GST on e-commerce delivery services cut from 18% to 5% (without ITC) – 57th GST Council recommendation; notifications effective 1 Nov

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News

The 57th GST Council meeting, held in New Delhi on 8 Oct 2026 under Union Finance Minister Nirmala Sitharaman, recommended 5% GST without input tax credit (ITC) on delivery services (other than courier and postal) supplied through e-commerce operators (ECOs). Where the actual provider is not liable to register, the platform pays the tax under Section 9(5) of the CGST Act. Until now such services attracted 18% (56th Council, Sept 2025). PIB Fact Check and CBIC clarified that this is a cut from 18% to 5%, not a new tax. Notifications (e.g. No. 09/2026-Central Tax (Rate)) were issued on 27 Oct 2026, effective 1 Nov 2026.

Key facts

Meeting	57th GST Council, 8 Oct 2026, New Delhi; chair – Nirmala Sitharaman
Rate	18% → 5% (without ITC); courier and postal services excluded
Who pays	E-commerce operator – Section 9(5), CGST Act
GTA exemption	Exemption (Entry 21A) for GTA transport of e-commerce goods to unregistered persons withdrawn

In force	Notifications 27 Oct 2026; effective 1 Nov 2026
Earlier	56th Council (3 Sept 2025) – local delivery at 18% from 22 Sept 2025

Background

- Polity: GST came through the 101st Amendment (2016) and began on 1 July 2017. Article 279A – GST Council; chair – Union Finance Minister; members – Union MoS (Finance/Revenue) and all State finance/taxation ministers. The Union Revenue Secretary is its ex-officio Secretary.
- Article 366(12A): GST is a tax on the supply of goods or services except alcoholic liquor for human consumption. So liquor stays outside GST – States levy excise and VAT on it.
- Economic concepts: input tax credit (ITC) lets a business set off tax paid on purchases against tax on sales; '5% without ITC' means no such set-off. Section 9(5): for notified services the e-commerce platform is deemed the supplier and pays the tax (e.g. restaurant delivery, cab services).
- GST 2.0: from 22 Sept 2025, two main slabs – 5% and 18% – and 40% for luxury and sin goods. Finance Ministry sources said rate changes will now be considered only once a year, taking effect from 1 April (PTI, 6 Oct).

Tamil Nadu link: in Tamil Nadu, State GST (SGST) is administered by the Commercial Taxes Department (headed by the Commissioner of Commercial Taxes), and the State Finance Minister is a member of the GST Council. With heavy food and quick-commerce delivery in cities like Chennai and Coimbatore, the cut directly affects consumers and delivery platforms.

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