



## **UNION BUDGET 2026 - INDIRECT TAXES**

### **HIGHLIGHTS**

#### **A. Amendments proposed in Goods & Services Tax Law**

**To be effective from a date to be notified after the enactment of the Finance Bill, 2026 except amendment in Section 101A of the CGST Act, 2017**

##### **1. Amendment to Section 15(3)(b) of the CGST Act, 2017**

The requirement of linking the post sale-discount with an agreement specifically linked to the relevant invoices is proposed to be done away with and reference shall now be made to issuance of credit note under section 34 where input tax credit is reversed by the recipient. Section 15(3)(i) of the CGST Act, 2017 is to be amended accordingly. This amendment ensures that the reduction in the supplier's tax liability is strictly balanced by a corresponding reversal of credit by the buyer, preventing any revenue leakage.

##### **2. Amendment in Section 34(1) of the CGST Act, 2017**

The amendment in sub-section (1) of section 34 provides a direct cross-reference to the conditions for post-supply discounts. By inserting the words "*or where a discount referred to in clause (b) of sub-section (3) of section 15 is given,*" the law aligns the procedural requirements of Section 34 with the valuation rules of Section 15.

##### **3. Amendment in Section 54 of the CGST Act, 2017**

In sub-section (6) of section 54, the amendment proposes to extend the benefit of a 90% provisional refund to include cases of unutilised input tax credit (ITC) accumulated on account of an inverted duty structure.

Additionally, sub-section (14) of section 54 is proposed to be amended to clarify that the minimum threshold of one thousand rupees for a refund claim shall not apply to cases where a refund of tax is claimed on account of goods exported out of India with payment of tax. This ensures that exporters are not restricted by the minimum limit when seeking a refund of tax paid on exported goods.



#### **4. Insertion of sub-section (1A) in Section 101A of the CGST Act, 2017**

It is proposed to insert a new sub-section (1A) in section 101A to provide a transitional mechanism for the resolution of conflicting Advance Rulings. Pending the constitution of the National Appellate Authority, the provision enables the Government, upon the recommendation of the GST Council, to empower an "existing Authority" (including a Tribunal) to hear appeals under section 101B. During such interim period, upon notification of such existing Authority, the provisions of sub-sections (2) to (13) of Section 101A shall not apply, and any legal reference to the National Appellate Authority will be construed as a reference to the empowered existing Authority.

It may be noted that this amendment shall take effect from 01.04.2026.

#### **5. Amendment in Section 13(8) of the IGST Act, 2017**

It is proposed to omit clause (b) of sub-section (8) of section 13 of the IGST Act, 2017. Through this amendment, the place of supply of intermediary services shall be the 'location of recipient' instead of 'location of supplier'. This change aims to align the taxability of intermediary services with international practices, ensuring that the place of supply is determined based on the default rules (location of the recipient), thereby allowing the benefit of export of services to intermediaries.

### **B. Amendments proposed in the Customs Act, 1962**

**To be effective from the date on which the Finance Bill, 2026 received the assent of President of India**

#### **1. Amendment in Section 1(2) of the Customs Act, 1962**

To support Indian fishermen to fully harness the economic value of marine resources beyond our territorial waters, sub-section (2) of section 1 of the Customs Act, 1962 which states the jurisdiction of Customs Law, is proposed to be amended to extend the jurisdiction of the said Act beyond the territorial waters of India, for the purpose of fishing and fishing related activities carried out by Indian-flagged fishing vessels.

#### **2. Insertion of a new clause in Section 2 of the Customs Act, 1962**

It is proposed to renumber the existing clause (28A) as clause (28B) and insert a new clause (28A) to define an "Indian-flagged fishing vessel". Under this new definition, it refers to a vessel used or intended for the purpose of fishing in the seas that is entitled to fly the flag of India.



**3. Amendment in Section 28(6)(i) of the Customs Act, 1962**

Section 28(6)(i) is proposed to be amended to state that once duty, interest, and penalty are paid under sub-section (5), the proceedings shall be deemed to be conclusive as to the matters stated therein and penalty so paid, shall also be deemed to be a charge for non-payment of duty.

**4. Amendment in Section 28J(2) of the Customs Act, 1962**

It is proposed to amend sub-section (2) of section 28J to extend the validity of advance rulings. The period for which an advance ruling remains valid is being increased from three years to five years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.

The amendment proposes to also substitute the existing proviso to clarify that for any advance ruling active on the date on which the Finance Bill, 2026 receives the Presidential assent, the Authority is empowered to extend its validity.

**5. Insertion of Section 56A of the Customs Act, 1962**

Section 56A is proposed to be inserted in the Customs Act to provide for special customs treatment for fish caught by Indian-flagged fishing vessels beyond the territorial waters of India. Such fish may be brought into India duty-free or if landed at a foreign port, may be treated as export of goods, subject to the prescribed conditions. The Board is empowered to prescribe rules relating to the declaration of fish, its custody and examination, assessment of duty, clearance, transit or transshipment.

**6. Substitution of Section 67 of the Customs Act, 1962**

It is proposed to Section 67 to simplify the movement of goods between warehouses. Under the new provision, the owner of any warehoused goods is allowed to remove them from one warehouse to another, subject to prescribed conditions. This amendment removes the previous requirement of obtaining prior permission from a proper officer.

**7. Amendment in Section 84 of the Customs Act, 1962**

It is proposed to amend clause (b) of Section 84 to broaden the Board's regulatory authority over goods imported or exported via post or courier. By substituting the words "the examination" with "the custody, examination," the amendment explicitly empowers the Board to make regulations regarding the safe-keeping and physical handling of such goods while they are in the postal or courier system.



*The Institute of Chartered Accountants of India*  
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