

Major GST amendments in the Union Budget 2026

The amendments focus on **compliance simplification**, **liquidity improvement**, and **litigation reduction**, primarily implementing recommendations from the 56th GST Council Meeting. Key reforms include the removal of pre-existing agreement requirements for post-sale discounts, the reclassification of intermediary services as exports, and the expansion of provisional refund benefits.

1) Post-Sale Discounts (Section 15 & 34):

- **The Change:** Businesses no longer need a pre-existing agreement to exclude post-sale discounts from the taxable value of a supply.
- **The Benefit:** As long as a credit note is issued under Section 34 and the recipient reverses the related Input Tax Credit (ITC), the discount is excluded, bringing GST rules closer to commercial realities and reducing disputes in the FMCG sector.

2) Intermediary Service Export (IGST Section 13):

- **The Change:** The special rule (Section 13(8)(b)) that fixed the "place of supply" for intermediary services at the supplier's location is being removed.
- **The Benefit:** The place of supply will now follow the general rule (recipient's location). For services provided to overseas clients, this allows Indian intermediaries to qualify as exporters and claim GST refunds.

3) **Enhanced Refund Mechanism (Section 54):**

- **Inverted Duty Structure (IDS):** Taxpayers under IDS are now eligible for **90% provisional refunds**—a benefit previously reserved for zero-rated supplies. This improves cash flow by providing funds while the final refund is being processed.
- **Export Threshold Removal:** The minimum threshold of **₹1,000** for sanctioning refund claims has been removed for exports made with payment of GST. This specifically assists small exporters using courier or postal channels.

4) **Interim Appellate Arrangement (Section 101A):**

- **The Change:** A new sub-section (1A) allows the government to authorise existing authorities or tribunals to hear appeals under Section 101B until the National Appellate Authority (NAA) is constituted.
- **Effective Date:** This procedural bridge takes effect from **April 1, 2026**, ensuring no gap in the appellate process for conflicting advance rulings.

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