



## **GST Refund**



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## **Eligibility**

- Refund can be claimed only in following scenarios
  - Zero Rated supplies of goods or services
    - Export of goods or services
    - Supplies to Special Economic Zones (SEZ)
  - Inverted duty structure (i.e. tax rate on inputs is more than the tax rate on outward supplies)
  - Deemed Exports
  - Excess payment of tax

# Legislative Summary

## Options for refund - Zero Rated Supply

### Option 1 - Pay tax on zero rated supplies and claim refund of tax paid

- Export of Goods – No separate application to be filed. Shipping Bill is considered as refund application
- Export of Services / Supplies to SEZ – Separate Application to be filed on the GST Portal along with specified documents
- Not available for
  - Exporter who receives any inward supplies under Advance Authorization
  - EOU / EHTP / STP Units
  - Merchant Exporters procuring inputs at GST rate of 0.10%
- No refund of compensation cess can be claimed under this option

# Legislative Summary

## **Options for refund - Zero Rated Supply**

### *Option 2 – Claim refund of unutilized input tax credit*

- Separate application to filed along with specified documents
  - Copies of vendor invoices may not be provided for details already appearing in GSTR 2A
  - Copies of the Outward Invoices may not be provided for export of goods
- Maximum Amount of Refund = Turnover of zero rated supply / Total Turnover \* Net Input tax credit

# Legislative Summary

## Inverted Duty Structure

- Separate application to be filed along with specified documents
- Maximum amount of refund = Net ITC availed on inputs \* Turnover of inverted rated supply of goods / Adjusted total turnover.

# Key Issues

## Refund – Supply with payment of tax

- Delay in sanctioning of refunds on account of
  - Mismatch in data reported in GSTR 1 and Shipping Bill - GST invoice created on transaction value whereas invoice value in shipping bill is based on the foreign exchange rate notified by CBEC
  - Mandatory mentioning of Shipping Bill number for processing of refund claims – shipping bill number for month end exports may not be available by due date of filing GSTR 1.
- Refund of IGST paid on freight component
- Non availability of option for Advance Authorisation holders / EOU units

# Key Issues

## **Unutilised input tax credit**

- Reconciliation of input tax credit claimed with dynamic GSTR 2A
- Refund of unutilised transitional credit
- For services supplied to SEZ – requirement to obtain an endorsement from SEZ officer

## **Inverted Duty Structure**

- Not available to service providers
- Refund cannot be claimed for input tax credit claimed on input services and capital goods



# Questions

**Thank You**