INDIA TAX | GST · GST COUNCIL · REFUNDS · COMPLIANCE

57th GST Council: arrest powers dropped, faster refunds and simpler registration

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The 57th GST Council recommended removing arrest powers under section 69, automating refunds and registration, raising the prosecution threshold to INR 5 crore, and widening input tax credit.

Country reference

- Country: India (Wave 1 expansion country)
- Authorities: GST Council; Central Board of Indirect Taxes and Customs (CBIC)
- Topic: Recommendations of the 57th GST Council meeting
- Key date: PIB release of 8 October 2026; changes apply only once notified or legislated
- Law: CGST Act, 2017; IGST Act, 2017; CGST Rules

What the Council recommended

The Council met in New Delhi under the chair of the Union Finance Minister. Its recommendations focus on process rather than headline rates. They take legal effect only through notifications, circulars and amendments to the GST laws.

Enforcement and disputes

- Arrest powers under section 69 of the CGST Act to be omitted.
- Prosecution threshold raised from INR 1 crore to INR 5 crore.
- No show-cause notice below INR 10,000 of tax.
- General maximum penalty under section 125 cut from INR 25,000 to INR 10,000.
- E-way bill interception only on specific intelligence, authorised by a Joint Commissioner or above.

Refunds and credit

- 90% of zero-rated and inverted duty refunds to be sanctioned provisionally by system risk checks.
- Accumulated credit on input services to be refundable for inverted duty cases, for credit taken from 1 November 2026.
- Blocked credit under section 17(5) relaxed for items such as health and life insurance, outdoor catering and free samples.

Registration, returns and exports

- More registrations and amendments to be accepted automatically.
- Return changes to reduce mismatches with IMS and GSTR-2B, from April 2027 returns.

- Services to a foreign office of the same entity can qualify as exports, once the IGST Act is amended.
- E-invoicing to cover reverse-charge purchases and imports of services for turnover of INR 5 crore and above.

What to do now

- Track the CBIC notifications and the next Finance Bill for effective dates.
- Review export-of-services positions for group recharges to and from India.
- Prepare refund files to take advantage of faster processing.

Our take

This is the most business-friendly set of process changes since GST began. For Gulf groups with Indian operations, the export-of-services change for intra-entity services is the one to watch.

Sources

- PIB: Recommendations of the 57th Meeting of the GST Council
- A2Z Taxcorp: Key recommendations of the 57th GST Council meeting

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