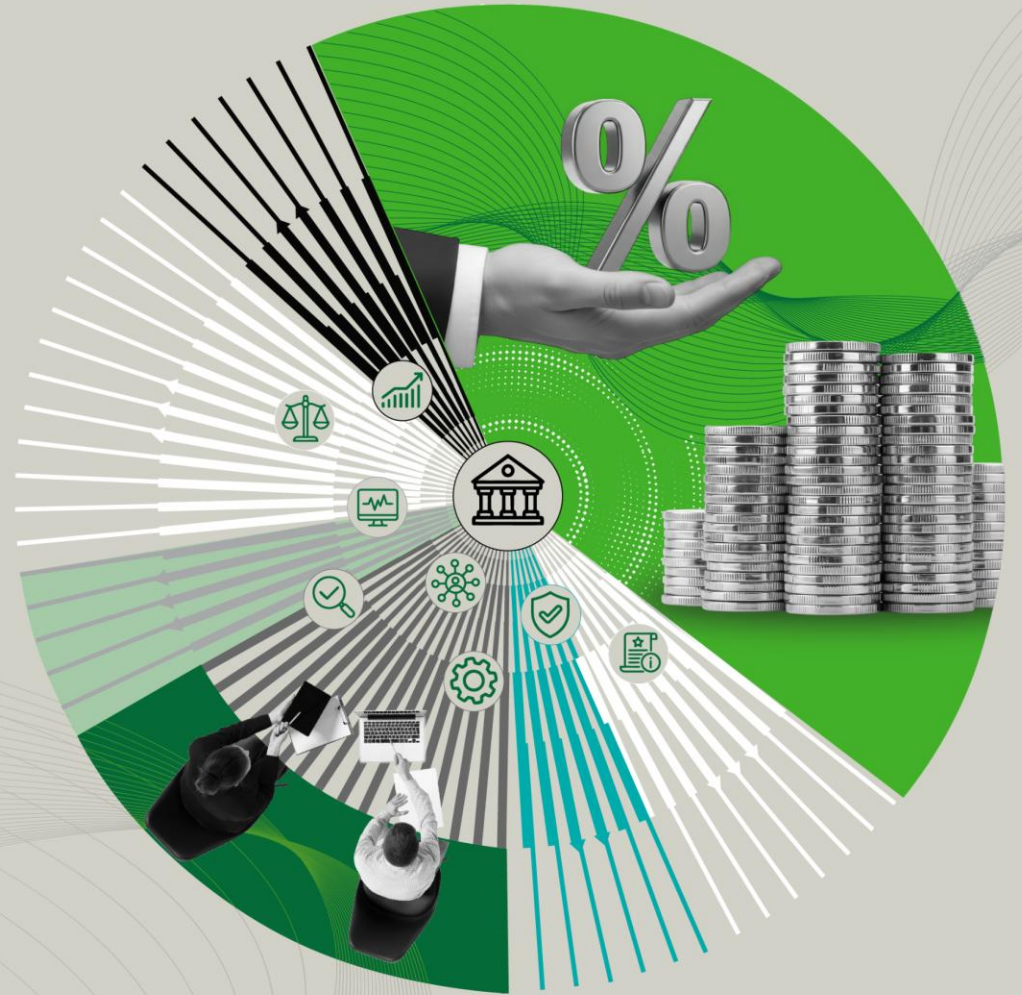


GST 2.0: Decoding the 57th GST Council meeting Prakriya Aasaan - Towards a new era of simpler compliance

October 2026



Perspective by Hon'ble PM and FM



I welcome the new round of GST reforms approved by the GST Council. The Council's recommendations on removal of arrest provisions, greater decriminalisation and simpler procedures will have a very positive impact.

The focus is clear:

- *Faster decisions.*
- *Lower compliance costs.*
- *Automated refunds.*
- *Trust-based administration.*

These are in line with our constant efforts to make GST more efficient, transparent and citizen-friendly.

- Hon'ble Prime Minister, Shri Narendra Modi, on X



GST's growing maturity gives us a stronger foundation for the next stage of reform. The same commitment to clarity, certainty and respect for the taxpayer guides our work on direct taxes. A dependable tax system enables enterprises to plan beyond their immediate obligations and invest in opportunities that take time to mature. Giving them that confidence, wherever they operate, helps build the economic strength of a Viksit Bharat as envisioned by Prime Minister Narendra Modi."

- Hon'ble Minister of Finance and Corporate Affairs, Smt Nirmala Sitharaman

Content



Deloitte GST@9 survey & current environment



Key policy announcements

- Export liberalisation
- Unlocking of credits
- Refund reforms
- Clarifications on GST treatment/ rate of goods and services



Key process reform announcements

- Streamlining of registration processes
- Compliance related announcement
- Reforms related to dispute resolution
- Clarifications through circulars

Deloitte GST@9 survey and current environment



Deloitte GST@9 survey

GST journey and key expectations

1

GST journey and next-gen reforms: Perception and impact

- Increase in stakeholder confidence
- Digitalised compliance continues to be the most valued benefit
- Rate rationalisation: Positive impact on customers and businesses

2

Road to GST 2.0: Priorities and policy recommendations

- Interpretational clarity and optimising working capital
- Centralised/ Uniformity in audits, faster refunds
- Inverted duty reform - expanding refund formula, rate rationalisation and refund of past ITC accumulation
- RCM payment via ITC, Single-rate structure

Ease of doing business: Audits and registrations

- Challenges - Pro-revenue approach and parallel proceedings by State and Centre
- Registration reform - Pan-India document standardisation and faster registration approval timelines

3

Ease of doing business: Returns and refunds

- Returns reforms: Reconciliation ease, extended credit note timelines under IMS and consolidated return filing
- Refund reforms: Stricter timelines and adherence to settled jurisprudence during export refund
- ITC clarity: Clarification on blocked ITC under Section 17(5) and ITC denial on retrospective registration cancellation

4

Deloitte GST@9 survey

GST journey and key expectations

5

Navigating GST disputes: Progress post-tribunal and emerging expectations

- ITC eligibility leads litigation, also classification/rate and reconciliation-related disputes
- Consideration of taxpayers' submissions, time-bound audit closure and appellate proceeding constraints

6

GST tech stabilisation: Expectations from GSTN 2.0

- Seamless compliance - GSTN portal valued for returns auto-populations, real-time status tracking and easy information access and retrieval
- Demand for Integrated portal - Unified dashboards, longer retrieval period and performance during peak periods

AI-led reconciliation

- Data processing and reconciliation drive demand for AI adoption
- Automated data extraction and validation

7

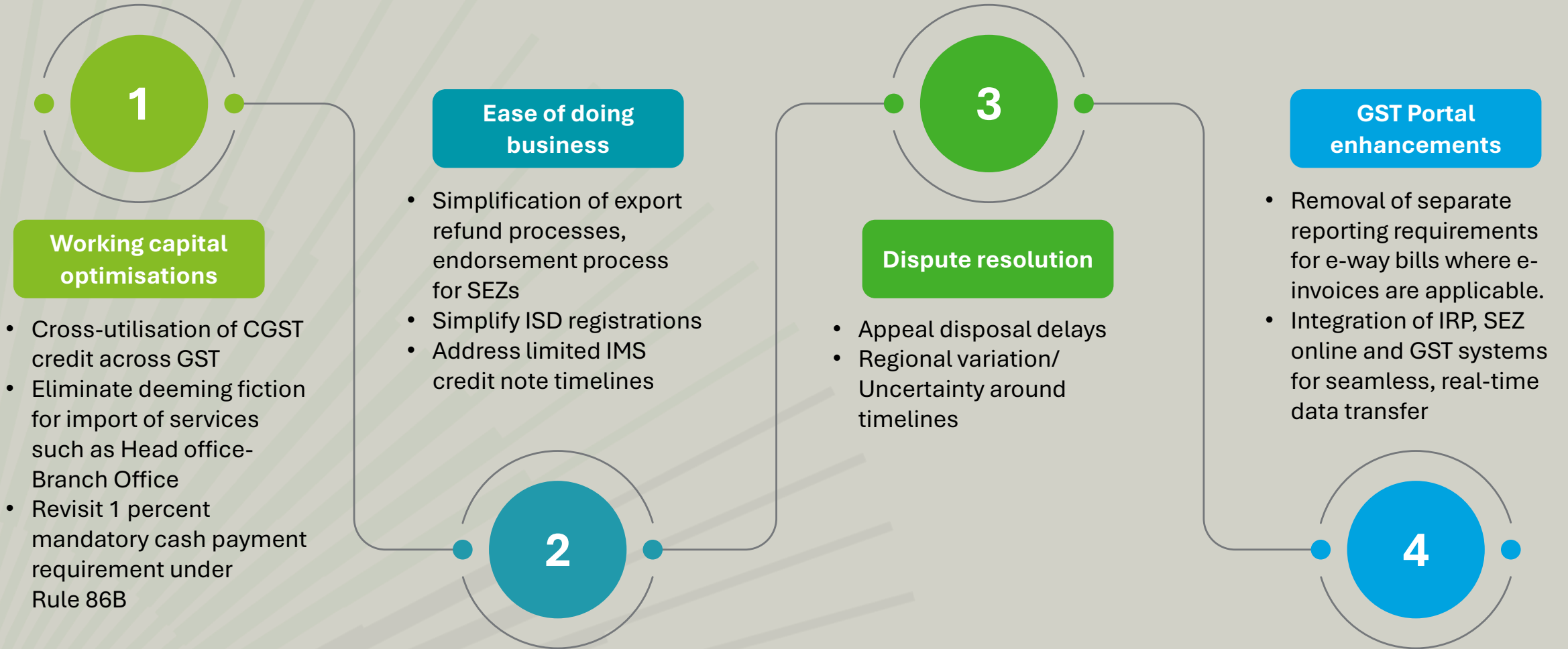
MSME enablement through GST: Progress and policy imperatives

- Rising quarterly return adoption, threshold relaxations
- Relief priorities: Invoice-based ITC eligibility and quarterly payment provisions, automated interest on delayed refunds.

8

Deloitte GST@9 survey

Priority areas for the Government



Industry expectations have been acknowledged through the proposal approved by the GST Council

Current environment

Lower rates + Easier compliance → Higher consumption + Stronger compliance + Higher revenue

Increase in gross GST collection

- Collections reached to 12.46 lakh crore
- 11.6% growth during Apr'26 – Sep '26 vis-à-vis last year

Growth in taxable supplies

- Increase by 25.8% during Oct'25-Jul'26 vis-à-vis last year

Growth in B2C Sales

- Increase by 26.7% since Sep'25 onwards

Increase in total GST registrations

- By 15% over the last year
- Total registrations reached 1.71 crore

Increase in filing of GSTR-3B

- By 12.6% by the due dates

Refund processed

- Amounting to 1.80 lakh crore sanctioned during the period

Growth in state revenue

- 16% increase in SGST collections and States' share of IGST during the period



Key policy announcements



Export liberalisation



Overseas branches

Export of services to/ through overseas branches- Proposed amendments to facilitate export benefits for services provided to or through overseas branches/ offices and clarification on receipt of export proceeds.

DTA to SEZ / FTWZ

Zero rating status for goods delivered from DTA to SEZ/FTWZ unit on behalf of foreign buyer.

Place of supply

Relaxation in Place of supply Rules- Services performed on goods sent by a foreign customer will generally have the place of supply as the customer's location outside India

Unlocking of credits

Expanded eligibility

ITC scope expanded to cover specified business-related expenses and assets, including health insurance, catering, telecom towers, pipelines, free samples, and expired goods, subject to prescribed conditions.

01



02

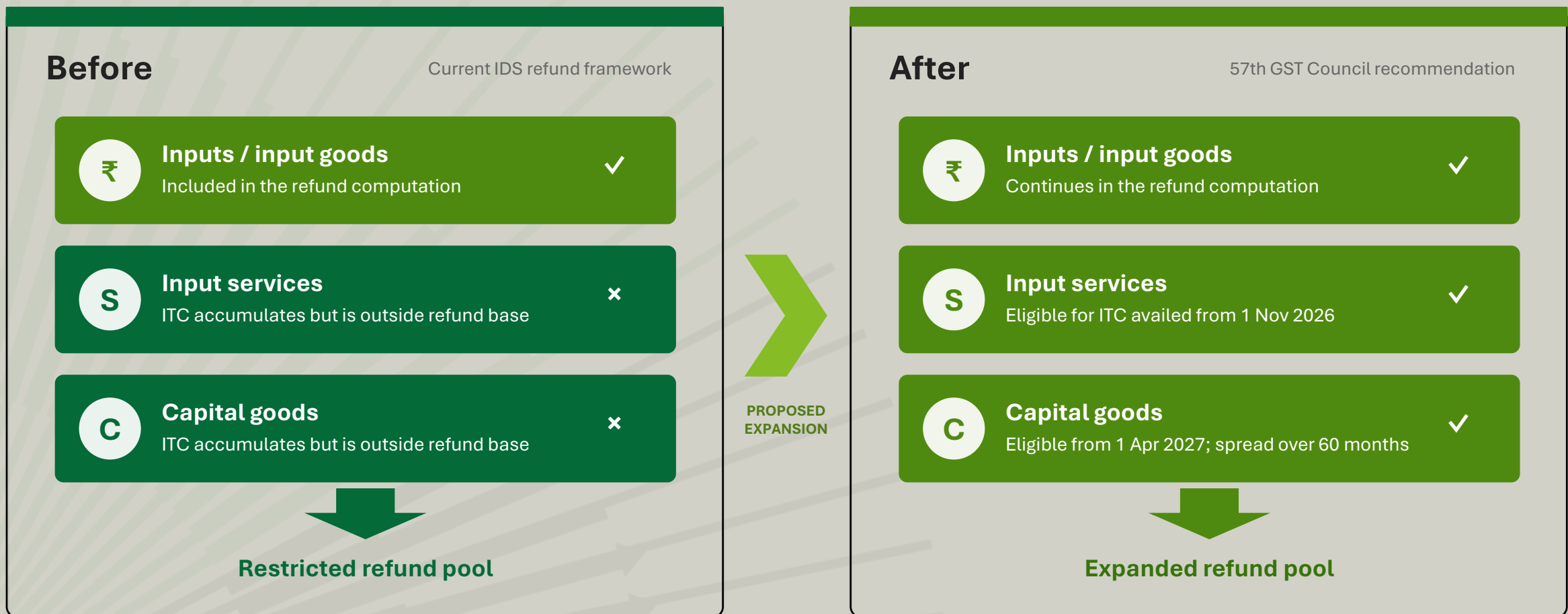
Same-line-of-business relief

ITC allowed on restaurant/ outdoor catering, hotel accommodation (up to ₹7,500/day), and gym/fitness services when used in the same line of business.

Time-bound committee constituted to address disputes concerning ITC eligibility under Section 16(2)(c) along with eligibility on motor vehicles and recommend a resolution framework.

Refund reforms | Pathbreaking inverted duty refund reform

Refund of accumulated ITC on account of capital goods in case of refund pertaining to zero-rated supplies, and of accumulated ITC on account of input services (01 November 2026) and capital goods (01 April 2027) in case of refund pertaining to inverted duty.



Refund Reforms | broader coverage and faster processing



Accelerated and automated refunds

Faster, system-based automated processing of refunds in phased manner

Phase 1 | Accelerated refunds:

- Automatic full refund of excess cash ledger balances
- 10-day acknowledgement timeline, with deemed acknowledgement thereafter
- 90% provisional refund for zero-rated and inverted duty claims, based on system risk assessment

Phase 2 | End-to-end automation:

- Automated acknowledgement following system verification
- Full automated refund for eligible zero-rated claims, subject to adjustment of pending dues and risk assessment

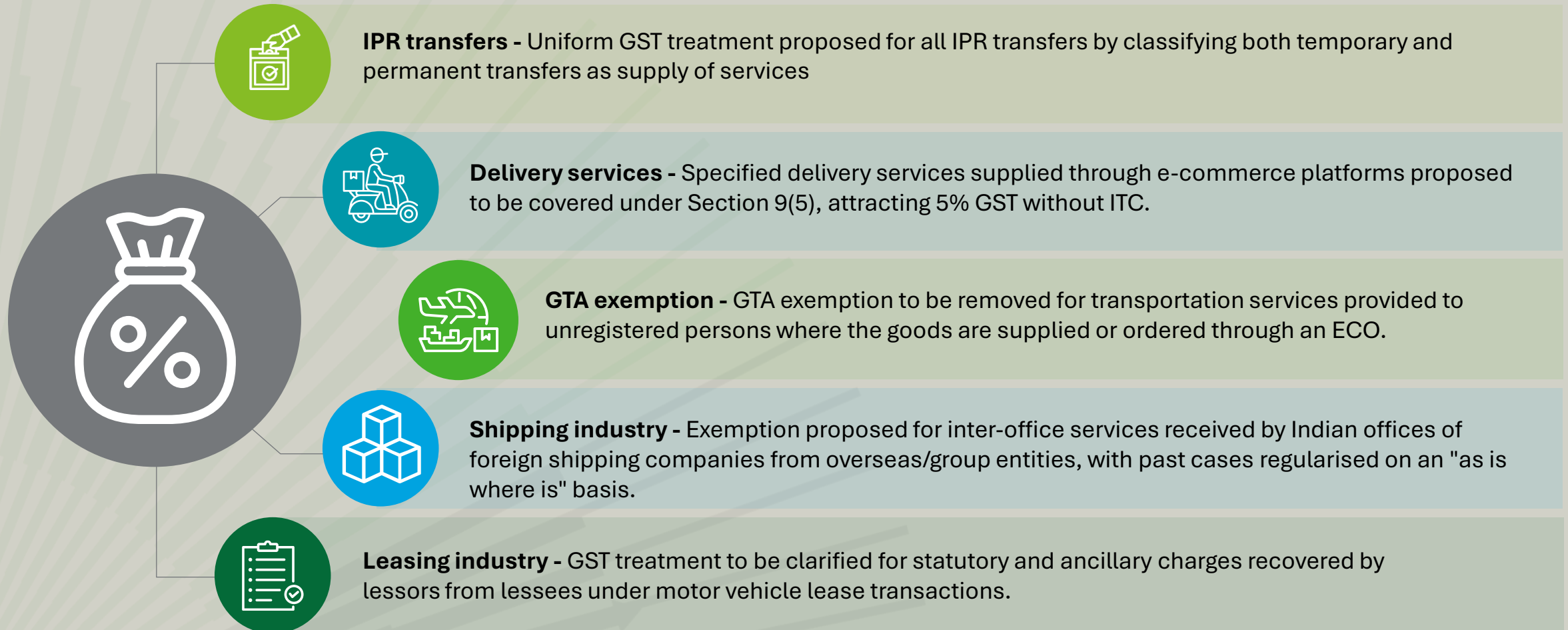
1

Export refund provision changes

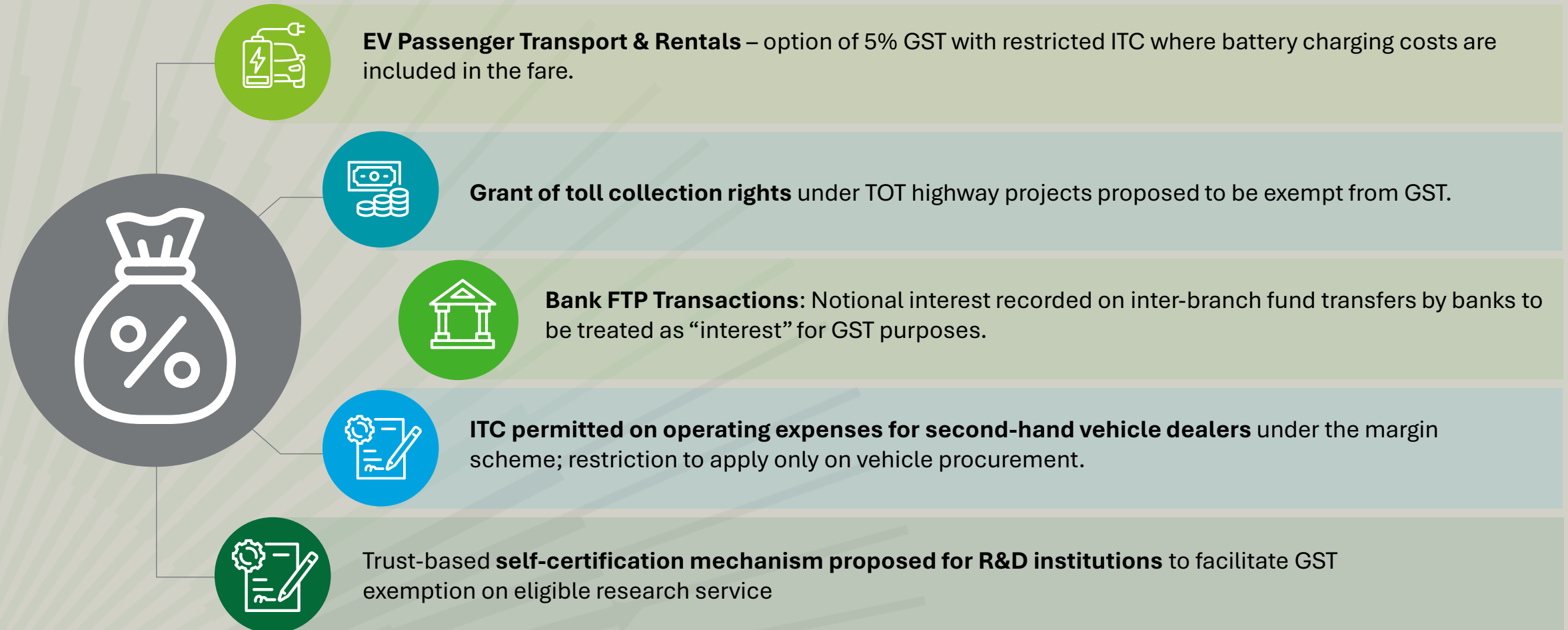
Actualisation of export value - removing the cap that limited the value of zero-rated goods exports to 1.5 times the value of similar goods sold domestically for refund calculations.

2

Clarifications on GST treatment/ rate of goods and services (1/2)



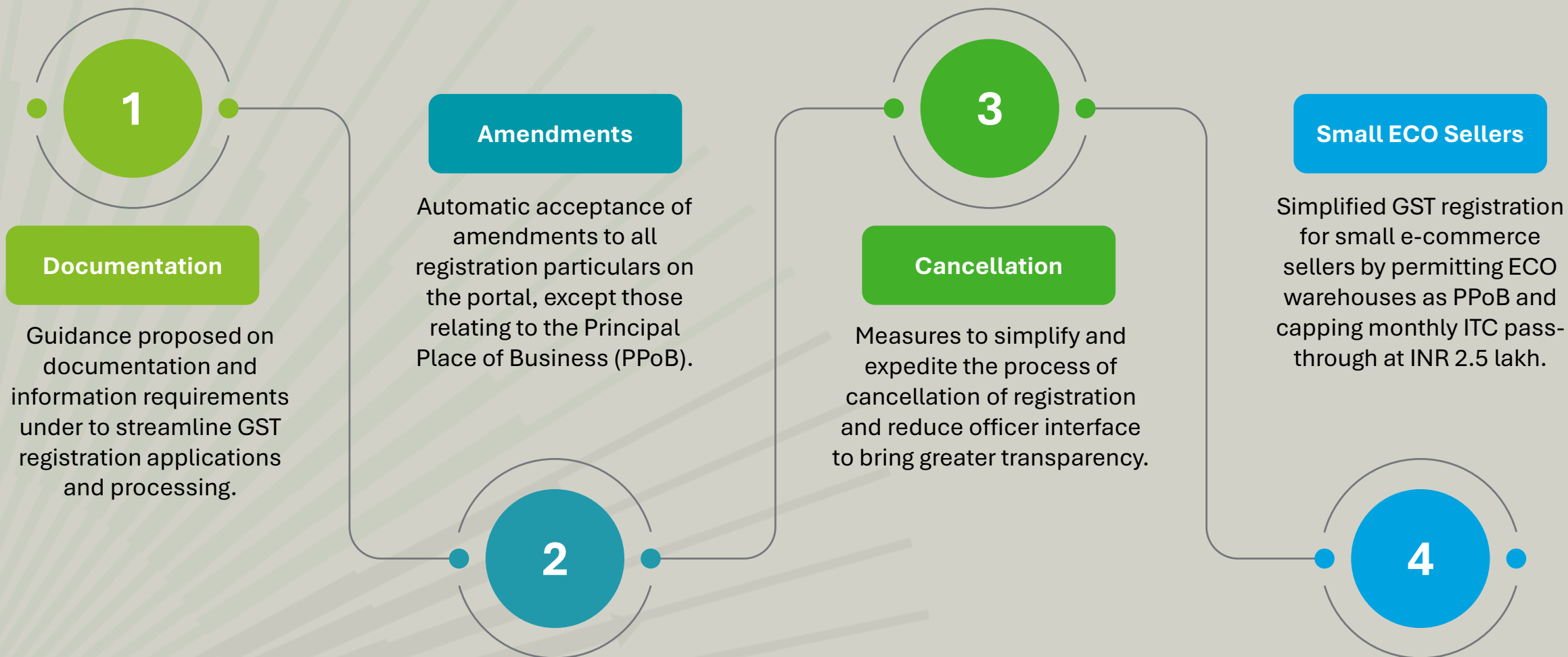
Clarifications on GST treatment/ rate of goods and services (2/2)



Key process reform announcements



Streamlining of registration processes



Compliance related announcement



E-invoice

Proposal to expand e-invoicing to RCM transactions with unregistered suppliers and import of services for taxpayers with turnover of INR 5 crore and above

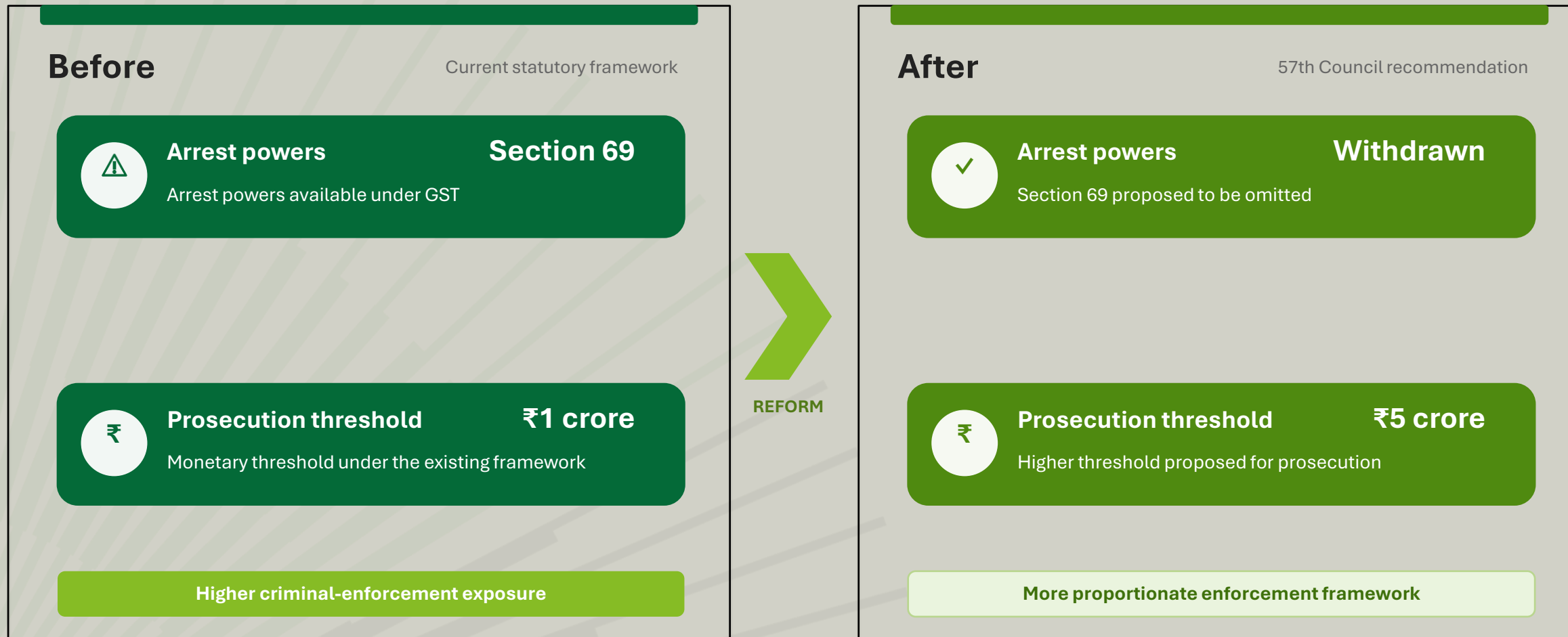
Alternative mechanism

New mechanism proposed for amendment of tax liabilities and ITC in returns to reduce mismatches and related notices.

Return approval

In-principal approval for annual return quarterly payments scheme

Reforms related to dispute resolution



Reforms related to dispute resolution

01

Circular proposed to standardise demand notices and adjudication/appellate orders, ensuring consistency and adherence to natural justice principles

02

Rationalisation of penal provisions

03

Centralised and faceless CGST administration proposed, providing a single-window mechanism for audit, scrutiny, adjudication, appeals, and taxpayer services

04

Validation clause for issuance of single SCN for multiple years

05

Threshold limit for issuance of notice prescribed

06

Opportunity of been heard against blocking of ITC ledger

07

Proposed reforms seek to streamline transit enforcement by limiting inspections to risk-based cases, curbing unwarranted detentions, and removing confiscation provisions for goods in transit

Clarifications through circulars



The GST Council recommended issuing circulars to resolve interpretational ambiguities on:

- ISD credit distribution,
- ITC eligibility for banks, financial institutions and NBFCs opting for Section 17(4),
- pre-deposit requirements in appeals,
- ITC on demonstration vehicles in specified cases, and
- Rule 96(10) proposed to be omitted retrospectively from 23 October 2017 in line with the Supreme Court's decision, promoting uniformity and reducing disputes.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.