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Topics for today's session

1. Legal references
2. Refund and important terms
3. Situations of refunds under GST
4. Sec.54 & relevant date
5. Refund option on portal
6. Refund Process
7. Calculation of refund & Provisional refund
8. Time limit & Interest on delayed refund
9. Scope of refund
10. Deemed exports
11. Inverted duty structure
12. Documents to be filed
13. Bond or LUT
14. Important circulars

Legal reference- Act & Rules

Chapter XI

Sections

- 54. Refund of tax
- 55. Refund in certain cases
- 56. Interest on delayed refunds
- 57. Consumer Welfare Fund
- 58. Utilization of Fund

Other Relevant Sections

- 33. Tax to be indicated in tax invoice
- 57. Consumer Welfare Fund
- 49. Payment of tax, interest, penalty etc.
- 39. Furnishing of returns
- 77. Tax wrongfully collected and paid

Chapter X- Rules

- 89. Application for refund of tax, interest, penalty, fees or any other amount
- 90. Acknowledgement
- 91. Grant of provisional refund
- 92. Order sanctioning refund
- 93. Credit of the amount of rejected refund claim
- 94. Order sanctioning interest on delayed refunds
- 95. Refund of tax to certain persons
- 95A. Refund to retail outlets in international airports
- 96. Refund of integrated tax paid on goods or services exported out of India
- 96A. Export of goods or services under bond or Letter of Undertaking
- 96B. Recovery of refund of unutilized ITC or IGST paid on export of goods where export proceeds not realized
- 97. Consumer Welfare Fund
- 97A. Manual filing and processing

Notifications till date CGST 16, IGST 1

Sl.No	Not'n No:	Date	Subject	Description
1	3/2018	23/01/18	First Amendment 2018, to CGST Rules	<ol style="list-style-type: none">1. Refund shall be granted for the ITC in respect of inputs used in making Zero rated goods/service even in cases when the supplies has recieved benift from the GOI Ministry of Finance, notifications.2. The application for refund of integrated tax paid on the services exported out of India shall be filed in FORM GST RFD-01
2	10/2018	23/01/18	Amending notification No. 39/2017-Central Tax dated 13.10.2017 for cross-empowerment of State tax officers for processing and grant of refund	In case of refund, tax paid on goods exported out of India has restrictions on its sanctioning authority.

Notifications till date

Sl.No	Not'n No:	Date	Subject	Description
3	20/2018	28/03/18	Extension of due date for filing of application for refund under section 55 by notified agencies	The period for application for refund of tax paid on inward supplies shall be mad before the expiry of eighteen months from the last date of the quarter in which such supply was received
4	21/2018	18/04/18	Notification seeks to make amendments (Fourth Amendment) to the CGST Rules, 2017.	Refund on account of inverted duty structure, refund of input tax credit – Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods and services.
5	26/2018	13/06/18	Seeks to make amendments (Fifth Amendment, 2018) to the CGST Rules, 2017.	The formula to calculate refund on account of inverted duty structure, refund of input tax credit changed to – Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods and services.

Notifications till date

Sl.No	Not'n No:	Date	Subject	Description
6	39/2018	04/9/18	Seeks to make amendments (Eighth Amendment, 2018) to the CGST Rules, 2017	<ol style="list-style-type: none">1. In calculation of refund amount of taxes paid on zero-rate supply, definition for Adjusted annual turnover has been slightly amended.2. Certain restrictions apply for claiming refund of integrated tax paid on exports of goods or services.
7	53/2018	9/10/18	Seeks to make amendments (Eleventh Amendment, 2018) to the CGST Rules, 2017. This notification restores rule 96(10) to the position that existed before the amendment carried out in the said rule by notification No. 39/2018- Central Tax dated 04.09.2018.	Amending the CGST rules 2017 to restore rule 96(10) i.e refund of IGST paid on exports out of India.

Notifications till date

Sl.No	Not'n No:	Date	Subject	Description
8	54/2018	9/10/18	Seeks to make amendments (Twelfth Amendment, 2018) to the CGST Rules, 2017. This notification amends rule 96(10) to allow exporters who have received capital goods under the EPCG scheme to claim the refund of the IGST paid on exports and align rule 89(4B) to make it consistent with rule 96(10).	Exporters who have received capital goods under the EPCG scheme are allowed to claim the refund of the IGST paid on exports.
9	74/2018	31/12/18	Seeks to make amendments (Fourteenth Amendment, 2018) to the CGST Rules, 2017.	<ol style="list-style-type: none">1. In Rule 89(5) governing provisions of refund of GST under inverted duty structure, the words 'adjusted total turnover' and 'relevant period' must be same as defined under Rule 89(4).2. A new form RFD-01 and RFD-01A now replace the old forms.

Notifications till date

Sl.No	Not'n No:	Date	Subject	Description
10	31/2019	28/06/19	Changes to the CGST Rules 2017- Central Goods and Services Tax (Fourth Amendment) Rules, 2019	<ol style="list-style-type: none">1. There are changes to Rule 66 and 67 of CGST Rules Form and manner of submitting TDS and TCS returns.2. New rule for GST refund has been prescribed covering Refund of taxes to the retail outlets established in departure area of an international Airport.
11	33/2019	18/7/19	Changes to the CGST Rules- Central Goods and Services Tax (Fifth Amendment) Rules, 2019	Following changes are made in the CGST rules: The declaration statement in Statement 5B while applying for GST refund for deemed exports is changed.

Notifications till date

Sl.No	Not'n No:	Date	Subject	Description
12	39/2019	31/8/19	Section 103 of the Finance (No. 2) Act, 2019 comes into force from 1st September 2019	The Central Government has appointed 1st September 2019 as the date from which the provisions of section 103 of the Finance (No. 2) Act, 2019 comes into force. Section 103 reads as- "In section 54 of the Central Goods and Services Tax Act, after sub-section (8), the following sub-section shall be inserted, namely: (8A) The Government may disburse the refund of the State tax in such manner as may be prescribed."
13	56/2019	14/11/19	Seeks to carry out Seventh amendment (2019) in the CGST Rules, 2017. (Primarily related to Simplification of the Annual Return or Reconciliation Statement)	Following amendments are made to the CGST Rules: (1) Changes are made in the Statement or declarations to be given along with the refund application.

Notifications till date

Sl.No	Not'n No:	Date	Subject	Description
14	16/2020	23/03/2020	Seeks to make the third amendment (2020) to CGST Rules.	<p>The following amendments are made to CGST Rules, 2017 as follows:</p> <ol style="list-style-type: none"> 1. Refund sanction in RFD-06 can be made after adjusting any dues on the account. Accordingly, PMT-03 will be used to re-credit the ITC to the electronic credit ledger. 2. Procedure is notified for recovery of refund of unutilised input tax credit or integrated tax paid on export of goods where export proceeds not realised. 3. A new undertaking is inserted for RFD-01
15	46/2020	09/06/2020	Seeks to extend period to pass order under Section 54(7) of CGST Act.	<p>The CBIC notifies the extension of the time limit where a notice has been issued for the rejection of refund claim, and where the time limit for issuance of order falls between 20h March, 2020, and 29th June, 2020, then the time limit for issuance of the said order shall be extended to fifteen days after the receipt of reply to the notice from the registered person, or the 30th June, 2020, whichever is later. This comes into effect from 20th March, 2020.</p>

Notifications till date

Sl.No	Not'n No:	Date	Subject	Description
16	56/2020	27/06/2020	Seeks to amend notification no. 46/2020-Central Tax in order to further extend period to pass order under Section 54(7) of CGST Act till 31.08.2020 or in some cases upto fifteen days thereafter.	The CBIC notifies the further extension in the time limit where a notice has been issued for the rejection of refund claim, beyond the period which had been notified in CBIC notification no. 46/2020.
17	1/2018	01/23/2018	Amendment of notification No. 11/2017-Integrated Tax dated 13.10.2017 for cross-empowerment of State tax officers for processing and grant of refund	In case of refund, tax paid on goods exported out of India has restrictions on its sanctioning authority.

Circulars till date- 26

Sl.No	Date	Circular No.	Subject	Description
1	04/10/2017	8/2017	LUT Bond	Detailed clarifications on LUT Bond. Amended by circular 88/2019.
2	15/11/2017	17/2017	Rescinded by circular 125/2019	Manual Filing and processing in respect of Zero Rated Supplies
3	16/11/2017	18/2017	Refund	Exporters of Fabrics
4	21/12/2017	24/2017	Rescinded by circular 125/2019	Manual filing and processing on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger
5	13/03/2018	36/2018	Refund Application	UIN entities
6	15/03/2018	37/2018	Rescinded by circular 125/2019	Export related refund issues

Circulars till date

Sl.No	Date	Circular No.	Subject	Description
7	06/04/2018	40/2018	LUT Bond	Clarification on issues related to furnishing of Bond/Letter of Undertaking for exports
8	13/04/2018	43/2018	Refund Application	UIN entities
9	03/05/2018	45/2018	Rescinded by circular 125/2019	Refund related issues
10	14/06/2018	48/2018	Refund	Independent fabric processors (job workers) in the textile sector supplying job work services
11	24/08/2018	56/2018	Refund	Clarification on removal of restriction on refund of accumulated Input Tax Credit on fabrics
12	04/09/2018	59/2018	Rescinded by circular 125/2019	Refund related issues
13	04/09/2018	60/2018	Refund Application	Canteen Stores Department (CSD)
14	14/09/2018	63/2018	Refund	Processing of refund claims filed by UIN entities

Circulars till date

Sl.No	Date	Circular No.	Subject	Description
15	05/10/2018	68/2018	Refund	Refund of compensation cess to UN
16	26/10/2018	70/2018	Rescinded by circular 125/2019	Refund related issues
17	27/12/2018	75/2018	Refund	Financial assistance by Refund of GST to Gurdwara, Temples etc.providing free food to devotees
18	31/12/2018	79/2018	Rescinded by circular 125/2019	Refund related issues
19	28/03/2019	94/2019	Rescinded by circular 125/2019	Refund related issues
20	28/06/2019	104/2019	Refund Application	Processing of refund applications in FORM GST RFD-01A submitted by taxpayers wrongly mapped on the common portal

Circulars till date

Sl.No	Date	Circular No.	Subject	Description
21	29/06/2019	106/2019	Refund	Refund of taxes paid on inward supply of indigenous goods by retail outlets established at departure area of the international airport beyond immigration counters when supplied to outgoing international tourist against foreign exchange.
22	01/08/2019	88/2019	LUT Bond	Amending Circular 8/2017
23	03/10/2019	111/2019	Refund	Procedure to claim refund in FORM GST RFD-01 subsequent to favourable order in appeal or any other forum
24	03/10/2019	110/2019	Refund	Eligibility to file a refund application in FORM GST RFD-01 for a period and category under which a NIL refund application has already been filed
25	18-11-2019	125/2019	Refund Application Electronic	Clarify the fully electronic refund process through FORM GST RFD-01 and single disbursement.
26	31/03/2020	135/2020	Refund	Clarification on various issues.

As per explanation 1 to Sec 54 'refund'

- ❖ includes refund
- ❖ of tax paid on zero-rated supplies of goods or services or both or
- ❖ on inputs or input services used in making such zero-rated supplies, or
- ❖ refund of tax on the supply of goods regarded as deemed exports, or
- ❖ refund of unutilised input tax credit as provided under sub-section (3).

Excess tax payment or Payment of Tax which was not required including interest and other amount

Amount in cash ledger

Cases where refund voucher is issued

Payment of taxes in wrong head i.e. C+S instead of I and vice versa

Important terms & definitions

Refund- Section 54- Explanation —For the purposes of this section,—

(1) “refund” includes refund of **tax paid on zero-rated supplies of goods or services or both** or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilised input tax credit as provided under sub-section (3).

Inverted Duty Structure- not defined

Rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies)

Input- Sec.2 (59)

“input” means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business

Zero rated supply – IGST - 16 (1) “zero rated supply” means any of the following supplies of goods or services or both, namely

(a) export of goods or services or both; or

(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

Capital Goods- Section 2(19)

“capital goods” means goods, the value of which is capitalised in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business

Important terms & definitions

Turnover of Zero rated supply of Goods- Rule 89 (4C)

the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the Page 92 of 160 supplier, whichever is less, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;

Turnover of Zero rated supply of Services- Rule 89 (4D)

the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner namely Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

Deemed exports

Section 147 The Government may, on the recommendations of the Council, notify certain supplies of goods as deemed exports, where goods supplied do not leave India, and payment for such supplies is received either in Indian rupees or in convertible foreign exchange, if such goods are manufactured in India. (Notified in 48/2017)

List of Forms for Refund

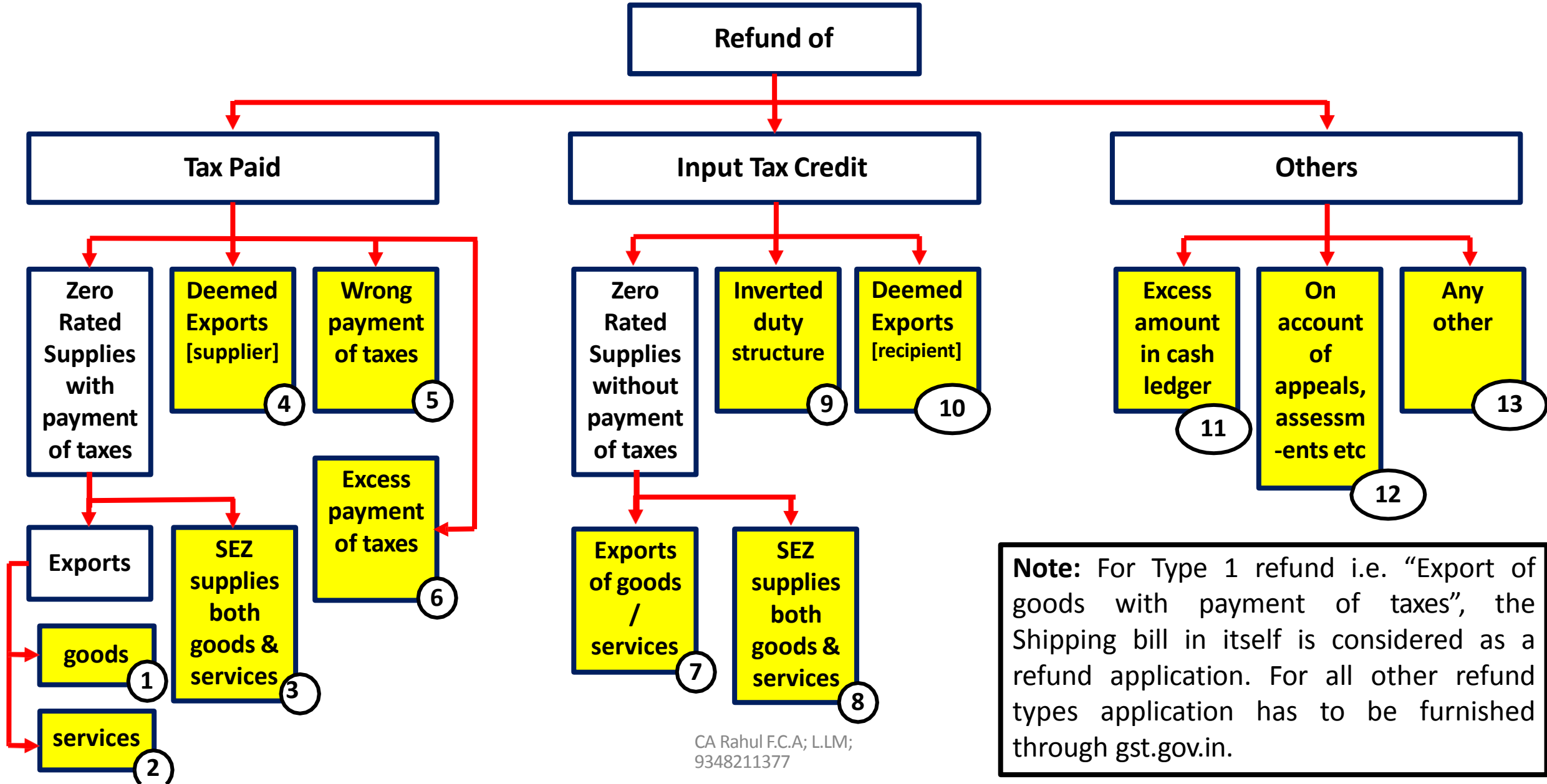
Sl.No	Form	Available for	Description of the Form
1.	FORM-GST-RFD-01	For Taxpayer	Application for Refund
2.	FORM-GST-RFD-02	For Tax Official	Acknowledgement of Refund Application
3.	FORM-GST-RFD-03	For Tax Official	Deficiency Memo
4.	FORM-GST-RFD-04	For Tax Official	Provisional Refund Order
5.	FORM-GST-RFD-05	For Tax Official	Payment Order
6.	FORM-GST-RFD-06	For Tax Official	Final Refund Order
7.	FORM-GST-RFD-07B	For Tax Official	Refund Withhold Order

List of Forms for Refund

Sl.No	Form	Available for	Description of the Form
8.	FORM-GST-RFD-08	For Tax Official	Show Cause Notice
9.	FORM-GST-RFD-09	For Taxpayer	Reply to Show Cause Notice
10.	FORM-GST-RFD-010	For Taxpayer	Application for Refund by any specialized agency of UN or any Multilateral Financial Institution and Organization, Consulate or Embassy of foreign countries, etc.
11.	FORM-GST-RFD-011	For Taxpayer	Furnishing of bond or Letter of Undertaking for export of goods or services
12.	FORM-GST-RFD-01A	For Taxpayer	Application for Refund (Operational up to 26.09.2019)
13.	FORM-GST-RFD-01B	For Tax Official	Refund Order Details (Operational for all RFD-01A filed before 26th Sept. 2019)

Types of refunds under GST

Sec 54
Read with Rules



Note: For Type 1 refund i.e. “Export of goods with payment of taxes”, the Shipping bill in itself is considered as a refund application. For all other refund types application has to be furnished through gst.gov.in.

- Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him,
- may make an [application](#)
- before the expiry of two years**
- from the **“relevant date”**
- in such form and manner as may be prescribed:

Relevant date

Explanation 2 to Sec.54

S. No	Nature of refund	Relevant date
1	Export of goods (both with payment of taxes and without payment of taxes under LuT/Bond)	
	- By sea	Date on which ship leaves India
	- By air	Date on which aircraft leaves India
	- By land	Date on which goods pass the custom frontier
	- By post	Date of dispatch of goods to a place outside India
2	Deemed exports	Date on which the return relating to such deemed exports is furnished
3	Export of services	
	- Supply made prior to receipt of money	Date of receipt of payment
	- Payment made prior to issue of invoice	Date of issue of invoice
4	Judgment, assessment, appeal etc	Date of communication of judgment, decree, order etc.
5	Inverted duty structure	Due date of return for the period to which refund pertains
6	Provisional Assessment	Date of adjustment of tax after final assessment
7	Filed by a person other than supplier	Date of receipt of goods or services or both
8	Other case	Date of payment of tax

Relevant Date for refund of Unutilized ITC in case of zero-rated supplies to SEZ Unit or SEZ Developer

Before Amendment by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019.

- (2) "relevant date" means—**
- (e) in the case of refund of unutilised input tax credit under sub-section (3), the end of the financial year in which such claim for refund arises;"**

After Amendment by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019.

- (2) "relevant date" means—**
- (e) in the case of refund of unutilised input tax credit under clause (ii) of the first proviso to sub-section (3), the due date for furnishing of return under section 39 for the period in which such claim for refund arises;**

Refund option on GST Portal

The screenshot displays the GST Portal interface. At the top, the browser address bar shows `services.gst.gov.in/services/auth/fowelcome`. The main header features the Government of India logo and the text "Goods and Services Tax". A navigation menu includes "Dashboard", "Services", "GST Law", "Downloads", "Search Taxpayer", "Help", "e-Way Bill System", and "New Return (Trial)". The "Services" menu is expanded, showing options like "Registration", "Ledgers", "Returns", "Payments", "User Services", and "Refunds". The "Refunds" option is highlighted with a red circle. Below the navigation menu, a message states: "You can navigate to your chosen page through navigation panel given below". Several action buttons are visible: "RETURN DASHBOARD >", "NEW RETURN (TRIAL) >", "CREATE CHALLAN >", "VIEW NOTICE(S) AND ORDER(S) >", and "ANNUAL RETURN >". At the bottom, there is a button for "CONTINUE TO DASHBOARD >". The footer contains the text "Else Go to >>". The system tray at the bottom shows the date and time as 17/04/2020, 12:19 PM.

services.gst.gov.in/services/auth/fowelcome

Goods and Services Tax

Dashboard Services GST Law Downloads Search Taxpayer Help e-Way Bill System New Return (Trial)

Registration Ledgers Returns Payments User Services Refunds

Application for Refund Refund pre-application form

My Saved/Filed Applications Track Application Status

Track status of invoice data to be shared with ICEGATE Intimation on account of Refund not received

You can navigate to your chosen page through navigation panel given below

RETURN DASHBOARD > NEW RETURN (TRIAL) > CREATE CHALLAN >

VIEW NOTICE(S) AND ORDER(S) >

ANNUAL RETURN >

View Profile >

Quick Links

Check Cash Balance

Liability ledger

Credit ledger

Else Go to >> CONTINUE TO DASHBOARD >

CA Rahul FCA: LLM: ADVINEET BIHARIA 9348211377

12:19 PM 17/04/2020

Types of refunds under GST

Sec 54
Read with Rules

<input type="radio"/>	Refund of Excess Balance in Electronic Cash Ledger
<input type="radio"/>	Refund of ITC on Export of Goods & Services without Payment of Tax
<input type="radio"/>	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)
<input type="radio"/>	Refund on account of ITC accumulated due to Inverted Tax Structure
<input type="radio"/>	On account of Refund by Recipient of deemed export
<input type="radio"/>	Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)
<input type="radio"/>	Export of services with payment of tax
<input type="radio"/>	Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa
<input type="radio"/>	On account of Refund by Supplier of deemed export
<input type="radio"/>	Any other (specify)
<input type="radio"/>	Excess payment of tax
<input type="radio"/>	On Account of Assessment/Provisional Assessment/Appeal/Any other order

**View after clicking
“Refunds” option on
GST portal.**

Refund Process

Sec 54
R/w Rule 90

On submission of refund application
in form RFD-01 an ARN will be generated

Within 15 days of filing of refund application the proper officer shall check the application for its completeness and

If complete
issue acknowledgement in form RFD-02

If incomplete
issue deficiency memo in RFD-03

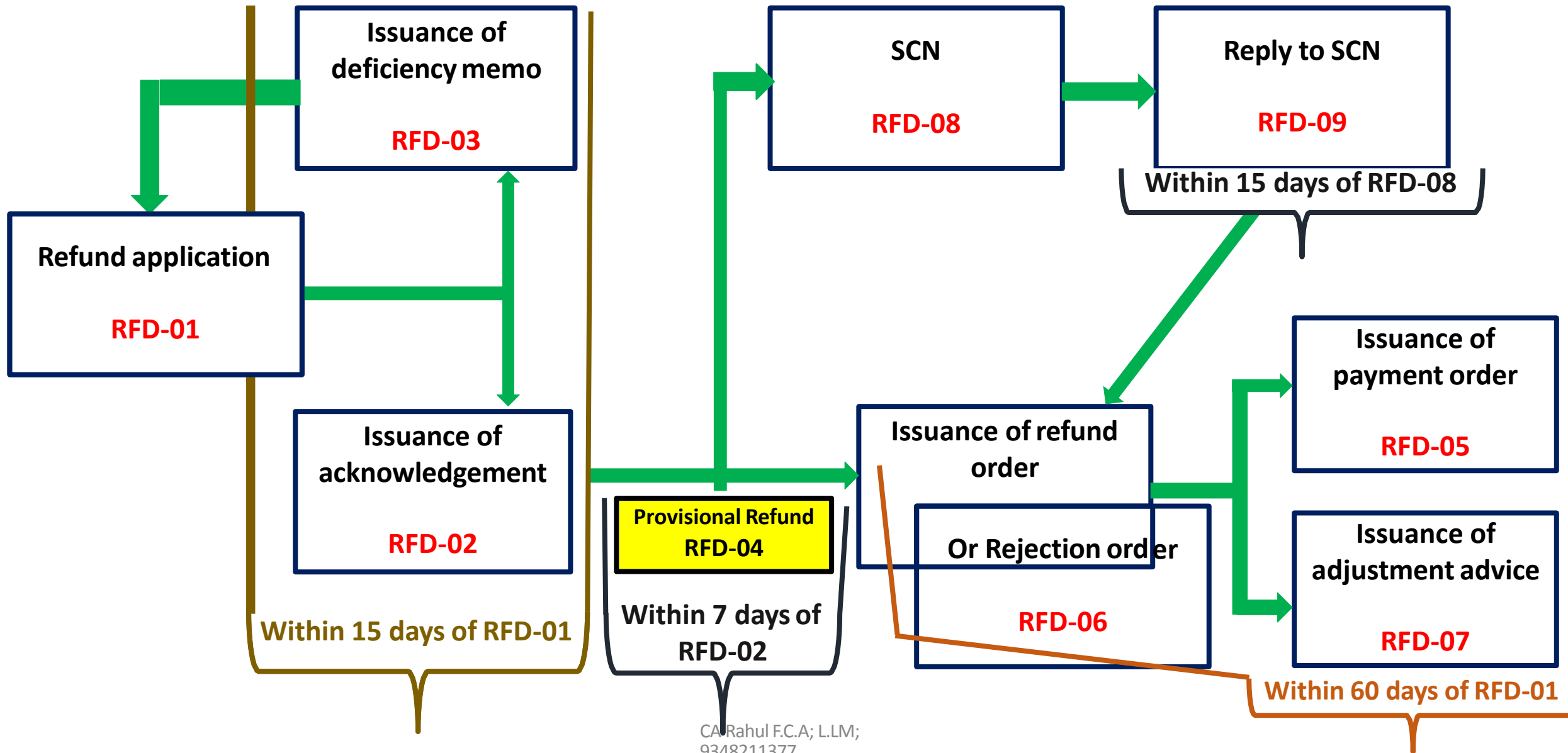
Note 1: In case refund application pertains to refund of amount in **electronic cash ledger RFD-02** shall be made available through the common portal electronically.

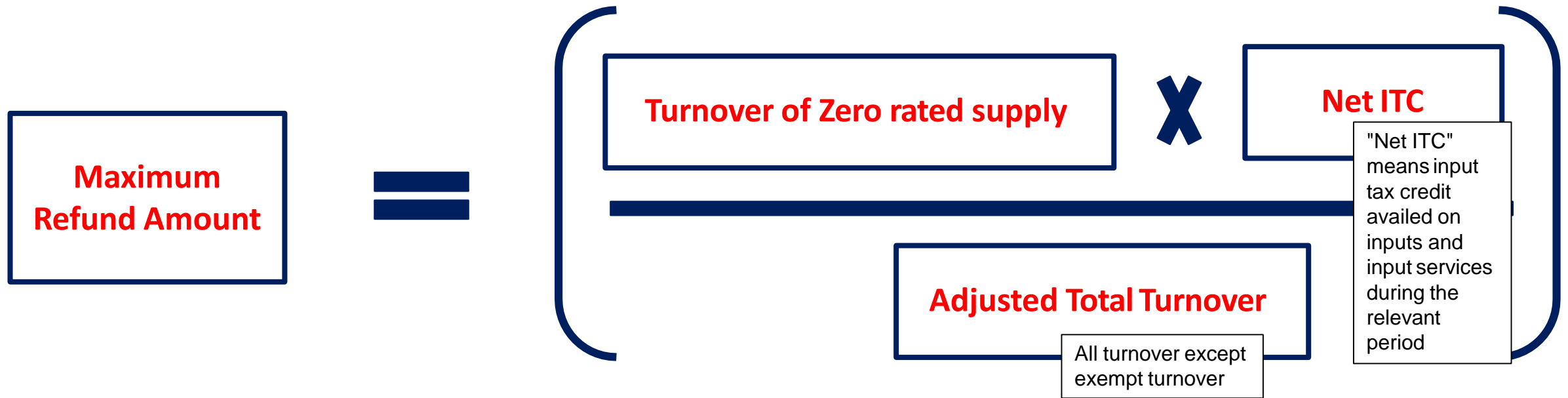
Note 2: Once an acknowledgement has been issued in relation to a refund application, **no deficiency memo**, on any grounds, may be subsequently issued for the said application. Para 9 of Circular 125/44/2019 .

Note 3: After a **deficiency memo has been issued**, the refund application would not be further processed and **a fresh application would have to be filed**. Any amount of input tax credit/cash debited from electronic credit/ cash ledger would be re-credited automatically once the deficiency memo has been issued. **[Rule 93(1)]**

Note 4: a refund application filed after correction of deficiency is treated as a fresh refund application, such a **rectified refund application, submitted after correction of deficiencies, shall also have to be submitted within 2 years of the relevant date.** Para 12 Circular 125/44/2019.

Refund Process [General overview]





Turnover of zero-rated supply of goods means

- the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking or
- **the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier,**
- whichever is less

Turnover of zero-rated supply of services means

- Payments received during the tax period
- Add: Services completed in current tax period for which advance was received in previous tax periods
- Less: Advance received

Provisional Refund

Sec 54(6)
r/w Rule 91

Applicable to

Any claim for refund on account of **zero-rated supply of goods or services** or both made by **registered persons**, other than such category of registered persons as may be notified by the Government on the recommendations of the Council

Quantum of Provisional Refund

90% of the refund amount

Time period to issue provisional refund

7 days of RFD-02

Form in which provisional refund is to be issued

RFD-04 followed by RFD-05 (Payment order).

Person claiming refund has, during any period of five years immediately preceding the tax period to which the claim for refund relates, not been prosecuted for any offence under the Act or under an existing law where the amount of tax evaded exceeds two hundred and fifty lakh rupees.

Order sanctioning refund

Sec 54(5)
Rwr 92

RFD-01



RFD-02/RFD-03



RFD-04 (in limited case)

After examination of the application if the proper officer

Is satisfied

Issue refund order in RFD-06

Is not satisfied

Issue SCN in Form RFD-08

Supplier to furnish reply in RFD-09 in
15 days

Issue RFD-06 to either
sanction/reject refund amount

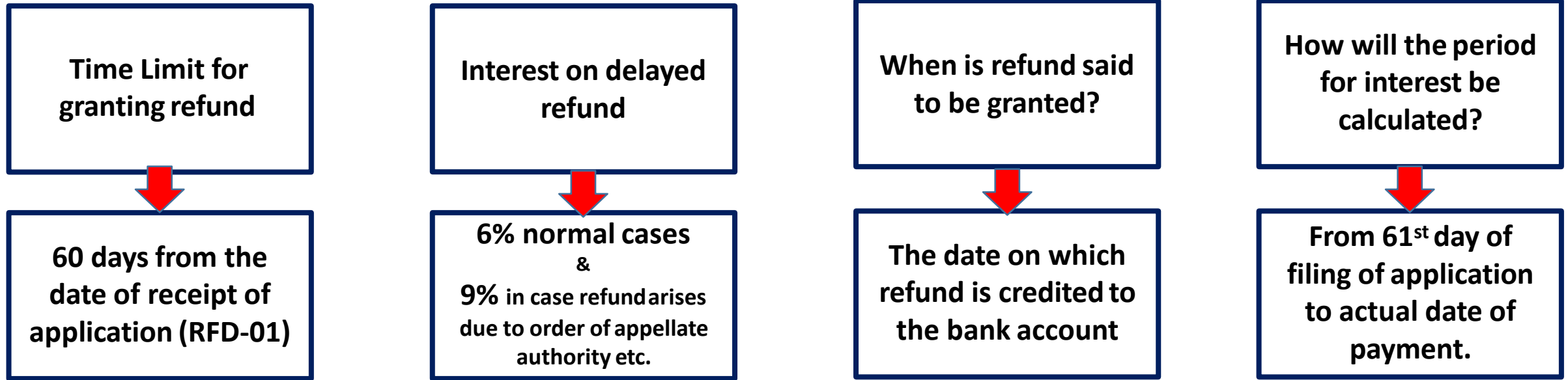
Refund order shall be
issued in RFD-05

Adjustment order shall
be issued in RFD-07

Only if complete amount
is adjusted against
outstanding demand.

Time limit for issuing Refund Order and Interest

**Sec 54(7)
and Sec 56**



Extract of Circular 125/44/2019 Para 34

- It may be noted that any tax shall be considered to have been refunded only when the amount has been credited to the bank account of the applicant.

		Scope of refund amount		CGST ACT, 2017 RW CGST Rules
S. No	Group	Nature of Refund	Scope of Refund	
1	Taxes paid	Export of goods with payment of taxes	Actual amount paid as tax	
2		Export of services with payment of taxes		
3		SEZ supplies with payment of taxes		
4		Tax paid on Deemed exports to supplier		
5		Wrong payment of taxes		
6		Excess payment of taxes		
7	Input tax credits	Export of goods/services without payment of taxes	ITC on account of Inputs and Input services only	
8		SEZ supplies without payment of taxes	ITC on account of Inputs only	
9		Inverted duty structure		
10		Tax paid on Deemed exports to recipient	Actual amount paid as tax	
11	Others	Excess amount in cash ledgers	Actual amount	
12		On account of appeal, assessment etc		
13		Others CA Rahul F.C.A; L.LM; 9348211377		

Scope of refund amount

CGST ACT, 2017
RW CGST Rules

S. No	Type of ITC	CGST	SGST	IGST	Total
1	Inputs	100	100	50	250
2	Input Services	50	50	200	300
3	Capital Goods	30	30	200	260
	Total	180	180	450	810

Illustration 3

Exported goods worth Rs 4,500/- chargeable to GST @ 18%

Option 1

Without payment of tax

- LUT should be furnished
- No output tax will be payable.
- Refund of Inputs Rs 250 and Input services Rs 300.
- No refund of Rs 260 pertaining to capital goods

Option 2

With payment of tax

- IGST of Rs 810/- shall be payable as exports are with payment of taxes.
- The amount of Rs 810/- can be paid through ITC of all kinds i.e. Input, input services and capital goods.
- Complete refund is received and there is no fund blockage.

Scope of refund amount

CGST ACT, 2017
RW CGST Rules

S. No	Type of ITC	CGST	SGST	IGST	Cess	Total
1	Inputs	50	50	80	150	330
2	Input Services	50	50	80	0	180
3	Capital Goods	30	30	80	0	140
	Total	130	130	240	150	650

Illustration 4

Exported goods worth Rs 4,500/- chargeable to GST @ 5% and no cess

Option 1 Without payment of tax

Circular 45/19/2018

- LUT should be furnished
- No output tax will be payable.
- Refund of Inputs Rs 330 (including cess) and Input services Rs 180. Total Rs 510/-
- No refund of Rs 140 pertaining to capital goods.

Option 2 With payment of tax

- IGST of Rs 225/- is payable as exports are with payment of taxes.
- The amount of Rs 225/- can be paid through ITC of all kinds i.e. Input, input services and capital goods.
- Cess cannot be used for payment above IGST and will not be available as refund in current option.

Refund in case of Deemed Exports

Refund of Deemed exports can be claimed either

By the recipient or

Q. What are deemed exports?

A. Extracts of Notification 48/2017 CT NR

- Supply of goods by a registered person against Advance Authorisation.
- Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation.
- Supply of goods by a registered person to Export Oriented Unit
- Supply of gold by a bank or Public Sector Undertaking specified in the [notification No. 50/2017-Customs](#), dated the 30th June, 2017 (as amended) against Advance Authorisation

By the supplier

Only if recipient-

- **does not avail input tax credit; and**
- **Furnishes an undertaking to the effect that the supplier may claim the refund.**

Refund on supplies to SEZ unit/ SEZ developer

- **Should obtain separate registration- Proviso ii To Sec.25(1)**
- **Will be treated as inter state supply and invoice will be an export invoice**
- **Three options**
 - **Can Pay IGST & apply for refund of tax paid**
 - **Can furnish bond in RFD 11 and claim refund of ITC**
 - **Can file LUT and claim refund of ITC**
- **SEZ specified officer gives evidence**

Inverted duty structure

Inverted duty structure

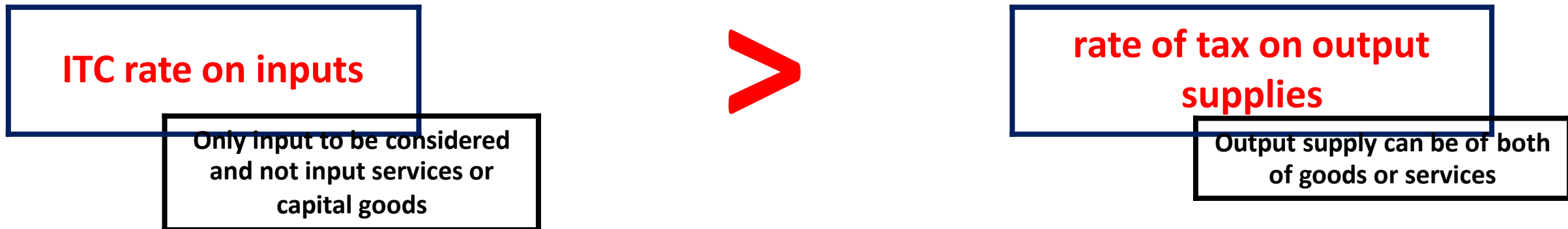
Sec 54(3)

(3) Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilised input tax credit at the end of any tax period:

Provided that no refund of unutilised input tax credit shall be allowed in cases other than"

i)

ii) Where the credit has accumulated on account of **rate of tax on inputs being higher than the rate of tax on output supplies** (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council:



Whether reduction in rate of tax amounts to inverted duty structure?

Circular 135/05/2020 dated

Para 3 Refund of accumulated input tax credit (ITC) on account of reduction in GST Rate

3.1 It has been brought to the notice of the Board that some of the applicants are seeking refund of unutilized ITC on account of inverted duty structure where the inversion is due to change in the GST rate on the same goods. This can be explained through an illustration. An applicant trading in goods has purchased, say goods 'X' attracting 18% GST. However, subsequently, the rate of GST on 'X' has been reduced to, say 12%. It is being claimed that accumulation of ITC in such a case is also covered as accumulation on account of inverted duty structure and such applicants have sought refund of accumulated ITC under clause (ii) of sub-section (3) of section 54 of the CGST Act.

Whether reduction in rate of tax amounts to inverted duty structure?

Circular 135/05/2020 dated

Para 3 Refund of accumulated input tax credit (ITC) on account of reduction in GST Rate

3.1 It may be noted that refund of accumulated ITC in terms clause (ii) of sub-section (3) of section 54 of the CGST Act is available where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies. It is noteworthy that, the input and output being the same in such cases, though attracting different tax rates at different points in time, **do not get covered under the provisions of clause (ii) of sub-section (3) of section 54 of the CGST Act. It is hereby clarified that refund of accumulated ITC under clause (ii) of sub-section (3) of section 54 of the CGST Act would not be applicable in cases where the input and the output supplies are the same.**

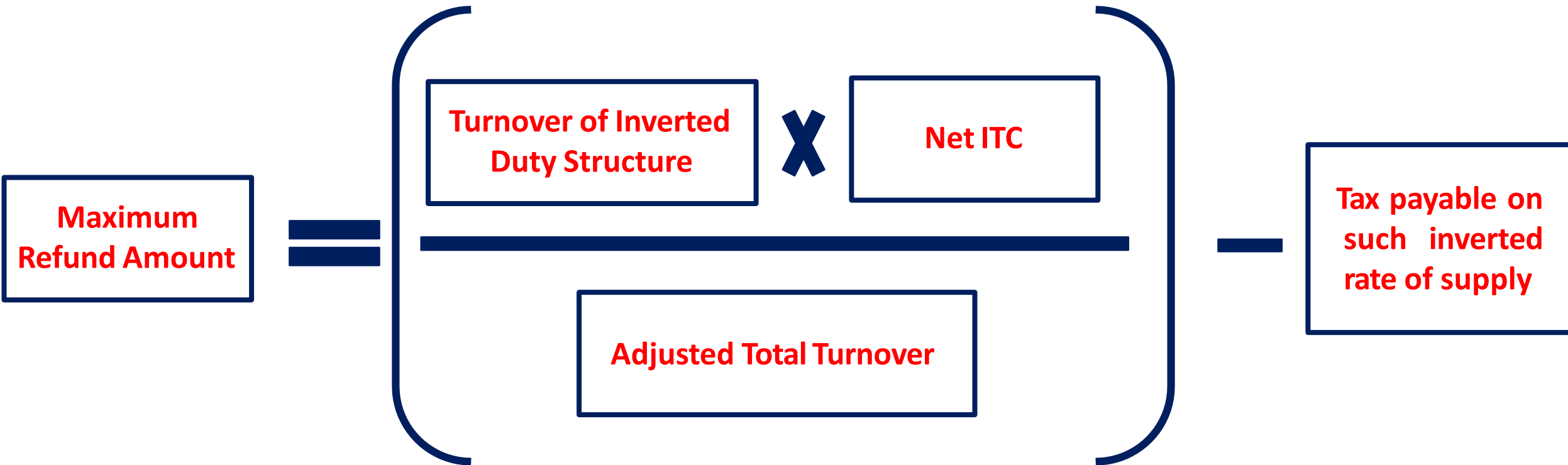


Illustration 8

1. ITC on inputs	Rs 6,000/-
2. Total Turnover	Rs 50,000/-
3. Tax on Turnover	Rs 2,500/-

Assuming the entire turnover is in relation to inverted duty structure how much refund is the taxpayer eligible

- Total Output Tax = 2500 will be paid through ITC of Rs 6000. Therefore the balance available in credit ledger will be Rs 3,500/-
- Maximum Refund Amount

$$= [(50000 \times 6000) / 50000] - 2500$$

$$= \text{Rs } 3500/-$$

Whether Rule 89 (5) is ultra-vires the CGST Act, 2017 ?

Section 54(3) of the CGST Act states that a registered person may claim refund of any “**unutilised input tax credit**” at the end of any tax period.

2(63) “input tax credit” means the credit of input tax

2(62) “input tax” in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes—

- (a) the integrated goods and services tax charged on import of goods;*
- (b) the tax payable under the provisions of sub-sections (3) and (4) of section 9;*
- (c)*

Whether Rule 89 (5) is ultra-vires the CGST Act, 2017 ?

2(52) “goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

Thus CGST Act permits ITC on ‘goods’ and ‘services’. Goods would include ‘capital goods’

IMO Restricting ITC on ‘Capital Goods’ and ‘Input services’ only on the basis of a definition inserted in a formula stated in Rule 89(5) is beyond the Parent Act.

Whether Rule 89 (5) is ultra-vires the CGST Act, 2017 ?

Bombay HC in

Bombay Well Print Inks (P) Ltd. Vs. CBIC - 2019 105 Taxmann.com 112 (Bom)

Zuari Agrochemicals Ltd. Vs. UOI - 2020 115 Taxmann.com 614 (Bom)

Gujrat High Court in

Shree Rama Newsprint Ltd. vs UOI [2018] 17 GSTL 592 (Gujarat)

Advance Ruling by AAR-MAH in Daewoo TPL JV - 2019 107 Taxmann.com 351 (AAR-MAH)

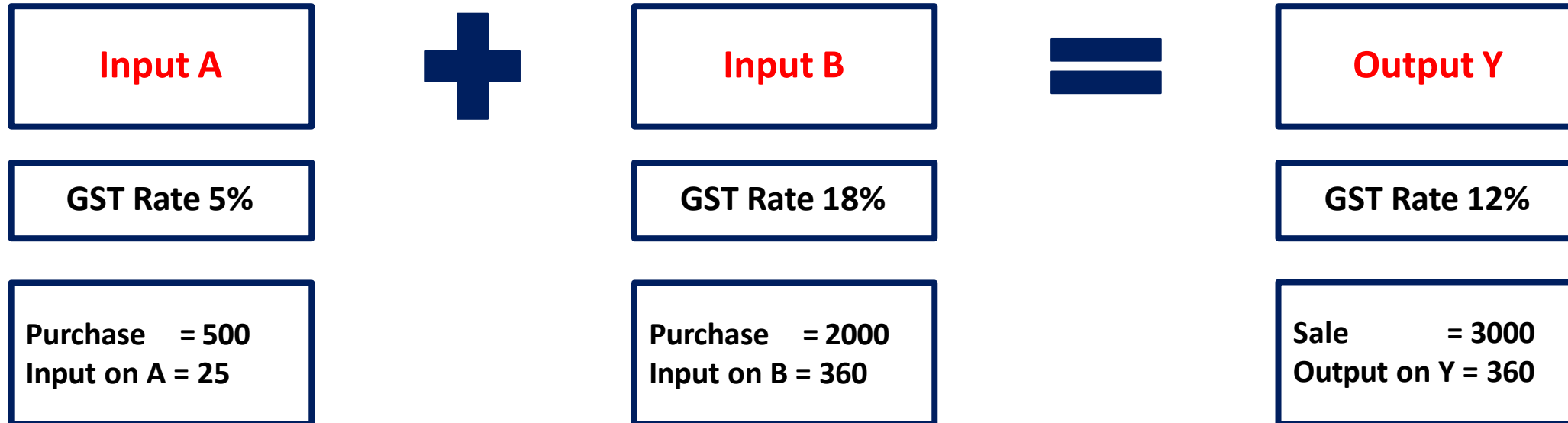
If more than one input is being used for outward supplies and some inputs have a rate equal to outward supplies then whether they would be eligible for refund under inverted duty structure?

Circular 125/44/2019 Extracts of Para 54

54. There have been instances where while processing the refund of unutilized ITC on account of inverted tax structure, some of the tax authorities denied the refund of ITC of GST paid on those inputs which are procured at equal or lower rate of GST than the rate of GST on outward supply, by not including the amount of such ITC while calculating the maximum refund amount as specified in rule 89 (5) of the CGST Rules. The matter has been examined and the following issues are clarified:

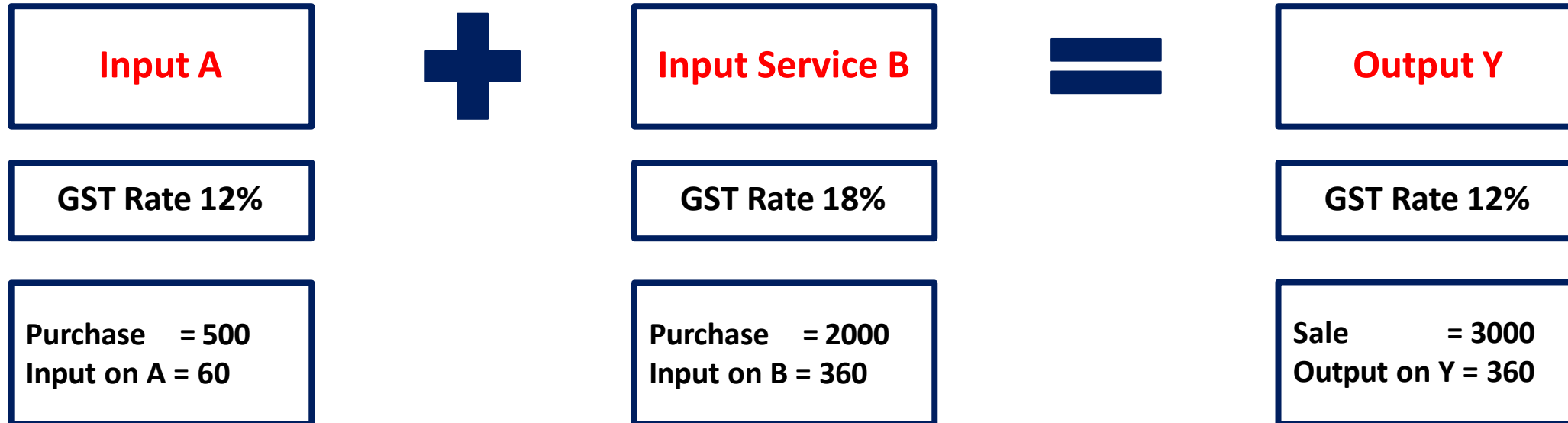
a) Refund of unutilized ITC in case of inverted tax structure, as provided in section 54 (3) of the CGST Act, is available where ITC remains unutilized even after setting off of available ITC for the payment of output tax liability. Where there are multiple inputs attracting different rates of tax, in the formula provided in rule 89 (5) of the CGST Rules, the term 'Net ITC' covers the ITC availed on all inputs in the relevant period, irrespective of their rate of tax.

Illustration 9



1. Total Output Tax of Rs 360/- will be paid through ITC of Rs 385. Therefore the balance available in credit ledger will be Rs 25/-
2. Maximum Refund Amount
= $[(3000 \times 385)/3000] - 360$
= Rs 25/-

Illustration 9



1. Total Output Tax of Rs 360/- will be paid through ITC of Rs. 420/-. Therefore the balance available in credit ledger will be Rs. 80/-

2. **Maximum Refund Amount**
 $= [(3000 \times 420)/3000] - 360$
 $= \text{Rs } 80/-$

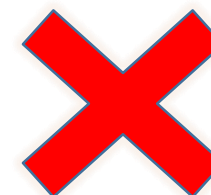
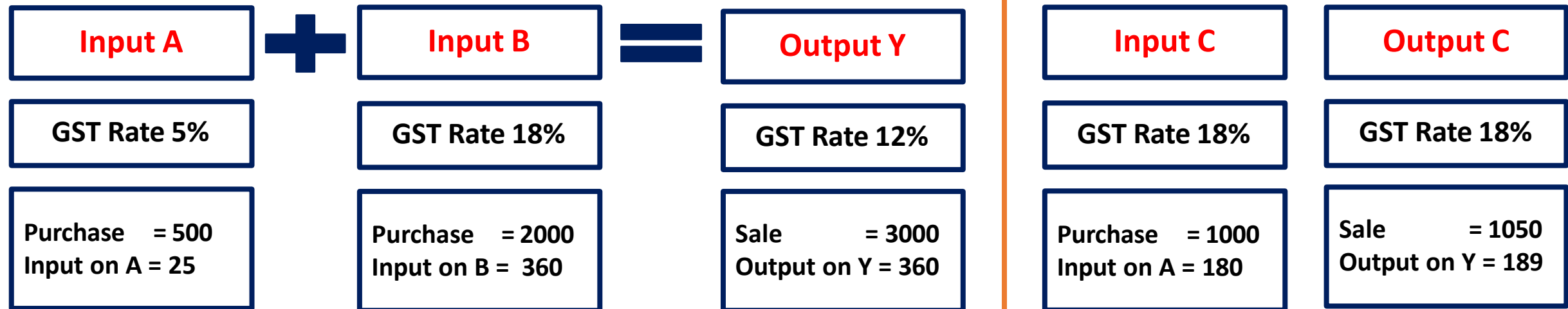


Illustration 10

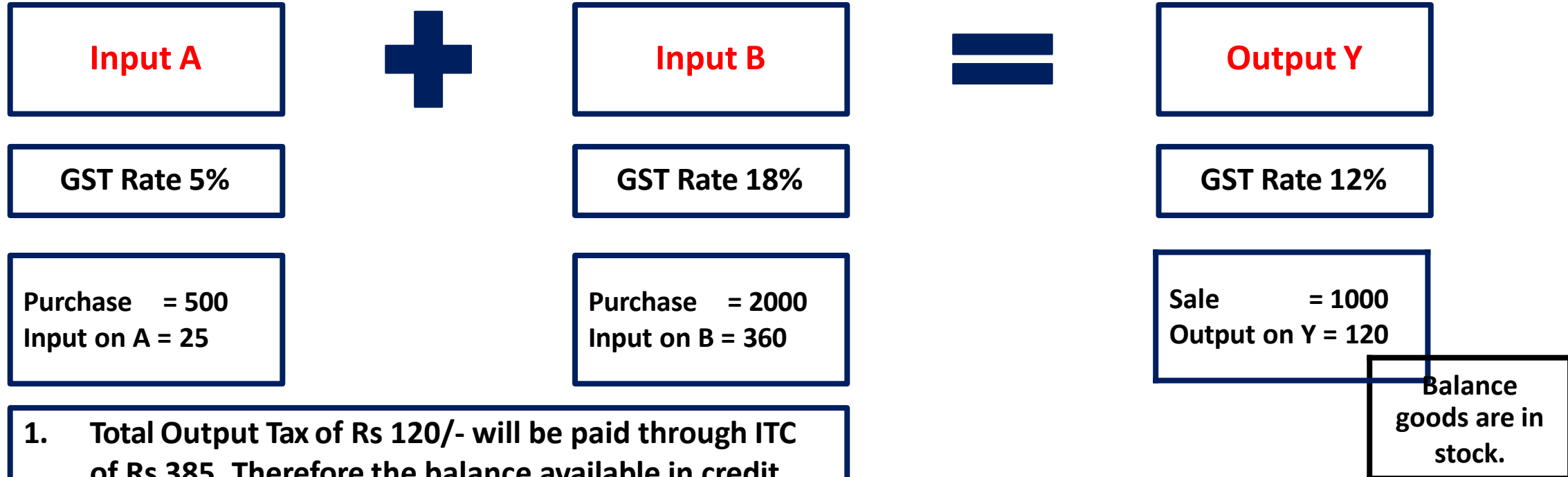


1. Total Output Tax of Rs. 549/- (360+189) will be paid from input of Rs. 565/- (25+360+180). Thereafter balance in credit ledger will be Rs. 16/- (565-549).
2. Maximum Refund Amount

$$= [(3000 \times 565)/4050] - 360$$

$$= \text{Rs. } 58/-$$
3. Refund amount to be allowed Rs. 16/-.

Illustration 11



1. Total Output Tax of Rs 120/- will be paid through ITC of Rs 385. Therefore the balance available in credit ledger will be Rs 265/-.

2. Maximum Refund Amount
= $[(1000 \times 385)/1000] - 120$
= Rs 265/-



Sec 54 (4) : The application shall be accompanied by—

- (a) such documentary evidence **as may be prescribed** to establish that a refund is due to the applicant; and
- (a) such documentary or other evidence as the applicant may furnish....(to substantiate unjust enrichment)

Rule 89 (2) The application under sub-rule (1) shall be accompanied by **any of the following documentary evidences in Annexure 1** in FORM GST RFD-01, as applicable, to establish that a refund is due to the applicant, namely:-

- (a)

**NO DOCUMENT IN CASE REFUND
IS LESS THAN Rs. 2 Lacs. ONLY
SELF DECLARATION OF UNJUST
ENRICHMENT TO BE FILED**

Sl. No.	Type of Refund	Declaration/Statement/Undertaking/Certificates to be filled online	Supporting documents to be additionally uploaded
1	Refund of unutilized ITC on account of exports without payment of tax	Declaration under second and third proviso to section 54(3)	Copy of GSTR-2A of the relevant period
		Undertaking in relation to sections 16(2)(c) and section 42(2)	Statement of invoices (Annexure-B)
		Statement 3 under rule 89(2)(b) and rule 89(2)(c)	Self-certified copies of invoices entered in Annexure-B whose details are not found in GSTR-2A of the relevant period
		Statement 3A under rule 89(4)	BRC/FIRC in case of export of services and shipping bill (only in case of exports made through non-EDI ports) in case of goods
2	Refund of tax paid on export of services made with payment of tax	Declaration under second and third proviso to section 54(3)	BRC/FIRC /any other document indicating the receipt of sale proceeds of services
		Undertaking in relation to sections 16(2)(c) and section 42(2)	Copy of GSTR-2A of the relevant period
		Statement 2 under rule 89(2)(c)	Statement of invoices (Annexure-B) Self-certified copies of invoices entered in Annexure-A whose details are not found in GSTR-2A of the relevant period
		CA Rahul F.C.A; L.LM; 9348211377	Self-declaration regarding non-prosecution under sub-rule (1) of rule 91 of the CGST Rules for availing provisional refund

Sl. No.	Type of Refund	Declaration/Statement/Undertaking/Certificates to be filled online	Supporting documents to be additionally uploaded
3	Refund of unutilized ITC on account of Supplies made to SEZ units/develop er without payment of tax	Declaration under third proviso to section 54(3)	Copy of GSTR-2A of the relevant period
		Statement 5 under rule 89(2)(d) and rule 89(2)(e)	Statement of invoices (Annexure-B)
		Statement 5A under rule 89(4)	Self-certified copies of invoices entered in Annexure-B whose details are not found in GSTR-2A of the relevant period
		Declaration under rule 89(2)(f)	Endorsement(s) from the specified officer of the SEZ regarding receipt of goods/services for authorized operations under second proviso to rule 89(1)
		Undertaking in relation to sections 16(2)(c) and section 42(2)	
Self-declaration under rule 89(2)(l) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise			
4	Refund of tax paid on supplies made to SEZ	Declaration under second and third proviso to section 54(3)	Endorsement(s) from the specified officer of the SEZ regarding receipt of goods/services for authorized operations under second proviso to rule 89(1)
		Declaration under rule 89(2)(f)	Self-certified copies of invoices entered in Annexure-A whose details are not found in GSTR-2A of the relevant period
		Statement 4 under rule 89(2)(d) and rule 89(2)(e)	Self-declaration regarding non-prosecution under sub-rule (1) of rule 91 of the CGST Rules for availing provisional refund
		Undertaking in relation to sections 16(2)(c) and section 42(2)	
		Self-declaration under rule 89(2)(l) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	

Sl. No.	Type of Refund	Declaration/Statement/Undertaking/Certificates to be filled online	Supporting documents to be additionally uploaded
5	Refund of ITC unutilized on account of accumulation due to inverted tax structure	Declaration under second and third proviso to section 54(3)	Copy of GSTR-2A of the relevant period
		Declaration under section 54(3)(ii)	Statement of invoices (Annexure-B)
		Undertaking in relation to sections 16(2)(c) and section 42(2)	Self-certified copies of invoices entered in Annexure-B whose details are not found in GSTR-2A of the relevant period
		Statement 1 under rule 89(5)	
		Statement 1A under rule 89(2)(h)	
		Self-declaration under rule 89(2)(l) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	
6	Refund to supplier of tax paid on deemed export supplies	Statement 5(B) under rule 89(2)(g)	Documents required under Notification No. 49/2017-Central Tax dated 18.10.2017 and Circular No. 14/14/2017-GST dated 06.11.2017
		Declaration under rule 89(2)(g)	
		Undertaking in relation to sections 16(2)(c) and section 42(2)	
		Self-declaration under rule 89(2)(l) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	

SI. No.	Type of Refund	Declaration/Statement/Undertaking/Certificates to be filled online	Supporting documents to be additionally uploaded
7	Refund to recipient of tax paid on deemed export supplies	<p>Statement 5(B) under rule 89(2)(g)</p> <p>Declaration under rule 89(2)(g)</p> <p>Undertaking in relation to sections 16(2)(c) and section 42(2)</p> <p>Self-declaration under rule 89(2)(l) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise</p>	Documents required under Circular No. 14/14/2017-GST dated 06.11.2017
8	Refund of excess payment of tax	<p>Statement 7 under rule 89(2)(k)</p> <p>Undertaking in relation to sections 16(2)(c) and section 42(2)</p> <p>Self-declaration under rule 89(2)(l) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise</p> <p>CA Rahul F.C.A; L.LM; 9348211377</p>	NA

Sl. No.	Type of Refund	Declaration/Statement/Undertaking/Certificates to be filled online	Supporting documents to be additionally uploaded
9	Refund of tax paid on intra-state supply which is subsequently held to be an inter-state supply and vice versa	Statement 6 under rule 89(2)(j)	NA
		Undertaking in relation to sections 16(2)(c) and section 42(2)	
10	Refund on account of assessment / provisional assessment / appeal / any other order	Undertaking in relation to sections 16(2)(c) and section 42(2)	Reference number of the order and a copy of the Assessment / Provisional Assessment / Appeal / Any Other Order
		Self-declaration under rule 89(2)(l) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise	Reference number/proof of payment of pre-deposit made earlier for which refund is being claimed
11	Refund on account of any other ground or reason	Undertaking in relation to sections 16(2)(c) and section 42(2)	Documents in support of the claim
		Self-declaration under rule 89(2)(l) if amount claimed does not exceed two lakh rupees, certification under rule 89(2)(m) otherwise CA Rahul F.C.A; L.LM; 9348211377	

Bond or Letter of undertaking

96A. Export of goods or services under bond or Letter of Undertaking

1. Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in FORM GST RFD-11 to the jurisdictional Commissioner, **binding himself to pay the tax due along with the interest specified under sub-section (1) of section 50 within a period of**
 - (a) fifteen days after the expiry of three months** or such further period as may be allowed by the Commissioner from the date of issue of the invoice for export, **if the goods are not exported out of India; or**
 - (b) fifteen days after the expiry of one year**, or such further period as may be allowed by the Commissioner, **from the date of issue of the invoice for export, if the payment of such services is not received** by the exporter in convertible foreign exchange or in Indian rupees, wherever permitted by the Reserve Bank of India

96A. Export of goods or services under bond or Letter of Undertaking

2. The details of the export invoices contained in FORM GSTR-1 furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system.

Provided that where the date for furnishing the details of outward supplies in FORM GSTR-1 for a tax period has been extended in exercise of the powers conferred under section 37 of the Act, the supplier shall furnish the information relating to exports as specified in Table 6A of FORM GSTR-1 after the return in FORM GSTR-3B has been furnished and the same shall be transmitted electronically by the common portal to the system designated by the Customs:

Provided further that the information in Table 6A furnished under the first proviso shall be auto-drafted in FORM GSTR-1 for the said tax period.

Bond or Letter of undertaking

96A. Export of goods or services under bond or Letter of Undertaking

(3) Where the goods are not exported within the time specified in sub-rule (1) and the registered person fails to pay the amount mentioned in the said sub-rule, the export as allowed under bond or Letter of Undertaking shall be withdrawn forthwith and the said amount shall be recovered from the registered person in accordance with the provisions of [section 79](#).

(4) The export as allowed under bond or Letter of Undertaking withdrawn in terms of sub-rule (3) shall be restored immediately when the registered person pays the amount due.

(5) The Board, by way of notification, may specify the conditions and safeguards under which a Letter of Undertaking may be furnished in place of a bond.

(6) The provisions of sub rule (1) shall apply, mutatis mutandis, in respect of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit without payment of integrated tax.

Where export proceeds not realised

96B. : Recovery of refund of unutilised input tax credit or integrated tax paid on export of goods where export proceeds not realised. (Inserted vide Notification No. 16/2020-Central Tax dated 23.03.2020)

- Where any refund of unutilised input tax credit on account of export of goods or of integrated tax paid on export of goods has been paid to an applicant.
- but the sale proceeds in respect of such export goods have not been realised, in full or in part.
- within the period allowed under FEMA or RBI
- Then within 30 days pay back with interest
- Can reapply within 3 months of realisation whenever realised.

Errors while processing of Refund of IGST on export of goods

Error Code

Error Description

Error Reason and Solution

SB001

Invalid SB details

Reason: Due to wrong shipping bill number furnished in GSTR 1/Table 6A.

Solution: **Rectify** details by making amendments in GSTR 1 by using Form 9A. Form 9A has been made available by GSTN w.e.f. 15.12.2017 in exporter's login at the GST common portal.

SB002

EGM not filed

Solution: Exporter should approach their

- shipping line; or
- airline/carrier;

to file the EGM immediately.

Errors while processing of Refund of IGST on export of goods

Error Code

Error Description

Error Reason and Solution

SB003

GSTIN Mismatch

Reason: GSTIN declared in the Shipping Bill does not match with the GSTIN mentioned in the corresponding GST return.

Solution: In this case too, the exporter has to make necessary changes in GSTR 1 by use of amendment Form 9A. Exporters should note that there is no provision of amendment in the shipping bill once the EGM is filed.

SB004

Record already received and validated

This error occurs due to duplicate/ repeat transmission of shipping bill-invoice record from GSTN. The previous transmission would have already been validated for IGST refund by ICES.

Errors while processing of Refund of IGST on export of goods

Error Code

SB005

Error Description

Invalid invoice number

Error Reason and Solution

Reason: Mis-match of invoice number as declared in the invoice table of the shipping bill and that declared in the GSTR 1 for the same supply. This can happen due to:

- Typographical mistake while entering data in GSTR 1 or the
- The exporter uses two sets of invoices, one invoice for GST and another invoice for exports resulting in mismatch of invoice numbers.

Solution: It was conveyed and reiterated that there should not be any difference between commercial invoice and GST invoice after implementation of GST since as per the GST law, IGST is to be paid on the actual transaction value of the supply between the exporter and the consignee, which should be the same as the one declared in the commercial invoice.

If SB005 is due to a data entry mistake in GSTR 1, it can be amended in Form 9A. But any mistake in the SB cannot be amended once EGM is filed

Also, if the exporter has used a separate invoice in the SB, he cannot include that in his GSTR 1 in lieu of his GST invoice. Thus, SB005 error, as of now, cannot be corrected by any amendment either in GSTR-1 or in the Shipping Bill. For these cases a mechanism is being considered by the Board to make the requisite corrections manually in line with the recent amendments in Rule 96 of the CGST Rules, 2017. The said mechanism is expected to be available shortly. It may, however be noted that these Interim workarounds shall only be available as a one time measure for the past SBs. It is advised that the exporters should take care so as not to repeat such mistakes in future and ensure that the same GST compliant export invoice is declared at both ends.

Errors while processing of Refund of IGST on export of goods

Error Code

SB006

Error Description

Gateway EGM not available

Error Reason and Solution

In cases of exports through ICDs, if the gateway EGM is not filed electronically or it contains some error, response code SB006 appears. It is noticed that gateway EGM In case of many ICD shipping bills have been manually filed, leading to such refunds not being processed. While the Customs at gateway ports are pursuing this matter with the shipping lines, the exporters can also approach their shipping line to file the EGMs electronically.

Errors while processing of Refund of IGST on export of goods

Error Code

SB000

Error Description

Successfully validated

Error Reason and Solution

SB000 (Successfully Validated) is the response code which comes when all the decided parameters like GSTIN, SB number, invoice number etc. match between GSTN and Customs database. This code implies that the SB is ready for inclusion in the IGST refund scroll. However, it might happen that even with SB000, the SB does not appear in the refund scroll. This could be due to

- (i) The exports might have been made under bond or LUT, hence not eligible for refund.
- (ii) If a shipping bill covers multiple invoices, few of the Invoices might have been successfully validated with code SB000 whereas other invoices might be containing other types of error/s
- (iii) Composite rate of drawback has been claimed For that SB during the transitional period between 01.07.2017 to 09.2017, thus making the SB ineligible for IGST refund.
- (iv) Where the IGST claimed amount is less than Rs. 1000/-.

In all the above cases, the scroll amount shall automatically become zero and the SBs shall not be included in the refund scroll.

There are two more reasons where the SBs will figure in the temporary IGST scroll but not in the final scroll. This could happen if there is an alert/suspension on the IEC in ICES or if the account of the IEC is not validated by PFMS.

Impact of EPCG and similar schemes

Benefit of EPCG and similar schemes

Rule 89(4A), 89(4B)
and 96(10)

If the exporter has availed
benefit of

And has done

OR

Notification No	Notification Particulars	Exports without Payment	Exports with Payment of taxes
48/2017	Deemed Exports	Then Refund of ITC available [Rule 89(4A)]	Then IGST paid is not available as refund except if the benefit of notification was availed for acquisition of capital goods. Rule 96(10).
40/2017 CGST or 41/2017 IGST	0.1% Tax	Then Refund of ITC available [Rule 89(4B)]	
78/2017 Customs	EOUs		
79/2017 Customs	EPCG etc		

Other Important aspects

1. Minimum refund application must be Rs 1,000/- per head.
2. Separate applications shall be filed for different refund type even if they fall under same tax period.
3. Zero rated supplies of exempt goods or services or both are also eligible for refund claim.
4. **Principles of Unjust Enrichment** must be satisfied.
5. Refund can be withheld in the following circumstances:
 - i. If the person has failed to furnish any return till he files such return;
 - ii. If the registered taxable person is required to pay any tax, interest or penalty which has not been stayed by the appellate authority/Tribunal/ court, till he pays such tax interest or penalty; The proper officer can also deduct unpaid taxes, interest, penalty, late fee, if any, from the refundable amount ' Section 54(10) (d) of the CGST/SGST Act
 - iii. The Commissioner can withhold any refund, if, the order of refund is under appeal and he is of the opinion that grant of such refund will adversely affect revenue in the said appeal on account of malfeasance or fraud committed - Sec.54 (11) of the CGST/SGST Act.

Refund by UN Agencies etc

Refund by UN Agencies etc

Sec 54(2)
and Sec 55
RWR 95,95A

- A specialised agency of the United Nations Organisation or
- any Multilateral Financial Institution and
- Organisation notified under the United Nations (Privileges and Immunities) Act, 1947,
- Consulate or Embassy of foreign countries or
- any other person or class of persons, as notified under [section 55](#),
- entitled to a **refund of tax paid by it on inward supplies of goods or services** or both,
- may make an application for such refund,
- in such form and manner as may be prescribed,
- before the expiry of **six months from the last day of the quarter in which such supply was received.**

(1) Canteen Stores Department (CSD)
50% of Tax paid. **RFD-10A.**

(2) retail outlets established in the departure area of an international airport, beyond the immigration counters, making tax free supply of goods to an outgoing international tourist [**Refund form RFD-10B**]

RFD-10 application and GSTR-11 statement

Note: Please refer Notification No 6/2017; 16/2017; 11/2019 Central Tax Non Rate

Status of credit not reflected in GSTR-2A while claiming refund

Extract of Para 5 Circular 135/2020

5. Guidelines for refunds of Input Tax Credit under Section 54(3)

5.1 In terms of para 36 of circular 125/44/2019-GST dated 18.11.2019, the **refund of ITC availed in respect of invoices not reflected in FORM GSTR-2A was also admissible and copies of such invoices were required to be uploaded.**

However, in wake of insertion of sub-rule (4) to rule 36 of the CGST Rules, 2017 vide notification No. 49/2019-GST dated 09.10.2019, various references have been received from the field formations regarding admissibility of refund of the ITC availed on the invoices which are not reflecting in the **FORM GSTR-2A** of the applicant.

5.2 The matter has been examined and it has been decided that the **refund of accumulated ITC shall be restricted to the ITC as per those invoices, the details of which are uploaded by the supplier in FORM GSTR-1 and are reflected in the Form GSTR- 2A of the applicant.** Accordingly, para 36 of the circular No. 125/44/2019-GST, dated 18.11.2019 stands modified to that extent.

Important Points

CircularNo:	Date	Particulars
135/2020	31/03/20	<ul style="list-style-type: none"><li data-bbox="631 347 2448 851">• It may be noted that refund of accumulated ITC in terms clause (ii) of sub-section (3) of section 54 of the CGST Act is available where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies. It is noteworthy that, the input and output being the same in such cases, though attracting different tax rates at different points in time, do not get covered under the provisions of clause (ii) of sub-section (3) of section 54 of the CGST Act. It is hereby clarified that refund of accumulated ITC under clause (ii) of sub-section (3) of section 54 of the CGST Act would not be applicable in cases where the input and the output supplies are the same.<li data-bbox="631 936 2448 1372">• The combined effect the abovementioned changes is that any such refund of tax paid on supplies other than zero rated supplies will now be admissible proportionately in the respective original mode of payment i.e. in cases of refund, where the tax to be refunded has been paid by debiting both electronic cash and credit ledgers (other than the refund of tax paid on zero-rated supplies or deemed export), the refund to be paid in cash and credit shall be calculated in the same proportion in which the cash and credit ledger has been debited for discharging the total tax liability for the relevant period for which

Important Points

Circular No:	Date	Particulars
135/2020	31/03/20	<p>application for refund has been filed. Such amount, shall be accordingly paid by issuance of order in FORM GST RFD-06 for amount refundable in cash and FORM GST PMT-03 to re-credit the amount attributable to credit as ITC in the electronic credit ledger.</p> <ul style="list-style-type: none">• A suitably modified statement format is attached for applicants to upload the details of invoices reflecting in their FORM GSTR-2A. The applicant is, in addition to details already prescribed, now required to mention HSN/SAC code which is mentioned on the inward invoices. In cases where supplier is not mandated to mention HSN/SAC code on invoice, the applicant need not mention HSN/SAC code in respect of such an inward supply.

Important Points

Circular No:	Date	Particulars
125/44	18-11-19	<ul style="list-style-type: none">The applicant, at his option, may file a refund claim for a tax period or by clubbing successive tax periods. The period for which refund claim has been filed, however, cannot spread across different financial years. Registered persons having aggregate turnover of up to Rs. 1.5 crore in the preceding financial year or the current financial year opting to file FORM GSTR-1 on quarterly basis, can only apply for refund on a quarterly basis or clubbing successive quarters as aforesaid. However, refund claims under categories listed at (a), (c) and (e) in para 3 above must be filed by the applicant chronologically. This means that an applicant, after submitting a refund application under any of these categories for a certain period, shall not be subsequently allowed to file a refund claim under the same category for any previous period. This principle / limitation, however, shall not apply in cases where a fresh application is being filed pursuant to a deficiency memo having been issued earlier.

Important Points

Circular No:	Date	Particulars
125/44	18-11-19	<ul style="list-style-type: none">It is also clarified that since a refund application filed after correction of deficiency is treated as a fresh refund application, such a rectified refund application, submitted after correction of deficiencies, shall also have to be submitted within 2 years of the relevant date, as defined in the explanation after sub-section (14) of section 54 of the CGST Act.

Important Points

Circular No:	Date	Particulars
125/44	18-11-19	<ul style="list-style-type: none"><li data-bbox="616 382 2463 753">• It is further clarified that no adjustment or withholding of refund, as provided under subsections (10) and (11) of section 54 of the CGST Act, shall be allowed in respect of the amount of refund which has been provisionally sanctioned. In cases where there is an outstanding recoverable amount due from the applicant, the proper officer, instead of granting refund on provisional basis, may process and sanction refund on final basis at the earliest and recover the amount from the amount so sanctioned.<li data-bbox="616 839 2463 1082">• In case of rejection of a claim for refund, on account of any reason other than the ineligibility of credit, the process described in para 20 and 21 above shall be followed with the only difference that there shall be no proceedings for recovery of ineligible ITC under section 73 or section 74, as the case may be.

Important Points

Circular No:	Date	Particulars
125/44	18-11-19	<ul style="list-style-type: none"><li data-bbox="616 364 2469 735">• In this regard, it is clarified that for the tax periods commencing from 01.07.2017 to 30.06.2019, such registered persons shall be allowed to file the refund application in FORM GST RFD-01 on the common portal subject to the condition that the amount of refund of integrated tax/cess claimed shall not be more than the aggregate amount of integrated tax/cess mentioned in the Table under columns 3.1(a), 3.1(b) and 3.1(c) of FORM GSTR-3B filed for the corresponding tax period. <p data-bbox="616 749 1847 806">(Cases where SEZ supplies are shown in 3.1.a and not in 3.1.b)</p>

THANK YOU

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