INDIRECT TAX
NEWSFLASH

VERENDRA KALRA & CO
CHARTERED ACCOUNTANTS



Key GST Notifications & Instructions

1. Post-Supply Discounts, Credit Notes and Refunds Effective from 1 November 2026

Reference: Notification No. 03/2026-Central Tax dated 26 October 2026

The Government has brought Sections 153 to 155 of the Finance Act, 2026 into force from 1 November 2026. The amendments provide a clearer framework for post-supply discounts and widen refund relief.

Key Changes

- A post-supply discount may be excluded from taxable value where the supplier issues a credit note and the recipient reverses the ITC attributable to the discount.
- Section 34 now expressly covers credit notes issued for post-supply discounts under Section 15(3)(b).
- The 90% provisional refund mechanism is extended to unutilised ITC arising from an inverted duty structure, subject to prescribed safeguards.
- The minimum refund threshold of Rs. 1,000 will not apply to IGST refunds on export of goods with payment of tax.



2. E-Invoicing Expanded to Specified RCM Supplies and Import of Services

Reference: Notification No. 04/2026-Central Tax dated 26 October 2026; effective 1 January 2027

The e-invoicing notification has been amended to expressly include specified supplies received from unregistered persons under RCM and import of services.

Key Changes



- The amended scope covers supplies to registered persons, exports, notified RCM supplies received from unregistered persons, and import of services.
- The change takes effect from 1 January 2027.
- Detailed procedures and applicable thresholds must be read with the relevant rules and further implementation instructions.

3. Registration Exemption Withdrawn for Specified Waste and Scrap Suppliers

Reference: Notification No. 06/2026-Central Tax dated 27 October 2026; effective 1 November 2026

The registration exemption under Notification No. 5/2017-Central Tax will no longer be available to suppliers dealing in specified waste and scrap goods.



Key Changes

- Covered goods include used cooking oil (HSN 1518), plastic waste and scrap (HSN 3915), tyre waste and scrap (HSN 4004), metal scrap (Chapters 72 to 81), and electrical/electronic waste and scrap (HSN 8549).
- Covered suppliers must determine their registration liability under the CGST Act from 1 November 2026.

4. TDS Extended to Purchases of Specified Waste and Scrap

Reference: Notification No. 07/2026-Central Tax dated 27 October 2026; effective 1 November 2026

Registered recipients purchasing specified waste and scrap from registered suppliers have been brought within the notified TDS category under Section 51, subject to statutory conditions and threshold.



Key Changes

- The goods covered are used cooking oil, plastic waste and scrap, tyre waste and scrap, metal scrap, and electrical/electronic waste and scrap.
- TDS applies only where the recipient, transaction and value satisfy Section 51 and the amended notification.

5. RCM Introduced on Specified Waste and Scrap Purchased from Unregistered Suppliers

Reference: Notification Nos. 04/2026-Central Tax (Rate) and 04/2026-Integrated Tax (Rate), dated 27 October 2026; effective 1 November 2026

Registered persons receiving specified waste and scrap from unregistered suppliers will be liable to pay GST under RCM.



Key Changes

- Covered goods include used cooking oil (HSN 1518), plastic waste and scrap (HSN 3915), tyre waste and scrap (HSN 4004), and electrical/electronic waste and scrap (HSN 8549).
- The recipient must apply the relevant provisions for time of supply, valuation, tax payment and ITC.

6. GST Rate Changes for Fertilisers, Retreaded Tyres and Psyllium Seeds

Reference: Notification Nos. 02/2026 and 03/2026-Central Tax (Rate), with corresponding IGST notifications, dated 27 October 2026; effective 1 November 2026

The Government has rationalised rates and exemptions for specified goods.

Key Changes

- Specified pre-packaged and labelled fertilisers, including qualifying seaweed extract-based bio-stimulants, attract 5% GST.
- Retreaded tractor tyres under HSN 4012 attract 5% GST.
- Other retreaded or used pneumatic rubber tyres and specified rubber tyre products attract 18% GST.
- Psyllium seeds (Isabgul/Isabgol) under HSN 1211 90 13 are included in the exemption notification.

7. Definition of "Nominated Agency" Linked to DGFT Handbook

Reference: Notification Nos. 05/2026-Central Tax (Rate) and 05/2026-Integrated Tax (Rate), dated 27 October 2026; effective 1 November 2026

The definition of "Nominated Agency" is now linked to entities listed in Appendix 4B of the DGFT Handbook of Procedures, as amended from time to time.

Key Changes

- Future DGFT changes to Appendix 4B will flow into the GST framework without a separate GST notification each time.

8. Major Rate, ITC and Exemption Changes for Services

Reference: Notification Nos. 06/2026 and 07/2026-Central Tax (Rate), with corresponding IGST notifications, dated 27 October 2026; effective 1 November 2026

A broad set of service-rate, ITC and exemption amendments will apply from 1 November 2026.

Key Changes

- Limited same-line ITC is permitted for specified hotel accommodation, restaurant and outdoor-catering services, subject to prescribed caps and conditions.
- Specified passenger transport and renting services involving electrically operated vehicles attract 5%, subject to battery-charging and ITC conditions.

- Specified delivery services attract 5% subject to no-ITC condition.
- Exemptions have been introduced or expanded for specified helicopter passenger services in North-Eastern States, warehousing of specified agricultural produce and seeds, Seamen's Provident Fund Organisation services, government toll-right grants, coffee-curing services and certain import of services by shipping companies.
- Definitions of GTA, electrically operated vehicle and seed have been revised or inserted; the GTA exemption is restricted for specified supplies through e-commerce operators.

9. E-Commerce Operators Made Liable for Specified Delivery Services

Reference: Notification Nos. 09/2026-Central Tax (Rate) and 09/2026-Integrated Tax (Rate), dated 27 October 2026; effective 1 November 2026

The scope of Section 9(5) has been expanded to cover specified delivery services, other than postal and courier services, supplied through an e-commerce operator.

Key Changes

- The ECO will pay GST where the underlying delivery-service provider is not liable for registration under Section 22(1).
- Where the service provider is liable for registration under Section 22(1), the Section 9(5) shift does not apply under this entry.

10. RCM Threshold Rate Revised for Renting of Passenger Motor Vehicles to Body Corporates

Reference: Notification Nos. 08/2026-Central Tax (Rate) and 08/2026-Integrated Tax (Rate), dated 27 October 2026; effective 1 November 2026

The forward-charge rate threshold relevant to the RCM entry for renting of passenger motor vehicles to body corporates has been revised from 6% CGST to 9% CGST, with the corresponding IGST rate moving from 12% to 18%.

Key Changes

- Where the supplier is not a body corporate and does not charge CGST at 9% on the invoice, the recipient body corporate in the taxable territory is liable under RCM, subject to the entry conditions.
- The entry applies where the motor vehicle is designed to carry passengers and fuel cost is included in the consideration.

11. CBIC Implements Immediate Reforms on Arrests, E-Way Bill Checks and Small SCNs

Reference: Instruction No. 02/2026-GST dated 30 October 2026

Pending legislative amendments, CBIC has directed immediate administrative implementation of major trade-facilitation measures recommended by the 57th GST Council.

Key Changes

- CGST field formations have been directed not to make further arrests under GST while the instruction remains operative.
- Conveyances may generally be intercepted only on specific intelligence authorised by an officer not below Joint Commissioner, with written reasons.
- Outside-jurisdiction cases should ordinarily be transmitted to the proper jurisdictional officer and the goods allowed to pass, except where no e-way bill or origin/destination document exists.
- Transit goods and conveyances should not be confiscated under Section 130 under the instruction.
- SCNs under Sections 73, 74 and 74A should not be issued where the aggregate amount across GST enactments is below Rs. 10,000.

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