

Refund of STax paid under notification No. 41-2007-ST Board Clarifications-Q & A

1. **Claim for March-June 08, could be filed till 31st December 2008:** Consequent to the revision of limitation period from 60 days to six months, refund claims of service tax on specified taxable services used for exports of goods made in the quarter Mar-Jun 08 could be filed till 31st Dec 08. *[But isn't it a little late? They could have given this clarification before 31.12.2008]*
2. **Deductions made by banks not to be deducted from refunds:** Refund is admissible on the basis of gross amount received for the exports and deductions made by the banks from export remittances, in lieu of services provided by bank, should not be deducted while granting refund.
3. **When foreign exchange remittance certificates (FIRC) are made on running account basis by the banks:** In such cases where FIRCs are issued on consolidated basis, the exporters should submit self-certified statement alongwith FIRC showing the details of export in respect of which the FIRC pertains. Refunds should be allowed on such certified statements. However, exporters should maintain a register showing running account which should be reconciled between the export and the remittance periodically. *[How is 'foreign exchange remittance certificates' – FIRC? It is actually Foreign Exchange Inward Remittance Certificate]*
4. **Where payments are received by cheque, banks do not issue FIRC and refunds are denied:** Refund may be allowed on the basis of duly certified bank statement.
5. **Limitation to apply from date of export** not from the date of receipt of remittances.
6. **Notification is prospective** and refund is not admissible on such services received prior to the date they are notified in the said notification, even if the goods, in relation to which these services are used, are exported after the date when such services are notified.
7. **Certified copies of documents will be accepted:** Only in case of in-depth enquiry original documents can be verified.
8. **No verification of registration certificate of the supplier of service.**
9. **Refund not eligible for the quarter ending September 2007.**

All pending refund claims are to be decided accordingly.

Board once again **reiterates** that refund claims be sanctioned expeditiously within the time prescribed by the Board.

Can the Board find out how many claims have been received and how many sanctioned?

I know a service provider who has a peculiar relation with his client who is an exporter. The client pays the Service Tax but collects back half of it on the understanding that he would give it back as and when and if the Department gives him refund. So now the service provider is doing the rounds of Service Tax offices to get that refund for his client. There is an agent who is ready to buy the refund claim at a discount of forty percent or get the refund for a commission of twenty percent – and the government would get service tax on this commission – see the tremendous business opportunities the lawmakers can unwittingly create. **Refund is a multi Crore industry indeed!** Government should seriously think of starting a Service Tax Refund Procurement Facilitator Scheme.