

The overview of GST Developments in the First Quarter of 2026: Indicators of a Stabilised Tax Framework

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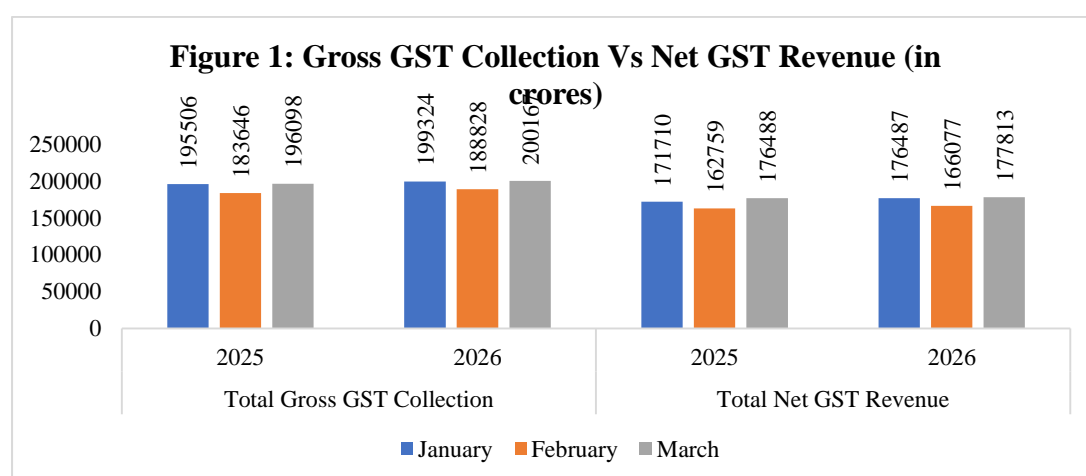
Part A

GST collections and revenue during January, February and March 2026

GST in India

Figure 1 presents a comparison of Gross GST collections and Net GST revenue for January, February, and March in 2025 and 2026. The gross GST collection exhibits a similar trend in both the years 2025 and 2026, with a slight dip in February followed by an increase.

In the case of net GST revenue, although the overall trend remains similar, the absolute growth in March 2026 is quite small when compared with March 2025. It was Rs. 1.76 crore in March 2025, and increased to just Rs. 1.77 crores in March 2026.



Source: GST Portal

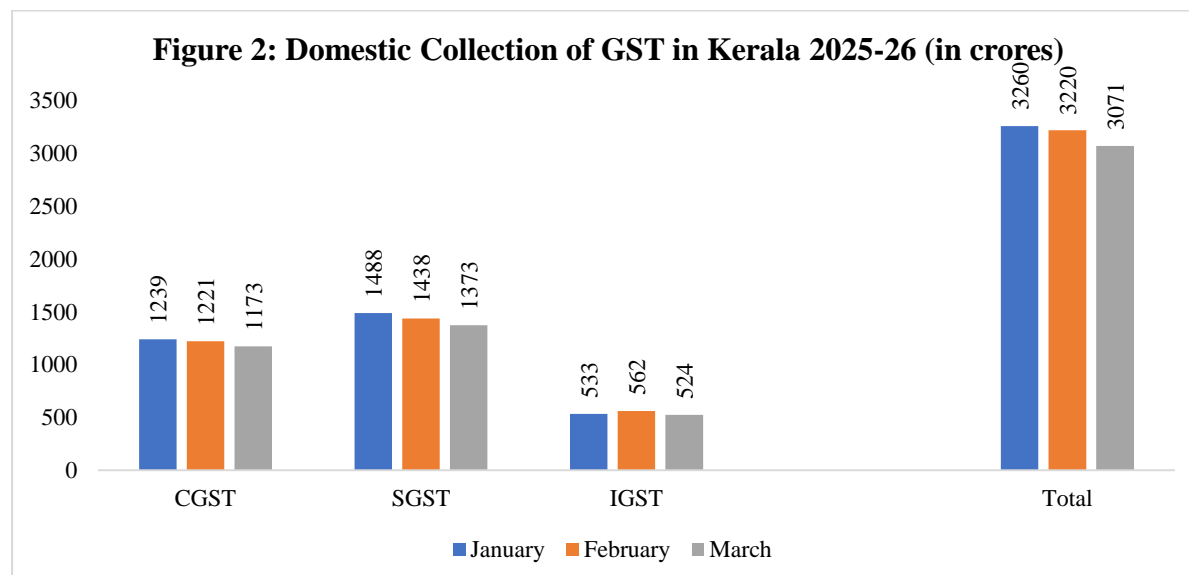
Table 1: Growth of GST (in %)

	Total Gross GST Revenue		Total Net GST Revenue	
	2025	2026	2025	2026
January	10.5	11.3	11.2	17.8
February	-6.1	-5.3	-5.2	-5.9
March	6.8	6.0	8.4	7.1

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

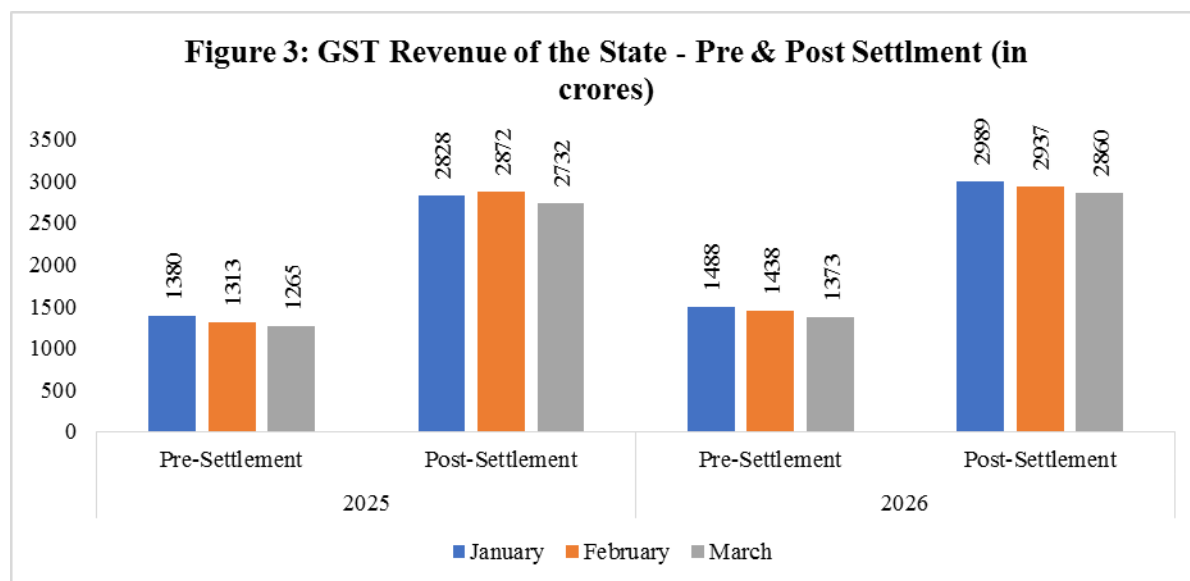
GST in Kerala

The gross GST collection from Kerala, shown in Figure 2, indicates that the GST collection is continuously declining from January to March 2026. Kerala experiences a decline of 40 crores in GST collection from January to February, and further reports a decline of 149 crores from February to March 2026. The collection of CGST and SGST shows the same pattern from January to March.



Source: Same as Figure 1

Interestingly, Kerala's post-settlement GST revenue, as shown in Figure 3, improved in January 2026 compared to January 2025, but then declined steadily through March 2026.



Source: Same as Figure 1

Part B

Advisories and amendments through the Union Finance Act 2026

Advisories

Advisory on Filing Opt-In Declaration for Specified Premises, 2025 dated January 5, 2026

The advisory introduces an online mechanism on the GST Portal enabling suppliers of hotel accommodation services to declare their premises as "specified premises" through Annexure VII (for existing registered taxpayers opting for a subsequent financial year) and Annexure VIII (for new applicants, to be filed within 15 days of ARN generation). This facility is not available to composition taxpayers, TDS/TCS registrants, SEZ units/developers, casual taxpayers, or cancelled registrations, though suspended taxpayers are permitted to file. It also outlines the procedural aspects of filing, including a limit of 10 premises per declaration, generation of ARN and separate reference numbers, availability of download options, and provides that the opt-in once exercised will continue for subsequent years unless an opt-out is made through Annexure IX.

Rs.88.74 crore incurred on awareness and outreach activities under the GST Bachat Utsav campaign.

An amount of ₹88.74 crore was spent on advertising and promotional activities under the GST Bachat Utsav campaign, which was launched to raise public awareness about GST rate rationalisation undertaken in the 56th GST Council meeting held on 3 September 2025. Following these changes, the Central Board of Indirect Taxes and Customs (CBIC) undertook price monitoring of essential commodities, including packaged food items and medicines, before and after 22 September 2025 to ensure that the benefits of reduced tax rates were passed on to consumers. The Government also engaged with trade associations and relevant ministries to encourage businesses to transfer these benefits to end users. Awareness efforts were disseminated through print and social media, while FAQs were made available on the CBIC website. Consumers were further advised to lodge complaints through the National Consumer Helpline or the INGRAM portal in cases where benefits were not passed on. Field-level feedback suggests that the intended benefits largely reached consumers.

Filing of GSTR-1 Before GSTR-3B Made Mandatory

Several reforms have been introduced to streamline GST compliance and simplify return filing processes. These include the facility to file NIL returns via SMS and the implementation of e-invoicing from 1 August 2023, which enables automatic population of invoice details in GSTR-1 and facilitates GSTR-3B filing. From 1 October 2022, filing of GSTR-1 prior to GSTR-3B has been made mandatory to ensure accurate reporting of tax liability and input tax credit (ITC). Further enhancements include the launch of GSTR-1A in August 2024 for making amendments to return data and the introduction of the Invoice Management System (IMS) to help recipients verify supplier invoices and ease ITC reconciliation. Compliance enforcement measures, such as suspension of registration for continuous non-filing and restriction on e-way bill generation, promote timely filing. To ease the burden on small taxpayers, options like the Quarterly Return Monthly Payment (QRMP) scheme and the composition scheme are available, along with support from CGST offices and GST help centres for taxpayers, including MSMEs.

Facility for Withdrawal from Rule 14A advisory dated Feb 21st, 2026

GSTN has introduced an online facility enabling eligible taxpayers registered under Rule 14A of the CGST Rules to opt out by filing Form GST REG-32 on the GST Portal. Active taxpayers can apply by navigating through the registration services, providing reasons for

withdrawal, and completing Aadhaar authentication for the primary authorised signatory and at least one promoter or partner. The application can be filed only after furnishing the prescribed returns-either a minimum of three months' returns (before 1 April 2026) or one tax period (on or after that date), along with all pending returns since registration. Upon submission, authentication must be completed within 15 days, failing which the application will not proceed. During the processing period, amendments and cancellation requests are restricted. Once withdrawal is approved through Form GST REG-33, the taxpayer may, from the succeeding month, furnish details of supplies to registered persons where the output tax liability exceeds Rs.2.5 lakhs.

Advisory regarding confirmation of "Tax Liability Breakup, As Applicable" in GSTR-3B-reg dated Mar 16th, 2026

1. In terms of the provisions of Section 50 of the Central Goods and Services Tax (CGST) Act, 2017, interest is payable where the tax liability pertaining to a previous tax period is discharged in a subsequent tax period. Accordingly, the tab "Tax Liability Breakup, As Applicable" in Form GSTR-3B is meant to capture the tax liability relating to supplies of previous tax periods which are being reported and discharged in the current tax period.
2. From the February 2026 tax period onwards, the GST Portal auto-populates the "Tax Liability Breakup, As Applicable" in GSTR-3B on the basis of the document dates of supplies reported in GSTR-1 / GSTR-1A / IFF, where such supplies pertain to any previous tax period but the corresponding tax liability is being discharged in the current period's GSTR-3B.
3. Accordingly, from the February 2026 tax period, after offsetting the liability in GSTR-3B, taxpayers are required to click on the "Tax Liability Breakup, As Applicable" tab available on the payment page and confirm the breakup of tax liability by clicking the "SAVE" button or edit the same, if required.
4. Once the breakup of tax liability is confirmed and saved, the taxpayer will be able to proceed with filing Form GSTR-3B using EVC or DSC.
5. Feedback has been received that this confirmation should be mandatory only in cases where supplies pertaining to previous tax periods have been reported in the current tax period. However, the confirmation is presently being required in all cases, including

where the liability relates only to the current tax period. The feedback is acknowledged by GSTN and the same is under resolution.

6. Meanwhile, taxpayers are requested to kindly open the "Tax Liability Breakup, As Applicable" tab on the payment page and click "SAVE" within the tab for filing during the current reform cycle. Thereafter, filing of Form GSTR-3B can be completed normally.

Taxpayers are requested to kindly follow the above interim procedure till the issue is resolved on the portal.

Amendments through the Union Finance Act 2026

Central Goods and Services Tax

Section 15 - In the Central Goods and Services Tax Act, 2017, in section 15, in subsection (3), for clause (b), the following clause shall be substituted, namely: -- "(b) after the supply has been effected, if for such discount, a credit note has been issued by the supplier and input tax credit as is attributable to such discount has been reversed by the recipient of the supply, in accordance with the provisions of section 34."

Section 34 - In section 34 of the Central Goods and Services Tax Act, in subsection (1), after the words "both supplied are found to be deficient", the words, brackets, letter and figures "or where a discount referred to in clause (b) of sub-section (3) of section 15 is given" shall be inserted.

Section 54 - In section 54 of the Central Goods and Services Tax Act,-- (a) in sub-section (6), after the words "supply of goods or services or both", the words, brackets and figures "or of unutilised input tax credit allowed under clause (ii) of the first proviso to sub-section (3)" shall be inserted; (b) in sub-section (14), after the words, brackets and figures "subsection (5) or sub-section (6)", the words ", other than cases where refund of tax is claimed on account of goods exported out of India with payment of tax," shall be inserted.

Section 101A - In section 101A of the Central Goods and Services Tax Act, after sub-section (1), the following sub-section shall be inserted, namely:--

"(1A) Notwithstanding anything contained in sub-section (1), till the National Appellate Authority is constituted under that sub-section, the Government, may on the recommendations of the Council, by notification, empower any existing Authority constituted under any law for the time being in force to hear appeals made under section

101B and in such case,-- (a) the provisions of sub-sections (2) to (13) shall not apply;
and

- (b) any reference to the National Appellate Authority under this Chapter shall be construed as a reference to such Authority. Explanation.-- For the purposes of this sub-section, the expression "existing Authority" shall include a Tribunal."

Integrated Goods and Services Tax

Section 13 - In section 13 of the Integrated Goods and Services Tax Act, 2017, in sub-section (8), clause (b) shall be omitted.

Postal exports made eligible for Duty Drawback, RoDTEP and RoSCTL benefits from 15 January 2026 to promote MSME e-exports.

Postal exports made through the electronic mode have been made eligible for incentives under the Duty Drawback, RoDTEP and RoSCTL schemes with effect from 15 January 2026, aimed at promoting MSME-led e-exports. In this regard, CBIC amended the Postal Export (Electronic Declaration and Processing) Regulations, 2022 and issued Notification No. 07/2026-Customs (N.T.) along with Circular No. 01/2026-Customs, laying down the operational framework and procedures for claiming these benefits on goods exported through the postal channel.

More stabilised GST

The absence of notifications issued by the Central Board of Indirect Taxes and Customs till March 2026 indicates a significant phase of stability in the GST regime. This reflects how the system has matured and evolved since its introduction in 2017, moving away from frequent changes and adjustments that characterised the initial years. The relatively quiet in terms of notifications suggests that the legal and procedural framework has now largely settled, reducing the need for constant interventions. Overall, this development highlights that GST in India has come a long way from its early implementation phase and is now operating with greater consistency, predictability, and administrative confidence.