

## **Key GST Reforms and Policy Updates - October to December 2025**

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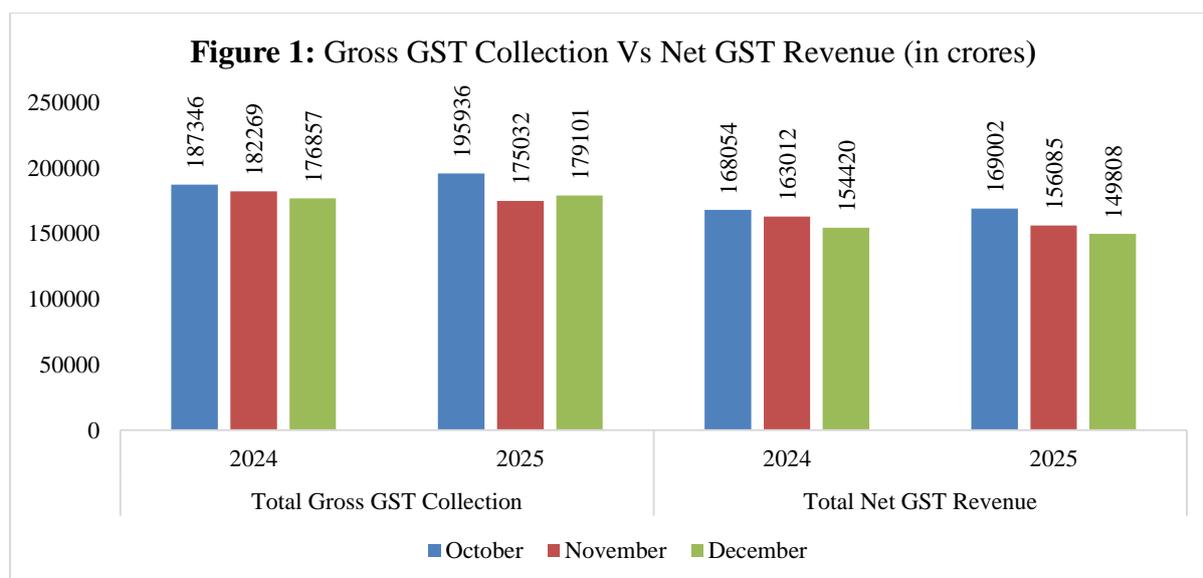
### **Part A**

#### **GST collections and revenue**

##### **GST in India**

Figure 1 presents a comparison of Gross GST collections and Net revenue for October, November, and December in 2024 and 2025. The gross GST collection declined from October to December for both years 2024 and 2025. But when we compare the corresponding months of both years, it is seen that the collection increased in October compared to the previous year. But it declined in November and then picked up in December.

In the case of Net GST revenue, the trend has changed. The net revenue for the months in 2025 declined from the revenue collected in the same months in 2024, except for September, in which a small increase in revenue occurred.



Source: GST Portal

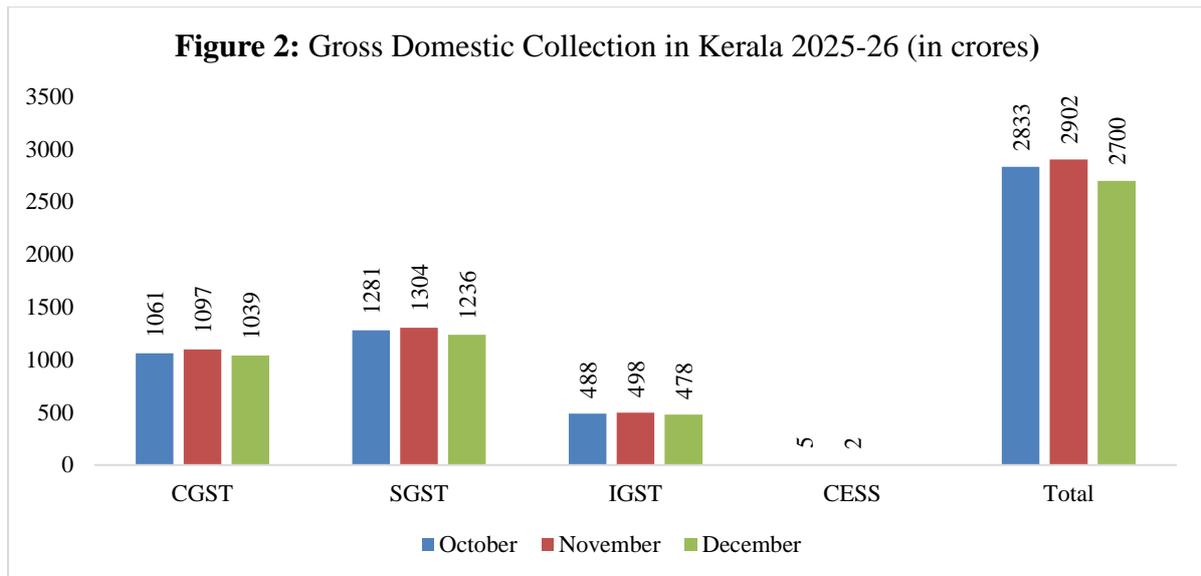
The growth rate of GST collection and revenue shown in Table 1 indicates that GST collection and revenue show no improvement in the last three months of 2025, as compared to the corresponding months in 2024. The growth rate of GST collection is positive only in the month of November 2025. The net revenue growth is negative for the months of November and December.

Months	Total Gross GST Collection		Total Net GST Revenue	
	2024	2025	2024	2025
October	8.1	3.7	10.0	5.4
November	-2.7	-10.7	-3.0	-7.6
December	-3.0	2.3	-5.3	-4.0

Source: calculated based on the data available from the GST portal

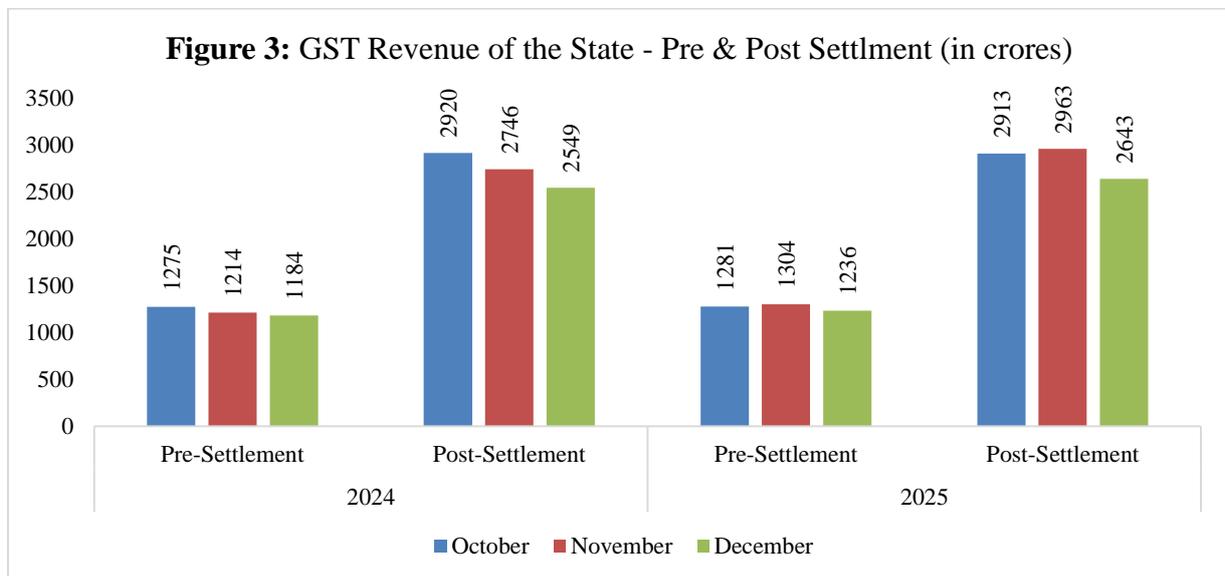
### GST in Kerala

The gross GST collection from Kerala, shown in Figure 2, indicates that after a rise of just 69 crores from October to November, Kerala experiences a decline of 200 crores in GST collection in December 2025. The collection of CGST, SGST and IGST declined from their previous performance in November 2025.



Source: Same as Figure 1

Interestingly, the performance of the post-settlement GST revenue of Kerala, shown in Figure 3, shows an improvement from 2024 November and December, against the expectation of a serious decline in the same months in 2025, after the rate rationalisation implemented as part of the GST 2.0 reforms.



Source: Same as Figure 1

## Part B

### GST Orders, Circulars, Notifications and Advisories

#### 1. GST Rate Structure

The first pillar of change is the rationalization of GST rates, under which the earlier multi-slab structure of 0%, 5%, 12%, 18%, 28% and special rates has been streamlined into a simplified regime with principal slabs of 0%, 5%, 18% and 40% (applicable to select luxury and sin goods), while the existing 3% rate on gold and precious metals continues. The 12% and 28% slabs have effectively been subsumed, with most items earlier taxed at 12% moved to 5%, and goods from the 28% slab either reduced to 18% or elevated to 40% in the case of demerit and luxury goods. In addition, several medical devices, essentials, diagnostic kits and life-saving drugs have been exempted or subjected to lower rates to enhance healthcare affordability, and GST exemption has been extended to individual health and life insurance premiums, with insurance companies correspondingly losing eligibility to claim input tax credit on such supplies.

#### 2. Procedural Changes

Apart from rate changes, the procedural and compliance reforms effective from 1 October 2025 assume critical importance, as they alter the processes for claiming credits, filing returns, and engaging with the GST framework.

#### 3. Invoice Management System (IMS) & ITC Acceptance

With the Invoice Management System (IMS) becoming mandatory, the earlier system of auto-populating input tax credit (ITC) from GSTR-2B into GSTR-3B by the GSTN has been withdrawn. Under IMS, taxpayers are now required to actively review each invoice and manually accept, reject, or mark it as pending before claiming ITC, and only invoices that are explicitly “accepted” will be eligible for credit in GSTR-3B. Consequently, reconciliation between the taxpayer’s books of accounts and the IMS has become compulsory for every tax period. Specific time limits have also been prescribed for taking action on invoices: monthly filers must do so within one month, while quarterly filers must act within the relevant quarter. This reform shifts the onus of compliance to the recipient, curtails indiscriminate or blind credit claims, and strengthens accountability within the GST framework.

*Source: GSTN Advisory Dated 30/10/2025.*

#### **4. GSTR-3B- Many fields will be Auto-populated**

From October 2025 onwards, several fields in GSTR-3B—particularly those relating to tax liability that are auto-populated from GSTR-1 or the Invoice Furnishing Facility (IFF)—will be hard-locked, disallowing any manual edits. Any correction to these values will have to be carried out only through amendments in GSTR-1 or GSTR-1A and not in GSTR-3B. This measure is intended to curb ad hoc adjustments in GSTR-3B and to enforce stricter and more consistent linkages across the GST return forms.

#### **5. Credit Notes & ITC Reversal**

The proviso to Section 34(2) of the CGST Act has been amended to stipulate that any reduction in the supplier's tax liability through the issuance of a credit note shall be permissible only after the recipient has reversed the corresponding input tax credit. Consequently, a credit note shall not result in a reduction of the supplier's tax liability unless the recipient has first reversed the attributable ITC. This amendment seeks to preserve the integrity of the input tax credit chain and to prevent the misuse of credit notes for artificial reduction of tax liabilities.

#### **6. Pre-deposit for Penalty Appeals**

The amendments to Section 107(6) and Section 112(8) of the CGST Act provide that, in cases where an order imposes only a penalty without any tax demand, the appellant shall be required to pre-deposit 10 per cent of the penalty amount for filing an appeal before the Appellate Authority or the Appellate Tribunal. This measure is intended to discourage frivolous appeals and streamline litigation relating to penalties.

#### **7. Unique Identification Marking (UIM)**

The amendment to Section 2 introduces the mechanism of Unique Identification Marking (UIM) with the objective of establishing an effective track-and-trace framework for specified goods, including sin goods and scrap iron. Under this framework, such notified goods are required to bear a tamper-proof, non-removable digital identification mark. In addition, Section 148A authorises the Government to require reversal of Input Tax Credit (ITC) in cases where inputs are diverted or used otherwise than for the intended purpose.

## 8. Introducing a Simplified GST Registration

A notification provides for the insertion of Rule 9A, under which GST registration may be granted electronically within three working days, subject to automated data scrutiny and risk-based parameters. It further introduces Rule 14A, offering an optional electronic registration mechanism for taxpayers whose monthly output tax liability is below Rs.2.5 lakh. The rule prescribes the eligibility conditions, Aadhaar authentication requirements, and the procedure for opting into and exiting the electronic registration system. In this regard, new statutory forms—GST REG-32, relating to the application for withdrawal, and GST REG-33, pertaining to the order of withdrawal—have been notified. The notification also details the verification framework, document submission norms, and the manner of filing applications through the GST common portal.

Approved at the 56th GST Council Meeting on September 3, 2025, and announced by Finance Minister Nirmala Sitharaman, the initiative introduces a simplified GST registration mechanism to ease compliance for small and low-risk businesses. The revised framework enables auto-approval of nearly 96% of new registration applications within three working days, a marked improvement over the earlier scrutiny process that generally required three to seven days and often extended further. Rather than a blanket reform, the measure provides targeted relief to small businesses that are vital to India's economy. The simplified procedure is applicable to new GST registrations submitted through the GST Portal ([gst.gov.in](http://gst.gov.in)) with effect from November 1, 2025.

Small and low-risk businesses are eligible to get the benefit. If the projected output tax liability (CGST + SGST/UTGST + IGST) on supplies made to registered persons is below Rs.2.5 lakh per month, the applicant is eligible. This self-assessment is voluntary and may be opted for at the time of application. A dedicated scheme has been provided for suppliers making supplies through e-commerce platforms like Amazon and Flipkart across multiple States. Under this scheme, the issue of maintaining a “principal place of business” is simplified, as there is no requirement to set up physical establishments in each State.

Applicants classified as high risk—such as those with a history of non-compliance or supplies above the threshold—must undergo the standard process. Existing registrants may seek migration to the scheme after approval is granted.

As per the 56th GST Council Press Release dated 3 September 2025, the revised provision is expected to benefit nearly 96% of applicants. The measure significantly simplifies

compliance procedures, thereby enhancing ease of doing business while continuing to safeguard revenue integrity. Notably, this reform is particularly advantageous for startup artisans and small sellers of handicrafts operating through online platforms, as it removes procedural bottlenecks that previously delayed market entry.

*Source: Notification No. 18/2025-Central Tax Dated: 31st October, 2025*

### **9. Proper Officers for Adjudication under Section 74A, 75(2) and 122 of CGST**

In order to address a jurisdictional gap, the circular assigns specific officers as “proper officers” for the purpose of adjudication under Sections 74A, 75(2), and 122 of the CGST Act and Rule 142(1A). Earlier, no officers had been expressly empowered to exercise authority under these provisions. These sections deal respectively with the assessment of tax short-paid from FY 2024–25 onwards, re-assessment of tax where allegations of fraud fail at the appellate stage, and the imposition of penalties for various statutory violations. The circular also lays down officer-wise monetary thresholds governing the issuance of show cause notices and passing of orders under Sections 74A and 122.

*Source: Circular No. 254/11/2025 – GST Dated: 27th October, 2025*

### **10. Advisory to file pending returns before expiry of three years**

The Government of India has issued an advisory urging taxpayers to file all pending GST returns before the expiry of the three-year statutory time limit prescribed under the Finance Act, 2023. With effect from 1 October 2023, the amended provisions prohibit the filing of returns after three years from their respective due dates under Section 37 (GSTR-1), Section 39 (GSTR-3B and other returns), Section 44 (GSTR-9/9C), and Section 52 (GSTR-8) of the CGST Act. This restriction will be enforced on the GST portal beginning with the November 2025 tax period. Consequently, returns pertaining to the October 2022 tax period (including GSTR-1, GSTR-3B, GSTR-5, etc.), as well as annual returns for the financial year 2020–21, will become time-barred from 1 December 2025 onwards. Taxpayers are therefore strongly advised to reconcile their records and file all pending returns at the earliest to avoid being statutorily barred from compliance.

Under the prevailing statutory framework, taxpayers are prohibited from furnishing GST returns after a lapse of three years from the prescribed due date for such returns under Section 37 (details of outward supplies), Section 39 (self-assessed tax payments), Section 44 (annual return), and Section 52 (tax collected at source). These provisions encompass returns

including GSTR-1, GSTR-1A, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8, and GSTR-9/9C. This time-bar will be operationalised on the GST portal with effect from the November 2025 tax period. Consequently, any return whose due date falls three years or more prior to November 2025 and remains unfurnished by that time will no longer be permitted to be filed.

*Source: GSTN Advisory Dated 29/10/2025*

### **11. Advisory for Simplified GST Registration Scheme**

**Key Features Implemented on the GST Portal:** While applying for registration in FORM GST REG-01, applicants should select “Yes” under the “Option for Registration under Rule 14A.” Aadhaar authentication is mandatory for the Primary Authorized Signatory and at least one Promoter/Partner. Registration shall be granted electronically within three working days from the date of generation of the Application Reference Number (ARN), subject to successful Aadhaar authentication. Taxpayers opting for registration under Rule 14A are advised to take note of the following conditions, in case they intend to withdraw from the Scheme at a later stage: All returns due from the effective date of registration up to the date of filing the withdrawal application must be filed. The taxpayer must have filed:

- (a) Returns for a period of minimum three months, if applying for withdrawal before 1st April 2026, or
- (b) Returns for a period of minimum one tax period, if applying for withdrawal on or after 1st April 2026.

No amendment or cancellation application for registration availed under rule 14A should be pending. No proceedings under Section 29 (cancellation of registration) for registration availed under rule 14A should be initiated or pending.

*Source: GSTN Advisory Dated 01/11/2025*

### **12. New GSTAT Benches**

The Government of India, through the Ministry of Finance, Department of Revenue, issued Office Order No. 03/2025 dated 26 December 2025, approving the allotment of benches to the appointed Members of the Goods and Services Tax Appellate Tribunal (GSTAT). The order details the postings of Technical Members (Centre), Technical Members (State), and Judicial Members across various locations throughout the country, encompassing both metropolitan centres and regional benches.

The allotment specifies the place of posting of each Member with a view to ensuring adequate geographical coverage and operational preparedness of the Tribunal. Issued with the approval of the competent authority, the order was circulated to all Members concerned, senior revenue officials, the President of GSTAT, and the Registrar of the Principal Bench at New Delhi. This administrative measure formalises the constitution and deployment of GSTAT benches, thereby facilitating the effective functioning of the Tribunal and strengthening appellate adjudication under the GST framework across India.

*Source: Office Order No. – 03/2025, Ministry of Finance, Department of Revenue, Government of India 26<sup>th</sup> December, 2025*

### **13. Changes in GST Appeal Portal**

The Goods and Services Tax Appellate Tribunal (GSTAT), vide Order No. 315/2025 dated 16 December 2025, revoked its earlier order dated 24 September 2025 which had prescribed a staggered mechanism for filing appeals under Section 112 of the Central Goods and Services Tax Act, 2017. The earlier arrangement required appeals arising from orders passed under Sections 107 and 108 to be filed in phases, owing to limitations in portal capacity.

Upon a review of the technical preparedness and operational capacity of the GSTAT appeal portal, the Tribunal concluded that continuation of the staggered filing system was no longer necessary. Accordingly, with a view to facilitating smooth and unhindered access for appellants while ensuring system efficiency, the Tribunal decided to discontinue the said mechanism.

In exercise of the powers conferred under Rule 123 of the GST Appellate Tribunal (Procedure) Rules, 2025, the President of GSTAT ordered that the revocation shall take effect from 18 December 2025. Appeals already filed under the earlier staggered filing arrangement prior to that date were expressly protected and shall remain valid. The order was issued without prejudice to the statutory powers of the Tribunal under Section 112 of the Act.

*Source: GSTAT Order 315/2025 Dated 26/12/2025*

### **Sources**

[www.gst.gov.in](http://www.gst.gov.in)

<https://cbic-gst.gov.in/>

<https://taxguru.in/>

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