

GST AMENDMENTS FOR MAY – 2026

1. RELATED TO CHARGE AND TCS

A NEW SERVICE HAS BEEN ADDED IN 9(5) AS FOLLOWS

(f) services by way of local delivery except where the person supplying such services through electronic commerce operator is liable for registration under sub section (1) of section 22 of the Central Goods and Services Tax Act, 2017.

Now ECO is required to pay GST in case of above service.

CHANGE IN GST RATE

In case of following services GST rate has been increased to 18% from 12%, if forward charge is applicable.

- a) Services by GTA
- b) Renting of motor vehicle

2. RELATED TO EXEMPTION

BELOW AMENDMENT MADE, CONSEQUENT TO AMENDMENT IN ECO PROVISIONS.

- A) Explanation to entry no 18 added
- B) Definition of GTA updated

- 18 Services by way of transportation of goods-
- (a) by road except the services of—
 - (i) a goods transportation agency;
 - (ii) a courier agency;
 - (b) by inland waterways.

Explanation. - Nothing contained in this entry shall apply to:

- (i) local delivery services provided by an Electronic Commerce Operator; or
- (ii) local delivery services provided through an Electronic Commerce Operator.

It is clarified that transport of minerals from mining pit head to railway siding, beneficiation plant etc., by vehicles deployed with driver for a specific duration of time is not covered by this entry and treated as “Renting of Vehicle” [Circular No. 177/09/2022 GST dated 03.08.2022]

Goods Transport Agency’ means any person who provides service in relation to transport of goods by road and issues a consignment note by whatever name called, **but does not include** (i) an electronic commerce operator by whom the services of local delivery are provided, (ii) an electronic commerce operator through whom the services of local delivery are provided.

NEW EXEMPTIONS ENTRIES RELATED TO INSURANCE

36C	Services of life insurance business provided by an insurer to the insured, where the insured is not a group. Explanation: For the removal of doubts, it is hereby clarified that: a. This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual. b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.
36D	Services of health insurance business provided by an insurer to the insured, where the insured is not a group. Explanation: For the removal of doubts, it is hereby clarified that: a. This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual. b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.
36E	Reinsurance of the insurance services specified in serial numbers 36C or 36D.

For the purposes of entries at serial numbers 36C and 36D in the table above, '**group**' means group of persons who join together with a commonality of purpose or for engaging in a common economic activity, other than availing insurance, and includes:

- a. Employer– employee groups, where an employer-employee relationship exists between the master/group policyholder and the members of the group in accordance with the applicable laws;
- b. Non employer– employee groups, where a clearly evident relationship exists between the master/group policyholder and the members of the group, for services/ activities other than insurance.

'**Health insurance business**' means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether inpatient or out-patient, travel cover and personal accident cover.

3. RELATED TO VALUE

Clarification on various doubts related to treatment of secondary or post-sale discounts under GST [Circular No. 251/08/2025-GST]

Issue: Whether the full input tax credit is available to the recipient of supply when the recipients make discounted payments to the supplier of goods on account of financial/commercial credit notes issued by the said supplier?

it is clarified that the recipient will not be required to reverse the Input Tax Credit attributed to the discount provided on the basis of financial/ commercial Credit notes issued by the supplier, as there is no reduction in the original transaction value of the supply and accordingly the corresponding tax liability would also not get reduced.

Issue: Whether a post-sale discount offered by a manufacturer to its dealer/ distributor, would be treated as a consideration paid by the manufacturer for the dealer's supply of the same goods to the end customer as a monetary value of the inducement to supply of goods manufactured by him to the end customer?

In cases where there is no agreement between the manufacturer and the end customer, there are two independent sale transactions, one from the manufacturer to the dealer and the other from the dealer to the end customer. These discounts are simply given for competitive pricing to push sales and merely reduce the sale price of the goods and are not linked to any independent activity rendered to the manufacturer. Therefore, it is clarified that such a discount cannot be included in consideration as the monetary value of the inducement of further supply of these goods.

However, in cases where the manufacturer has some agreement with an end customer to supply goods at a discounted price, the manufacturer may issue commercial or financial credit notes to the dealer, enabling such dealer to provide the goods at the agreed discounted rate to the end consumer. Therefore, it is clarified that such a post-sale discount, given by the manufacturer to the dealer for supplying goods to the end customer at a discounted rate, should be included in the overall consideration as it is an inducement towards the supply of goods by the dealer to the end customer.

Issue: Whether a post-sale discount extended by the manufacturer to the dealer can be treated as a consideration in lieu of the activities performed to promote the sale of the goods?

When dealers receive such post-sale discounts, they may engage in promotional activities to boost sales. However, these activities ultimately enhance the sale of goods that the dealers themselves own. Therefore, it is clarified that post-sale discounts offered by manufacturers to dealers in such cases shall not be treated as consideration for a separate transaction of supply of services.

4. RELATED TO RETURN

1. Registered person having ATO upto 2 crores are exempted for filing annual return.
2. 'an auto-generated' word has been deleted from GSTR-2B. Now it is simply a statement

5. RELATED TO TIME OF SUPPLY

Provision related to sale through vouchers omitted.

6. RELATED TO INPUT TAX CREDIT

Confusion related to "Plant & Machinery" and "Plant or Machinery" removed and definition amended w.e.f. 1-07-2017

7. RELATED TO CREDIT NOTE

The tax liability shall be adjusted in such manner as may be prescribed. **Provided that no reduction in output tax liability of the supplier shall be permitted, if the—**

- (i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person**
- (ii) incidence of tax on such supply has been passed on to any other person, in other cases.**

8. AMENDMENT RELATED TO SCHEDULE - III

“8. (a) Supply of warehoused goods to any person before clearance for home consumption;

(aa) **Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area;**

(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.”

Explanation 3.— For the purposes of clause (aa) of paragraph 8, the expressions "Special Economic Zone", "Free Trade Warehousing Zone" and "Domestic Tariff Area" shall have the same meanings respectively as assigned to them in section 2 of the Special Economic Zones Act, 2005 (28 of 2005)

