KATALYST ADVISORS

Katalyst Kaleidoscope

September 2025: Tax and Regulatory Insights

SUMMARY OF CONTENTS

A. Income Tax Highlights

1. Telangana HC[1]: Timing of stock market transactions does not trigger GAAR, on facts

The assessee incurred a loss on sale of a stock which were purchased in the same year and set off gains against long-term capital gains of the same assessment year. The AO treated this transaction as an Impermissible Avoidance Arrangement ('IAA') as envisaged u/s 96 of the Act, thereby invoking GAAR provisions and held that the assessee had engaged in tax planning with the intent of tax avoidance by offsetting the gains, primarily relying on the timing of the transactions.

Through a writ petition, the issue before the HC was whether the timing of a transaction alone could evoke GAAR provisions. The HC held that for a transaction to be IAA, it must involve an 'arrangement' between two or more parties and satisfy the conditions u/s 96; further, refers to the Expert Committee Report[2] on GAAR, which mentions that sale and purchase of shares through stock market transactions do not fall under GAAR. Since the assessee's trades were executed on the stock exchange and constituted 'pure trading' without any evidence of an 'arrangement,' the Court, relying also on the said Expert Committee's comments, concluded that GAAR was not applicable, and accordingly allowed the assessee's petition.

Katalyst comment:

On a similar subject, though factually different, the same High court, in the case of *Ayodhya Rami Reddy Alla*[3]*(covered in our June2024 Katalyst Kaleidoscope)* had held against the assessee, holding that the losses claimed for set-off had arisen from funds routed through related parties without any economic rationale or substance, and were undertaken solely to generate artificial losses and avoid tax by way of set-off. The key point is that not every transaction should be examined solely from the perspective of tax avoidance, and the facts are very relevant, as the law does not bar legitimate methods for taxpayers to mitigate tax liabilities.

2. Kolkata ITAT[4]: Loans to related parties at lower rates out of borrowings at higher rate of interest, disallowed u/s 57

The assessee had borrowed funds at 12% and advanced loans to related parties at 5% from a mixed pool of interest-bearing and interest-free funds. The AO disallowed the differential 7%, holding that no prudent person would borrow at a higher rate to lend at a lower rate.

The ITAT held that where loans are advanced at rates lower than borrowing costs, proportionate disallowance is justified; however, in respect of interest-free funds both received and advanced, no disallowance of interest can be made. Therefore, the ITAT partly allowed the appeal and

[1] Anvida Bandi [TS-1110-HC-2025(TEL)] order dated August 26, 2025
[2] Expert Committee report on GAAR dated September 30, 2012
[3] Ayodhya Rami Reddy Alla [TS-398-HC-2024(TEL)] order dated June 06, 2024
[4] Raj Kumar Goenka [TS-1192-ITAT-2025(Kol)] dated September 10, 2025

directed the AO to recompute disallowance only with reference to interest-bearing funds lent at lower rates.

Katalyst comment:

Closely held companies advancing funds to group entities should maintain clear documentation distinguishing loans advanced out of interest-free (own) funds and those out of borrowed funds. This segregation is essential to substantiate the claim of interest deduction and avoid disallowance.

3. Mumbai ITAT[5]: Consideration paid for immovable property in excess of valuation, entitled to benefits of Section 56(2)(x) provisio

The assessee purchased had an immovable property in 2009 at a value higher than the ready reckoner rate prevailing at that time, through an allotment letter by paying part consideration, and subsequently sold the property in 2017. The AO made an addition by substituting the actual consideration paid with the ready reckoner value applicable at the time of purchase, thereby reducing the assessee's cost of acquisition, holding that there was no written agreement and that the allotment letter cannot be treated as agreement. CIT(A) upheld the AO's decision.

The assessee contented that the law does not mandate a written agreement and all the terms and condition of purchase were recorded in the allotment letter; even otherwise, as per section 10 of contract Act, oral contract is valid and enforceable under the law.

On appeal, the ITAT held that in a series of judicial precedents, allotment letter issued by builder/developer has been recognized as valid agreement fixing consideration for the purpose of section 50C/ 56(2) and relied on the CBDT circular no. 3/2017, which clarifies that where the date of agreement and the date of registration are not the same, the stamp duty value on the date of agreement may be taken into consideration for the purpose of computing full value of consideration provided part of the consideration has been paid. Thus, the AO was not justified in denying benefit of first and second proviso to section 56(2)(x).

It was also noted that in the case of the co-owner, the issue had been accepted, and therefore the assessee could not be treated differently. Hence, the assessee's appeal was allowed.

4. Delhi ITAT[6]: Private specific trust eligible for section 54F exemption

The assessee (private trust) earned capital gains on selling a flat and claimed exemption u/s 54F on purchase of new residential property. The AO rejected exemption and contended Section 54F applies only to individuals or HUF's and since the assessee's trust is an AOP, the benefit of Section 54F cannot be availed.

[5] Rameshchandra Chhabildas Jhaveri [TS-1217-ITAT-2025(Mum)] order dated September 10, 2025
[6] Merilina Foundation [TS-1218-ITAT-2025(DEL)] order dated September 09, 2025

On appeal, the CIT(A) relied on the Bombay HC's decision in *Mrs. Amy F. Cama*, wherein it was held that u/s 161, a representative assessee is subject to the same duties, responsibilities, and liabilities as if the income were received by the beneficiary; consequently, any benefit available to the beneficiary must equally be available to the trustee when assessed under Section 161, concluded that the assessee was entitled to deduction u/s 54F and that such exemption cannot be denied merely on the ground that the assessee trust is an AOP.

The ITAT upheld the CIT(A)'s decision, emphasising that if the assessee-trust had not existed, the transaction would have been undertaken directly in name of the beneficiary, being eligible for exemption; further clarified that charitable trusts are treated as AOPs as their beneficiaries are not identifiable, where the beneficiary of a specific trust is identifiable, such trust does not retain the character of a charitable trust. Accordingly, the exemption u/s 54F was rightly granted to the assessee.

5. CBDT[7]: Issues standard operating procedures for assessing capital gains on Joint development agreements

Section 45(5A) applies to Individuals and HUFs on transfer of land or building under a joint development agreement (JDA), whereby capital gains are chargeable to tax in the year in which the certificate of completion is issued by the competent authority. The full value of consideration is deemed to be the stamp duty value on the date the completion certificate is issued, along with any monetary consideration received.

The investigation division of CBDT with the help of DGIT (Kolkata) has developed a systematic methodology to identify potential cases u/s 45(5A) and the CBDT office memorandum is based thereon; key steps will include:

i. Using RERA/HIRA websites: Authorities will use state Real Estate Regulatory Authority (RERA) or Housing Industry Regulation Act (HIRA) websites to find information on registered projects, including those under JDAs.

ii. Identifying Relevant Projects: Identifying approved projects under JDA where the landowners are individuals or HUFs by scrutinizing the project details available on the regulatory websites.

iii. Cross-Referencing: matching above data with tax returns filed on the CPC 2.0 portal.

iv. Verifying Capital Gains: checking capital gains schedule in tax return to ensure landowner has properly disclosed their capital gains u/s 45(5A).

v. Issuing Summons: If the landowner has not disclosed the capital gains, a summon u/s 131(1A) will be issued to seek landowners' representation.

[7] CBDT Office Memorandum 434/07/2024-IT(DAC)/65 dated September 15, 2025

Katalyst comment:

- This initiative by the CBDT is aimed at tightening compliance in the real estate sectors; by linking regulatory and tax data, the authorities seek to ensure proper reporting of capital gains under Section 45(5A), thereby safeguarding tax revenue.

- The larger issue is that information from non-tax filings is now sought to be cross linked by tax authorities with the tax records.

B. Corporate Law Highlights

1. MCA[8]: Significantly expands scope of fast-track mergers

The Ministry of Corporate Affairs has expanded the scope of fast-track mergers by notifying significant amendments under Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. This means that such schemes need not to be filed with the NCLT, but can be approved by the Regional directors of MCA (RDs).

Key Amendments are:

1. **Expanded scope for Fast-track amalgamations u/s 233**

Current Scope	Expanded to
Between "Small Companies" as defined u/s 2(85) of the Companies Act 2013	Between companies having debt* not exceeding Rs. 200 Cr; and Have not defaulted in payment; and Auditor's certificate is furnished in this context
Between Holding company and its wholly owned subsidiary company	Between listed / unlisted companies, provided Amalgamating company is not listed: • Between holding and subsidiary (even though not wholly owned) • Subsidiary companies of same holding company (fellow subsidiary merger)
	Between Foreign amalgamating (holding) company with its wholly owned Indian amalgamated subsidiary company

*Debt includes outstanding loans, Debentures and deposits

[8] MCA Notification No. G.S.R 603(E) dated September 04, 2025

2. **Application to Demergers**

A new rule provides that rule 25 shall apply mutatis mutandis to schemes u/s 232(1)(b) relating to division or transfer of an undertaking; however, the Central Government while approving the scheme may incorporate provisions specified in section 232(3)(a)–(j), to the extent applicable.

Additionally, forms CAA-9, CAA-10, CAA-11 and CAA-12 have been updated to incorporate above amendment.

Katalyst comment:

- *The MCA amendments broadbasing the fast-track regime mark a welcome liberalization by simplifying the process and by-passing lengthy and tedious NCLT approvals; nonetheless, further refinements are necessary for eligible companies to effectively adopt the fast-track route, such as alignment of Company law and Income tax law for tax neutrality of demergers, relaxing the the stringent creditors approval threshold u/s 233 by aligning with as u/s 230-232, issuance of guidance on functioning of RDs under fast track mechanism.*

- *There are 7 RDs in India, and it remains to be seen how this new dispensation works on the ground with RDs, both from a work load perspective and otherwise.*

2. Mumbai NCLT[9]: Rejects merger of 11 cos. citing negative net-worth, lack of credible financial viability

A scheme of amalgamation was filed proposing the merger of ten companies into a single transferee company, all of which were held by the same shareholders group; Regional director and Official liquidator raised questions concerning negative net worth, creditors protection (even though consent were received from the creditors), related party transactions, deemed NBFC classification and financial viability

The NCLT held that, while procedural compliance was established, certain substantive issues remained unresolved. It was observed that the scheme seemed aimed only at reducing compliance costs rather than ensuring financial stability and further, emphasized that although commercial wisdom of shareholders and creditors is respected, the court must ensure schemes are just, fair, reasonable, and aligned with public interest.

Accordingly, the NCLT rejected the proposed Scheme of Amalgamation on grounds of negative net worth, lack of financial viability, and unresolved regulatory concerns

[9] Antelope Mercantile Pvt. Ltd. & Ors. [LSI-1305-NCLT-2025-(MUM)] order dated September 09, 2025

Katalyst comment:

The above order appears unjustified from a commercial and strategic perspective of the companies involved and even from a pure legal standpoint; while it is acceptable for the Tribunal to render an adverse decision in cases of procedural or regulatory non-compliance, stepping into the domain of corporate decision-making and questioning the strategic rationale of the amalgamation; seems to travel beyond the role of the NCLT, especially where shareholders and creditors have consented.

3. Delhi NCLAT[10]: Sets aside NCLT's refusal to waive unsecured-creditors' meeting in cross-border merger when no rights compromised

The Scheme of Amalgamation involved one Singapore-based Transferor Company, seven domestic Transferor Companies, and a Transferee Company. The NCLT, Chandigarh Bench dispensed the meeting of shareholders and secured creditors of the Applicant Companies, but in respect to the unsecured creditors of the Transferor Companies declined to grant such dispensation and instead directed meeting of the remaining non-consenting unsecured creditors despite consent affidavits been obtained representing more than 90% in value of the unsecured creditors of each Transferor Company.

On appeal, the NCLAT observed that the scheme did not compromise creditor rights and that the net worth of the Transferee Company would substantially improve post-merger. It further noted that section 230(9) does not allow exclusion of consents from certain creditors, such as related parties, while calculating the 90% threshold and ordering a meeting for only the non-consenting minority creditors was a violation of Section 230, which requires a meeting of the entire class of creditors, with approval by 75% in value binding on all.

The NCLAT further held that excluding consenting unsecured creditors from participating in such meetings effectively deprived them of their statutory right to vote on the Scheme. In effect, the NCLT's order gave veto power to less than 10% of the creditors, despite more than 90% by value having already consented to the Scheme. Such an approach, the NCLAT held, was patently violative of Section 230(6) of the Act. Accordingly, the NCLAT set aside NCLT's directions of ordering such meetings of the unsecured creditors.

4. Kolkata NCLT[11]: Dismisses capital reduction scheme involving fund transfer from securities-premium account to retained-earnings

The Petitioner Company had outstanding redeemable preference shares, redeemable at premium; however, the Company did not have sufficient retained earnings for redemption. The Company proposed to utilize its securities premium account in lieu of retained earnings, and also to reclassify

[10] Archernar Brand Technologies Private Limited – Appeal No. 171 of 2025 order dated September 04, 2025
[11] C.P. No. 238/KB/2024 order dated September 09, 2025

the securities premium for the current and prior years into retained earnings through a scheme of capital reduction u/s 66 of the Companies Act, 2013.

The Regional Director objected to the proposed capital reduction u/s 66, as section 66 does not permit reclassification of the securities premium account into retained earnings; further the RD mentioned that section 55 requires preference shares to be redeemed only out of the profits of the company i.e. retained earnings.

Another issue was related to accounting treatment in compliance with Section 66(3), which requires that capital reduction to be in conformity with the accounting standards specified under Section 133.

The NCLT applied the doctrine of *ejusdem generis (*'of the same kind') for interpretation of section 52 which provides closed and specific list for which securities premium account may be used, which are all capital in nature; emphasized that from a taxation perspective, retained earnings and securities premium are treated distinctly and that retained earnings represent the company's profits, whereas securities premium constitutes a capital receipt.

The NCLT dismissed the petition on the grounds that transaction recorded by the Petitioner Companies are not in conformity with the provisions of Companies Act, 2013 and accounting standards specified u/s 133; therefore, the Application filed under Section 66 seeking for reduction of the capital cannot be allowed in view of the Regional Director's observations and nonfulfillment of the conditions u/s 66(3) of the Companies Act, 2013.

Katalyst comment:

- *In another case on comparable facts, the Chennai NCLT in case of Sodecia India Pvt. Ltd.*[12] *allowed capital reduction u/s 66 wherein securities premium balance was utilized for capital reduction; further, the NCLT specifically noted that u/s 52, the securities premium account can be utilized only for the purposes specified therein, and any use beyond those purposes would be deemed a reduction of share capital, thereby attracting the provisions of Section 66 of the Companies Act, 2013 read with the NCLT (Procedure for Reduction of Share Capital of the Company) Rules, 2016.*

- *Notably, while both above orders arise from comparable facts, they have reached contradictory conclusions; from the Applicants / shareholders perspective, such inconsistency can be unsettling, and a clarification should be issued to ensure uniformity across NCLT benches, particularly where similar matters are decided by other benches.*

[12] CP(CA)/119/(CHE)/2024 order dated August 07, 2025

5. MCA[13]: Invites public comments on establishment of Indian Multi-Disciplinary Partnership firms

The Government of India aims to enable the growth of large Indian firms competing with leading international players, by facilitating establishment of Indian Multi-Disciplinary Partnership (MDP) firms. In this context, a background note has been published to identify the challenges faced by Indian firms and to seek suggestions for necessary amendments to laws, rules, and regulations.

The background note highlights:

- **Current asymmetry:** Indian firms lack integrated multidisciplinary services, strong global brands, advanced technology, global networks, and talent development programs that international firms possess.

- **Government measures:** RBI restricted the number of audits per firm across Scheduled Commercial Banks, Urban Co-operative Banks and NBFCs, and mandated joint audits for large banks to diversify opportunities.

- **Issues to address:**
  - Clear distinction between brand-building and solicitation/advertising
  - Restrictions on MDPs limiting integrated services
  - Fragmented licensing creating silos across professions
  - Public procurement criteria (global turnover, presence, experience) disadvantaging Indian firms
  - Lack of global collaboration platforms and cross-border alliances.

Katalyst comment:

The above initiative by the MCA is aimed at fostering significant growth opportunities for Indian firms and the initial focus appeared to be audit, but seems to be (and rightly so) on a broader footing; the MCA seeks to gather diverse perspectives and insights, which will help identify the practical challenges faced by Indian firms in competing and operating within global markets.

C. SEBI and Other Highlights

1. SEBI[14]: Mandates demat issue of securities in case of arrangement schemes/share split/sub-division

SEBI and Other HighlightsSEBI has amended the LODR Regulations with immediate effect, by inserting a Regulation 39(2A), mandating that a listed entity shall issue securities pursuant to any Scheme of Arrangement or any subdivision, split or consolidation of securities only in

[13] MCA Office Memorandum dated September 17, 2025
[14] SEBI Notification No SEBI/LAD-NRO/GN/2025/261 dated September 08, 2025

dematerialised form; it has clarified that such listed entity shall open a separate demat account for such securities of investors not having a demat account.

2. SEBI[15]: Approved amendment to various SEBI Regulations

SEBI is its 211st Board Meeting approved amended to numerous regulations, key amendments are:

- SEBI approved amendments relating to minimum public offer and timelines to comply with minimum public shareholding proposed through consultation paper dated August 18, 2025 *(Please refer to August 2025 Katalyst Kaleidoscope)*

SEBI (LODR) Regulation 2015 in relation to Related Party Transactions ("RPTs")

- Scale-based threshold for material RPTs approval by shareholders
  - Existing threshold - Rs 1,000 Cr or 10% of the consolidated turnover as per the last audited FS, whichever is lower
  - Revised scale-based threshold

Annual Consolidated Turnover	Threshold
Up to ₹20,000 Cr	10% of the turnover
More than ₹20,001 Cr up to ₹40,000 Cr	₹2,000 Cr + 5% of the turnover
More than ₹40,000 Cr	₹3,000 Cr + 2.5% of the turnover or ₹5000 Cr, whichever is lower.

- Threshold for approval by Audit Committee for RPTs with subsidiaries
  - For subsidiary with audited FS - 10% of Turnover or scale-based threshold, whichever is lower
  - For subsidiary with unaudited FS – 10% of Paid-up capital and SPR or scale-based threshold, whichever is lower.

SEBI (Mutual Funds) Regulations, 1996 have been amended for re-classifying REITs as "equity" and retaining the "hybrid" classification for the InvITs, for the purpose of investments by Mutual Funds and Specialized Investment Funds; pursuant to re-classification of REITs, investment by Mutual Funds shall be considered within the investment allocation limit for equity instruments and also make them eligible for inclusion in equity indices, thereby enabling enhanced investment by Mutual Fund schemes in REITs.

[15] SEBI PR No. 62/2025 dated September 12, 2025

3. Bombay HC[16]: Originating summons on interpretation of Wills

The deceased had executed a Will followed by four Codicils; the fourth Codicil substituted certain paragraphs of the Will and made reference to assets not otherwise covered under Will. The issue before the Court was to determine the manner in which Will has to be read along with the four codicils.

The subject matter before the HC, pertained to the Wills and Codicils executed by Ratan Naval Tata (the deceased), by way of an *Originating Summons.*

- An *Originating Summons* is a remedy invoked where there is no dispute on facts and the issue involves only the construction or interpretation of a document.

- *Codicil* as defined under Indian Succession Act means an instrument made in relation to a Will, explaining, altering, or adding to its dispositions, and is deemed to form part of the Will.

The Supreme Court in *Bajrang Factory Ltd. & Anr. v. University of Calcutta & Ors.* held that a Codicil would prevail over the Will and noted that a clause of the Codicil expressly prevailed over the corresponding provision in the Will. Accordingly, it is settled that a Codicil, while altering or adding to the dispositions in the Will, becomes an integral part thereof and the Will must be read together with such modifications.

Relying on the above SC decision, the HC concluded that Codicil will prevail and the Will has to be considered with such alteration/addition made by the Codicil, further held that reference to assets made in codicil not covered by Will, will form part of the deceased's rest and residue of his estate.

Katalyst comment:

It is advisable to have Will drafted in an explicit and unambiguous manner rather than complex and indirect interpretations to minimize the need for judicial interpretation. While the law on Wills and Codicils is fairly well-settled, any lack of clarity in language or omission of specific dispositions often gives rise to disputes. Such disputes not only complicate the administration of the estate, requiring court intervention for clarification. A precisely worded Will ensures that the Deceased intentions are clearly reflected, reduces the scope for conflicting interpretations, and expedites the smooth distribution of the estate among beneficiaries.

[16] Bombay HC Originating summons (lodging) No. 11394 OF 2025

D. Goods and Service Tax Highlights

1. GST reforms 2.0 - key highlights

The updated GST rates have taken effect from September 22, 2025 wherein a simplified two-tier tax system has been adopted; most of the goods and services will be taxed at 5% and 18% and 40% tax will be levied on ultra luxury items. The objective of this GST reset is to build a simpler, fairer, and growth-oriented GST framework in India. The Prime Minister, in his address to the nation, has called the reforms 'a festival of savings.'

The key changes are:

I. **Simplification of post-sale discounts**[17]: The clarifications issued are provided below:

1. No ITC reversal by recipient**:** The recipient is not required to reverse ITC attributed to discount provided on credit notes issued by the supplier, as there is no reduction in original transaction value of supply and accordingly corresponding tax liability would not get reduced.

2. Whether post-sale discount by manufacturer to the dealer is consideration for dealer's services or not:

   i. When there is no agreement**:** there are two independent sale transactions - one between the manufacturer and the dealer and other between the dealer and the end customer and in such case post-sale discount is not the consideration for dealer's servicer and hence, not included in sale price.

   ii. If agreement is available: In cases where the manufacturer has some agreement with an end customer to supply goods at a discounted price, the manufacturer may issue credit notes to the dealer, enabling such dealer to provide the goods at the agreed discounted rate to the end consumer; therefore, such a post-sale discount given by the manufacturer to the dealer should be included in the overall consideration.

3. Treatment of post-sale discount by manufacturer to the dealer in case of marketing activities by the dealer: if explicitly stated in the agreement with a clearly defined consideration payable for such marketing activities; the dealer provides a distinct service to the supplier, and accordingly, GST would be chargeable.

Katalyst comment:

The circular provides much needed clarity about discounts offered on principal-to-principal basis and when discounts are not linked to promotional activities of dealers. The businesses should revisit the discount agreements, schemes, and documents to avoid future litigation.

[17] Circular No. 251/08/2025-GST – dated September 12, 2025

II. GST refunds:

1. Fast track refunds: Under the new framework, exporters will be eligible for provisional refunds of up to 90%, based on the automated data analysis. The CBIC[18] has made aadhaar authentication mandatory for all exporters; further, has notified specific categories of registered persons who are not allowed refunds on a provisional basis which includes pan masala, essential oils, tobacco and manufactured tobacco substitutes and areca nuts.

2. Removal of threshold limits for refunds: eliminated threshold limits for claiming tax refunds which will benefit SMEs and exporters of low-value consignments.

3. Change in place of supply for intermediary service: Section 13(8)(b) of the IGST Act providing place of supply of intermediary service, now has been omitted and aligned with other cross-border services which is 'place of service recipient'.

Katalyst comment:

This technology-driven approach is expected to reduce processing times and improve liquidity for businesses engaged in international trade; the removal of threshold limits for refund claims will particularly benefit startups and seasonal businesses. In addition, the amendment to place-of-supply provisions is likely to minimize legal disputes and provide relief to Indian branches of global companies, given their past challenges with refund claims.

III. Goods and Services Tax Appellate Tribunal (GSTAT)

1. GSTAT Principal Bench - The CBIC[19] provides that the Principal Bench of the GSTAT in New Delhi to hear certain types of cases exclusively to ensure consistent rulings on significant interstate tax matters. These include appeals involving identical legal questions across multiple State Benches, issues related to OIDAR services under the IGST Act, and cases concerning Input Service Distributor (ISD) credit distribution under the CGST Act.

2. Timelines for filing appeals[20] - For orders communicated before April 1, 2026, appeals can be filed until June 30, 2026, providing an extended period for past cases; for orders communicated on or after April 1, 2026, the standard three-month period from the date of communication of the order will apply.

[18] Notification no. 14/2025-CT dated September 17, 2025
[19] Notification S.O. 4219(E) dated September 17, 2025
[20] Notification S.O. 4220(E) dated September 17, 2025

2. Changes in GST rates of key goods and services

Below are some changes relating to GST rates on key goods and services:

I. Changes in rates of key services[21]

S no.	Particulars	Existing Rate (%) with ITC	Amended Rate (%)
1	Composite supply of works contracts predominantly involving earth work	12	18 with ITC
2	Hotel accommodation (tariff <7500 per day)	12	5 without ITC
3	Goods Transport Agency	12	18 with ITC
4	Leasing or renting service – without operator	28	40 with ITC
5	Exploration, mining or drilling of petroleum crude or natural gas or both	12	18 with ITC
6	Beauty and physical well being	18	5 without ITC
7	Individual health and life insurance	18	Exempt

II. Changes in rates of goods of key sectors[22]

S. no	Sector	Particulars	Rate change (%)
1	Renewable energy	Solar cookers, solar water heater & systems, fuel cell motor vehicles	12 to 5
2	Agriculture	Fixed speed diesel engine (<15 HP), hand pumps, sprinklers, drip irrigation systems, hand propelled vehicles, tractors (<1800CC)	12 to 5
3	Healthcare sector	33 lifesaving drugs + 3 oncology & medicines for chronic & rare diseases	5 to nil
		Medical equipment used for surgery and diagnosis	12 to 5
4	Transport	Motor vehicles (<1200 CC & length <4000 mm)	28 to 18
		Diesel motor vehicle (<1500 CC and length <4000 mm)	28 to 18
		Motor cars – other than above, aircrafts for personal use, yacht & other vessels	28 to 40
5	Electronics	AC, dish washing machines, TV sets	28 to 18
6	FMCG	Daily consumable and miscellaneous	12 / 18 to 5

[21] Central tax (Rate) - Notification No. 15/2025 dated September 17, 2025
[22] Central Tax (Rate) - Notification No. 9/2015 dated September 17, 2015

Katalyst comment:

The above GST reforms are well-timed; the GST 2.0 would go a long way in supporting businesses and supply chains in the times of global uncertainty and changing tariffs. The reforms are also aimed at lessening the burden of common man and giving major impetus to economic self-reliance of the country.