GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA UNSTARRED QUESTION NO. 1178
ANSWERED ON MONDAY, 27 JULY, 2026/ SHRAVANA 5, 1948 (SAKA)

Apportionment and Settlement of IGST Revenue

1178: Shri K Radhakrishnan:
Adv Dean Kuriakose:

Will the Minister of FINANCE be pleased to state:
(a) whether any State Government, including Kerala, has expressed concerns regarding the apportionment and settlement of Integrated Goods and Services Tax (IGST) revenue;
(b) if so, the details thereof and the action taken by the Government thereon, State-wise;
(c) whether any discrepancies, delays or anomalies have been noticed in the settlement of IGST since the implementation of the Goods and Services Tax (GST);
(d) if so, the details thereof, along with the corrective measures taken by the Government;
(e) whether the Government has conducted any audit, review or independent assessment of the IGST settlement mechanism;
(f) if so, the major findings thereof; and
(g) whether the Government proposes to strengthen the existing IGST settlement framework and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (g): Goods and Services Tax Council in its 54th meeting held on 9th September, 2024 in New Delhi, approved the constitution of a Committee of Officers on IGST Settlement. Accordingly, a committee of officers comprising officers from Central and various State Governments including Kerala was constituted to examine issues pertaining to IGST settlement and to recommend measures for improving the settlement mechanism, including proposals for legislative amendments, system enhancements, and refinements to the formula for apportionment of both positive and negative balances in the IGST account.

The principal decisions of the Committee are summarised below: -

(a) A Standard Operating Procedure (SOP) for addressing abnormal reversals of Input Tax Credit (ITC), which have been contributing to irregularities in the settlement process.

(b) Alignment of ineligible credit and time-barred credit with the structure of Form GSTR-3B. Specifically, STL 1.06 which primarily covers domestic ineligible credit and STL 1.10 which pertains to ineligible credit relating to imports, were approved for merger. Similarly, STL 1.11 was approved to be merged with STL 1.07.

(c) Incorporation of corresponding section numbers, rule numbers, and sources in the Rules.

(d) Provision of necessary clarifications in areas where the existing Rules lacked precision.

The report of findings of the Committee of Officers was presented before the GST Council in its 55th meeting. Subsequently, with the approval of GST Implementation Committee, Goods and Services Tax Settlement of Fund Rules, 2026 were notified and published in the Gazette on 30th March, 2026 incorporating the recommendation of the Committee of Officers. Standard Operating Procedure recommended by the Committee of Officers have also been implemented.

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