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# GST CHANGES

## FROM

# JANUARY 2026

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**ANKH & ASSOCIATES**  
— CHARTERED ACCOUNTANTS —

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### **Contact Us:**

**Address:** # 3/3-1, Diwan Madhava Rao Road, South  
Cross Road, Basavanagudi, Bengaluru – 560004

**Mobile No:** +91 6366234266

**Email Id:** office@ankhca.com

**Website:** <https://ankhca.com/>

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## 1] Update in Interest Computation for GSTR-3B

a) **From January-2026** tax period onwards, the interest calculation in table 5.1 of GSTR-3B on portal has been enhanced, providing the benefit of the minimum cash balance available in the Electronic Cash Ledger of the taxpayer from the due date of return filing until the date of tax payment (offset) in line with the proviso to Rule 88B(1) of the CGST Rules, 2017. The said change shall be applicable on the delayed returns filed for January 26' tax period for which interest shall be auto-populated in February 26' tax period's GSTR-3B. The revised interest computation formula is mentioned below for better understanding of the taxpayers.

### b) Revised Interest Computation Formula

*Interest = (Net Tax Liability – Minimum Cash Balance in ECL from due date to date of debit) × (No. of days delayed / 365) × Applicable Interest Rate*

### c) Example:

Net Tax Liability = Rs. 5,00,000

Minimum Cash Balance in Electronic Cash Ledger = Rs. 50,000

No. of Days Delayed = 10 Days

Interest shall be computed on Rs. 4,50,000 (Rs. 5,00,000 – Rs. 50,000).

**Interest = 4,50,000 \* 10/365 \* 18% = Rs.2,219.18**

d) The interest auto-populated based on the revised computational formula mentioned above, in table 5.1 of GSTR-3B shall be non-editable and taxpayers would not be allowed to amend the auto-populated values downward. It may be noted that the interest auto-populated in GSTR-3B is only the minimum interest that is required to be paid by the taxpayer. However, the taxpayers needed to self-assess their correct interest liability, and amend the auto populated values upward, if required.

## **2] Update in Table 6.1 – Suggestive Cross-Utilization of ITC**

From the tax period January 2026 onwards, once the available IGST input tax credit (ITC) is fully utilised, the GST Portal will permit payment of IGST liability in Table 6.1 of GSTR-3B using the available CGST and SGST ITC in any order and proportion.

Earlier, the portal did not allow utilisation of SGST ITC towards IGST liability unless CGST ITC was first fully exhausted. This restriction resulted in accumulation of SGST ITC, significant imbalance between CGST and SGST credit balances, and consequent blockage of working capital. It also led to additional payment of CGST through the cash ledger despite the availability of eligible ITC.

This change is expected to resolve the above issues by enabling flexible and legally aligned utilisation of ITC.

## **3] Collection of Interest in GSTR-10 for Delayed Filing of Last Applicable GSTR-3B**

In case of cancelled taxpayers, if the last applicable GSTR-3B return has been filed after the due date, then the interest applicable on such delayed filing shall be levied and collected through the Final Return i.e., GSTR-10.

## **4] Auto-Population of Tax Liability Breakup Table in GSTR-3B**

The 'tax liability breakup table' in GSTR-3B capture the supplies of previous tax periods, reported in current period. The tax is being paid for such supplies in current tax period.

Hence, for the filing of GSTR-3B from January-2026 tax period onwards, the GST Portal shall auto-populate the "Tax Liability Breakup Table" in GSTR-3B based on date of documents related to supplies reported in GSTR-1 / GSTR-1A / IFF pertaining to any previous tax period. Where the corresponding tax liability has been discharged in the current period's GSTR-3B.

### **Example scenario:**

A registered person files January-2026 GSTR-3B and discharges GST liability for the following delayed invoices:

Invoice period	Invoice date	Tax paid in
April-2025	15-04-2025	Jan-2026 GSTR-3B
August-2025	10-08-2025	Jan-2026 GSTR-3B

### **Invoice Details**

Invoice period	Invoice date	Taxable value	IGST	CGST	SGST
April-2025	15-04-2025	10,000	1,800	-	-
August-2025	10-08-2025	1,00,000	-	9,000	9,000
January 2026	01-01-2026	2,00,000	36,000	-	-

### **What will happen in Jan-26 GSTR-3B:**

The Tax Liability Breakup Table will auto-populate two separate entries:

Month	IGST	CGST	SGST	Cess
Supplies pertaining to April -2025	1,800	-	-	-
Supplies pertaining to August – 2025	-	9,000	9,000	-
Supplies pertaining to January -2026	36,000	-	-	-

Although tax is paid in January-2026, the liability will be tagged to the original tax periods based on invoice dates.

### **Interest computation:**

- For April-2025 invoice → interest will be calculated from 20 May 2025 till the date of payment in Jan-2026

- For August-2025 invoice → interest will be calculated from 20 September 2025 till the date of payment in Jan-2026
- Interest will therefore be computed separately for each tax period, and not on a consolidated basis.

### **Conclusion:**

- The portal will show a separate breakup for each earlier tax period, and
- Interest will be applicable period-wise, calculated from the original due date of the respective tax period till the date of payment.

## **5] Amendment in Section 15(3) – Post-Sale Discounts**

### **Earlier Provision**

Under Section 15(3) of the CGST Act, post-sale discounts were allowed to be excluded from the value of supply only if:

- The discount was established in terms of an agreement entered before or at the time of supply, and
- The recipient reversed the proportionate input tax credit (ITC) attributable to the discount.
- In practice, this requirement of linking discounts to a prior agreement resulted in disputes and denial of tax benefit where discounts were given later without explicit contractual linkage.

### **Amendment Introduced (Finance Bill, 2026 – Clause 137)**

- The requirement of establishing a linkage between post-sale discounts and a pre-existing agreement has been removed.
- Section 15(3) now permits exclusion of such discounts from the value of supply where a credit note is issued under Section 34, subject to the condition that the recipient reverses the corresponding input tax credit.

## **Impact & Practical Benefit**

- ✓ Greater flexibility in granting commercial discounts
- ✓ Reduction in litigation on valuation issues
- ✓ Alignment with actual business practices

This change recognises that discounts are often decided post-supply and should not be denied GST benefit merely due to absence of a prior agreement.

## **6] Amendment in Section 34 – Credit Notes**

### **Earlier Provision**

Section 34 governed the issuance of credit notes but did not explicitly refer to Section 15 (valuation provisions), leading to interpretational issues on whether credit notes issued for discounts were fully aligned with valuation rules.

As a result, questions were raised on whether credit notes issued—particularly for post-sale discounts—were fully compliant with the valuation rules prescribed under Section 15. This gap often became a ground for departmental objections during audits and assessments.

### **Amendment Introduced (Finance Bill, 2026 – Clause 138)**

Section 34 is amended to explicitly include reference to Section 15 of the CGST Act.

### **Impact**

- ✓ Legal clarity between valuation and credit note provisions
- ✓ Strengthens the legitimacy of post-sale discount credit notes
- ✓ Reduces departmental objections during audits and assessments

## **7] Amendment in Section 54(6) – Provisional Refund for Inverted Duty Structure**

### **Earlier Provision**

- Provisional refund (90%) under Section 54(6) was available mainly for Zero-rated supplies (exports).
- Refunds arising from Inverted Duty Structure (IDS) were not expressly covered for provisional refund.

### **Amendment Introduced (Finance Bill, 2026 – Clause 139)**

- Provisions of provisional refund are extended to refunds arising out of inverted duty structure.

### **Impact**

- ✓ Faster liquidity for manufacturers and suppliers under IDS
- ✓ Reduced working capital blockage
- ✓ Significant relief for sectors with higher input GST rates
- ✓ This is a major taxpayer-friendly amendment.

## **8] Amendment in Section 54(14) – Threshold Limit for Refund Sanction**

### **Earlier Provision**

- Section 54(14) prescribed a threshold limit below which refunds (especially export refunds with payment of tax) were processed differently.
- This led to procedural delays and inconsistencies.
- This distinction resulted in procedural delays and inconsistencies, as similar refund claims were handled through separate workflows based solely on the amount involved.

- In practice, this led to uneven processing timelines, additional compliance follow-ups, and avoidable administrative complexity for both taxpayers and the tax authorities.

### **Amendment Introduced (Finance Bill, 2026 – Clause 139)**

- The threshold limit is removed for sanction of refund claims in case of goods exported out of India with payment of tax.

### **Impact**

- ✓ Uniform refund processing irrespective of refund amount
- ✓ Faster sanction for small exporters
- ✓ Reduction in administrative discretion

## **9] Insertion of Section 101A(1A) – Interim National Appellate Authority**

### **Earlier Provision**

- Appeals against conflicting Advance Ruling decisions of different States were to be heard by the National Appellate Authority (NAA) under Section 101B.
- However, NAA had not been constituted, leaving taxpayers without an appellate remedy.

### **Amendment Introduced (Finance Bill, 2026 – Clause 140)**

A new Section 101A(1A) is inserted to:

- Empower the Central Government to notify an existing Authority / Tribunal to hear appeals under Section 101B pending constitution of NAA.
- Sub-sections (2) to (13) of Section 101A will not apply where such authority is empowered.

- Explanation clarifies that *existing authority includes a tribunal*.

**Effective Date:** 1st April 2026

### **Impact**

- ✓ Removes long-standing appellate vacuum
- ✓ Provides certainty to taxpayers facing conflicting advance rulings
- ✓ Improves dispute resolution mechanism under GST

## **10] Amendment in IGST Act – Place of Supply for Intermediary Services**

### **Earlier Provision**

Under Section 13(8)(b) of the IGST Act, 2017, the place of supply for intermediary services was deemed to be the location of the supplier of services.

Due to this deeming fiction:

- Intermediary services provided from India to foreign clients were treated as taxable in India.
- Such services were not considered as export of services, leading to GST liability and significant litigation.

### **Amendment Introduced (Finance Bill, 2026 – Clause 141)**

- Clause (b) of sub-section (8) of Section 13 is omitted.
- As a result, the place of supply for intermediary services will now be determined as per the default rule under Section 13(2) of the IGST Act.

Under Section 13(2), the place of supply is the location of the recipient of services.

## **Impact & Practical Benefit**

- ✓ Intermediary services provided to overseas clients will now qualify as export of services, subject to fulfilment of other conditions.
- ✓ GST will generally not be payable on such cross-border intermediary services.
- ✓ Major relief to service exporters, consultants, agents, and facilitators.
- ✓ Long-standing litigation on intermediary services expected to end.

## **11] Amendment in GSTR -1: B2C(others) can accept negative values**

### **Earlier Provision**

- Under the existing GSTR-1 framework, negative values were not permitted in the B2C (Others) table and for supplies made to unregistered persons under Section 9(5).
- As a result, where sales returns exceeded outward supplies in a tax period (resulting in net negative sales), taxpayers were unable to report such figures in the same return.
- Since credit note reporting was not available in these tables, taxpayers were compelled to carry forward and adjust the negative balance in subsequent months, leading to reporting challenges and mismatches.

### **Amendment Introduced**

With effect from January-2026 tax period onwards, the GST Portal will allow:

- Negative values in B2C (Others), and
- Negative values for supplies made to unregistered persons under Section 9(5) in GSTR-1, enabling taxpayers to directly report sales returns resulting in net negative outward supplies for the relevant tax period.

## **Impact and Benefits**

- ✓ Enables accurate and period-specific reporting of sales returns.
- ✓ Eliminates the need to carry forward adjustments to subsequent months.
- ✓ Reduces compliance complications and manual workarounds.
- ✓ Minimises mismatches between GSTR-1 and GSTR-3B.
- ✓ Improves overall data integrity and reconciliation on the GST portal.

## **Conclusion**

The amendment permitting negative values in B2C (Others) and Section 9(5) supplies from January-2026 onwards is a significant compliance facilitation measure. It allows taxpayers to report net negative sales in the correct tax period, thereby simplifying return filing, reducing errors, and enhancing transparency.

----- **Thank You** -----