

**J.B. NAGAR CPE STUDY CIRCLE  
OF WIRC**

**APRIL 28, 2018**



**REFUNDS UNDER GST**



**D.P. SANGOI & ASSOCIATES**

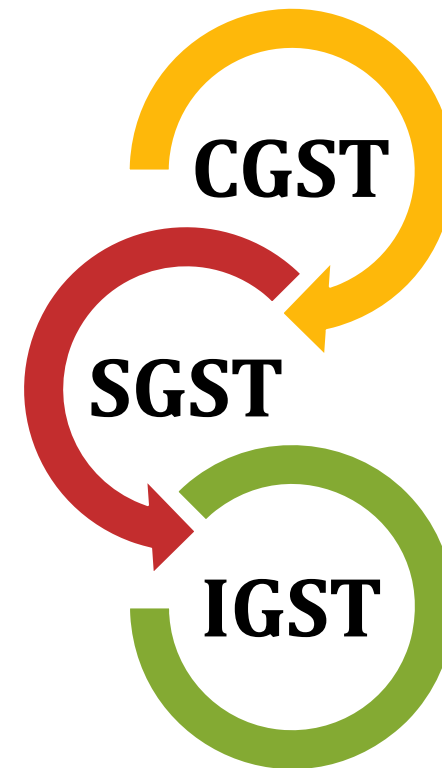
# GST – Refund provisions

Act – Section 54-58, Section 77

Rules – Rule 89 to 97A

Notifications, Circulars & Orders

Press Releases



# Important Circulars



- Manual filing & processing of refund claims in respect of zero-rated supplies

17/2017-CGST

- Manual filing & processing of refund claims on account of Inverted duty structure, Deemed exports & Excess balance in cash ledger

24/2017-CGST

- Refund of IGST on Export- Invoice mis-match Cases –Alternative Mechanism with Officer Interface

05/2018-Cust.

- Clarification on export related refund issues

37/2018-CGST

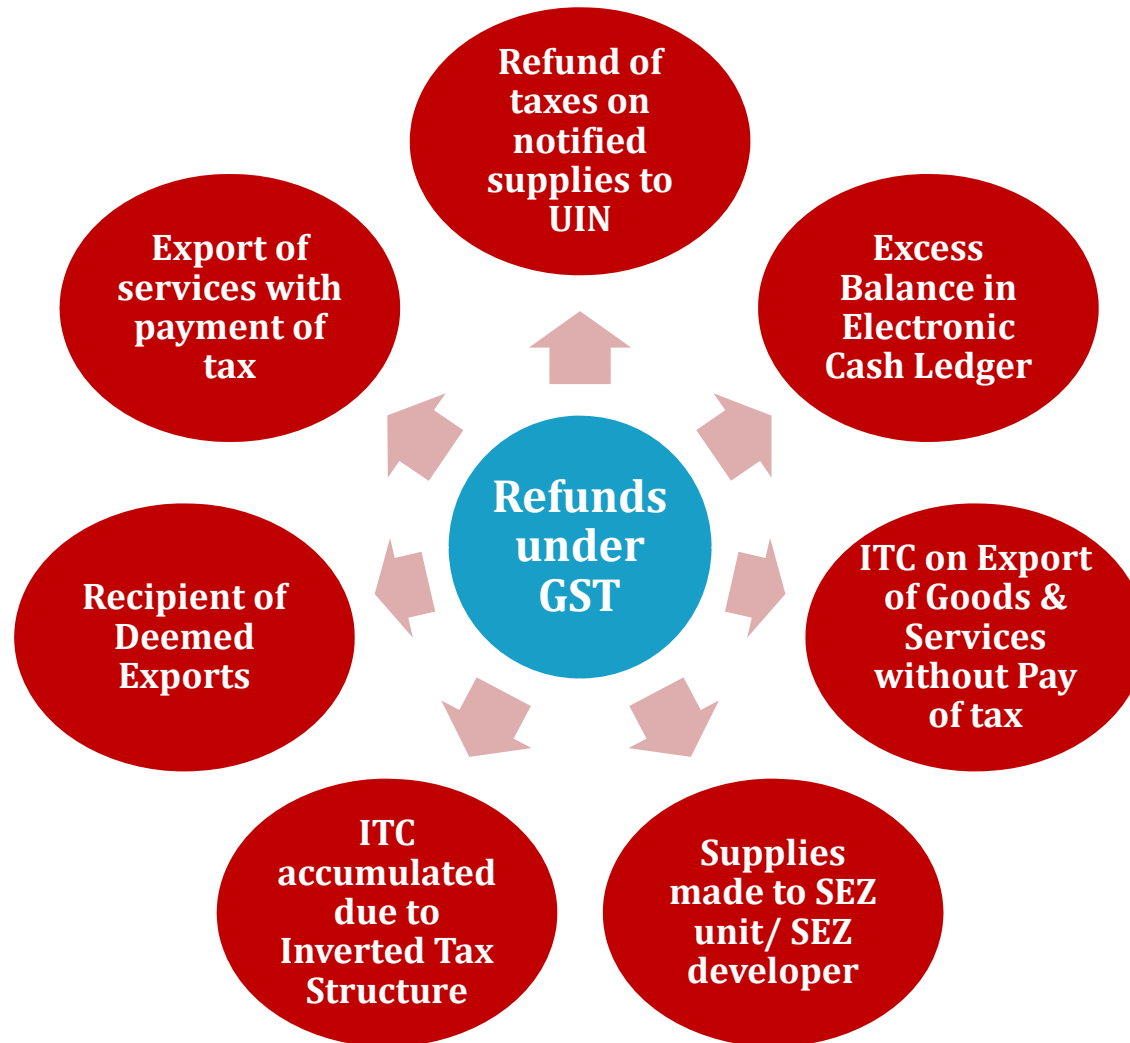
- Clarification on issues related to furnishing of Bond/Letter of Undertaking for exports – Reg.

40/2018-CGST

- Clarification on issues arising in refund to UIN

36/2018-CGST  
43/2018-CGST

# Refund Scenarios



# Refunds

## Explanation 2 to Sec. 54 - "Refund" includes -

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

## Time limit of filing refund application -

Any person claiming refund of any tax and interest, if any, other than refund of IGST paid on goods exported out of India shall make an application **before the expiry of two years from the relevant date** in **Form RFD-01** A in the prescribed manner.

# Refund Application

## Explanation 2 to Sec. 54(14) - "Relevant Date" means

Goods exported out of India	Services exported out of India	Deemed Exports	Order / direction by legal Authority	Un-utilized ITC u/s.54(3)	Person other than Supplier	Tax paid provisionally	Other case
<b>Sea/Air</b> Date on which loaded <b>Land</b> Date when pass the frontier <b>Post</b> Date of Dispatch by PO	<b>Payment in Advance</b> - Date of Invoice <b>Otherwise</b> Date of receipt of payment in Foreign Currency	Date on which relevant return is furnished	Date of communication of order / direction / judgement / decree	End of FY in which such claim for refund arises	Date of receipt of goods or services by such person	Date of adjustment of tax after final assessment	Date of payment of tax

## **Refund in case of Exports**

# Refund for Zero-rated supplies (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 SEZ developer or a SEZ unit.

## Option 1

•Supply of goods or services or both under bond or LUT without payment of IGST

Refund of un-utilized ITC

## Option 2

•Supply of goods or both with payment of IGST

Refund of tax paid on such supply

Which option to choose?



**Exports under LUT**

# Important Clarifications on submission of LUT

**LUT -  
Physical  
submission?**

## **Circular 40/2018 dated 6<sup>th</sup> April 2018 - Physical submission of LUT has been suspended**

LUT shall be submitted online in Form GST RFD-11 on common portal. LUT deemed to be accepted as soon as acknowledgement for the same bearing ARN is generated online.

## **Circular 37/2018 dated 15<sup>th</sup> March 2018 - Exports without LUT may be allowed on *ex post facto* basis**

The delay in furnishing of LUT may be condoned & exports under LUT may be allowed where it has been established that export in terms of relevant provision made on *ex post facto basis* taking into account facts & circumstances of each case. Also, LUT to be valid for the entire financial year in which it is issued.

**Exports  
without LUT?**

# Refund of Un-utilized ITC - Section 54(3)

**Refund of Un-utilized ITC shall be granted only where -**

**Zero-rated supplies  
without payment of  
tax**

**ITC accumulated on  
account of Inverted  
tax structure**

**No refund of un-utilized ITC shall be given, where -**

- i) Goods exported out of India are subjected to export duty
- ii) If supplier avails of drawback in respect of central tax or claims refund of IGST paid on such supplies

Un-utilized ITC  
where no exports?

Revised Drawback rates w.e.f.  
1<sup>st</sup> October - whether refund  
+ drawback available?

# Option 1 – Filing refund claim of un-utilized ITC

## Computation of Refund to be claimed (Statement 3A)

	Turnover of zero rated supply of goods and services (1) (₹) •	Adjusted total turnover (2) (₹) •	Net input tax credit (3) (₹) •	Maximum refund amount to be claimed (4) ((1×3)÷2) (₹)
Integrated Tax	₹0.00	₹0.00	₹11,89,184.00	0.00
Central Tax				
State/UT Tax				
CESS			₹0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>1,189,184.00</b>	<b>0.00</b>

## 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	7,510,952.00	7,318,274.00	₹0.00
Central Tax	633,696.00	343,760.00	₹0.00
State/UT Tax	633,696.00	343,760.00	₹0.00
CESS	0.00	0.00	₹0.00
<b>Total</b>	<b>8,778,344.00</b>	<b>8,005,794.00</b>	<b>0.00</b>

## Option 1 – Calculation of Refund amount

### Eligible Refund in case of exports under Bond/LUT *[Rule 89(4) of CGST Rules]*

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

Where,-

(A) "Net ITC" means input tax credit availed on inputs and input services during the relevant period other than turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B);

(B) "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-rules (4A) or (4B)

Credit of Capital goods??

Circular No. 37/2018 dated 15<sup>th</sup> March 2018

Tran 1 Credit is not Net ITC

Supplies to merchant exporter

## Option 1 – Calculation of Refund amount

### **Eligible Refund in case of exports under Bond/LUT [Rule 89(4) of CGST Rules]**

Where,-

- (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 as :-  
Zero-rated supply of services is the aggregate of the **payments received** during the relevant period for zero-rated supply of services (+) Receipt of advances for zero-rated supply of services where supply has been completed in any period prior (-) 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 aggregate value of turnover in a State during the relevant period, of –
- All taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) supplies of goods or services or both made from the State or Union territory by the said taxable person
  - Zero rated supply of goods or services or both
  - excluding Value of exempt supplies other than zero-rated supplies
  - excluding the value of central tax, State tax, Union territory tax, integrated tax and cess.

# Option 1 – Frequency of Filing and Recent changes

**Frequency of Refund Application?**

## **Circular 37/2018 dated 15<sup>th</sup> March 2018 - Filing frequency of refunds**

The exporter, at his option, may file refund claim for one calendar month/quarter or by clubbing successive calendar months/quarters. The calendar month(s)/quarter(s) for which refund claim has been filed, however, cannot spread across different financial years.

### **GSTN Portal**

As per recent change on GSTN portal –

- Supplier can file refund application for multiple periods
- Details of exports of goods / services shall be uploaded in Statement 3

**Statement 3**

[Click to upload the details of Exports of goods and/ or services](#)

[Download Offline Utility](#)



Kindly enter values in statement 3A below for the Tax Period for which Refund is being claimed:

## Option 1 – Some Clarifications

**Manual  
submission**

### **Circular 17/2017 dated 15<sup>th</sup> November 2017 – Manual filing of refund claims in respect of zero-rated supplies**

**FORM GST RFD-01A** needs to be filed on the common portal. The amount of credit claimed as refund would be debited in the electronic credit ledger and proof of debit needs to be generated on the common portal. Printout of FORM GST RFD- 01A needs to be submitted before the jurisdictional GST officer along with necessary documentary evidences. (Detailed procedure given in the circular)

### **Circular 37/2018 dated 15<sup>th</sup> March 2018 – Exports of goods or services after specified period under Rule 96A (3 months for goods / 1 year for services)**

It is emphasised that exports have been zero-rated under IGST Act, as long as goods have actually been exported even after 3 months, payment of IGST first & claiming refund at a subsequent date should not be insisted and grant extension of such time limit on post facto basis in each case.

**Exports after  
specified  
period**



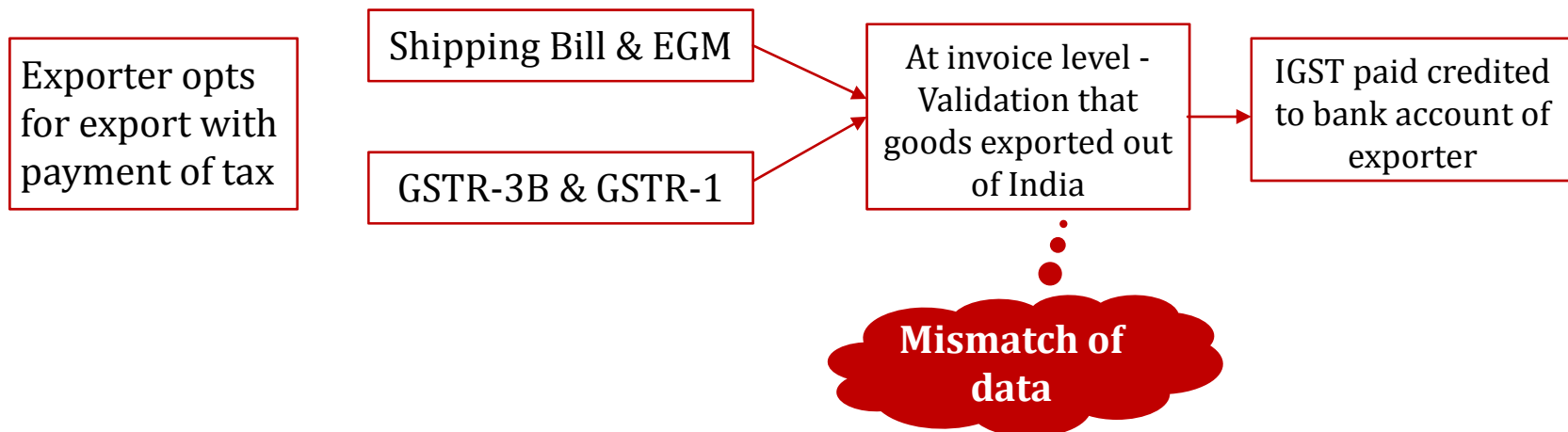
**Exports of goods with payment of Tax**

# Refund of IGST paid on export of Goods (Rule 96 of CGST Rules)

## Shipping bill filed – Deemed to be an application for refund, only when -

- i) Person in charge of conveyance carrying the export goods duly files an EGM having number & date of shipping bill / bill of export
- ii) Applicant has furnished a valid return in Form GSTR-3B

### Process flow of Refund



# Refund of IGST paid on export of Goods (Rule 96-CGST)

Track status of invoice data to be shared with ICEGATE

Financial Year\*

2017-18 ▼

Month\*

July ▼

SEARCH

Search Result based on Financial Year : 2017-18 & Month: JULY

Return data is yet to be Processed:

Data for the given return period is yet to be processed by the GST System.  
The data shall be processed and sent to ICEGATE shortly.

# Refund of IGST paid on export of Goods

## Matching between GST & Custom data

### Possible Errors

- SB000 – Successfully validated
- SB001 – Invalid SB details
- SB002 – EGM not filed
- SB003 – GSTIN Mismatch
- SB004 – Record already received & validated
- SB005 – Invalid invoice number
- SB006 – Gateway EGM not available

Commercial  
Invoice V/S  
GST Invoice

Typo error or issue  
of two invoices by  
exporter

**Circular 37/2018 dated 15<sup>th</sup> March 2018**  
**-Discrepancy between value of GST invoice & shipping bill**

Lower of two values mentioned in shipping bill & invoice shall be considered for refund

**Circular 5/2018-Cus. dated 15<sup>th</sup> Feb, 2018**

The aggregate IGST paid amount claimed in GSTR 1 or Table 6A should not be greater than the IGST paid amount indicated in Table 3.1(b) of GSTR 3B.

**CBEC Instruction dated 28<sup>th</sup> March**

Issues in non-transmission of data from GSTN to Customs –GSTR 3B v/s 1 - **Annexure A**

**Refund of IGST paid on export of services /  
zero-rated supplies to SEZ unit or Developer**

# Refund of IGST paid on export of services / zero-rated supplies to SEZ unit or Developer

## Refund application of IGST paid on export of services / zero-rated supplies to SEZ unit or developer shall be filed-

- Online in Form RFD-01A on the common portal &
- Manual submission along with printout of FORM GST RFD- 01A & necessary documentary evidences before the jurisdictional GST officer

**Circular 17/2017**  
**dated 15<sup>th</sup>**  
**November 2017** –  
Manual filing of  
refund claims in  
respect of zero-  
rated supplies

Whether SEZ can  
claim ITC & file  
refund  
application? -  
Declaration

## Rule 89 of CGST Rules – Supply to SEZ unit /developer

In respect of supplies to SEZ unit or SEZ developer, application for refund shall be filed by

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

**Refund of accumulated ITC in case of inverted  
tax structure /  
Excess cash balance in electronic cash ledger**

## Refund of accumulated ITC in case of inverted tax structure

On account of rate of tax on inputs being higher than rate of tax on output supplies (other than nil rated/fully exempt supplies) except in notified cases

## Refund of excess cash balance in electronic cash ledger

Cash excess paid in Tax, Interest, Penalty, Fees etc. in CGST/SGST/IGST/Cess

### Refund application shall be filed-

- Online in Form RFD-01A on the common portal &
- Manual submission along with printout of FORM GST RFD-01A & necessary documentary evidences before the jurisdictional GST officer

**Circular 17/2017 & 24/2017** - Manual filing of refund claims

### **Circular 37/2017 dated 15<sup>th</sup> March 2018 - Clarification on export related issues**

The Supplies for exports to merchant exporters is taxable at concessional rate of 0.1% (Optional). The supplier who supplies goods at concessional rate is also eligible for refund on account of inverted tax structure.

Exports + Supplies  
to merchant  
exporter



## **Refund application process**

# Physical submission of Documents

**Rule 89(2) of CGST Rules - The refund application shall be accompanied by following documentary evidences -**

**Order by proper officer/appellate authority/tribunal/court**  
Copy of such order

**Export of goods**  
Statement containing no. & date of shipping bills and no. & date of relevant export invoices

**Export of services**  
Statement containing no. & date of relevant export invoices & FIRC/BRC copy

**Supply to SEZ unit / developer**  
Statement containing no. & date of invoices

**Supply to SEZ unit / developer**  
Declaration that SEZ unit / developer not availed ITC of tax paid

**Deemed exports**  
Statement containing no. & date of invoices

**Inverted tax structure**  
Statement containing no. & date of invoices issued & received

**Provisional assessment**  
Copy of final order

**Intra-state supply later held to be inter-state supply**  
Statement of transactions

**Excess payment of tax**  
statement showing details of claim

**Refund below Rs. 2 lakhs -**  
Declaration tax effect not passed on to any other person

**Refund above Rs. 2 lakh -**  
CA certificate that tax effect not passed on

# Documents to be submitted along with manual submission

**Circular 37/2017 dated 15<sup>th</sup> March 2018 - Manual filing of refund claims**

Table	
Type of Refund	Documents
<b>Export of Services with payment of tax</b> (Refund of IGST paid on export of services)	<ul style="list-style-type: none"> <li>✓ Copy of <b>FORM RFD-01A</b> filed on common portal</li> <li>✓ Copy of Statement 2 of <b>FORM RFD-01A</b></li> <li>✓ Invoices w.r.t. input, input services and capital goods</li> <li>✓ BRC/FIRC for export of services</li> <li>✓ Undertaking / Declaration in <b>FORM RFD-01A</b></li> </ul>
<b>Export (goods or services) without payment of tax</b> (Refund of accumulated ITC of IGST / CGST / SGST / UTGST / Cess)	<ul style="list-style-type: none"> <li>✓ Copy of <b>FORM RFD-01A</b> filed on common portal</li> <li>✓ Copy of Statement 3A of <b>FORM RFD-01A</b> generated on common portal</li> <li>✓ Copy of Statement 3 of <b>FORM RFD-01A</b></li> <li>✓ Invoices w.r.t. input and input services</li> <li>✓ BRC/FIRC for export of services</li> <li>✓ Undertaking / Declaration in <b>FORM RFD-01A</b></li> </ul>

# Provisional grant of Refund

The GST officer may, refund on a provisional basis –

- **90% of the total amount claimed**
- in case of refund on account of zero-rated supply of goods or services or both made by registered persons, excluding the amount of input tax credit provisionally accepted.
- Provisional refund order shall be made in **Form GST RFD-04** within **7 days** from issuance of acknowledgement in Form GST RFD-02 issued on filing of refund form.
- The provisional refund shall be granted subject to condition that –
  - Person claiming refund has, during any period of 5 years immediately preceding the tax period to which the claim for refund relates, not been prosecuted for any offence under the act or under existing law where amount of tax evaded exceeds – Rs. 2,50,000/-.
- Thereafter, GST officer shall make a **final settlement order in Form GST RFD-06** after due verification of documents furnished by the applicant

# Grant of Refund

**Section 54(8)** - The refundable amount shall be paid to the applicant in following cases -

- 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
- Refund of unutilised input tax credit under Section 54(3)
- 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
- Refund of tax in pursuance of section 77
- 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
- the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify

## Section 54(5)

In any other cases, the refundable amount shall be credited to **Consumer Welfare Fund**

# Refund Application Process

FORM	Particulars	CGST Rules
<b>FORM GST RFD-02</b>	Acknowledgement	Rules 90(1) and 90(2)
<b>FORM GST RFD-03</b>	Deficiency memo	Rule 90(3)
<b>FORM GST RFD-04</b>	Provisional refund order	Rule 91(2)
<b>FORM GST RFD-05</b>	Payment advice	Rules 91(3), 92(4), 92(5) and 94
<b>FORM GST RFD-06</b>	Refund sanction/Rejection order	Rules 92(1), 92(3), 92(4), 92(5) and 96(7)
<b>FORM GST RFD-07</b>	Order for complete adjustment/withholding of sanctioned refund	Rules 92(1), 92(2) and 96(6)
<b>FORM GST RFD-08</b>	Notice for rejection of application for refund	Rule 92(3)
<b>FORM GST RFD-09</b>	Reply to show cause notice	Rule 92(3)

# Refund application

## Self-Declaration

### **Circular 37/2017 dated 15<sup>th</sup> March 2018 –**

There is no requirement of filing self-declaration for non-prosecution in respect of refunds at the time of submission of refund application as the same declaration would have already been filed at the time of furnishing of LUT/Bond.

### **Circular 37/2017 dated 15<sup>th</sup> March 2018**

As per rule 90(3) of CGST rules, once a deficiency memo is issued, the claimant is required to file a fresh refund application. In this connection, clarification has been provided that the deficiency memo can only be issued once.

## Deficiency Memo

# Refund Sanction

Dealing with  
multiple  
authorities?

## **Circular 17/17/2017 - GST dated 15<sup>th</sup> November 2017 –**

The refund application to be filed with any one of the tax authorities and shall be processed by the said authority, however the payment of the sanctioned refund amount shall be made only by the respective tax authority of the Centre or State government.

The payment of the sanctioned refund amount in relation to CT / IT / Cess shall be made by the Central tax authority while payment of the sanctioned refund amount in relation to ST / UT would be made by the State tax/Union territory tax authority.

*It therefore becomes necessary that the refund order issued either by the Central tax authority or the State tax authority is communicated to the concerned counter-part tax authority within 3 days for the purpose of payment of the relevant sanctioned refund amount of tax.*



Hey!!!  
You got the  
Refund?



# Q & A



# THANK YOU



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