

Analysis of the Union Budget 2026



From the desk of the Managing Partner ..✓

At the P Chhajed & Co LLP, Chartered Accountants, I would like to extend my utmost gratitude to teammates of the firm who worked tirelessly in preparation of the Budget Analysis every year.

The present budget was more about Income Tax provisions and very less about GST provisions (GST provisions already undergone major changes as per the recommendation of the 56th GST Council Meeting). It was really challenging to prepare the detailed Budget Presentation in two days (Budget Day – Sunday – Holiday) with coverage of almost all the proposals.

Our firm tries to share the updates on various taxation and other laws in the as detailed manner as possible but presenting the Budget Analysis is truly an amazing feeling.

Further, I would like to thank the readers whose feedback and the appreciation motivates us to present the Budget Analysis each year in the short time.

Further, the provisions will be applicable once it is passed by the Parliament or notified separately.

*Regards,
CA Pinkesh Chhajed (FCA, MBA (Finance), LLB, Ph.D (Purs.))*



Analysis of Union Budget 2025

[Part I – Decoding the Direct Tax Proposals \(Income Tax\)](#)

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Analysis of Union Budget 2025

Part I – Decoding the Direct Tax Proposals (Income Tax)

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Income Tax Rates

- There are no changes with respect to the Income Tax Rates in the current budget.
- It will be same as per the presentation earlier year applicable for FY 2025-26.
- The earlier year presentation can be accessed at

<https://pchhajer.com/wp-content/uploads/2025/02/Union-Budget-2025-P-Chhajer-Co-LLP-CA.pdf>

- Thus, we are not repeating the same here.

Disallowance of Employee contribution by Employer

Particulars	Position Prior to Union Budget 2026	Amendment Proposed by Union Budget 2026	Impact / Remarks
Relevant Provision	Section 29(1)(e)	Section 29(1)(e) amended	Amendment is specific to employee welfare deductions
Nature of Deduction	Deduction of employee welfare contributions (e.g., PF, ESI etc.)	Same	No change in nature of deduction
Definition of “Due Date”	Due date as prescribed under respective welfare laws (PF/ESI Acts, rules, standing orders, contract of service, etc.)	Due date aligned with due date of filing of Income-tax Return (ITR)	Substantial relaxation provided
Consequence of Delay	Even one-day delay beyond statutory due date resulted in permanent disallowance	Delay up to ITR filing due date allowed	Removes harsh and disproportionate consequence

Deductions in respect of dividends received and distributed by certain cooperative societies / Business Income

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Provision	Section 149(2)(d)	Section 149(2)(d) amended
Dividend from Co-operative Society	Deduction allowed only in old regime	Allowed in new regime (to extent distributed to members)
Dividend from Company	Fully taxable	Deduction allowed to notified federal co-operatives
Period of Deduction (Company Dividend)	Not available	3 years (up to TY 2028-29)
Conditions	-	Investments made till 31-01-2026 & dividend distributed to members
Supply of cattle feed and cotton seed by the members & primary co-op. Society	Taxable	Profit & Gain from such activity allowed as deduction u/s 149(2)(b)

Effective from 1st April 2026 (TY 2026-2027 onwards)

Rationalization of MAT Regime – Section 206

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Section	Section 206	Section 206 amended
MAT Rate	15% of book profit	14% of book profit
Applicability	Old tax regime only	Same
MAT Credit – Old Regime	Allowed (carry forward 15 yrs)	MAT is final tax – no new credit
MAT Credit – New Regime	Not applicable	Allowed with limits
Set-off Limits	Full as per law	Domestic Co.: 25% of tax liability Foreign Co.: Difference between normal tax & MAT

Effective from 1st April 2026 (TY 2026-2027 onwards)

Issuance of lower / Nil TDS certificate – Section 395

Particulars	Before Amendment	After Amendment (Budget 2026)
Mode of Application	Manual application to AO	Electronic application
Authority	Assessing Officer	Prescribed IT Authority
Basis of Approval	AO's satisfaction	Prescribed conditions
Outcome	Certificate issued by AO	Issue / rejection electronically

Effective from 1st April 2026

Rationalization of TCS rates

Nature of receipt	Current Rate	Proposed Rate
Sale of alcoholic liquor for human consumption.	1%	2%
Sale of tendu leaves.	5%	2%
Sale of scrap.	1%	2%
Sale of minerals, being coal or lignite or iron ore	1%	2%

Effective from 1st April 2026

Rationalization of TCS rates

Nature of receipt	Current Rate	Proposed Rate
Remittance under the Liberalised Remittance Scheme of an amount or aggregate of the amounts exceeding ten lakh rupees	(a) 5% for purposes of education or medical treatment; (b) 20% for purposes other than education or medical treatment	(a) 2% for purposes of education or medical treatment; (b) 20% for purposes other than education or medical treatment
Sale of “overseas tour programme package” including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure	(a) 5% of amount or aggregate of amounts up to ten lakh rupees; (b) 20% of amount or aggregate of amounts exceeding ten lakh rupees.	2%

Effective from 1st April 2026

Relaxation from requirement to TAN – Section 393

Particulars	Before Amendment	After Amendment (Budget 2026)
Buyer Category	-	Resident Individual / HUF
Seller – Non-Resident	TAN mandatory	TAN not required
Nature of Transaction	Purchase of immovable property	Same
Compliance Burden	High (TAN for one transaction)	Reduced / Simplified

Effective from 1st October 2026

Rationalizing due dates for filing of ITR

Type of Person	Due Date
(i) Company	31 st October – No Change
(ii) Assessee (other than company) whose accounts are required to be audited under this Act or under any other law in force;	
(iii) Partner of a firm whose accounts are required to be audited under this Act or under any other law in force	
(i) Assessee having income from PGBP and Partner of the firm - whose accounts are not required to be audited under any law	31st August - Changed
(i) Assessee including Partners whose accounts are not required to be audited under any law – Nor having income from PGBP	31 st July – No Change

Extending the period of filing revised return

Particulars	Due Date
(i) Revised Return	<p>Present System - Within 9 months from the end of Financial year i.e. 31st December or before completion of assessment whichever is earlier – No extra fees. Coincides with the due date of belated return.</p> <p>Proposed System - Within 12 months from the end of Financial year i.e. 31st March or before completion of assessment whichever is earlier – With extra fees if filed beyond nine months i.e. Late fees payable if filed between 1st January to 31st March.</p>

Updated Return – Section 263

Particulars	Before Amendment	After Amendment (Budget 2026)
Original Loss → Reduced Loss	Updated return not allowed	Updated return allowed
Original Loss → Income	Allowed	Allowed
Reduction of Tax / Increase of Refund	Not allowed	Not Allowed
Proceedings of reassessment have been initiated and notice of reassessment has been issued under section 280	Updated return not allowed	Allowed u/s 280 Additional 10% of tax + interest

Effective retrospectively from 1st March 2026

Rationalizing the period of block in case of other persons – Section 295

Particulars	Before Amendment	After Amendment (Budget 2026)
Search / Requisition	Initiated on specified person u/s 247 / 248 and some undisclosed income belongs to other person (third party)	No change
Action by AO	Material handed over to AO of other person	No change
Applicable Procedure	Block assessment u/s 294	Same
Block Period (Other Person)	Same as specified person	Restricted / limited to the single tax year.
Compliance Burden	High for third party	Significantly reduced

Effective From 1 April 2026 (for search/requisition on or after this date)

Referencing the time limit to complete block assessment to the initiation of search or requisition – Section 296

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Section	Section 296	Section 296 amended
Reference Point	Last search authorisation	Search initiation / requisition date
Time Limit	12 months	18 months
Group Search Cases	Different limitation dates	Uniform limitation date
Applicable Cases	Block assessment u/s 294	Same

Effective From 1 April 2026 (for search/requisition on or after this date)

Clarification of Time-limit for DRP Cases (Sections 144C, 153 & 153B)

- **Section 144C** prescribes a **special and self-contained timeline** for completion of assessment in DRP cases, overriding sections **153 and 153B**.
- Where draft variations are **accepted**, assessment must be completed **within one month** as per section **144C(4)**; where objections are filed, completion must be **within one month of DRP directions** under section **144C(13)**.
- Divergent judicial views (including a split verdict of the Supreme Court) created uncertainty on whether **overall limits of sections 153/153B apply to DRP cases**.
- The amendment **clarifies that sections 153 and 153B govern only the draft-order stage**, while **finalisation timelines are exclusively governed by section 144C**
- This clarification is made **notwithstanding any judicial ruling**, to ensure certainty and reduce litigation.
- The amendment is **retrospective from 1-4-2009 (s.153) and 1-10-2009 (s.153B)** under the 1961 Act, and **effective from 1-4-2026** under the Income-tax Act, 2025.

Expanding the scope of immunity from penalty or prosecution under section 440 / Section 270AA of the Act

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Section	Section 440	Section 440 amended
Eligible Cases	Under-reporting of income only	Includes misreporting of income
Immunity Scope	Penalty u/s 439 & prosecution	Same
Condition – Additional Tax	Not applicable	100% of tax (misreporting cases)
Unexplained Income (ss.102–106)	Separate penalty u/s 443	Immunity allowed on 120% additional tax
Objective	Limited settlement	Early dispute resolution & reduced litigation

Effective From 1 April 2026 (Tax Year 2026-27 onwards). Similarly, 1-3-2026 (AY 2026-27 & earlier AYs)

Clarification regarding jurisdiction to issue notice u/s 148 where income has escaped assessment and for carrying out pre-assessment procedure u/s 148A.

- Under the existing law, pre-assessment enquiries under sections 148A/148 are to be conducted by the **jurisdictional Assessing Officer**, while NaFAC handles faceless reassessment only after issuance of notice u/s 148.
- Divergent High Court views, including in *Hexaware Technologies Ltd. v. ACIT, Circle 15(1)(2), Mumbai* (Bombay HC), created uncertainty on whether NaFAC could issue notices under sections 148A/148.
- The amendment **clarifies that “Assessing Officer” for sections 148 and 148A shall always mean an AO other than NaFAC or its assessment units**, irrespective of judicial pronouncements.
- This legislative clarification aims to eliminate conflicting interpretations and reduce litigation over jurisdiction in reassessment proceedings.
- Corresponding clarification is inserted in both the **Income-tax Act, 1961** and the **Income-tax Act, 2025**.
- The 1961 Act clarification is **retrospective from 1 April 2021**, and the 2025 Act clarification is **effective from 1 April 2026**.

Clarification on Validity of Assessment Orders vis-à-vis DIN - Section 292B

Particulars	Before Amendment	After Amendment (Budget 2026)
Relevant Provision	Section 292B	Section 292B amended
DIN Requirement	As per CBDT Circular No. 19/2019	Same
Judicial Interpretation	Assessments annulled for minor DIN defects	Judgments overridden
Nature of Defects	Non-quoting on body / every page	Minor defects ignored
Validity Test	Technical compliance emphasized	Substance over form
Legislative Clarification	—	Assessment valid if DIN is referenced in any manner

Effective retrospectively from 1st day of October, 2019

Clarifying the manner of computation of sixty days for passing the order by the Transfer Pricing Officer.

- **Section 92CA** empowers the Transfer Pricing Officer (TPO) to determine the arm's length price for international and specified domestic transactions.
- **Section 92CA(3A)** requires the TPO to pass the order **at least 60 days before** the limitation date for assessment under sections **153 / 153B**.
- Litigation arose on whether the **date of limitation is to be included** while computing the 60-day period, leading to annulment of otherwise valid assessments.
- The amendment **clarifies that the 60-day period includes the date of limitation**, aligning with legislative intent
- This clarification is made **notwithstanding any judicial ruling**, to ensure certainty and reduce litigation.
- The amendment is **retrospective from 1 June 2007** under the 1961 Act and **effective from 1 April 2026** under the Income-tax Act, 2025.

Rationalization of Penalties into Fee

Particulars	Before Amendment	After Amendment (Budget 2026)
Section 446 - Audit Failure	Penalty: lower of 0.5% turnover or ₹1,50,000	Converted to Fee u/s 428(c) (₹75,000 / ₹1,50,000 - graded)
Section 447 - Report u/s 172	Penalty: ₹1,00,000	Fee u/s 428(4) (₹50,000 / ₹1,00,000 - graded)
Section 454(1) - SFT / Reportable Account	Penalty: ₹500 per day	Converted to Fee u/s 427(3)
Section 454(2) - Continued Default	Penalty: ₹1,000 per day (no cap)	Upper limit capped at ₹1,00,000
Nature of Default	Technical / procedural	Mandatory fee regime

Is it really a rationalization because Penalties are not automatic and SCN is required while Fees are automatic !!

Imposition of penalty for under-reporting or misreporting of income within Assessment Order:

Particulars	Before Amendment	After Amendment (Budget 2026)
Penalty Proceedings for underreporting of income u/s 270A	Separate proceedings after assessment	Penalty u/s 270A imposed within assessment order
Multiplicity of Proceedings	Assessment → penalty → appeal	Single, consolidated process
Interest u/s 220(2)	Charged after demand notice	Charged only after CIT(A)/ITAT order (for appeal against DRP orders)

Increase in maximum amount of penalty in section 466 of the Act:

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Sections	Section 254 & Section 466	Same
Nature of Power	Collection of business information	No change
Default Covered	Failure to furnish information	Same
Maximum Penalty	₹ 1,000	₹ 25,000
Authority to Levy	JC / DD / AD / AO	Same

Effective From 1 April 2026 (Tax Year 2026-27 onwards)

Penalty for Non-Compliance in Reporting of Crypto-Asset Transactions – Sections 509 & 446

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Sections	Section 509	Sections 509 read with 446 amended
Reporting Obligation	Statement of crypto-asset transactions	Same
Penalty for Non-Furnishing	No specific penalty	₹200 per day
Penalty for Inaccurate Information	Not specified	₹50,000 (incl. failure to correct)
Nature of Default	Reporting non-compliance	Deterrent penalty introduced
Effective Date	—	From 1 April 2026

Effective 1st day of April, 2026

Deduction for Prospecting & Exploration of Minerals

- **Section 51** allows **deferred deduction over 10 years** for eligible expenses incurred on **prospecting, extraction or production of specified minerals**.
- The deduction covers expenditure incurred in the **year of commercial production and up to four preceding years**.
- To promote **critical mineral exploration**, the **list of minerals in Schedule XII is proposed to be expanded**.
- Expenditure on **prospecting and exploration of newly notified critical minerals** will become eligible under section 51.
- The amendment is effected by **amending Schedule XII of the Act**.
- The measure aims to **incentivize domestic mineral security and strategic resources**.
- The amendment is **effective from 1 April 2026**, applicable from **Tax Year 2026-27 onwards**.

Exemption for Foreign Companies Procuring Data Centre Services

- **Schedule IV is amended to grant income-tax exemption to a foreign company on income arising in India from procuring data centre services from a specified data centre.**
- The exemption aims to **promote investment in data centres and AI infrastructure in India.**
- The exemption is available **up to the tax year ending 31 March 2047**, providing long-term certainty.
- Where services are provided to **Indian users**, the foreign company must **route such services through an Indian reseller entity.**
- A “**specified data centre**” must be **notified by MeitY and owned and operated by an Indian company.**
- The amendment also **defines “data centre” and “data centre services”** to ensure clarity and certainty.
- The provisions are **effective from 1 April 2026** and apply from **Tax Year 2026-27 onwards.**

Exemptions to Non-Residents / Foreign Companies

- Exemption to a foreign company on income arising on account of providing capital equipment etc. to an electronic goods manufacturer located in a custom bonded area.
- It is proposed that two specified businesses of Non – Residents which are under presumptive taxation (business of operation of cruise ships and the business of providing services or technology for the setting up an electronics manufacturing facility in India to a resident company) shall also be excluded from the applicability of MAT
- It is proposed to amend the said Schedule to provide exemption to an individual, being a non-resident for a period of five consecutive tax years immediately preceding the tax year during which he visits India for the first time for rendering services, on any income which accrues or arises outside India, and is not deemed to accrue or arise in India, for five consecutive tax years commencing from the first tax year during which he visits India, if such person renders any service in India in connection with any Scheme as may be notified by the Central Government and fulfils such other conditions as may be prescribed.

Provisions applicable to IFSC

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Section	Section 147	Section 147 amended
Eligible Units	IFSC units & OBUs	Same
Deduction Period – IFSC	10 years out of 15	20 years out of 25
Deduction Period – OBU	10 consecutive years	20 consecutive years
Tax Rate after Deduction	Normal applicable rate	15% on IFSC business income

Effective From 1 April 2026 (Tax Year 2026-27 onwards).

Provisions applicable to IFSC

Particulars	Before Amendment	After Amendment (Budget 2026)
Relevant Provision	Section 2(40)(v)	Section 2(40)(v) amended
Covered Transactions	Loan / advance between group entities	Same
Eligible Group Entity	One entity to be finance unit	Both entities to be group entities
Location Requirement	Parent listed outside India	Both entities in notified foreign jurisdiction
Authority to Notify	Board	Central Government (Gazette)

Effective From 1 April 2026 (Tax Year 2026-27 onwards).

Exemption for Sovereign Gold Bond

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Provision	Section 70(1)(x)	Section 70(1)(x) amended
Eligible Instrument	SGBs issued by RBI	Same
Exemption Trigger	Redemption of SGB	Redemption on maturity only
Subscription Condition	Not explicitly specified	Must be subscribed at original issue
Holding Requirement	Not clearly defined	Continuous holding till maturity and then only eligible for exemption. Any secondary purchase or redemption before maturity not eligible.

Effective From 1 April 2026 (Tax Year 2026-27 onwards).



STT on Future and Options

Particulars	Before Amendment	After Amendment (Budget 2026)
Sale of Option (Premium)	0.10% of option premium	0.15% of option premium
Sale of Option (Exercised)	0.125% of intrinsic price	0.15% of intrinsic price
Sale of Futures	0.02% of traded price	0.05% of traded price

Effective From 1 April 2026 (Tax Year 2026-27 onwards).

Rationalization of Taxation of Share Buy - back

Particulars	Before Amendment	After Amendment (Budget 2026)
Governing Provision	Section 2(40)(f) read with section 69	Capital gains provisions apply
Tax Head	Dividend income	Capital gains
Cost of Acquisition	Allowed separately as capital loss	Adjusted under capital gains
Taxation – Non-promoter	Dividend tax at applicable rates	Capital gains tax
Taxation – Promoters	Dividend tax	Effective tax @ 30%
Promoter Companies	Dividend tax	Effective tax @ 22%

Effective From 1 April 2026 (Tax Year 2026-27 onwards).

Miscellaneous

- Interest on compensation to an individual or his legal heir, on account of death or on account of permanent disability or any bodily injury under the Motor Vehicles Act, 1988 by the Tribunal will be exempt from income tax.
- As the income has been exempted, further, it is specified that there will be no deduction of Tax on interest on such compensation.
- To avoid ambiguity, it has been proposed that the TDS on supply of manpower to be included under the ambit of 'word' and thus the rate of TDS will be 1% / 2% as applicable will prevail.
- Allowing deduction to non-life insurance business when TDS, not deducted earlier is paid later.
- Exemption of income on compulsory acquisition of any land under the RFCTLARR Act.
- Exemption for Disability Pension to armed force personnel

Miscellaneous

- Foreign Assets of Small Taxpayers - Disclosure Scheme, 2026 (FAST-DS 2026) to be notified.
- The conditions for prosecution under the Black Money Act shall not apply in respect of foreign assets, other than immovable property, where the aggregate value does not exceed twenty lakh rupees.
- Rationalization of prosecution proceedings.
- It is proposed to amend section 195 to reduce the tax rate from 60% to 30%. Further, it is also proposed to omit penalty under section 443 and subsume this penalty under section 439(11) of the Act.
- It is proposed to amend section 22(2) of the Act so as to provide that aggregate amount of deduction for interest on borrowed capital shall be inclusive of prior period interest payable.
- It is proposed to amend section 262(10)(c) to enable Central Board of Direct Taxes (CBDT) to make rules for quoting of Permanent Account Number in documents related to such transactions which do not relate to business or profession.

Miscellaneous

- It is proposed that any guidelines issued to remove difficulties in giving effect to provisions of TDS/TCS chapter shall be binding on income-tax authorities and on the person liable to deduct or collect income-tax.
- No tax to be deducted at source in respect of interest income credited or paid to any cooperative society engaged in carrying on the business of banking (including a cooperative land mortgage bank)



Analysis of Union Budget 2025

Part I – Decoding the GST

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Post Sale Discount

- **Section 15(3)** is amended to remove the requirement that **post-sale discounts must be linked to a prior agreement** to be excluded from taxable value.
- Post-sale discounts can now be adjusted **through issuance of a credit note under section 34**, subject to conditions.
- The **recipient must reverse the proportionate input tax credit (ITC)** attributable to such discount.
- **Section 34** is amended to **explicitly refer to section 15**, aligning credit note provisions with valuation rules.
- The amendment **recognizes commercial practices** such as performance-based or volume discounts decided after supply.
- Overall, the change **simplifies compliance and reduces valuation-related litigation** under GST.

Post Sale Discount

Particulars	Before Amendment	After Amendment
Governing Provisions	Section 15(3) & Section 34	Sections 15(3) & 34 amended
Post-sale Discount	Excludible only if linked to pre-existing agreement	Agreement linkage removed
Valuation Condition	Agreement + ITC reversal required	Credit note u/s 34 + ITC reversal sufficient
Credit Note Reference	Section 34 not linked to section 15	Section 34 explicitly refers to section 15
ITC Requirement	ITC reversal mandatory	ITC reversal continues to be mandatory
Objective	Restrictive, litigation-prone	Simplified valuation & reduced disputes

Provisional refund for IDS

- **Section 54(6)** is amended to **extend provisional refund** provisions to **refunds arising from inverted duty structure (IDS)**.
- Earlier, provisional refunds were largely limited to **zero-rated supplies** such as exports and SEZ transactions.
- The amendment enables grant of **provisional refund up to 90%** of the IDS refund claim, subject to conditions.
- This change addresses **working capital blockages** faced by businesses due to accumulation of input tax credit.
- Final refund will continue to be **subject to detailed verification**, with adjustments if required.
- The amendment improves **liquidity, ease of doing business, and parity in the refund mechanism** under GST.

Provisional refund for IDS

Particulars	Before Amendment	After Amendment
Governing Provision	Section 54(6)	Section 54(6) amended
Provisional Refund	Allowed mainly for zero-rated supplies	Extended to Inverted Duty Structure (IDS)
Eligible Refund Type	Exports / SEZ refunds	IDS refunds also covered
Amount of Provisional Refund	Up to 90% of claim	Up to 90% (subject to conditions)
Impact on Taxpayers	Delayed refunds, liquidity issues	Faster cash flow support
Objective	Limited scope	Ease of doing business & parity in refunds

Removal of Threshold Limit for Export Refunds

- Earlier, **Section 54(14)** prescribed that **no refund shall be granted if the refund amount was less than ₹1,000 per tax head (CGST/SGST/IGST)**.
- This threshold applied even to **exports of goods with payment of tax**, despite exports being zero-rated.
- As a result, **small and low-value exporters** were denied legitimate refunds due to the monetary limit.
- The provision led to **inequitable treatment and cash-flow blockage**, particularly for MSMEs and small exporters.
- The Budget amendment **removes this threshold limit for export refunds**, ensuring refunds are not denied merely due to low amount.
- This change reinforces the principle that **exports should be tax-neutral**, irrespective of refund size.

Insertion of Section 101A(1A) (CGST Act, 2017)

- A new **sub-section (1A)** is inserted in section 101A to address the non-constitution of the **National Appellate Authority for Advance Ruling (NAAAR)**.
- The amendment empowers the **Central Government**, by notification, to **authorise an existing Authority or Tribunal** to hear appeals under **section 101B**.
- Where such Authority/Tribunal is empowered, **sub-sections (2) to (13) of section 101A shall not apply**.
- An **Explanation** clarifies that “**existing Authority**” includes a **Tribunal**, removing ambiguity.
- This ensures **continuity of appellate remedy** in cases of conflicting Advance Rulings.
- The amendment is **effective from 1 April 2026**.

Omission of Section 13(8)(b) (IGST Act, 2017): Intermediary Services

- **Section 13(8)(b)**, which deemed the **place of supply of intermediary services as the location of the supplier**, is proposed to be **omitted**.
- Consequently, the **default rule under section 13(2)** will apply, i.e., **place of supply will be the location of the recipient**.
- This removes the deeming fiction that treated cross-border intermediary services as supplied in India.
- Intermediary services provided by Indian entities to **foreign recipients may now qualify as exports**, subject to conditions.
- **Eg. An Indian intermediary facilitates a service between an Indian exporter and a foreign buyer**
- The amendment aligns GST with the **destination-based principle of taxation** and global VAT norms.

Thank you !!

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