

**CMA**



**The Institute of  
Cost Accountants  
of India (ICAI)**

**CERTIFICATE COURSE ON**

**GST**

**REFUNDS**  
**[SECTIONS 54 – 58] &**  
**[ RULES 89 – 97 ]**

**Chapter XI**  
**of the**  
**CGST ACT**

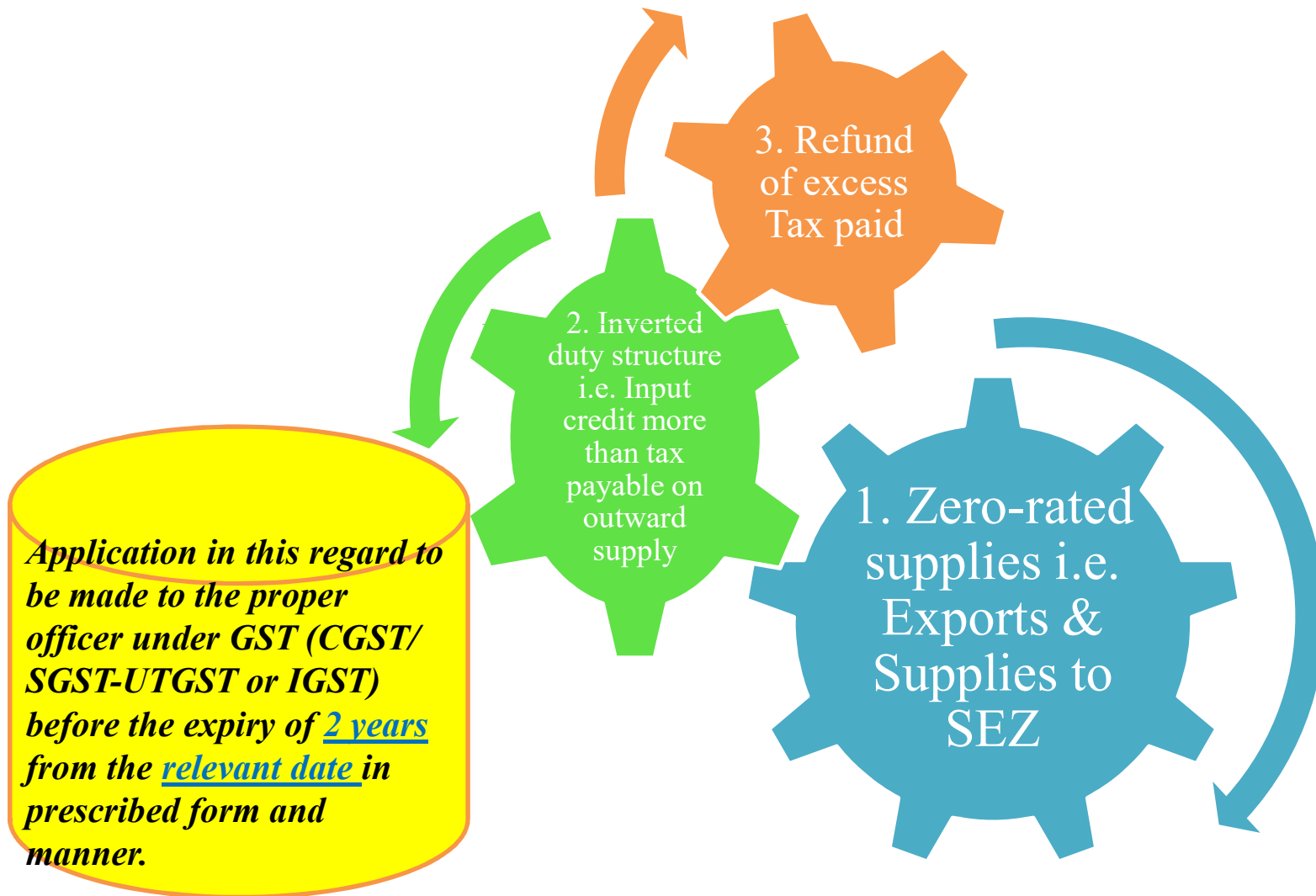
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# Refund

*Explanation 1 of Section 54 of CGST Act* .—For the purposes of this section,

- ❑ “**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).

# Refund



## Definitions

**Zero rated Supply:** As per section 16(1) of IGST Act, “zero rated supply” means any of the following supplies of goods or services or both , viz.,

- a) export of goods or services or both; or
- b) Supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

**Deemed Exports:** Deemed Exports means such supplies of goods as may be notified under **section 147** of the CGST Act, 2017.

**Section 147** stipulates that the Government may, on the recommendations of the Council, notify certain supplies of goods as ‘deemed exports’ where

- a) The goods supplied do not leave India;
- b) Payment of such supplies is received in Indian Rupees/ Convertible Foreign Exchange;
- c) Such goods are manufactured in India.

Notification No. 48/2017-CT dated 18-10-2017 has notified following supplies as deemed exports under section 147 of the CGST Act, 2017

**Supply of goods to EOU, Supply of goods against Advance Authorisation, Supply of Gold by Bank or PSU against Advance Authorisation.**

## Need for Timely Refund & Refund Mechanism under GST

- ❑ Timely Refund is essential as it facilitates trade through
  - ❖ Release of blocked working capital
  - ❖ Expansion and modernisation of existing business.
  
- ❑ GST law aims at streamlining and standardising the refund procedures by augmenting,
  - ❖ Standardised form for making any claim of refunds viz. **GST RFD-01/01A**;
  - ❖ Claim and Sanctioning procedure will be completely online and time bound;
  - ❖ Provisions relating to refund are made more transparent as compared to provisions contained in the earlier indirect tax regime

## Refund Situations – Section 54

Refund provisions apply in case of ,

- ❑ **When Goods or Services or both are exported or goods or services or both are supplied to SEZ developer / unit** on payment of IGST and refund of such IGST paid on such goods or services or both is claimed.
- ❑ Refund of any **Unutilised Input tax credit (ITC)** at the end of any tax period in case of,
  - ❖ **Zero rated supplies**
  - ❖ **Accumulated ITC on account of Inverted duty structure** i.e. 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.
  - ❖ **Refund of Unutilised ITC** shall not be allowed if:
    - The goods exported out of India are subject to Export Duty;
    - The supplier of goods or services or both avails of drawback in respect of CGST or claims refund of the IGST paid on such supplies.

## Refund Situations – Section 54 & 77

- ☐ Tax paid on the supply of goods regarded as **Deemed exports** may be claimed by recipient.
- ☐ Refund of any balance in the **Electronic cash ledger** after payment of tax , interest, penalty, fee or any other amount payable.
- ☐ Refund of tax wrongly collected and paid to the Government i.e. CGST & SGST paid by treating the supply **as intra-state supply which is subsequently held as inter-state supply** and vice-versa.
- ☐ The IGST paid **by tourist leaving India** on any supply of goods taken out of India by him [ Section 15 of IGST Act ].
- ☐ Tax refundable as a consequence of **judgement, decree, order or direction of the Appellate Authority , Appellate Tribunal or any Court.**
- ☐ Tax refundable to assessee on **finalisation of Provisional assessment** (on account of assessed tax being less than the tax deposited by the assessee) [Section 60]
- ☐ Refund of taxes on purchase made by **UN bodies or Embassies** etc.
- ☐ **No refund shall be paid to an applicant, if the amount is less than Rs 1000.**



## Time limit for making Refund claim

- ❑ Any person claiming refund of any tax, interest if any , paid on such tax or any other amount paid by him , may make an application before expiry of **2 years** from the **Relevant date**, in such form (GST RFD - 01) and manner as may be prescribed.
- ❑ A registered person may claim refund of any **unutilised ITC** in case of **zero rated supplies** or **accumulated ITC** on account of **inverted duty structure** , at the end of the tax period.
- ❑ According to **Section 54 (2) of the CGST Act** the person ( UNO etc. ) notified under section 55 shall apply the refund through GST Form GST RFD-10 before the expiry of six months from the last day of the quarter in which such supply was received. Such supply means inward supply on which the tax has been paid.

## Relevant Date [Para 2 of Explanation to Section 54]

Sl No.	Events	Relevant date
1	Goods exported out of India – By sea or air	Date on which the ship or the aircraft in which such goods are loaded, leaves India.
2.	Goods exported out of India – By land	Date on which such goods pass the frontier.
3.	Goods exported out of India – By post	Date of despatch of goods by the post office concerned to a place outside India.
4	Services exported out of India – The supply of service had been completed prior to the receipt of such payment.	Date of receipt of payment in convertible foreign exchange.
5	Services exported out of India – Payment for the services had been received in advance prior to the date of issue of the invoice.	Date of issue of invoice.
6	Supply of goods regarded as deemed exports where refund of tax paid is available in respect of the goods	Date on which the return relating to such deemed exports is furnished.
7	Tax is refundable as a consequence of judgement , decree, order or direction of the Appellate Authority, Appellate Tribunal or any court.	Date of communication of such judgement, decree, order or direction.
8	Refund of unutilised ITC in case of zero rated supplies or accumulated ITC on a/c of inverted duty structure.	End of the Financial Year in which such claim for refund arises.
9	Tax is paid Provisionally	Date of adjustment of tax after Final assessment.

# **Refund Procedures – Zero Rated Supplies**

## **Zero Rated Supplies Consists of:**

### **➤ Export of Goods ( Details furnished in Table 6A of GSTR-1)**

- ❖ **With Payment of Tax (IGST)** - No separate application is required as Shipping bill itself will be treated as application for refund provided person in charge of the conveyance carrying the export goods duly files the Export General Manifest or Export report.

- ❖ **Without Payment of Tax (LUT/Bond)** - Submission of **GST RFD -01** electronically.

### **➤ Export of Services (Details furnished in Table 4A,4B,4C,6B,6C- GSTR-1)**

- ❖ **With Payment of Tax (IGST)** - Filling of Form **GST RFD-01** electronically.

- ❖ **Without Payment of Tax (LUT/Bond)** - Submission of **GST RFD -01** electronically

## **Refund Procedures – Zero Rated Supplies**

### **Refund in respect of Goods and / or Services ( Summarised )**

<b>Export of</b>	<b>Export under</b>	<b>Refund form</b>
<b>Export of Goods</b>	On Payment of IGST	Shipping Bill
	Under Bond or LUT	GST RFD - 01
<b>Export of Services</b>	On Payment of IGST	GST RFD - 01
	Under Bond or LUT	GST RFD - 01

## Further Procedures – Zero Rated Supplies

- The details of the relevant export invoices in respect of export of goods contained in form GSTR-1 shall be transmitted electronically, **after validation**, by the common portal i.e. [www.gst.gov.in](http://www.gst.gov.in) to the system designated by the Customs i.e. ICEGATE (Indian Customs Electronic Gateway)
- ICEGATE system shall electronically transmit to the common portal, a confirmation that the goods covered by the said invoices have been exported out of India as per rule 96(2) of the GST Rules, 2017.

## **Validation Procedures – Zero Rated Supplies**

The following validations are done by the GST system before transmitting the return data to ICEGATE, for refund on account of IGST paid on export of goods with payment of tax –

- GSTR-1 and GSTR-3B of the corresponding return period is filed.
- Export invoices are filed under Table 6A of GSTR-1.
- Correct and complete Shipping Bill Number, Shipping Bill Date and Port Code details have been provided in the Invoices data, provided under Table 6A of GSTR-1.
- IGST amount is reported under Table 3.1 (b) of GSTR-3B [ and not Table 3.1 (a) and 3.1 (c) ].
- IGST amount paid through Table 3.1 (b) of GSTR-3B must be either equal to or greater than, total IGST amount shown to have been paid under Table 6A and Table 6B of GSTR-1 of the corresponding return period.

# **Refund Procedures – Zero Rated Supplies**

## **Zero Rated Supplies Consists of:**

- **Supply of goods to SEZ Developer/SEZ Unit(Table 4A,4B,4C,6B,6C-GSTR1)**
  - ❖ **With Payment of Tax (IGST)-** Filling of Form GST RFD-01 electronically.
  - ❖ **Without Payment of Tax (LUT/Bond)-** Submission of RFD -01 electronically.
- **Export of Services (Details furnished in Table 4A,4B,4C,6B,6C- GSTR-1)**
  - ❖ **With Payment of Tax (IGST)-** Filling of Form GST RFD-01 electronically.
  - ❖ **Without Payment of Tax(LUT/Bond)-** Submission of RFD -01 electronically.

## **Processing of Refund Claim by Customs Department:**

- If an exporter pays IGST on goods exported by him or goods supplied to SEZ Unit or SEZ developer, the refund claim will be processed by Customs department.
- All other refund claims, like Refund of Input Tax Credit in case of export of goods and services; Refund of IGST paid on export of services; Refund due to inverted duty structure; Refund of tax paid by mistake or Refund claim for any other reasons will be processed by GST department.

## **Refund in case of Inverted Duty Structure**

- ❖ In case of inverted duty rates ( i.e., input tax credit more than tax payable on outward supplies), there is a provision for refund of excess credit under section 54(3) of CGST and SGST Act.
- ❖ The refund is not admissible where the rate of outward supply tax is Nil or exempt. Thus, some tax must be payable.

### **No refund in following cases:**

As per proviso (ii) to section 54(3) of the CGST and SGST Act, Government may notify supply of goods and services where refund of unutilised input tax credit(ITC) will not be admissible, even if ITC is more than tax payable on outward supply [**Notification No. 5/2017-CT(Rate) and 5/2017-IT(Rate) , both dated 28-6-2017**] – list of items given below,



# Refund in case of Inverted Duty Structure

S No.	Tariff item, heading, subheading or Chapter	Description of Goods
1.	5007	Woven fabrics of silk or of silk waste
2.	5111 to 5113	Woven fabrics of wool or of animal hair
3.	5208 to 5212	Woven fabrics of cotton
4.	5309 to 5311	Woven fabrics of other vegetable textile fibres, paper yarn
5.	5407, 5408	Woven fabrics of manmade textile materials
6.	5512 to 5516	Woven fabrics of manmade staple fibres
7.	60	Knitted or crocheted fabrics [All goods]
8.	8601	Rail locomotives powered from an external source of electricity or by electric accumulators
9.	8602	Other rail locomotives; locomotive tenders; such as Diesel-electric locomotives, Steam locomotives and tenders thereof
10.	8603	Self-propelled railway or tramway coaches, vans and trucks, other than those of heading 8604
11.	8604	Railway or tramway maintenance or service vehicles, whether or not self-propelled (for example, workshops, cranes, ballast tampers, track liners, testing coaches and track inspection vehicles)
12.	8605	Railway or tramway passenger coaches, not self-propelled; luggage vans, post office coaches and other special purpose railway or tramway coaches, not self-propelled (excluding those of heading 8604)
13.	8606	Railway or tramway goods vans and wagons, not self-propelled
14.	8607	Parts of railway or tramway locomotives or rolling-stock; such as Bogies, bissel-bogies, axles and wheels, and parts thereof
15.	8608	Railway or tramway track fixtures and fittings; mechanical (including electro-mechanical) signalling, safety or traffic control equipment for railways, tramways, roads, inland waterways, parking facilities, port installations or airfields; parts of the foregoing

## **Refund of Unutilised Input Tax Credit**

- Self certified copies of invoices in relation to which refund of Input tax credit (ITC) is being claimed and which are declared as eligible for ITC but which are not populated in FORM GSTR-2A shall be uploaded by the applicant along with the application in FORM GST RFD-01.
- The common portal calculates the refundable amount as the least of the following amounts –
  - i. Maximum refund amount as per formula in Rule 89(4) or Rule 89(5)
  - ii. Balance in the electronic credit ledger at the end of the tax period for which the refund claim is being filed
  - iii. Balance in the electronic credit ledger at the time of filing the refund application
- The equivalent amount is to be debited from the electronic credit ledger of the applicant.

## **Refund of tax paid on Deemed Export**

- ❑ In case refund is sought by the supplier of deemed export supplies, the supplier is required to furnish documental evidence which includes an undertaking that the recipient of the deemed export supplies shall not claim the refund in respect of such supplies and shall not avail any input tax credit on such supplies.
- ❑ Similarly, in case the refund is filed by the recipient of deemed export supplies, an undertaking shall have to be furnished by the recipient stating that refund has been claimed only for those invoices in the statement for the tax period for which refund has been claimed and that the recipient has not availed input tax credit on such invoices.

## **Refund of Compensation Cess**

- ❑ A registered person is eligible to claim refund of unutilised input tax credit of Compensation Cess paid on inputs, where the zero-rated final product is not leviable to Compensation Cess.
- ❑ For instance, Cess is levied on coal, which is an input for the manufacture of aluminium products, whereas Cess is not levied on aluminium products. Therefore, refund of such unutilised input tax credit shall be available.
- ❑ Again, if a registered person uses coal for captive generation of electricity which is further used for manufacture of goods (say aluminium) which are exported under Bond/ Letter of Undertaking without payment of duty. Refund claim can be filed for accumulated input tax credit of Compensation Cess paid on coal.
- ❑ There is no distinction between intermediate goods or services and final goods or services under GST. Since coal is an input used in the production of aluminium, input tax credit in relation to the same cannot be denied.

## **Refund of GST paid on Advance consequent to cancellation of order**

- In case GST is paid by the supplier on advances received for a future event which got cancelled subsequently and for which invoice is issued before supply of service, the supplier is required to issue a “credit note” in terms of section 34 of the CGST Act.
- He shall declare the details of such credit notes in the return for the month during which such credit note has been issued.
- The tax liability shall be adjusted in the return subject to the conditions of the section 34 of the CGST Act. There is no need to file a separate refund claim.
- However, in case where there is no output liability against which a credit note can be adjusted, registered person may proceed to file a claim under “Excess payment of tax if any” through FORM GST RFD- 01.
- In case GST is paid by the supplier on advances received for a future event which got cancelled subsequently and for which no invoice is issued in terms of section 31(2) of the CGST Act, he is required to issue a “refund voucher” in terms of section 31(3) of the CGST Act read with rule 51 of the CGST rule.
- The taxpayer can apply for refund of GST paid on such advances by filing FORM GST RFD-01 under the category “Refund of excess payment of tax”.

## **Refund of GST paid on account of Return of goods**

- In case where the goods supplied by the supplier are returned by the recipient and where tax invoice has been issued, the supplier is required to issue a “credit note” in terms of section 34 of the CGST Act.
- He shall declare the details of such credit notes in the return for the month during which such credit note has been issued.
- The tax liability shall be adjusted in the return subject to the conditions of the section 34 of the CGST Act. There is no need to file a separate refund claim.
- However, in case where there is no output liability against which a credit note can be adjusted, registered person may proceed to file a claim under “Excess payment of tax if any” through FORM GST RFD- 01.

## **Duty Drawback under GST**

- Under GST, the duty drawback would only be available for the custom duty paid on imported inputs or central excise paid on certain petroleum or tobacco products used as inputs or fuel for captive power generations.
- The duty drawback scheme seeks to rebate duty or tax chargeable on any imported/excisable materials and inputs services used in the manufacture of export goods.

## **Bunching of Refund claim across Financial Year - Allowed**

- ❖ It is possible that Input Tax Credit may be received in a month while exports may be made in subsequent months. Also in some months, there will be exports but no Input Tax Credit available.
- ❖ In such cases the refund claim can be filed during the **relevant period** which is different from the **tax period**.
- ❖ Therefore exporters may file refund claim per month or per quarter or by clubbing successive calendar months/quarters.
- ❖ However, such refund claim cannot spread over different financial years.[**CBI&C circular no. 37/11/2018-GST, dated 15-3-2018.**]
- ❖ Refund application may be filed for a tax period either monthly or quarterly. Quarterly return filers can only file refund application quarterly. The applicant may club successive tax periods with the refund application but he cannot club tax period of different financial years. For example refund application pertaining to 2018-19 can not be clubbed with refund pertaining to 2019-20.
- ❖ But vide **Circular No.135/05/2020 dated 31-03-2020** the restriction on bunching of refund claims across financial years shall not apply. For example Refund Application can be filed by clubbing of months of March 2019 and April 2019 and for two quarters 4<sup>th</sup> quarter of 2018-19 and 1<sup>st</sup> quarter 2019-20.



## **Documentary Evidence Required for GST Refund Processing – Export of Goods with payment of IGST**

- ☐ Shipping Bill filed by the exporter shall be treated as **DEEMED APPLICATION** for the claim of refund provided –
- ☐ Person in charge of conveyance (eg, driver or pilot) carrying export goods files **Export General Manifest (EGM) or Export Report.**
- ☐ Exporter must also furnish–
  - ❖ GSTR-3 / GSTR 3B
  - ❖ Table 6A of GSTR-1.

## **Documentary Evidence Required for GST Refund Processing – Export of Goods without payment of IGST**

- ☐ Print out of GST RFD 01A & Application Reference Number(ARN).
- ☐ GSTR-3B/GSTR-3/GSTR-1 of particular month.
- ☐ Undertaking as per para 2.0 of circular 24/2017- Amount of refund would be paid back to the Government with interest if section 16(2)[eligibility condition for ITC] read with section 42(2) of CGST Act, is not complied with.
- ☐ Undertaking of no prosecution as per rule 91(1) of CGST Rules, 2017
- ☐ Statement 3 [ Rule 89 (2)(b) & (c) ]
- ☐ Statement 3A [Rule 89(4) (Calculation of refund)]
- ☐ Export Invoices
- ☐ Declaration 1: Application for refund has not been filed with any other authority.
- ☐ Declaration 2: No refund has been claimed against relevant invoices.
- ☐ Declaration 3: Requirement of no prosecution within last 5 years [Rule 91(1) of CGST Rules,2017]
- ☐ Declaration 4: As per GST RFD -01Form
- ☐ Declaration 5: Drawback not availed.
- ☐ Declaration 6: Declaration of unjust enrichment.
- ☐ CA / CMA certificate if the refund amount is more than 2 lacs.

## **Documentary Evidence Required for GST Refund Processing – Export of Services with or without payment of IGST**

- ☐ Print out of GST RFD 01A & Application Reference Number(ARN).
- ☐ GSTR-3B/GSTR-3/GSTR-1 of particular month.
- ☐ Undertaking as per para 2.0 of circular 24/2017- Amount of refund would be paid back to the Government with interest if section 16(2)[eligibility condition for ITC] read with section 42(2) of CGST Act, is not complied with.
- ☐ Undertaking of no prosecution as per rule 91(1) of CGST Rules, 2017
- ☐ Statement 3 [ Rule 89 (2)(b) & (c) ]
- ☐ Statement 3A [Rule 89(4) (Calculation of refund)]
- ☐ Export Invoices and Input service invoices.
- ☐ Bank Realisation Certificate / Foreign Inward Remittance Certificate.
- ☐ Declaration 1: Application for refund has not been filed with any other authority.
- ☐ Declaration 2: No refund has been claimed against relevant invoices.
- ☐ Declaration 3: Requirement of no prosecution within last 5 years [Rule 91(1) of CGST Rules,2017]
- ☐ Declaration 4: As per GST RFD -01Form
- ☐ Declaration 5: Drawback not availed.
- ☐ Declaration 6: Declaration of unjust enrichment.
- ☐ CA / CMA certificate if refund amount is more than 2 lacs.

## **Documentary Evidence Required for GST Refund Processing – Zero rated supplies to SEZ unit/SEZ developers**

- ☐ Print out of GST RFD 01A & Application Reference Number(ARN).
- ☐ GSTR-3B/GSTR-3/GSTR-1 of particular month.
- ☐ Undertaking as per para 2.0 of circular 24/2017- Amount of refund would be paid back to the Government with interest if section 16(2)[eligibility condition for ITC] read with section 42(2) of CGST Act, is not complied with.
- ☐ Undertaking of no prosecution as per rule 91(1) of CGST Rules, 2017
- ☐ Statement 4 [ Rule 89 (2)(d) & (e)]
- ☐ Endorsement from proper officer evidencing receipt of goods in SEZ [Provision rule 89 of CGST Rules 2017]
- ☐ Declaration 3: Requirement of no prosecution within last 5 years [Rule 91(1) of CGST Rules,2017]
- ☐ Tax invoices as per 2<sup>nd</sup> proviso to rule 46(1) of CGST Rules, 2017 i.e. whether supply to SEZ is made with or without payment of IGST and for authorised operations.
- ☐ Undertaking by SEZ developer or unit as it has not claimed ITC.
- ☐ Details of payment along with proof thereof.

## **Documentary Evidence Required for GST Refund Processing – Excess Cash in Cash Ledger**

- ☐ Print out of GST RFD 01A & Application Reference Number(ARN).
- ☐ GSTR-3B/GSTR-3/GSTR-1 of particular month.
- ☐ Statement 7 [ Rule 89 (2)(k) ]
- ☐ Printout of cash and credit ledger.

## **Documentary Evidence Required for GST Refund Processing – ITC accumulation due to Inverted duty structure**

- ☐ Print out of GST RFD 01A & Application Reference Number(ARN).
- ☐ GSTR-3B/GSTR-3/GSTR-1 of particular month.
- ☐ Undertaking as per para 2.0 of circular 24/2017- Amount of refund would be paid back to the Government with interest if section 16(2)[eligibility condition for ITC] read with section 42(2) of CGST Act, is not complied with.
- ☐ Undertaking of no prosecution as per rule 91(1) of CGST Rules, 2017
- ☐ Refund amount as per rule 89(5) of CGST Rules, 2017.
- ☐ Statement 1 [ Rule 89 (2)(h) of CGST rules, 2017] & Section 54(3)(ii) of the CGST Act, 2017.
- ☐ Self declaration of unjust enrichment.
- ☐ CA / CMA certificate if refund amount is more than 2 lacs.

## **Documentary Evidence Required for GST Refund Processing – Deemed Exports**

- ☐ Print out of GST RFD 01A & Application Reference Number(ARN).
- ☐ GSTR-3B/GSTR-3/GSTR-1 of particular month.
- ☐ Undertaking as per para 2.0 of circular 24/2017- Amount of refund would be paid back to the Government with interest if section 16(2)[eligibility condition for ITC] read with section 42(2) of CGST Act, is not complied with.
- ☐ Statement 5B [ Rule 89 (2)(g) of the CGST Rules ]
- ☐ Undertaking of no prosecution as per rule 91(1) of CGST Rules, 2017

## List of Refund Forms

Sl. No.	Form No.	Description
01.	FORM GST RFD -01	E-refund application for tax, interest, penalty, fees or any other amount [Rule 89] .
02.	FORM GST RFD – 02	Acknowledgement [Rule 90].
03	FORM GST RFD – 03	Deficiency memo or Communication of Deficiency [Rule 90(3)] .
04	FORM GST RFD – 04	Provisional Refund order [ Rule 91(2)].
05	FORM GST RFD – 05	Payment advice [Rule 91(3)].
06	FORM GST RFD – 06	Refund Sanction/Rejection Order [Rule 92].
07	FORM GST RFD – 07	Order for complete adjustment or withholding of Refund[ Rule 92(2)].
08	FORM GST RFD -08	Show Cause Notice [Rule 92(3)].
09	FORM GST RFD – 09	Reply to Show cause notice by the Taxpayer [Rule 92(3)].
10	FORM GST RFD -10	Refund of tax to certain persons eg UNO [Rule 95)].



## Deficiency Memo – Rule 90(3)

- ❑ In case any deficiencies are noticed in form GST RFD-01, then GST RFD 03 is issued by the Refund Processing Officer. Form GST RFD-03 also known as **Deficiency memo**.
- ❑ In the form, the initial basic details of this memo are the same as the basic details in form GST RFD-02 ( Acknowledgement ). The only addition is the address of the applicant.

### FORM-GST-RFD-03

[See Rule 90(3)]

#### Deficiency Memo

Reference No. :

Date: <DD/MM/YYYY>

To

\_\_\_\_\_ (GSTIN/ UIN/ Temporary ID)

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Address)

Subject: Refund Application Reference No. (ARN) .....Dated .....<DD/MM/YYYY>.....

Reg. Sir/Madam,

This has reference to your above mentioned application filed under section 54 of the Act. Upon scrutiny of your application, certain deficiencies have been noticed below:

Sr No	Description( select the reason from the drop down of the Refund application)
1.	<MULTI SELECT OPTION>
2.	
	Other <TEXT BOX> { any other reason other than the reason select from the 'reason master' }

You are advised to file a fresh refund application after rectification of above

deficiencies Date:

Signature

(DSC):

Place:

Name of Proper Officer:

Designation:

Office Address:

## **Deficiency Memo – Rule 90(3)**

- ☐ The main body of the memo is the same for all applicants only the reason keeps on changing based on the deficiency in the form GST RFD-01.
- ☐ There are two options available for mentioning the reason. The first option is a drop-down where various reasons are given. If the reason for the deficiency is not available in the given drop down then the officer can mention the reason on his own in option 2.
- ☐ Towards the end of the memo, the date, place, signature, name and designation of the officer is mentioned.
- ☐ In case the applicant receives GST RFD-03 then the form GST RFD-01 is treated as invalid, the applicant needs to file a fresh return in which these deficiencies should be corrected.

## Provisional Refund – Section 54(6) read with rule 91

- ❑ **Provisional refund** of 90% of the amount so claimed excluding the amount of ITC provisionally accepted within 7 days from the date of acknowledgement. [Section 54(6)]
- ❑ The proper officer may, in the case of any claim for **refund on account of zero –rated supply of goods or services or both** made by registered persons,
- ❑ Other than such category of registered persons as may be notified by the Government on the recommendations of the council,
- ❑ **Refund on a provisional basis, 90% of the total amount so claimed**, excluding the amount of ITC provisionally accepted.

### Conditions, limitations and safeguards:

- ❑ The provisional refund shall be granted subject to the condition that the 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 any existing law where the **amount of tax evaded exceeds Rs 2.5 crores**.
- ❑ The proper officer, after scrutiny of the claim and evidence submitted in support thereof and on being *prima facie* satisfied that the amount claimed as refund is due to the applicant, shall make an order in **FORM GST RFD-04**, sanctioning the amount of refund due to the said applicant on a provisional basis within a period not exceeding 7 days from the date of the acknowledgement.
- ❑ The proper officer shall issue a payment advice in **FORM GST RFD-05** for the amount sanctioned and the same shall be electronically credited to the bank account of the applicant mentioned in his registration particulars.

## **Disbursal of Refund**

- ❑ The disbursal status of the refund amount would be communicated by Public Financial Management System (PFMS) to the common portal.
- ❑ The common portal shall notify the same to the taxpayer by email/ SMS. Such details are also be available on the status tracking facility on the dashboard.
- ❑ For a refund application assigned to a Central Tax Officer both the sanction order (FORM GST RFD – 04/06) and the corresponding payment order (FORM GST RFD – 05) for the sanction refund amount, under al, tax heads, shall be issued by the Central Tax Officer only. However, in case of State / UT the same shall be issued by the State / UT Tax Officer only.
- ❑ Any tax shall be considered to have been refunded only when the amount has been credited to the bank account of the applicant.
- ❑ Interest will be calculated starting from the date immediately after the expiry of sixty days from the date of receipt of application till the date on which the amount is credited to the bank account of the applicant.
- ❑ All tax authorities are advised to issue the final sanction order in FORM GST RFD-06 and the payment order in FORM GST RFD-05 within 45 days of the date of generation of the ARN, so the disbursement is completed within 60 days.

## **Cases where RFD-01 is not applicable**

RFD-01 has to be filed for all cases of refund claims except the below mentioned:

1. Export of goods involving payment of export duty
2. Exports of goods/ services where IGST is paid and shipping bill is by default considered the application for refund.
3. Cases where the supplier avails the drawback scheme of the CGST/SGST/IGST paid on the supplies
4. UN or embassies and certain persons notified
5. Casual taxable persons / non-resident taxable persons

## Principal of Unjust Enrichment

- ❑ Theory of **Unjust Enrichment** postulates that only the person who has not passed the incidence of tax will be eligible to claim refund.
- ❑ Under unjust enrichment, a presumption is always drawn that the businessman will shift the incidence of tax to the final consumer. This is because GST is an indirect tax whose incidence is to be borne by the consumer. It is for this reason that every refund claim if sanctioned is first transferred to the **Consumer Welfare Fund [Section 57 & 58]**.
- ❑ If the refund claim of refund passes the test of unjust enrichment, it is paid to the applicant.
- ❑ For crossing the bar of unjust enrichment, if the refund claim is less than Rs 2 lakh, then a self-declaration of the applicant to the effect that the incidence of tax has not passed to any other person will suffice to process the refund claim.
- ❑ For refund claim exceeding Rs 2lakh, a certificate from a Chartered Accountant/ Cost Accountant will have to be given.

## **Cases where refundable amount paid to applicant [Sec 54(8)]**

In the following cases refundable amount shall, instead of being credited to the Consumer Welfare Fund, be paid to the applicant,

- ☐ 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.
- ☐ Unutilised input tax credit in respect of
  - ❖ Zero rated supplies made without payment of tax or
  - ❖ Where the credit has accumulated on account of the rate of tax on inputs being higher than the rate of tax on output supplies.
- ☐ Refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued.
- ☐ Refund of tax in pursuance of section 77 of the CGST/SGST Act i.e. tax wrongfully collected and paid to Central Government or State Government.
- ☐ If the incidence of tax or interest paid has not been passed on to any other person.
- ☐ Such other class of persons who have borne the incidence of tax as the Government may notify.

## **Withholding of Refund Claim [Section 54(10), (11), (12)]**

- ❑ Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending and the Commissioner is of the opinion that grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed, he may , after giving the taxable person an opportunity of being heard, withhold the refund till such time as he may determine.
- ❑ The interest of the applicant is adequately safeguarded by provisions of payment of interest @ 6% , if as a result of appeal, or further proceedings, the applicant becomes eligible for refund.



## Issue of SCN and Rejection of Refund claim [Rule 92(3)]

- ❑ Where the proper officer is satisfied , for reasons to be recorded in writing, that the whole or part of the amount claimed as refund is not admissible or is not payable to the applicant, he shall issue a notice to the applicant.
- ❑ Applicant will require to furnish a reply within 15days of the receipt of such notice.
- ❑ The proper officer shall, after considering the reply furnished by applicant and after giving him an opportunity of being heard, make an order in **FORM GST RFD -06**, sanctioning the amount of refund in whole or part, or rejecting the said refund claim.
- ❑ The said order shall be made available to the applicant electronically and the provision of rule 92(1) relating to order sanctioning refund shall, apply to the extent the refund is allowed.
- ❑ No application for refund shall be rejected without giving the applicant an opportunity of being heard.[Rule 93(3)].

## **Refund to UN Bodies , Embassies etc.[ Section 55read with Section 54(2) of CGST Act]**

Government may, on the recommendations of the Council, by notification, specify:

- ☐ Any specialised agency of the UNO; or
- ☐ Any Multilateral Financial Institution and Organisation notified under United Nations (Privileges and Immunities) Act, 1947; or
- ☐ 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 inward supplies of goods or services or both received by them.

## **Interest on Delayed Refund [Section 56 of CGST Act]**

### **Interest on amount refundable consequent to order passed by Proper Officer under Section 54(5):**

- Where any tax ordered to be refunded u/s 54(5) to any applicant is not **refunded within 60 days** from the date of receipt of application, interest shall be payable to the applicant.
- Interest is payable on such refund **@ 6% p.a. [Notification No. 13/2017 CT dated 298-06-2017]**.
- Interest is payable from the date immediately after the expiry of 60 days from the date of receipt of application till the date of refund of such tax.

### **Interest on amount refundable consequent to order passed in an appeal or further proceedings:**

- Where any claim of refund arises from an order passed by an Adjudicating Authority or Appellate Authority or Appellate Tribunal or Court which has attained finality and the same is **not refunded within 60 days from the date of receipt of application** filed consequent to such order, interest shall be payable on such refund,
- Interest is payable on such refund **@ 9% pa. [Notification No. 13/2017 CT dated 298-06-2017]**.
- Interest is payable from the date immediately after expiry of 60 days from the date of receipt of application till the date of refund.[Proviso to Section 56 of CGST Act] .

## **Order Sanctioning interest on delayed refund [Rule 94]**

- ☐ Where any interest is due and payable to the applicant under section 56, the proper officer shall make an order along with a payment advice in prescribed form.
- ☐ Such order shall specify therein ;
  - ❖ The amount of refund which is delayed,
  - ❖ The period of delay for which interest is payable and
  - ❖ The amount of interest payable.
- ☐ Such interest shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund.

## **Refund Amount in case of Zero-rated supply of goods or services**

**[CGST Rule 89(4)]:**

**Turnover of zero-rated supply of goods**

**+**

**Turnover of zero-rated supply of service**

**Refund Amount** = ----- x **Net ITC**

**Adjusted Total Turnover**

## Refund Amount on account of Inverted duty structure

[CGST Rule 89(5)]:

Turnover of inverted rated supply of  
goods x Net ITC

Refund Amount = ----- -

Adjusted Total Turnover

Tax payable on  
such inverted  
rated supply  
of goods

## **Maximum Refund Amount (Without payment of tax)**

**Turnover of zero-rated supply of goods :** Value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking

**Turnover of zero-rated supply of service:** Value of zero-rated supply of service made during the relevant period without payment of tax under bond or letter of undertaking to be calculated in the following manner:-

(Aggregate payment received during the relevant period , for which supply of service has been completed ) - ( Advance amount received during the relevant period , for which supply of service has not been completed)

## **Maximum Refund Amount (Without payment of tax)**

**Net Input Tax Credit (ITC):** Input tax credit availed on Inputs and Input services during the relevant period.

**Adjusted Total Turnover:** Turnover in a State or Union Territory + Zero rated supplies + Inter state supplies – Value of Exempt supplies.



₹5,73,852.00

₹0.00

## GSTR-1 - Invoice Details

\*\*\* Important Notice: If the invoices are more than 500, Please check [here](#) Details of Credit / Debit Notes issued to registered taxpayers

### 4A, 4B, 4C, 6B, 6C - B2B Invoices 5

Total Value	Total Taxable Value
₹96,760.00	₹82,000.00
Total Tax Liability	
₹14,760.00	
to be computed on filing of GSTR-3.	

### 5A, 5B - B2C (Large) Invoices 0

Total Value	Total Taxable Value
₹0.00	₹0.00
Total Tax Liability	
₹0.00	

### 9B - Credit / Debit Notes (Registered) 0

Total Taxable Value	Total Tax Liability
₹0.00	₹0.00

### 9B - Credit / Debit Notes (Unregistered) 0

Total Taxable Value	Total Tax Liability
₹0.00	₹0.00

### 6A - Exports Invoices 1

Total Value	Total Taxable Value
₹57,428.00	₹48,668.00
Total Tax Liability	
₹8,760.24	

### 6A - Amended B2B Invoices 0

Total Value	Total Taxable Value
₹0.00	₹0.00
Total Tax Liability	
₹0.00	

Top

Recent Updates on GST Refund

Goods & Service Tax (GST) | User

Goods And Services Tax Network [IN] | https://return.gst.gov.in/returns/auth/gstr1/export/summary

Goods and Services Tax

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SUJOY KUMAR BAGCHI

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Dashboard > Returns > GSTR-1 > EXP

English

Exports Invoices - Summary

Uploaded by Taxpayer

Processed Invoices

Invoice No.	Invoice Date	GST Payment	Total Invoice Value (₹)	Total Taxable Value (₹)	Integrated Tax (₹)	CESS (₹)	Actions
017	21/03/2018	With Payment of Tax	57,428.00	48,668.00	8,760.24	0.00	<div></div> <div></div>

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ADD DETAILS

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Recent Updates on GST Refund

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Dashboard > Returns > GSTR3B > Outward and Reverse Charge Inward

English

3.1 Details of Outward Supplies and inward supplies liable to reverse charge

Help

Nature of Supplies	Total Taxable value (₹)	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)
(a) Outward taxable supplies (other than zero rated, nil rated and exempted)	₹0.00	₹0.00	₹0.00	₹0.00	₹0.00
(b) Outward taxable supplies (zero rated )	₹0.00	₹0.00			₹0.00
(c) Other outward supplies (Nil rated, exempted)	₹0.00				
(d) Inward supplies (liable to reverse charge)	₹0.00	₹0.00	₹0.00	₹0.00	₹0.00
(e) Non-GST outward supplies	₹0.00				

CANCEL

CONFIRM

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gst refund process - YouTube

Goods & Service Tax (GST) | User

Secure | https://refund.gst.gov.in/refunds/auth/refunddashboard

Select the Refund type:

Indicates Mandatory Fields

<input type="radio"/>	Refund of Excess Balance in Electronic Cash Ledger	CREATE
<input type="radio"/>	Refund of ITC on Export of Goods & Services without Payment of Tax	CREATE
<input type="radio"/>	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)	CREATE
<input type="radio"/>	Refund on account of ITC accumulated due to Inverted Tax Structure	CREATE
<input type="radio"/>	Recipient of Deemed Exports	CREATE
<input type="radio"/>	Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)	CREATE
<input type="radio"/>	Export of services with payment of tax	CREATE

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Top

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17-08-2018

THANK YOU