The Institute of Chartered Accountants of India

GST & Indirect Taxes Committee

GOODS & SERVICES TAX UPDATE-276

1. Amendments in CGST Rules, 2017 – Other than Registration Amendments

Notification No.05/2026 - CT dated 26.10.2026 has made the following amendments in CGST Rules, 2017 through CGST (Amendment) Rules, 2026

These Rules shall be effective from **1st November 2026, unless otherwise notified.**

A. Input Service Distributor (ISD)

- **Rule 39(1)(i) - Distribution of CGST Credit** – The words "or central tax" have been inserted after the words "input tax credit of integrated tax". Accordingly, the ISD may now distribute credit on account of integrated tax as input tax credit of integrated tax or central tax to every recipient.

- **Removal of the word "Common" from Rule 39(1A)** - Earlier, the provision referred to "common input services". Its omission removes the express common-service condition, enabling RCM-related input services attributable to one or more distinct persons to be distributed, even where such services are not commonly used by multiple registrations.

- **ISD Invoicing** – Clause (a) of Rule 54(1A) has been amended to clarify the scope of ISD invoicing to cover ITC on input services attributable to one or more distinct persons, instead of being restricted to common input services facilitating distribution of eligible ITC attributable to distinct persons through ISD mechanism.

- **Rule 60(2)** – Reference to FORM GSTR-6A has been added in clause (2) of Rule 60.

B. Rule 44 – Reversal of ITC on Cancellation of Registration

Effective from 1 December 2026

- Rule 44(1) – The words "sub-section (5)" shall be omitted, removing the specific reference to this sub-section in provision governing ITC reversal.

- Rule 44(4) – FORM GST REG-16 has been inserted along with GSTR-10 for reporting amount of ITC payable at the time of applying for cancellation of registration, instead of relying exclusively on subsequent reporting through GSTR-10.

C. RETURNS

- Rule 62(5) - Annual Return (GSTR-4) for Withdrawal from Composition Scheme – Due date for furnishing Annual Return in Form GSTR-4 changed to 30 June following the end of financial year during such withdrawal falls. This aligns with Rule 62(5) with the annual GSTR-4 due date already moved to 30 June under Rule 62(1)(ii).

- Rule 63: FORM GSTR-5 (Return for NRTP) – GSTR-5 filing by Non-resident taxable person changed from 20 days to 13 days after end of tax period. This aligns the rule with the statutory due date under section 39(5).

D. Insertion of Rule 83C – Amendment of Enrolment of GST Practitioners

- A new Rule 83C has been inserted prescribing the procedure for amendment of particulars furnished in FORM GST PCT-01 by a GST Practitioner, shall be submitted through application in FORM GST REG-14, along with supporting documents, duly verified electronically.

- The provisions of Rule 19 relating to amendment of registration particulars shall apply *mutatis mutandis* to such applications.

E. Debit of Electronic Credit Ledger - Rule 86(3) has been amended to align the procedure for debiting the Electronic Credit Ledger under Rule 86(3) with the prescribed mechanism under Rule 89(3), ensuring uniformity in the treatment and reporting of such debit entries, particularly in the context of refund claims.

F. Rule 86A (from 1 April 2027): Restriction on debit of electronic credit ledger

- Rule 86A (1) - The power to disallow debit of electronic credit ledger now vests in the "proper officer" (instead of Commissioner or an officer authorized by him not below Assistant Commissioner).

- A formal order- based mechanism introduced for restricting debit of ITC along with a prescribed procedure for taxpayers to file objections and obtain a reasoned decision from the proper officer.

- In Rule 86A (1) - The order is issued in new **FORM GST DRC-26** and made available on the portal.

- The order remains in force until one year from issue or until the officer allows the debit, whichever is earlier.

- The taxpayer may object in the new **FORM GST DRC-27**.

- After a hearing, the officer issues order in FORM **GST DRC-28**: Part A allows the debit, Part B rejects the objection.

G. REFUNDS

Procedure & Timelines

- Facilitation Centre route removed – the words "either directly or through a Facilitation Centre notified by the Commissioner" shall be omitted from Rule 89(1) and (1A).

- The window in rule 90(2) reduced from 15 days to 10 days and the proper officer shall act within 10 days of filing the application as per rule 90(3).

- Deemed acknowledgement (new rule 90(3A)) inserted – If neither an acknowledgement in FORM GST RFD-02 nor a deficiency memo in FORM GST RFD-03 issued within 10 days by PO, the application shall be deemed to be acknowledged in FORM GST RFD-02.

- System generated provisional order (Rule 91(2)) – Order in FORM GST RFD-04 shall be generated on portal within 3 working days of acknowledgement, based on system-based risk evaluation. The order issued shall not be required to be revalidated by proper officer.

- Payment order – FORM GST RFD-05 shall now be made available through the portal (Rule 91(3))

- Adjustment against any outstanding dues – New **Rule 92(1B)** shall be inserted, where refund payable under Sec 49(6) and order in FORM GST RFD-06 shall be generated mentioning the amount adjusted against any outstanding demand under the Act or any other law for time being in force and balance refundable. Rule 92(4) shall also be aligned accordingly.

- Rule 92 (4) substituted - Refund orders in FORM GST RFD-06 and payment orders in FORM GST RFD-05 will now cover refunds under Rule (1B). Refund amounts will be electronically credited to the applicant's bank account declared in the registration particulars and specified in the refund application, through a consolidated payment advice.

Rule 89(3) substituted - Debit of credit ledger

- For Rule 89(3) – A prescribed sequence has been introduced for debiting the electronic credit ledger while claiming refunds in the following order namely:

- Integrated tax, to the extent available
- Central tax and State/UT tax, equally to extent of balance available
- In case of shortfall in balance available in particular credit ledger, differential amount shall be debited from other credit ledger.

Documents and Declarations – Rule 89(2), effective from 1 December 2026

- Rule 89(2) prescribed document requirements applicability has been extended to refund applications filed under sub-rules (1A) and (1B), in addition to sub-rule (1).
- Invoice particulars – "number and date'' is replaced by "details" in following clauses of sub - rule (2) – clause (b), (ba), (bb), (c), (d) and (e) and in clause (d) and (e) , the word "second" shall be substituted by word "first".
- Rule 89(2)(h) - The refund documentation requirement has been expanded to include detailed particulars of invoices received, ITC availed and invoices issued, with an express reference to inverted duty structure refunds under Section 54(3)(ii). The earlier restrictive wording specifying accumulation of ITC due to a higher tax rate on inputs has been omitted.
- New clause (ha) to be inserted – Suppliers making concessional-rate supplies to merchant exporters under Notification Nos. 40/2017-CT(R) and 41/2017-IT(R) will now be required to furnish invoice-wise details along with corresponding shipping bills/bills of export while claiming an inverted duty structure refund
- New clause (n) - Applications claiming refund of unutilized ITC covering zero-rated supplies without payment of tax and inverted duty structure will now be required to furnish invoice-wise details of inward supplies along with corresponding ITC availed.
- New clause (o) to be inserted – declaration on non-prosecution for any offence under the Act or any law for the time being in force where tax evaded exceeds Rs.250 lakhs during preceding five years from which the refund relates to, for unutilised ITC refunds or zero -rated supplies with payment of tax.
- New clause (p) to be inserted, **effective from 1st April 2027** – declaration that capital goods in the claim have not been sold, disposed of or permanently removed, are eligible for ITC and are used for making relevant zero-rated or inverted rated supplies in case of refund of unutilised ITC under Sec 54(3) and claim includes credit availed on capital goods.

Refund formula – Rule 89(4) and (5)

- **Inclusion of Input Services and Capital Goods** - Net ITC for refund computation under zero-rated supplies under Rule 89(4) and inverted duty structure under Rule 89(5)

will include eligible ITC on input services and proportionate ITC on capital goods, in addition to inputs. For inverted duty structure refunds, eligible input services will be those on which ITC is availed on or after **1st November 2026**, while capital goods ITC will be considered proportionately over 60 months from **1st April, 2027**.

- **Capital Goods ITC Attribution** – New clause G to Rule 89(4) shall be inserted effective from **1st April ,2027** for capital goods ITC attributable to the relevant refund period will be calculated at 1/60th of eligible ITC for each relevant month, after deducting applicable reversals. For the purposes of this clause, an explanation shall be inserted for number of months shall be taken as the period covered within the relevant period, out of the period of sixty months commencing from the month in which the input tax credit in respect of such capital goods was availed.

- **Change in Export Turnover Valuation** - With effect from **1st November, 2026**, the alternative valuation based on 1.5 times the value of like domestically supplied goods has been removed from Rule 89(4)(C).

- **Revised Inverted Duty Structure Formula** - Rule 89(5) has been substituted to expressly include eligible input services and proportionate capital goods ITC in Net ITC for calculating the maximum refund under the inverted duty structure.

  Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) × Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods and services.

  Where **Net ITC** shall mean the sum of input tax credit availed on inputs and eligible input services during the relevant period and the input tax credit on capital goods attributable to the relevant period

  Eligible input services shall mean input services on which input tax credit has been availed on or after the **1st day of November, 2026**

H. E-way Bill Rule 138 (2A) – The exemption for goods transported by railways now also covers metro railway.

I. Provisional attachment Rule 159

- Amendment in Rule 159(1) – Order of provisional attachment – the words "Part A of" have been inserted after the words "an order in". Accordingly, the Commissioner shall now issue the order of provisional attachment in Part A of FORM GST DRC-22

- Amendment in Rule 159(5) – Rejection of objection against provisional attachment – The Commissioner may now reject the application filed against provisional attachment in Part B of FORM GST DRC-22, if not satisfied with submission of applicant.

New Forms Introduced & Amendments to Existing Forms

FORM Number	Purpose / Changes
FORM GST CMP-02/CMP-04	In both Forms, In Table 5 – Category of Registered Person, a category inserted for Persons eligible for Composition under section 10(2A)
FORM GST CMP-08	Table 3 has been revised to separately report outward supplies of goods, services and services supplied through ECOs liable to pay tax under Section 9(5), clarifying that such ECO supplies are included in the composition taxpayer's aggregate turnover but do not attract tax payment by the composition taxpayer.
FORM GST REG-01	Updated to incorporate options and declarations for small suppliers registering under Rule 14B, a list of requisite documents to be uploaded annexed with FORM GST REG-01, New categories added in nature of possession of premises – a) Co-working space, b) In the name of deceased ancestor c) Special Economic Zone d) ECO's Warehouse under rule 14B
FORM GST REG-14/REG-15	Revised to cover UIN & GSTP enrolment amendments.
FORM GST REG-16 (effective from 1 December 2026)	Reasons for cancellation have been rationalised, the effective date of cancellation has been clarified, and an option to file NIL returns for the intervening period between the last filed return and the proposed cancellation date has been introduced
FORM GST REG-17, 18, 19, 20, 22, 31 and 38 (REG-17,	Aligned with the substituted Rules 21A and 22 and the new Rule 23A. REG-17 (show-cause notice),

18, 20, 22 and 31 effective from 1 April 2027)	REG-22 (revocation order, now also system-generated under rule 23A(2)) and REG-31 (intimation of suspension and notice for cancellation) are substituted. REG-18, REG-19 and REG-20 have rule and clause references amended, and REG-19 has new text added. The new REG-38 intimates deemed cancellation by the system.
FORM GST REG-32/33	Scope of GST REG-32 has been extended to cover withdrawal from Rule 14A & Rule 14B and REG-33 providing for the corresponding withdrawal order.
FORM GSTR-9 / 9C	Optional instructions extended to FY 2025-26 onwards
FORM GSTR-7A (effective from 1st Jan 2027)	Table 7 recast for invoice-wise TDS details.
New FORM GST REG-34 to REG-37 (effective from 1 April 2027)	Procedure specified for changing effective date of cancellation – GST REG-34 (SCN), GST REG-35(Reply), GST REG-36 (Drop Proceeding Order) & GST REG-37 (Final Order)
New FORM GST DRC 26 to 28 (effective from 1 April 2027)	Standardized Procedure & format prescribed for Rule 86A – Order (DRC-26), Objection to Order (DRC-27) & DRC-28(Order after hearing)
FORM GST RFD-01 (Substituted effective from 1 Dec 2026)	Refund application redesigned (rules 89(1), 89(1A) and 89(1B)). Table 8 now lists additional refund grounds, including refund to unregistered persons, export of electricity without payment of tax, and additional IGST on upward price revision after export. Adds a capital goods Y/N flag against ITC-based claims and revised Declarations A to E and Undertakings A and B. Statements and annexures are revised, including Statement 1B, Statement 10 (capital goods ITC), Annexure 3 (inward supplies)

	and Annexure 4 (scheduled energy for electricity exports).

2. Exclusion of Specified Goods from Section 23(2) Exemption

Notification No.5/2017 CT dated 19.06.2017 issued under Section 23(2) of the CGST Act, 2017, exempts persons making only supplies on which the entire tax is payable by the recipient under reverse charge from obtaining registration. It has been amended vide ***Notification No.06/2026 - CT dated 27.10.2026*** which substitutes the existing proviso.

The exemption will not apply to any person engaged in the supply of:

- Used Cooking Oil (falling under First Schedule to Customs Tariff heading 1518).
- Waste and Scrap of Plastics (falling under heading 3915 of First Schedule).
- Waste and Scrap of Tyres (falling under heading 4004 of first Schedule).
- Metal Scrap (falling under Chapters 72 to 81 of first Schedule).
- Electrical and Electronics Waste and Scrap (E-Waste) (falling under heading 8549 of first schedule).

Notification effective from **1 November 2026.**

3. Implementation of TDS on Specified Waste and Scrap Supplies

Notification No.50/2018- CT dated 13.09.2018 has been amended vide ***Notification No. 07/2026 - CT dated 27.10.2026*** to mandate the deduction of TDS under Section 51 of the CGST Act, 2017 on supplies of specific waste, scrap and used materials received by registered persons.

Notification effective from **1 November 2026.**

Clause (d) of the principal notification has been substituted to mandate that any registered person receiving supply of following goods from another registered person must deduct TDS namely : -

- Used Cooking Oil (falling under Customs Tariff heading 1518).
- Waste and Scrap of Plastics (falling under Customs Tariff heading 3915).
- Waste and Scrap of Tyres (falling under Customs Tariff heading 4004).

- Metal Scrap (falling under Customs Tariff Chapters 72 to 81).
- Electrical and Electronics Waste and Scrap (E-Waste) (falling under Customs Tariff heading 8549)

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