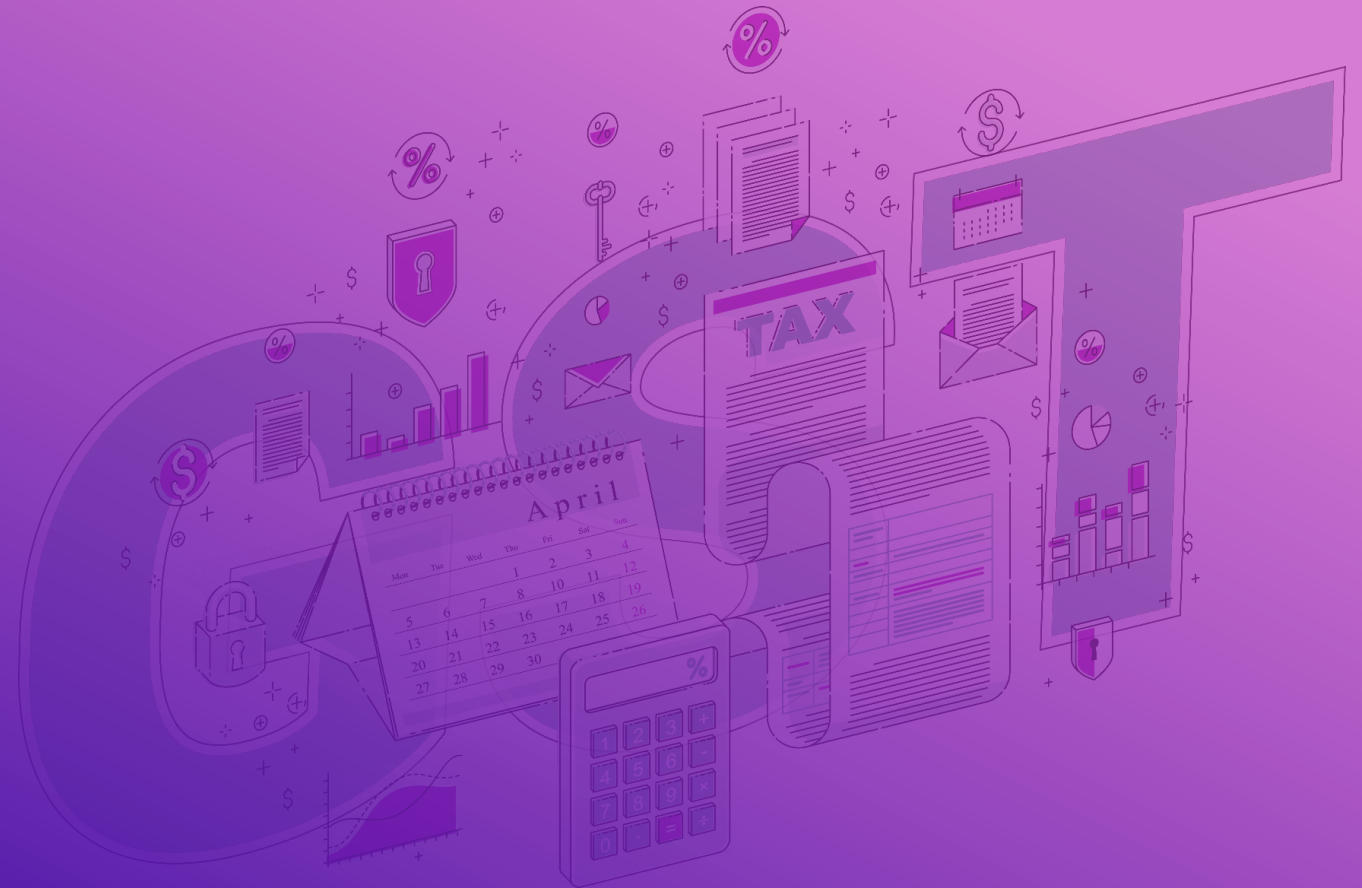


GST Trail

September 2025

Key Highlights

GST Notifications and
Clarification Circulars



Notifications Updates

Notification No. 13/2025-Central Tax

The Central Board of Indirect Taxes and Customs (CBIC) has issued a notification related to 'Central Goods and Services Tax (Third Amendment) Rule, 2025', which details key amendment made to the GST Rules as notified by the Ministry of Finance on 17 September 2025.

Amendment in Rule 31A(2) (Value of Supply)

The amendment to Rule 31A(2) substitutes the figure '128' with '140', thereby increasing the deemed taxable value of a lottery ticket. This leads to higher GST liability on lottery supplies, as it raises the effective taxable base for calculating GST.

Update to Rule 39(1A)-Distribution of ITC by ISD

- As per the revised interpretation of Rule 39(1A) reverse charge ITC distributed by ISDs not only under CGST (Section 9(3) and 9(4)) but also under IGST (Section 5(3) and 5(4)) with effect from 1 April 2025.
- This ensures comprehensive coverage of reverse charge credits under both CGST and IGST within the ISD mechanism.

Revision of Rule 91(2) (Refund Procedure)

- As per revision in Rule 91(2), the refund process is now subject to risk identification and evaluation by the system.
- The proper officer must issue form GST RFD-04 within 7 days of acknowledgment.
- If order is justifiable, officer may skip provisional refund and proceed directly to the final refund order under Rule 92. Also, the RFD-04 order no longer needs revalidation.

Changes in Rules 110 and 111 (Appeals Procedure)

- The provisional acknowledgement for an appeal will be issued in Part A of a new form – GST APL-02A & acknowledgement will be issued in Part-B.
- The existing proviso (i.e., an exception or additional condition) under sub-rule (1) has been deleted.
- any exception or flexibility offered in the proviso to sub-rule (2) is now removed.
- In sub-rule (4), it's clear the intention is to replace mentions of form GST APL-02 – likely with the new form GST APL-02A.
- The term 'self-certified copy' has been replaced with 'self-attested copy' for documents required to be submitted with the appeal, in line with standard legal practices to ensure greater authenticity and compliance.

Insertion of Rule 110A (Single Member Bench for Tribunal)

- This rule is introduced to operationalize Section 109(8) of the CGST Act, which allows certain appeals to be heard by a Single Member Bench of the GST Appellate Tribunal (GSTAT).
- If the Single Member Bench finds that the appeal involves a question of law, the appeal may be referred back to the President or Vice-President for reconsideration.
- While scrutinizing or reconsidering an appeal, if such a case already exists, then the current appeal must also be heard by a bench with both a Technical Member and a Judicial Member, not by a single member or a different combination.
- It also clarifies that the INR 5 million threshold applies to the total tax, ITC, or penalties involved across all issues and periods in the appeal.

Revision of Rule 113 (Order Summary in Appeals)

Tribunal orders will now include a summary in the newly introduced form GST APL-04A, outlining quantified demands to ensure clear communication of the final tax liability.

Modifications to Annual Return (Form GSTR-9)

The Government has amended Form-GSTR-9 to make reporting of Input Tax Credit (ITC) and other details more structured and clear from FY 2024-25 onwards.

Changes in ITC reporting during the year (Part III) as below

- New Table 6A1 added for ITC of the preceding financial year availed in the current financial year (except ITC reclaimed under rules 37 and 37A) and included in auto-populated values.
- Clarification on the reporting of ITC availed, reversed, and reclaimed with specific segregation between first-time availed ITC, ITC reversed, and ITC reclaimed starting FY 2024-25.
- The reporting of ITC details in Table 6H has been revised to separately display ITC reclaimed after reversal, categorized based on different reasons for the reversal.
- Some of the fields like 6J and 6M are completely replaced with new formats.
- New row 8H1 added specifically for ITC on Import of goods claimed in the next financial year.

Tax Paid and Supplies Declared

- Revised tables in Part IV to reflect tax payable and payments made through Cash and ITC, categorized under Central Tax, State/UT Tax, Integrated Tax, and Cess.
- New entries introduced for supplies reported in returns of the subsequent financial year, including amendments made through debit/credit notes, ITC reversed or availed in the following year, and differential tax paid as a result of such amendments.

E-Commerce Transactions Reporting

- The Government has amended Form-GSTR-9C to make reporting of Turnover and Tax reconciliation and other details more structured and clear from FY 2024-25 onwards.

Modifications to Annual Return (Form GSTR-9C)

The Government has amended Form-GSTR-9C to make reporting of Turnover and Tax reconciliation and other details more structured and clear from FY 2024-25 onwards.

Enhanced Turnover and Tax Reconciliation

- Reconciliation tables in Part II expanded to include supplies on which tax is paid by e-commerce operators under Section 9(5) which can report in new column D1.

- In the reconciliation tables under Part III, against serial number 9 titled 'Reconciliation of rate-wise liability and amount payable thereon', a new column 'K-2' has been added for reporting supplies on which tax is payable by e-commerce operators under Section 9(5).

Additional Liability & Late Fees Disclosure

- Enhanced reporting of additional liability due to reconciliation, including tax payable through cash or ITC.
- New Table 17 inserted for reporting of Late fee which is payable as per Section 47(2).

Certain Forms released by CBIC

CBIC inserted new forms namely

- Form GST APL-02A
- Form GST APL-04 A
- Form GST APL-05
- Form GST APL-07

Notification No. 14/2025-Central Tax

This notification No. 14/2025 issued by the CBIC on 17 September 2025, specifies categories of registered persons who will not be allowed provisional refunds under the Central Goods and Services Tax Act, 2017, effective from 1 October 2025.

Provisional refund will be restricted for certain category taxpayers under Section 54(6) with effect from 1 October 2025.

- Provisional refunds will not be granted to persons who have not undergone Aadhaar authentication as per rule 10B of the Central GST Rules, 2017.
- Provisional refunds are also disallowed for persons engaged in the supply of certain goods specified by their tariff codes:
 - Areca nuts (Tariff 0802 80)
 - Pan masala (Tariff 2106 90 20)
 - Tobacco and manufactured tobacco substitutes (Chapter 24)
 - Essential oils (Tariff 3301)
- Terms such as tariff item, heading, sub-heading, and chapter refer to those as defined in the Customs Tariff Act, 1975.
- The interpretation rules applicable to the Customs Tariff Act's First Schedule also apply to this notification.

Notification No. 15/2025-Central Tax

This notification No. 15/2025 issued by CBIC on 17 September 2025 proposes exemption from filing annual return for taxpayers with an annual turnover below INR 20 million.

Seeks to exempt taxpayer with annual turnover less than INR 20 million from filing annual return.

- Under the powers granted by the first proviso to Section 44(1) of the CGST Act, 2017, the Commissioner, on the recommendation of the GST Council, has exempted for Registered persons whose aggregate turnover is up to INR 20 million from filing the Annual Return (Form GSTR-9) for the financial year 2024–25.

Notification No. 16/2025-Central Tax

This notification No. 16/2025 issued by CBIC on 17 September 2025 seeks to bring into effect clauses (ii) and (iii) of Section 121, Sections 122 to 124, and Sections 126 to 134 of the Finance Act, 2025.

Seeks to notify clauses (ii), (iii) of Section 121, Section 122 to Section 124 and Section 126 to 134 of Finance Act, 2025 to come into force.

The Central Government has appointed 1 October 2025 as the date when clauses (ii) and (iii) of Section 121, Sections 122 to 124, and Sections 126 to 134 of the Finance Act, 2025 will come into effect.

Clauses (ii) & (iii) of Section 121 (Amendments to CGST Section 2 – Definitions)

- The word ‘fund’ is added after ‘management’ of a municipal” to clarify that it refers specifically to a municipal fund.
- Introduces a new clause (116A) titled ‘Unique Identification Marking,’ as referred to in clause (b) of sub-Section (2) of Section 148A, which is inserted for certain goods to enable track and trace functionality.

Section 122 – Amendment to Section 12 (Time of Supply for Vouchers for Goods)

- Section 12 of the Central Goods and Services Tax Act, sub-Section (4) is to omitted. That previously dealt with Time of Supply for issue of vouchers in case of supply of goods.

Section 123 – Amendment to Section 13 (Time of Supply for Vouchers for Services)

- Section 13 of the Central Goods and Services Tax Act, sub-Section (4) is to omitted. That previously dealt with Time of Supply for issue of vouchers in case of supply of services.

Section 124 – Amendment to Section 17(5) (Blocked Credits/Input Tax Credit Disallowance)

- The word ‘plant or machinery’, the words ‘plant and machinery’ shall be substituted with the retrospective effect from 1 July 2017.
- It is to be clarified that, no matter what any court, tribunal, or authority has said before, whenever the term ‘plant or machinery’ is used, it should be understood as ‘plant and machinery.’

Section 126 – Amendment to Section 34 (Credit Notes/Reversal of ITC)

- A supplier cannot reduce their output tax liability if the buyer has not reversed the input tax credit claimed for the related credit note, or if the tax burden on that supply has been transferred to another person (other than the registered buyer).

Section 127 – Amendment to Section 38 (Invoice/ITC Statement)

- The word 'an auto-generated statement', the words 'a statement' shall be substituted.
- The word 'and' shall be omitted.
- The word 'by the recipient', the word 'including' shall be inserted.

Section 128 – Amendment to Section 39 (Filing of Returns)

- The words 'and within such time', the words 'within such time, and subject to such conditions and restrictions' shall be substituted.

Section 129 – Amendment to Section 107 (Appeals to Appellate Authority)

- If an order imposes a penalty without involving any tax demand, no appeal shall be filed against such an order unless the appellant has paid an amount equal to 10% of the penalty.

Section 130 – Amendment to Section 112 (Appeals to Appellate Tribunal)

- If an order imposes a penalty without involving any tax demand, no appeal shall be filed against such an order unless the appellant has paid an amount equal to 10% of the penalty and the amount shall be payable under Section 107(6).

Section 131 – Insertion of New Section 122B (Penalty for Contravention of Track & Trace)

- Where any person referred to Section 148A(1)(b) contravenes the provisions of that Section, person are liable in addition to any penalty under Chapter XV or other provisions of this Chapter, to pay a penalty of either one lakh rupees or 10% of the tax payable on such goods, whichever amount is higher.

Section 132 – Insertion of New Section 148A (Track & Trace/Unique Identification Marking)

- Introduce a new Section 148A related mandating track & trace requiring unique identification marking (digital stamps/marks or similar) and enabling movement tracking.

Section 133 – Amendment to Schedule III (Neither Supply of Goods nor Services)

- Clause (aa) in paragraph 8 of Schedule III of the CGST Act, 2017 with effect from 1 July 2017, to explicitly clarify that the supply of goods stored in a Special Economic Zone (SEZ) or Free Trade Warehousing Zone (FTWZ) to any person, prior to the clearance of such goods for export or for supply to the Domestic Tariff Area, shall be treated neither as a supply of goods nor as a supply of services.

Section 134 – Amendment to Refund Provisions

- No refund shall be granted for any tax that has been collected but would not have been collected if Section 133 had been in effect at all relevant times.

Circulars Updates

Circular No. 251/08/2025-GST

The circular no. 251/08/2025 issued by CBIC on 12 September, 2025 clarifies various issues regarding the treatment of secondary or post-sale discounts under GST.

Clarification on various issues regarding the treatment of secondary or post-sale discounts under GST.

Issue

Is the recipient of goods eligible to claim full ITC when making discounted payments to the supplier due to financial or commercial credit notes issued by the supplier?

Clarification

- As per Section 16(1) of CGST Act, 2017, allows ITC on the GST charged on the Supply, as long as goods/services used in business.

- Circular No. 92/11/2019-GST clarifies that in cases of financial/commercial credit notes, the recipient's ITC is not affected since GST liability of supplier is not altered.
- As supplier may issue financial/commercial credit notes for reasons like post-sale discount, without treating them as GST credit notes.
- The recipient can therefore avail full ITC as per the original invoice, even if actual payment made to the supplier is reduced.

Whether a post-sale discount offered by a manufacturer to its dealer/distributor, would be treated as a consideration paid by the manufacturer for the dealer's supply of the same goods to the end customer as a monetary value of the inducement to supply of goods manufactured by him to the end customer?

Issue

Is a post-sale discount given by a manufacturer to its dealer considered as consideration paid by the manufacturer to the dealer for supplying the same goods to the end customer?

Clarification

- As per Section 2(31) of CGST Act, 2017, consideration included payment in money or otherwise, and also the monetary value of any act or inducement to supply of goods & services.

- If the manufacturer and dealer operate on a principal-to-principal basis without any agreement involving the end customer, the post-sale discount is considered a commercial incentive and not part of the consideration for the dealer's sale to the end customer.
- Such post-sale discounts are not treated as consideration and do not attract GST as a separate supply.
- However, when the manufacturer has an agreement with the end customer to provide discounted prices, and compensates the dealer for this arrangement, the discount acts as an inducement for the dealer's supply to the end customer.

Whether a post-sale discount extended by the manufacturer to the dealer can be treated as a consideration in lieu of the activities performed to promote the sale of the goods?

Issue

Can a post-sale discount given by the manufacturer to the dealer be treated as consideration for activities performed to promote the sale of goods?

Clarification

- When the dealer receives post-sale discounts, they may promote the goods; however, these promotions benefit the dealer personally, as the goods belong to them after purchase.

- Such discounts are not considered payment for services to the manufacturer.
- If the dealer is contractually obligated to perform promotional services on behalf of manufacturer, then consideration for these services is agreed separately from the discount.
- Therefore, a normal post-sale discount or general commercial discount is not treated as a service, and no GST is applicable.
- However, if the discount is linked to agreed promotional services and treated as service consideration, then GST applies.

Circular No. 252/08/2025-GST

- The circular no. 252/08/2025 issued by CBIC on 12 September 2025, about mandatory use of Document Identification Number (DIN) for communications to taxpayers via eOffice.

Communication to taxpayers through eOffice-requirement of Document Identification Number (DIN)

- The Document Identification Number (DIN) was initially mandated for specified documents and was later extended to cover all communications with taxpayers, including emails, as per Circulars No. 122/41/2019-GST and 128/47/2019-GST.

- Earlier [Circular No. 249/06/2025](#) clarified that communications sent through the GST common portal with a verifiable Reference Number (RFN) do not require a DIN.
- eOffice communications now include a system-generated unique Issue Number. An online verification utility (<https://verifydocument.cbic.gov.in/>) has been launched, allowing taxpayers to authenticate eOffice communications using this Issue Number.
- For communications sent through the public option in CBIC's eOffice that include a verifiable Issue Number, quoting a separate DIN is not necessary. The Issue Number will serve as the DIN, thereby avoiding duplication of identifiers.

GST Portal Updates

Gross and Net GST revenue collections for the month of August, 2025.

The GSTN team has released Gross and Net GST revenue collections for the month of August 2025. Detailed report may be viewed [here](#).

Advisory: New Changes in Invoice Management System (IMS).

There is a new update in the Invoice Management System (IMS) aim to simplify compliance and ensure flexibility for taxpayers. The following are the key updates.

Pending action for specified records

Taxpayer now can keep certain records (Credit Note, amendments of CN/Invoice/DN/ECO documents) pending for one tax period only-for monthly filers and quarterly for quarterly filers.

Declaring ITC reduction amount

The taxpayer can declare the exact amount of ITC availed on a record. No ITC reversal is required if the credit was not availed. However, if ITC was partially availed, reversal is required for that portion

Option to save remarks

Taxpayers will soon be able to save optional remarks while making records as rejected or pending. This remark will reflect on GSTR2B and supplier's outward supply dashboard.

Important Dates

These changes apply with effect from the October tax period and only on records filed by suppliers after rollout.

Prospective Application

Changes apply only to records filed post-rollout. Taxpayers should review them carefully before filing returns.

Advisory to file pending returns before expiry of three years.

The Finance Act, 2023 (8 of 2023) introduce a strict 3-year time limit for filing GST returns effective from October 2025 tax period.

- Taxpayer cannot file GST returns after 3 years from their original due date.
- Applicable for GSTR-1, GSTR-1A, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8, GSTR-9, GSTR-9C.
- From 1 November 2025, any return due 3 years prior or more and not yet filed will be permanently barred from filing on the GST portal.
- For example: If a return was due in October 2022 or earlier and still unfiled by October 2025, it cannot be filed from 1 November 2025 onward

Invoice-wise Reporting Functionality in Form GSTR-7 on portal.

As per Notification No. 09/2025 – Central Tax dated 11 February 2025, Form GSTR-7 has been updated to allow invoice-wise TDS reporting. This feature is now live from the September 2025 period, Accordingly, all TDS deductors are mandatorily required to report invoice-level details in Form GSTR-7.

Other Updates

Other updates relate to the 56th GST Council Meeting. Please see Nexdigm's alert released on [4 September 2025](#).



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