SUPPLEMENTARY FOR DECEMBER 2026 TERM OF EXAMINATION

PAPER – 7

SECTION - B

INDIRECT TAXATION

SYLLABUS 2022

INDIRECT TAX

RSP-Based Valuation of Specified Tobacco Products under GST [Notification No. 19/2025 and 20/2025–Central Tax, dated 31-12-2025]

The Notification No. 19/2025 amends Notification No. 49/2023-Central Tax to prescribe retail sale price (RSP)-based valuation for specified goods. The covered products include pan masala, unmanufactured tobacco, cigarettes and other tobacco products, and products containing tobacco/nicotine intended for inhalation without combustion.

For these goods, the maximum retail price declared on the package is treated as the retail sale price, including applicable taxes, duties, surcharge and cess. Where multiple prices are declared, the highest price is considered; any subsequent increase in the declared price is also taken into account.

Notification No. 20/2025–Central Tax, dated 31 December 2025, introduces Rule 31D in the CGST Rules, 2017, prescribing a special method for determining the value of supply of specified goods on the basis of their Retail Sale Price (RSP).

As per Rule 31D, the value of supply is deemed to be the declared RSP less the applicable tax. The notification prescribes a formula for determining the tax component from the RSP and provides that the highest declared RSP is considered where multiple RSPs are printed. Any subsequent increase in the declared RSP is also taken into account. Further, Rule 86B is amended to exempt a registered person other than a manufacturer from its requirements for these specified goods where the supplier has already paid tax based on RSP

Place of Supply and Intermediary Services

W.e.f. 30-03-2026, reference to the “Intermediary Services” has been removed from section 13(8)(b) of the IGST Act

Previously, the place of supply for intermediary services was the location of the supplier. With this omission, the default rule u/s 13(2) applies, making the place of supply the location of the recipient.

Post February 1, 2026, Compensation Cess is no longer payable on any item.