



E-Serve No.: 153 of 2025 | Date: September 04, 2025

Sub: Key Recommendations of the 56th GST Council Meeting held on 3rd September 2025 – Revision of GST Rates & Trade Facilitation

Dear Member,

We wish to inform you that the 56th GST Council Meeting, held on 3rd September 2025 in New Delhi under the chairpersonship of Hon'ble Union Finance Minister Smt. Nirmala Sitharaman, approved a series of reforms focused on multiple sectors and themes, aimed at improving citizens' lives and promoting ease of doing business, especially for small traders and entrepreneurs.

The GST Council has approved major reforms of the indirect tax structure by replacing the existing four-rate system (5%, 12%, 18% and 28%) with a simplified two-rate structure of 5% and 18%, along with a special 40% rate for selected items.

Kindly refer to the enclosed [PIB](#) and [FAQs](#) issued by the Ministry of Finance on 03.09.2025.

Following important recommendations by the GST Council are summarized below:

A. GST RATE CHANGES

I. Goods

- HSN-wise and Sector-wise rate changes recommended (Annexure I & II of PIB).
- [Enclosed](#) is the relevant extract of cotton textile items, highlighted in yellow.

II. Date of Implementation

- 22nd Sept. 2025: Revised rates for goods.
- CBIC will start using a new system to speed up refund of taxes in cases where traders pay higher tax on inputs (like raw materials) but lower tax on final products under Inverted Duty Structure, helping them to get their money back quickly.

B. TRADE FACILITATION

The Council has also recommended several trade facilitation measures, including:

- Provisional Refunds for Inverted Duty Structure: Amendment to Section 54(6) of the CGST Act, 2017, to allow 90% refund on a provisional basis for claims under the inverted duty structure, similar to zero-rated supplies. To be operationalised from 1st November 2025, with refunds processed within 7 days of filing (where applicable).
- Operationalisation of GST Appellate Tribunal (GSTAT): GSTAT to start accepting appeals by end of September 2025 and begin hearings by December 2025. The deadline for filing backlog appeals is recommended as 30th June 2026. Principal Bench to act as National Appellate Authority for Advance Ruling (NAAAR).
- Refund Threshold Removal for Exporters: Amendment to Section 54(14) of the CGST Act to remove the threshold limit for export refunds with payment of tax, benefiting small exporters using courier and postal modes.
- Simplified GST Registration for Low-Risk Applicants: Introduction of an optional fast-track GST registration scheme for low-risk applicants and those estimating monthly taxable supplies (to registered persons) below Rs.2.5 lakh. Registration will be granted within 3 working days, automatically.

Members may kindly make a note of the above developments and plan their production and compliance activities accordingly.

Regards,

Dr. Siddhartha Rajagopal
Executive Director

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