

GST AMENDMENT MAY 2026

Charge under GST

1. Amendment

Section 9(5) Payment of GST by ECOS

New Specified Category

- a. Transportation of passengers
- b. Services of accommodation
- c. Housekeeping service
- d. Restaurant services
- e. Services by way of local delivery except where the person supplying such services through ECO and where the supplier is registered the GST liability lies on such supplier

2. Amendment

New Rate for GTA and Renting of Motor vehicle = 18% (Earlier Rate – 12%)

Exemptions under GST

3. Amendment

Transportation of goods

Services by way of transportation of goods by:

- Road[Except (a) GTA; (b) Courier agency]
- Inlandwaterways

Explanation Nothing contained in this entry shall apply to:

- Local delivery services provided by an Electronic Commerce Operator, or
- Local delivery services provided through an Electronic Commerce Operator

4. Amendment

Definition of GTA

A Goods Transport Agency (GTA) is a person who:

- a. Transports goods by road and
- b. Issues a consignment note (by any name).

However, a person will NOT be treated as a GTA if:

- The transport relates to local delivery services, and
- Such local delivery services are provided by or through an ECO

5. Amendment

New Entry Life / Health Insurance Service

- Life insurance services / Health Insurance Service provided by an insurer to an insured person are exempt, provided the insurance is not a group insurance policy.
- This exemption applies where the insured is an individual or an individual along with his or her family.
- For this purpose, family includes all persons insured as family members under the insurance contract
- Includes Re-insurance

‘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:

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

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.

Time of Supply

6. Amendment

Vouchers exchangeable for goods/services – Delete

Value of Supply

7. Amendment

Post Sale Discounts / Secondary Discounts

Issue 1

- When a supplier gives a post-sale/secondary discount by issuing a financial or commercial credit note (not a GST credit note):
- The supplier cannot reduce GST liability, because the original taxable value remains unchanged.
- Since the GST charged on the original invoice does not change, the recipient is entitled to full Input Tax Credit (ITC).
- Therefore, the recipient is NOT required to reverse any ITC. Even though he pays a reduced amount to the supplier after discount.

Issue 2

- A post-sale discount given by a manufacturer to a dealer is normally just a price reduction, not a payment for any service or supply by the dealer.
- Where the manufacturer and dealer transact independently on a principal-to-principal basis, the dealer buys goods, becomes their owner, and then sells them to the end customer.
- In such cases, the discount is not consideration for any supply by the dealer to the manufacturer and does not form part of taxable value.
- However, if the manufacturer has a separate agreement with the end customer to sell goods at a reduced price and uses the dealer merely as a channel, the discount given to the dealer acts as an inducement for the dealer's supply to the end customer.
- In that situation, the discount forms part of the consideration for the dealer's supply to the end customer and is taxable.

Issue3

- Dealers may use post-sale discounts to carry out general promotional efforts to increase sales.
- Such activities benefit the dealer's own sales of goods that the dealer already owns.
- The discount is only a price reduction, not a payment for any service provided by the dealer to the manufacturer.
- Therefore, such post-sale discounts are not consideration for services and do not attract GST.
- GST applies only if the dealer is contractually required to perform specific promotional or marketing services for the manufacturer for a separately identifiable consideration.
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Returns under GST

8. Amendment

Applicability of Annual Return – GSTR-9

- Annual return is not required to be furnished if an aggregate turnover is up to 2 crore in any FY from FY 2024-25 onwards

❖ GST Rates

0%, 5%, 12%, 18%, 28%, 40%

“You didn't just study GST... you survived it.”

PRIYA TIWARI 