



ZERO RATED SUPPLIES UNDER GST

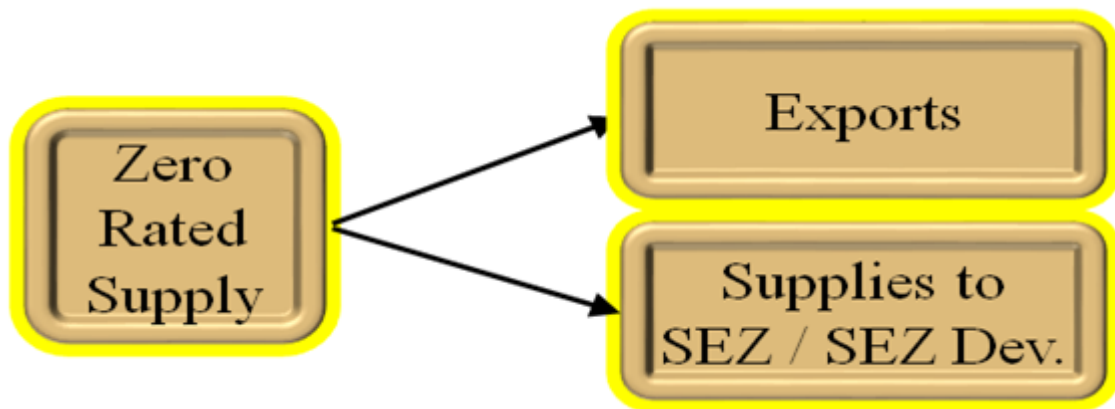
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INTRODUCTION

As per sec 16(1) of IGST Act any supplies made by a registered dealer as an export (Both goods or services) or supply to an SEZ qualifies for Zero Rated Supplies in GST. The supply to a developer of an SEZ is also covered under Zero-Rated Supplies in GST as no tax is levied on these supplies as well.



There are certain supplies on which there is no incidence of GST. It is important to understand the underlying difference among all such supply criteria:

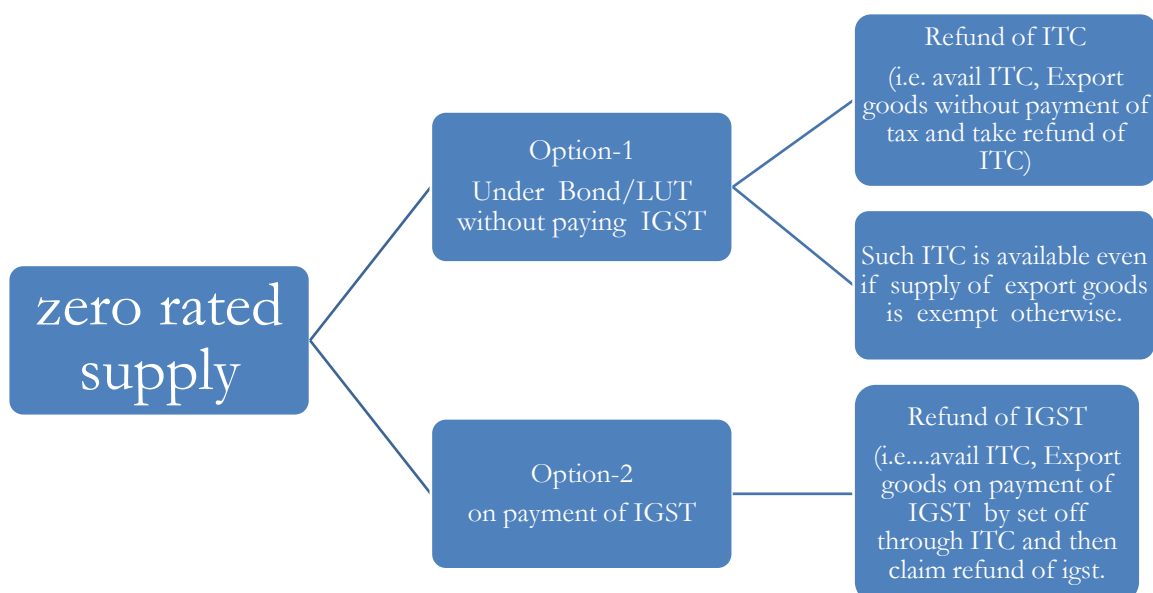
Particulars	Exempt Supplies	NIL Rated Supplies	Zero-Rated Supplies
Meaning	Supplies which are exempt from payment of GST	Goods and services on which 0% GST is applicable	Goods or services which are exported or supplied to SEZ
Input credit availability	Not available	Not available	Available
Payment of Tax	Not Mandatory	Not Mandatory	Once make payment and after that claim Refund.
Example	Transport services provided	Hotel accommodation	Export of shoes to South Africa

	by a GTA, where the gross amount charged is less than Rs. 1,500 for a consignment in a single carriage or Rs 750 for a single consignee.	with tariff below Rs. 1,000	
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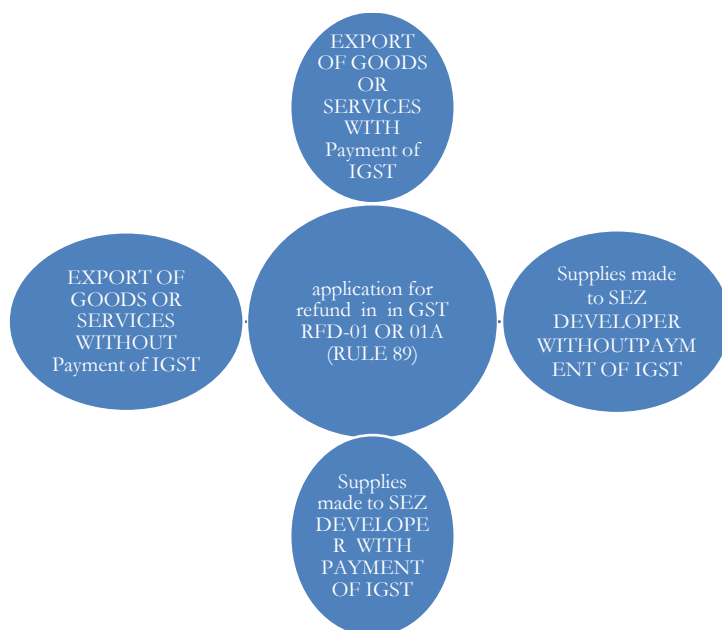
REFUND OF ZERO RATED SUPPLIES

The suppliers making Zero-rated supplies are entitled to claim refunds. The refunds are for the input tax paid on the goods and services which are used for such Zero-rated supplies (including non-taxable and exempt supplies). There are two options available with a dealer to claim refunds:

- I. The dealer can export under Bond or LUT (Letter of Undertaking) and claim a refund of the accumulated Input credit of tax; or
- II. The dealer can pay IGST while making the supplies and claim refund of the same.



Without payment of Integrated Tax (IGST) (LUT/BOND -A ROUTE)	With Payment of IGST (PAYMENT & REFUND - B ROUTE)
Supply Goods or Services or both	Supply Goods or Services or both
Under LUT or BOND as prescribed in Rules 96 A of CGST Rules 2017	And claim Refund of IGST paid as per Rule 96 of CGST Rules 2017
Refund of Input Tax Credit will refunded as per formula under Rule 89(4) of CGST Rules 2017 by prescribed Application. (GST-RFD 01)	No Separate Application is required, Shipping Bill EGM or Export Report by conveyance carrying the export goods and FORM GSTR-3 / 3B



Export and Realization of consideration

Actual receipt of consideration (in any form whether in INR, Convertible foreign currency or any other currency) is not necessary for treating a supply of goods as export of goods. This equally applies on supply of goods to SEZ Unit/developer.

However actual receipt of consideration and that too in convertible foreign exchange is necessary to treat supply of service as export of service and thereby necessary for refund in case of export of services. This equally applies on supply of services to SEZ Unit/developer.

STEPS TO FURNISH LUT ONLINE

To apply LUT, you need to:

- Login to GST website
- Click on User Service
- Click on Furnish Letter of Undertaking (LUT)
 - ✚ After opening application online, you need to first select the financial year for which you are filing LUT.
 - ✚ After selecting financial year, next option is to attach offline application if you made earlier. If you have not applied offline then you need not to submit any document here.
 - ✚ Third step is to agree with all points give in application.
 - ✚ Fourth step is to fill the details of witnesses.
 - ✚ Fifth step is to select authorized signatory and place of filling application.
 - ✚ Last step is to submit your application.
- Submit your application with EVC or DSC

PROVISIONAL REFUND

The exporters and suppliers of SEZ are entitled to a 90% refund on a provisional basis. Provisional refund is granted within seven (7) days of the refund claim. The amount of provisional refund is credited directly to the claimant's bank account.

There is a condition attached to provisional refunds. The provisional refund is not granted if the applicant has been prosecuted for any offense under the GST law or earlier law within past five (5) years. The amount of tax evaded in such prosecution shall be more than Rupees Two Hundred and Fifty Lakhs (**Rs. 2.5 Crores**).