



**SUPPLEMENTARY FOR
JUNE 2026 TERM
OF EXAMINATION**

PAPER – 7

SECTION - B

INDIRECT TAXATION

SYLLABUS 2022



SUPPLEMENTARY_PAPER_7_SECTION_B_FOR_JUNE 2026 TERM OF EXAMINATION_SYLLABUS 2022

INDIRECT TAX

Amendment by the Finance Act 2025

The following amendment has been made by the Finance Act 2025:

S.N.	Amendment	Clause of the Finance Act, 2025	Applicable from
Amendment in CGST Act			
1	Sec. 2(61) is being amended to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-state supplies on which tax has to be paid on reverse charge basis, by inserting reference to sec. 5(3) / (4) of Integrated Goods and Services Tax Act.	121	01-04-2025
2	Sec. 2(69)(c) is being amended to replace "municipal or local fund" with "municipal fund or local fund" and to insert an Explanation after the said sub-clause, to provide for definitions of the terms 'Local Fund' and 'Municipal Fund' used in the definition of "local authority" under the said clause so as to clarify the scope of the said terms. - "local fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called; - "municipal fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called	121	01-04-2025



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S.N.	Amendment	Clause of the Finance Act, 2025	Applicable from
3	A new clause (116A) is being inserted in section 2 to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism - “unique identification marking” means the unique identification marking referred to in sec. 148A(2)(b) and includes a digital stamp, digital mark or any other similar marking, which is unique, secure and non-removable	121	01-10-2025
4	Sec. 12(4) and sec. 13(4) relating to time of supply in respect of Vouchers is being deleted.	122 & 123	01-10-2025
5	Sec. 17(5)(d) is being amended to substitute the words "plant or machinery" with words "plant and machinery". This amendment will be effective retrospectively from 01-07-2017, notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority.	124	W.r.e.f. 01-07-2017
6	Sec. 20(1) and sec. 20(2) are being amended to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-state supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sec. 5(3) and sec. 5(4) of Integrated Goods and Services Tax Act in said sub-sections of sec. 20 of Central Goods and Services Tax Act.	125	01-04-2025
7	Proviso to sec. 34(2) is being amended to explicitly provide for requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.	126	01-10-2025
8	Sec. 38(1) is being amended to omit the expression “auto generated” with respect to statement of input tax credit in the said subsection.	127	01-10-2025



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S.N.	Amendment	Clause of the Finance Act, 2025	Applicable from
	<p>Sec. 38(2) is being amended by omitting the expression “auto generated” with respect to statement of input tax credit in said subsection and also to insert the expression “including” after the words “by the recipient” in clause (b) of said sub-section to make the said clause more inclusive.</p> <p>Sec. 38(2) is being amended by inserting a new clause (c) in the said sub-section to provide for an enabling clause to prescribe other details to be made available in statement of input tax credit.</p>		
9	Sec. 39(1) is being amended so as to provide for an enabling clause to prescribe conditions and restriction for filing of return under the said sub-section	128	01-10-2025
10	In Schedule III, following entry has been inserted as entry 8(aa): Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area	133	W.r.e.f. 01-07-2017

GST 2.0: Notification No. 09/2025 CT (Rate) to Notification No. 17/2025 CT (Rate) dated 17-09-2025

The 56th GST Council meeting held on 3rd September 2025 in New Delhi, ushered in a landmark “GST 2.0” reform package aimed at simplifying India’s indirect tax structure. The Council approved abolition of the 12% and 28% GST slabs, merging most goods into 5% (merit) and 18% (standard) rates, while introducing a 40% slab for luxury or demerit items. In addition, the meeting granted relief by exempting life and health insurance from GST, slashing taxes on medicines, medical devices and agricultural/handicraft items, resolving inverted duty structures (textiles, fertilisers), and strengthening compliance — e.g. faster refunds, simplified registration, and institutional reforms like operationalising GSTAT. The majority of rate and compliance changes has been taken effect from 22nd September 2025 (though certain items like tobacco remain subject to transition norms). Further, services by way of local delivery except where the person supplying such services through electronic commerce operator is liable for registration u/s 22(1) of the Central Goods and Services Tax Act, 2017



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For the aforesaid outcome, notifications 09/2025 – CT(Rate) to 17/2025 – CT (Rate) has been issued on 17-09-2025. Similar notification has also been issued for IGST and GST Compensation Cess

Notification No. 13/2025 – Central Tax dated 17-09-2025

The notification introduces the Third Amendment to the CGST Rules, 2017, effective from 22nd September 2025 (with certain provisions applicable from April/October 2025). Key changes include:

Rule / Form	Amendment / Insertion	Key Impact
Rule 31A(2)	“128” substituted with “140”	Increases deemed valuation factor for lottery supplies.
Rule 39(1A)	Expanded to include reverse charge under IGST Act (Sec. 5(3)/(4))	Clarifies distribution of ITC for reverse charge under IGST.
Form GSTR-9C	New reporting of e-commerce operator tax liability (Sec. 9(5)); reconciliation changes; late fee reporting.	Enhanced reconciliation & accountability for e-commerce.

Notification No. 17/2025-CT(R) dated 17-09-2025

The Government has amended the list of services notified under Section 9(5) of the CGST Act, 2017 and Section 5(5) of the IGST Act, 2017 to include services by way of local delivery supplied through an electronic commerce operator (ECO). Accordingly, GST on such services will be payable by the ECO instead of the actual service provider when supplied through its platform. However, this provision will not apply where the delivery service provider is liable for GST registration under Section 22(1) of the CGST Act, in which case the supplier himself will be responsible for payment of GST.

Notification No. 15/2025 – Central Tax dated 17-09-2025

Notification No. 15/2025 – Central Tax dated 17th September 2025 exempts registered persons having aggregate turnover up to ₹ 2 crore in any financial year from filing the annual return u/s 44 of the CGST Act, 2017 for FY 2024-25 onwards, as per recommendations of the GST Council.

Clarification on various doubts related to treatment of secondary or post-sale discounts under GST - Circular No. 251/08/2025-GST dated 12-0-2025

Circular No. 251/08/2025-GST dated 12th September 2025 provides clarifications on the treatment of secondary or post-sale discounts under GST. It confirms that recipients need not reverse Input Tax



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Credit (ITC) when suppliers issue financial/commercial credit notes, since such notes do not reduce the original taxable value or supplier's tax liability. Further, general post-sale discounts given by manufacturers to dealers, aimed at competitive pricing, are not considered consideration for supply and hence are outside GST levy.

However, the circular distinguishes cases where post-sale discounts are linked to specific agreements. If a manufacturer directs a dealer to sell at discounted prices to end customers under a prior arrangement, such discounts will form part of consideration, being an inducement for supply. Similarly, if dealers are separately compensated for promotional activities (advertising, co-branding, special campaigns, etc.), GST would apply on such services. This ensures clarity and uniform application of GST law across trade and field formations.

Requirement of Document Identification Number (DIN) - Circular No. 252/09/2025 -GST dated 23-09-2025

Circular No. 252/09/2025-GST dated 23rd September 2025 clarifies that communications issued through CBIC's eOffice application bearing a system-generated Issue Number will be treated as a valid Document Identification Number (DIN). A new online verification utility has been introduced to authenticate such Issue Numbers. Accordingly, quoting a separate DIN is no longer required for eOffice communications with Issue Numbers, though DIN will remain mandatory for all other communications not dispatched through eOffice or without a verifiable Reference Number (RFN) on the GST portal

Amendments in Exemption notification

Goods Exempt from tax

The Government has replaced the exemption notification with new Notification (Notification No. 10/2025-CT (R) dated 17-09-2025

Services Exempt from Tax

The following entries are inserted or deleted or amended

18	W.e.f. 22-09-2025, Services by way of transportation of goods: a. by road except the services of: i. a goods transportation agency; ii. a courier agency; b. by inland waterways.
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	<p><u>Taxpoint:</u></p> <ul style="list-style-type: none">➤ <i>Nothing contained in this entry shall apply to:</i><ul style="list-style-type: none">(i) <i>local delivery services provided by an Electronic Commerce Operator; or</i>(ii) <i>local delivery services provided through an Electronic Commerce Operator</i>➤ <i>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</i><ul style="list-style-type: none">i. <i>an electronic commerce operator by whom the services of local delivery are provided,</i>ii. <i>an electronic commerce operator through whom the services of local delivery are provided</i>➤ <i>Courier agency means any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles</i>
36C	<p>W.e.f. 22-09-2025, Services of life insurance business provided by an insurer to the insured, where the insured is not a group.</p> <p><u>Taxpoint:</u></p> <ul style="list-style-type: none">➤ This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual.➤ For aforesaid purposes, family shall include all individuals insured as family in the contract of insurance.➤ '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:<ul style="list-style-type: none">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.
36D	<p>W.e.f. 22-09-2025, Services of health insurance business provided by an insurer to the insured, where the insured is not a group.</p>



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	<p><u>Taxpoint:</u></p> <ul style="list-style-type: none">➤ This exemption shall apply to a contract of insurance where the insured is an individual, or an individual and family of the said individual. For this purpose, family shall include all individuals insured as family in the contract of insurance➤ Health insurance business means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient, travel cover and personal accident cover
36E	W.e.f. 22-09-2025, Reinsurance of the insurance services specified in serial numbers 36C or 36D.

Notification No. 18/2025-CT dated 31-10-2025

In the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the said rules), after rule 9, the following rule shall be inserted:

Rule 9A: Grant of registration electronically

Notwithstanding anything contained in rule 9, any person who has applied for registration under rule 8 or rule 12 or rule 17, shall, upon identification on the common portal based on data analysis and risk parameters, be granted registration electronically by the common portal, within three working days from the date of submission of application.

Rule 14A: Option for taxpayers having monthly output tax liability below threshold limit

(1) Any person who has made application for registration under rule 8 and who determines that his total output tax liability on supply of goods or services or both made to registered persons on account of central tax and State tax or Union territory tax and integrated tax and compensation cess, does not exceed ₹ 2,50,000 per month, shall have an option to get registration electronically, in accordance with the provisions of this rule.

(2) Any person, other than a person notified u/s 25(6D), who has not opted for authentication of Aadhaar number, shall not be eligible for grant of registration in terms of this rule.

(3) Notwithstanding anything contained in rule 11, a person registered under this rule in a State or Union territory shall not be eligible to obtain another registration in the same State or Union territory under this rule against the same Permanent Account Number.

(4) Upon successful authentication of Aadhaar number, the applicant referred to in sub-rule (1) shall be granted registration electronically by the common portal, within 3 working days from the date of submission of application.



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(5) The registered person who intends to withdraw from the option availed under sub-rule (1), shall file an application in FORM GST REG-32, duly signed or verified through electronic verification code on the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

Provided that the registered person shall not be allowed to file such application unless he has furnished

- (a) returns for a period of minimum 3 months, where such application is filed before 01-04-2026;
- (b) returns for a period of minimum one tax period, where such application is filed on or after 01-04-2026; and

(c) all the returns due from the effective date of registration till the date of application for withdrawal.

Provided further that the registered person shall be allowed to file such application where no proceedings under section 29 have been initiated against such registered person.

(6) Where there is any change in particulars furnished in FORM GST REG-01 by the person who has been granted registration under this rule, the said registered person shall get the particulars amended under rule 19 before filing an application for withdrawal under sub-rule (5).

(7) Based on data analysis and risk parameters on the common portal, the provisions of sub-rule (4A) of rule 8 relating to authentication of Aadhaar number or biometric-based Aadhaar authentication, taking photograph of the applicant along with verification of original copy of documents uploaded along with registration application in FORM GST REG-01, shall, so far as may be, apply to application for withdrawal filed under sub-rule (5).

(8) The provisions of sub-rules (5) and (6) of rule 8 relating to issuance of acknowledgment shall, *mutatis mutandis*, apply to the application filed under sub-rule (5).

(9) The application filed for withdrawal under sub-rule (5) shall be verified in accordance with the provisions of rule 9.

(10) Upon verification under sub-rule (9), the proper officer shall issue an order in FORM GST REG-33 allowing the application for withdrawal from the option availed under sub-rule (1) or order for rejection of application in FORM GST REG-05, within the period specified under rule 9, which shall be made available to the registered person on the common portal.

(11) The registered person who has received an order issued under sub-rule (10) allowing withdrawal shall be able to furnish the details of output tax liability on supply of goods or services or both made to registered persons exceeding the output tax liability referred to in sub-rule (1), from the first day of the succeeding month in which the order is issued.



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(12) A registered person to whom an order under sub-rule (10) has been issued shall not amend the details furnished in respect of output tax liability so as to exceed the limit specified in sub-rule (1) for the period prior to the first day of the succeeding month in which the order has been issued.

(13) Where proceedings for cancellation of registration under section 29 have been initiated after filing the withdrawal application and such proceedings are pending, the withdrawal application shall be rejected and the provisions relating to deemed approval under rule 9(5) shall not apply.

Further, a consequential amendment has been made in Rule 10. In sub-rule (1), the words “under rule 9” have been substituted with “under rule 9, rule 9A and rule 14A”. As a result, the GST registration certificate (FORM GST REG-06) will now be issued not only where registration is granted under Rule 9 but also where it is granted electronically under Rule 9A of the CGST Rules, 2017 and under the special option provided in Rule 14A of the CGST Rules, 2017, thereby aligning Rule 10 with the newly introduced registration mechanisms.