



# Indirect Taxes – GST Amendments in Union Budget 2026

Prepared by: Team ‘Voice of CA’

# I. Amendment in Section 15(3) – Post-sale Discounts

(Clause 137 of the FA Bill, 2026)

## **Amendment in Post-sale Discounts w.e.f. date to be notified later:-**

Sub-section (3) of section 15 of the Central Goods and Services Tax Act, 2017 is being amended to do away with the requirement of linking the post-sale discount with an agreement and to refer to issuance of credit note under section 34 where the input tax credit is reversed by the recipient.

(Erstwhile Reference: Under Section 15(3)(b) of the CGST Act, 2017, post-supply discounts could be excluded from the value of taxable supply only if: Such discount was established in terms of an agreement entered into before or at the time of supply, and it was specifically linked to relevant tax invoices. If these conditions weren't met, the discount couldn't reduce the taxable value.)

## **Brief Impact & Remarks:**

*The proposed amendment removes the previous requirement of a pre-existing agreement or specific invoice linkage for post-sale discounts. Now, such discounts can be recognised even if they are decided after the supply has been made, provided that the supplier issues a credit note under Section 34 and the recipient reverses the input tax credit attributable to the discount. This change brings greater flexibility in commercial transactions and aligns GST valuation rules with practical business practices. The proposed amendment to Section 15 is in consonance with the recommendations of the 56th GST Council Meeting.*

## II. Amendment in Section 34 — Credit Notes for Post-Supply Discounts (Clause 138 of the FA Bill, 2026)

### Amendment in Credit Notes for Post-Supply Discounts w.e.f. date to be notified later:-

Section 34 of the Central Goods and Services Tax Act, 2017 is being amended so as to include the reference of section 15 in the said section.

(Erstwhile Reference: Section 34 of the CGST Act permitted issuance of credit notes but did not explicitly refer to post-sale discounts under Section 15(3)(b) for valuation adjustment. That resulted in ambiguity when using credit notes to reduce supply value.)

### Brief Impact & Remarks:

*The proposed amendment to Section 34 now explicitly references Section 15, providing a clear legal basis for credit notes issued in respect of post-supply discounts. As a result, credit notes are formally recognised as a valid method to adjust the taxable value of supplies, ensuring consistency with GST valuation provisions and reducing ambiguity in their application. The proposed amendment to Section 34 is in consonance with the recommendations of the 56th GST Council Meeting.*

### III. Amendment in Section 54(6) – Provisional Refund for Inverted Duty Structure (Clause 139 of the FA Bill, 2026)

#### Amendment in Provisional Refund for Inverted Duty Structure w.e.f. date to be notified later :-

Sub-section (6) of Section 54 of the Central Goods and Services Tax Act, 2017 is being amended to extend the provisions of provisional refund to refunds arising out of Inverted duty structure.

(Erstwhile Reference: Section 54 of the CGST Act provides refund mechanisms. Pre-Budget law: Provisional refunds (up to 90% of refund claim) were available mainly for zero-rated supplies (exports) only; Refunds due to Inverted duty structure (where input tax rates exceed output rates) were not falling under the provisional refund provisions.)

#### Brief Impact & Remarks:

*The proposed amendment extends the provisional refund facility to include refunds arising from an inverted duty structure. This allows businesses to receive funds more quickly in cases where the input tax rate on goods or services exceeds the output tax rate, thereby easing cash flow constraints and supporting smoother financial operations for affected taxpayers. The proposed amendment to Section 54(6) is in consonance with the recommendations of the 56th GST Council Meeting*

# IV. Amendment in Section 54(14) — Removal of Threshold for Refunds on Export with Payment of Tax

(Clause 139 of the FA Bill, 2026)

## **Amendment in Removal of Threshold for Refunds on Export with Payment of Tax w.e.f. date to be notified later :-**

Sub-section (14) of Section 54 of the Central Goods and Services Tax Act, 2017 is being amended to remove the threshold limit for sanction of refund claims in case of goods exported out of India with payment of tax.

(Erstwhile Reference: Section 54(14) of the CGST Act imposed a minimum threshold limit (e.g., ₹1,000) for sanction of refund claims arising from goods exported with payment of tax. Exporters with low-value consignments often couldn't claim refunds if the amount fell below the threshold.)

### **Brief Impact & Remarks:**

*The proposed amendment removes the threshold limit of Rs. 1000/- under Section 54(14) for refund claims on goods exported with payment of tax. As a result, exporters of all sizes, including small and medium enterprises, can claim GST refunds irrespective of the value of the consignment. This change enhances liquidity for exporters, promotes competitiveness in international trade, and reduces administrative hurdles associated with low-value export transactions. The proposed amendment to Section 54(14) is in consonance with the recommendations of the 56th GST Council Meeting*

# V. Amendment in Section 101A(1A) — Interim National Appellate Authority for Advance Rulings (Clause 140 of the FA Bill, 2026)

## Amendment in Interim National Appellate Authority for Advance Rulings w.e.f. 1<sup>st</sup> day of April 2026:-

Sub-section (1A) is being inserted in Section 101A of the Central Goods and Services Tax Act, 2017 to provide that the Central Government may, pending the constitution of the National Appellate Authority, by notification empower an existing Authority, for hearing appeals under section 101B of the CGST Act, 2017; and to provide that the provisions of sub-sections (2) to (13) shall not be applicable where a Tribunal has been so empowered under sub-section (1A). An explanation to sub - section (1A) is also being inserted to clarify that the existing Authority also includes a tribunal.

(Erstwhile Reference: Under the CGST Act, there was provision for Advance Rulings (Sections 97–99), but no effective interim appellate authority existed to resolve conflicting Advance Rulings between states, leading to uncertainty.)

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### **Brief Impact & Remarks:**

*As per the current provisions, Appeal against the conflicting orders of AAAR in case of the same PAN holder can be filed before the National Appellate Authority, However since National Appellate Authority is not established, the powers are conferred with tribunal.*

*The proposed amendment empowers the Central Government to notify an existing authority or tribunal to function as the National Appellate Authority until the formal constitution of the authority. Effective from 1st April 2026, the amendment also clarifies that such an interim authority may include Tribunals. This provision ensures continuity in the appellate mechanism, reduces uncertainty arising from divergent Advance Rulings, and strengthens the overall framework for GST dispute resolution.*

## VI. Amendment in IGST Act — Section 13(8)(b) Omission — Intermediary Services (Clause 141 of the FA Bill, 2026)

### **Amendment in Intermediary Services w.e.f. date to be notified later :-**

Clause (b) of sub-section (8) of section 13 of the Integrated Goods and Services Tax Act, 2017 is being omitted so as to provide that the place of supply for "intermediary services" will be determined as per the default provision under section 13(2) of the IGST Act.

(Erstwhile Reference: Under Section 13(8)(b) of the IGST Act, the place of supply for Intermediary services was deemed to be the location of the supplier in certain cross-border service cases. This often prevented service providers from treating such transactions as exports.)

Intermediary: means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account;

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# VI. Amendment in IGST Act — Section 13(8)(b) Omission — Intermediary Services (Clause 141 of the FA Bill, 2026)

## **Brief Impact & Remarks:**

*The Finance Bill, 2026 proposes to omit clause (b) of sub-section (8) of Section 13 of the Integrated Goods and Services Tax Act, 2017. The omission of Section 13(8)(b) means that the place of supply for intermediary services will now be determined under Section 13(2), which is generally the location of the recipient. This change aligns the treatment of intermediary services with other cross-border services, allowing such supplies to qualify as exports subject to conditions as mentioned in section 2(6) of the IGST Act, 2017. It reduces long-standing litigation on export status for intermediaries, simplifies compliance for service providers, and supports the growth of India's service exports by removing unintended tax barriers.*