FAST / FACTS

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The COMMUNIQUE

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Our Leadership Speaks

GST Rationalisation

The GST Council's recent rationalisation marks the most significant structural reform since GST was first introduced in 2017. By reducing the four earlier slabs (5%, 12%, 18%, 28%) into two main rates, 5% for essentials and 18% for standard goods and services, along with a 40% rate for luxury and sin goods, the reform brings clarity and simplicity to India's indirect tax system. Everyday items such as UHT milk, medicines, bread, and small appliances now fall into lower tax brackets, offering relief to consumers while making a wide range of products more affordable.

Beyond consumer savings, the move is designed to improve ease of doing business. MSMEs, in particular, will benefit from fewer compliance complexities and relief from inverted duty structures that previously strained working capital. Lower GST on inputs is expected to strengthen supply chains and support manufacturing, while increased affordability should boost consumption demand across industries. Analysts anticipate that the resulting efficiency and demand growth will help offset the government's projected short-term revenue loss of nearly ₹48,000 crore.

For business leaders, this reform is not just a tax adjustment; it is a strategic opportunity. Companies must revisit product classification, pricing models, and compliance frameworks to stay competitive and transparent. Passing on benefits to
consumers can build trust and market share, while restructured supply chains and reduced tax friction can improve margins. Over the medium term, the rationalization sets the stage for a more stable, growth-oriented GST regime that aligns with India's broader economic vision.

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Never miss a date

October 7th	October 7th	October 15th	October 15th
Due date for deposit of Tax deducted/collected for the month of September 2025	Due date for deposit of TDS for the period July 2025 to September 2025 when Assessing Officer has permitted quarterly deposit of TDS under section 192, 194A, 194D, or 194H	Due date for issue of TDS Certificate for tax deducted under Sections 194-IA, 194-IB, 194M, and 194S in the month of August 2025	Quarterly statement of TCS deposited for the quarter ending September 30, 2025

October 15th	October 30th	October 30th	October 31st
Furnishing of quarterly statement (by an authorised dealer) in respect of foreign remittances made during the quarter ending September 30, 2025	Due date for furnishing of challan-cum-statement in respect of tax deducted under sections 194-IA, 194-IB, 194M, and 194S in the month of September 2025	Quarterly TCS certificate (in respect of tax collected by any person) for the quarter ending September 30, 2025	Quarterly statement of TDS deposited for the quarter ending September 2025

October 31st	October 31st	October 31st	October 31st
Due date for furnishing of Annual audited accounts for each approved programmes under section 35(2AA)	Quarterly return of non-deduction of tax at source by a banking company from interest on time deposit in respect of the quarter ending September 2025	Due date for filing of return of income for the assessment year 2025-26 if the assessee (not having any international or specified domestic transaction) is (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited)	Audit report under section 44AB for the assessment year 2025-26 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under section 92E

October 31st	October 31st	October 31st	October 31st
Exercising the option to opt out from the new tax regime under Section 115BAC/115BAD/115BAE (if assessee is required to submit return of income by October 31, 2025)	Furnishing of declaration by a taxpayer claiming deduction under Section 80GG in respect of the rent paid for residential accommodation (if the assessee is required to submit return of income by October 31, 2025)	Furnishing of audit report in Form 3CE under section 44DA by non-resident and foreign company for the previous year 2024-25 (if the assessee is required to submit return of income on November 30, 2025)	Furnishing of the audit report by a trust or institution registered under Section 12AB or approved under Section (23C)(iv)/(v)/(vi)/(via)

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October 31st

Exercising the option to opt for alternative tax regime under Section 115BA/115BAA/115BAB(1) by a domestic company (if due date of submission of return of income is October 31, 2025)

October 31st

Furnishing of particulars for claiming relief under Section 89 (if assessee is required to submit return of income by October 31, 2025)

October 31st

Furnishing of an annual statement of income taxable at concessional rate under section 115AD (if assessee is required to submit return of income by October 31, 2025)

October 31st

Furnishing of report of audit of the accounts of an assessee, other than a company or a co-operative society, in Form No. 3AE under section 35D(4) for the previous year 2024-25 (if the assessee is required to submit return of income on November 30, 2025)

October 31st

Furnishing report under section 115JB for computing the book profits of the company during the previous year 2024-25 (if the assessee is required to submit return of income on November 30, 2025)

October 31st

Furnishing report under section 115JC for computing Adjusted Total Income and Alternate Minimum Tax of the person other than company during the previous year 2024-25 (if the assessee is required to submit return of income on November 30, 2025)

October 31st

Copies of declaration received in Form No. 60 during April 1, 2025 to September 30, 2025 to the concerned Director/Joint Director

November 07th

Due date for deposit of Tax deducted/collected for the month of October 2025

November 07th

Uploading of declarations received in Form 27C from the buyer in the month of October 2025

November 14th

Due date for issue of TDS Certificate for tax deducted under Sections 194-IA, 194-IB, 194M, and 194S in the month of September 2025

November 15th

Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending September 30, 2025

November 15th

Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of October, 2025 has been paid without the production of a challan

November 15th

Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of October 2025

November 30th

Due date for furnishing statement by a recognised association in respect of transactions in which client codes been modified after registering in the system for the month of October 2025

November 30th

Return of income for the assessment year 2025-26 in the case of an assessee if he/it is required to submit a report under section 92E pertaining to international or specified domestic transaction(s)

November 30th

Report in Form No. 3CEAA by a constituent entity of an international group for the accounting year 2024-25

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ALL YOU NEED TO KNOW ABOUT GST 2.0: A COMPREHENSIVE GUIDE

Introduction

The Goods and Services Tax (GST) is a single tax system in India that replaced many old taxes on goods and services. Introduced in 2017, it aimed to make taxation simpler and fairer across the country. In September 2025, the government rolled out major changes to GST, called "GST Reforms for a New Generation" or "GST 2.0." These updates focus on rationalisation, which means adjusting tax rates and slabs to make them easier, cheaper for common people, and better for businesses.

This article explains these changes in simple terms, drawing from official sources like the Press Information Bureau (PIB) and the GST Council. We'll cover the background, key decisions, sector-wise impacts, and what it means for everyone. The reforms are designed to be a "Diwali gift" for citizens, as mentioned by Prime Minister Narendra Modi, by cutting taxes on essentials and simplifying rules.

Background and Timeline

GST decisions are made by the GST Council, a group of central and state finance ministers led by the Union Finance Minister. On August 15, 2025, during his speech from the Red Fort, Prime Minister Modi announced plans for next-generation GST reforms to reduce the tax burden on the common man. He emphasized making GST simpler and more growth-oriented.

The 56th GST Council meeting on September 3, 2025, in New Delhi turned these ideas into action. The council approved a range of measures, including rate cuts and slab changes. Most changes became effective from September 22, 2025, just before festivals like Navratri and Diwali. This timing was chosen to give relief during a high-spending season. For items like cigarettes and tobacco, changes will come later, after settling some old loans related to compensation cess (an extra tax on certain goods).

The rationale, as per official statements, is to create a "citizen-friendly Simple Tax." It focuses on three pillars: structural reforms, rate rationalisation, and ease of doing business. Union Finance Minister Nirmala Sitharaman highlighted that these reforms were based on consensus among all council members to support the common man, farmers, MSMEs (micro, small, and medium enterprises), women, youth, and middle-class families.

The New Tax Slab Structure

Before the reforms, GST had four main slabs: 5%, 12%, 18%, and 28%, plus exemptions (NIL rate) and a compensation cess on some items. The new structure simplifies this to mostly two slabs:

- **Merit Rate (5%)**: For essential and merit goods like food, household items, and agricultural tools.
- **Standard Rate (18%):** For most other goods and services.
- **Special De-merit Rate (40%):** For luxury and sin goods, such as tobacco, pan masala, aerated drinks, high-end cars, yachts, private aircraft, casinos, betting, and gambling services.

This removes the 12% and 28% slabs for most items, merging them into 5% or 18%. A few items, like coal, moved up from 5% to 18% to fix imbalances in the tax chain. The goal is to make tax calculations easier and reduce costs for basics while taxing luxuries more.

Key Rate Changes and Exemptions

Over 100 items saw rate cuts, with many moving to 5% or NIL. Here's a breakdown by category, including previous and new rates. These changes aim to correct "inverted duty structures" (where inputs are taxed higher than outputs, hurting businesses) and boost sectors like manufacturing and exports.

Food and Household Essentials

Many daily items became cheaper to help families save money.

- Ultra-High Temperature (UHT) milk, pre-packaged chena or paneer, all Indian breads (e.g., chapati, roti, paratha): From 5% to NIL.
- Packaged namkeens, bhujia, sauces, pasta, instant noodles, chocolates, coffee, preserved meat, corn flakes, butter, ghee: From 12% or 18% to 5%.
- Hair oil, toilet soap bars, shampoos, toothbrushes, toothpaste, tableware, kitchenware, bicycles: From 12% or 18% to 5%.

Consumer Durables and Electronics

To make homes more affordable, taxes on appliances dropped.

- Air-conditioning machines, TVs (all sizes, including up to 32 inches), dishwashing machines: From 28% to 18%.
- Spectacles, corrective goggles, contact lenses: From 12% or 28% to 5%.

Automobiles and Transportation

This sector got big relief to lower travel and logistics costs.

- Small cars, motorcycles (≤350 cc), buses, trucks, ambulances, three-wheelers: From 28% to 18%.
- All auto parts: Uniform 18% (previously varied).
- Commercial goods vehicles (trucks, vans): From 28% to 18%.
- Third-party insurance for goods carriages: From 12% to 5%.

Agriculture and Farming

Supports farmers by cutting costs on tools and inputs.

- Tractors, agricultural machinery (e.g., harvesters, threshers, sprinklers, drip irrigation, composting machines): From 12% or 18% to 5%.
- Bio-pesticides, natural menthol, fertilizers (sulphuric acid, nitric acid, ammonia): From 18% to 5%.
- Poultry and bee-keeping machines: From 12% to 5%.

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Healthcare and Medicines

Major focus on affordability, especially for chronic diseases.

- 33 lifesaving drugs and medicines (e.g., for cancer, rare diseases): From 12% or 5% to NIL.
- All other drugs and medicines (including Ayurveda, Unani, Homeopathy): From 12% to 5%.
- Medical devices (e.g., bandages, diagnostic kits, glucometers, surgical instruments, thermometers, medical oxygen): From 12%–18% to 5%.
- Health and life insurance premiums (individual, family floater, senior citizens): Exempted (NIL).

Handicrafts and Textiles

Boosts traditional and labor-intensive sectors.

- Handicrafts (idols of wood/stone/metal, statues, paintings, sculptures, art ware): From 12% to 5%.
- Man-made fibres: From 18% to 5%.
- Man-made yarns: From 12% to 5%.
- Ready-made apparel up to ₹2,500 per piece: From 12% to 5%.
- Footwear up to ₹2,500 per pair: From 12% to 5%.
- Carpets and floor coverings: From 12% to 5%.

Education and Child Care

Helps students and families.

- Exercise books, erasers, pencils, crayons, sharpeners, geometry boxes: From 5% or 12% to NIL or 5%.
- Napkins and liners for babies, feeding bottles: From 12% to 5%.

Renewable Energy and Environment

Helps students and families.

- Promotes green tech.

Other Sectors

- Construction materials: Cement from 28% to 18%; sand-lime bricks from 28% to 18%; marble/granite blocks from 12% to 5%.
- Packaging: Cartons, boxes, paper trays from 12% to 5%.
- Defence: Walkie-talkies, tanks from 12% to 5%.
- Services: Hotel stays ≤₹7,500/day from 12% to 5%; gyms, salons, yoga centers from 18% to 5%.
- Increases: Revolvers/pistols from 28% to 40%; coal from 5% to 18%.

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For a quick overview, here's a table of major changes:

Category	Item Examples	Previous Rate	New Rate	Impact
Food	UHT milk, breads, namkeens, pasta	5–18%	NIL–5%	Cheaper groceries for families
Household	Soaps, shampoos, bicycles, kitchenware	12–18%	5%	Lower daily expenses
Automobiles	Small cars, bikes, trucks, auto parts	28%	18%	Affordable transport, lower logistics costs
Agriculture	Tractors, harvesters, fertilizers	12–18%	5%	Boost to farming productivity
Healthcare	Medicines, diagnostic kits, insurance	5–12%	NIL–5%	Better access to health services
Textiles/ Handicrafts	Yarns, apparel, idols, art ware	12–18%	5%	Support for artisans and exports
Electronics	TVs, ACs, dishwashers	28%	18%	Cheaper home appliances
Services	Hotels (≤₹7,500), gyms, salons	12–18%	5%	Affordable wellness and travel
Luxury/Sin	Tobacco, aerated drinks, casinos	28%	40%	Higher tax on non-essentials

Other Reforms and Simplifications

Beyond rates, the council made GST easier:

- Simplified registration and return filing for businesses.
- Faster refunds to improve cash flow for MSMEs.
- Exemptions for research grants to educational institutions.
- Changes to lottery and betting valuation to ensure fair taxation.

These steps reduce compliance costs and fix issues like inverted duties, helping domestic production and reducing imports.

Economic Impacts and Rationale

The reforms are expected to lower prices, increase demand, and create jobs in sectors like textiles and handicrafts. Official estimates suggest GST collections hit a record ₹22.08 lakh crore in FY 2024-25, showing system strength. However, there might be a short-term dip in September-October 2025 due to rate cuts, followed by a rebound from better compliance.

The rationale is to make GST "simpler, fairer, and more growth-oriented." As per PIB, it targets relief for the common man, boosts manufacturing, and strengthens state revenues. Prime Minister Modi called it a step to reduce the tax burden, while the Finance Minister noted it as a consensus effort to support key groups like youth and women entrepreneurs.

In summary, these changes make GST more people-friendly, with lower taxes on needs and higher on wants. For the latest updates, check the GST Council website or PIB.

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