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INTER GST



IMPORTANT ONE DAY BEFORE EXAM SMART SUMMARY NOTES



Amendments Applicable
For May 26 Exam

Think
GST
Think
Vishal Sir..!

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Summary of GST Amendments May 26

REVERSE CHARGE MECHANISM

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- | | |
|----|---|
| 1) | GTA: Forward Charge: New Rate: 18% |
| 2) | Sec 9(5)(v): GST on local delivery services supplied through an ECO is payable by the operator. However, if the delivery service provider is liable to register u/s 22(1), GST shall be payable by such service provider |

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EXEMPTIONS UNDER GST

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|----|---|--|
| 1) | Goods Transport Services: Services by way of transportation of goods by road other than GTA or courier agency or inland waterways, excluding local delivery services provided by/ through an ECO. | |
| | Definition of GTA: GTA is a person who transports goods by road and issues a consignment note, excluding an ECO providing local delivery services. | |
| 2) | Individual Life Insurance Services (SI No. 36C): Services of life insurance provided by an insurer to an individual, including the individual's family, under a non-group insurance policy. | |
| 3) | Individual Health Services (SI No. 36D): Health insurance services provided by an insurer to an individual or their family under a non-group insurance contract. | |
| 4) | Reinsurance of specified insurance services (SI No. 36E) | |
| 5) | Important Definitions: | |
| | a) Health insurance business: The business of providing contracts that cover sickness, medical, surgical, hospital, travel, or personal accident expenses. | |
| | b) Group: A set of persons joined by a common purpose or economic activity (other than insurance), including:
Employer groups: Employees covered under a master policy by their employer.
Non-employer groups: Persons covered under a master policy with a clear relationship to the policyholder for non-insurance purposes. | |
| | c) Local Authority: It means Panchayat, Municipality, Municipal Committee, District Board, Cantonment Board, Regional/District Council, or Development Board authorized to manage local or municipal funds.
<ul style="list-style-type: none"> ➤ Local fund: Managed in Panchayat areas for civic functions, with power to levy and use taxes, duties, tolls, cesses, or fees. ➤ Municipal fund: Managed in Municipal/Metropolitan areas for civic functions, with power to levy and use taxes, duties, tolls, cesses, or fees. | |

TIME OF SUPPLY

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1) **Sec 12(4)/13(4): TOS for Voucher exchangeable for Goods and Services – OMITTED**

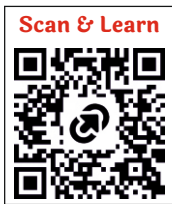
VALUE OF SUPPLY

1) **Clarification on GST Treatment of Post-Sale Discounts [Cir No. 251/08/2025]:**

Whether full ITC is available to the recipient when payment is made after discount through financial/ commercial credit notes

As per Circular No. 92/11/2019, financial or commercial credit notes issued after supply **do not reduce** the transaction value of the supplier. Since the tax charged on the original invoice remains unchanged, the recipient is **not required to reverse** any ITC. Accordingly, full ITC as charged on the invoice is admissible to the recipient.

Treatment of Post-Sale Discounts offered by Manufacturer



- If there is **no agreement** between the manufacturer and the end customer, the sale from manufacturer to dealer and from dealer to end customer are independent, principal-to-principal transactions. In such cases, post-sale discounts given by the manufacturer to the dealer merely **reduce the sale price** for commercial reasons and **do not form part of consideration** for the dealer's supply to the end customer.
- However, where the manufacturer has a **prior agreement** with the end customer to supply goods at a discounted price and issues financial or commercial credit notes to the dealer to enable such discount, the post-sale discount **acts as an inducement** for the dealer's supply. In such cases, the discount **forms part of the consideration** between the manufacturer and the dealer.

Treatment of Post-Sale Discounts vis-à-vis Promotional Activities

- Post-sale discounts given by the manufacturer to the dealer are **not treated as consideration** for promotional activities, as such activities are undertaken by the dealer to promote the sale of goods owned by him and to increase his own sales. The discount merely reduces the sale price and is not linked to any separate service provided to the manufacturer.
- However, where the dealer **undertakes specific promotional or marketing activities** for the manufacturer under a separate agreement for an identified consideration, such activities constitute a distinct supply of service, and **GST is payable** on the consideration so agreed.

INPUT TAX CREDIT

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- 1) **Sec 17(5)(d):** The term ‘Plant or machinery’ shall be read as “**Plant and machinery**” with retrospective effect from 01.07.2017.

TAX INVOICE

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- 1) **Sec 34(2): Details of Credit Note to be declared in return:**
- ⇒ **Registered recipient:** If ITC corresponding to a credit note has been availed but not reversed, the supplier cannot reduce output tax.
 - ⇒ **Other cases:** If the tax has been passed on, the supplier cannot reduce output tax.

RETURNS

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- 1) **Sec 38:- Communication of details of inward supplies and ITC:** Under section 37(1), registered persons must file outward supplies, & **a statement** showing Supplies on which recipients can avail ITC, Supplies ineligible (fully/partly) for ITC, and other prescribed details.
- 2) **Sec 44 read with Rule 80 (Annual Return):** Commissioner exempts the RP whose aggregate turnover in **any** FY from **F.Y. 2024-25 onwards** is up to ₹ 2 Cr from filing annual return for that said F.Y.

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