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Tax Trends

Top Tax News This Week

Next GST Council likely to focus on registration, audit, refunds beside others

The GST Council is likely to further ease procedures relating to registration, refunds, and audits in its next meeting, expected in the last week of March or early April, after the Budget is passed, a senior Finance Ministry official told businessline. The proposed agenda follows two rounds of internal deliberations and may address long-standing concerns such as working capital blockages caused by restrictions on refunds of accumulated ITC on input services, with experts urging a more seamless flow of credit to improve business liquidity.



The Hindu Business line



Higher excise, health cess to kick in on tobacco products, pan masala from February 1

A tougher tax regime for cigarettes, tobacco, and pan masala will take effect from February 1, marking the most significant overhaul of “sin goods” taxation since the introduction of GST in 2017. Products currently taxed at 28% GST with compensation cess will move to a 40% GST, along with additional excise duty on tobacco products and a separate health and national security cess on pan masala. The government has also introduced an MRP-based valuation system for tobacco products such as chewing tobacco, khaini, jarda, and gutkha, under which GST will be calculated on the retail sale price declared on the package, aimed at curbing undervaluation and tax evasion.

Hoteliers seek uniform 5% GST on rooms, meals

The hospitality sector in Odisha is seeking a uniform 5% GST on mid-segment hotel rooms and meals in the Union Budget 2026–27, citing concerns over the current dual-rate structure. Industry representatives highlighted that hotel rooms priced above ₹7,500 and meals served through room service attract 18% GST, compared to 5% GST on lower-priced rooms and standalone restaurants, creating cost disparities and impacting tourist sentiment. With nearly 75% of hotels falling in the mid-segment, hoteliers argue that inflation has pushed many properties into the higher tax bracket, and a simplified uniform rate would improve affordability, boost tourism including foreign arrivals and enhance overall sector competitiveness.





GST-2 misuse rings alarm, tax dept steps up checks across Telangana

Alarmed by a surge in fake addresses being used to obtain GST registrations, the commercial taxes department has tightened scrutiny statewide, placing all registration applications under close monitoring. A comprehensive oversight mechanism has been activated across 118 commercial tax circles, 14 divisions, and 30 strategic taxpayer units, with officers instructed to carefully vet applications particularly those involving high-volume taxpayers. The move follows the removal of mandatory pre-verification before GST registration, prompting authorities to intensify post-registration checks to verify the authenticity of submitted documents and addresses, amid an unprecedented rise in new registrations.

Retrospective clarifications on re-assessment and invalidation of tax orders

The annexure to the Finance Minister's speech proposes retrospective "clarifications" (not amendments) to address divergent court rulings, with two changes set to impact a wide range of taxpayers. First, it clarifies retrospectively from April 1, 2021 that jurisdictional assessing officers can issue reassessment notices under Section 148, amid conflicting High Court views and over 1,600 cases pending before the Supreme Court. Second, it validates assessment orders lacking a Document Identification Number (DIN) from October 1, 2019, provided the DIN is referenced in any manner, addressing technical invalidations by courts. While some experts see this as pragmatic litigation management, others have criticised the move as retrospective overreach that may unsettle settled taxpayer-favourable rulings and reopen disputes.



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