Dipen D Shah & Associates

CHARTERED ACCOUNTANTS

CLIENT ALERT · INDIRECT TAX

GST Amendments from 1 November 2026

What has changed, what it means and what you should do now

Implementing the 57th GST Council recommendations

- Post-sale discounts & credit notes
- Faster refunds
- Registration overhaul & Rule 14B
- Scrap & e-waste: RCM, TDS
- Rate & exemption changes

Date of memo	Effective date	Circulation
4 November 2026	**1 November 2026**	**Clients & associates**

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A technical update prepared for our clients on the GST changes effective 1 November 2026.

CLIENT MEMO

TO	Our valued clients
FROM	Dipen D Shah & Associates, Chartered Accountants
DATE	4 November 2026
SUBJECT	**GST amendments in force from 1 November 2026: summary, impact and action points**

1 Why this memo

The 57th meeting of the GST Council, held in New Delhi on 8 October 2026, approved a wide package of process reforms covering registration, refunds, valuation, scrap trade and enforcement. Between 26 and 30 October 2026, the Central Board of Indirect Taxes and Customs (CBIC) gave effect to a large part of that package through notifications and an instruction. Most of these changes came into force on **1 November 2026**.

This memo lists those changes in plain terms, explains what each means for a business, and sets out what you should do now. It also flags the items that have been *announced* but take effect only on 1 December 2026, 1 January 2027 or 1 April 2027, so that the two are not confused.

> **In one line:** post-sale discounts become easier, refunds become faster and wider, registration is re-engineered, and buyers of scrap and e-waste take on new RCM and TDS duties, all from 1 November 2026.

2 At a glance

Area	What changes from 1 November 2026	Source
Post-sale discounts	No prior agreement needed. Discount reduces value if a credit note is issued and the recipient reverses ITC.	Sec 15(3)(b), 34(1); Notfn 03/2026-CT
Refunds: law	Provisional refund extended to inverted duty claims; ₹1,000 minimum removed for exports with payment of tax.	Sec 54(6), 54(14); Notfn 03/2026-CT
Refunds: rules	Input services credit counts in inverted duty refunds; 1.5× cap on zero-rated turnover removed; 90% provisional refund through the portal.	Rule 89; Notfn 05/2026-CT
Registration	New Rule 14B for e-commerce sellers; Rules 19–21 substituted; revised REG-01.	Notfn 05/2026-CT; GSTN advisories
Scrap & e-waste	RCM on purchases from unregistered persons; compulsory registration of suppliers; 2% GST TDS above ₹2.5 lakh per contract.	04/2026-CT(R); 06 & 07/2026-CT
Rates of goods	Retreaded tractor tyres 18% → 5%; psyllium (isabgol) seeds exempt.	02 & 03/2026-CT(R)
Rates of services	New EV transport and renting entries; e-commerce delivery at 5%; same-line ITC for hotels and restaurants; cab hire RCM revised.	06, 08 & 09/2026-CT(R)
Exemptions	Six new service exemptions (seed storage, coffee curing, toll rights and others).	07/2026-CT(R); 07/2026-IT(R)

CT = Central Tax; CT(R) = Central Tax (Rate); IT(R) = Integrated Tax (Rate). Corresponding IGST, UTGST and State notifications apply.

3 Amendments to the CGST Act

Notification No. 03/2026–Central Tax dated 26 October 2026 appoints 1 November 2026 as the date on which Sections 153, 154 and 155 of the Finance Act, 2026 take effect. These were announced in the Union Budget 2026-27.

3.1 Post-supply discounts: Section 15(3)(b) and Section 34(1)

Until 31 October 2026, a discount given after supply reduced the taxable value only if it was agreed before or at the time of supply and could be linked to specific invoices. Both conditions have gone. A post-supply discount now reduces value where:

- the supplier issues a **GST credit note under Section 34** for it; and
- the recipient **reverses the input tax credit** attributable to that discount.

Section 34(1) has been amended so that credit notes expressly cover such discounts.

> **Practice point.** The time limit in Section 34(2) is unchanged. The credit note must be declared by 30 November following the end of the financial year, or the date of filing the annual return, whichever is earlier. Commercial credit notes without GST may still be issued, but they will not reduce the supplier's output tax. Dealer and distributor schemes should be reviewed now so that the credit-note and ITC-reversal trail is clean.

3.2 Refunds: Section 54(6) and Section 54(14)

- **Section 54(6):** the provisional refund mechanism now also covers refunds of unutilised ITC under Section 54(3) arising from an **inverted duty structure**, not only zero-rated supplies.
- **Section 54(14):** the rule that no refund is paid below ₹1,000 no longer applies to refunds of tax paid on **goods exported out of India with payment of tax**. Small exporters benefit most.

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4 CGST (Amendment) Rules, 2026

Notification No. 05/2026–Central Tax dated 26 October 2026 notifies the CGST (Amendment) Rules, 2026. Most provisions apply from 1 November 2026; a few apply from 1 December 2026, 1 January 2027 or 1 April 2027.

4.1 Registration

- **New Rule 14B (e-commerce sellers):** an eligible person registered in a home State may obtain registration under the same PAN in another State or UT where it has no premises, by declaring the warehouse of a consenting e-commerce operator as its principal place of business. The option is voluntary and is available only for goods supplied through operators covered by Section 52.
- **Rules 19, 20 and 21 substituted:** a new approval process for amendments to registration, specified electronic procedures for cancellation, and revised grounds for cancellation. Most amendments are validated online; certain changes to the principal place of business still go to the proper officer.
- **Revised FORM GST REG-01:** category-wise choice of constitution (One Person Company now separate) and type of premises, with a document list for each; separate fields for SEZ units and developers (SEZ Entity ID) and for e-commerce operators liable under Section 9(5).

4.2 Refunds under Rule 89

- Credit on **eligible input services availed on or after 1 November 2026** now counts in the inverted duty refund formula. Earlier, only inputs counted.
- The cap that limited zero-rated turnover of goods to 1.5 times the value of like goods supplied domestically has been **removed**.
- A **provisional refund of 90%** of the amount claimed is to be sanctioned through the portal within three working days of acknowledgement, based on system-driven risk assessment.
- Capital goods credit availed on or after **1 April 2027** will be apportioned over 60 months for refund purposes, subject to conditions. This part is not yet live.

Watch the refund form. EY India notes that the revised Form GST RFD-01 still asks for a declaration that input service credit has not been availed in inverted duty claims, and still refers to a ₹5 crore prosecution threshold while the amended rules refer to ₹2.5 crore. Until GSTN aligns the form, record your position in the application and keep working papers.

4.3 Other rule changes

- Non-resident taxable persons now file **GSTR-5 by the 13th** of the following month (Rule 63).
- GSTN has issued portal advisories dated 1 November 2026 on REG-01, Rule 14B, cancellation, amendment, composition levy and TDS registration for specified goods.

5 Scrap and e-waste: RCM, registration and TDS

Since 10 October 2024, metal scrap has been covered by reverse charge, compulsory registration and 2% GST TDS. From 1 November 2026, the same model extends to four more categories.

Rule	Goods covered	Who acts and how	Notification
Reverse charge	Used cooking oil (1518), plastic waste and scrap (3915), tyre waste and scrap (4004), electrical and electronic waste (8549)	The registered buyer pays GST when buying from an unregistered person.	04/2026-CT(R)
Registration	The above goods and metal scrap	The supplier can no longer rely on the exemption for persons making only RCM supplies; it must register once turnover crosses the threshold.	06/2026-CT
GST TDS	The above goods and metal scrap	The registered buyer deducts 2% (1% CGST + 1% SGST, or 2% IGST) from payments to a registered supplier where the contract value exceeds ₹2.5 lakh.	07/2026-CT

If you buy scrap or e-waste

- Check each supplier's GSTIN status at the time of purchase.
- Unregistered supplier: issue a self-invoice and payment voucher, pay tax in cash under RCM, then take credit.
- Registered supplier above ₹2.5 lakh: register as a tax deductor (REG-07) if not already, deduct 2%, file GSTR-7 by the 10th.

If you sell scrap or e-waste

- Register once aggregate turnover crosses the threshold, even if buyers pay under RCM.
- Once registered, charge GST on invoices.
- Claim TDS credit in the electronic cash ledger after the buyer files GSTR-7.

6 Rate and exemption changes

Notification Nos. 02/2026 to 10/2026–Central Tax (Rate), dated 27 October 2026, apply from 1 November 2026. Matching IGST and UTGST notifications have been issued.

6.1 Goods

Item	HSN	Up to 31 Oct 2026	From 1 Nov 2026	Notification
Retreaded tractor tyres	4012	18%	**5%**	02/2026-CT(R)
Psyllium (isabgol) seeds	1211 90 13	5% if frozen or dried	**Nil**	03/2026-CT(R)
Fertilisers: sea-weed extract based bio-stimulants	3101	5%	5% (clarified by Explanation)	02/2026-CT(R)

6.2 Services

Service	Position from 1 November 2026	Notification
Passenger transport by electric vehicle (charging included in fare)	New entry: 5% with same-line credit only, or 18% with full credit.	06/2026-CT(R)
Renting of electric vehicles for passengers or goods (charging included)	New entries: 5% with same-line credit only, or 18%.	06/2026-CT(R)
Delivery services (other than postal or courier) through an e-commerce operator	5% without ITC. The e-commerce operator pays the tax under Section 9(5), unless the delivery supplier is liable to register under Section 22(1).	06 & 09/2026-CT(R)
Hotels (up to ₹7,500 per day), restaurants, railway and outdoor catering	Rate stays at 5%, but credit of **same-line input services** is now allowed. For hotels and outdoor catering, the credit is capped at 2.5% CGST where the other supplier charged more.	06/2026-CT(R)
Renting of motor cab with fuel to a body corporate	RCM applies unless the supplier charges CGST at 9% (earlier 6%).	08/2026-CT(R)
Toll-Operate-Transfer concessionaires	Special procedure under Section 148: tax on O&M services is paid as amounts are debited from the escrow account.	10/2026-CT(R)

Same-line credit, illustrated. A hotel buys a room worth ₹10,000 from another hotel that charges 9% CGST (₹900). It can take credit of only ₹250, that is 2.5% of ₹10,000. Restaurants and railway catering have no such cap.

6.3 New service exemptions

- Storage or warehousing of **seeds meant for sowing**.
- **Curing of coffee** supplied to coffee cultivators.
- Services of the **Seamen's Provident Fund Organisation** to its members.
- Grant of **toll rights** by the Central or State Government, a local authority or a government entity.
- **Helicopter travel on seat-share basis** to or from the North-Eastern States, Sikkim or Bagdogra.
- IGST only: import of services, without consideration, by the Indian establishment of a **foreign shipping company** from a related person or its establishments abroad.

Separately, the exemption for goods transport agency services in entry 21A no longer covers goods sold through e-commerce operators.

6.4 Supplies that straddle 1 November 2026

Where supply, invoice and payment fall on different sides of 1 November, **Section 14 of the CGST Act** decides the rate. In short, the two events falling on the same side of the date decide it. For retreaded tractor tyres:

Supply	Invoice	Payment	Rate	Basis
28 Oct	28 Oct	5 Nov	**18%**	Sec 14(a)(ii): date of invoice
30 Oct	3 Nov	4 Nov	**5%**	Sec 14(a)(i): earlier of invoice and payment
4 Nov	30 Oct	31 Oct	**18%**	Sec 14(b)(ii): earlier of invoice and payment
4 Nov	30 Oct	6 Nov	**5%**	Sec 14(b)(i): date of payment

7 Related changes not dated 1 November

Change	Status	Effective
Instruction 02/2026-GST (dated 30 Oct 2026)	CBIC has directed CGST field formations: no further arrests; interception of vehicles only on specific intelligence approved by a Joint Commissioner or above; no show cause notice under Sections 73, 74 or 74A where the total amount (CGST + SGST/UTGST + IGST + cess) is below ₹10,000. This is an administrative direction to Central officers only.	Immediate
Law amendments on arrest, e-way bill checks and SCN threshold	Recommended by the Council; the Act is yet to be amended.	1 Apr 2027 (proposed)
Certain registration forms and amendment provisions	Part of the CGST (Amendment) Rules, 2026.	1 Dec 2026
E-invoicing extended	Covers RCM inward supplies from unregistered persons and import of services (Notfn 04/2026-CT). The ₹5 crore turnover threshold is unchanged.	1 Jan 2027
Capital goods in refund formula	Credit availed on or after this date apportioned over 60 months.	1 Apr 2027

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8 Action checklist for clients

- [ ] **Item masters:** update rates for retreaded tractor tyres (5%) and psyllium seeds (Nil); apply Section 14 to invoices around 1 November.
- [ ] **Discount schemes:** route post-sale discounts through GST credit notes; ask customers to reverse ITC; track the Section 34(2) deadline.
- [ ] **Refund pipeline:** recompute inverted duty refunds to include eligible input services from 1 November; exporters should revisit claims below ₹1,000.
- [ ] **Scrap and e-waste:** map suppliers as registered or unregistered; set up RCM self-invoicing; obtain TDS registration and file GSTR-7 where needed.
- [ ] **Hotels, restaurants, caterers:** identify same-line input services that now qualify for credit, and apply the 2.5% cap where relevant.
- [ ] **E-commerce sellers:** assess whether Rule 14B registration in new States suits your fulfilment model.
- [ ] **Corporates hiring cabs:** check whether the supplier charges 9% CGST; otherwise pay tax under RCM.
- [ ] **Registration filings:** use the revised REG-01 and keep premises and constitution documents ready.
- [ ] **ERP readiness:** plan for the e-invoicing extension from 1 January 2027.
- [ ] **Pending notices:** where a proposed demand from Central GST officers is below ₹10,000, cite Instruction 02/2026-GST.

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9 Notification reference

Notification	Date	Subject
03/2026-Central Tax	26 Oct 2026	Commencement of Sections 153–155, Finance Act 2026
04/2026-Central Tax	26 Oct 2026	E-invoicing scope (from 1 Jan 2027)
05/2026-Central Tax	26 Oct 2026	CGST (Amendment) Rules, 2026
06/2026-Central Tax	27 Oct 2026	Registration of scrap and e-waste suppliers
07/2026-Central Tax	27 Oct 2026	GST TDS on scrap and e-waste
02 & 03/2026-CT(R)	27 Oct 2026	Goods rates; isabgol seeds exemption
04/2026-CT(R)	27 Oct 2026	RCM on specified waste and scrap
05/2026-CT(R)	27 Oct 2026	Definition of nominated agency (wording)
06 & 07/2026-CT(R)	27 Oct 2026	Service rates and ITC conditions; service exemptions
08 & 09/2026-CT(R)	27 Oct 2026	RCM on cab hire; e-commerce operator liability
10/2026-CT(R)	27 Oct 2026	Special procedure for TOT concessionaires
Instruction 02/2026-GST	30 Oct 2026	Arrests, e-way bill interception, SCN threshold

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The 1 November package rewards businesses that keep a clean documentation trail. A credit note with ITC reversal, a correctly mapped supplier and a timely refund claim now carry real cash-flow value.

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For any query on these amendments, refund claims, scrap-trade compliance or registration, please get in touch with us.

Disclaimer: This memo contains general information only and reflects the position as understood on 4 November 2026. Please refer to the notifications published on cbic-gst.gov.in for the exact text, conditions and State-level equivalents. It does not constitute professional advice; readers should seek specific advice before acting on any matter discussed here.