GST Alert 04/2026-27
Date 31.10.2026

Legal Changes made effective immediately from 30th October 2026

In the recently concluded 57th GST Council meeting on 8.10.2026, many benevolent recommendations were made to reduce the pain of the common taxpayer. However, as we all know, most of these trade friendly recommendations required amendment to the CGST, SGST and IGST Act which only the parliament and the state legislative assemblies could do and which would take atleast 6 months to implement.

Central Government felt that these decisions have far reaching impact and it would be better implemented as early as possible, to do this they have issued Instruction No. 02/2026-GST dated 30.10.2026, following is the gist of the changes which will become effective immediately:

I. Arrest Powers – GST officials will not have the powers to Arrest anyone

GST officials derive the power to arrest a person vide section 69 of the CGST Act. Using these powers people were arrested by GST officials during the investigation stage itself on the grounds that the person may temper with the evidence. Many recommendations were made to the government to decriminalise commercial laws and avoid arresting people at the investigation stage even though the crime of tax evasion had not crystalised.

GST Council accepted this suggestion and recommended to delete section 69 itself. Central government has now asked CGST officials including DGGI wing to not arrest anyone henceforth.

So post 30th October 2026, CGST department including DGGI will not be able arrest anyone, however power to prosecute a person still remain under the GST law.

Prosecution is process whereby the department conducts an investigation against a taxpayer and if the investigation concludes that any person has indulged in any offence listed in section 132, they can launch a trial in the jurisdictional court seeking a punishment starting from 1 year upto 5 years, the court after examining all evidences can sanction a punishment and the person will be put behind bars thereafter.

II. Eway bill related changes

a. A vehicle can only be intercepted

- based on specific intelligence
- Interception is duly authorized by a Joint Commissioner or higher rank officer,
- Such officer must record, in writing, the reasons to believe as why the vehicle is required to be intercepted.

b. The officer intercepting such vehicle, can inspect the vehicle and goods therein, only if the supplier or recipient are registered or located (in case where the supplier or recipient is not registered) in the State of his jurisdiction, and where after such inspection of goods it is found that there is any contravention of eway bill related issues, the officer will be able to detain or seize the goods.

c. If a vehicle is intercepted by transiting state officer and if he feels that the transportation is in contravention of GST law, he will transmit the

information to the jurisdictional officer of the supplier or recipient and let the vehicle resume its journey unhindered.

d. Where the goods are being transported without any eway bill and it also doesn't have any document to show the origin or destination of the goods, in such case the goods or vehcile can be inspected, detained or seized by the intercepting officer, irrespective of the jurisdiction of the supplier or the recipient.

e. The goods or conveyances in transit shall not be confiscated under section 130 of CGST Act, 2017

III. Minimum Threshold for issuing Showcause cum demand notice

To reduce low value litigation, CGST department will not issue any Show cause notice demanding tax (CGST + SGST + IGST + UTGST + Cess) amounting to Rs. 9,999 or less (below 10000).

IV. Conclusion

This is a very welcome step that the central government has taken, it shall reduce hassles for taxpayers at many levels. But everyone needs to note that this instruction is binding only on officers working in Central GST or DGGI department offices, in other words this is not applicable to State GST officials as of now. States need to issue similar instructions to their officers to make this applicable pan India.

Formulated by:

N J Jain & Associates
Chartered Accountants
Member of JPP Network

CA Nitesh Jain
Managing Partner

CA Gaurav Khetan
Senior Partner

CA Praveen Maheshwari
Partner

CA Jay Dalwadi
Partner

Disclaimer

This GST Alert is only for the purpose of information and does not constitute or purport to be an advise or opinion in any manner. The information provided is not intended to create advisor-client relationship and is not for advertising or soliciting. N J Jain & Associates do not intend in any manner to solicit work through this Tax Alert. The Tax Alert is only to share information based on recent developments and regulatory changes. N J Jain & Associates is not responsible for any error or mistake or omission in this Tax Alert or for any action taken or not taken based on the contents of this Tax Alert. Business decisions are best taken in close consultation with the advisors.