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Tax Trends

Top Tax News This Week

NITI backs 5% GST slab for R&D

procurement

The NITI Aayog has recommended restoration of the concessional 5% GST slab on research and development (R&D) procurements to ease the financial burden on public-funded research institutions. The recommendation comes after the withdrawal of the concessional rate in 2022, which increased GST on research-related procurements to 12–18%, thereby reducing the effective utilisation of limited R&D funds. In its recent report, the Aayog also proposed increasing India's R&D expenditure from the current 0.64% to at least 2% of GDP over the next four to five years to strengthen the country's innovation and research ecosystem





GST Tribunal revamps appeal process: Division bench review now mandatory for appeals

The Goods and Services Tax Appellate Tribunal (GSTAT) has introduced key procedural reforms to streamline GST appeals and ensure consistency in rulings. Under the revised framework, all pending and fresh appeals will first be reviewed by a division bench before allocation to a single bench, preventing smaller benches from deciding matters involving substantial legal questions. Cases involving tax below INR 50 lakh and no legal issues may still be assigned to a single bench, subject to approval from the GSTAT President or Vice-President. To improve efficiency, GSTAT has categorised disputes into three segments covering (i) tax, classification, valuation and input tax credit, (ii) registration, assessment, refund and recovery, and (iii) penalties, seizures, confiscations and residual matters, with the third category to be heard by the bench handling the principal dispute

Indian Staffing Federation (ISF) renews pitch to GST rationalisation ahead of GST Council meet

ISF has renewed its demand ahead of the next GST Council meeting for reducing GST on outsourced manpower services from 18% to 5%, arguing that the current rate makes formal hiring costly, particularly for MSMEs. According to ISF, GST is levied on the entire salary outflow processed by staffing companies and not merely on the service fee, significantly increasing overall employment costs. The Federation has submitted representations to the Union Finance Ministry, NITI Aayog and other stakeholders, contending that a lower GST rate would incentivise formalisation of unorganised workers, expand payroll participation, and improve financial inclusion. While certain states, including Maharashtra, have reportedly supported the proposal, the Finance Ministry currently continues to classify manpower outsourcing under the standard 18% GST slab applicable to commercial B2B services





Haryana Cabinet approves scheme for recovery of outstanding dues under pre-GST tax laws

The Government of Haryana has introduced a One Time Settlement (OTS) Scheme to reduce legacy litigation and expedite recovery of outstanding dues under pre-GST tax laws. Effective from June 1 2026 for a period of 120 days, the scheme covers dues under various erstwhile tax legislations including VAT, CST and other state levies. Under the scheme, complete waiver of tax, interest and penalty has been granted for dues up to ₹1 lakh for a particular assessment year, while graded tax waivers have been prescribed for higher dues, ranging from 60% to nil depending on the quantum involved. The scheme also introduces a document-linked waiver mechanism enabling taxpayers to submit statutory forms and documents for verification-based settlement of demands.

CBDT detects very rich 'farmers' without land

The Central Board of Direct Taxes has flagged over 300 cases of alleged misuse of agricultural income exemption, where taxpayers claimed exempt income of up to ₹2,038 crore despite reporting no land holdings. Investigations, based on data analytics under the SAKSHAM initiative, found instances of capital gains and undisclosed income being wrongly shown as agricultural income, along with major mismatches between income declared and land ownership. The department is using tools like satellite imagery and data matching to verify claims and is nudging taxpayers to revise returns and pay due taxes, focusing enforcement on high-value misuse rather than genuine small farmers.



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