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Indirect Tax

April 2, 2026

Key Changes in Customs and GST under the Finance Act, 2026 – Effective Dates & Analysis

Executive Snapshot

Finance bill 2026 presented during the Union Budget of India on 1 February 2026, received assent of the President of India on 30 March 2026, thereby making it the Finance Act 2026 w.e.f 30 March 2026.

Key amendments made vide the Finance Act 2026 under Customs and GST laws, would be applicable with effect from various dates as per follows -

- **30 March 2026:** Majority of amendments come into force, including Customs law changes relating to offshore fishing, warehousing, advance rulings, and omission of intermediary provisions under IGST.
- **1 April 2026:** Select provisions become effective, including Customs Tariff amendments and CGST amendment enabling interim appellate mechanism.
- **1 May 2026:** Additional Customs Tariff amendments come into effect, primarily relating to structural alignment of tariff entries.
- **From a date to be Notified:** Key GST amendments relating to valuation (post-sale discounts), credit notes, and refund provisions will be implemented with effect from a date yet to be notified.

The key amendments involve valuation framework, refund eligibility, place of supply for intermediary services, and Customs logistics procedures.

Background

As per the provisions of the Finance Act, 2026, the amendments have been brought into force in a phased manner based on specific effective dates.

In terms of commencement, the majority of provisions are effective from 30 March 2026, being the date on which the Act received Presidential assent. Certain identified provisions have been expressly made effective from 1 April 2026, while select amendments, particularly relating to the Customs Tariff, have been further deferred to 1 May 2026. Additionally, specified amendments under the CGST Act have been made applicable from a date to be notified by the Central Government and shall come into force only upon issuance of such notification.

Accordingly, the amendments introduced under the Finance Act, 2026 are operational across multiple timelines, depending upon the nature and subject matter of each provision. It is therefore essential that each amendment is examined and implemented with reference to its specifically prescribed effective date, to ensure accurate compliance and avoid interpretational issues.

The detailed analysis of the amendments has been set out below, with specific reference to the applicable effective date of each provision, to facilitate clarity in interpretation and implementation.

Effective Date: 30 March 2026 (Date of Enactment)

A. Customs Act Amendments

Finance Act Section	Description	Detailed Explanation
Section 145	Amendment to Section 1(2) – Extension to fishing activities beyond territorial waters	<p>Section 145 amends Section 1(2) of the Customs Act, 1962 to extend its applicability to fishing and fishing-related activities undertaken by Indian-flagged fishing vessels beyond territorial waters.</p> <p>This amendment provides statutory backing for levy, procedure, and compliance for such offshore activities, thereby removing jurisdictional ambiguity and enabling effective regulation and enforcement.</p>
Section 146	Insertion of Section 2(28A) Definition of “Indian-flagged fishing vessel”	<p>Section 146 inserts a new clause Section 2(28A) in the Customs Act, 1962 to define “Indian-flagged fishing vessel”.</p> <p>This definition applies for the purposes of provisions relating to fishing and fishing-related activities beyond territorial waters.</p>
Section 147	Amendment to Section 28(6) Penalty treated as charge for non-payment of duty	<p>Section 147 amends Section 28(6) of the Customs Act, 1962 to clarify that where penalty is paid under Section 28(5), pursuant to determination under Section 28(6), such penalty shall be treated as a charge in respect of non-payment or short payment of duty.</p> <p>This provides legal recognition to the penalty as part of the duty recovery framework and strengthens its enforceability in settlement cases.</p>
Section 148	Amendment to Section 28J(2) Extension of advance ruling validity to 5 years	<p>Section 148 amends Section 28J(2) of the Customs Act, 1962 to extend the validity of an advance ruling from the earlier period to 5 years, unless there is a change in law or facts on which the ruling was based.</p> <p>Further, the amendment also provides that existing advance rulings may be extended to a total validity of 5 years upon application by the applicant.</p> <p>This change enhances certainty for importers/exporters in matters relating to classification, valuation, and applicability of</p>

Finance Act Section	Description	Detailed Explanation
		notifications. It reduces the need for frequent re-application and promotes stability in tax positions adopted by taxpayers
Section 149	Insertion of Section 56A Special provisions for fishing-related activities	<p>Section 149 inserts a new Section 56A in the Customs Act, 1962 to provide a complete legal framework for fishing and fishing-related activities, particularly beyond territorial waters. The provision specifies that fish harvested beyond territorial waters and brought into India may be exempt from customs duty, subject to prescribed conditions.</p> <p>It also provides that fish landed at a foreign port may be treated as export of goods, subject to rules.</p> <p>Further, the section empowers the Government to prescribe procedures relating to entry, declaration, custody, examination, assessment, clearance, transit, and transshipment of such goods. This amendment establishes a structured mechanism covering both substantive and procedural aspects of offshore fishing operations.</p>
Section 150	Substitution of Section 67 Removal of prior permission for warehouse transfer	<p>Section 150 substitutes Section 67 of the Customs Act, 1962 to provide that warehoused goods may be removed from one warehouse to another without requiring prior permission of the proper officer, subject to prescribed conditions.</p> <p>This amendment simplifies the procedure for inter-warehouse movement by replacing the approval-based mechanism with a compliance-based framework. It facilitates faster logistics, reduces procedural delays, and aligns with ease of doing business objectives while retaining regulatory control through prescribed safeguards.</p>
Section 151	Amendment to Section 84(b) Inclusion of "custody" for courier/post goods	<p>Section 151 amends Section 84(b) of the Customs Act, 1962 to include the term "custody" in addition to examination of goods imported or exported by post or courier.</p> <p>This enables the Board to prescribe regulations not only for examination but also for custody, handling, and storage of such goods.</p>

Finance Act Section	Description	Detailed Explanation
		The amendment strengthens the legal framework governing control over courier and postal consignments and provides clarity on regulatory powers for safeguarding and monitoring such goods

B. IGST Act Amendment

Finance Act Section	Description	Detailed Explanation
Section 157	Omission of Section 13(8)(b) Intermediary services provision removed	Section 157 omits Section 13(8)(b) of the IGST Act, 2017, which earlier provided that the place of supply for intermediary services shall be the location of the supplier. Post omission, the place of supply will be governed by the general provisions of Section 13, i.e., typically the location of the recipient. Further, the Finance Act does not specify this amendment as effective from 1 April 2026 nor subject to notification. Accordingly, the amendment is effective from 30 March 2026, being the date of Presidential assent

Effective Date: 1 April 2026

A. Customs Tariff Act Amendments

Finance Act Section	Description	Detailed Explanation
Section 152 (Part)	Amendment to First Schedule – Tariff changes (Phase 1)	Section 152 amends the First Schedule to the Customs Tariff Act, 1975 to incorporate changes in tariff rates and classification as specified in the relevant Schedules to the Finance Act, 2026. The amendment explicitly provides that such changes shall come into effect from 1 April 2026, except for certain entries which may have different notified dates (e.g., 1 May 2026). These changes align tariff structure with policy objectives and replace or modify existing duty entries where applicable

B. CGST Act Amendment

Finance Act Section	Description	Detailed Explanation
Section 156	Amendment to Section 101A Interim appellate authority mechanism	<p>Section 156 amends Section 101A of the CGST Act, 2017 to enable the Government to empower an existing authority or tribunal to discharge the functions of the Appellate Tribunal under Section 101B, until such time as the National Appellate Authority is constituted.</p> <p>The amendment is specifically effective from 1 April 2026, ensuring continuity in appellate mechanisms and avoiding any gap in adjudication of disputes.</p>

Effective Date: 1 May 2026

Finance Act Section	Description	Detailed Explanation
Section 152 (Continued)	Amendment to First Schedule Customs Tariff Act, 1975 (Effective from 1 May 2026)	<p>Section 152 further provides those specified amendments to the First Schedule to the Customs Tariff Act, 1975, as detailed in the Fourth and Fifth Schedules, shall come into effect from 1 May 2026.</p> <p>These amendments typically involve incorporation of duty rates into the tariff itself and consequential omission of corresponding exemption notifications, without necessarily altering the effective rate of duty.</p> <p>This ensures structural alignment of tariff entries and legal clarity in rate applicability</p>

Effective Date: To be Notified

Finance Act Section	Description	Detailed Explanation
Section 153	Amendment to Section 15(3) Post-sale discount provisions	<p>Section 153 amends Section 15(3)(b) of the CGST Act, 2017 by removing the earlier requirement that post-supply discounts must be established in terms of an agreement entered into at or before the time of supply.</p> <p>Pursuant to the amendment, post-supply discounts can now be excluded from the value of supply subject to the condition that a credit note is issued under Section 34 and the recipient reverses the proportionate Input Tax Credit (ITC) attributable to such discount.</p>

Finance Act Section	Description	Detailed Explanation
		<p>This amendment aligns the valuation provisions with commercial practices where discounts are determined post-supply and reduces disputes arising on account of absence of pre-existing agreements, while continuing to safeguard revenue through mandatory ITC reversal.</p> <p>From a compliance perspective, businesses are required to ensure proper documentation, timely issuance of credit notes, and accurate tracking of ITC reversals.</p>
Section 154	<p>Amendment to Section 34 of the CGST Act, 2017</p> <p>Credit note provisions aligned with valuation</p>	<p>Section 154 amends Section 34(1) of the CGST Act, 2017 to align the provisions relating to issuance of credit notes with the amended valuation framework under Section 15(3).</p> <p>Pursuant to the amendment, credit notes can be issued in respect of post-supply discounts, including those not agreed upon at or before the time of supply, subject to fulfilment of conditions prescribed under Section 15(3), particularly reversal of proportionate Input Tax Credit (ITC) by the recipient.</p> <p>This amendment ensures consistency between valuation and credit note provisions, thereby providing statutory backing for post-supply commercial adjustments and reducing interpretational disputes.</p> <p>From a compliance perspective, businesses are required to ensure proper linkage between credit notes issued and corresponding ITC reversals by recipients, along with adequate documentation and reconciliation.</p>
Section 155	<p>Amendment to Section 54</p> <p>Refund provisions rationalised</p>	<p>Section 155 amends Section 54 of the CGST Act, 2017 to expand the scope of refund provisions.</p> <p>The amendment provides for grant of provisional refund in cases of unutilised Input Tax Credit arising due to inverted duty structure, which was earlier not expressly covered.</p> <p>Further, the amendment clarifies that the restriction under Section 54(14) shall not apply to refund of tax paid on export of goods,</p>

Finance Act Section	Description	Detailed Explanation
		<p>thereby removing ambiguity and enabling refund eligibility in such cases.</p> <p>This change is expected to improve liquidity for taxpayers, particularly those operating under inverted duty structures and engaged in exports, by facilitating faster and clearer refund entitlement.</p> <p>From a compliance perspective, businesses should review existing and pending refund claims, ensure proper documentation and reconciliation, and align internal processes to avail the benefit of provisional refunds.</p>

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