

GST BUDGET

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GST Updates

Budget-2026

This presentation contains all the recent amendments proposed in Finance Bill 2026.

Clauses 137 to 141 of this Finance Bill are for GST. All the clauses will come into force on enactment of finance bill in parliament.

This presentation has been prepared topic wise with our detailed analysis as and when required. References of relevant clauses of Finance Bill 2026 have been given at bottom each topic.

Please kindly note that wherever the word CGST Act 2017 is mentioned, it is to be understood that there will be identical change to similar act SGST and UTGST Acts of states and Union Territories

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The Government has proposed to simplify the provisions relating to post-sale discounts by substituting Section 15(3)(b) of the CGST Act, 2017 through the Finance Bill, 2026. The key objective of this amendment is to remove the requirement of pre-agreement of discount and its specific linkage with individual invoices.

➤ **Position before the proposed amendment:**

As per Section 15(3), the value of supply does not include discounts in the following cases:

- (a) Discount given before or at the time of supply, if recorded in the invoice; and
- (b) Discount given after the supply.

However, in case of post-supply discount, both of the following conditions were required to be satisfied:

1. The discount was established in terms of an agreement entered into at or before the time of supply and was specifically linked to relevant invoices; and
2. The recipient reversed the proportionate input tax credit (ITC) attributable to such discount.

➤ **Proposed amendment under the Finance Bill, 2026**

The Government has proposed to amend Section 15(3)(b) by removing the condition of pre-agreement and invoice-wise linkage.

The proposed Section 15(3)(b) reads as under:

“(b) after the supply has been effected, if for such discount, a credit note has been issued by the supplier and input tax credit as is attributable to such discount has been reversed by the recipient of the supply, in accordance with the provisions of section 34.”

➤ **Impact of the proposed amendment**

Under the proposed amendment:

- The requirement of linking the post-sale discount with an agreement specifically linked to relevant invoices is omitted
- The only conditions to exclude post-supply discount from value of supply are:
 1. The supplier issues a credit note, and
 2. The recipient reverses the corresponding ITC in accordance with Section 34

The taxpayers will face significantly fewer litigation challenges, as they will no longer be required to establish the existence of a pre-agreement at the time of issuing a GST credit note for post-sale discounts. This change simplifies compliance and reduces disputes with tax authorities regarding the admissibility of post-supply discounts.

➤ **Corresponding amendment in Section 34:**

The Government has also proposed changes in Section 34(1) to align it with the above amendment. Accordingly, the supplier is now explicitly permitted to issue a credit note in cases where a post-supply discount is granted, as referred to in Section 15(3)(b).

- **Clause (b) of Section 15(3) of CGST Act 2017 is being amended by Clause 137 of Finance Bill 2026**
- **Sub section (1) of Section 34 of CGST Act 2017 is being amended by Clause 138 of Finance Bill 2026**

02

Removal of Minimum Threshold Limit for Refund Claims

- The Government has proposed to amend Section 54(6) of the CGST Act, 2017, which deals with provisional refunds. Under the proposed amendment, now the proper officer may grant 90% of the refund amount on a provisional basis in cases of:

Unutilised input tax credit arising due to inverted duty structure, as allowed under Section 54(3), first proviso, clause (ii).

Hence, 90% of the refund amount may now be granted on a provisional basis in cases of zero-rated supplies or unutilised input tax credit arising due to an inverted duty structure, as permitted under Section 54(3), first proviso, clause (ii) of the CGST Act, 2017.

- Further, the Government has proposed an amendment to Section 54(14) of the CGST Act, 2017. As per the proposed change, the minimum refund limit of ₹1,000 shall not apply in cases where refund of tax is claimed on account of goods exported out of India with payment of tax (i.e., export on payment of IGST).
- Through these proposed amendments, the Government has sought to resolve practical difficulties faced in small-value export consignments. Small exporters often face challenges in obtaining refunds due to technical issues on the ICEGATE portal, such as export bills not being reflected, which creates difficulties for officers in processing refunds. Additionally, refund claims involving amounts less than ₹1,000 were earlier barred under the Act.
- The proposed changes aim to ease refund processing for small exporters and remove procedural hurdles for low-value export-related refunds.

- **Section 54(6) of CGST Act 2017 is being amended by Clause 139 of Finance Bill 2026**
- **Section 54(14) of CGST Act 2017 is being amended by Clause 139 of Finance Bill 2026**

03

Proposed amendment in Constitution of National Appellate Authority for Advance Ruling.

- The Government has proposed to insert sub section 1A in section 101A of CGST Act ,2017 which is related to the Constitution of National Appellate Authority for Advance Ruling. The government has proposed that Until the National Appellate Authority is set up under Section 101A(1), The Government may, on the recommendation of the GST Council, authorize any existing authority (including a Tribunal) to hear appeals under Section 101B by issuing a notification. In such cases:
 - The detailed procedural provisions of sub-sections (2) to (13) of this Chapter will not apply, and
 - Any reference in this Chapter to the National Appellate Authority will be treated as a reference to the authorized existing authority.

Explanation:

The term “existing Authority” is broad and includes a Tribunal.

- This ensures that appeal proceedings under Advance Ruling do not get delayed, even if the National Appellate Authority has not yet been constituted.

- **Clause (1A) of Section 101(A) of CGST Act 2017 is being inserted by Clause 140 of Finance Bill 2026**

04

Proposed amendment in Place of supply for Intermediary services

- As per Section 13(2) of the IGST Act, 2017, the place of supply of services is generally the location of the recipient of services, except for services specifically covered under Sections 13(3) to 13(13) of the IGST Act, 2017.
- Accordingly, intermediary services were earlier governed by Section 13(8), under which the place of supply was the location of the supplier. Due to this provision, intermediary services were treated differently from the general rule under Section 13(2).
- The Government has now proposed to omit Section 13(8)(b) of IGST Act, 2017. As a result, the place of supply for intermediary services will shift to the location of the recipient, in line with the general rule under Section 13(2).

- This proposed amendment will provide significant relief in refund-related matters. Where the supplier is located in India and the recipient is located outside India, intermediary services will now qualify for export benefits and refund eligibility. Further, where the supplier is located outside India and the recipient is located within India, such services will be treated as import of services and will attract GST under the Reverse Charge Mechanism (RCM).

▪ **Clause (b) of Section 13(8) of IGST Act 2017 is being omitted by Clause 141 of Finance Bill 2026**



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