



N N V Satish & Co.,
Chartered Accountants, Hyderabad

Simplified Guide to important GST Rate Changes

***Through 56th GST Council Meeting –
Effective From 22nd September 2025***

Prepared by: N N V Satish & Co.
Your Trusted Partners in Tax & Compliance

Further Information



Website
www.casatish.com



Phone Number
9440591400



Email
satish@casatish.com

Introduction

The 56th GST Council meeting has brought in several changes to GST rates, applicable from 22nd September 2025 (except tobacco products, which will be notified later). This guide, prepared by N N V Satish & Co., provides a simplified overview of the revised GST rates for goods and services, grouped into categories for easier reference.

A. General Provisions

Q01: From when are the revised GST rates applicable?

A: The revised GST rates are effective from 22nd September 2025. For tobacco products, the rates will be notified separately.

Q02: Has the registration threshold under GST changed?

A: No, the threshold for GST registration remains the same.

Q03: Where can the revised rates be officially checked?

A: All notifications are available on the CBIC website.

Q04: If a supply was made before 22nd September but invoiced later, which rate applies?

A: The applicable rate depends on the time of supply rules (invoice date or payment date, whichever is earlier).

Q05: What happens to advances received before 22nd September for supplies made later?

A: The rate will be as per the time of supply provisions.

Q06: Will Input Tax Credit (ITC) be impacted by purchases made at higher rates earlier?

A: No, ITC can be claimed as per the tax charged at the time of purchase.

Q07: What about IGST on imports?

A: IGST will apply at the new GST rates on imports after 22nd September.

Q08: Can I use old ITC if my output rate is reduced?

A: Yes, ITC available in your ledger can be utilized against any GST liability.

Q09: What if my supply becomes exempt after 22nd September?

A: ITC related to such exempt supplies must be reversed from that date.

Q10: Do goods in transit require fresh e-way bills?

A: No, e-way bills issued before 22nd September remain valid.

B. Essential Goods

Q11: Is UHT milk exempt from GST?

A: Yes, UHT milk is now exempt, while plant-based milk drinks attract 5% GST.

Q12: Why are all Indian breads exempt?

A: To remove classification confusion, all types of bread have been exempted.

Q13: What about paneer and cheese?

A: Unpackaged paneer is exempt to support small producers, while cheese continues to be taxable.

Q14: Why are natural and artificial honey taxed differently?

A: Natural honey is promoted with exemption, while artificial honey attracts GST.

Q15: What is GST on medicines?

A: Most medicines are taxed at 5%, except specified life-saving drugs that are nil-rated.

Q16: What is GST on medical devices?

A: Medical devices attract 5% GST, with refunds allowed for inverted duty structures.

C. Automobiles & Transport

Q17: What is GST on small cars?

A: Small cars are taxed at 18% (reduced from 28%).

Q18: What about big cars and SUVs?

A: They attract a flat 40% GST without cess, compared to 45–50% earlier.

Q19: What is GST on motorcycles?

A: Bikes up to 350cc are taxed at 18%, while those above 350cc attract 40%.

Q20: What about buses and ambulances?

A: Both buses and ambulances are taxed at 18% (reduced from 28%).

Q21: What is GST on lorries and trucks?

A: Lorries and trucks are now taxed at 18% (down from 28%).

Q22: What is GST on tractors?

A: Small tractors are taxed at 5%, while semi-trailer tractors attract 18%.

Q23: What is GST on bicycles and parts?

A: Reduced from 12% to 5%.

Q24: What are GST rates on passenger transport services?

A: Passenger transport attracts 5% without ITC or 18% with ITC (optional).

Q25: What is GST on air travel?

A: Economy class at 5%, other classes at 18%.

D. Agriculture & Raw Materials

Q26: What is GST on agricultural machinery?

A: Reduced from 12% to 5% to benefit farmers.

Q27: Why not exempt agricultural machinery completely?

A: Exemption would break ITC chain and increase prices for farmers.

Q28: Why is raw cotton taxed under GST?

A: To maintain ITC chain in the textile industry.

Q29: What about wood pulp?

A: Different rates apply to align with textile and paper sectors.

E. Consumer Goods & Daily Use

Q30: What is GST on toilet soap bars?

A: Reduced to 5%.

Q31: What about face powders and shampoos?

A: They are now taxed at 5% as essential daily-use items.

Q32: Why were only some cosmetics reduced?

A: Focus was given to essential products like shaving cream, while luxury cosmetics remain taxed higher.

Q33: Why is mouthwash not reduced?

A: Basic dental hygiene products like toothpaste and brushes already enjoy lower GST.

Q34: What is GST on batteries?

A: All types of batteries are taxed at 18% (earlier some were at 28%).

Q35: What about TVs, ACs, and dishwashers?

A: These appliances are now uniformly taxed at 18%.

F. Services

Q36: Which life insurance policies are exempt?

A: All individual life insurance policies, including term, ULIP, and endowment plans.

Q37: Which health insurance policies are exempt?

A: All individual health insurance plans, including family floater and senior citizen policies.

Q38: What is GST on hotel rooms below ₹7500?

A: 5% without ITC.

Q39: What is GST on beauty & wellness services?

A: Reduced to 5% without ITC.

Q40: What about job work for pharma and leather industries?

A: Both are taxed at 5% with ITC, while liquor job work remains at 18%.

Q41: What is GST on GTA (Goods Transport Agency) services?

A: Option of 5% without ITC or 18% with ITC.

Q42: What is GST on multimodal transport?

A: 5% (if no air transport) and 18% (if air transport involved).

G. Special Rates & Others

Q43: What is the special 40% GST rate?

A: It is a high rate applied to luxury and sin goods, replacing cess.

Q44: What about lottery, betting, casinos, and gaming?

A: They are taxed at 40%.

Q45: What is GST on IPL tickets?

A: Tickets for IPL matches attract 40% GST.

Q46: What about other sports events?

A: Tickets priced up to ₹500 are exempt; above that, 18% applies.

Q47: What is GST on coal?

A: Rate increased to merge cess into GST, but no additional burden.

Q48: What about renewable energy devices?

A: Reduced to 5%, with refund of ITC allowed for inverted duty.

Q49: What is GST on marble and granite blocks?

A: Reduced to 5% as they are intermediate goods.

Q50: What about spectacles and goggles?

A: Vision-correcting lenses at 5%, others at 18%.

Conclusion

The changes in GST rates aim to rationalize taxation, reduce the burden on essential goods, and streamline compliance. Businesses must carefully apply the new rates from 22nd September 2025 to avoid errors and penalties.

N N V Satish & Co. remains committed to supporting clients with timely tax advisory, compliance management, and financial expertise.

For More Information



Website

www.casatish.com



Email

satish@casatish.com



Address

B-12, Second Floor, Indian Airlines
Employees Colony, Begumpet,
Secunderabad/Hyderabad,
Telangana - 500003