

Amendments for CA Final- May'26

Part I: GST

00: Introduction

Definition of Local Authority- sec. 2(69): Change in clause (c)

c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a **municipal fund or local fund**;

Explanation.– For the purposes of this sub-clause —

- **“local fund” means** any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Panchayat area and **vested by law** with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;
- **“municipal fund” means** any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and **vested by law** with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;

Chapter 1: Supply

Topic	Details
Sch III Para 8 Clause (aa) added	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


Chapter 2: Charge

- ⇒ Primary Rates under GST: 5%; 18%; 40%
- ⇒ GTA option to avail FCM: Rate = 18% (with ITC) or 5% (without ITC)
- ⇒ Renting of MV: If FCM Applicable; Rate = 18% (with ITC) or 5% (without ITC)

Chapter 4: Exemptions from GST

Topic	Details
Entry No. 18: Transport of Goods by Road Entry Amended	<p>Services by way of transport of goods-</p> <p>a) By road <u>except</u> the services of: GTA Courier</p> <p>b) By inland waterways</p> <p>Explanation. - Nothing contained in this entry shall apply to:</p> <p>(i) local delivery services provided <u>by</u> an ECO; or</p> <p>(ii) local delivery services provided <u>through</u> an ECO</p>



<p>New Entries 36C, 36D, 36E</p> <p>Life Insurance</p> 	<p>✗ Services of life insurance business provided by an insurer to the insured, where the insured is not a group.</p> <p><u>Explanation:</u> For the removal of doubts, it is hereby clarified that:</p> <p>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.</p> <p>b. For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.</p> <p>✗ Same for Health Insurance [sickness, medical, surgical whether In patient or out patient, travel cover and personal accident cover]</p> <p>✗ Reinsurance of the insurance services specified in serial numbers 36C or 36D.</p>
<p>GTA Definition Amended</p>	<p>GTA 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</p> <p>(i) <i>an ECO by whom the services of local delivery are provided,</i></p> <p>(ii) <i>an ECO through whom the services of local delivery are provided.</i></p>

Group means a 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 policy holder and the members of group in accordance with the applicable laws;
- ⇒ Non employer-employee groups, where a clearly evident relationship exists between the master/group policy holder and the members of the group, for services other than insurance.

Chapter 5: TOS

Section 12(4) and 13(4) i.e. dealing with TOS of Vouchers has been omitted; as Voucher transactions were clarified to be not a supply.

Chapter 6: Valuation

Topic	Details
<p>w.r.t Sec. 15(3)(b)(ii)</p> <p>i.e. ITC reversal condition w.r.t post supply discounts</p>	<p>Circular No. 212/6/2024-GST Dated 26.6.2024 prescribed procedure to be complied with for the condition of "ITC Reversal by Recipient"</p> <ul style="list-style-type: none"> ➤ Total Tax involved in the discount given to a Recipient in the credit notes in a FY < ₹ 5,00,000: undertaking/certificate from the Recipient is required ➤ If > ₹ 5,00,000: Recipient had to obtain a certificate from his CA or Cost Accountant <p style="text-align: center;">Such procedure is NO MORE required!</p>
<p>Rule 31A Lottery Valuation</p>	<p>Calculate taking GST Rate as 40%; instead of 28%</p> <p>→ <i>i.e. higher of 100/140 of Face Value of Ticket or 100/140 of Notified Price</i></p>



<p>Circular 251/08/2025- GST</p> <p>Post Supply Discount Clarifications</p>	<p>Issue</p> <p>Whether full ITC is available to the recipient when he makes discounted payments to the supplier of goods on account of commercial credit notes issued by the said supplier?</p> <ul style="list-style-type: none">• Commercial Credit Note i.e. with No GST Impact: Supplier will not be eligible to reduce his original tax liability.• Correspondingly, no ITC reversal by the Recipient. <p>Issue</p> <p>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?</p> <p>Case 1: No agreement between the Manufacturer and the End Customer</p> <ul style="list-style-type: none">✓ There are two independent sale transactions: one from the manufacturer to the dealer and the other from the dealer to the end customer.✓ In a contract of sale, the sale is completed on the transfer of title to the goods to the buyer. Once this happens, the buyer becomes the owner of the goods, and the <u>seller has no vestige of the title or claims therein</u>. The dealer takes ownership of the goods purchased from the manufacturer and subsequently sells them to the end customer and transaction between the manufacturers to dealer operates on a principal-to-principal basis.✓ 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. <p>Conclusion: Such a discount cannot be included in consideration as the monetary value of the inducement of further supply of these goods.</p> <p><i>Example: Crystal Honda (Dealer) is the dealer of Honda Cars. I buy Honda City from Crystal Honda. There is no agreement between Honda Cars and myself. Crystal Honda offered me a discount of ₹ 50,000. This is part of a separate transaction between Crystal Honda and me. This has no link with transaction between Honda Cars and Crystal Honda.</i></p> <p>Case 2: 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.</p>
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Conclusion: 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, thereby increasing their own revenue.
- ✓ In this context, the discount merely reduces the sale price of the goods and is not linked to any independent service rendered to the manufacturer.

Conclusion: 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.

However, GST would be leviable in cases where a dealer undertakes specific sales promotional activities, such as advertising campaigns, co-branding, customization services, special sales drives, exhibition arrangements, or customer support services, etc., only when such services are explicitly stated in the agreement with a clearly defined consideration payable for such a supply.

⇒ The dealer provides a distinct service to the supplier, and **accordingly, GST would be chargeable.**

Chapter 7: ITC

Topic	Details
IGST under RCM reference included in Rule 39(1A)- ISD	ITC of the services taxable under reverse charge under CGST as well as IGST received by ISD can be distributed by the ISD.
17(5)(d)	Plant “and” Machinery not Plant “or” Machinery [Safari Retreats Case]

Chapter 9: Tax Invoice, Debit Note, Credit Note

Topic	Details
Condition for Reduction of	No reduction in output tax liability of the supplier shall be permitted, if the–



Output Liability by Supplier	<p>(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; or</p> <p>(ii) incidence of tax on such supply has been passed on to any other person, in other cases.</p>
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Chapter 12: ECO | TCS

Topic	Details
An Entry Added in 9(5) Notified Services	<p>Services by way of local delivery</p> <p>→ except where the person supplying such services through ECO is liable for registration under sub section (1) of section 22 of the CGST.</p>

Chapter 13: Returns

Topic	Details
Exemption from Annual Return	The Commissioner, on the recommendations of the Council, in respect of filing of annual return for the financial year 2024-25 onwards, has exempted the registered person whose aggregate turnover in any financial year is up to ₹ 2 crore , from filing annual return that said financial year.
GSTR-2B [Sec. 38]	Auto-Generated Statement [not entirely system generated now]

Chapter 15: Refunds

Topic	Details
Provisional Refund [Rule 91]	<p>Now, the basis of Provisional Refund = Identification and Evaluation of Risk by the System</p> <ul style="list-style-type: none"> ➤ The PO, on the basis of identification and evaluation of risk by the system, shall make an order in the prescribed form, sanctioning the amount of refund due to the said applicant on a provisional basis within a period not exceeding 7 days from the date of the acknowledgement under rule 90(1)/90(2). ➤ The proper officer, for <u>reasons to be recorded in writing</u>, may not grant refund on provisional basis and proceed with the order under rule 92. ➤ However, said order shall not be required to be revalidated by the proper officer. <p>Persons not allowed provisional refund NOTIFIED:</p> <p>A. Any person, who has not undergone Aadhaar authentication under rule 10B of the CGST Rules, 2017</p> <p>B. Any person who is engaged in supply of following goods:</p> <ol style="list-style-type: none"> 1. Areca nuts 2. Pan masala 3. Tobacco and manufactured tobacco substitutes 4. Essential oils





Chapter 19: Demands and Recovery

Monetary Limits for issue of SCN and Passing Orders u/s 74A

CGST Officer	Limit of CGST	Limit of IGST	Limit of CGST and IGST
Superintendent (CGST)	≤ ₹ 10 Lacs	≤ ₹ 20 Lacs	≤ ₹ 20 Lacs
Deputy or Assistant Commissioner of Central Tax	> ₹ 10 Lacs ≤ ₹ 1 cr	> ₹ 20 Lacs ≤ ₹ 2 cr	> ₹ 20 Lacs ≤ ₹ 2 cr
Additional or Joint Commissioner of Central Tax	> ₹ 1 cr	> ₹ 2 cr	> ₹ 2 cr

- Where SCN involves both- CGST and IGST, the PO shall be determined on the basis of **combined** amounts of CGST and IGST.
- The PO shall be determined based on the **highest amount** of tax specified in SCN and statement across all tax periods.
- The PO shall be determined based solely on the amount of **tax** demanded, excluding penalties from the calculations.

Chapter 21: Offences and Penalties

Monetary Limits for issue of SCN and Passing Orders u/s 122

CGST Officer	Limit of CGST	Limit of IGST	Limit of CGST and IGST
Superintendent (CGST)	≤ ₹ 10 Lacs	≤ ₹ 20 Lacs	≤ ₹ 20 Lacs
Deputy or Assistant Commissioner of Central Tax	> ₹ 10 Lacs ≤ ₹ 1 cr	> ₹ 20 Lacs ≤ ₹ 2 cr	> ₹ 20 Lacs ≤ ₹ 2 cr
Additional or Joint Commissioner of Central Tax	> ₹ 1 cr	> ₹ 2 cr	> ₹ 2 cr

It is also clarified that where a show cause notice issued under section 122 of the CGST Act, 2017 involves demand of penalty in relation to both CGST and IGST, the proper officer shall be determined on the basis of the **combined amount of penalty** in relation to both CGST and IGST, irrespective of the individual amounts of penalty which may exceed the prescribed monetary limit.



Chapter 22: Appeals and Revisions

Topic	Details
Single Member Bench- New Rule 110A	For the purpose of reckoning the amount of ₹ 50 Lacs, the cumulative tax or ITC involved, or the amount of fine, fee or penalty, shall be determined with reference to all issues and all tax periods covered in the order appealed against.
Amendments in Rule 110 & 111 Appeal to Appellate Tribunal	<p>Appeal by Tax Payer in Form APL-05 Provisional Acknowledgement in Part A of Form APL-02A Manual Filing? No [earlier, was possible if Registrar allowed...]</p> <p>Departmental Appeal in Form APL-07; Provisional Acknowledgement in Part A of Form APL-02A Manual Filing? No [earlier, was possible if Registrar allowed...]</p> <p>Memorandum of Cross Objections: APL 06 [not manually]</p> <p>Final Ack: Part B of Form APL-02A</p>
Rule 113 Order of Appellate Tribunal	<p>Earlier: The jurisdictional office used to issue a statement in APL-04 clearly indicating the final amount of demand confirmed by the Appellate Tribunal.</p> <p>Now The Appellate Tribunal shall, along with its order under sub-section (1) of section 113, issue, or cause to be issued, a summary of the order in FORM GST APL-04A clearly indicating the final amount of demand confirmed by the Appellate Tribunal</p>
Pre-Deposit	<p>Appeal to AA: In case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to 10% of the said penalty has been paid by the appellant.</p> <p>Appeal to AT: In case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to 10% of the said penalty, in addition to the amount payable under the proviso to sub-section (6) of section 107 [i.e. while filing appeal to AA] has been paid by the appellant.</p>



Part II: Customs and FTP

Chapter 05: Import Export

✚ **Section 18(1A)**

Info Required: Where, pursuant to the provisional assessment, if any document or information is required by the proper officer for final assessment,

- the importer or exporter shall submit such document or information within such time, and
- the proper officer shall finalise the provisional assessment within such time and in such manner,
- as may be prescribed.

✚ **Timelines [18(1B)]**

Finalization: The PO shall finalize the duty, **within 2 years** from the date of provisional assessment.

Extension: the Principal Commissioner or the Commissioner of Customs may, on sufficient cause being shown and for reasons to be recorded in writing, **extend it to a further period of 1 year**.

✚ **PO unable to Assess the Duty: 18(1C)**

Where the PO is unable to assess the duty finally within specified time for the reason that

- (a) an information is being sought from an authority outside India through a legal process; or
- (b) an appeal in a similar matter of the same person or any other person is pending before the Appellate Tribunal or the High Court or the Supreme Court; or
- (c) an interim order of stay has been issued by the Appellate Tribunal or the High Court or the SC; or
- (d) the Board has, in a similar matter, issued specific direction or order to keep such matter pending; or
- (e) the importer or exporter has a pending application before Settlement Commission or Interim Board,

What about Finalisation?

- ➡ the PO shall **inform** the importer or exporter the reason for non-finalisation; and
- ➡ in such case, the time specified in sub-section (1B) shall apply **not from the date of the provisional assessment but from the date when such reason ceases to exist**.

Customs (Finalization of Provisional Assessment) Regulations, 2025

Time-limit and manner of submission of documents or information [Reg. 4]

Where provisional assessment is for the reason that, the necessary documents have not been produced or information has not been furnished by the importer or the exporter,

- the PO shall within **15 days** from prov. assessment, inform the importer or the exporter, in writing, the specific details of the information to be furnished or the documents to be produced.
- such information or documents shall be made available by the importer or the exporter **within 2 months** from the date of such requisition by the PO.



Extension

- the PO may, for reasons to be recorded in writing, allow a further period **not exceeding 2 months**,
 - on his own or
 - at the request of the importer or the exporter,
- An officer to whom the PO is subordinate, may allow an additional time period as deemed fit, for reasons to be recorded in writing, on request of the importer or the exporter
- ↪ **no extension beyond 14 months** from the date of provisional assessment.
- Where the documents or info. required is not made available within the time allowed, the PO shall finalise the provisional assessment on the basis of documents or info. as available on the record.

Time-limit to conclude enquiry for the purpose of finalisation [Reg. 5]

The officer of customs shall complete the enquiry and transfer the relevant documents along with the report in writing to the PO for finalization:

- **within 14 months** from the date of provisional assessment.

Payment of duty of own ascertainment before finalisation [Reg 7]

Importer or exporter, may pay any amount electronically against the bill of entry or shipping bill, on his own ascertainment, during the pendency of the provisional assessment, which shall be adjusted against the duty finally assessed or re-assessed, as the case may be.

- **Interest?** The importer or exporter is also liable to pay interest, on the above amount so paid voluntarily, consequent to the final assessment order

Time-limit for finalisation [Reg 8]

- The PO shall finalise the duty, where it is possible to do so, **within 3 months** of –
 - (a) receipt of documents or information from the importer or the exporter or on the expiry of the time for submission in accordance with regulation 4 of these regulations; or
 - (b) conclusion of enquiry in accordance with regulation 5 of these regulations.

Extension: any officer to whom the PO is subordinate may allow,

- for reasons to be recorded in writing,
 - a further time period of **2 months at a time**,
 - in case the PO is not able to finalise the provisional assessment within three months.
- ↻ However, the assessment shall be finalised **within 2 years** from date of provisional assessment.



Manner of finalisation of Provisional Assessment. [Reg. 9]

- If final assessment is contrary to the provisional assessment: Speaking Order (natural justice)
- If the final assessment confirms the provisional assessment: the PO shall finalise the same after ascertaining the acceptance of such finalisation from the importer or the exporter on record and inform the importer or exporter in writing of the date of such finalisation.
- Where the importer or exporter is to pay the deficiency: the bill of entry or the shipping bill may be returned for payment of the amount.
- Interest: to be paid as applicable

Manner of closure subsequent to the finalisation of provisional assessment [Reg. 10]:

- the Bond executed + security, if any, shall be cancelled or recredited, and the security shall also be returned, if there are no pending dues.
- Where the duty, or any other sum due has not been paid for more than ninety days, and the sum due has attained finality for recovery, then:
 - ✓ the sum due shall be adjusted from the security, obtained during provisional assessment, or
 - ✓ shall be recovered as the sum due, including the amount of interest to the CG by the proper officer as per section 142 of the Act, under intimation to the importer or the exporter.

Extension of time-limit for provisional assessment [Reg. 11]: as per 18(1B)

[Notwithstanding the time-limit provided in regulations 4, 5, 6 or 7]

Penalty for Contravention [Reg. 12]: may extend up to ₹ 50,000

Timelines Summary: Finalization of Provisional Assessment, Regulations – 2025

Prov. Assessment due to Info. Pending

- PO to inform within **15 days** from prov. Assessment - details to be produced
- Import/Exporter shall make avail. the info. within **2 months** of requisition by PO
- **2 months** further extension by PO
- Extension by senior – Max time = **14 months** from prov. assessment

Prov. Assessment due to Enquiry

Officer to complete the enquiry and trf. the docs. + report to PO: within **14 months** from provisional assessment



Time Limit for Finalisation

- Within **3 months** of: receipt of info or conclusion of enquiry
- Extension by senior possible; but max time for finalization = **2 years** from prov. assess
- ↪ *Beyond 2 years? The Commissioner of Customs may, on sufficient cause being shown and for reasons to be recorded in writing, extend it to a further period of **1 year**.*
- **Cases of:** info. sought from abroad authority, appeal, interim order of stay, specific direction by the Board to keep such matter pending, application pending before Settlement Commission/Interim Board
- ↪ **2 years** shall be counted from the date when such reason ceases to exist.

Sec. 18A: Voluntary Revision of Entry Post Clearance

- Option to Revise: After goods have been cleared, an importer or exporter can change (revise) the details they had already filed (called "entry").
- Self-Assessment: When revising the entry, the importer or exporter must recalculate (self-assess) the duty payable on the goods.
- Impact of Revision: If the revised entry shows that less duty was paid earlier, the importer or exporter can pay the difference voluntarily + interest @ **15% p.a.**
- If the revised entry shows that excess duty was paid (or the whole duty was wrongly paid), the revised entry itself will be treated as a refund claim under Section 27.
- Verification and Re-assessment by PO: The proper officer may
 - ✓ verify the revised entry and self-assessment in cases selected primarily based on risk evaluation through appropriate selection criteria;
 - ✓ re-assess the duty if the self-assessment is found incorrect.
- Cases where Revision is not allowed:
 - ✓ An audit/search/seizure/summons action **already initiated** & the importer or exporter has been **intimated**.
 - ✓ Cases requiring refund where PO has re-assessed the duty or assessed the duty u/s 18 (Provisional assessment) or u/s 84 (goods imported/exported by post or courier).
 - ✓ Any other situations notified by the Board (CBIC).

Chapter 07: Refund

- ⇒ If refund consequent to revised entry [18A] or amendment u/s 149: 1 year from payment of such duty or interest.

Chapter 08: FTP

- ➔ RoDTEP Scheme for eligible exports from DTA, AA Holders, EOUs and SEZ Units: extended upto **31.3.2026**