

Amendments

For

CMA Inter

June-2026 Examination

(Indirect Taxation)

By

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Amendments For CMA Inter June-2026 Examination

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Returns	20. Restricting filing of 3B [Section 39 OF CGST Act (Return Filing)]
	21. Section 131 – Insertion of New Section 122B (Penalty for Track & Trace Violations)
	22. Section 132 – Insertion of New Section 148A (Track & Trace Mechanism) Irrelevant for exams)

SUPPLY UNDER GST

Insertion of New Entry in Schedule III

supply of goods warehoused in a SEZ or Free Trade Warehousing Zone (FTWZ) to any person before their clearance for export or sale into DTA will not be treated as a supply under GST.

Example:

Company imports goods and stores them in an FTWZ in Mumbai. Before exporting them, it sells those goods to another exporter within the same FTWZ.

CHARGE OF GST

Change in GST rate for FCM for GTA Services

Person Liable to Pay Tax	
↓	↓
RCM – GTA @ 5%	FCM – GTA @ 18% (Full ITC)

Change in Definition of GTA

"Goods transport agency" 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

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- (i). local delivery services **by ECO** are provided;
- (ii). local delivery services **through ECO** are provided.

- now such ECO are no longer treated as GTA, thus, now they will be liable to charge GST on their services.
- The difference in both the wordings is in (i) it is "by whom" means ECO itself is delivery service provider (example - WeFast), however, in (ii) it is "through whom" means using ECO platform, supplier provides services (Example - Porter)

New entry Sec 9 (5) Services on which ECO is liable to Pay Tax

Services by way of local delivery through electronic commerce operator (except supplier of such services is liable for registration 22(1) of CGST Act, 2017.)

Change in GST rate for FCM for Renting of Motor Vehicle Services @ 18% (full input tax credit)

Valuation - Lottery – Rule 31A of CGST Rules, 2017

Earlier, the valuation was Face Value*100/128 or Price Notified*100/128. Whichever is higher. Now, 128 replaced by 140 as the tax rate increased for lottery from 28% to 40%

Definition of Specified Premise relevant to decide applicability of 9(5) is changed – Effective from 1.4.2025. Specified premises”, for a financial year, means,-

- (a) Premises from where the supplier has provided in PFY, ‘hotel accommodation’ service @ or above ₹7,500 per unit per day or
- (b) premises supplying ‘hotel accommodation’ service has filed a declaration, on or after the 1st of January and not later than 31st of March of PFY, declaring the said premises to be a specified premises; or
- (c) a premises applying for registration has filed a declaration, within fifteen days of obtaining acknowledgement for the registration application, declaring the said premises to be a specified premises;”;

TIME OF SUPPLY

Section 12(4) & 13(4) of the CGST Act, which dealt with determining the time of supply in case of vouchers (goods and services), has been omitted.

VALUE OF SUPPLY

Restriction on issuance of GST Credit Notes (Section 34 of CGST Act)

Supplier cannot reduce tax liability through a credit note if:

- ❖ The recipient (if registered) has not reversed the related ITC, or
- ❖ The tax burden has been passed on to another person.

Meaning: Earlier, both supplier and recipient could accidentally (or intentionally) benefit supplier reducing tax, while recipient keeping ITC. Now, reduction is allowed only after buyer reverses the ITC.

Post Supply Discount Treatment

Dealers and manufacturers often give post-sale or secondary discounts after the original sale. The confusion was whether such discounts reduce tax liability, affect input tax credit (ITC), or are treated as separate consideration for services. This circular clarifies the GST treatment for such cases to ensure uniform practice across the country.

Issue 1-Supplier issues financial or commercial credit note

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When the supplier issues a financial or commercial credit note (not a GST credit note), he cannot reduce his original tax liability because it is not linked to any actual reduction in transaction value under Section 15. Since the supplier's tax remains unchanged, the recipient's ITC also remains unaffected.

Example 1: Company A sells goods to Dealer B for ₹1,00,000 plus 18,000 GST. Later, A grants a ₹10,000 financial credit note as a year-end incentive.

A cannot reduce his output tax liability because the transaction value has not changed under GST law.

B continues to claim the full ITC of ₹18,000 because the GST shown on the original invoice remains valid.

Situation 2 - Post-sale discount linked to price offered to end customer

If a manufacturer instructs its dealer to sell goods to the end customer at a reduced price and later reimburses that discount, it becomes a part of the dealer's sale consideration. The discount is effectively a price subsidy funded by the manufacturer and hence taxable as part of the dealer's supply.

Example 2: Manufacturer M sells goods to Dealer D for ₹10,000 plus GST. M asks D to sell to the customer at ₹9,000 and agrees to pay D ₹1,000 as compensation. The total consideration for D's sale to the customer becomes ₹10,000. GST is payable on the full ₹10,000.

Situation 3-Post-sale discount involving promotional activities

If a manufacturer provides post-sale discounts simply to encourage higher sales and the dealer's promotional efforts are incidental, it is not treated as a separate supply of service. However, if the dealer undertakes specific promotional or advertising work for the manufacturer under an agreement, it becomes a separate taxable supply of service for which GST must be charged.

Example 3: Case A: Manufacturer M offers a discount to Dealer D for achieving a sales target. D displays M's products in his shop and uses his own resources for general promotion. The discount is a trade incentive and not a separate service, so no additional GST applies.

Case B: M enters into an agreement with D under which D conducts an advertising campaign for M's products and M pays ₹50,000 for this activity. Here, D is providing a defined marketing service to M. GST applies on ₹50,000 as a taxable service rendered by D to M.

INPUT TAX CREDIT

The amendment replaces the words "plant or machinery" with "plant and machinery" in Section 17(5)

The amendment makes it clear that input tax credit is not available on construction of immovable property, even if it is used for business, and that the only exception is for genuine "plant and machinery."

EXEMPTIONS UNDER GST

Local Delivery through ECO - Taxable

Services by way of transportation of goods by road are exempt

- (a) by road except the services of
 - (i). a goods transportation agency;
 - (ii). a courier agency;
- (b) by inland waterways.

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Nothing contained in this entry shall apply to:

- (i). local delivery services provided by an ECO or
- (ii). local delivery services provided through an ECO.

Impact & Analysis of Amendment:

Earlier, if porter (considered as GTA) was booked by personal household, it used to become exempt. As specified GTA to unspecified recipient was exempt, however now, it shall become taxable.

New Exemptions Introduced

Entry 36C: Services of life insurance business provided by an insurer to the insured, where the insured is not a group.

- (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.
- (b) For the purposes of (a) above, family shall include all individuals insured as family in the contract of insurance.

Entry 36E: Reinsurance of the insurance services specified in serial numbers 36C or 36D.

Meaning of "Group": For the purposes of entries at serial numbers 36C and 36D in the table above, 'group' means 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:

- (a) Employer- employee groups, where an employer-employee relationship exists between the master/group policyholder and the members of the group in accordance with the applicable laws;
- (b) Non employer-employee groups, where a clearly evident relationship exists between the master/group policyholder and the members of the group, for services/activities other than insurance.

RETURNS UNDER GST

Annual Return Exemption

Registered persons having an aggregate turnover of up to ₹2 crore shall not be required to file GSTR-9 [9C will not be applicable anyways]