

Finance Bill, 2026

Amendments Proposed to GST Act

By Adv (CA) (Dr) Arpit Haldia



Amendment to Section 15

Finance Bill-2026-137. In the Central Goods and Services Tax Act, 2017, (hereinafter referred to as the Central Goods and Services Tax Act), in section 15, in subsection (3), for clause (b), the following clause shall be substituted, namely:- - “(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.”

Recommendation of 56th GST Council Meeting-To omit section 15(3)(b)(i) of CGST Act, 2017 thereby omitting the requirement of establishing the discount in terms of an agreement entered into before or at the time of such supply and specifically linking of the same with relevant invoices,

Old provision	New Provision
<p>(3) The value of the supply shall not include any discount which is given—</p> <p>(b) after the supply has been effected, if—</p> <p>(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and</p> <p>(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.</p>	<p>(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.</p>

Amendment to Section 34

Finance Bill-2026-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.

Recommendation of 56th GST Council Meeting-To amend section 15(3)(b) of CGST Act, 2017 to provide that discount should be granted through a credit note issued under section 34 of the CGST Act and to correspondingly amend section 34 to include a reference to section 15(3)(b), so as to provide for reversal of Input tax credit by the recipient in case where a post-sale discount is given and value of supply is reduced through GST Credit note.

Old provision	New Provision
<p>34. (1) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.</p>	<p>34. (1) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, or where a discount referred to in clause (b) of sub-section (3) of section 15 is given the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.</p>

Amendment to Section 54-Provisional Refund for Inverted Duty Structure

Finance Bill-2026-139-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.

Recommendation of 56th GST Council Meeting-The Council recommended amending section 54(6) of the CGST Act, 2017, to provide for sanction of 90% of refund claimed on provisional basis, in cases arising out of inverted duty structure, on similar lines as is presently available for refund in respect of zero-rated supply. It has been decided by the Central Government that, pending requisite amendments in CGST Act, 2017, instructions shall be issued by the Central Board of Indirect Taxes and Customs (CBIC) to direct Central Tax field formations for grant of provisional refund equivalent to 90% of amount claimed as refund, arising out of Inverted Duty Structure on the basis of identification and evaluation of risk by the system, as in the case of provisional refunds on account of zero-rated supplies. This shall be operationalized from 1 November, 2025.

Instruction No. 06/2025-GST Dated 3-10-2025 and Amendment to Rule 91(2) of CGST Rules, 2017

Old provision	New Provision
<p>(6) Notwithstanding anything contained in sub-section (5), the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, ninety per cent of the total amount so claimed, in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub- section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.</p>	<p>(6) Notwithstanding anything contained in sub-section (5), the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both or of unutilised input tax credit allowed under clause (ii) of the first proviso to sub-section (3) made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, ninety per cent of the total amount so claimed, in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub- section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.</p>

Amendment to Section 54-Low Value Refund in case of export against payment of tax

Finance Bill-2026-139-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.

Recommendation of 56th GST Council Meeting-The Council recommended amendment to section 54(14) of the CGST Act, 2017 so as to remove the threshold limit for refunds arising out of exports made with payment of tax. This will particularly help small exporters making exports through courier, postal mode etc.

Old provision	New Provision
<p>(14) Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.</p>	<p>(14) Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6), other than cases where refund of tax is claimed on account of goods exported out of India with payment of tax, shall be paid to an applicant, if the amount is less than one thousand rupees.</p>

Insertion of Section 101A(1A)

Finance Bill-2026-140-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.

Old provision	New Provision
NA	<p>(1A) Notwithstanding anything contained in sub-section (1), till the National Appellate Authority is constituted under that sub-section, the Government, may on the recommendations of the Council, by notification, empower any existing Authority constituted under any law for the time being in force to hear appeals made under section 101B and in such case,--</p> <p>(a) the provisions of sub-sections (2) to (13) shall not apply; and</p> <p>(b) any reference to the National Appellate Authority under this Chapter shall be construed as a reference to such Authority.</p> <p>Explanation.-- For the purposes of this sub-section, the expression “existing Authority” shall include a Tribunal.</p>

Amendment to Section 13 of IGST Act, 2017-Place of Supply in case of Intermediary

Finance Bill-2026-141-In section 13 of the Integrated Goods and Services Tax Act, 2017, in sub-section (8), clause (b) shall be omitted.

Recommendation of 56th GST Council Meeting-The Council recommended omission of clause (b) of section 13(8) of IGST Act 2017. Accordingly, after the said law amendment, the place of supply for “intermediary services” will be determined as per the default provision under section 13(2) of the IGST Act, 2017 i.e. the location of the recipient of such services. This will help Indian exporters of such services to claim export benefits.

Old provision	New Provision
<p>(8) The place of supply of the following services shall be the location of the supplier of services, namely:—</p> <p>(a) services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders;</p> <p>(b) intermediary services;</p> <p>(c) services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, up to a period of one month.</p>	<p>(8) The place of supply of the following services shall be the location of the supplier of services, namely:—</p> <p>(a) services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders;</p> <p>(b) intermediary services;</p> <p>(c) services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, up to a period of one month.</p>

Commissioner of Delhi Goods and Service Tax DGST Delhi vs. Global Opportunities (P.) Ltd. [2025] 179 taxmann.com 305 (Delhi)[25-09-2025]

25. Moreover, recently, owing to the confusion that was being caused, the GST Council in its 56th meeting held at New Delhi has also recommended omission of Clause (b) of Section 13(8) of the IGST Act to help Indian exporters to claim export benefits. The relevant portion of the said recommendation reads as under:

"6. Amendment in place of supply provisions for intermediary services under section 13(8) of the IGST Act: The Council recommended omission of clause (b) of section 13(8) of IGST Act 2017. Accordingly, after the said law amendment, the place of supply for "intermediary services" will be determined as per the default provision under section 13(2) of the IGST Act, 2017 i.e. the location of the recipient of such services. This will help Indian exporters of such services to claim export benefits."

Thus, 'intermediary services' are no longer services for which the place of location of the supplier would be deemed as the place of supply. Even for such services the place of the recipient of the services would be place of supply as per Section 13(2) of the IGST Act. The confusion that was prevalent relating to intermediaries and their entitlement to claim benefits on the basis of export of services is eliminated.

Assessee conducted clinical trials on samples provided by foreign client and place of recipient of services provided by assessee was outside territory of India, assessee would be entitled to benefit of Notification No. 4/2019-Integrated Tax, dated 30-9-2019 as same was applicable retrospectively-**Iprocess Clinical Marketing (P.) Ltd. vs. Assistant Commissioner of Commercial Taxes [2026] 182 taxmann.com 181 (Karnataka)**

Held-It is well settled that all amendments which are beneficial in nature, which are elucidatory and clarificatory would operate retrospectively when they seek to clarify and elucidate certain existing facts and situations and consequently, having regard to the specific observations made in the 37th GST Council Meeting, whereby it was resolved to clarify the tax liability in GST liability in relation to foreign recipients for R & D services provided by Indian pharmaceutical companies, the impugned notification at Annexure - G dated 30.09.2019 is clearly retrospective being clarificatory and elucidatory in nature and consequently, both the respondents clearly fell in error in coming to the conclusion that the said notification is prospective and not retrospective and would not be applicable for the period prior to 30.09.2019.

Effective Date of the Amendment through Finance Bill

Finance Bill 2026- When will clause 141 of Finance Bill pertaining to Intermediary come into force
Clause 1 of Finance Bill 2026 provides that

(2) Save as otherwise provided in this Act,--

- (a) sections 2 to 113, clause (b) of section 136 and section 140 shall come into force on the 1st day of April, 2026;**
- (b) clauses (c) and (d) of section 136 and section 142 shall come into force on the 1st day of May, 2026;**
- (c) sections 137 to 139 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.**

So Clause 141 of the Finance Bill pertaining to Intermediary is not mentioned for the date when it would come into force.

Memorandum Explaining the provisions of Finance Bill 2026-Is there an acceptance by the Central Government that provisions would come into effect from the date when the same will be notified concurrently, "as far as possible", with the corresponding amendments by State but the Centre will do it on its own if State does not do it timely

"Unless otherwise specified, amendments carried out through the Finance Bill, 2026 will come into effect from the date when the same will be notified concurrently, as far as possible, with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature"

So when the Finance Bill uses the words "as far as possible," it would be interesting to see the impact on the legality of such provisions when not notified concurrently but the order applies both CGST and SGST.



Adv (CA) (DR) ARPIT HALDIA