

Presentation on

Refunds under GST

&

Budgetary Support



Presented by:

CMA Anil Sharma

Secretary, NIRC of ICAI

98720-73456

anil_sharma01us@yahoo.com

REFUNDS- Chapter-XI

Sections-54-56 of CGST Act, 2017 read with Section 15 & 16 of IGST act, 2017

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:

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 specialized agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 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.

REFUNDS

- (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 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

Refunds

- (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.

Refunds

- **Section-55:** 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, 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 supplies of goods or services or both received by them.
- **Section-56:** Interest on Refunds **@ 6% if not paid with in sixty days** from the date of application.

Refund rules-89 to 96A

Situations where refund arises:

- Excess Payment of Tax due to mistake or inadvertence
- Export (including deemed export)
- Accumulated balance of input credit
- Finalization of Provisional Assessment
- Refund of Pre-deposit for filing appeal including refund arising in pursuance of an appellate authority's order
- Payment of Duty/Tax during investigation, but no/less liability arises at the time of finalization of investigation/ adjudication
- Refund for Tax payment on Purchase by UN bodies, Supplies to CSD Canteens, Para-military forces canteens, etc.
- Refund from Manufacturing / Generation/ Production/ Creation of Tax- free supplies or Non-GST Supplies
- Refund of Carry Forward Input Tax Credit
- Refund on account of year-end or volume based incentives provided by the supplier through credit notes
- Casual Dealers deposit in excess to his liability
- Tax Refund for International Tourists

Refund Application: Rule-89

- an application electronically in FORM GST RFD-01 through the common portal
- any claim for refund relating to balance in the electronic cash ledger 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:

Refund Forms

- GST RFD -01/1A : Application along with Annex.
- GST RFD -01B : Refund Order
- GST RFD – 02 : Acknowledgement
- GST RFD- 03 : Notice for deficiencies
- GST RFD -04 : Provisional Order of Refund
- GST RFD -05 : Payment Advice
- GST RFD -06 : Refund Sanction/Rejection order
- GST RFD -07 : Refund adjustment Order
- GST RFD -08 : Rejection of application
- GST RFD -09 : Reply to SCN
- GST RED-10 : Application by specified agencies
- GST RFD -11 : Bond/LUT format

Relevant Dates for Refunds

Event	Date (with in two years)
refund arises on account of excess payment of GST due to mistake or inadvertence	Date of payment of GST
export of goods under claim of rebate of GST paid on exported goods or refund of accumulated input credit of GST when goods are exported. In case of Deemed Export	Date on which proper officer under the Custom Act gives an order for export known as “LET EXPORT ORDER ” Date on which return is filed.
export of services under claim of rebate of GST paid on exported services or refund of accumulated input credit of GST when services are exported	Date of Bank Realisation Certificate (BRC) or issue of Invoice as the case may be
refund arises on account of finalization of provisional assessment.	Date of the finalization order

refund arises in pursuance of an appellate authority's order in favor of the taxpayer.	Date of appellate authority's order
refund arises on account of payment of GST during investigation, etc. when no/less liability arose at the time of finalization of investigation proceedings or issuance of adjudication order.	Date of adjudication order
refund arises on account of accumulated credit of GST in case of a liability to pay service tax in partial reverse charge cases.	Date of providing of service
refund arising out of payment of GST on petroleum products, etc. to Embassies or UN bodies or to CSD canteens, etc. on the basis of applications filed by such persons	Date of payment of GST
refund of accumulated ITC on account of inverted duty structure i.e. due to tax rate differential between output and inputs.	Last day of the financial year
Refund to International Tourist – Section 15 IGST Act, 2017	On their return, At Designated Airports/ports

Documents required for refunds

- **Copy of TR-6 / GAR-7/ PLA / copy of return** evidencing payment of duty.
- **Copy of invoices (in original)** (for the purpose of evidencing the supply of goods and the fact that duty is not reflected in the same).
- **Documents evidencing that the tax burden has not been passed on to the buyer.**
- Any other document as prescribed by the refund sanctioning authority i.e
 - **Shipping Bill (Export Promotion copy);**
 - **Mate's Receipt / Transporter's Challan (in case of export by road);**
 - **Export invoice;**
 - **Packing list;**
 - **Bill of Lading/ Airway Bill;**
 - **Bank Realization Certificate (BRC).**
 - **Refund can be claimed within two yrs from the date.**

Refunds-Rule-89

Refunds 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

Refund against deemed export supplies by Supplier or recipient of such supplies subject to certain conditions.

Refunds for Export of Good-rule 96

- (1) The shipping bill filed by an exporter of goods shall be deemed to be an application for refund of **IGST 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 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-3or FORM GSTR- 3B, as the case may be;**
- (2) The details of the 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.

(3) Upon the receipt of the information regarding the furnishing of a valid return in **FORM GSTR-3or FORM GSTR-3B, as the case may be from the common portal, 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.

Refund in case of Services-Rule 96(9)

(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

Refund of Export under LUT or Bond-Rule 96A

96A. Refund of integrated tax paid on 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*
- (2)** The details of the export invoices contained in **FORM GSTR-1** furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system.

Refund of Export under LUT or Bond-Rule 96A

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.”;**

Budgetary Support

Notification Dt 05.10.2017

by Ministry of Commerce and Ind.-DIPP

Scheme of budgetary support under Goods and Service Tax Regime to the units located in :

- **States of Jammu & Kashmir,**
- **Uttarakhand,**
- **Himachal Pradesh and**
- **North East including Sikkim**

Budgetary Support

- The new scheme is offered, as a measure of goodwill, only to the units which were eligible for drawing benefits under the earlier excise duty exemption/refund schemes
- All such notifications have ceased to apply w.e.f. 01.07.2017 and stands rescinded on 18.07.2017 vide notification no. 21/2017 dated 18.07.2017.
- The scheme shall be limited **to the tax which accrues to the Central Government under Central Goods and Service Act, 2017 and Integrated Goods and Services Act, 2017**, after devolution of the Central tax or the Integrated tax to the States, in terms of Article 270 of the Constitution.

Budgetary Support

- **'Eligible unit'** means a unit which was eligible before 1st day of July, 2017 to avail the benefit of ab-initio exemption or exemption by way of refund from payment of central excise duty under notifications, as the case may be
- The eligibility of the unit shall be on the basis of **application filed for budgetary support** under this scheme with reference to:
 - Central Excise registration number, for the premises of the eligible manufacturing unit, as it existed prior to migration to GST; or
 - GST registration for the premises as a place of business, where manufacturing activity under exemption notification no. 49/2003-CE dated 10.06.2003 and 50/2003-CE dated 10.06.2003 were being carried prior to 01.07.2017 and the unit was not registered under Central Excise

Budgetary Support

Specified goods' means the goods specified under exemption notifications, listed above, which were eligible for exemption under the said notifications, and which were being manufactured and cleared by the eligible unit by availing the benefit of excise duty exemption, **from:**

The premises under Central Excise with a registration number, as it existed prior to migration to GST; or

The manufacturing premises registered in GST as a place of business from where the said goods under exemption notification no. 49/2003-CE dated 10.06.2003 and 50/2003-CE dated 10.06.2003 were being cleared

Residual period' means the remaining period out of the total period not exceeding ten years, from the date of commencement of commercial production, as specified under the relevant notification

DETERMINATION OF THE AMOUNT OF BUDGETARY SUPPORT

The amount of budgetary support under the scheme for specified goods manufactured by the eligible unit shall be sum total of –

58% of the Central tax paid through debit in the cash ledger account ,maintained by the unit under CGST Act, 2017 after utilization of the Input tax credit of the Central Tax and Integrated Tax.

29% of the integrated tax paid through debit, in the cash ledger account maintained by the unit under Integrated Goods and Services Act, 2017 after utilization of the Input tax credit Tax of the Central Tax and Integrated Tax.

Provided where inputs are procured from a registered person operating under the Composition Scheme under Section 10 of the Central Goods and Services Act, 2017 the amount i.e. sum total of (i) & (ii) above shall be reduced by the same percentage as is the percentage value of inputs procured under Composition scheme out of total value of inputs procured

DETERMINATION OF THE AMOUNT OF BUDGETARY SUPPORT

Budgetary support under this scheme shall be worked out on **quarterly basis** for which claims shall be filed on a quarterly basis namely for January to March, April to June, July to September & October to December

The Budgetary Support under the Scheme shall be allowed to an eligible unit **subject to an inspection** by a team constituted by DIPP for every State to scrutinize in detail the implementation of the previous schemes

The manufacturer shall file an application for payment of budgetary support for the **Tax paid in cash**, by the 15th day of the succeeding month after end of quarter after payment of tax relating to the quarter to which the claim relates

- The eligible units shall obtain one time registration on the ACES-GST portal and obtain a unique ID which is to be used for all processing of claims under the scheme. The application by the eligible unit for reimbursement of budgetary support shall be filed on the ACES-GST portal with reference to unique ID obtained.
- Also ref Circular no 1060 & 1061-2017 dt 27.11.2017 and 30.11.2017 respectively

THANK you