### 10. Institutional Reforms:

The Goods and Services Tax Appellate Tribunal (GSTAT) will begin accepting appeals by September 2025 and start hearings by December 2025.

New service tax rates will take effect from September 22, 2025.

Overall, these reforms reflect a strategic, inclusive, and growth-oriented evolution of the GST system designed to empower citizens, promote industrial competitiveness, and strengthen India's economy through simplicity, fairness, and transparency.

On 17 September 2025, the Government of India issued a comprehensive series of GST rate revision notifications to implement the next-generation GST reforms approved by the 56th GST Council Meeting. The key among them was Notification No. 09/2025 Central Tax (Rate), which introduced a new HSN-wise GST rate schedule for goods, superseding the earlier 2017 framework, while Notification No. 10/2025 Central Tax (Rate) specified the revised exemptions on goods, and Notification No. 15/2025 Central Tax (Rate) detailed the changes in the service tax rate structure. Complementary notifications such as Nos. 13/2025 and 14/2025 Central Tax (Rate) dealt with sector-specific revisions relating to used motor vehicles, handicrafts, bricks, and tiles.

In parallel, a corresponding set of Integrated Tax (Rate) notifications namely Notification Nos. 09/2025, 10/2025, 13/2025, 14/2025, and 15/2025-Integrated Tax (Rate) were also issued on the same date to ensure alignment of IGST rates and exemptions with the revised GST framework.

## **IV. Other Important updates in GST**

### **Launch of Goods and Services Tax Appellate Tribunal (GSTAT)**

On September 24, 2025, the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, officially inaugurated the Goods and Services Tax Appellate Tribunal (GSTAT) in New Delhi. The Tribunal has been constituted as a statutory appellate body under the GST framework to offer taxpayers an independent platform to challenge the decisions of the GST Appellate Authorities.

The Goods and Services Tax Appellate Tribunal (GSTAT) is a statutory appellate authority set up under the GST framework to hear appeals against the decisions of GST Appellate Authorities. It serves as an independent forum to ensure fair adjudication and justice for taxpayers. The Tribunal will operate through a Principal Bench in New Delhi and 31 State Benches spread across 45 locations, ensuring broad accessibility across the country. Each Bench will consist of two Judicial Members, one Technical Member representing the Centre, and one Technical Member representing the State, thereby combining judicial expertise with technical knowledge from both levels of administration. This well-balanced structure upholds

the principle of cooperative federalism and aims to deliver uniform, fair, and transparent decisions.

### **GST Portal Update - Filing Appeal Against Waiver Rejection Order (SPL-07)**

(Dated: July 16, 2025)

The GST Portal has introduced a new feature enabling taxpayers to file appeal applications (Form APL-01) against Waiver Application Rejection Orders issued in Form SPL-07. Taxpayers who earlier submitted waiver applications in Forms SPL-01 or SPL-02 are now receiving orders either in SPL-05 (Acceptance) or SPL-07 (Rejection). Those receiving SPL-07 can now appeal online through:

Services→ User Services→ My Application→ Appeal to Appellate Authority→ New Application, selecting "Waiver Application Rejection Order" as the Order Type.

It is important to note that once an appeal is filed, it cannot be withdrawn on the portal. Taxpayers should therefore proceed carefully. If a taxpayer chooses not to appeal but wishes to restore a previously withdrawn appeal (against the original demand order), this can be done by filing an undertaking under the "Orders" section of the "Waiver Application" case folder. For any technical difficulties, taxpayers may contact the GST Helpdesk at <https://selfservice.gstsystem.in>

### **New Changes in Invoice Management System (IMS) dated Sep 23rd, 2025**

Several new changes have been introduced in the Invoice Management System (IMS) to simplify the taxation system and reduce the compliance burden on the taxpayers. The following are the key updates

Pending action for specified records: Taxpayers can keep specified records pending for a limited time period. For monthly taxpayers, this period is one tax period (months), for quarterly taxpayers also it is one tax period (quarter) only. The specified records which can be kept pending in the system are mentioned below

- a. Credit notes, or upward amendment of Credit note
- b. Downward amendment of CN where original CN rejected
- c. Downward amendment of Invoice / DN only where original Invoice already accepted and 3B has been filed
- d. ECO-Document downward amendment only where original accepted, and 3B has been filed

### **Declaring ITC reduction amount:**

It is clarified that, in cases where the recipient has not availed Input Tax Credit (ITC) in respect of the relevant invoice or document, no reversal of ITC shall be warranted. Further, in

cases where ITC has been availed only partially, the obligation to reverse ITC shall be limited to the extent of such availment.

Therefore, In IMS a facility has been made available to taxpayers to declare the amount of ITC actually availed and, to the extent applicable, required to be reversed in respect of the selected record. The said facility permits reversal of ITC, either in full or in part, by entering the amount availed to be reversed. This facility may also be utilized in cases where the taxpayer has already effected such reversal, either wholly or partially, at an earlier point of time, or where the ITC pertaining to the relevant invoice or document was never availed. Such facility is provided for the afore-mentioned specified records.

Option to save remarks: Taxpayers can now save remarks while taking reject or pending action on records. This optional facility allows taxpayers to add remarks (will be rolled out shortly). Such remarks will be visible in GSTR-2B for future reference and to suppliers in the Outward Supplies view dashboard, to take corrective measures.

### **Important Dates:**

The changes of keeping credit notes pending and declaring the ITC amount, as mentioned above shall be made effective on the portal from October tax period.

Due date for keeping records pending: The due date for keeping records pending is calculated based on the date/ tax period in which such documents has been communicated by the supplier.

### **Invoice-wise Reporting Functionality in Form GSTR-7 on portal-reg dated Sep 26th, 2025**

Vide Notification No. 09/2025 - Central Tax dated 11.02.2025, Form GSTR-7 was amended to enable capture of invoice-wise reporting of tax deducted at source (TDS). In this regard, it is informed that the functionality for invoice-wise reporting in GSTR-7 has now been made operational on the GSTN portal. Hence from September 2025 tax period in Form GSTR-7 invoice level reporting is required. Accordingly, all TDS Dedicators are requested to prepare the data accordingly so that they could furnish invoice-level details on which TDS has been deducted while filing FORM GSTR-7 for the September return period onwards. Due date for September tax period return filing is 10th October 2025.

### **Enhanced Data Security and Transparency for Taxpayers: New GST Portal Controls and Alerts for ASP/GSP Access**

The GST System is introducing new security measures to enhance data protection and transparency for taxpayers using Application Suvidha Providers (ASPs) and GST Suvidha Providers (GSPs). Two major features are being rolled out:

First, taxpayers will receive email and SMS alerts whenever an ASP obtains OTP-based consent to access their data via APIs. These alerts will include details such as the ASP/GSP name, the date and time of consent, and its validity period.

Second, the GST Common Portal will be upgraded to enable taxpayers to monitor both current and past data access granted to ASPs/GSPs and to revoke any active consents directly from their dashboard. These initiatives are designed to give taxpayers improved control and visibility over third-party access to their GST data. The specific implementation schedule will be communicated through separate official advisories.

### **Kerala GST dept raids jewellery shops, unearth Rs 100 cr sales suppression**

In a major enforcement drive codenamed "Arkenstone," the State GST Department carried out simultaneous raids at 42 jewellery establishments, uncovering alleged sales suppression exceeding Rs.100 crore. Around 200 officers participated in the operation, targeting business premises and residences linked to 16 traders. The raids resulted in the seizure of 36 kg of unaccounted gold and the recovery of over Rs. 2 crore in tax and penalties so far. Authorities stated that investigations are still underway and assured that strict measures against suspected tax evasion will continue. This operation follows an earlier enforcement action in the same district, which had also led to the discovery of substantial quantities of unaccounted gold from several firms.

### **The Cabinet has approved a bill aimed at regulating online gaming platforms, which could potentially prohibit real-money gaming activities.**

The Cabinet has approved a bill to regulate online gaming platforms, expected to include a ban on real-money gaming due to concerns over mental health, money laundering, fraud, and cybercrime. The bill will be introduced in Parliament soon. While states and Union Territories currently hold the primary authority to curb and prosecute illegal betting and gambling, a recent High Court ruling reaffirmed their power to prohibit real-money games and dismissed claims by gaming companies that such activities qualify as "games of skill." The Central Government has also issued multiple blocking orders and, under the IT and IGST laws, authorizes tax and cyber agencies to regulate and restrict access to unregistered or offshore gaming operators.

### **GST Day 2025: Marking Eight Years of "One Nation, One Tax"**

On the occasion of GST Day 2025, commemorating eight years since the implementation of one of independent India's most transformative tax reforms, the Central Board of Indirect Taxes and Customs (CBIC) reaffirmed its commitment to fostering meaningful engagement with stakeholders, enhancing taxpayer services, and promoting awareness within the GST ecosystem. The theme for this year's celebration, "GST - Simplifying Taxes: Empowering Citizens," emphasizes the government's focus on ease of compliance and citizen empowerment through simplification and transparency.

Adding a significant achievement to its record, the Thiruvananthapuram CGST and Central Excise Zone was honoured with a Commendation Certificate from CBIC for exemplary performance in two critical areas of GST administration. The Zone processed 55% of GST registrations within seven days, far exceeding the national average of 17%, and successfully disposed of 83% of appeals filed during the year. This national recognition reflects the

dedication and efficiency of officers and staff in the Thiruvananthapuram Zone in delivering taxpayer-centric services, strengthening dispute resolution, and contributing to the overall ease of doing business.

As part of the fortnight-long 'GST Pakhwada 2025' held from 16th June to 1st July 2025, the Thiruvananthapuram Zone, covering the Commissionerates of Kozhikode, Cochin, and Thiruvananthapuram, organized a variety of programmes to engage stakeholders and celebrate the evolution of GST. The GST Conclave 2025, held at Taj Vivanta, Kochi, served as the flagship event. The conclave was graced by Shri R. Venkataramani, Hon'ble Attorney General of India, as Chief Guest, and Shri Rajendra Kumar P., Chairman, Indirect Taxes Committee, ICAI, as Guest of Honour. A keynote session by Shri Shailendra Kumar, CEO & Founder Editor, TIOL, on "GST - Simplifying Taxes: Empowering Citizens" added depth to the discussions. Attended by over 200 stakeholders from various sectors, the event received wide appreciation and media coverage.

During the Pakhwada, the Chief Commissioner actively interacted with major taxpayers as part of the "Meet the Trade" initiative, visiting BPCL and Cochin Shipyard to understand industry issues and strengthen trust between taxpayers and the administration. The Chief Commissioner also inaugurated a National Conference on GST organized by ICAI in Kochi and delivered a technical session on "Dispute Resolution Mechanism in GST with Focus on Reducing Tax Disputes."

Several initiatives were undertaken across the Zone to promote awareness and community engagement. GST Helpdesks were established in all Commissionerates to address taxpayer queries, with Thiruvananthapuram officers successfully resolving 27 grievances during the period. As part of the 'Fit India' campaign, Cycle Marathons were organized across Thiruvananthapuram, Cochin, and Kozhikode, flagged off by Olympians and senior officers, promoting health and camaraderie among participants.

The Zone also prioritized student and youth engagement, organizing competitions such as quizzes, essay writing, poster design, and extempore speaking across 20 schools, involving over 500 students. Creative contests like painting, slogan writing, and poetry recitation helped promote GST awareness in an engaging and accessible manner. In addition, street plays (Nukkad Nataks), art exhibitions, and departmental competitions were held to foster both public and officer-level understanding of GST.

The GST Day 2025 celebrations was inaugurated on 1st July 2025 in Thiruvananthapuram by Shri K. N. Balagopal, Hon'ble Minister for Finance, Government of Kerala, who graced the occasion as Chief Guest, and Shri Mohanlal, renowned cine actor, attended as Guest of Honour. Commendation Certificates was presented to officers and staff for their exemplary service in GST administration, while trade and industry representatives was also felicitated for their proactive role in supporting GST objectives.

### GoM Discusses Measures to Curb ITC Fraud

A panel of state finance ministers, chaired by Goa Chief Minister Pramod Sawant, met in New Delhi to deliberate on strategies to combat large-scale Input Tax Credit (ITC) fraud under the Goods and Services Tax (GST) regime, estimated at ₹2 lakh crore. The Group of Ministers (GoM) on GST Revenue Analysis also reviewed sector-specific tax evasion, pre- and post-GST revenue trends, and measures to enhance e-invoicing and IT systems for better traceability. The meeting emphasized closer coordination between central and state tax administrations and the integration of anti-evasion and compliance tools. During 2024-25 alone, GST authorities detected 25,009 fake firms involved in passing fraudulent ITC worth Rs. 61,545 crore. Over the last two years (2023-25), a total of 42,140 fake firms were unearthed, linked to Rs.1.01 lakh crore in fraudulent ITC, with Rs.3,107 crore recovered and 316 arrests made.

### Clarification on various doubts related to treatment of secondary or post-sale discounts under GST - reg. Circular No. 251/08/2025-GST dated 12th September, 2025.

In exercise of its powers conferred under sub-section (1) of section 168 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act") clarifies the issues as under.

S. No.	Issue	Clarification
1	Whether the full input tax credit is available to the recipient of supply when the recipients make discounted payments to the supplier of goods on account of financial/ commercial credit notes issued by the said supplier?	<ol style="list-style-type: none"> <li>1. Section 16 (1) of the CGST Act, 2017 provides that every registered person shall be entitled to take credit of input tax charged on any supply of goods or services or both, which are used or intended to be used in the course or furtherance of his business.</li> <li>2. It has been clarified vide circular No. 92/11/2019-GST dated 7th March 2019 that the supplier of goods can issue financial/ commercial credit notes and in such cases, he will not be eligible to reduce his original tax liability. As the transaction value is not allowed to be reduced on account of issuance of financial/ commercial credit note, accordingly the tax charged from the recipient would also not get reduced.</li> <li>3. Thus, it is clarified that the recipient will not be required to reverse the Input Tax Credit attributed to the discount provided on the basis of financial/ commercial Credit notes issued by the</li> </ol>

		supplier, as there is no reduction in the original transaction value of the supply and accordingly the corresponding tax liability would also not get reduced.
2	Whether a post-sale discount offered by a manufacturer to its dealer/distributor, would be treated as a consideration paid by the manufacturer for the dealer's supply of the same goods to the end customer as a monetary value of the	<p>1. Section 2 (31) of the CGST Act, 2017 defines consideration as to include the monetary value of any act for the inducement of the supply of goods or services, whether by the recipient or by any other person.</p> <p>2. In cases where there is no agreement between the manufacturer and the end customer, there are two independent sale transactions, one from the manufacturer to the dealer and the other from the dealer to the end customer. The essence of the matter is that in a contract of sale, the sale is completed on the transfer of title to the goods to the buyer. Once this happens, the buyer becomes the owner of the goods, and the seller has no vestige of the title or claims therein. The dealer takes ownership of the goods purchased from the manufacturer and subsequently sells them to the end customer and transaction between the manufacturers to dealer operates on a principal-to-principal basis. These discounts are simply given for competitive pricing to push sales and merely reduce the sale price of the goods and are not linked to any independent activity rendered to the manufacturer. Therefore, it is clarified that such a discount cannot be included in consideration as the monetary value of the inducement of further supply of these goods.</p> <p>3. However, in cases where the manufacturer has some agreement with an end customer to supply goods at a discounted price, the manufacturer may issue commercial or financial credit notes to the dealer, enabling such dealer to provide the goods at the agreed discounted rate to the end consumer. Therefore, it is clarified that such a post-sale discount, given by the manufacturer to the dealer for supplying goods to the end customer at a discounted rate, should</p>

		be included in the overall consideration as it is an inducement towards the supply of goods by the dealer to the end customer.
3	Whether a post-sale discount extended by the manufacturer to the dealer can be treated as a consideration in lieu of the activities performed to promote the sale of the goods?	<p>1. The matter has been examined. When dealers receive such post-sale discounts, they may engage in promotional activities to boost sales. However, these activities ultimately enhance the sale of goods that the dealers themselves own, thereby increasing their own revenue. In this context, the discount merely reduces the sale price of the goods and is not linked to any independent service rendered to the manufacturer. Therefore, it is clarified that post-sale discounts offered by manufacturers to dealers in such cases shall not be treated as consideration for a separate transaction of supply of services.</p> <p>2. However, GST would be leviable in cases where a dealer undertakes specific sales promotional activities, such as advertising campaigns, co-branding, customization services, special sales drives, exhibition arrangements, or customer support services, etc., only when such services are explicitly stated in the agreement with a clearly defined consideration payable for such a supply. In such cases, the dealer provides a distinct service to the supplier, and accordingly, GST would be chargeable.</p>

### Sources

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