

# Amendments for September 2025 & January 2026



Applicable for September 2025 Onwards

## Basics of GST [Already Covered in May 25 Edition]

<p>Un-denatured extra neutral alcohol (ENA) or rectified spirit used for manufacture of alcoholic liquor for human consumption is permanently excluded from GST</p>	<p>[Non-Taxable Supply] <b>Levied Excise + VAT/CST</b></p>
---	--

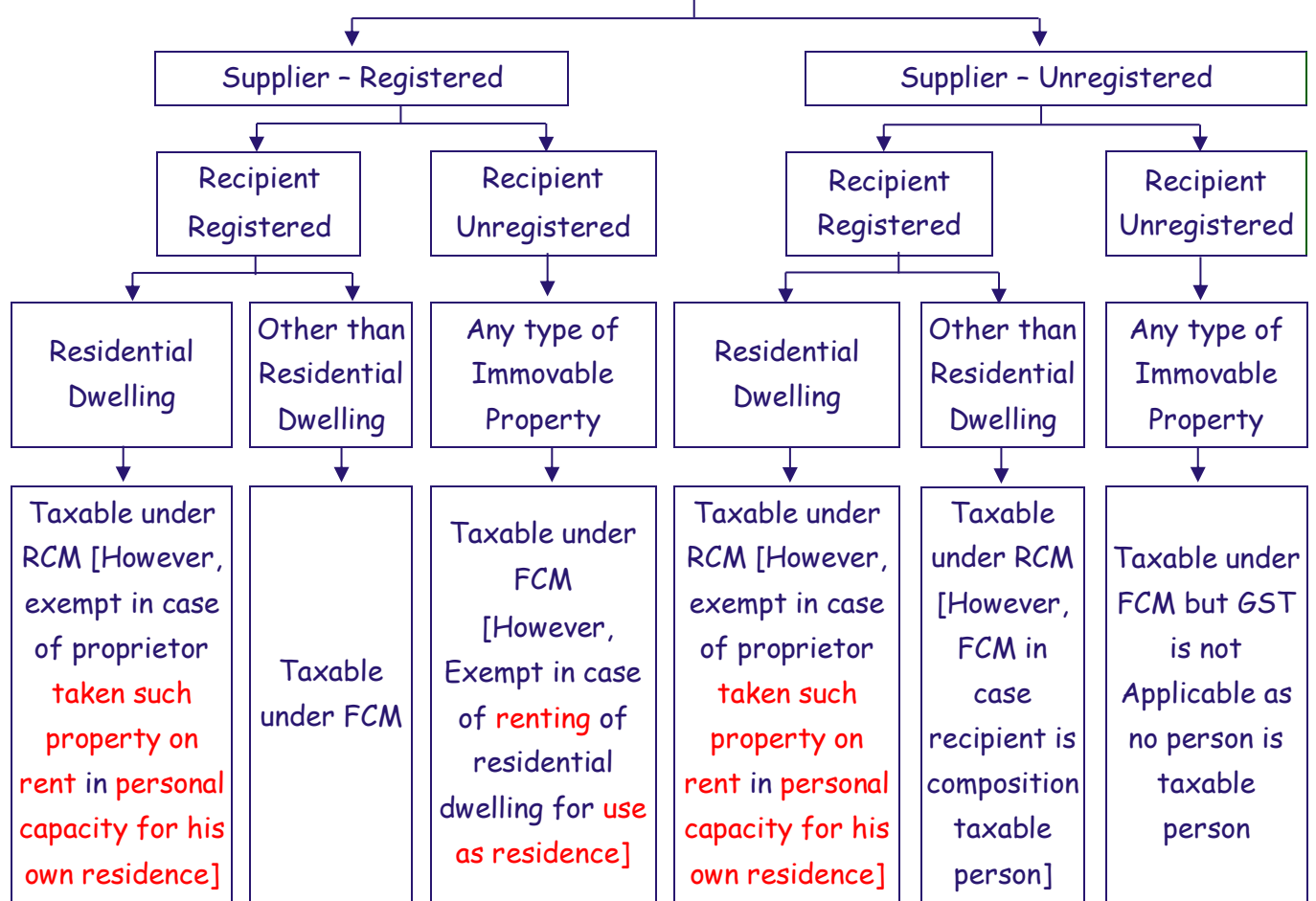
## Supply under GST [Already Covered in May 25 Edition]

Schedule-III: Negative List: Transaction which are Neither Supply of Goods nor Services	
1.	<p>Apportioned <b>premium to co-insurer</b> by lead insurer for joint supply of insurance services, provided lead insurer paid full GST on the entire insurance premium paid by the insured.</p> <p><b>Example:</b> A Ltd. got its machinery insured from XYZ (lead insurer) and PQR (co-insurer) for premium of ₹ 200 crores and A Ltd. will pay full premium to XYZ and it will share ₹ 80 crores of premium with PQR as per co-insurance agreement. Determine taxability.</p> <ul style="list-style-type: none"> <li>➤ A Ltd. paid ₹ 200 crores premium to XYZ: Taxable as supply of service</li> <li>➤ XYZ paid ₹ 80 crores premium to PQR: Not taxable, as not a supply as per Schedule III</li> </ul>
2.	<p><b>Ceding commission or re-insurance commission</b> deducted by insurer from re-insurance premium paid by the insurer to the re-insurer, provided re-insurer paid the GST on gross reinsurance premium payable by insurer.</p> <p><b>Example:</b> A Ltd. got its machinery insured from XYZ for premium of ₹ 200 crores and XYZ re-insured the same risk from PQR for ₹ 180 crores and deducted commission of ₹ 2 crores for bringing re-insurance business. Determine taxability.</p> <ul style="list-style-type: none"> <li>➤ A Ltd. paid ₹ 200 crores premium to XYZ: Taxable as supply of service</li> <li>➤ XYZ paid ₹ 180 crores premium to PQR: Taxable as supply of service</li> <li>➤ Deduction of ₹ 2 crore commission by XYZ: Not taxable, as not supply as per Schedule III</li> </ul>

## Charge of GST

Services Notified under RCM	
1.	<p>Sponsorship services provided by <b>Any Person other than body corporate</b> To <b>Partnership Firm</b> or <b>Body Corporate</b> located in taxable territory</p>
2.	<p>Service of renting immovable property <b>other than residential dwelling</b> by <b>any unregistered person</b> to <b>registered person (other than composition taxable person)</b></p>

Combined reading of RCM & Exemption provisions for Service of Renting of any Immovable Property



Example: Following are the details of renting services for residential dwelling

Supplier	Tenant	Purpose	Taxability
Registered or Unregistered	Unregistered	Residence	Exempt
	Registered (proprietor for personal use)	Residence	Exempt
	Registered person other than above	Residence	RCM
	Registered	Commercial	RCM
	Unregistered	Commercial	FCM

Example: Following are the details of renting services for commercial property

Supplier	Tenant	Taxability
Registered	Unregistered	FCM
Registered	Registered	FCM
Unregistered	Registered (composition taxable person)	FCM
Unregistered	Registered (other than composition taxable person)	RCM
Unregistered	Unregistered	FCM

**Time of Supply [Already Covered in May 25 Edition]**

Time of Supply (ToS) for Services under Reverse charge mechanism (RCM) [Section 13]	
May 25	Sep 25 Onwards
<p><b>Time of Supply in case of Services under RCM</b></p> <ul style="list-style-type: none"> <li>▪ <b>Date of making payment</b></li> <li>or</li> <li>▪ <b>61<sup>st</sup> day from date of invoice</b> issued by the supplier.</li> </ul> <p><b><u>Whichever is earlier</u></b></p>	<p><b>Time of Supply in case of Services under RCM</b></p> <ul style="list-style-type: none"> <li>▪ <b>Date of making payment</b></li> <li>or</li> <li>▪ <b>61<sup>st</sup> day from date of invoice</b> issued by the supplier. [if <b>supplier is liable to issue invoice</b>]</li> <li>or</li> <li>▪ <b>Date of issue of invoice</b> by recipient [if <b>recipient is liable to issue invoice</b>]</li> </ul> <p><b><u>Whichever is earlier</u></b></p>
Due Date for Raising Invoice in case of Goods or Services taxable under RCM	
Scenario	Due Date of Issue of Invoice
In case of recipient is required to issue invoice for <b>RCM supplies</b> (supplier is unregistered)	<b>within 30 days</b> of receipt of such supply of goods or services

**Exemptions from GST**

New Exemptions Introduced	
Service of insurance <b>provided by Motor Vehicle Accident Fund</b> against <b>contribution</b> made by insurers out of premium collected for 3 <sup>rd</sup> party insurance of motor vehicles.	
Exemptions Amended	
<p>Any service provided by:</p> <ul style="list-style-type: none"> <li>▪ National council for vocational education and training (NCVET)</li> <li>▪ <b>National skill</b> development corporation [NSDC]</li> <li>▪ <b>Awarding body</b> recognised by NCVET</li> <li>▪ <b>Assessment agency</b> recognised by NCVET</li> <li>▪ <b>Training body</b> accredited <b>with awarding body</b></li> <li>▪ <b>Training partner</b> approved by the NSDC</li> </ul>	<p align="center"><u>In relation to</u></p> <ul style="list-style-type: none"> <li>✓ National skill development program</li> <li>✓ Vocational skill development course</li> <li>✓ Any other qualification or skill for which NCVET has approved a qualification package</li> </ul>

**Input Tax Credit [Already Covered in May 25 Edition]**

Condition for Availment of ITC
<p><b><u>Maximum time limit to avail ITC</u></b></p> <p>ITC on any invoice or debit note may be availed by <b>earlier</b> of the following:</p>

- **30<sup>th</sup> November**, following the year to which such invoice or debit note pertains  
or
- Date of **filing of Annual Return**

**Note:** If registration is cancelled during above period and revoked later on, ITC can be taken in GSTR-3B which is filed within 30 days from order of revocation.

<b>Blocked Credit u/s 17(5)</b>	
<b>May 25</b>	<b>Sep 25 Onwards</b>
Tax paid under Section 74, 129, 130.	Tax paid under Section 74 for period upto financial year 2023-24.

**Demand and Recovery [Already Covered in May 25 Edition]**

**Determination of Tax not Paid/ Short Paid/ Erroneously Refunded/ ITC Wrongly Availed or Utilised for Any Reason pertaining to Financial Year 2024-25 onwards [Section 74A]**

Section 73 and Section 74 is applicable for determination of tax for the period upto FY 2023-24. For determination of tax for period of financial year 2024-25 onwards, a combined version of section 73 and 74 that is section 74A has been inserted.

<b>Issuance of Show Cause Notice (SCN)</b>	If tax has not been paid/short paid or ITC wrongly availed/utilised or refund taken erroneously, proper officer shall issue SCN. <b>Note:</b> <b>SCN shall not be issued</b> , if amount of tax, ITC or refund involved is <b>less than ₹ 1,000</b> in a financial year.	
<b>Time Limit to Issue SCN</b>	<u>SCN shall be issued:</u> <ul style="list-style-type: none"> <li>▪ Within <b>42 months from due date of annual return</b> for financial year to which such dues relate, or</li> <li>▪ Within 42 months from the date of erroneous refund.</li> </ul>	
<b>Time Limit to Pass Order</b>	Order shall be passed within <b>12 months from the date of issue of SCN</b> . <b>Note:</b> Commissioner or an officer authorised by commissioner not below the rank of joint commissioner extend such period by maximum of further 6 months (reasons to be recorded in writing).	
<b>Amount of Penalty</b>	<ul style="list-style-type: none"> <li>▪ <u>If non-payment or short payment etc. is <b>for reasons other than</b> fraud, wilful misstatement, or suppression of facts, and demand has been paid:</u></li> </ul>	
	Before issue of SCN	No Penalty
	Within 60 days from issue of SCN	No Penalty
Otherwise	<ul style="list-style-type: none"> <li>✓ 10% of Tax, or</li> <li>✓ ₹ 10,000 (CGST) / ₹ 20,000 (IGST)</li> </ul> <u>Whichever is Higher</u>	

## Amendments for September 2025 & January 2026

	<p><u>Note:</u> However, in case of self-assessed tax or amount collected as tax has not been paid within 30 days from due date, waiver shall not be applicable.</p> <ul style="list-style-type: none"> <li>▪ <u>If non-payment or short payment etc. for reasons of fraud, wilful misstatement, or suppression of facts, and demand has been paid:</u></li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 60%;">Before issuance of SCN</td> <td style="text-align: right;">15% of tax</td> </tr> <tr> <td>Within 60 days of SCN</td> <td style="text-align: right;">25% of tax</td> </tr> <tr> <td>Within 60 days of order</td> <td style="text-align: right;">50% of tax</td> </tr> <tr> <td>Otherwise</td> <td style="text-align: right;">100% of tax</td> </tr> </table>	Before issuance of SCN	15% of tax	Within 60 days of SCN	25% of tax	Within 60 days of order	50% of tax	Otherwise	100% of tax
Before issuance of SCN	15% of tax								
Within 60 days of SCN	25% of tax								
Within 60 days of order	50% of tax								
Otherwise	100% of tax								
<b>Other Points</b>	<p>If initially notice was issued u/s 74A on charges of fraud, wilful-misstatement, or suppression of facts by the proper officer but charges of fraud, wilful-misstatement, or suppression of facts could not be proved, in such case penalty shall be payable u/s 74A as applicable in case of other than fraud, wilful-misstatement, or suppression of facts.</p>								
<b>Not to recover GST not levied/Short Levied as a General Practice [Section 11A]</b>									
<p>On recommendation of GST Council, Government may direct that GST not levied or short levied is not required to be paid if:</p> <ul style="list-style-type: none"> <li>➤ Supplies liable to GST but not levied due to generally prevalent practice [non-levy]</li> <li>➤ Supplies liable to higher GST than GST levied due to generally prevalent practice [short-levy]</li> </ul>									

### Appeals and Revision [Already Covered in May 25 Edition]

May 25	Sep 25 Onwards
<p><b><u>Pre-Deposit for Appeal to Appellate Authority</u></b>  <b>10% of only tax amount in dispute</b> maximum upto ₹ 25 crores (₹ 50 crores in case of IGST).</p>	<p><b><u>Pre-Deposit for Appeal to Appellate Authority</u></b>  <b>10% of only tax amount in dispute</b> maximum upto ₹ 20 crores (₹ 40 crores in case of IGST).</p>
<p style="text-align: center;"><b><u>Appeal To GSTAT</u></b></p> <p><b>By Department:</b> within <b>6 months</b> from date of passing such order.</p>	<p style="text-align: center;"><b><u>Appeal To GSTAT</u></b></p> <p><b>By Department:</b> within <b>6 months</b> from date of passing such order [<b>Delay of 3 months can be condoned</b> on sufficient reasons].</p>
<p style="text-align: center;"><b><u>Pre-Deposit for Appeal to GSTAT</u></b></p> <p><b>20% of only tax amount in dispute</b> maximum upto ₹ 50 crores (₹ 100 crores in case of IGST).</p>	<p style="text-align: center;"><b><u>Pre-Deposit for Appeal to GSTAT</u></b></p> <p><b>10% of only tax amount in dispute</b> maximum upto ₹ 20 crores (₹ 40 crores in case of IGST).</p>
<p>Pre-deposit can be paid either through Cash ledger or Credit ledger.</p>	

**Circulars**

**Supply under GST- Supply or Not?**

**Penal charges** levied by Bank or NBFCs for non-compliance with loan terms, is in the **nature of liquidated damages**, hence same shall **not fall into Supply**.

[Not applicable on credit cards, ECB, trade credits, structured obligations covered under specific directions]

**Taxability of Vouchers**

**(1) Taxability of Transaction in Voucher**

Vouchers in the nature of <b>prepaid instruments</b> i.e., cards, wallets etc.	<b>Fall into definition of Money</b> , hence transaction in such voucher is neither a supply of goods nor service.
--	--

Vouchers <b>other than</b> in the nature of <b>prepaid instruments</b>	<b>Fall into definition of Actionable claims</b> , hence transaction in such voucher is neither a supply of goods nor service as per Schedule-III
--	---

So, **Transaction in Voucher itself is not a supply** However **supply of underlying goods/services** for which vouchers used as consideration **may be taxable**.

**(2) Taxability of Transaction in Voucher by Distributor, Sub-Distributors, Agents etc.**

Sold on <b>Principal-to-Principal basis</b> for margin on trade of vouchers	Transaction in voucher is <b>neither a supply of goods nor service</b>
---	--

<b>Sold as agent</b> for commission	<b>GST on commission</b> or fess of Agent
-------------------------------------	---

**Additional service** in terms of advertisement, co-branding, technology and customer support etc. to voucher issuer against any fees or charges **shall be liable to GST**.

**(3) Non-Redemption** of voucher shall **not be considered supply** hence no GST is applicable.

**Exemption from GST- Banking and Financial Services**

(1) Services by acquiring bank of processing of transaction of amount upto **₹ 2,000 per transaction** through **debit or credit card or other payment card service**.

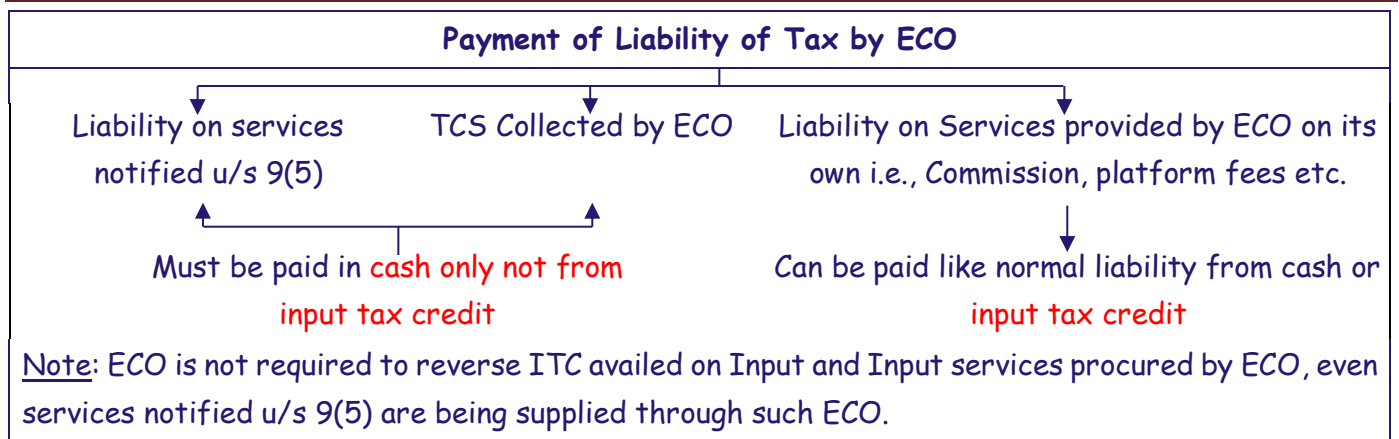
Note: Acquiring bank Includes Bank, FI, NBFC or **Payment Aggregator** but does not include Payment Gateways.

(2) **Pure services (100% labour)** or composite supply involving supply of **goods not more than 25%**, provided to CG, SG, UT or LA by way of activities in relation to work entrusted to a panchayat or municipality by constitution.

Note: However, if service is not supplied in relation to work entrusted to a panchayat or municipality by constitution, same shall not be exempt i.e., **Housekeeping, offices maintenance**

**Receipt of Goods or Services - Condition for Availment of ITC**

If goods are purchased on **ex-factory basis**, supplier **delivers goods at factory gate** to anyone including transporter on instruction of recipient, **considered as received** by the recipient.



**Exemptions from Customs Duty [Customs]**

<b>Customs (Import of Goods at Concessional Rate or for Specified End Use) Rules, 2022</b>	
<u>Quarter Means:</u> January-March, April-June, July-September, October-December	
<b>May 25</b>	<b>Sep 25 Onwards</b>
Importer shall provide the records whenever asked by assistant/deputy commissioner and also submit a <b>monthly statement</b> on the common portal <b>by 10<sup>th</sup> of the following month.</b>	Importer shall provide the records whenever asked by assistant/deputy commissioner and also submit a <b>Quarterly statement</b> on the common portal <b>by 10<sup>th</sup> of the month following the quarter.</b>
Goods can be sent to job worker for processing for <b>maximum 6 months</b> from date of invoice	Goods can be sent to job worker for processing for <b>maximum 1 year</b> from date of invoice

**Foreign Trade Policy [FTP]**

<b>Trade Facilitation Measures</b>
Central Government <b>may seek suggestion/views</b> from various stakeholders and may <b>provide 30 days</b> for that purpose for submission of their views. Central government <b>not bound by the views</b> of such stakeholders and <b>may provide reason for not considering</b> their views.
<u>Central Government not obliged to provide reason in following cases:</u>
<ul style="list-style-type: none"> <li>✓ May <b>adversely affect trade</b> relations with <b>any foreign country.</b></li> <li>✓ May <b>adversely affect food, economic or national security</b> of India.</li> <li>✓ In <b>conflict with Government policies</b>, strategic program, international obligations, long term plans.</li> <li>✓ <b>Unrelated to Trade</b>, Serve private purpose contrary to broader public interest.</li> <li>✓ Require disclosure of <b>confidential information</b></li> </ul>

**Applicable for January 2026 Onwards**

**Input Tax Credit [ITC]- Input Service Distribution [ISD]**

Before 01/04/2025	With effect from 01/04/2025
<p>It is not mandatory for the H.O. to follow only ISD mechanism for such purpose, H.O. may use any of the options below:</p> <ul style="list-style-type: none"> <li>➤ Option-1: Issue tax invoice to respective place of business (business offices)</li> <li>➤ Option-2: Distribute ITC by following ISD mechanism</li> </ul>	<p>It is mandatory for the office of supplier which is receiving invoices from the third party for the input services obtained on behalf of distinct person to:</p> <ul style="list-style-type: none"> <li>➤ Register as ISD and distribute ITC by following ISD mechanism</li> </ul>
<p>ISD cannot accept invoices for input services which are taxable under RCM</p>	<p>In case of common input services taxable under RCM,</p> <ul style="list-style-type: none"> <li>➤ A person with same PAN and state code as of ISD may accept RCM invoice and issue invoice on ISD to transfer the credit of such input services on ISD.</li> <li>➤ ISD may distribute such ITC as usual</li> </ul>

**Electronic Commerce Transactions**

<p><b>Restaurant services</b> <b>Example:</b> Zomato, Swiggy etc.</p>	<p><u>Except:</u> Services supplied from specified premises</p>
<p><b>Note:</b> <u>Specified premise means:</u></p> <ul style="list-style-type: none"> <li>▪ Premise from where hotel accommodation service is provided in preceding FY and value of supply for any room is above ₹ 7,500 per day. [if tariff is not given for full day, convert it to full day].</li> <li>▪ Premise for which registered person providing hotel accommodation service filed a declaration declaring such premise as specified premise.                             <ul style="list-style-type: none"> <li>✓ <u>If Already Registered:</u> On or after 1<sup>st</sup> January to 31<sup>st</sup> March of preceding FY.</li> <li>✓ <u>If Apply for New Registration:</u> Within 15 days of obtaining acknowledgment for application.</li> </ul> </li> </ul>	