

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO. 1203

ANSWERED ON -10/02/2026

“GST COUNCIL’S DECISION TO IMPROVE GST COMPLIANCE”

1203. SHRI AYODHYA RAMI REDDY ALLA:

Will the Minister of FINANCE be pleased to state:-

(a) the GST Council's decision to focus on improving compliance rather than revising tax rates raises questions about the underlying assumptions of the GST regime, the implicit trade-offs between revenue mobilization and taxpayer convenience, and how these trade-offs might impact the overall effectiveness of the GST; and

(b) the emphasis on improving compliance may lead to increased scrutiny of taxpayers, particularly in the MSME sector, the potential consequences of this increased scrutiny for the informal economy, and how policymakers might mitigate any adverse effects?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

For (a) to (b)-

Along with the rate rationalization the Government, has undertaken a number of steps, towards reducing the compliance of the taxpayers such as the introduction of a simplified registration scheme, wherein automated registration is granted within three working days for low-risk applicants and those opting for tax liability not exceeding ₹2.5 lakh per month on supplies to registered persons. This has been made operational with effect from 1st November, 2025.

Similarly, to ease the working capital availability for the taxpayers, based on recommendations of the GST Council in its 56th meeting, amendment in rule 91(2) of CGST Rules, 2017 has been made to provide for sanction of 90% of refund claimed as provisional refund on the basis of identification and evaluation of risk by the system. This has been made operational with effect from 1st October, 2025.

The Council recommended amending section 54(6) of the CGST Act, 2017, to provide for sanction of 90% of refund claimed on provisional basis, in cases arising out of inverted duty structure, on similar lines as is presently available for refund in respect of zero-rated supply.

Further, pending requisite amendments in Centre and State GST Act, 2017, instructions have been issued by the Central Board of Indirect Taxes and Customs (CBIC) to its field formations for grant of provisional refund w.e.f. 1st October, 2025, equivalent to 90% of amount claimed as refund, arising out of Inverted Duty Structure on the basis of identification and evaluation of risk by the system.

Scrutiny and audit under GST is done for a small number of taxpayers who are selected based on the data analysis and identification of the risk by the system, thereby ensuring low-risk taxpayers face no such verification. This promotes low compliance burden and ease of doing business for taxpayers.
