



# Overview of Union Budget 2026-27

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Detailed analysis of **GST** Proposals and Amendments

- ⌚ For reducing post-supply discounts, supplier needs to issue a credit note U/s 34 from the value of supply
- ⌚ The benefit of 90% provisional refund has now been extended to include accumulated ITC arising due to inverted duty structure
- ⌚ The place of supply for intermediary services has been shifted from location of supplier to location of recipient
- ⌚ Central Government may notify any existing authority including a Tribunal, to hear appeals until the National Appellate Authority for Advance Ruling is formed
- ⌚ It is clarified that minimum threshold limit of Rs. 1000 for claiming refund is not applicable for export of goods or services made with payment of tax

## Exclusion of discount given from Value of Supply

### Background

- ⌚ Section 15(3) of the CGST Act pertains to exclusion of discounts from the value of supply subject to specified conditions.

### Current Scenario

- ⌚ At present, post-supply discounts were excluded only if:
  - ⌚ agreed upon at or before the time of supply,
  - ⌚ specifically linked to invoices and
  - ⌚ ITC reversal by the recipient.

### Change in Law

- ⌚ Henceforth, discount shall be excluded from the value of supply upon issuance of a credit note U/s 34 and reversal of the attributable ITC by the recipient. The requirement of discount given as per contractual agreement or specifically linking to invoices is no longer relevant.

### WEF

- ⌚ The date to be notified by CG

### Impact

- ⌚ Due to this amendment, the reduction in value of supply for excluding discounts can be done by way of issuance of credit notes by the supplier U/s 34 and corresponding ITC reversal.

# Amendment in issuance of Credit Notes

## Background

- ☑ Section 34 talks about circumstances, adjustment of tax liability and time limit for issuance of Credit Notes under the CGST Act.

## Current Scenario

- ☑ Currently, U/s 34(1) there are three criteria where credit notes are issued namely
  - ☑ where excess tax is charged on taxable supply,
  - ☑ goods are returned by recipient or
  - ☑ when goods or services supplied are of deficient quality.

## Change in Law

- ☑ Now, an amendment has been made to add one more criteria i.e. where discount has been granted by supplier along with the aforesaid existing situations for issuing credit notes.

## WEF

- ☑ The date to be notified by CG

## Impact

- ☑ Due to this amendment, taxpayer supplying goods or services would be able to reduce its output tax liability on supplies already made pursuant on discount given to recipient.

# Provisional Refund in case of Inverted duty structure

## Background

- ☑ Section 54(6) of the CGST Act provides for provisional refund of 90% of the total amount claimed in cases of zero-rated supplies, subject to prescribed conditions.

## Current Scenario

- ☑ Currently, granting of provisional refund was restricted only to refund claims arising from zero-rated supply of goods or services and did not cover refund of unutilised ITC U/s 54(3) first proviso clause (ii) of CGST Act which is commonly referred to as Inverted duty structure.

## Change in Law

- ☑ Now, scope of Section 54(6) of CGST Act has been widened to provide for provisional refund in respect of unutilised input tax credit arising due to Inverted duty structure U/s 54(3) first proviso clause (ii) of CGST Act.

## WEF

- ☑ The date to be notified by CG

## Impact

- ☑ Due to this amendment, eligible taxpayers claiming refund of accumulated ITC due to an inverted duty structure are also entitled to receive a 90% provisional refund resulting in more liquidity with the taxpayer.

## Background

- ⌚ Section 13 of the IGST Act, 2017, provides for place of supply where either location of the supplier or recipient is outside India.

## Current Scenario

- ⌚ As of now, place of supply for intermediary services U/s 13(8)(b) of IGST Act is location of supplier.

## Change in Law

- ⌚ Section 13(8)(b) dealing with place of supply for Intermediary Services has been omitted resulting in place of supply of intermediary service to be location of recipient U/s 13(2) of IGST Act.

## WEF

- ⌚ The date to be notified by CG

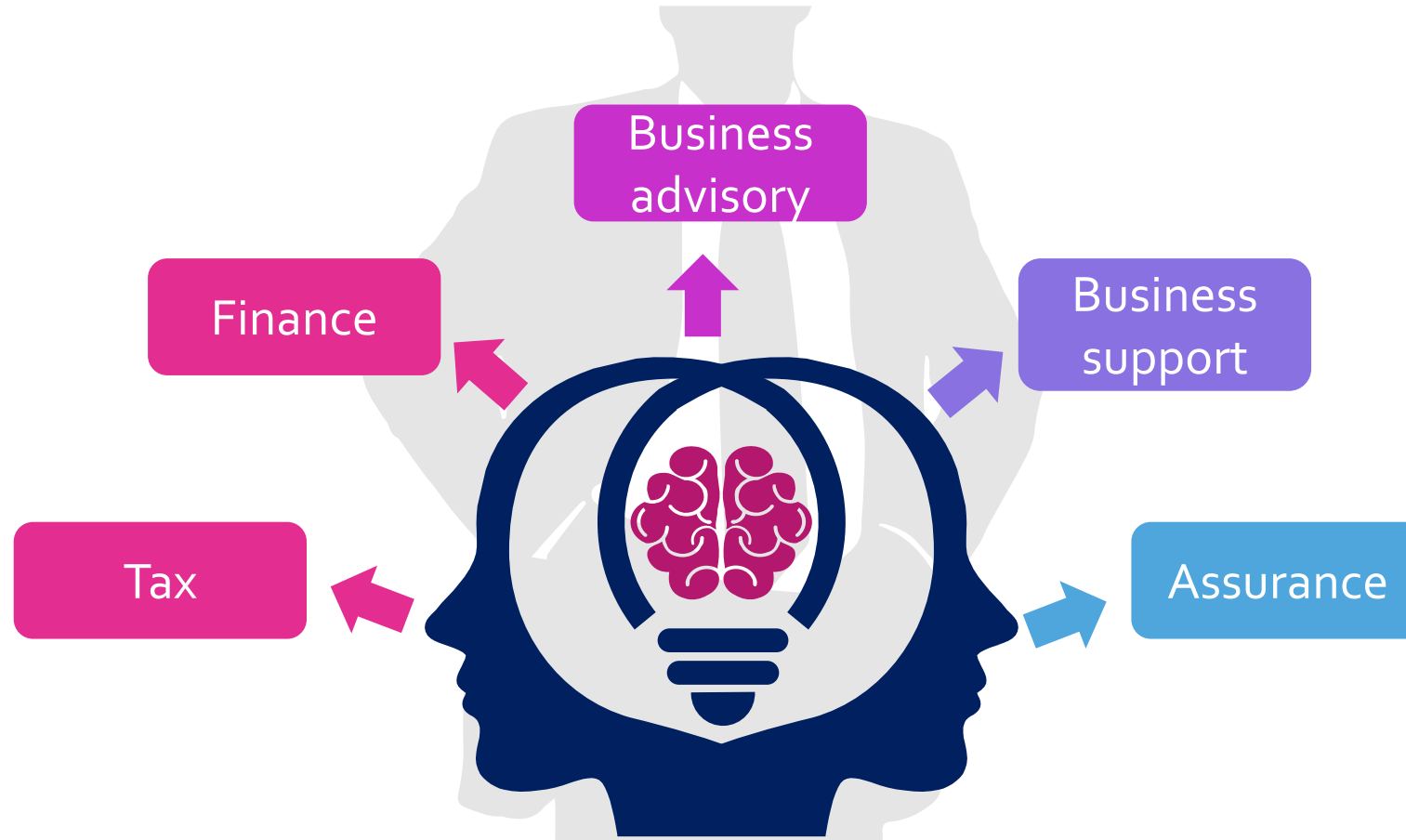
## Impact

- ⌚ Due to this amendment, the place of supply for intermediary services has been shifted to location of the recipient. This allows Indian intermediary services providers to treat their supply as zero-rated supply of services when provided to persons located abroad. This enables Indian intermediary services providers to be competitive globally. Moreover, GST under RCM may apply if Indian recipients import services from foreign intermediaries.

# Abbreviations

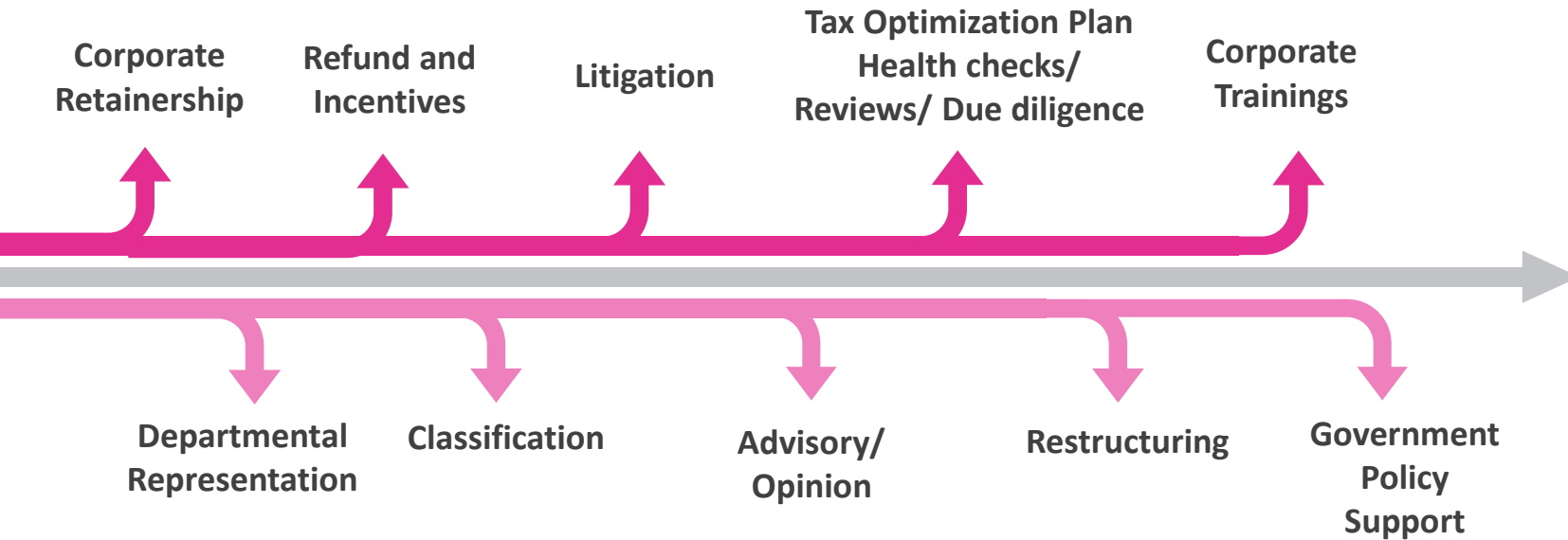
<b>WEF</b>	With Effect From
<b>FY</b>	Financial Year
<b>GST</b>	Goods and Service tax
<b>Sec.</b>	Section
<b>CGST</b>	Central Goods and Service Tax
<b>IGST</b>	Integrated Goods and Service Tax
<b>CG</b>	Central Government
<b>ITC</b>	Input Tax Credit
<b>Rs.</b>	Rupees
<b>U/s</b>	Under Section

# What do we do?...





## ... What do we do?



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