

# GST Council unlocks major process revamp

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New Delhi, 8 October

The Goods and Services Tax (GST) Council on Thursday decided to further reform the indirect tax system, offering businesses relief on arrest, prosecution and penalty provisions, greater availability of tax credits and quicker refunds and a host of procedural relaxation including easier registrations.

These measures, which complement the tax rate and slab rationalisation made a year ago, changes the design of GST to make it more taxpayer friendly and trust-based. The process reform seeks to ease day-to-day compliance for businesses.

The Council, chaired by Union Finance Minister Nirmala Sitharaman, approved rule changes covering registration, tax returns, refunds, input tax credit (ITC), dispute resolution, enforcement, exports and movement of goods across states. The reforms seek to make GST administration more system-driven and reduce the need for taxpayers to interact with tax officers.

The move comes a year after the Council moved to a two-rate GST structure.

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## What the biggest changes imply



### GST arrest powers to be withdrawn

The GST Council has recommended deleting Section 69, which provides the legal basis for arrest under GST

**Implication:** Tax enforcement will rely less on the threat of arrest, strengthening the distinction between tax recovery and criminal enforcement

### GST prosecution threshold raised fivefold



Monetary threshold for GST prosecution will rise from

₹1 crore to ₹5 crore, with several offences narrowed

**Implication:** Criminal prosecution will target serious fraud, evasion; will reduce criminal-law exposure for lower-value tax disputes

### ₹10,000 threshold for GST show-cause notices



Show-cause notices won't be issued where total tax

involved is below ₹10,000

**Implication:** Low-value disputes will stay outside formal adjudication, reducing litigation and freeing officers to focus on larger cases



### Maximum general GST penalty cut to ₹10,000

The maximum general penalty under Section 125 will be reduced from ₹25,000 to ₹10,000

**Implication:** The change lowers the cost of procedural violations and reinforces a shift towards more proportionate enforcement



### Broader definition of export of services

Services involving Indian companies' foreign offices or branches will qualify more easily as exports, subject to other conditions

**Implication:** More cross-border service revenue could qualify for zero-rating and refunds, improving India's tax treatment of globally integrated service businesses