

## **Analysis of Refund Provisions under Goods and Services Tax**

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- Rajput Jain & Associates is a Chartered Accountants firm, with its headquarter situated at New Delhi (the capital of India). The firm has been set up by a group of young, enthusiastic, highly skilled and motivated professionals who have taken experience from top consulting firms and are extensively experienced in their chosen fields has providing a wide array of Accounting, Auditing, Taxation, Assurance and Business advisory services to various clients and their stakeholders. focus at providing tailor made solutions to challenging problems of our clients, and perform with high quality and timely service.
- Rajput Jain & Associates, a professional firm, offers its clients a full range of services, To serve better and to bring bucket of services under one roof, the firm has merged with its various Chartered Accountancy firms pioneer in diversified fields
- Our main office is located at Delhi. Incidentally, Delhi is the Capital of India. Our other offices are in Mankapur & Moradabad (U.P.). We have associates all over India in big cities. All our offices are well equipped with latest technological support with updated reference materials. We have a large team of professionals other than our Core Team members to meet the requirements of our prospective clients including the existing ones. However, considering our commitment towards high quality services to our clients, our team keeps on growing with more and more associates having strong professional background with good exposure in the related areas of responsibility. Further to meet the growing demands of the fiercely competitive market we are constantly looking forward for team of associates comprising of highly skilled professionals to cater the needs ever increasing clientele.

## Legal Provisions relating to refund

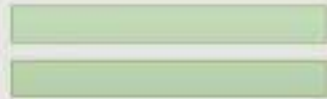
**ACT**



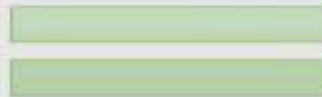
**RULES**



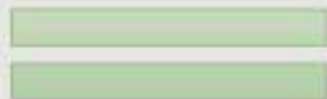
**NOTIFICATIONS AND  
CIRCULARS**



**Sec. 54-58  
Chapter XI**



**Rule 89-97A  
Forms RFD-01 to RFD-11**



**Circular 125/2019, 135/2020, 137/2020**

## **OLD CIRCULARS**

- **Circular No. 17/17/2017- GST dated 15.11.2017**
- **Circular No. 24/24/2017- GST dated 21.12.2017**
- **Circular No. 37/11/2018- GST dated 15.03.2018**
- **Circular No. 45/19/2018- GST dated 30.05.2018**
- **Circular No. 59/33/2018- GST dated 04.09.2018**
- **Circular No. 70/44/2018- GST dated 26.10.2018**
- **Circular No. 79/53/2018- GST dated 31.12.2018**
- **Circular No. 94/13/2019- GST dated 28.03.2019**



## SEC. 54 (REFUND OF TAX)

Explanation 1 to section 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

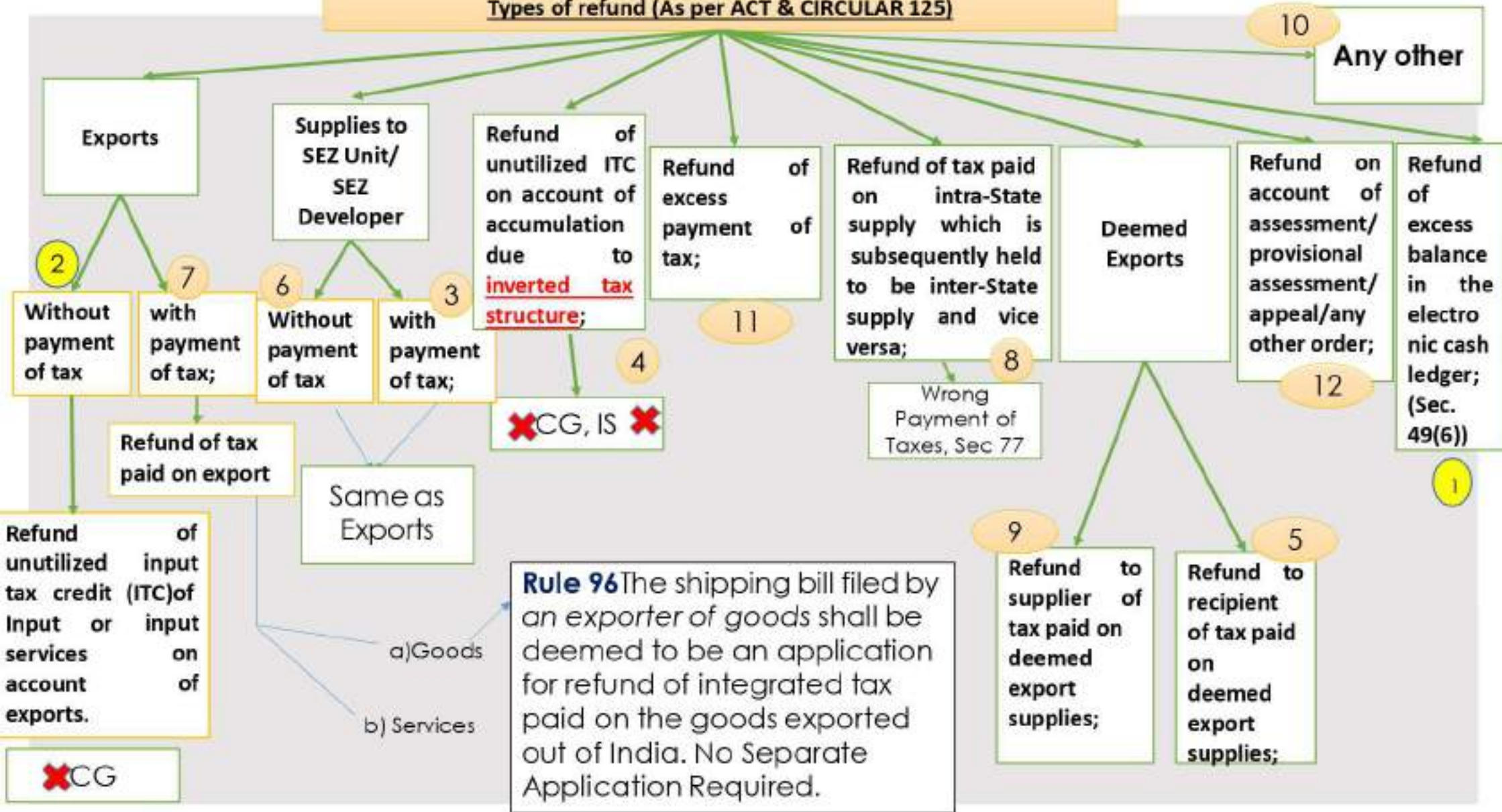
❖ refund of tax on the supply of goods regarded as deemed exports, or

❖ refund of unutilised input tax credit as provided under sub-section (3).

1. Refund of excess balance in the electronic cash ledger; (Sec. 49(6))
2. Refund of excess payment of tax;
3. Refund of tax paid on intra-State supply which is subsequently held to be inter-State supply and vice versa; (Sec. 77)
4. Refund on account of assessment/provisional assessment/appeal/any other order;

**As per Sec 54(8) & Circular 125/44/2019**

## Types of refund (As per ACT & CIRCULAR 125)



## Screen Shot of Refund Window

**Goods and Services Tax**

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

Registration Ledgers Returns Payments User Service **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

View Profile

Quick Links

- Check Cash Balance
- Liability ledger
- Credit ledger

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

VIEW NOTICE(S) AND ORDER(S) >

ANNUAL RETURN >

File Go to > CONTINUE TO DASHBOARD >



## Select the Refund type:

• Indicates Mandatory Fields

<input checked="" type="radio"/>	Refund of Excess Balance in Electronic Cash Ledger	1
<input type="radio"/>	Refund of ITC on Export of Goods & Services without Payment of Tax	2
<input type="radio"/>	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)	3
<input type="radio"/>	Refund on account of ITC accumulated due to Inverted Tax Structure	4
<input type="radio"/>	On account of Refund by Recipient of deemed export	5
<input type="radio"/>	Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)	6
<input type="radio"/>	Export of services with payment of tax	7
<input type="radio"/>	Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa	8
<input type="radio"/>	On account of Refund by Supplier of deemed export	9
<input type="radio"/>	Any other (specify)	10
<input type="radio"/>	Excess payment of tax	11
<input type="radio"/>	On Account of Assessment/Provisional Assessment/Appeal/Any other order	12

Top



## SEC. 54 (REFUND OF TAX)

**54(1)** 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:

Form GST RFD-01

Rule 89

**Provided** that a **registered person**, claiming refund of any balance in the **electronic cash ledger** in accordance with the provisions of **sub-section (6) of section 49**, may claim such refund in the return furnished **under section 39** in such manner as may be prescribed.

**(2)** 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 (46 of 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.

Form GST RFD 10,

Rule 95

Any Person means either buyer or seller can make application of refund.

Any other Amount:-  
Eg. Pre deposit of appeal, penalty, Fee.

Relevant Date:- As per explanation 2 to sec. 54

**Sec. 49(6):-** The balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of section 54

Relevant Date in this case is not as per Explanation 2 to section 54

Time period extended by 18 months in N.N. 20/2018



## SEC. 54 (REFUND OF TAX)

(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.

2(62) & 2(63)

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

- I. zero-rated supplies made without payment of tax;
- 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:

**Provided further** that no refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty;

**Provided also** that no refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.

Para 40 of circular  
125/44/2019

54(10) relates to deduction from refund for unpaid amount or withhold refund until the return furnished

i.e. Export/ Supply to SEZ  
under Bond/ LUT

N.N. 5/2017 for goods  
N.N. 15/2017 for  
services (Services as  
specified in 5(b) of  
schedule II)( construction)

Sec. 2(106) "tax period" means the period for which the return is required to be furnished;

## SEC. 54 (REFUND OF TAX)

- (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
  - b) such documentary or other evidence (including the documents referred to in section 33) as the applicant may furnish to establish that the amount of tax and interest, **if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person:**

**Provided** that where the amount claimed as refund is less than **two lakh rupees**, it shall not be necessary for the applicant to furnish any documentary and other evidences but he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.

- (5) If, on receipt of any such application, the proper officer is satisfied that the whole or part of the amount claimed as refund is refundable, he may **make an order** accordingly and the amount so determined shall be credited to the Fund referred to in section 57.

Rule 89(2)

Eg.  
Export  
Invoice

Concept of unjust  
enrichment

Refund Order

Sec. 57 Consumer Welfare  
Fund



## SEC. 54 (REFUND OF TAX)

(6) Notwithstanding anything contained in sub-section (5), the proper officer may, in the case of 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, refund on a provisional basis, ninety per cent of the total amount so claimed, excluding the amount of input tax credit provisionally accepted, in such manner and subject to such conditions, limitations and safeguards as may be prescribed<sup>52</sup> and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.

(7) The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.

Generation of  
ARN is taken

Sec. 16 of IGST Act, "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

2) Subject to the provisions of sub-section (5) of section 17 of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply

(3) A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:—

- a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or
- b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied,

in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.

Rule 91  
Para 13 to 17 of  
Circular

Rule  
Para 34 of  
Circular

Interest from 61<sup>st</sup>  
day. The amount  
must be credited in  
bank account in 60  
days



## SEC. 54 (REFUND OF TAX)

(8) Notwithstanding anything contained in sub-section (5), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to—

- a) refund of tax paid on <sup>53</sup>[export] of goods or services or both or on inputs or input services used in making such <sup>53</sup>[exports];
- b) refund of unutilised input tax credit under sub-section (3);
- c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;
- d) refund of tax in pursuance of section 77;
- e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or
- f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify

(8A) The Government may disburse the refund of the State tax in such manner as may be prescribed.

Export under bond/ LUT

w.e.f 01.09.2019  
by FA(2), 2019

## **SEC. 54 (REFUND OF TAX)**

(9) Notwithstanding anything to the contrary contained in any judgment, decree, order or direction of the Appellate Tribunal or any court or in any other provisions of this Act or the rules made thereunder or in any other law for the time being in force, no refund shall be made except in accordance with the provisions of sub-section (8).

(10) Where any refund is due under sub-section (3) to a registered person who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority by the specified date, the proper officer may—

- a) withhold payment of refund due until the said person has furnished the return or paid the tax, interest or penalty, as the case may be;
- b) deduct from the refund due, any tax, interest, penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law.

*Explanation.*—For the purposes of this sub-section, the expression "specified date" shall mean the last date for filing an appeal under this Act.



## SEC. 54 (REFUND OF TAX)

(11) Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending and the Commissioner is of the opinion that grant of **such refund is likely to adversely affect the revenue** in the said appeal or other proceedings on account of malfeasance or fraud committed, he may, after giving the taxable person an opportunity of being heard, withhold the refund till such time as he may determine.

(12) Where a refund is withheld under sub-section (11), the taxable person shall, notwithstanding anything contained in section 56, be entitled to **interest** at such rate not exceeding six per cent as may be notified<sup>54</sup> on the recommendations of the Council, if as a result of the appeal or further proceedings he becomes entitled to refund.

(13) Notwithstanding anything to the contrary contained in this section, the amount of advance tax deposited by a casual taxable person or a non-resident taxable person under sub-section (2) of section 27, shall not be refunded unless such person has, in respect of the entire period for which the certificate of registration granted to him had remained in force, furnished all the returns required under section 39.

(14) Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if the amount is less than **one thousand rupees**

Not. 13/2017  
@ 6%

Provision  
relating to  
CTP/NRTP.  
Can claim

Limit of Rs. 1000 is to be  
checked for each tax head  
separately and not  
cumulatively para 6 of  
circular 125/44/2019



Explanation 2 to sec. 54:- "relevant date" means	
<b>(a)</b> in the case of goods exported out of India where a refund of tax paid is available in respect of goods themselves or, as the case may be, the inputs or input services used in such goods,— <b>7a &amp; 2 for goods</b>	
I. If the goods are exported by sea or air,	the date on which the ship or the aircraft in which such goods are loaded, leaves India; or
II. If the goods are exported by land,	the date on which such goods pass the frontier; or
III. If the goods are exported by post	the date of despatch of goods by the Post Office concerned to a place outside India;
<b>(b)</b> in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, <b>9</b>	the date on which the return relating to such deemed exports is furnished;
<b>(c)</b> in the case of services exported out of India where a refund of tax paid is available in respect of services themselves or, as the case may be, the inputs or input services used in such services, the date of <b>7b &amp; 2 for Services</b>	
I) where the <b>supply of services</b> had been completed prior to the receipt of such payment; or <b>(Payment After Completion)</b>	receipt of payment in convertible foreign exchange [or in Indian rupees wherever permitted by the Reserve Bank of India].
II) where payment for the services had been received in advance prior to the date of issue of the invoice; <b>(Payment Before Completion)</b>	Issue of invoice.
(d) in case where the tax becomes refundable as a consequence of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court, <b>12</b>	the date of communication of such judgment, decree, order or direction;
<b>(e) in the case of refund of unutilised input tax credit under clause (ii) of the first proviso to sub-section (3), 4</b>	<b>the due date for furnishing of return under section 39 for the period in which such claim for refund arises;</b>
<b>(f) in the case where tax is paid provisionally under this Act or the rules made thereunder, 12</b>	the date of adjustment of tax after the final assessment thereof;
<b>(g) in the case of a person, other than the supplier, 5</b>	the date of receipt of goods or services or both by such person; and
<b>(h) in any other case, 1,8,10 &amp; 11</b>	the date of payment of tax.

**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.**



## Sec. 55:- Refund in certain cases.

The Government may, on the recommendations of the Council, by notification, specify any specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries and any other person or class of persons as may be specified in this behalf, who shall, subject to such conditions and restrictions as may be prescribed, be entitled to claim a refund of taxes paid on the notified<sup>59</sup> supplies of goods or services or both received by them.

### Rule 95:- Refund of tax to certain persons

[(1) Any person eligible to claim refund of tax paid by him on his inward supplies as per notification issued under section 55 shall apply for refund in FORM GST RFD-10 once in every quarter, electronically on the common portal or otherwise, either directly or through a Facilitation Centre notified by the Commissioner, along with a statement of the inward supplies of goods or services or both in FORM GSTR-11.]

(2) An acknowledgement for the receipt of the application for refund shall be issued in FORM GST RFD-02.

(3) The refund of tax paid by the applicant shall be available if—

- a) the inward supplies of goods or services or both were received from a registered person against a tax invoice;
- b) name and Goods and Services Tax Identification Number or Unique Identity Number of the applicant is mentioned in the tax invoice; and
- c) such other restrictions or conditions as may be specified in the notification are satisfied.

(4) The provisions of rule 92 shall, mutatis mutandis, apply for the sanction and payment of refund under this rule

(5) Where an express provision in a treaty or other international agreement, to which the President or the Government of India is a party, is inconsistent with the provisions of this Chapter, such treaty or international agreement shall prevail.

Not. 6/2017 – CSD-50% of  
CGST

Not. 11/2019- International  
Airport Retail Outlets Tax  
Free Shops



## Sec. 56:-Interest on delayed refunds.

If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under sub-section (1) of that section, interest at such rate not exceeding **six per cent** as may be specified in the notification<sup>63</sup> issued by the Government on the recommendations of the Council shall be payable in respect of such refund **from the date immediately after the expiry of sixty days** from the date of receipt of application under the said sub-section till the date of refund of such tax:

**Provided** that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding **nine per cent** as may be notified<sup>63</sup> by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the **date of receipt of application** till the date of refund.

**Explanation.**—For the purposes of this section, where any order of refund is made by an Appellate Authority, Appellate Tribunal or any court against an order of the proper officer under sub-section (5) of section 54, the order passed by the Appellate Authority, Appellate Tribunal or by the court shall be deemed to be an order passed under the said sub-section (5).

## **Sec 57:- Consumer Welfare Fund**

The Government shall constitute a Fund, to be called the Consumer Welfare Fund and there shall be credited to the Fund,—

- a) the amount referred to in sub-section (5) of section 54;
  - b) any income from investment of the amount credited to the Fund; and
  - c) such other monies received by it,
- in such manner as may be prescribed

Rule 97

## **Sec 58:- Utilisation of Fund.**

(1) All sums credited to the Fund shall be utilised by the Government for the welfare of the consumers in such manner as may be prescribed.

Rule 97

(2) The Government or the authority specified by it shall maintain proper and separate account and other relevant records in relation to the Fund and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor General of India.



# Inverted Duty structure

54(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) -----ZERO RATED-----

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:

ITC **rate** on  
**inputs**

✗ CG, IS



IS GREATER THAN

**rate** of tax on  
**output  
supplies**

Output can have both  
goods or services



Circular 135/05/2020

➤ **Refund of accumulated input tax credit (ITC) on account of reduction in GST Rate**

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.**

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.**

Only Reduction of Rate of Goods

# MAXIMUM Refund amount calculation (Rule 89(5))

Maximum  
Refund Amount

=

Turnover of Inverted  
Duty Structure

X

Net ITC

Input tax credit  
availed on  
inputs during  
the relevant  
period other than  
the input tax  
credit availed for  
which refund is  
claimed under  
sub-rule (4A) or  
(4B) or both

Tax payable on  
such inverted  
rate of supply

Adjusted Total Turnover

*in next slide*

## Illustration

- |                    |               |
|--------------------|---------------|
| 1. ITC on inputs   | Rs 18,000/-   |
| 2. Total Turnover  | Rs 1,00,000/- |
| 3. Tax on Turnover | Rs 5,000/-    |

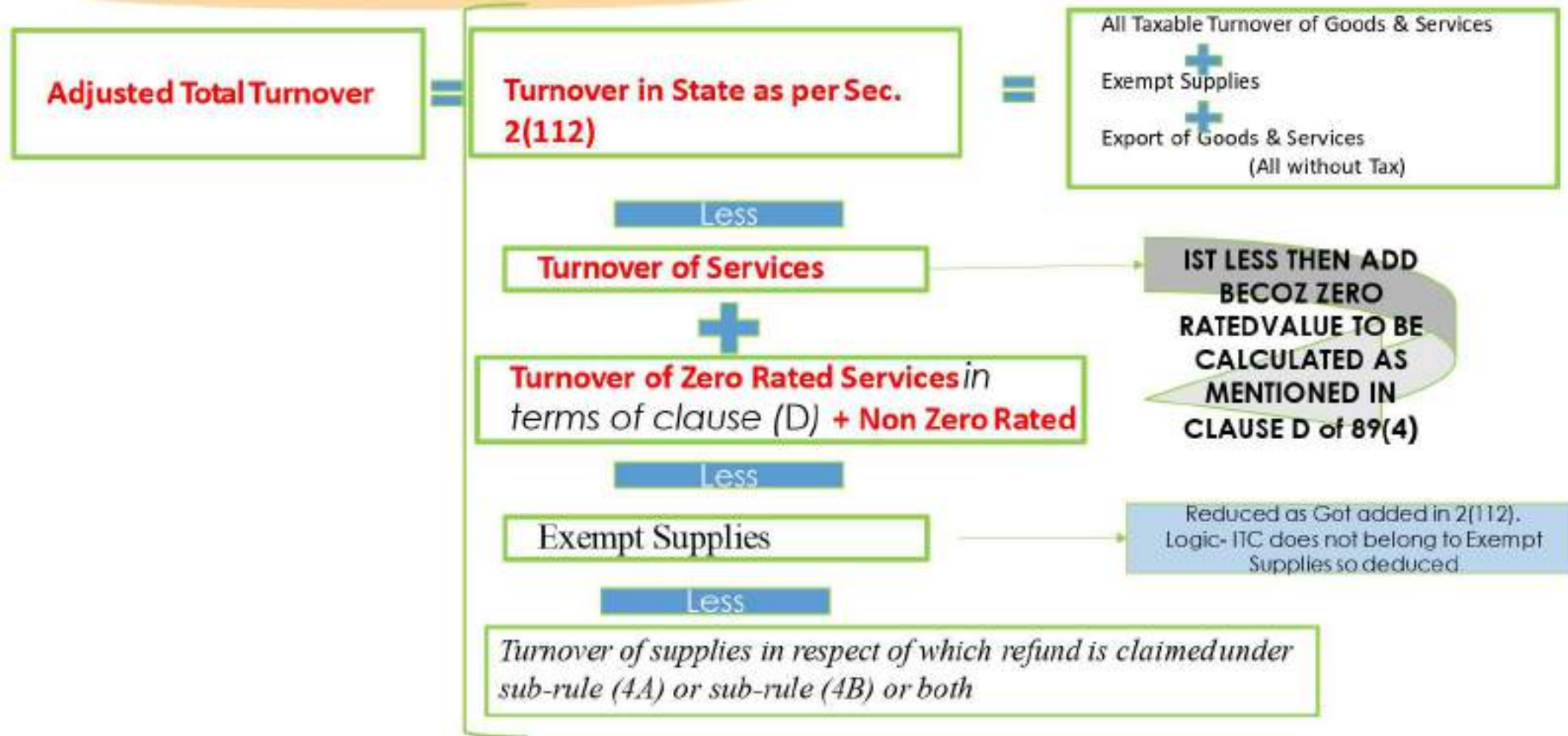
Assuming the entire turnover is in relation to inverted  
duty structure

1. Total Output Tax=5000 will be paid through ITC of Rs 18000. Therefore the balance available in credit ledger will be Rs 13,000/-
2. Maximum Refund Amount  

$$= [(100000 \times 18000) / 100000] - 5000$$

$$= \text{Rs } 13000/-$$

## Refund amount calculation (Rule 89(5))





# Refund Amount TO BE ALLOWED (Para 37 of Circular 125)

## **BALANCE CHECKS**

1 **Least** of the following amounts:

- a) Maximum refund amount as per the formula (CONSOLIDATED FOR ALL HEADS)
- b) The **balance in the electronic credit ledger at the end of the tax period for which the refund claim is being filed**
- c) The **balance in the electronic credit ledger at the time of filing the refund application.**

2 After calculating the least of the three amounts, the amount is divided in Heads as per following sequence

a) Integrated tax, to the extent of balance available;

1

a) Central tax and State tax/Union Territory tax, **equally** to the extent of balance available and in the event of a shortfall in the balance available in a particular electronic credit ledger, the differential amount is to be debited from the other electronic credit ledger

2



## GST RFD-01

### Refund on account of ITC accumulated due to Inverted Tax Structure

\* Indicates Mandatory Fields

#### Important Message

**Adjusted Total turnover** means the sum total of the value of -  
 (a) the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services; and  
 (b) the turnover of zero-rated supply of services determined in terms of **clause (D) of rule 89(4) of CGST Rules, 2017** and non-zero-rated supply of services,  
**excluding-**  
 (i) the value of exempt supplies other than zero-rated supplies; and  
 (ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any, during the relevant period.

**Statement 1A \*** [Click to fill the details of invoices for inward and outward supplies](#) [Download Offline Utility](#)

Kindly enter values in statement 1 below for the Tax Period for which Refund is being claimed.

Computation of Refund to be claimed (Statement 1)

	Turnover of inverted rated supply of goods and services (1) (₹) *	Tax payable on such inverted rated supply of goods and services (2) (₹) *	Adjusted Total turnover (3) (₹) *	Net Input tax credit (4) (₹) *	Maximum refund amount to be claimed (5) [(1 x 4 - 2) (₹)]
				<small>Edit the Net ITC to exclude, the ITC availed on input services and the ITC of refund claimed under Rule 89 (4A) and/ or (4B)</small>	
Integrated Tax					
Central Tax	₹0.00	₹0.00	₹0.00	₹2,55,55,997.00	0.00
State/UT Tax					
CESS		₹0.00		₹0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

Amount eligible for Refund (in ₹)

	Balance in Electronic Credit ledger at the end of tax period for which refund is claimed (balance remaining after return for this period is filed) (1) (₹)	Balance in Electronic Credit ledger at the time of filing of refund application (2) (₹)	Refund to be Claimed (3) (₹)*
Integrated Tax	1,072,721.00	1,072,721.00	₹0.00
Central Tax	7,136,621.00	7,136,621.00	₹0.00
State/UT Tax	15,114,311.00	15,114,311.00	₹0.00
CESS	0.00	0.00	₹0.00
Total	23,323,653.00	23,323,653.00	0.00

[Click to view Electronic Liability Ledger](#)

**Notes:** You may view the Electronic Liability Register that displays your liabilities/ dues of Returns and other than Returns. Hence, you may save this Refund Application and navigate to the dashboard to settle the dues first, or may proceed here to submit the application. Please note that the recoverable dues shall be deducted from the gross amount to be paid from the Refund Amount claimed in the refund application received, by the Refund Processing Officer while processing the Refund.

Bank Account Number

Select Account Number\*

**Notes:** In case you want refund in another preferred bank account which is not appearing in the drop down list, please add that bank account by filing amendment of registered (non-core) form. Please be informed that, the disbursement of refund amount will be credited to the mentioned account here. Please be advised to keep the mentioned bank account operational till sanctioned refund is successfully disbursed. If disbursement fail due to error of bank account, you may approach proper officer to have different bank account selected.

Important Message



## EXAMPLE of Refund Amount TO BE ALLOWED

A. Amount calculated as per Formula	Rs. 50000
B. Credit Balance at end of Refund Period	Rs. 30000
C. Credit Balance at end of Filing Refund Application	Rs. 28000
ELIGIBLE REFUND	Rs. 28000/-

## Refund amount calculation (Para 54 of Circular 125)

### Illustration

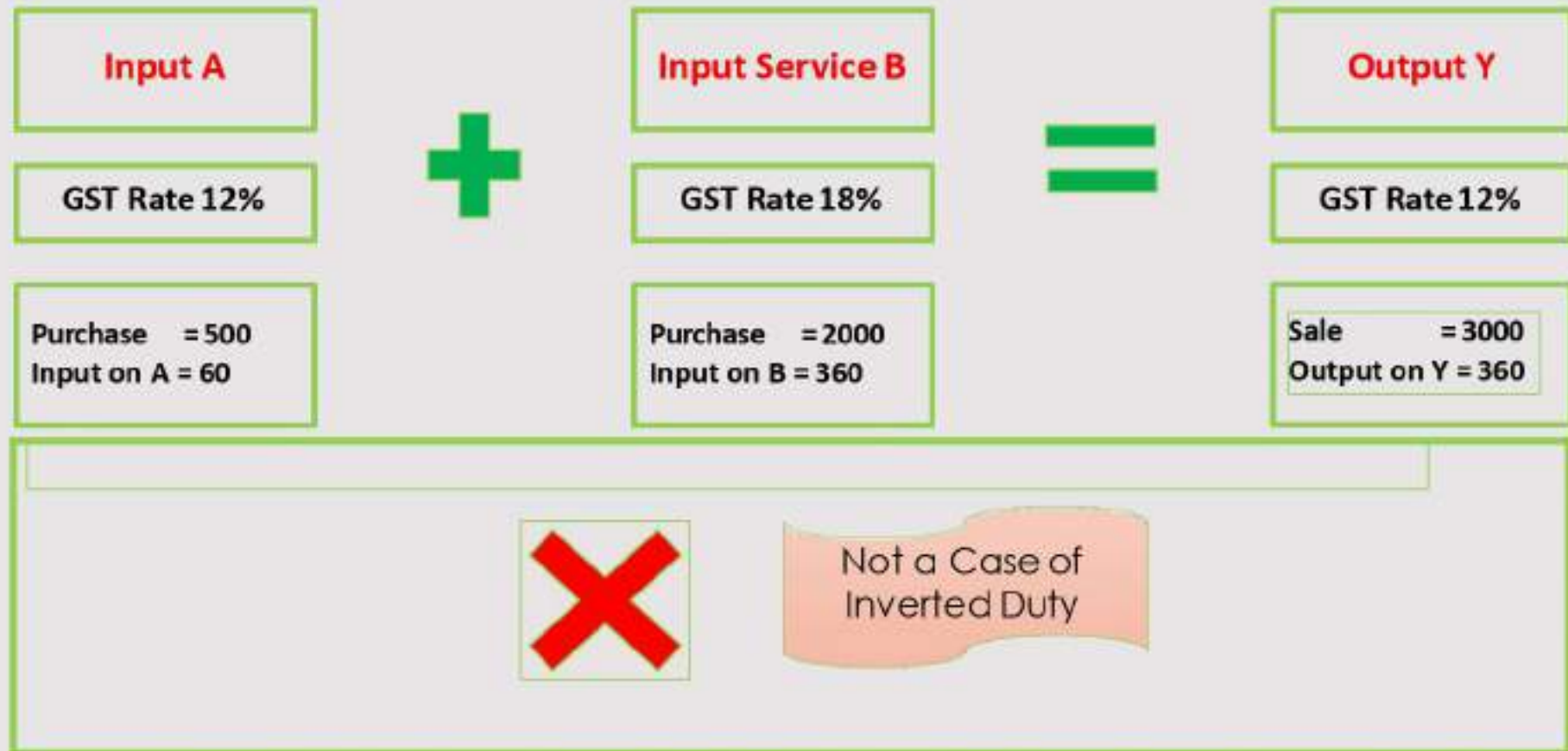
<b>Input A</b>		<b>Input B</b>		<b>Output Y</b>
GST Rate 5%	+	GST Rate 18%	=	GST Rate 12%
Purchase = 500 Input on A = 25		Purchase = 2000 Input on B = 360		Sale = 3000 Output = 360

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/-



# Refund Issues

## Illustration



# CONCEPT OF INVERTED DUTY TURNOVER (Mixed Turnover)

**Illustration** Total Turnover of assessee Rs. 8100

**TRADING**

**Input A**

**Input B**

**Output Y**

**Input X**

**Output X**

GST Rate 5%

GST Rate 18%

GST Rate 12%

GST Rate 12%

GST Rate 12%

Purchase = 500  
Input on A = 25

Purchase = 2000  
Input on B = 360

Sale = 3000  
Output on Y = 360

Purchase = 5000  
Input on X = 600

Sale = 5100  
Output on X = 612

1. Total Output Tax of Rs. 972/- (360+612) will be paid from input of Rs. 985/- (25+360+600). Balance in credit ledger will be Rs. 13/- (985-972).
2. Maximum Refund Amount  

$$= [(3000 \times 985) / 8100] - 360$$

$$= \text{Rs. 4.81/-}$$
3. Refund amount to be allowed Rs. 4.81/-.



# CAN TWO REFUND APPLICATIONS BE MADE FOR SAME PERIOD

- Yes, under different categories. E.g Refund of Cash Balance and Refund on Account of Exports.
- Can Refund of Inverted Duty and Exports be made simultaneously for same period for same invoices?
- No, Inverted Duty and Exports with Payment of Taxes for same invoices cannot be applied simultaneously .(2<sup>nd</sup> Proviso to Section 53(3). However, if one has domestic and Exports both then for domestic covered by Inverted Duty application can be made under Inverted duty & for Export invoices a separate application will be made for same period.

Example:



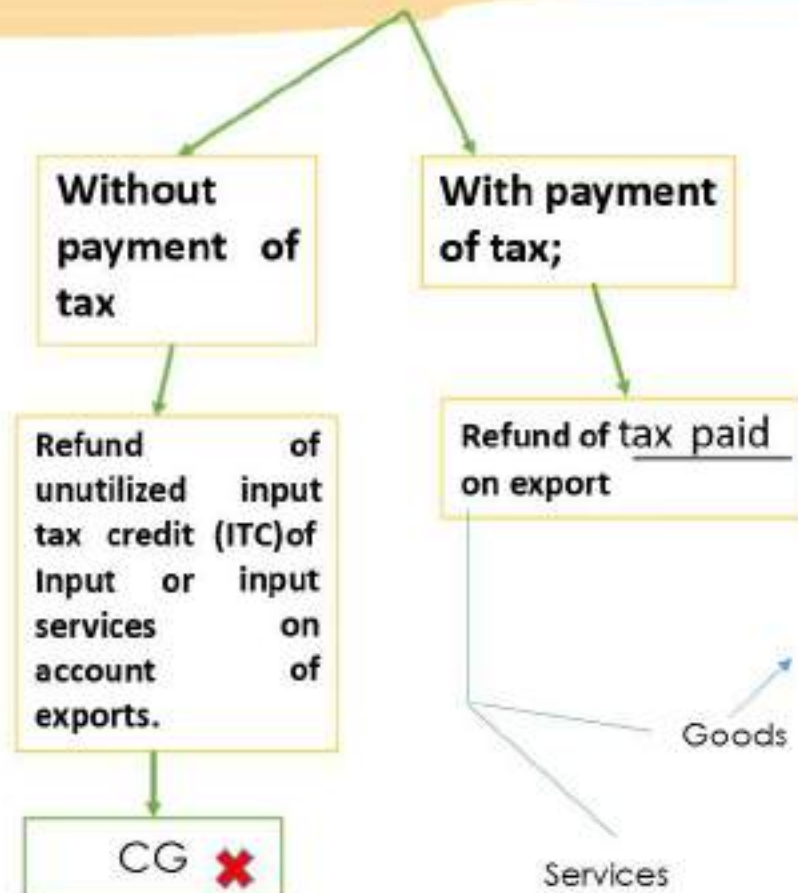
## OTHER Provisions

### Whether Input used directly or indirectly considered in ITC:-

All input ITC, whether directly or indirectly used. Hence ITC of Stores and spares, packing material, materials purchased for machinery repairs, printing & stationery items, as part of net ITC ( Stores and spares the expenditure of which is charged as revenue expenditure cannot be held as capital goods.)



# Export of goods or services



**Rule 96** The shipping bill filed by an exporter of goods shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India. No Separate Application Required.

# Export of goods or services

Without Payment of Tax under Bond/LUT

54(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) Zero rated supplies made without payment of taxes
- ii) \_\_\_\_\_ Inverted Duty \_\_\_\_\_

Provided further that **no refund** of unutilised input tax credit shall be allowed in cases **where the goods exported out of India are subjected to export duty:**

Provided also that **no refund** of input tax credit shall be allowed, if the supplier of goods or services or both **avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.**



# Refund amount calculation

Rule 89(4)

Maximum  
Refund Amount



Turnover of Zero rated supply



Net ITC

Credit availed  
on inputs and  
input services

Adjusted Total Turnover

All turnover except  
exempt turnover

**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

**Note: System validations in calculating refund amount are same as in REFUND OF UTILISED ITC ON ACCOUNT OF INVERTED DUTY**

**Rule 89(4)(c) Substituted:- ( Refund on Zero Rated Supply Without Tax under Bond)**

"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.**

other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;"



Particulars	Before amendment	After amendment
Zero Rated (10000 Kg @8036/100kg)	803600	803600
Domestic (2000Kg @ 5250/100kg )	105000	105000
Total Sales	908600	908600
ITC	100000	100000
Refund= ITC* <u>Turnover of Zero Rated Supply</u> Adjusted total Turnover	100000*803600/908600	100000*787500/908600
Turnover of Zero Rated Supply	803600	803600 or 10000*5250/100*1.5= 787500 Whichever is less i.e 787500
Refund	88443	86671

### Option Comparison When Capital Goods are Involved

S. No	Type of ITC	CGST	SGST	IGST	Total
1	Inputs	1000	1000	1000	3000
2	Input Services	500	500	1000	2000
3	Capital Goods			5000	5000
	<b>Total</b>	1500	1500	7000	10000

### Illustration

Exported goods worth Rs 100000/- chargeable to GST @ 12%=Rs. 12000

#### Option 1

Without payment of tax

- LUT should be furnished
- No output tax will be payable.
- Refund of Inputs Tax Credit Rs 3000 and Input services Rs 2000.
- No refund of Rs 5000 of ITC on capital goods

#### Option 2

With payment of tax

- IGST of Rs 12 000/- shall be payable as exports are with payment of taxes.
- Rs. 12000 paid 10000 thru Credit Ledger & 2000 in cash
- Refund amount Rs. 12000 and there is no fund blockage.
- Easier to get Refund



### Option Comparison When Input Tax Credit has CESS

S. No	Type of ITC	CGST	SGST	IGST	Cess	Total
1	Inputs	1000	1000	1000	1500	4500
2	Input Services	500	500	1000	0	2000
3	Capital Goods			0	0	0
	<b>Total</b>	1500	1500	2000	1500	6500

### Illustration

Exported goods worth Rs 100000/- chargeable to GST @ 5%=Rs. 5000

#### Option 1

Without payment of tax

- LUT should be furnished
- No output tax will be payable.
- Refund of Inputs Rs 4500 (including cess) and Input services Rs 2000. Total Rs 6500/-

#### Option 2

With payment of tax

- IGST of Rs 5000/- is payable as exports are with payment of taxes.
- Rs. 5000 will be adjusted from C,S,I
- Cess cannot be used for payment above IGST and will not be available as refund.

**Rule 96:- Refund of integrated tax paid on goods or services **exported out of India ( with payment of tax)****

**(1) The shipping bill filed by <sup>1a</sup>[an exporter of goods] shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India and such application shall be deemed to have been filed only when:-**

**a) the person in charge of the conveyance carrying the export goods duly files <sup>36a</sup>[a departure manifest or] an export manifest or an export report covering the number and the date of shipping bills or bills of export; and**

**b) the applicant has furnished a valid return in FORM GSTR-3 <sup>2</sup>[or FORM GSTR-3B, as the case may be].**

**(2) The details of the <sup>1</sup>[relevant export invoices in respect of export of goods] contained in FORM GSTR-1 shall be transmitted electronically by the common portal to the system designated by the Customs and the said system shall electronically transmit to the common portal, a confirmation that the goods covered by the said invoices have been exported out of India:**

**[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. ]**

**(3) Upon the receipt of the information regarding the furnishing of a valid return in FORM GSTR-3<sup>2</sup>[or FORM GSTR-3B, as the case may be] from the common portal, <sup>4</sup>[the system designated by the Customs or the proper officer of Customs, as the case may be, shall process the claim of refund in respect of export of goods] and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account of the applicant mentioned in his registration particulars and as intimated to the Customs authorities.**

**(4) The claim for refund shall be withheld where,-**

**a) a request has been received from the jurisdictional Commissioner of central tax, State tax or Union territory tax to withhold the payment of refund due to the person claiming refund in accordance with the provisions of sub-section (10) or sub-section (11) of section 54; or**

**b) the proper officer of Customs determines that the goods were exported in violation of the provisions of the Customs Act, 1962.**



### **Rule 96:- Refund of integrated tax paid on goods or services exported out of India**

(5) Where refund is withheld in accordance with the provisions of clause (a) of sub-rule (4), the proper officer of integrated tax at the Customs station shall intimate the applicant and the jurisdictional Commissioner of central tax, State tax or Union territory tax, as the case may be, and a copy of such intimation shall be transmitted to the common portal.

(6) Upon transmission of the intimation under sub-rule (5), the proper officer of central tax or State tax or Union territory tax, as the case may be, shall pass an order in Part B of FORM GST RFD-07.

(7) Where the applicant becomes entitled to refund of the amount withheld under clause (a) of sub-rule (4), the concerned jurisdictional officer of central tax, State tax or Union territory tax, as the case may be, shall proceed to refund the amount after passing an order in FORM GST RFD-06.

(8) The Central Government may pay refund of the integrated tax to the Government of Bhutan on the exports to Bhutan for such class of goods as may be notified in this behalf and where such refund is paid to the Government of Bhutan, the exporter shall not be paid any refund of the integrated tax.

**1 [ (9) The application for refund of integrated tax paid on the services exported out of India shall be filed in FORM GST RFD-01 and shall be dealt with in accordance with the provisions of rule 89.**

**2 [ (10) The persons claiming refund of integrated tax paid on exports of goods or services should not have -**

**a) received supplies on which the benefit of the Government of India, Ministry of Finance notification No. 48/2017-Central Tax, dated the 18th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1305 (E), dated the 18th October, 2017 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme or notification No. 40/2017 - Central Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320(E), dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E), dated the 23rd October, 2017 has been availed; or**

**b) availed the benefit under notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E), dated the 13th October, 2017 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme.]**



## Errors in case of Refund of export of goods with Payment

Error Code	Error Description	Error Reason and Solution
SB001	Invalid SB details	<p><b>Reason:</b> Due to wrong shipping bill number furnished in GSTR 1/Table 6A.</p> <p><b>Solution:</b> 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.</p>
SB002	EGM not filed	<p><b>Solution:</b> Exporter should approach their</p> <ul style="list-style-type: none"><li>• shipping line; or</li><li>• airline/carrier;</li></ul> <p>to file the EGM immediately.</p>

**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.

## Error Code

## Error Description

## Error Reason and Solution

SB005

Invalid invoice number

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.

**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



**Error Code****Error Description****Error Reason and Solution****SB006****Gateway EGM not available**

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.

### Error Code

### Error Description

### Error Reason and Solution

**SB000**

**Successfully validated**

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.

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

❖ 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.

❖ Where the IGST claimed amount is less than Rs.1000/-.



## Export of goods or services

**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**<sup>3</sup>*[, 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)**<sup>3a</sup>*[or in Indian rupees, wherever permitted by the Reserve Bank of India]*



## Export of goods or services

### **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.

For Services  
Restoration Law is  
Silent

(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.

## Notification No. 16/2020 dated 23.03.2020

### **New Rule 96B Inserted:-**

"96B. **Recovery of refund of unutilised input tax credit or integrated tax paid on export of goods where export proceeds not realised.** –(1) 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, in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), including any extension of such period, the person to whom the refund has been made shall deposit the amount so refunded, to the extent of non realization of sale proceeds, along with applicable interest within thirty days of the expiry of the said period or, as the case may be, the extended period, failing which the amount refunded **shall be recovered in accordance with the provisions of section 73 or 74 of the Act, as the case may be, as is applicable for recovery of erroneous refund, along with interest under section 50:**

Provided that where sale proceeds, or any part thereof, in respect of such export goods are not realised by the applicant within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), but the Reserve Bank of India writes off the requirement of realization of sale proceeds on merits, the refund paid to the applicant shall not be recovered.

(2) Where the sale proceeds are **realised by the applicant, in full or part, after the amount of refund has been recovered** from him under sub-rule (1) and the applicant produces evidence about such realisation **within a period of three months** from the date of realisation of sale proceeds, the amount so recovered shall be refunded by the proper officer, to the applicant to the extent of realisation of sale proceeds, provided the sale proceeds have been realised within such extended period as permitted by the Reserve Bank of India."



**Step 1:- Export Of Goods.**

**Step 2:- Refund**

Unutilised ITC  
(Export under  
LUT/BOND)

Integrated Tax Paid  
(Export on payment  
of Tax)

**Step 3:- Export Proceeds not realized  
(Part or Full)  
Within period allowed by FEMA**

**Step 4:- Within expiry of 30 days from above said period**

Deposit the refunded amount + interest

**Step 5:- On Non payment= Recovery of amount u/s 73 or 74**

**Step 6:- Realisation of export proceeds after recovery of refund amount**

**AND**

**evidence produced by applicant within three month from realization of sale proceeds  
The Amount recovered be refunded**

For Export of  
Services Non  
Realisation Rule  
96A is applicable

Time Period as  
per FEMA -9  
months  
Extended to 15  
months due to  
Covid

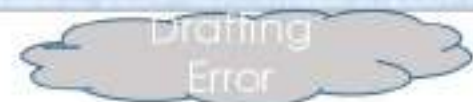


### SPECIMEN OF UNDERTAKING

1. I hereby declare that the goods exported are not subject to any export duty. No drawback has been availed / or availed at lower rate by us in respect of central tax and no refund is claimed by us in respect of the integrated tax paid on such supplies in terms of Section 54(3) of CGST/SGST Act.
2. I hereby declare that refund of input tax credit claimed does not include input tax credit availed on goods or services used for making Nil rated or fully exempted supplies.
3. I hereby declare that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person in terms of Rule 89(2)(I) of Central Goods and Services Tax (CGST) Rules, 2017.
4. I hereby declare that the GST refund application has been made to one authority only.
5. I hereby undertake that during any period of five years immediately preceding the tax period to which the claim for refund relates, I have 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.
6. I hereby undertake to pay back to the government the amount of refund sanctioned along with interest in case it is found subsequently that the requirements of Section 16(2)(c) read with Section 42 of the CGST/SGST Act have not been complied with in respect of the amount refunded.

### New Clause in undertaking

#### "UNDERTAKING"



I hereby undertake to deposit to the Government the amount of refund sanctioned along with interest in case of non-receipt of foreign exchange remittances as per the **proviso to section 16** of the IGST Act, 2017 read with rule 96B of the CGST Rules 2017.

Signature  
Name –  
/ Status”

Designation

# Provisional Refund

Applicable to

Quantum of  
provisional Refund

Time period to  
issue provisional  
refund

Form in which  
provisional refund  
is to be issued

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 Govt. on the recommendation of Council.

90% of the refund amount

7 days of RFD-02

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

No Adjustment of Old Dues can be made from Provisional Refund. If Pending dues then PO should go for Final Directly.



## AS PER PART A OF THE OFFICIAL RCLAR 125

- Refund application filed for Rs 100
- **Provisional refund issued** Rs 90
- Proper officer identified
- ☐ Refund of Credit not eligible Rs 30

Step 1: Proper officer shall issue a **show cause notice** as to why credit of Rs 30 should not be rejected and why Rs 20 should not be recovered as per terms of Sec 73 or 74.

Step 2: The supplier shall file his reply.

Step 3: If the notice is decided against the applicant either the applicant shall pay Rs 20 along with applicable interest and penalty through DRC-03 or the proper officer shall issue DRC-07 and the amount shall be entered in the electronic liability register.

Step 4: Order passed for Rs 70/- and Rs 30/- is rejected. Excess amount of Rs 20 shall be added to liability register through DRC-07

Step 5: After receiving an undertaking from the applicant to the effect that he shall not file an appeal the amount of Rs 30/- will be re-credited to the electronic credit ledger through PMT-03.

Step 5: The applicant files an appeal against the order and the appellate authority decides wholly in the applicant's favour. It is hereby clarified in such a case the petitioner would file a fresh refund claim for the said amount of Rs. 30/- under the option of claiming refund "On Account of Assessment/Provisional Assessment/Appeal/Any other order" and if rejected then Rs 30/- shall be re-credited thereafter.

## Illustration as per Para 23 of Circular 125

### Illustration

- Refund application filed for Rs 100
- Proper officer identified
  - ☐ Ineligible credits worth Rs 15
  - ☐ Refund of Credit not eligible Rs 5



Step 1: Proper officer shall **issue a show cause notice [RFD-08] as to why credit of Rs (15+5)** should not be rejected and why Rs. 15 should not be recovered in terms of Sec 73 or 74.

Step 2: The supplier shall file his reply. **[RFD-09]**

Step 3: If the notice is decided against the applicant then either the applicant shall pay Rs 15 along with applicable interest and penalty through DRC-03 or the proper officer shall issue DRC-07 and the amount shall be entered in the the applicants' electronic liability register.

Step 4: Order passed for Rs 80/- and Rs 20/- is rejected. **[RFD-06]**



Step 5: The applicant files an appeal against the order and the appellate authority decides wholly in the applicant's favour. It is hereby clarified in such a case the petitioner would file a fresh refund claim for the said amount of Rs. 20/- under the option of claiming refund "On Account of Assessment/Provisional Assessment/Appeal/Any other order" and if rejected then Rs 20/- shall be re-credited thereafter.

Step 5: After receiving an undertaking from the applicant to the effect that he shall not file an appeal the amount of Rs 20/- will be re-credited to the electronic credit ledger through PMT-03.

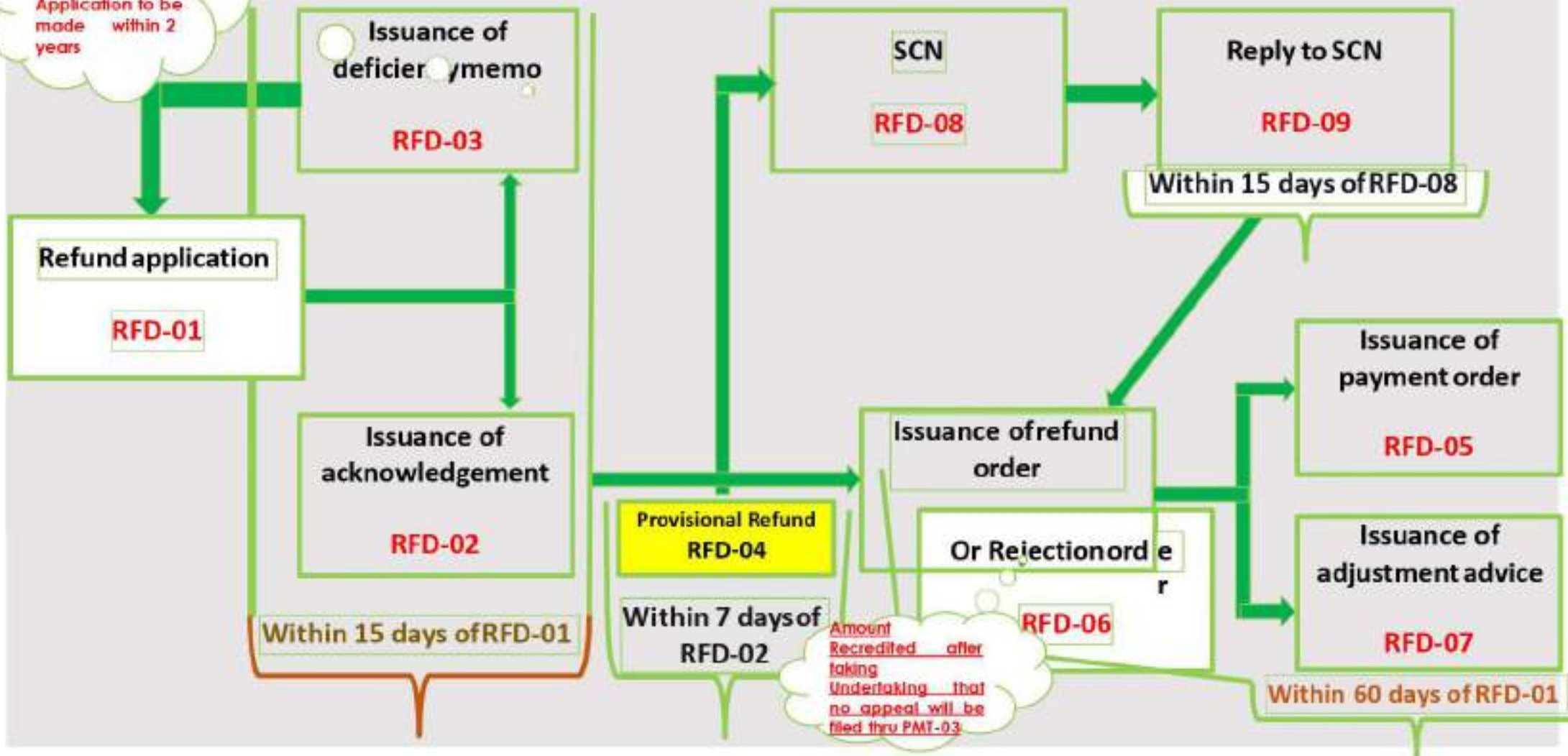


Para 42& 43 of Circular 125/44/2019. Refund of unutilized input tax credit of **compensation cess** availed on inputs in cases where the final product is not subject to the levy of compensation cess:

- Refund of GST Compensation cess is not available in case of Exports with payment of tax.
- Registered persons may also make zero-rated supply of aluminum products on payment of integrated tax but they cannot utilize the credit of the compensation cess paid on coal for payment of integrated tax in view of the proviso to section 11(2) of the Cess Act, which allows the utilization of the input tax credit of cess, only for the payment of cess on the outward supplies. Accordingly, they cannot claim refund of compensation cess in case of zero-rated supply on payment of integrated tax.
- **However any person can claim refund of unutilized input tax credit of Compensation Cess in case of Export under Bond/ LUT .**
- (Can also refer Circular 1/1/2017-Compensation Cess)

## Refund Process [General overview]

In Case of DM ,  
Amount is  
Recredited in  
ECrL & Fresh  
Application to be  
made within 2  
years





## **CIRCULAR 135/05/2020 dated 31-03-2020**

### ➤ **Bunching of refund claims across Financial Years**

The said restriction on the clubbing of tax periods across financial years for claiming refund thus has been continued vide **Paragraph 8** of the **Circular No. 125/44/2019-GST dated 18.11.2019**, which is reproduced as under:

- **"8.** 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 quarter....."
- **Hon'ble Delhi High Court** in Order dated 21.01.2020, in the case of **M/s Pitambra Books Pvt Ltd.**, vide para 13 of the said order has stayed the rigour of paragraph 8 of Circular No. 125/44/2019-GST dated 18.11.2019 and has also directed the Government to either open the online portal so as to enable the petitioner to file the tax refund electronically, or to accept the same manually within 4 weeks from the Order. Hon'ble Delhi High Court vide para 12 of the aforesaid Order has observed that **the Circulars can supplant but not supplement the law. Circulars might mitigate rigours of law by granting administrative relief beyond relevant provisions of the statute,** however, Central Government is not empowered to withdraw benefits or impose stricter conditions than postulated by the law. **No Restriction u/s 16(3) of IGST and 54(3) of CGST,2017**
- Further, same issue has been raised in various other **representations** also, especially those received **from the merchant exporters** wherein merchant exporters have received the supplies of goods in the last quarter of a Financial Year and have made exports in the next Financial Year i.e. from April onwards. The restriction imposed vide para 8 of the master refund circular prohibits the refund of ITC accrued in such cases as well.

### BEFORE AMENDMENT

Particulars	March	April
<b>Purchase Input</b>	<b>100000</b>	<b>0</b>
<b>Export</b>	<b>0</b>	<b>1200000</b>
Refund	0	0

### After Amendment

	March- April
Purchase Input	100000
Export	1200000
Refund	100000



➤ **Refund of accumulated input tax credit (ITC) on account of reduction in GST Rate**

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.**

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.**

Only Reduction of Rate of Goods

➤ **Guidelines for refunds of Input Tax Credit under Section 54(3)( Refund of unutilized input tax credit)**

In terms of para 36 of circular No. 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.

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.



➤ New Requirement to mention HSN/SAC in Annexure 'B'

References have also been received from **the field formations** that HSN wise details of goods and services are not available in FORM GSTR-2A and therefore it becomes very difficult to distinguish ITC on capital goods and/or input services out of total ITC for a relevant tax period. It has been recommended that a column relating to HSN/SAC Code should be added in the statement of invoices relating to inward supply as provided in Annexure-B of the circular No. 125/44/2019- GST dated 18.11.2019 so as **to easily identify between the supplies of goods and services.**

The issue has been examined and considering that such a distinction is important in view of the provisions relating to refund where refund of credit on Capital goods and/or services is not permissible in certain cases, it has been decided to amend the said statement. **Accordingly, Annexure-B of the circular No. 125/44/2019-GST, dated 18.11.2019 stands modified to that extent.**

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.

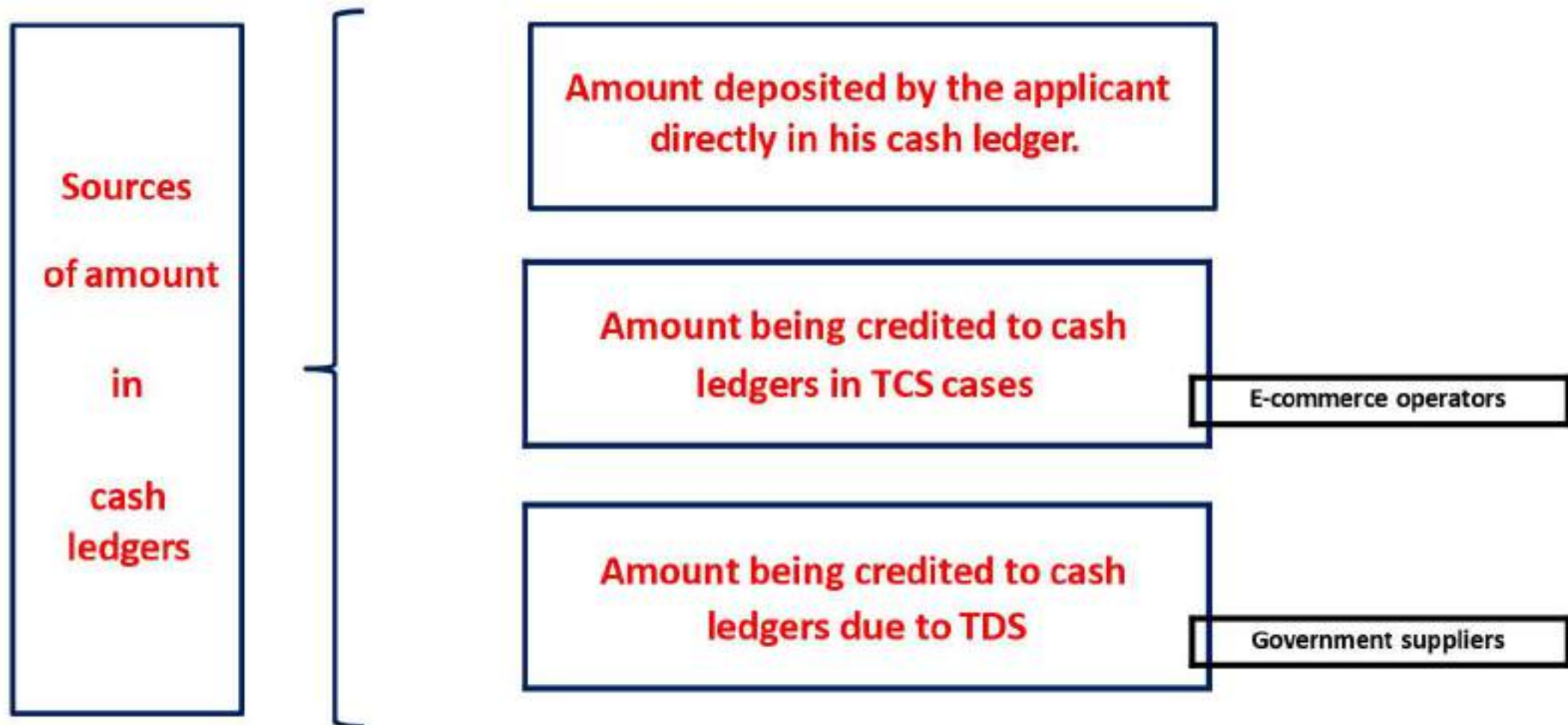
**Annexure-B**

Statement of invoices to be submitted with application for refund of unutilized ITC

Sr. No .	GSTIN of the Supplier	Name of the Supplier	Invoice Details			Category of input supplies		Central Tax	State Tax/ Union Territory Tax	Integrated Tax	Cess	Eligible for ITC	Amount of eligible ITC
			Invoice No.	Date	Value	Inputs /Input Services/capital goods	HSN/ SAC					Yes/ No/Partially	
1	2	3	4	5	6	7	8	9	10	11	12	13	14



## Electronic Cash Ledger



Para 55 & 56 of circular 125/44/2019

## Refund of TDS/TCS deposited in excess

55. Tax deducted in accordance with the provisions of section 51 of the CGST Act or tax collected in accordance with the provisions of section 52 of the CGST Act is required to be paid while discharging the liability in **FORM GSTR 7** or **FORM GSTR 8**, as the case may be, by the deductor or the collector, as the case may be.

56. It has been reported that, there are instances where taxes so deducted or collected is deposited under the wrong head (e.g. an amount deducted as Central tax is deposited as Integrated tax/State tax), thereby creating excess balance in the cash ledger of the deductor or the collector as the case may be. Doubts have been raised on the fate of this excess balance of TDS/TCS in the cash ledger of the deductor or the collector. It is clarified that such excess balance may be claimed by the tax deductor or the collector as the excess balance in electronic cash ledger. In this case, the common portal would debit the amount so claimed as refund. However, in case where tax deducted or collected in excess is also paid while discharging the liability in **FORM GSTR 7** or **FORM GSTR 8**, as the case may be, and the said amount has been credited to the electronic cash ledger of the deductee, the deductee can adjust the same while discharging his output liability or he can claim refund of the same under the category "refund of excess balance in the electronic cash ledger".



## Refund of TDS

```
graph TD; A[Refund of TDS] --> B[Refund to deductor only when amount is not credited in electronic cash ledger ledger of deductee]; A --> C[Refund to deductee only when amount is credited in Electronic cash ledger]; B --> D[DEDUCTOR]; C --> E[DEDUCTEE]
```

Refund to deductor  
only when amount is not  
credited in electronic  
cash ledger ledger of  
deductee

DEDUCTOR

Refund to deductee  
only when amount is  
credited in Electronic  
cash ledger

DEDUCTEE

# Refund in case of Deemed Exports

Circular  
14/14/2017  
(Procedure  
(Form A & Form  
B)

Refund of Deemed exports can be claimed either

By the recipient or

- An undertaking shall have to be furnished by him stating that refund has been claimed only for those invoices which have been detailed in statement 5B for the tax period for which refund is being claimed and that he has not availed input tax credit on such invoices.
- Procedure as laid down by circular is followed

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.



# Benefit of EPCG and similar schemes

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

If the exporter has availed  
benefit of

In output Has

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		

➤ **Change in manner of refund of tax paid on supplies other than zero rated supplies**

Circular No. 125/44/2019-GST dated 18.11.2019, in para 3, categorizes the refund applications to be filed in FORM GST RFD-01 as under:

- a) Refund of unutilized input tax credit (ITC) on account of exports without payment of tax;
- b) Refund of tax paid on export of services with payment of tax; .
- c) Refund of unutilized ITC on account of supplies made to SEZ Unit/SEZ Developer without payment of tax;
- d) Refund of tax paid on supplies made to SEZ Unit/SEZ Developer with payment of tax;
- e) Refund of unutilized ITC on account of accumulation due to inverted tax structure;
- f) Refund to supplier of tax paid on deemed export supplies;
- g) Refund to recipient of tax paid on deemed export supplies;
- h) Refund of excess balance in the electronic cash ledger;
- i) Refund of excess payment of tax;**
- j) Refund of tax paid on intra-State supply which is subsequently held to be inter State supply and vice versa;**
- k) Refund on account of assessment/provisional assessment/appeal/any other order;**
- l) Refund on account of "any other" ground or reason.**

For the refund of tax paid falling in categories **specified at S. No. (i) to (l) above** i.e. refund claims on supplies other than zero rated supplies, no separate debit of ITC from electronic credit ledger is required to be made by the applicant at the time of filing refund claim, being claim of tax already paid. However, the total tax would have been normally paid by the applicant by debiting tax amount from both electronic credit ledger and electronic cash ledger. **At present in these cases, the amount of admissible refund, is paid in cash even when such payment of tax or any part thereof, has been made through ITC.**



Actual Sales	Amount 100000	CGST 2500	SGST 2500
Sales entered in 3B	100000	<div> <div>5000</div> <div>5000</div> </div>	
Paid Through Balance in ledger		<div> <div> <div>10000</div> <div> <div>7000 (Credit ledger)</div> <div>3000 (Cash Ledger)</div> </div> </div> </div>	
Excess Paid		2500	2500
Refund Applied		Rs. 5000	

### Old Law

RFD-06 cash Rs. 5000  
(Encashment of credit ledger of Rs. 2000)

### New Law

Cash RFD-06 = Rs. 1500  
( $3000/10000 \times 5000$ )

Credit ledger through PMT-03 Rs. 3500  
( $7000/10000 \times 5000$ )

	Amount	CGST	SGST
Actual Sales	100000	2500	2500
Sales entered in 3B	100000	5000	
Paid Through Balance in ledger		10000	
		7000 (Credit ledger)	3000 (Cash Ledger)
Excess Paid		2500	2500
Refund Applied		Rs. 5000	
Outstanding dues		Rs. 1000	
<b>Old Law</b>  RFD-06=Rs.4000( 5000-1000)cash (Encashment of credit ledger of Rs. 2000)		<b>New Law</b> If liability =Rs. 1000 Cash Rs. 1500-1000= Rs. 500(RFD-06) Credit = Rs. 3500 (PMT-03) <b>(Entire liability adjusted from Cash)</b>	



## Other Important aspects

1. **Separate applications shall be filed for different refund type even if they fall under same tax period.**
2. **Zero rated supplies of exempt goods or services or both are also eligible for refund claim.**
3. **Principles of Unjust Enrichment** must be satisfied.
4. **In case of export of services to Nepal & Bhutan, exports can be realized in Foreign currency or Indian Currency.**

## Para 51 of Circular 125/44/2019-----Refund of transitional credit

- ✓ The formulae use the phrase 'Net ITC and defines the same as
  - ✓ "input tax credit availed on inputs and input services during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both". It is clarified that as the transitional credit pertains to duties and taxes paid under the existing laws viz., under Central Excise Act, 1944 and Chapter V of the Finance Act, 1994, the same cannot be said to have been availed during the relevant period and thus, cannot be treated as part of 'Net ITC and thus no refund of such unutilized transitional credit is admissible.



# Summary of WHAT CAN BE CLAIMED AS REFUND

S. No			
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 Input 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	

## Circular No. 137 dated 13.04.2020

**Issue No. 1:-**An advance is received by a supplier for a **Service contract** which subsequently got cancelled. The supplier has issued the invoice before supply of service and paid the GST thereon. **Whether he can claim refund of tax paid or is he required to adjust his tax liability in his returns?**

**Clarification:-**In case GST is paid by the supplier on advances received for a future event which got cancelled subsequently and for which invoice is issued before supply of service, the supplier is required to issue a "credit note" in terms of section 34 of the CGST Act. He shall declare the details of such credit notes in the return for the month during which such credit note has been issued. The tax liability shall be adjusted in the return subject to conditions of section 34 of the CGST Act. There is no need to file a separate refund claim.

However, in cases where there is no output liability against which a credit note can be adjusted, registered persons may proceed to file a claim under **"Excess payment of tax, if any" through FORM GST RFD-01.**

**Issue No. 2:-**An advance is received by a supplier for a Service contract which got cancelled subsequently. The supplier has issued receipt voucher and paid the GST on such advance received. Whether he can claim refund of tax paid on advance or he is required to adjust his tax liability in his returns?

**Clarification:-**In case GST is paid by the supplier on advances received for an event which got cancelled subsequently and for which no invoice has been issued in terms of section 31 (2) of the CGST Act, he is required to issue a "refund voucher" in terms of section 31 (3) (e) of the CGST Act read with rule 51 of the CGST Rules. The taxpayer can apply for refund of GST paid on such advances by filing FORM GST RFD-01 under the category "Refund of excess payment of tax".



### INTERPRETATION:

If a supplier of service receives advance then :

**Step 1:** He has to issue Receipt Voucher as per **Sec. 31(3)(d)** read with Rule 50(Particulars of Receipt Voucher)

**Step 2: Issue of Tax Invoice.** As per Sec. 31(2) tax invoice is to be issued either Before or After the Provision of Service

#### Case 1

Receipt Voucher Issued u/s 31(3)(d) +  
Tax Invoice Issued u/s 31(2) before  
Service

Contract got Cancelled, Amount  
Refunded

The supplier is required to issue a  
"credit note" u/s 34

Details of such credit notes in the  
return for the month during which such  
credit note has been issued

No Need of Refund Application

if No output liability against which a credit note can  
be adjusted Refund can be applied under the  
category "Refund of excess payment of tax".

#### Case 2

Receipt Voucher Issued u/s 31(3)(d)  
but Tax Invoice not yet Issued

Contract got Cancelled, Amount  
Refunded

Required to issue a REFUND VOUCHER u/s 31(3)(e) read  
with Rule 51(Particulars of Refund Voucher)

The taxpayer can apply for refund of GST paid on  
such advances by filing FORM GST RFD-01 under  
the category "Refund of excess payment of tax".

Refund

Tax  
Liability  
Adjusted

No adjustment  
in Return 3B in  
case of  
Refunds

Refund

No criteria of Adjustment  
mentioned for Refund Voucher.  
Directly Refund? Whereas Table 9  
of GSTR-1 allows adjustment

## Circular No. 137 dated 13.04.2020

**Issue No. 3:-** Goods supplied by a supplier under cover of a tax invoice are returned by the recipient. Whether he can claim refund of tax paid or is he required to adjust his tax liability in his returns?

**Clarification:-** In such a case where the goods supplied by a supplier are returned by the recipient and where tax invoice had been issued, the supplier is required to issue a "credit note" in terms of section 34 of the CGST Act. He shall declare the details of such credit notes in the return for the month during which such credit note has been issued. The tax liability shall be adjusted in the return subject to conditions of section 34 of the CGST Act. There is no need to file a separate refund claim in such a case.

However, in cases where there is no output liability against which a credit note can be adjusted, registered persons may proceed to file a claim under "Excess payment of tax, if any" **through FORM GST RFD-01.**

Same as Issue No. 1

1<sup>st</sup> adjustment then Refund



## Circular No. 137 dated 13.04.2020

**Issue No. 4:-** Letter of Undertaking (LUT) furnished for the purposes of zero rated supplies as per provisions of section 16 of the Integrated Goods and Services Tax Act, 2017 read with rule 96A of the CGST Rules has expired on 31.03.2020. Whether a registered person can still make a zero-rated supply on such LUT and claim refund accordingly or does he have to make such supplies on payment of IGST and claim refund of such IGST?

**Clarification:-** Notification No. 37/2017-Central Tax, dated 04.10.2017, requires LUT to be furnished for a financial year. However, in terms of notification No. 35/2020 Central Tax dated 03.04.2020, where the requirement under the GST Law for furnishing of any report, document, return, statement or such other record falls during between the period from 20.03.2020 to 29.06.2020, has been extended till 30.06.2020. Therefore, in terms of Notification No. 35/2020-Central Tax, time limit for filing of LUT for the year 2020-21 shall stand extended to 30.06.2020 and the taxpayer can continue to make the supply without payment of tax under LUT provided that the FORM GST RFD-11 for 2020-21 is furnished on or before 30.06.2020. **Taxpayers may quote the reference no of the LUT for the year 2019-20 in the relevant documents.**

**Issue No. 6:-** As per section 54 (1), a person is required to make an application before expiry of **two years from the relevant date. If in a particular case, date for making an application for refund expires on 31.03.2020**, can such person make an application for refund before 29.07.2020?

**Clarification:-** As per notification No. 35/2020-Central Tax dated 03.04.2020, where the timeline for any compliance required as per sub-section (1) of section 54 of the Central Goods and Services Tax Act, 2017 falls during the period from 20.03.2020 to 29.06.2020, the same has been extended till 30.06.2020. Accordingly, the due date for filing an application **for refund falling during the said period has also been extended till 30.06.2020.**

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
			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/developer 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	



Sl. 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	Statement 5(B) under rule 89(2)(g)	Documents required under 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	
8	Refund of excess payment of tax	Statement 7 under rule 89(2)(k)	NA
		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
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	



## Para 18 of Circular 125/44/2019= scrutiny of application

### 18. In case of refund claim on account of export of goods without payment of tax.

- ✓ the Shipping bill details shall be checked by the proper officer through ICEGATE SITE (www.icegate.gov.in) wherein the officer would be able to check details of EGM and shipping bill by keying in port name. Shipping bill number and date.
- ✓ It is advised that while processing refund claims, information contained in Table 9 of FORM GSTR-1 of the relevant tax period as well as that of the subsequent tax periods should also be taken into cognizance, wherever applicable.
- ✓ In this regard, Circular No. 26/26/2017-GST dated 29.12.2017 may be referred, wherein the procedure for rectification of errors made while filing the returns in **FORM GSTR-3B** has been provided. Therefore, in case of discrepancies between the data furnished by the taxpayer in **FORM GSTR-3B** and **FORM GSTR-1**, the proper officer shall refer to the said Circular and process the refund application accordingly.

**Rule 89:- Application for refund of tax, interest, penalty, fees or any other amount**

(1) Any person, except the persons covered under notification issued under section 55, claiming refund of any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file an application electronically in FORM GST RFD-01 through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

**Provided** that any claim for refund relating to balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 may be made through the return furnished for the relevant tax period in FORM GSTR-3 or FORM GSTR-4 or FORM GSTR-7, as the case may be:

**Provided further** that in respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, the application for refund shall be filed by the—

- a) supplier of goods after such goods have been admitted in full in the Special Economic Zone for authorised operations, as endorsed by the specified officer of the Zone;
- b) supplier of services along with such evidence regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone:

**[Provided also** that in respect of supplies regarded as deemed exports, the application may be filed by,—

- a) the recipient of deemed export supplies; or
- b) the supplier of deemed export supplies in cases where the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund:]

**Provided also** that refund of any amount, after adjusting the tax payable by the applicant out of the advance tax deposited by him under section 27 at the time of registration, shall be claimed in the last return required to be furnished by him.



## Rule 89:- Application for refund of tax, interest, penalty, fees or any other amount

**(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) the reference number of the order and a copy of the order passed by the proper officer or an appellate authority or Appellate Tribunal or court resulting in such refund or reference number of the payment of the amount specified in sub-section (6) of section 107 and sub-section (8) of section 112 claimed as refund;
- b) a statement containing the number and date of shipping bills or bills of export and the number and the date of the relevant export invoices, in a case where the refund is on account of export of goods;
- c) a statement containing the number and date of invoices and the relevant Bank Realisation Certificates or Foreign Inward Remittance Certificates, as the case may be, in a case where the refund is on account of the export of services;
- d) a statement containing the number and date of invoices as provided in rule 46 along with the evidence regarding the endorsement specified in the second proviso to sub-rule (1) in the case of the supply of goods made to a Special Economic Zone unit or a Special Economic Zone developer;
- e) a statement containing the number and date of invoices, the evidence regarding the endorsement specified in the second proviso to sub-rule (1) and the details of payment, along with the proof thereof, made by the recipient to the supplier for authorised operations as defined under the Special Economic Zone Act, 2005, in a case where the refund is on account of supply of services made to a Special Economic Zone unit or a Special Economic Zone developer;
- f) a declaration to the effect that tax has not been collected from the Special Economic Zone unit or the Special Economic Zone developer, in a case where the refund is on account of supply of goods or services or both made to a Special Economic Zone unit or a Special Economic Zone developer;
- g) evidence as may be notified in this behalf, in a case where the refund is on account of deemed exports;
- h) a statement containing the number and the date of the invoices received and issued during a tax period in a case where the claim pertains to refund of any unutilised input tax credit under sub-section (3) of section 54 where the credit has accumulated on account of the rate of tax on the inputs being higher than the rate of tax on output supplies, other than nil-rated or fully exempt supplies;
- i) the reference number of the final assessment order and a copy of the said order in a case where the refund arises on account of the finalisation of provisional assessment;
- j) a statement showing the details of transactions considered as intra-State supply but which is subsequently held to be inter-State supply;
- k) a statement showing the details of the amount of claim on account of excess payment of tax;
- l) a declaration to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed does not exceed two lakh rupees;

**Provided** that a declaration is not required to be furnished in respect of the cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;

- m) a Certificate in Annexure 2 of FORM GST RFD-01 issued by a chartered accountant or a cost accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed exceeds two lakh rupees

**Provided** that a certificate is not required to be furnished in respect of cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;

**Explanation.**—For the purposes of this rule—

- I. in case of refunds referred to in clause (c) of sub-section (8) of section 54, the expression "invoice" means invoice conforming to the provisions contained in section 31;
- II. where the amount of tax has been recovered from the recipient, it shall be deemed that the incidence of tax has been passed on to the ultimate consumer.



### **Rule 89:- Application for refund of tax, interest, penalty, fees or any other amount**

(3) Where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant by an amount equal to the refund so claimed.

[(4) In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), refund of input tax credit shall be granted as per the following formula—

$$\text{Refund Amount} = \frac{(\text{Turnover of zero-rated supply of goods} + \text{Turnover of zero-rated supply of services}) \times \text{Net ITC}}{\text{Adjusted Total Turnover}}$$

Where,—

A. "Refund amount" means the maximum refund that is admissible;

B. "Net ITC" means input tax credit availed on inputs and input services during the relevant period other than the input tax credit availed for which refund is claimed under sub-rule (4A) or (4B) or both;

C. "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, other than the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or (4B) or both;

D. "Turnover of zero-rated supply of services" means 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];

E. "Adjusted Total Turnover" means the sum total of the value of—

a) the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services; and

b) the turnover of zero-rated supply of services determined in terms of clause (D) above and non-zero-rated supply of services, excluding—

i. the value of exempt supplies other than zero-rated supplies; and

ii. the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any, during the relevant period.]

F. "Relevant period" means the period for which the claim has been filed.



### **Rule 89:- Application for refund of tax, interest, penalty, fees or any other amount**

(4A) In the case of supplies received on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated the 18th October, 2017 published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (i), vide number G.S.R. 1305(E) dated the 18th October, 2017, refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted.

(4B) Where the person claiming refund of unutilised input tax credit on account of zero rated supplies without payment of tax has

a) received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 40/2017-Central Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320(E), dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321(E), dated the 23rd October, 2017; or

b) availed the benefit of notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299(E), dated the 13th October, 2017,

the refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted.]

(5) In the case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula:—

Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) × Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods and services.

Explanation:—For the purposes of this sub-rule, the expressions—

a) Net ITC shall mean input tax credit availed on inputs during the relevant period other than the input tax credit availed for which refund is claimed under sub-rule (4A) or (4B) or both; and

b) "Adjusted Total turnover" and "relevant period" shall have the same meaning as assigned to them in sub-rule (4).

### **Rule 90:- Acknowledgement**

- (1) Where the application relates to a claim for refund from the electronic cash ledger, an acknowledgement in FORM GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.*
- (2) The application for refund, other than claim for refund from electronic cash ledger, shall be forwarded to the proper officer who shall, within a period of fifteen days of filing of the said application, scrutinize the application for its completeness and where the application is found to be complete in terms of sub-rules (2), (3) and (4) of rule 89, an acknowledgement in FORM GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.*
- (3) Where any deficiencies are noticed, the proper officer shall communicate the deficiencies to the applicant in FORM GST RFD-03 through the common portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies.*
- (4) Where deficiencies have been communicated in FORM GST RFD-03 under the State Goods and Services Tax Rules, 2017, the same shall also deemed to have been communicated under this rule along with the deficiencies communicated under sub-rule (3).*



### **Rule 91:- Grant of provisional refund**

- (1) The provisional refund in accordance with the provisions of sub-section (6) of section 54 shall be granted subject to the condition that the 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 lakhruppees.
- (2) The proper officer, after scrutiny of the claim and the evidence submitted in support thereof and on being prima facie satisfied that the amount claimed as refund under sub-rule (1) is due to the applicant in accordance with the provisions of sub-section (6) of section 54, shall make an order in FORM GST RFD-04, sanctioning the amount of refund due to the said applicant on a provisional basis within a period not exceeding seven days from the date of the acknowledgement under sub-rule (1) or sub-rule (2) of rule 90.
- [Provided that the order issued in FORM GST RFD-04 shall not be required to be revalidated by the proper officer]**
- (3) The proper officer shall issue a <sup>3</sup>[payment order] in FORM GST RFD-05 for the amount sanctioned under sub-rule (2) and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund <sup>3a</sup> [ on the basis of a consolidated payment advice ]
- [Provided that the <sup>3</sup>[payment order] in FORM GST RFD-05 shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said <sup>3</sup>[payment order] was issued.]**
- (4) The Central Government shall disburse the refund based on the consolidated payment advice issued under sub-rule (3)

## Rule 92:-Order sanctioning refund

(1)Where, upon examination of the application, the proper officer is satisfied that a refund under sub-section (5) of section 54 is due and payable to the applicant, he shall make an order in FORM GST RFD-06 sanctioning the amount of refund to which the applicant is entitled, mentioning therein the amount, if any, refunded to him on a provisional basis under sub-section (6) of section 54, amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable:

**Provided** that in cases where the amount of refund is completely adjusted against any outstanding demand under the Act or under any existing law, an order giving details of the adjustment shall be issued in Part A of FORM GST RFD-07

(2)Where the proper officer or the Commissioner is of the opinion that the amount of refund is liable to be withheld under the provisions of sub-section (10) or, as the case may be, sub-section (11) of section 54, he shall pass an order in Part B of FORM GST RFD-07 informing him the reasons for withholding of such refund.

(3)Where the proper officer is satisfied, for reasons to be recorded in writing, that the whole or any part of the amount claimed as refund is not admissible or is not payable to the applicant, he shall issue a notice in FORM GST RFD-08 to the applicant, requiring him to furnish a reply in FORM GST RFD-09 within a period of fifteen days of the receipt of such notice and after considering the reply, make an order in FORM GST RFD-06 sanctioning the amount of refund in whole or part, or rejecting the said refund claim and the said order shall be made available to the applicant electronically and the provisions of sub-rule (1) shall, mutatis mutandis, apply to the extent refund is allowed:

**Provided** that no application for refund shall be rejected without giving the applicant an opportunity of being heard.

(4)Where the proper officer is satisfied that the amount refundable under sub-rule (1) or sub-rule (2) is payable to the applicant under sub-section (8) of section 54, he shall make an order in FORM GST RFD-06 and issue a <sup>1</sup>[payment order] in FORM GST RFD-05 for the amount of refund and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund <sup>2</sup>[ on the basis of a consolidated payment advice ].

**[Provided** that the order issued in **FORM GST RFD-06** shall not be required to be revalidated by the proper officer:

**Provided further** that the <sup>1</sup>[payment order] in **FORM GST RFD-05** shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said <sup>1</sup>[payment order] was issued.]

(4A) The Central Government shall disburse the refund based on the consolidated payment advice issued under sub-rule (4).]

(5)Where the proper officer is satisfied that the amount refundable under sub-rule (1) or sub-rule (2) is not payable to the applicant under sub-section (8) of section 54, he shall make an order in FORM GST RFD-06 and issue <sup>4</sup>[a payment order] in FORM GST RFD-05, for the amount of refund to be credited to the Consumer Welfare Fund,



### **Rule 93:- Credit of the amount of rejected refund claim**

*(1) Where any deficiencies have been communicated under sub-rule (3) of rule 90, the amount debited under sub-rule (3) of rule 89 shall be re-credited to the electronic credit ledger.*

*(2) Where any amount claimed as refund is rejected under rule 92, either fully or partly, the amount debited, to the extent of rejection, shall be re-credited to the electronic credit ledger by an order made in FORM GSTPMT-03.*

*Explanation.—For the purposes of this rule, a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking in writing to the proper officer that he shall not file an appeal.*

### **Rule 94:- Order sanctioning interest on delayed refunds**

*Where any interest is due and payable to the applicant under section 56, the proper officer shall make an order along with a ~~1~~**[payment order]** in FORM GST RFD-05, specifying therein the amount of refund which is delayed, the period of delay for which interest is payable and the amount of interest payable, and such amount of interest shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund*

### **Rule 95:- Refund of tax to certain persons**

- (1) Any person eligible to claim refund of tax paid by him on his inward supplies as per notification issued under section 55 shall apply for refund in FORM GST RFD-10 once in every quarter, electronically on the common portal or otherwise, either directly or through a Facilitation Centre notified by the Commissioner, along with a statement of the inward supplies of goods or services or both in FORM GSTR-11.]
- (2) An acknowledgement for the receipt of the application for refund shall be issued in FORM GSTRFD-02.
- (3) The refund of tax paid by the applicant shall be available if—
  - a) *the inward supplies of goods or services or both were received from a registered person against a tax invoice;*
  - b) name and Goods and Services Tax Identification Number or Unique Identity Number of the applicant is mentioned in the tax invoice; and
  - c) such other restrictions or conditions as may be specified in the notification are satisfied
- (4) The provisions of rule 92 shall, mutatis mutandis, apply for the sanction and payment of refund under this rule.
- (5) Where an express provision in a treaty or other international agreement, to which the President or the Government of India is a party, is inconsistent with the provisions of this Chapter, such treaty or international agreement shall prevail



**Rule 95A:-Refund of taxes to the retail outlets established in departure area of an international Airport beyond immigration counters making tax free supply to an outgoing international tourist.**

*(1) Retail outlet established in departure area of an international airport, beyond the immigration counters, supplying indigenous goods to an outgoing international tourist who is leaving India shall be eligible to claim refund of tax paid by it on inward supply of such goods.*

*(2) Retail outlet claiming refund of the taxes paid on his inward supplies, shall furnish the application for refund claim in **FORM GST RFD- 10B** on a monthly or quarterly basis, as the case may be, through the common portal either directly or through a Facilitation Centre notified by the Commissioner.*

*(3) The self-certified compiled information of invoices issued for the supply made during the month or the quarter, as the case may be, along with concerned purchase invoice shall be submitted along with the refund application.*

*(4) The refund of tax paid by the said retail outlet shall be available if-*

- a) the inward supplies of goods were received by the said retail outlet from a registered person against a tax invoice;*
- b) the said goods were supplied by the said retail outlet to an outgoing international tourist against foreign exchange without charging any tax;*
- c) name and Goods and Services Tax Identification Number of the retail outlet is mentioned in the tax invoice for the inward supply; and*
- d) such other restrictions or conditions, as may be specified, are satisfied.*

*(5) The provisions of rule 92 shall, mutatis mutandis, apply for the sanction and payment of refund under this rule.*

*Explanation.- For the purposes of this rule, the expression "outgoing international tourist" shall mean a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.*

# Contact Us

- Rajput Jain & Associates Address: P-6/90, Connaught Circus Connaught Place New Delhi-110001
- Mobile No: 9811322785, 9555555480
- Telephone: +91 011 -23343333
- Email : [info@carajput.com](mailto:info@carajput.com), [singh.swatantra@gmail.com](mailto:singh.swatantra@gmail.com)
- Website : [www.carajput.com](http://www.carajput.com)

Corporate & Head Office

- Address: 1598, Level-1, Sector 22-B, Chandigarh
- Mobile No: 9555555480, 9811322784, 9871857333
- Email : [rajputjainandassociates@gmail.com](mailto:rajputjainandassociates@gmail.com)
- Address: Building No. 53/160 R5, Bhakti Nagar, Pandeypur Varanasi 221002 (U.P) India
- Address: D 301 Omex Royal Apartment Sector 44 Noida, India
- Address: Building No 65 Ward No.10 Lakhe Chaur Marg, Kathmandu Metropolitan Kathmandu, Nepal.

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