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Tax Trends

Top Tax News This
Week

New GST registration system from November 2025: Key changes for small businesses

Starting November 1, 2025, the government will roll out a revamped GST registration system under the GST 2.0 reform initiative, aimed at streamlining compliance and supporting SMEs. Low-risk businesses with a monthly output tax liability below ₹2.5 lakh will now receive automated registration approvals within three working days, covering nearly 96% of new applicants. The system leverages data analytics, PAN verification, and Aadhaar authentication for real-time verification, while high-risk cases will continue to undergo manual review, automated refunds, and risk-based audits to enhance efficiency and transparency.





Major changes in GST Invoice Management System (IMS) from October 2025 tax period

The Goods and Services Tax Network (GSTN) has updated its Invoice Management System (IMS), allowing taxpayers to mark credit notes as “Pending” for one tax period starting from the October 2025 tax cycle. Announced through an advisory on October 17, this new feature offers greater flexibility in modifying Input Tax Credit (ITC) reversals upon acceptance of credit notes. The enhancement aims to streamline business processes, reduce compliance friction, and help resolve long-standing disputes related to credit adjustments.

No further GST levy on tobacco, tax incidence to be kept same with additional central tax

The government has clarified that it will not increase the Goods and Services Tax (GST) on tobacco products but will introduce an additional central levy to maintain the existing tax burden. As the GST Compensation Cess regime nears its sunset, this move aims to preserve revenue from sin goods without altering the effective tax rate. Tobacco currently attracts 28% GST plus a variable compensation cess, which will continue until outstanding compensation loans are repaid. The proposed levy will operate outside the GST framework, ensuring stable taxation and revenue continuity.



Money Control



Reduce income tax rate for individuals earning up to Rs 50 lakh: PHDCCI's pre-Budget recommendation

Industry body PHDCCI has urged the government to substantially lower income tax rates for individuals earning up to ₹50 lakh annually, suggesting the highest 30% rate apply only beyond that threshold. In its pre-Budget recommendations to Revenue Secretary Arvind Shrivastava, the chamber argued that moderate tax rates would boost compliance and revenue, citing corporate tax collections that rose even after rates were cut from 35% to 25%. PHDCCI proposed a 20% tax rate for income up to ₹30 lakh, 25% for ₹30–50 lakh, and 30% beyond ₹50 lakh to provide relief to the middle class. It also called for reintroducing the concessional 15% corporate tax under Section 115BAB to attract new manufacturing investments. On the indirect tax front, it recommended faceless GST audits, ITC on advance service payments, and GST Compensation Cess refunds for Duty Free Operators selling “Made in India” goods.

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