

Finance Bill, 2026

Summary of Amendments - INDIRECT TAXATION

Goods and Services Tax: All provisions proposed will be effective from the date, as may be notified by the Central Government.

1. The requirement that post-sale discounts must be linked to a prior agreement tied to specific invoices is removed

Hitherto	Once the amendment is notified	Effect
Discounts given after supply - (a) Should be established by an agreement (b) Should be specifically linked to relevant invoices (c) ITC attributable to the discount is to be reversed by recipient	Discounts given after supply - (a) Credit note is to be issued to the extent of discount given (b) ITC attributable to the discount is to be reversed by recipient	Easier compliance for post-sale discounts; no need for invoice-level linkage

2. Credit note provisions amended to allow suppliers to issue credit note against post supply discounts.
3. GST Law is amended to extend 'provisional refund' to refunds arising from inverted duty structure.
4. Amendment proposed to remove the limit to claim refund against zero rated supplies with payment of taxes, where refund amount is less than Rs. 1,000/-.
5. The Finance Bill, 2026 proposes to empower any existing authority (including Tribunals) to hear appeals until the National Appellate Authority for Advance Ruling is formally constituted.
6. Proposal to delete the clause "Intermediary services" under the sub section which prescribes place of supply to be location of supplier.

Summary of intermediary services upon the effective date of notification of the proposed amendment of Finance Bill, 2026 would be as follows -

Supplier	Recipient	Place of supply - Before Amendment	Place of supply - After Amendment
India	Outside India	India - Liable to GST in India	Outside India - Zero rated supply subject to fulfillment of other conditions
Outside India	India	Outside India - Transaction outside the purview of GST	India - Import of service liable under reverse charge by recipient in India

Customs Law:

1. Extend the jurisdiction under Customs Act, 1962 beyond territorial waters of India for limited purposes of Fishing & Fishing related activities
2. Amendment in Customs Law to state that payment of penalty under section 28(5) is legally treated as admitted fault (strengthening the department's position which in turn reduces the benefit of voluntary settlement)
3. Validity of Advance Ruling extended from existing 3 years to 5 years. The existing Ruling can further be extended by 2 years, upon request of applicant.
4. Amendment introduced to eliminate requirement of prior permission for removal of warehoused goods from one customs bonded warehouse to another.
5. Enhance duty deferral period for Tier 2 & Tier 3 Authorised Economic Operators (AEO) from 15 to 30 days
6. Proposals for Automation in Customs Process in import and export
7. Introduction of system bases e-scheduling for examination of cargo and mandatory use of body worn cameras (BWC) during examination of import cargo
8. 33 Tariff entries inserted w.e.f 01-May-2026, to reduce litigation, ambiguity, & help tracking
9. Exemptions are being incorporated in Tariff Schedule as FTA negotiations are done considering Tariff rate. Similar changes are also being made to SWS exemption notification.

10. Summary of customs exemptions / concessional entries

Particulars	Products
102 Exemptions/concessional rates proposed for extension upto 31-Mar-2028 from 31-Mar-2026 with minor changes	Fertilizer inputs, pharma, solar, wind, electronics, defense, medical devices, paper, etc.,

22 Exemptions/concessional rates proposed as lapsed on end dates 31-Mar-2026	Naphtha for fertilizers, some solar inputs (old structures), certain medical / capital goods and some IT/electronics related entries etc.,
14 unconditional exemptions (including 5 redundant exemption entries) are proposed as lapsed w.e.f. 02-Feb-2026 after which tariff rates will be applicable	Animals & birds for zoos, artificial plasma, some specialty chemicals etc.,
Sunset clause proposed to be removed for 3 unconditional exemption entries	Cruise ships, ferry boats, etc.
Sunset date of 31-Mar-2027 fixed for concessional entries	Gold/ silver dore & passenger gold/silver

11. New Customs Baggage (Declaration and Processing) Regulations, 2026, introduced superseding multiple other regulations, to consolidate all baggage-related procedural provisions
12. Increase in duty-free allowance to foreign tourists and concessions provided for domestic passenger
13. Exempt value of Biogas/Compressed Biogas contained in blended CNG, along with appropriate GST paid on it for the purpose of computation of Excise Duty on such blended CNG.
14. Deferment of levy of additional duty of Rs. 2/Litre on unblended diesel till 31-Mar-2028

Disclaimer: This document is prepared for informational and reference purposes only. While every effort has been made to ensure accuracy, readers should refer to the actual statutory provisions and seek professional advice for specific situations. The analysis represents interpretation based on available materials and may be subject to revision based on clarifications, amendments, or judicial pronouncements.

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