

GST Council Reforms 2026

***Prelims:** Current events of national and international importance | Economy*

Why in News?

The 57th GST Council meeting, recommended major procedural and administrative reforms to the Goods and Services Tax (GST) system.

- The reforms aim to reduce compliance costs, simplify registration, speed up refunds, reduce litigation and improve the ease of doing business.
- **Effective from** - 1 April 2027.

Major **GST** Reforms at a Glance



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Area	Proposed reform
 GST registration	Simplified, risk-based registration with fewer unnecessary queries
 E-commerce	Small taxpayers selling through e-commerce platforms can register in their home State under the proposed simplified mechanism
 Returns	Optional annual return-filing scheme proposed for eligible B2C businesses with turnover up to ₹5 crore ; further consideration pending
 Refunds	Acknowledgement timeline reduced from 15 to 10 days
 Automated refunds	Target to release 90% of eligible refund claims within three working days of acknowledgement, subject to risk assessment
 Criminal proceedings	Recommendation to remove GST officers' arrest powers
 Prosecution threshold	Increased from ₹1 crore to ₹5 crore
 General penalty	Proposed reduction from ₹25,000 to ₹10,000
 Notices	Common standards; no notices for tax amounts below ₹10,000 , as reported
 Inter-State goods	Inspections restricted to authorised officers in originating or destination States, subject to specified conditions
 Service exports	Broader eligibility for export benefits
 Faceless assessment	Centre plans a faceless assessment system for Central GST-registered businesses

GST Council

- **Constitutional basis** - Article 279A of the Constitution.
- **Amendment** - 101st Constitutional Amendment Act, 2016.
- **Established in** - September 2016.
- **Chairperson** - Union Finance Minister.
- **Members**
 - Union Minister of State in charge of Revenue or Finance.
 - State ministers in charge of finance or taxation, or other nominated ministers.
- **Key functions**
 - Recommend GST rates and exemptions.
 - Recommend model GST laws.
 - Recommend principles governing place of supply.
 - Recommend special provisions for certain States.
 - Address issues relating to the GST framework.

Voting under Article 279A

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Component	Weight
 Central Government	One-third of the total weighted votes
 State Governments collectively	Two-thirds of the total weighted votes
 Quorum	One-half of the total members
 Majority needed for a decision	At least three-fourths of weighted votes of members present and voting



Reference

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