



V'Smart Academy

CA | CMA INTER GST

AMENDMENTS

Applicable For Sep 26 Exam



Think **GST...**

Think **Vishal Sir !!**

CA Vishal Bhattad

Amendments for Sep 26 Exam



Input Tax Credit

Rule 86B: Restrictions on use of amount available in electronic credit ledger

⇒ **Applicability:-**

- Rule 86B is applicable to RP if the value of taxable supply (other than exempt supply & zero-rated supply) exceeds ₹50 lakh in a month.
- If such above value is $\leq$ ₹50 lakhs in a month, then this rule is N.A.

⇒ **Restrictions:-**

- Registered person can use the ITC available in e-credit ledger to discharge his output tax liability **only upto 99% of such tax liability**.
- It means, in above case, 1% of output tax liability shall be paid in cash using e-cash ledger.

⇒ **Withdrawal of Rule 86B restriction by officer:-** Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

- 1. Payment of Income Tax more than ₹1 lakh:-** If Proprietor/Karta/MD/partners/directors/trustees have deposited $>$ ₹1 lakh as income tax under IT Act, 1961 in each of the last 2 F.Y. for which the time limit to file return of income u/s 139(1) of the said Act has expired.
- 2. Receipt of refund of ITC of more than ₹1 lakh:-** If registered person has received a refund of $>$ ₹1 lakh in PFY for unutilized ITC under the following:-
 - ⇒ zero-rated supplies made without payment of tax or
 - ⇒ Inverted duty structure
- 3. Payment of total output tax liability through electronic cash ledger in excess of 1% of total output tax liability:-**
 - ⇒ If registered person has paid more than 1% of total output tax liability using electronic cash ledger upto the said month in the current F.Y., the Rule 86B shall not apply.
 - ⇒ This condition is seen for C.F.Y., & hence, for April of any F.Y., the exception will not apply.

Note:- GST liability paid under RCM should not be taken while calculating the total output liability paid through electronic cash ledger.
- 4. Specified registered person being:**
 - ⇒ Government Department or
 - ⇒ A public sector undertaking or
 - ⇒ A local authority or
 - ⇒ A statutory body.

- 5. Exemption for Non-Manufacturers on Goods Taxed at Retail Price** **Inserted by N/No. 20/2025**
R.P. other than manufacturer supplying notified goods subject to tax on retail sale price



REGISTRATION

Rule 14A: Registration to Small Taxpayers:

Newly Inserted by 18/2025

A] Fastrack - registration to small taxpayer [Rule 14A]

1) **Object:-** To give small taxpayer a faster, simplified registration granted within 3 working days, instead of waiting through the normal verification timeline.

2) **Key features:-**

- Available if monthly output tax liability on B2B supplies does not exceeds ₹ 2.5 lakhs & AA is completed.
- Registration is then granted within 3 working days.
- Only one such registration per State or UT per PAN
- Such registration will be flagged as 'Rule 14A - small taxpayer registration' on portal.
- Withdrawal - If tax liability exceeds ₹ 2.5 lakhs, the person shall withdraw for such registration (in form REG-32) after filing all pending return & then continue under normal procedure of registration.

B) Grant of Temporary Identification Number [TIN]:

If a person is not liable to take registration but required to make any payment then - P.O. may grant

Rule 9A: Grant of registration electronically

Notwithstanding anything contained in rule 9, a person applying for registration under rule 8, 12, or 17 shall be granted electronic registration by the common portal within 3 working days of submitting the application, based on data analysis and risk parameters.

Newly Inserted by 18/2025

Summary of GST Amendments May 26

REVERSE CHARGE MECHANISM

1)	GTA: Forward Charge: New Rate: 18%
2)	Sec 9(5)(v): GST on local delivery services supplied through an ECO is payable by the operator. However, if the delivery service provider is liable to register u/s 22(1), GST shall be payable by such service provider

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EXEMPTIONS UNDER GST

1)	Goods Transport Services: Services by way of transportation of goods by road other than GTA or courier agency or inland waterways, excluding local delivery services provided by/ through an ECO.	
Definition of GTA: GTA is a person who transports goods by road and issues a consignment note, excluding an ECO providing local delivery services.		
2)	Individual Life Insurance Services (SI No. 36C): Services of life insurance provided by an insurer to an individual, including the individual's family, under a non-group insurance policy.	Scan & Learn 
3)	Individual Health Services (SI No. 36D): Health insurance services provided by an insurer to an individual or their family under a non-group insurance contract.	
4)	Reinsurance of specified insurance services (SI No. 36E)	
5)	Important Definitions: a) Health insurance business: The business of providing contracts that cover sickness, medical, surgical, hospital, travel, or personal accident expenses. b) Group: A set of persons joined by a common purpose or economic activity (other than insurance), including: Employer groups: Employees covered under a master policy by their employer. Non-employer groups: Persons covered under a master policy with a clear relationship to the policyholder for non-insurance purposes. c) Local Authority: It means Panchayat, Municipality, Municipal Committee, District Board, Cantonment Board, Regional/District Council, or Development Board authorized to manage local or municipal funds. ➔ Local fund: Managed in Panchayat areas for civic functions, with power to levy and use taxes, duties, tolls, cesses, or fees. ➔ Municipal fund: Managed in Municipal/Metropolitan areas for civic functions, with power to levy and use taxes, duties, tolls, cesses, or fees.	

TIME OF SUPPLY

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1) **Sec 12(4)/13(4): TOS for Voucher exchangeable for Goods and Services – OMITTED**

VALUE OF SUPPLY

1) **Clarification on GST Treatment of Post-Sale Discounts [Cir No. 251/08/2025]:**

Whether full ITC is available to the recipient when payment is made after discount through financial/ commercial credit notes

As per Circular No. 92/11/2019, financial or commercial credit notes issued after supply **do not reduce** the transaction value of the supplier. Since the tax charged on the original invoice remains unchanged, the recipient is **not required to reverse** any ITC. Accordingly, full ITC as charged on the invoice is admissible to the recipient.

Treatment of Post-Sale Discounts offered by Manufacturer



- If there is **no agreement** between the manufacturer and the end customer, the sale from manufacturer to dealer and from dealer to end customer are independent, principal-to-principal transactions. In such cases, post-sale discounts given by the manufacturer to the dealer merely **reduce the sale price** for commercial reasons and **do not form part of consideration** for the dealer's supply to the end customer.
- However, where the manufacturer has a **prior agreement** with the end customer to supply goods at a discounted price and issues financial or commercial credit notes to the dealer to enable such discount, the post-sale discount **acts as an inducement** for the dealer's supply. In such cases, the discount **forms part of the consideration** between the manufacturer and the dealer.

Treatment of Post-Sale Discounts vis-à-vis Promotional Activities

- Post-sale discounts given by the manufacturer to the dealer are **not treated as consideration** for promotional activities, as such activities are undertaken by the dealer to promote the sale of goods owned by him and to increase his own sales. The discount merely reduces the sale price and is not linked to any separate service provided to the manufacturer.
- However, where the dealer **undertakes specific promotional or marketing activities** for the manufacturer under a separate agreement for an identified consideration, such activities constitute a distinct supply of service, and **GST is payable** on the consideration so agreed.

INPUT TAX CREDIT

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- 1) **Sec 17(5)(d):** The term ‘Plant or machinery’ shall be read as “**Plant and machinery**” with retrospective effect from 01.07.2017.

TAX INVOICE

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- 1) **Sec 34(2): Details of Credit Note to be declared in return:**
 - ⇒ **Registered recipient:** If ITC corresponding to a credit note has been availed but not reversed, the supplier cannot reduce output tax.
 - ⇒ **Other cases:** If the tax has been passed on, the supplier cannot reduce output tax.

RETURNS

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- 1) **Sec 38:- Communication of details of inward supplies and ITC:** Under section 37(1), registered persons must file outward supplies, & **a statement** showing Supplies on which recipients can avail ITC, Supplies ineligible (fully/partly) for ITC, and other prescribed details.
- 2) **Sec 44 read with Rule 80 (Annual Return):** Commissioner exempts the RP whose aggregate turnover in **any** FY from **F.Y. 2024-25 onwards** is up to ₹ 2 Cr from filing annual return for that said F.Y.

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