

# In second full month of GST 2.0, net collections increase 2.2%

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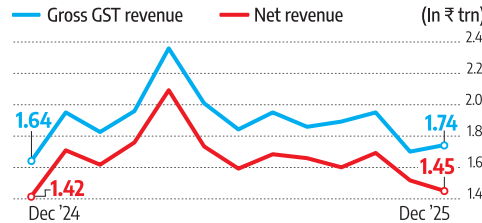
Net revenues from the goods and services tax (GST) inched up 2.2 per cent year-on-year in December 2025 to ₹1.45 trillion, without factoring in GST compensation cess receipts, marking the lowest receipts from the indirect tax since December 2024.

Sequentially, the net GST revenues in December, pertaining to transactions undertaken in November — the second full month of the restructured Goods and Services Tax (GST) regime — were 4.3 per cent lower than November's receipts, which in turn were 6.1 per cent lower month-on-month.

The GST rate structure was revamped for several items with effect from September 22, 2025. Gross GST revenues, prior to refunds and independent of cess receipts, rose at a three-month high pace of 6.1 per cent to nearly ₹1.75 trillion, significantly higher than the meagre 0.7 per cent uptick recorded a month earlier. Overall revenues were 2.5 per cent higher than November 2025,



## Tax trajectory



Note: For November and December 2025, the Finance Ministry separated GST compensation cess from the revenue figures. The ministry said compensation cess is continuing only as a transitory arrangement.

compared to a sequential decline of 9.5 per cent recorded that month.

However, most of this growth was fuelled by revenues from imports which hit a three-month high of nearly ₹52,000 crore, 19.7 per cent higher year-on-year. Gross revenues from domestic transactions grew 1.2 per cent in December, after slipping 2.3 per cent in November, but those collections, at a little over ₹1.22 trillion, were the lowest in a year. Net GST Compensation Cess receipts dropped about 64.7 per cent to ₹4,238 crore in December, from ₹12,003 crore a year earlier. Taken together with the

cess, net GST receipts were 3 per cent lower year-on-year. For the past two months, the Finance Ministry has separated cess receipts from the overall GST tally, stating the compensation cess is continuing as a transitory arrangement.

“Cess is not comparable as it is continuing only on tobacco and pan masala. The base is different,” an official said. “So we can’t include the Cess in the base of last year to compare current revenues. The GST rate rationalisation is an exercise independent of compensation cess. So Cess should not be included in the base for comparison purpose,” the offi-

cial sought to explain.

At nearly ₹29,000 crore, refunds to taxpayers were about 60 per cent higher than November and the highest so far in 2025-26 (FY26). Refunds on domestic transactions surged 62 per cent year-on-year to over ₹18,400 crore, more than double the ₹8,700-odd crore refunds effected in November. Refunds on imports eased 1.9 per cent to ₹10,558 crore, but were 11.6 per cent higher on a month-on-month basis.

For the first nine months of FY26, gross GST revenues have grown 8.6 per cent to a tad over ₹16.5 trillion, while net GST receipts are up 6.8 per cent to ₹14.25 trillion. These numbers do not include the GST compensation cess, receipts which have declined 19.7 per cent to a little more than ₹88,000 crore.

MS Mani, partner at Deloitte India said it is a matter of concern that 17 states, including Delhi (-4 per cent), Bihar (-7 per cent), MP (-1 per cent), Telangana and Tamil Nadu (-3 per cent each), saw a negative growth in GST collections. “Many large states such as Maharashtra (4 per cent) Karnataka (5 per cent) AP (2 per cent) and Haryana (1 per cent) have recorded low single digit growth,” he pointed out.