

Refund under GST Law

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Abbreviation

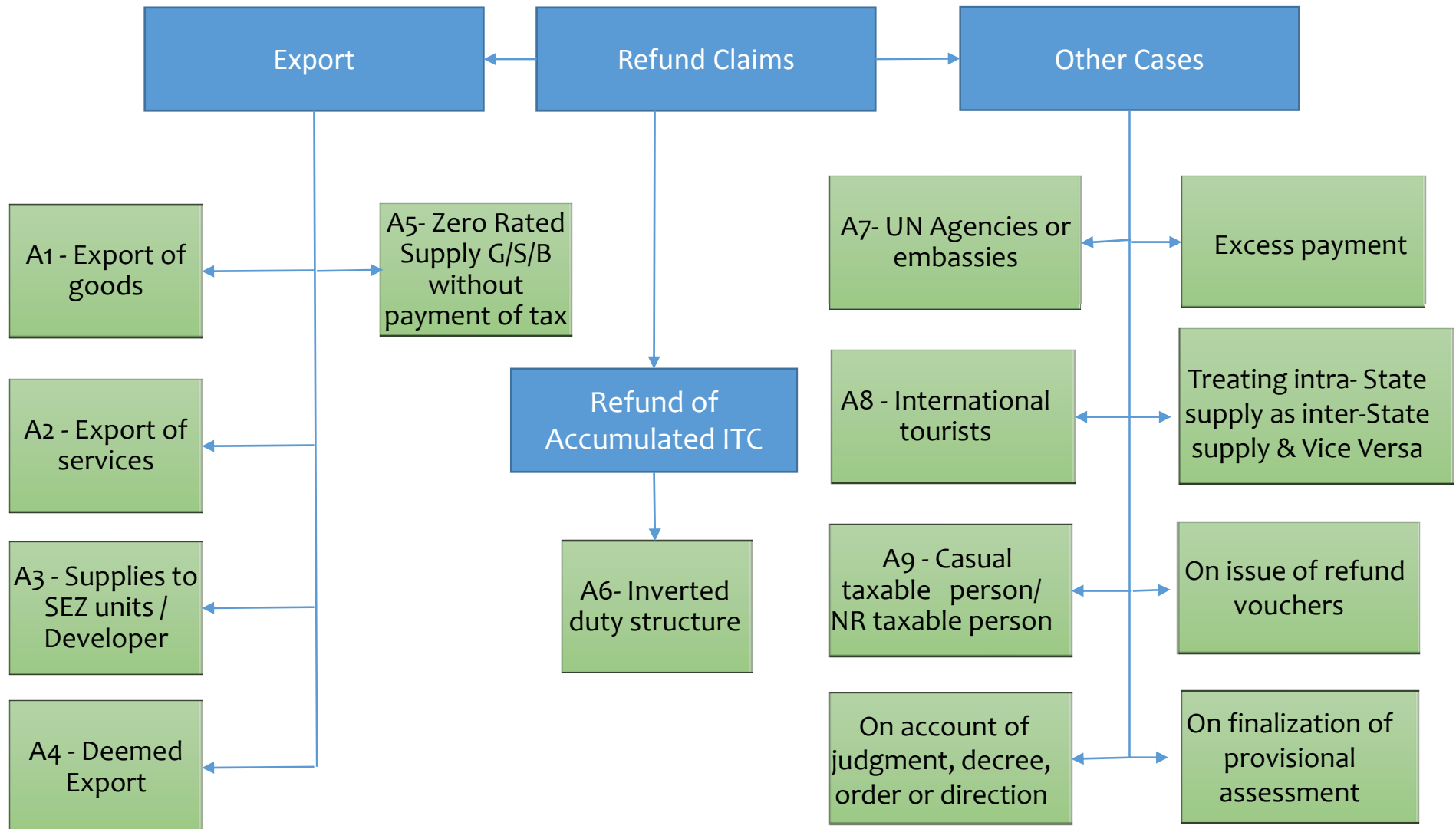
CGST	Central Goods and Service Tax	POS	Place of Supply
IGST	Integrated Goods and Service Tax	SEZ	Special Economic Zone
SGST	State Goods and Service Tax	UN	United Nations
UTGST	Union Territory Goods and Service Tax	VV	Vice versa
RFD	Refund	GSTR	Goods and Service Tax Returns
CWF	Consumer Welfare Fund	GSTIN	GST Identification Number
ITC	Input Tax Credit	ZRS	Zero Rated Supply
FIRC	Foreign Exchange Remittance Certificate	IDS	Inverted Duty Structure
BRC	Bank realization Certificate	NA	Not Applicable
G/S/B	Goods, Services or Both	ECL	Electronic Credit ledger
GOV	Government	T/o	Turnover

Relevant Sections and Rules under Central Goods and Service Tax Act, 2017 (CGST Act, 2017)

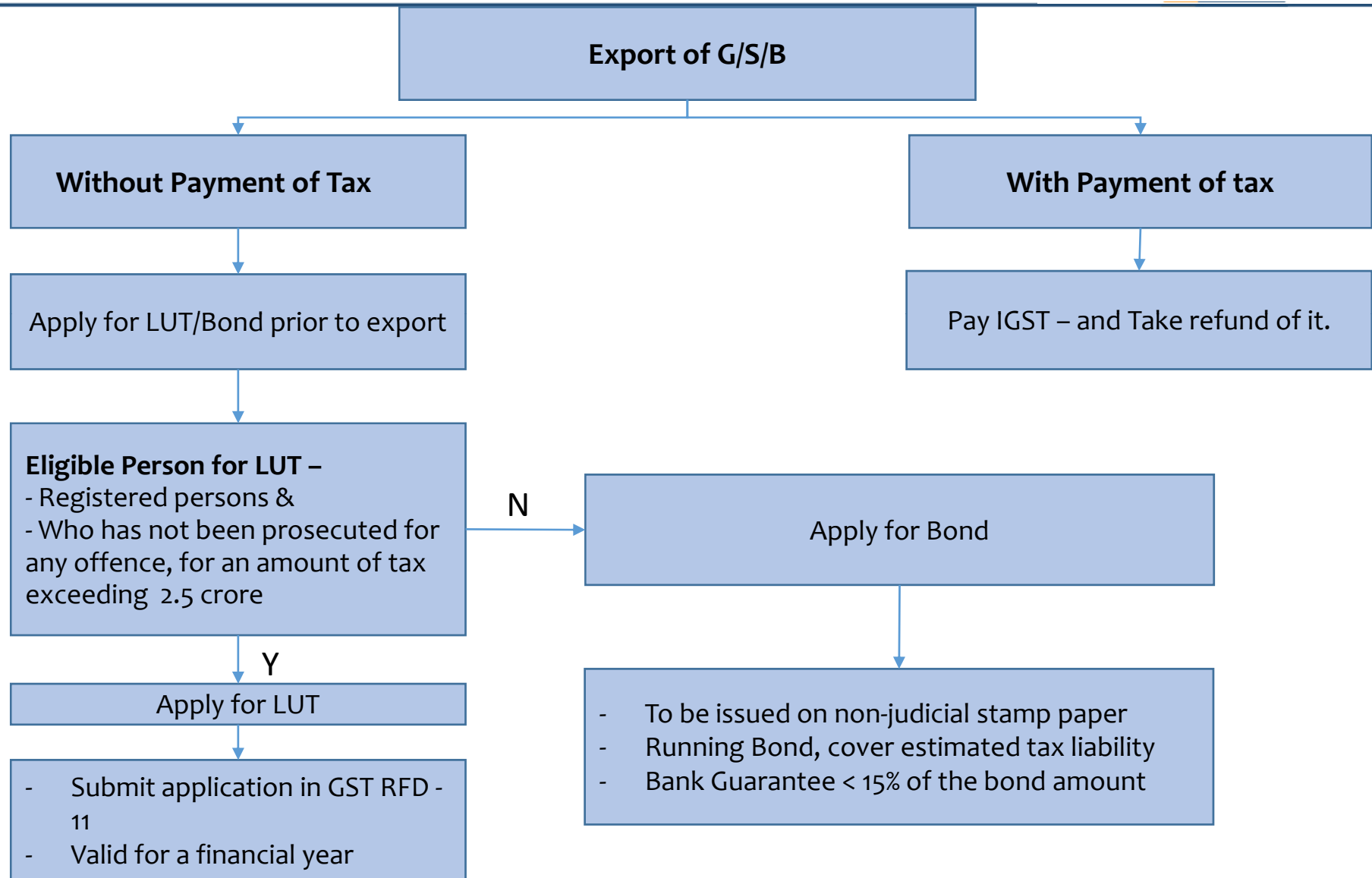
Section	Rules	Brief Description
Section 54	Rule 89 – 93 & Rule 96 -96A	Refund of tax
Section 55	Rule 95	Refund in certain cases
Section 56	Rule 94	Interest on delayed refunds



Cases for Refund Eligible



Zero Rated Supply with or without payment



A1 - Export of goods with payment of tax

- Shipping bill filed by exporter of goods – deemed application for refund
- Submit GSTR 3B/3
- Submit Export details in GSTR -01

- Export manifest / Export report filed by person in-charge of conveyance

- Data transmitted by GST common portal to custom portal.
- Upon confirmation refund will be processed
- Amount will be credited in bank account.
- Any withholding then that will be informed in Form GST RFD -07 (Part B)

Documents required

Statement containing number & date of shipping bills Or Bills of Export &

The number and the date of relevant export invoice.

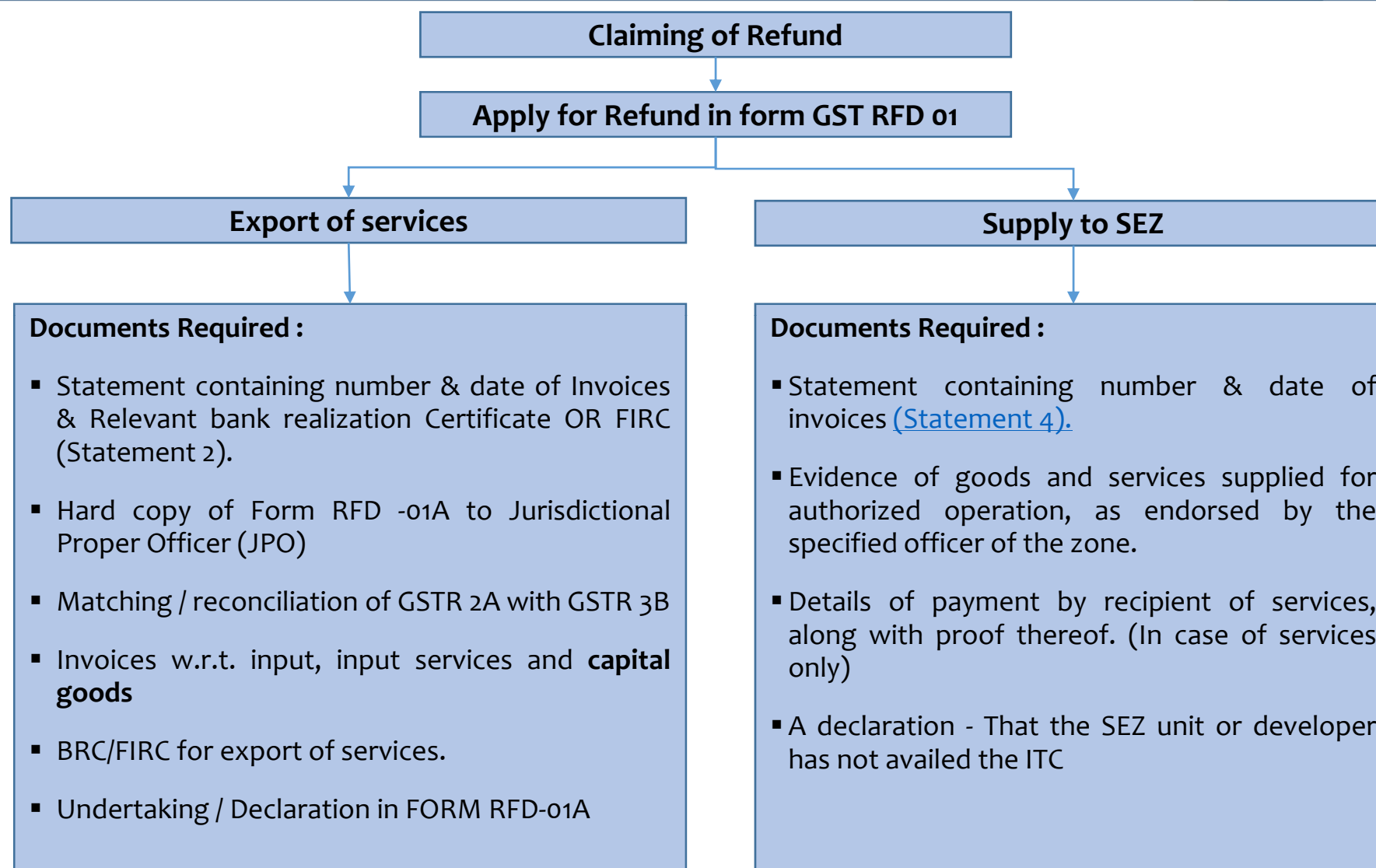


- Note : No supply should have been received from supplier, who has availed benefit deemed export, Merchant Export, N.NO. 78 & 79/2017 of custom dated 23rd October 2017.

Example -01

Monthly Application	Case 1	Case 2	Case 3
Export Turnover (GSTR -01)	10 lakh	10 lakh	10 lakh
IGST liability on Output	1.8 Lakh	1.8 Lakh	1.8 Lakh
IGST liability in 3B	1.8 Lakh	1.8 Lakh	1 Lakh
ITC Available (IGST)	2 Lakh	1 Lakh	-
Paid in Cash at time of filing GST Returns	Zero	0.8 Lakh	1 Lakh
Paid in Cash – in subsequent months GSTR 3B			0.8 Lakh
Refund to be claim	1.8 Lakh	1.8 Lakh	1.8 Lakh
ITC to be carried forward	0.2 Lakh	-	-
Remark			Circular 12/2018 dated 29 May 2018

A2 & A3 - Export with payment of tax on services or Supply to SEZ.



A4 - Deemed export with payment of tax

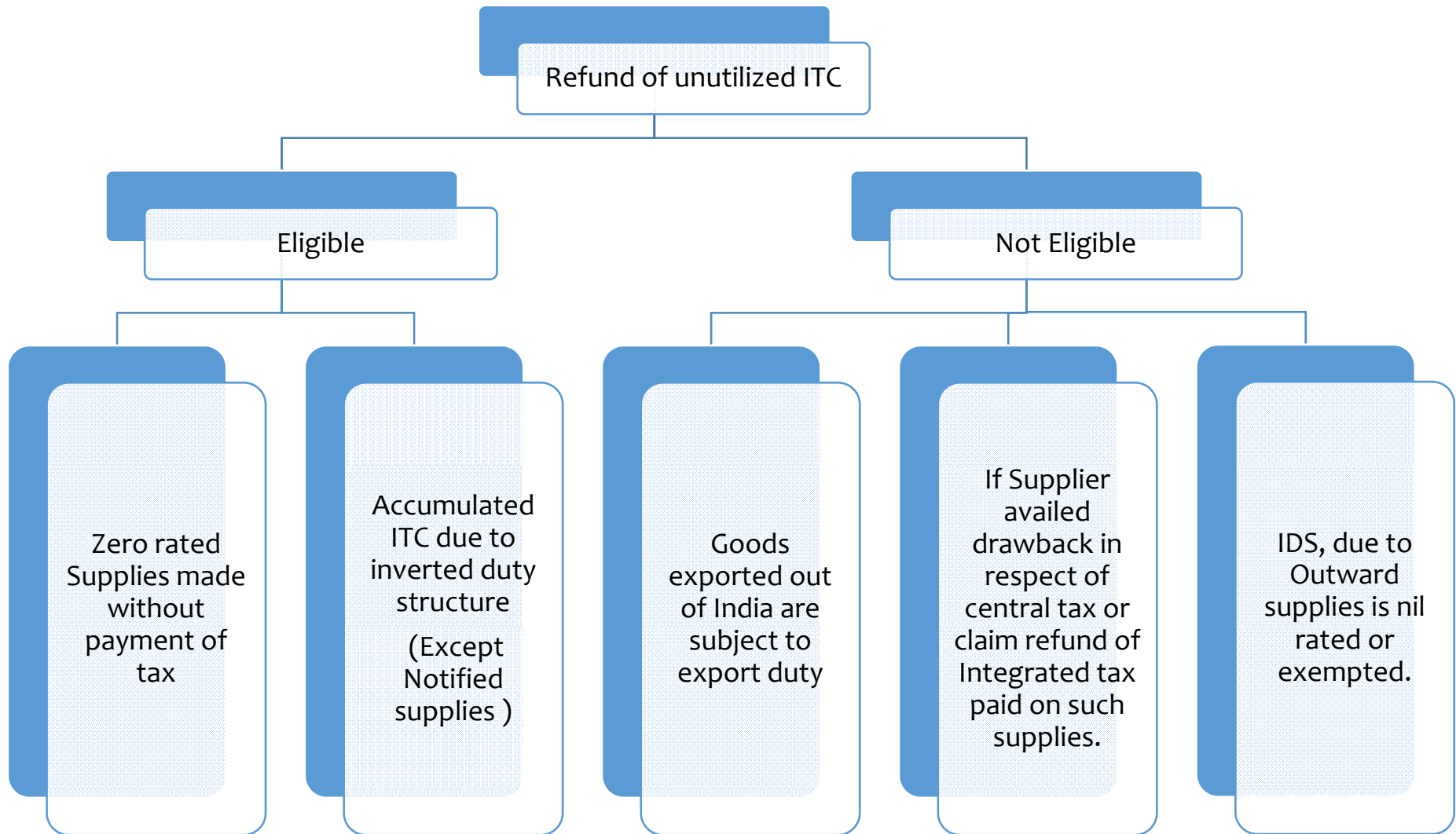
- Deemed Exports is when goods
 - Do not leave India,
 - Payment received either in Indian rupees or in convertible foreign exchange.
- Followings are notified as deemed export :
 - Supply of goods against Advance Authorization (AA)
 - Supply of capital goods against Export Promotion Capital Goods (EPCG) Authorization.
 - Supply of goods to EOU.
 - Supply of gold by a bank or Public Sector Undertaking specified in the notification No 50/2017-Customs, dated the 30 June, 2017 (as amended) against Advance Authorization.

Refund can be claim by Recipient or supplier of Deemed Export.

- 1.- Statement containing number & date of invoices along with such other evidence as required. ([Statement 5B](#))
- 2.- Supplier can claim refund only when
3. Recipient submit undertaking for not claiming refund & Recipient has not availed input credit.



Refund of accumulated ITC



A5 – Export without payment of tax including SEZ

▪ Online Submission

- RFD -01 to file on Common Portal.
- Amount claimed as refund shall be debited from Electronic credit ledger to the extent of claim.
- Refund Amount = $(\text{Turnover of zero-rated supply of goods} + \text{Turnover of zero-rated supply of services}) \times \text{Net ITC} \div \text{Adjusted Total Turnover}$.



▪ Manual Submission -

- Copy of Form RFD -01
- Copy of Statement of 3 & 3A or Copy of [Statement 5 & 5A](#).
- Invoice w.r.t Input and Input Services
- BRC/FIRC for export of services
- Application to be submitted to Jurisdictional tax authority or Central tax authority / state tax authority or Central tax officer



Example 2

Particular (Monthly / Quarterly)	Amount	Turnover in State/ UT/ Central	Adjusted Total T/o	T/o of Zero rate Supply of G/S/B
Intra State Taxable Supplies in S/UT	10 Lakh	10 Lakh	10 Lakh	
Inter State taxable Supplies of G/S/B	10 Lakh	10 Lakh	10 Lakh	
Turnover on which tax is payable on reverse charge	0.10 Lakh			
T/O of exempt supply in State/UT	5 Lakh	5 Lakh		
T/O of exempt supply in inter state	5 Lakh	5 Lakh		
Export of Goods (other than t/o of which refund claimed under 4A & 4B)	100 Lakh	100 Lakh	100 lakh	100 lakh
Export of Services	100 Lakh	100 Lakh	*90 Lakh	*90 Lakh
Turnover of goods supplied of which refund claimed under Rule 4A & 4B	10 Lakh	10 Lakh		
Total	240.1 Lakh	240 Lakh	210 Lakh	190 Lakh

T/O of ZRS of Services *

Aggregate payment received during relevant period	80 Lakh
Add : Advance received prior to relevant period but ZRS of services completed in relevant period	20 Lakh
Less : Advance received for ZRS of services for which supply of services is not completed	10 Lakh

Example 2

T/O of ZRS of G/S/B	Net ITC	Adjusted Total T/O	Maximum Refund Amount
190 Lakh	5 Lakh	210 lakh	4.52 lakh

ECL at the end of tax period for which refund is claimed (Accumulated)	Balance in ECL at the time of filling of refund application. (Accumulated)	Refund as calculated Above	Refund Claim
5 Lakh	4 Lakh	4.52 Lakh	4 Lakh

1. Person has option to file ITC Monthly, Quarterly and yearly
 - This resolves issue of ITC in one month and Export in another month.
2. Need to always be mindful of Adjusted Total Turnover
 - In case of exempted supplies
 - In case of taxable supplies

Note : While calculating refund amount, T/O of exempt supplies is not considered as reversal of ITC is made in ECL/GSTR3B

A6 - Refund in case of Inverted Duty Structure

Applicant	Any person
Refund on account of	Unutilized ITC u/s 54 (3) - where the credit has accumulated on account of Inverted Duty Structure
Refund Form	GST RFD – 01
Documents	<ol style="list-style-type: none">Statement 1A : Containing the number and the date of the invoices <u>received and issued</u> during a tax period along with taxes paid thereonStatement 1 : Calculation of Maximum refund amount As per rule 89(5) Maximum Refund Amount = $\{(\text{Turnover of inverted rated supply of goods \& Service}) \times \text{Net ITC} \div \text{Adjusted Total Turnover}\}$Less - tax payable on such inverted rated supply of goods & Services.Declaration : ITC claimed in the refund application does not include ITC availed on goods or services used for making 'nil' rated or fully exempt supplies.

***Note : No refund of ITC accumulating due to IDS of Specified goods / Services, but if those goods or services are exported then refund will be available of Accumulated ITC.**

A7 - Taxes on purchase made by UN or embassies etc.

Supplies made to United Nation bodies and Embassies

- A registered person making supplies to a specialized agency, embassy, any other person would charge the tax due and remit the same to government account.
- However, the UN bodies and other entities can claim refund of the taxes paid by them on their purchases.



S. N	Form Name	Remark
1	GST RFD -10	Before expiry of 18 months from the last day of the quarter in which supply is received. (Electronically/ Otherwise)
2	GSTR -11	Details of inward supplies to be furnished on monthly basis (Due date – 28 of the month following the month for which statement is filed.
	Conditions to fulfill	<ul style="list-style-type: none">- Inward supply of Goods/ Service/ Both received from registered person against Tax Invoice.- Name, GSTIN/ Unique Identity Number of applicant should be mentioned on invoice.

A7 – International Tourist

- Tax Refund for International Tourist (TRT) scheme provides an opportunity to the foreign tourists on payment of GST.
- Refund at the time of exit from the country.
- At designated airports and ports.
- Practically it will be very difficult for the supplier to know whether such goods supplied to a tourist would actually be taken outside India or not.
- In such a situation there will always be a confusion about whether to charge IGST or charge SGST+CGST on such supplies.



Note: For the purpose of refund of IGST in such a case, “tourist” means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.

Refund in other case



Applicant	Any Person		
Refund on account of	Against order passed u/s 107 (6) /112(8)	Finalization of provisional Assessment	Pre – Deposit
Documents required to be submitted Rule 89 (2)	<ol style="list-style-type: none"> Reference number of order and A copy of order passed by Appellate Authority/ tribunal or Reference number of the payment of the amount deposited for filling the appeal. Specified in u/s 107(6) and 112(8) 	<ol style="list-style-type: none"> The reference number of the final assessment order and A copy of the said order 	<ol style="list-style-type: none"> No time limit prescribed for claiming refund of pre- deposit Concept of Unjust enrichment is not applicable

Refund in other case

Excess Payment

- Wrong mention of tax amount.
- Wrong mention of GSTIN
- Excess payment of tax

Applicant required to give “Statement 7” – along with form GST RFD -01



POS issue

- Wrong mention of nature of tax (CGST/SGST/IGST). In such cases, while making the appropriate payment of tax, interest will not be charged
- Submit a statement showing the details of transactions considered as intra-State supply but which is subsequently held to be inter-State supply “Statement 6”
- The refund claim of the wrong tax paid earlier will be entertained without subjecting it to the provision of unjust enrichment

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

Balance in Electronic Cash Ledger

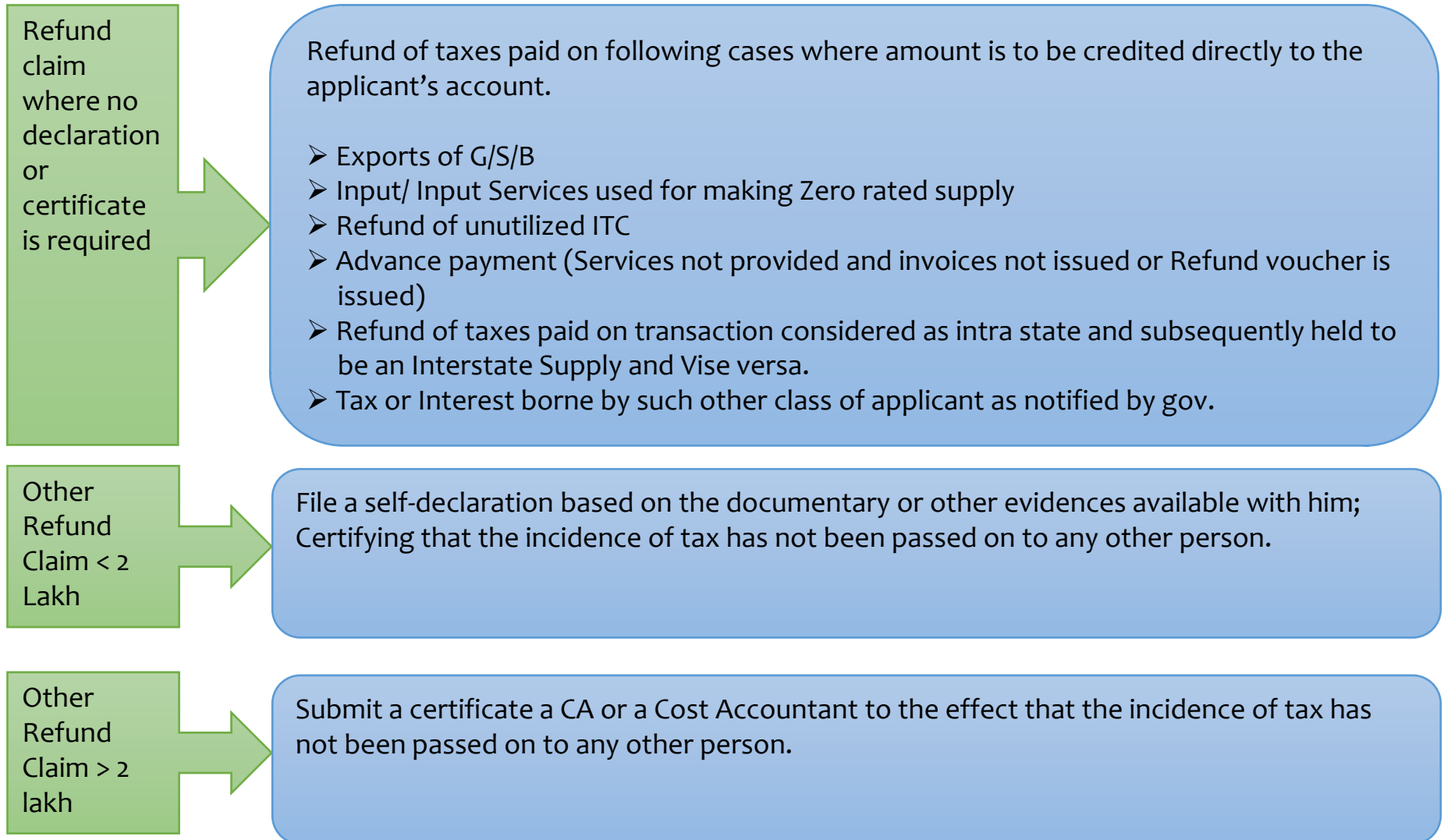
- Refund application after filing GSTR -03, 04 or 07 .
- Amount gets debited in electronic cash ledger.
- Immediate acknowledgment will be received in RFD -02
- Within 60 days amount will be credited in bank account.

Concept of Unjust Enrichment

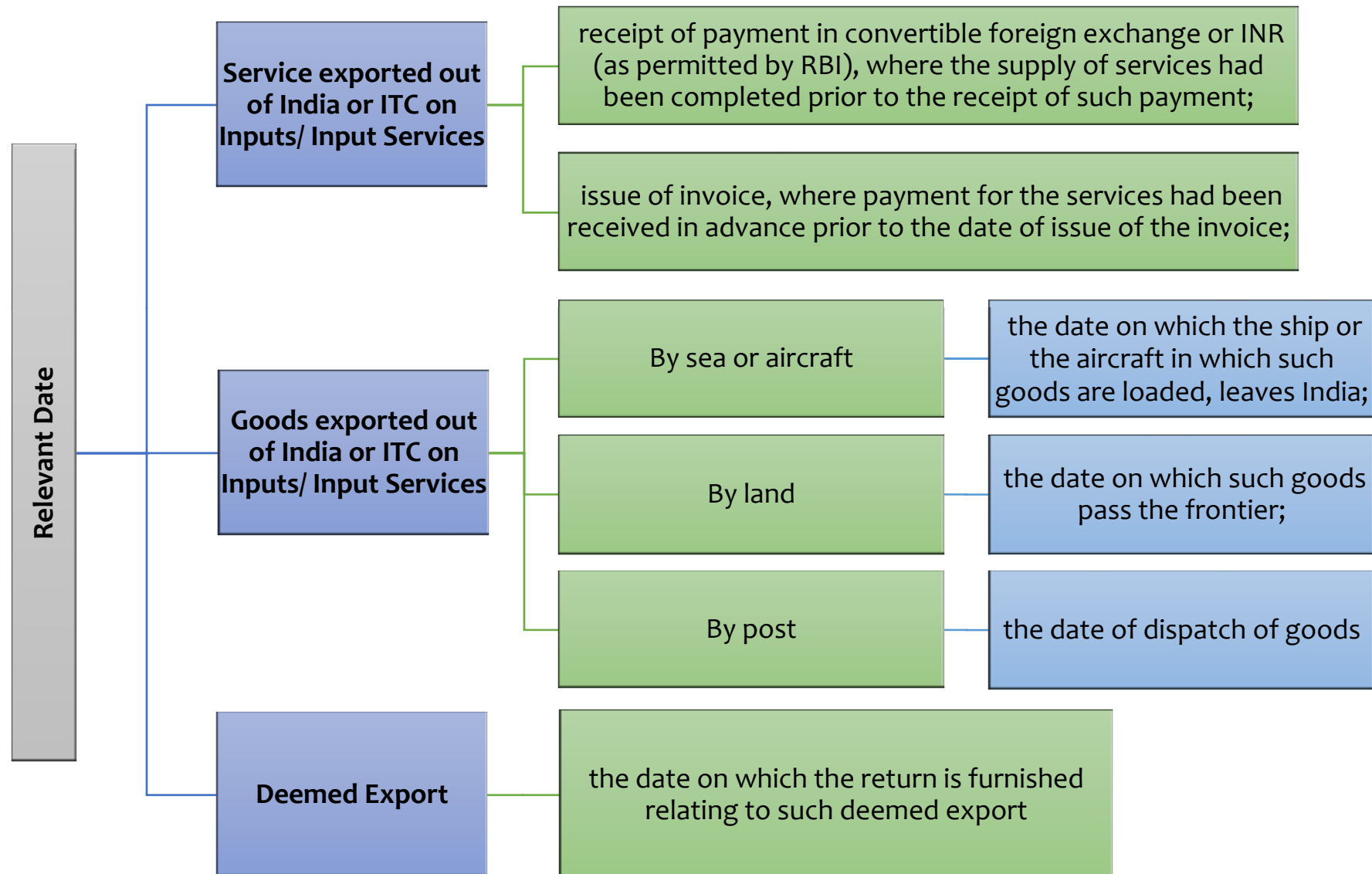
- In Indirect taxation, it is presumed that incidence of taxes has been passed on to the ultimate consumer
- If any tax is collected without authority of law, the receiver (Gov) is required to refund it back
- However, If such tax is refunded to the assessee, he will get undue benefit
- Such amount is transferred to Consumer Welfare Fund
- Incidence of Tax – means burden of tax and not just the tax as such being passed on to another person



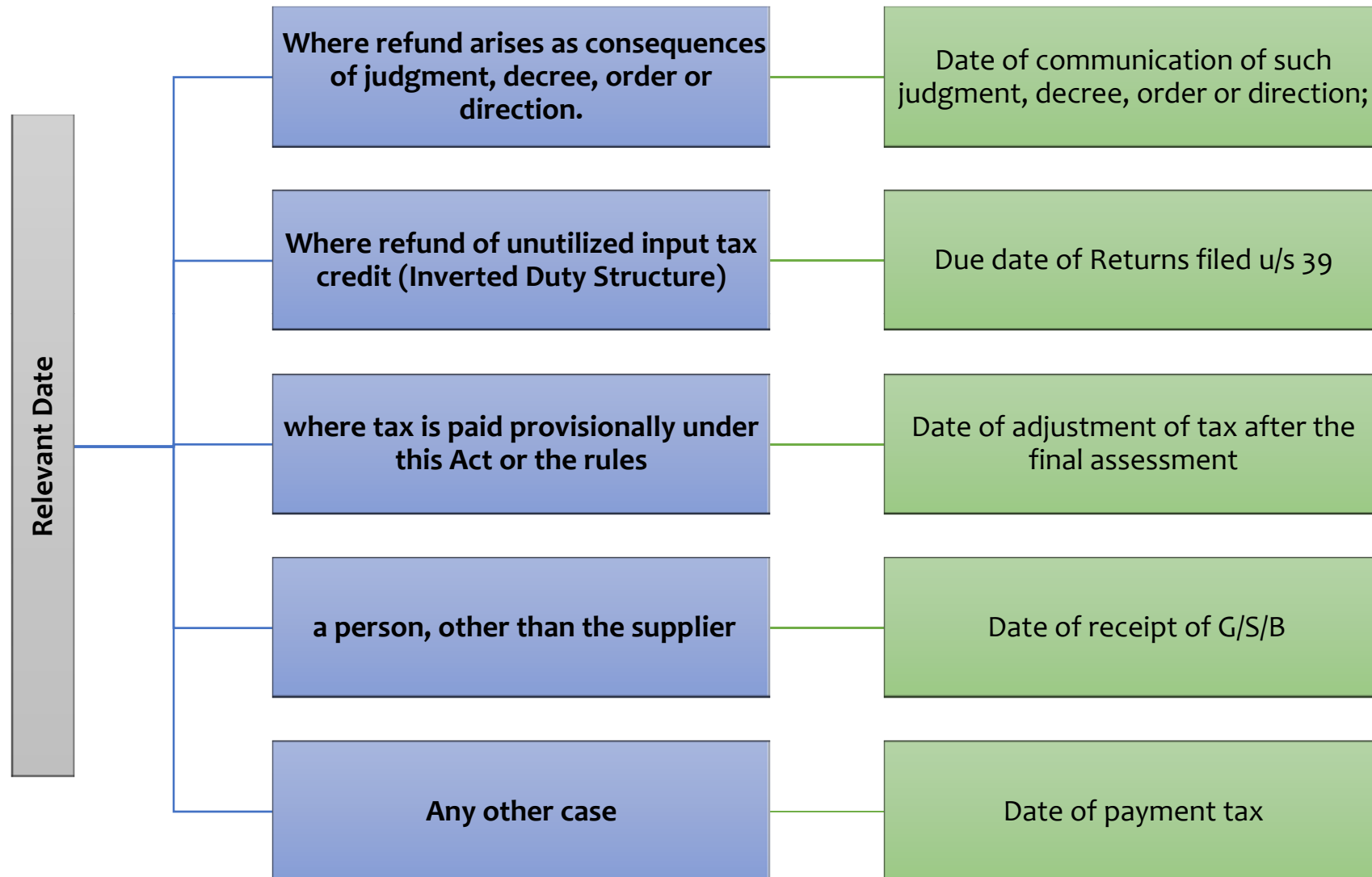
Applicability of concept of 'Unjust Enrichment



Relevant date under various situations



Relevant date under various situations





Forms and Time limit



Form Name	Time Limit	Purpose
GST – RFD 01	Within 2 year of relevant date	For filling application of refund
GST – RFD 02	Within 15 days	Acknowledgement of application
GST – RFD 03	NA	Deficiency memo
GST – RFD 04	Within 7 days of acknowledgment	Provisional refund order
GST – RFD 05	NA	Payment advice of refund
GST – RFD 06	Within 60 days of the application acknowledgment	Refund Sanction/Rejection Order
GST – RFD 07	NA	Part A:Order for Complete adjustment of sanctioned Refund Part B:Order for withholding the refund
GST – RFD 08	NA	Notice for rejection of application for refund
GST – RFD 09	15 days of the receipt of Notice	Reply to show cause notice
GST – RFD 10	Once in every Quarter	Refund application for person notified as per notification issued under section 55

Process of refund – Provisional basis

- Applicable only in case of Export of G/S/B
- Refund of 90% of the total amount claimed, on provisional basis.
- Applicant has not been prosecuted for any offence for an amount exceeds 2.5 crore, During 5 year immediately preceding the tax period.
- On satisfaction, officer passes provisional order (GST RFD -04) within 7 days of acknowledgment of refund application and sanction amount.

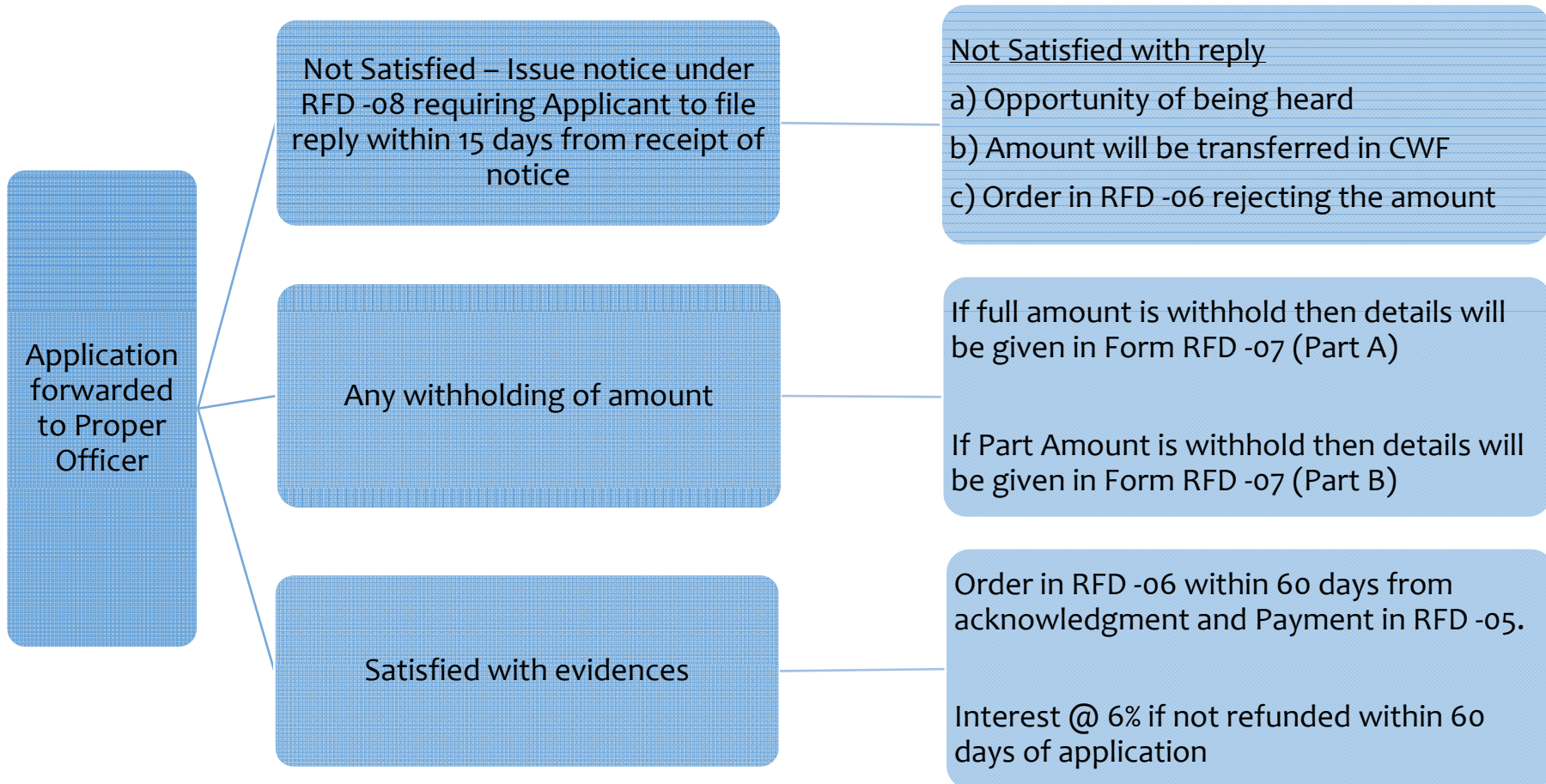


Order Sanctioning Refund

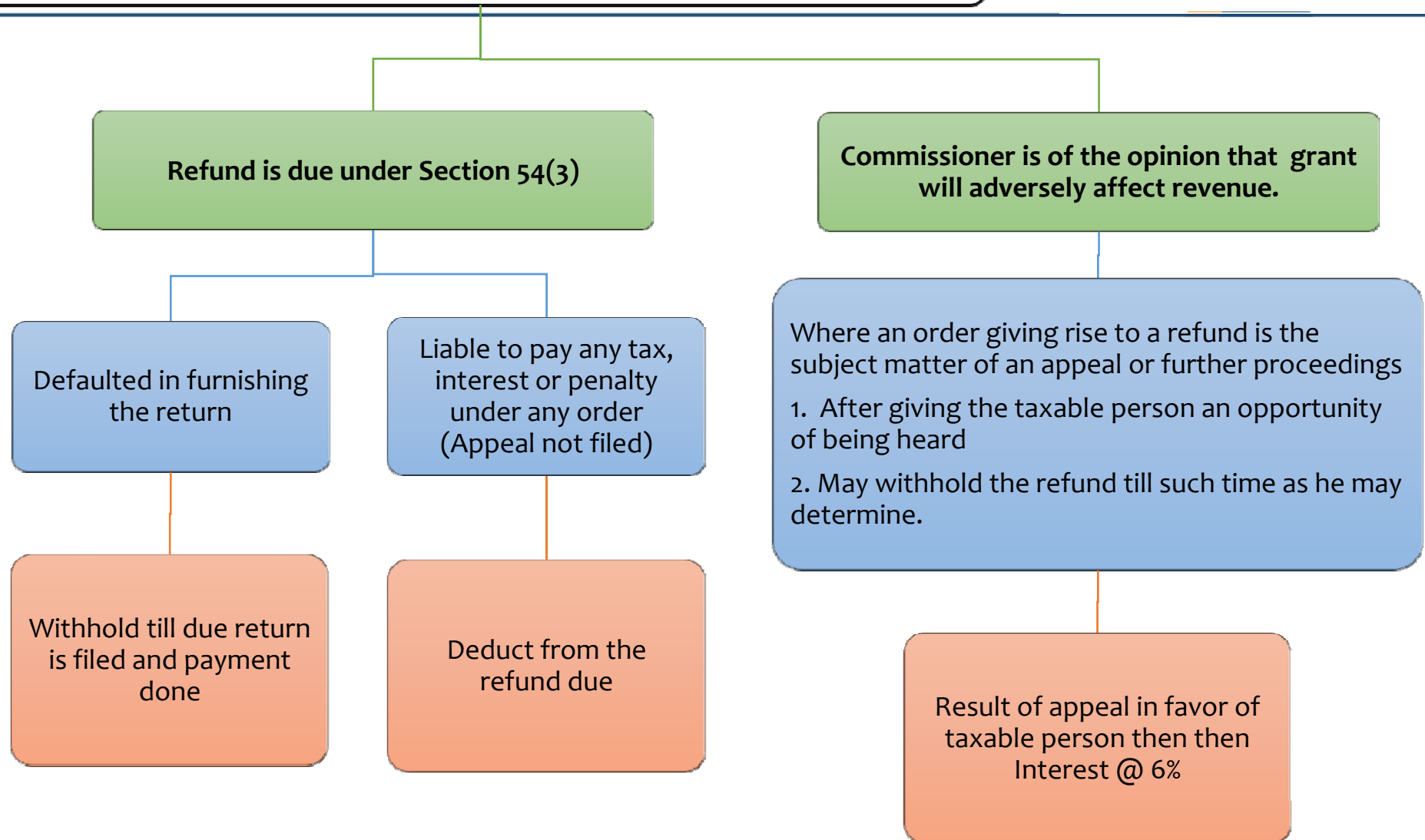


SGCO & Co. LLP

Chartered Accountants



Withhold payment of Refund



Note: Interest on Delayed Refund where refund is due after the final decree or order and refund has not been paid within 60 Days. At 9% Interest rate.

Statement – 1 & 1A

Statement -1 [rule 89(5)]

Refund Type: ITC accumulated due to inverted tax structure [clause (ii) of first proviso to section 54(3)]

(Amount in Rs.)

Turnover of inverted rated supply of goods	Tax payable on such inverted rated supply of goods	Adjusted total turnover	Net input tax credit	Maximum refund amount to be claimed [(1×4÷3)-2]
1	2	3	4	5

Statement 1A [rule 89(2)(h)]

Refund Type: ITC accumulated due to inverted tax structure [clause (ii) of first proviso to section 54(3)]

Sl. No.	Details of invoices of inward supplies of inputs received				Tax paid on inward supplies of inputs			Details of invoices of outward supplies issued				Tax paid on outward supplies		
	GS TIN of the supplier *	No.	Date	Taxable Value	Integrated Tax	Central Tax	State Tax /Union territory Tax	No.	Date	Taxable Value	Invoice type (B2B/B2C)	Integrated Tax	Central Tax	State Tax /Union territory Tax
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

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Statement – 2

Refund Type: Exports of services with payment of tax

(Amount in Rs.)

Sr. No.	Invoice details			Integrated tax		Cess	BRC/ FIRC		Integrated tax and cess involved in debit note, if any	Integrated tax and cess involved in credit note, if any	Net Integrated tax and cess (6+7+10 - 11)
	No.	Date	Value	Taxable value	Amt.		No.	Date			
1	2	3	4	5	6	7	8	9	10	11	12

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Statement – 3 & 3A

Statement- 3 [rule 89(2)(b) and 89(2)(c)]

Refund Type: Export without payment of tax (accumulated ITC)

(Amount in Rs.)

Sr. No.	Invoice details			Goods/ Services (G/S)	Shipping bill/ Bill of export			EGM Details		BRC/ FIRC	
	No.	Date	Value		Port code	No.	Date	Ref No.	Date	No.	Date
1	2	3	4	5	6	7	8	9	10	11	12

Statement- 3A [rule 89(4)]

Refund Type: Export without payment of tax (accumulated ITC) – calculation of refund amount

(Amount in Rs.)

Turnover of zero rated supply of goods and services	Net input tax credit	Adjusted total turnover	Refund amount (1×2÷3)
1	2	3	4

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Statement – 4

Statement-4¹⁰¹ [rule 89(2)(d) and 89(2)(e)]

Refund Type: On account of supplies made to SEZ unit or SEZ Developer (on payment of tax)

(Amount in Rs.)

GSTIN of recipient	Invoice details			Shipping bill/ Bill of export/ Endorsed invoice by SEZ		Integrated Tax		Cess	Integrated tax and cess involved in debit note, if any	Integrated tax and cess involved in credit note, if any	Net Integrated tax and cess (8+9+10-11)
	No.	Date	Value	No.	Date	Taxable	Amt.				



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Statement – 5 & 5A

Statement-5 [rule 89(2)(d) and 89(2)(e)]

Refund Type: On account of supplies made to SEZ unit or SEZ Developer (without payment of tax)

(Amount in Rs.)

Sr. No.	Invoice details			Goods/ Services (G/S)	Shipping bill/ Bill of export/ Endorsed invoice no.	
	No.	Date	Value		No.	Date
1	2	3	4	5	6	7

Statement-5A [rule 89(4)]

Refund Type: On account of supplies made to SEZ unit / SEZ developer without payment of tax (accumulated ITC) – calculation of refund amount

(Amount in Rs.)

Turnover of zero rated supply of goods and services	Net input tax credit	Adjusted total turnover	Refund amount (1×2÷3)
1	2	3	4

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Statement – 5B

Statement 5B¹⁰² [rule 89(2)(g)]

Refund Type: On account of deemed exports

(Amount in Rs)

Sl. No.	Details of invoices of outward supplies in case refund is claimed by supplier/Details of invoices of inward supplies in case refund is claimed by recipient			Tax paid			
				Integrated Tax	Central Tax	State /Union Territory Tax	Cess
	No.	Date	Taxable Value				

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Thank You