October 26, 2026

CBIC

GST changes on post-sale discounts and refunds start November 1

Notification No. 03/2026–Central Tax brings sections 153 to 155 of the Finance Act, 2026 into force on November 1, 2026, amending CGST Act sections 15, 34 and 54.

THE MINISTRY OF FINANCE (Department of Revenue), Central Board of Indirect Taxes and Customs, issued Notification No. 03/2026–Central Tax, S.O. 5791(E), dated October 26, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 5573, dated October 26, 2026. Under clause (b) of sub-section (2) of section 1 of the Finance Act, 2026 (4 of 2026), the Central Government appoints November 1, 2026 as the date on which sections 153 to 155 of that Act come into force. The Act, which received the President's assent on March 30, 2026, left those three sections to come into force on a date to be notified, and this notification brings in those three sections only. It is issued under F. No. CBIC-20001/1/2026-GST and signed by Kriti Pandey, Under Secretary.

KEY FACTS

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Sections 153 and 154 amend the Central Goods and Services Tax Act, 2017 (CGST Act) on discounts given after a supply. Section 15(3) of the CGST Act keeps certain discounts out of the value of a supply. Section 153 substitutes its clause (b), so that a discount given "after the supply has been effected" is excluded "if for such discount, a credit note has been issued by the supplier and input tax credit as is attributable to such discount has been reversed by the recipient of the supply, in accordance with the provisions of section 34." The clause it replaces, in CBIC's text of the CGST Act, excluded such a discount only if "(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and (ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply." Section 154 adds to section 34(1), which sets out when a registered supplier may issue credit notes, the words "or where a discount referred to in clause (b) of sub-section (3) of section 15 is given".

Section 155 amends section 54 of the CGST Act, on refunds. Section 54(6) lets the proper officer refund "on a provisional basis, ninety per cent. of the total amount so claimed" on a claim for refund on account of zero-rated supply of goods or services or both, made by registered persons other than a category notified by the Government on the recommendations of the Council, in the manner and subject to the conditions, limitations and safeguards prescribed. Section 155 adds claims "of unutilised input tax credit allowed under clause (ii) of the first proviso to sub-section (3)": credit accumulated because the rate of tax on inputs is higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies the Government notifies on the recommendations of the Council. Section 54(14) bars a refund under sub-section (5) or (6) of less than one thousand rupees; section 155 inserts "other than cases where refund of tax is claimed on account of goods exported out of India with payment of tax".

From November 1, 2026, a supplier who gives a discount after the supply may keep it out of the value of the supply by issuing a credit note, with the recipient reversing the matching input tax credit, without the earlier condition of an agreement made at or before the supply and linked to invoices. A claim for refund of credit accumulated on an inverted duty structure comes within the

proper officer's power to refund 90% of it provisionally, and a refund claimed on goods exported out of India with payment of tax is no longer barred for being under one thousand rupees. Section 54(6) leaves the manner, conditions, limitations and safeguards of a provisional refund to be prescribed; the notification does not amend the Central Goods and Services Tax Rules, 2017, or say how a provisional refund on an inverted duty structure is to be claimed. Sections 153 to 155 amend the CGST Act only, and the notification does not mention the State Goods and Services Tax Acts. From November 1, 2026, Notification No. 05/2026–Central Tax, G.S.R. 919(E), of the same date, the Central Goods and Services Tax (Amendment) Rules, 2026, sets a new formula for refund on account of inverted duty structure in rule 89(5), omits the 1.5-times limit on the turnover of zero-rated supply of goods from rule 89(4)(C), deems a refund application acknowledged if the proper officer neither acknowledges it nor communicates deficiencies within ten days of filing, and has the common portal generate the provisional refund order in FORM GST RFD-04 within three working days of the acknowledgement; it does not mention section 54(6) or this notification.

Issued by	Ministry of Finance (Department of Revenue), Central Board of Indirect Taxes and Customs
Document	Notification No. 03/2026–Central Tax, S.O. 5791(E)
Dated	October 26, 2026
Published	Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 5573, October 26, 2026
Takes effect	November 1, 2026
Brings into force	Sections 153 to 155 of the Finance Act, 2026 (4 of 2026), and no other section
Amended by sections 153 to 155	Sections 15(3)(b), 34(1), 54(6) and 54(14) of the Central Goods and Services Tax Act, 2017
Applies to	Suppliers giving discounts after a supply and their recipients; refund claimants under section 54 of the CGST Act
Provisional refund	90% of the amount claimed; now also for "unutilised input tax credit" under clause (ii) of the first proviso to section 54(3)
Minimum refund	A refund under section 54(5) or (6) of less than one thousand rupees is not paid, except where refund of tax is claimed on account of goods exported out of India with payment of tax
Related	Notification No. 05/2026–Central Tax, G.S.R. 919(E), October 26, 2026, the Central Goods and Services Tax (Amendment) Rules, 2026: from November 1, 2026, a new inverted duty refund formula in rule 89(5), the 1.5-times limit in rule 89(4)(C) omitted, acknowledgement

	within ten days of filing or deemed acknowledgement under rule 90, and a provisional refund order in FORM GST RFD-04 generated by the common portal within three working days under rule 91(2)
Legal basis	Clause (b) of section 1(2), Finance Act, 2026
File number	F. No. CBIC-20001/1/2026-GST
Signed by	Kriti Pandey, Under Secretary

What sections 153 to 155 of the Finance Act, 2026 change from November 1, 2026

Section of the Finance Act, 2026	CGST Act provision amended	Change
153	Section 15(3)(b)	Clause substituted: a discount given after the supply is excluded from the value if a credit note has been issued by the supplier and the input tax credit attributable to it has been reversed by the recipient, in accordance with section 34. The condition of an agreement made at or before the supply and linked to invoices is no longer in the clause
154	Section 34(1)	Credit notes may also be issued "where a discount referred to in clause (b) of sub-section (3) of section 15 is given"
155(a)	Section 54(6)	Provisional refund extended to claims "of unutilised input tax credit allowed under clause (ii) of the first proviso to sub-section (3)"
155(b)	Section 54(14)	The bar on refunds under sub-section (5) or (6) of less than one thousand rupees no longer applies where refund of tax is claimed on account of goods exported out of India with payment of tax

The notification (PDF, 764 KB)

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