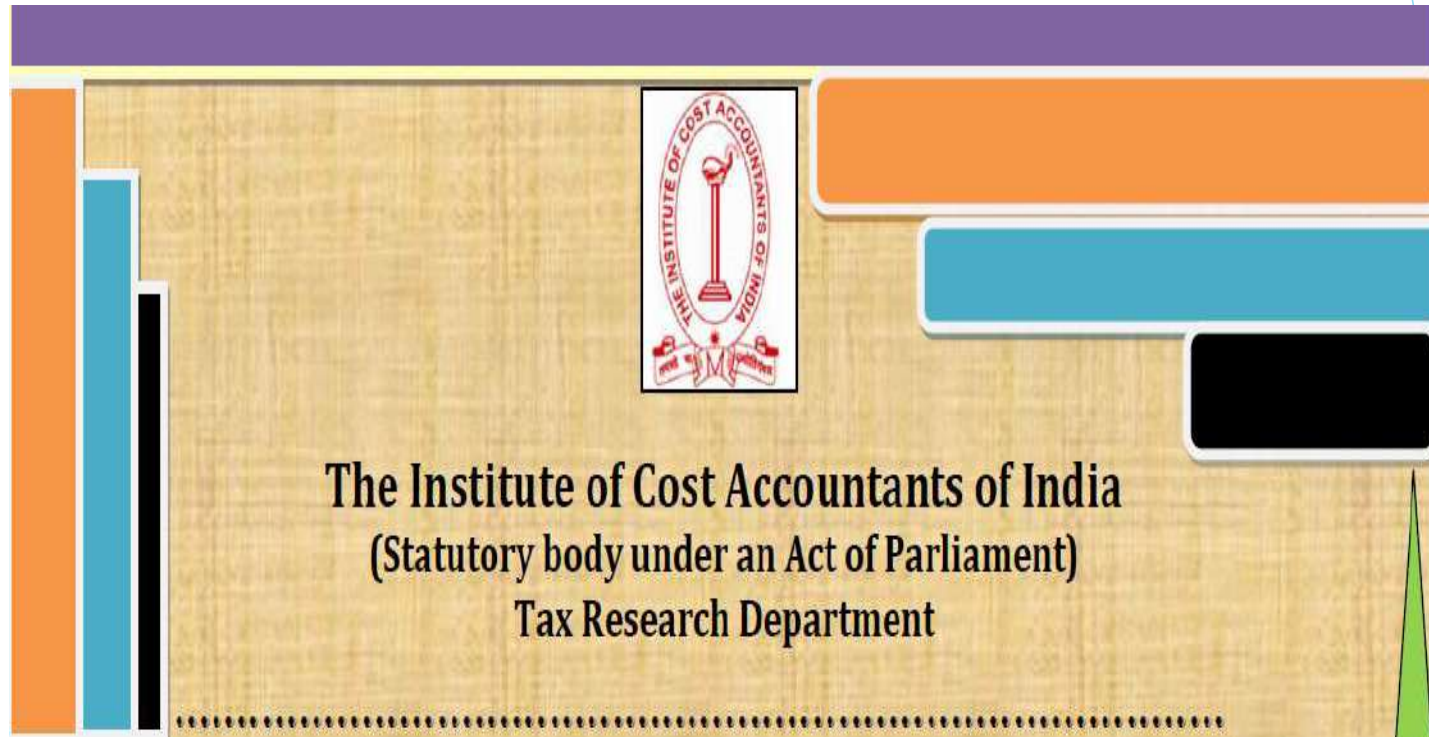


Zero-rated Supply, Imports & Exports under GST



Zero-rated Supply, Imports & Exports in GST



*Behind every successful business decision, there is always a **CMA***

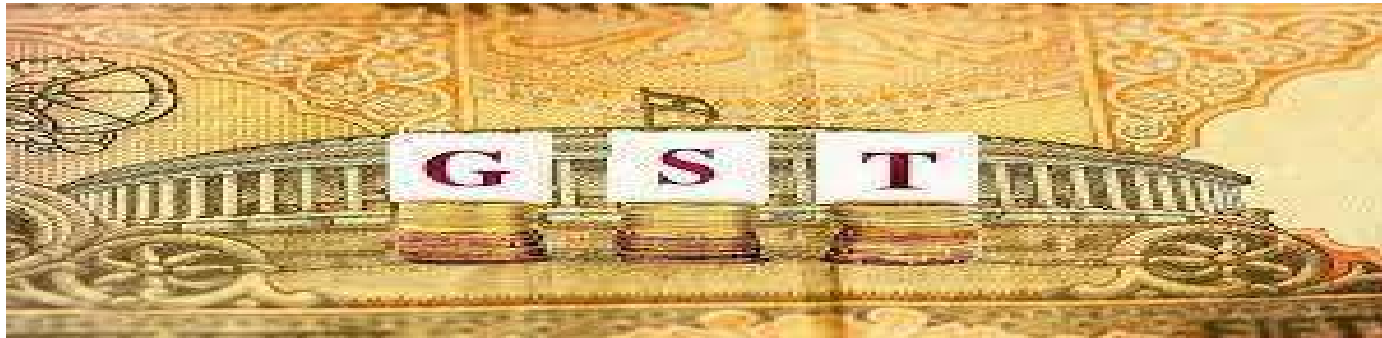
6 Years Journey of GST

- from 01.07.2017 to 01.07.2023

Topic: Zero Rated Supplies & Refunds under GST

By CMA Kedarnath

ACCGST-11



Relevant Provisions – Act, Rules and Circulars

- ❖ CGST Act, 2017 – Sec 54 to 57
- ❖ CGST Rule, 2017 – Rule 89 to 97A
- ❖ Circulars old Effective till (26.09.2019) : 17, 24, 37, 45, 59, 70 , 79 and 94
- ❖ Circular New Effective after (26.09.2019) - 104, 110, 111, 135, 139, 147, 160, 162, 166, 168, 173, 175, 181,188 and 197
- ❖ Master Circular : 125/44/2019 dated 18th Nov 2019

Introduction to Zero-rated Supply

As per the GST Act, Zero-rated supplies treated as “Inter-state supplies”

Once the transaction is pertaining to Inter-state supplies then IGST will apply

Zero rated supply:

As per Sec.16(1) of IGST Act, 2017 ‘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.

Import & Export of Goods

- ❖ **Export of Goods:** means
 - ✓ Taking Goods out of India to a place outside India;

- ❖ **Import of Goods:** means
 - ✓ Bringing Goods into India from a place outside India;

Import & Export of Services

- ❖ **Export of Services:** means, the of Supply of any Service when,
 - i. The supplier of service is located **in** India
 - ii. The recipient of service is located **outside** India;
 - iii. The place of supply of service is **outside** India
 - iv. The payment for such service has been received by the supplier of service in convertible **foreign exchange** [or INR wherever permitted by the RBI]; and
 - v. The supplier of service and the recipient of service are **not** merely establishments of a distinct person

Note: Point no. v interpretation: Distinct Person

- ✓ Distinct person means establishments of the same group (same PAN)
- ✓ If a holding co. is incorporated as per the provisions of foreign laws & Subsidiary company incorporated in India as per the provisions of the companies act then both are treated as two different entities but **NOT** Distinct persons...

Import & Export of Services

❖ Import of Service: means

- i. The supplier of service is located **outside** India
- ii. The recipient of service is located **in** India, and
- iii. The place of supply of service is **in** India

About Special Economic Zone:

- ❖ In simple, Special Economic Zone also referred as SEZ
- ❖ SEZ is the area which is deemed as a foreign territory within the country border and is also a duty free region for the purpose of trade and tariff.
- ❖ In India, SEZ GST policy was first indicated in April 2000.
- ❖ At present, there is total 22 states India where special economic zone under GST are notified and operational.
- ❖ Generally, SEZs are duty-free and enjoys most of the tax benefits this is to promote the free flow of goods and services
- ❖ Also, to attract the investments either from the local investors (Domestic investment) or from the foreign investors (Foreign direct investment) or both.
- ❖ Special economic zone (SEZ) can be sector specific too such as information and technology, biotechnology, logistics etc.

Objectives of SEZ :

To enhance the economic activity in India by providing duty free trade.

To promote exports of goods and services.

To generate and increase the employment opportunity in India.

To attract domestic investment and foreign direct investment (FDI).

To improve and develop the infrastructure facility in India.

SEZ under GST:

GST is the biggest economic reform in India and it provides multiple benefits to the companies located in the special economic zone. The benefits are:

- ✓ Any movement of goods or services to the unit of special economic zone comes under zero-rated supply.
- ✓ IGST shall be exempted for any transaction of goods and services to the SEZ (Notification No.64/2017- Customs)
- ✓ Any supply or transfer from the special economic zone (SEZ) to the domestic tariff area (DTA) shall be deemed export to DTA.
- ✓ In such cases, the **RCM** is applicable where the recipient of the supply is liable to pay the tax.

SEZ under GST:

Furthermore, the Supplier transferring goods to SEZ can

- ✓ Supply either goods or service or both as the case may be under the letter of undertaking (LUT) or bond without paying the IGST and can also claim an input tax credit(ITC).

(Or)

- ✓ Transfer the goods and service on payment of IGST and then claim refunds on the taxes paid.

SEZ Registration:



GST Registration for Supplier to SEZ



Supply from DTA to SEZ & Vis-à-vis



GST Refunds – Chapter XII

Relevant Sections in CGST Act, 2017

- ✓ **S.54** : Refunds
- ✓ **S.55** : Refund in certain cases, say Consulate or Embassy of foreign countries etc.,
- ✓ **S.56** : Interest on delayed refunds – 6% p.a
- ✓ **S.57** : Consumer Welfare Fund
- ✓ **S.58** : Utilization of Fund

Relevant CGST Rules, 2017

Rule-89 : **GST RFD-01** : Application for refund of **Tax, interest, penalty, fees or any other amount**

Rule-90 : **GST RFD-02** : Acknowledgement (with in **15 Days** from RFD-01 filed) **(or)**

GST RFD-03 : Deficiency Memo (with in **15 Days** from RFD-01 filed)

Rule-91 : **GST RFD-04** : Grant of provisional refund (**7 Days** from RFD-02)

Rule-91 : **GST RFD-05** : Payment Order

Rule-92 :

GST RFD-06 : Order sanctioning refund (with in **60 Days** from RFD-01)

GST RFD-07 : Part-A: Order for Complete adjustment of sanctioned Refund against outstanding demand

GST RFD-07 : Part-B: Order for withholding the refund

GST RFD-08 : Issue of SCN for clarifications

GST RFD-09 : Reply to the Notice against GST RFD-08

Relevant CGST Rules, 2017

Rule-93 : Credit of the amount of rejected refund claim - **GST PMT-03**

Rule-94 : Order sanctioning interest on delayed refunds @ 6% p.a

Rule-95: **GST RFD-10** : Refund of tax to certain persons -

GST RFD-10: Application for Refund by any specialized agency of UN or any Multilateral Financial Institution and Organization, Consulate or Embassy of foreign countries, etc.

Rule-95A: **GST RFD-10B:** Refund of taxes to the retail outlets established in departure area of an international Airport beyond immigration counters making tax free supply to an outgoing international tourist

Rule-96: Refund of integrated tax paid on goods exported out of India

Relevant CGST Rules, 2017

Rule-96A : **GST RFD-11** : Export of goods or services under bond or Letter of Undertaking (LUT)

Rule-96B : Recovery of refund of unutilized input tax credit or integrated tax paid on export of goods where export proceeds not realized – FC not relaised with in the time allowed by FEMA –

Return the Refund along with Interest with in 30 Days of expiry of the said period

Rule-97 : Consumer Welfare Fund

S.54 Statutory Provisions:

Analysis of S.54: Legal and procedural aspects **to claim refund of-**

- I. Any tax paid in excess with interest
- II. Any other amount which was not payable
- III. Tax paid on exports
- IV. Tax paid on deemed exports
- V. Unutilized ITC on zero-rated supplies
- VI. Unutilized ITC on Inverted Duty Structure
- VII. Refund to CTP / NRTP
- VIII. Refund to UN and agencies

Case Law: Mafatlal Industries Ltd. & Ors. V. UOI & Ors. 1997(89) ELT 247 (SC) : *Refund is granted based on doctrine of unjust enrichment, when the state govt collected taxes, which are not collectable*

S.54 Statutory Provisions:

S.54(1)/ 54(2) CGST Act, 2017

CGST Act, 2017

- 1. S. 54(1)**
 - a. Claim of Refund of any tax and interest.**
 - b. Within 2 years from the relevant date.**
- 2. S. 54(2)**
 - a. Refund by a Consulate or Embassy, etc.**
 - b. Within 2 years from the end of the quarter.**

Note: Period of limitation is not applicable in case of cash balance refund

S.54 Statutory Provisions:

S. 54(3)/ 54(4) CGST Act, 2017

CGST Act, 2017

3. S. 54(3)

- a. Refund can be claimed of un-utilized ITC at the end of each tax period.**
- b. In case of Zero-rated supplies against LUT and IDS.**
- c. Other than goods exported are subject to export duty and the supplier avails drawback.**

4. S. 54(4)

- a. To furnish documentary evidences/ certificate of no unjust enrichment.**
- b. Refund < 2L: declaration/ certificate of no unjust enrichment.**

S.54 Statutory Provisions:

**S. 54(5)/
54(6)/ 54(7)**

CGST Act, 2017

CGST Act, 2017

- 5. S. 54(5)**
 - a. Satisfaction of the PO.**
 - b. Credit to the Consumer Welfare Fund.**
- 6. S. 54(6)**
 - a. Grant of provisional refund**
- 7. S. 54(7)**
 - a. To grant refund in 60 days**

S.54 Statutory Provisions:

S. 54(8)

CGST Act, 2017

CGST Act, 2017

8. S. 54(8)

a. Refund to the applicant-

- (a) Refund of tax paid on exports of goods/ services or all inputs or input services used in making such exports**
- (b) Refund of unutilized ITC u/s. 54(3)**
- (c) Refund of tax paid on a supply which is not provided**
- (d) Refund u/s. 77**
- (e) Any other amount subject to no unjust enrichment**
- (f) Any other tax or interest as may be notified**

S.54 Statutory Provisions:

**S. 54(8A)/
54(9)/ 54(10)**

CGST Act, 2017

CGST Act, 2017

- 9. S. 54(8A)**
 - a. Refund under State GST Law**
- 10. S. 54(9)**
 - a. Notwithstanding anything to the contrary in any judgement, etc. the refund shall be made as per S.54(8)**
- 11. S. 54(10)**
 - a. Return or payment defaulters**

S.54 Statutory Provisions:

**S. 54(11)/
54(12)/ 54(13)**

CGST Act, 2017

CGST Act, 2017

12. S. 54(11)

- a. Withholding refund pending appeal**

13. S. 54(12)

- a. Interest @ 6% payable once withheld refund is paid**

14. S. 54(13)

- a. Refund to casual taxable person/ NRTP**

S.54 Statutory Provisions:

**S. 54(14)/
S. 54 - Exp. 1**

CGST Act, 2017

CGST Act, 2017

- 15. S. 54(14): No refund < Rs. 1,000/- under each Act**
- 16. S. 54 Explanation-1**
 - a. Refund includes-**
 - (a) Refund of tax paid on zero-rated supplies**
 - (b) Refund of tax paid on inputs or input services**
 - (c) Refund of tax on deemed exports**
 - (d) Refund of unutilized ITC as per S. 54(3)**

Refunds under GST:

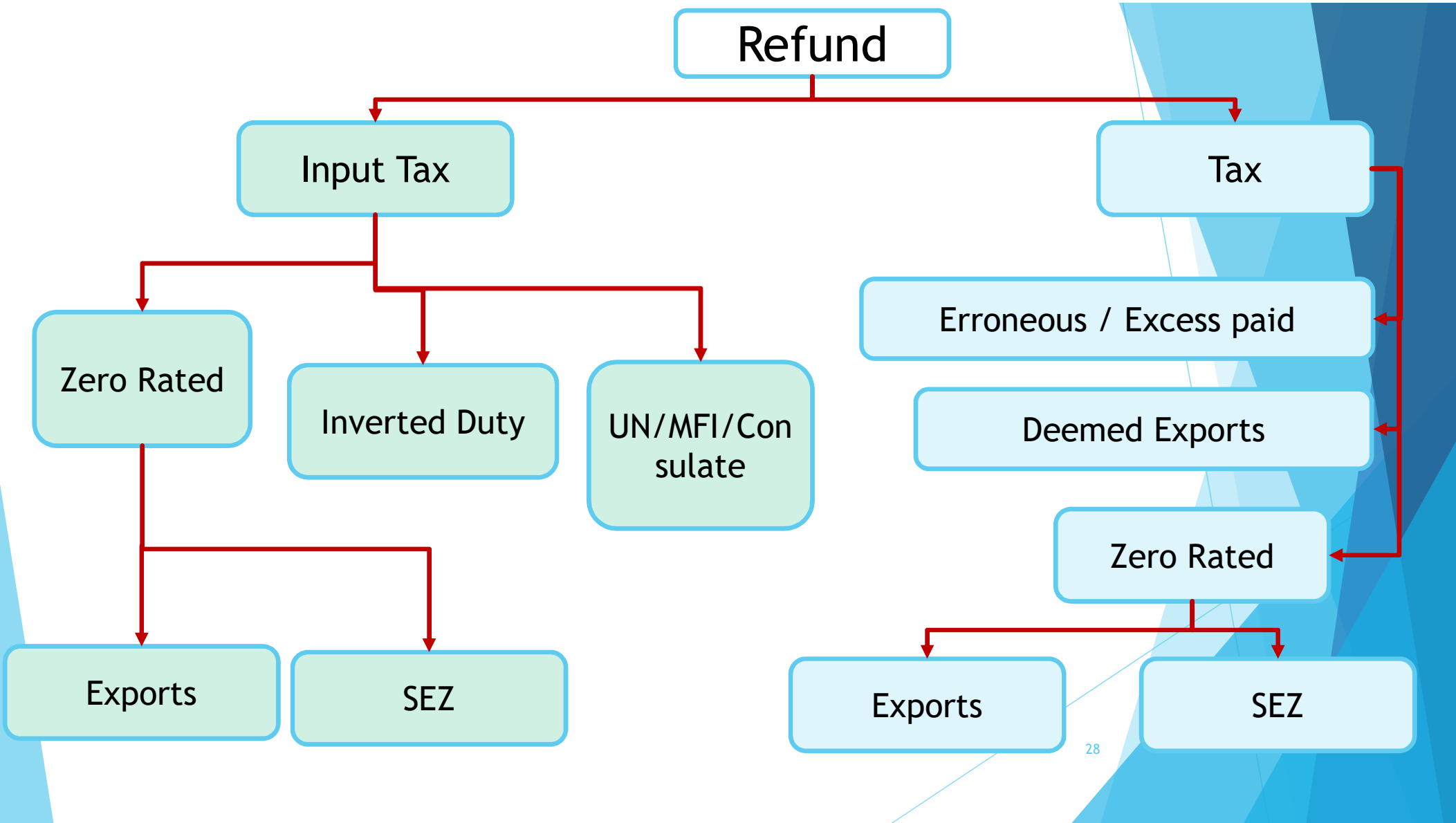
Balance in Cash Ledger :

- ❑ Excess Deposit of Cash
- ❑ GST TDS Balance
- ❑ GST TCS Balance

Note: No documentation prescribed under Circular 125/44/2019

Balance in Credit Ledger :

- ❑ Accumulated ITC
- ❑ In the course or furtherance of Business



Refunds under GST:

Note:

- As we aware that Zero-rated supplies are duty free
- ITC pertaining to the Inputs / Input services / Capital Goods lying in the electronic credit ledger and accumulating over a period of time
- So the mechanism to obtain the GST paid on the inputs/input services/capital goods is, Filing Refund Application with the GST Department and to get refund amount accordingly.
- It means converting ITC into Cash...

Refunds under GST:

Zero-rated supplies / Exports can be done in two ways:

- I. Zero-rated supplies with payment of Taxes
- II. Zero-rated supplies with out payment of Taxes – LUT Route

Note:

- ✓ **Option-I:** First pay IGST on the supplies, by utilizing accumulated ITC
- ✓ Next file GST refund application
- ✓ Get the refund amount directly to Bank Account.

- ✓ **Option-II:** Supplies executed without payment of taxes
- ✓ Once FC realized, file GST refund application on the accumulated ITC
- ✓ Get the refund amount directly to Bank Account.

Concept of LUT

- ✓ As per the provisions of the GST Act, Zero-rated supplies are duty free
- ✓ To claim the benefit of duty free, tax payer has to furnish the LUT under Rule 96A of CGST Rules, 2017
- ✓ **Rule-96A** explains Export of goods or services under bond or Letter of Undertaking (LUT)
- ✓ **Form: GST RFD-11**
- ✓ LUT shall be applied prior to beginning of the Financial Year
- ✓ The validity of LUT is for one year
- ✓ If LUT is **not** applied at the beginning of FY, but subsequently applied for the same (or) Zero-rated supplies effected prior to the furnishing of LUT:
- ✓ The Jurisdictional Commissioner may condone the delay based on the Serial No. 44 of Master Circular No. 125/44/2019 Dated 18th Nov 2019
- ✓ If Tax Payer fails to furnish the LUT: He has to pay IGST on each export transaction
- ✓ How to apply & view LUT: Let's see practically

S.54 Refund of Tax & Time Limit to claim Refund:

- ✓ 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:

Relevant Date refers to:

In case of Goods exported:

- ✓ By sea or air : the date on which the ship / aircraft leaves India in simple the date of EGM
- ✓ By land : the date on which such goods pass the frontier; or
- ✓ By post : the date of dispatch of goods by the Post Office

In case of Deemed exports:

- ✓ The date on which the return relating to such deemed exports is furnished

S.54 Time Limit to claim Refund:

Relevant Date:

In case of Services Exported:

- ✓ Services are completed: The date of foreign currency realization
- ✓ Services are Not completed (advance received): The date of raising invoice

In case refund of tax is based on Judgement / decree / order / or direction of the Appellate Authority, Appellate Tribunal or any court:

- ✓ Date of communication of such judgment, decree, order or direction

Tax Paid Provisionally:

- ✓ The date of adjustment of tax after the final Assessment

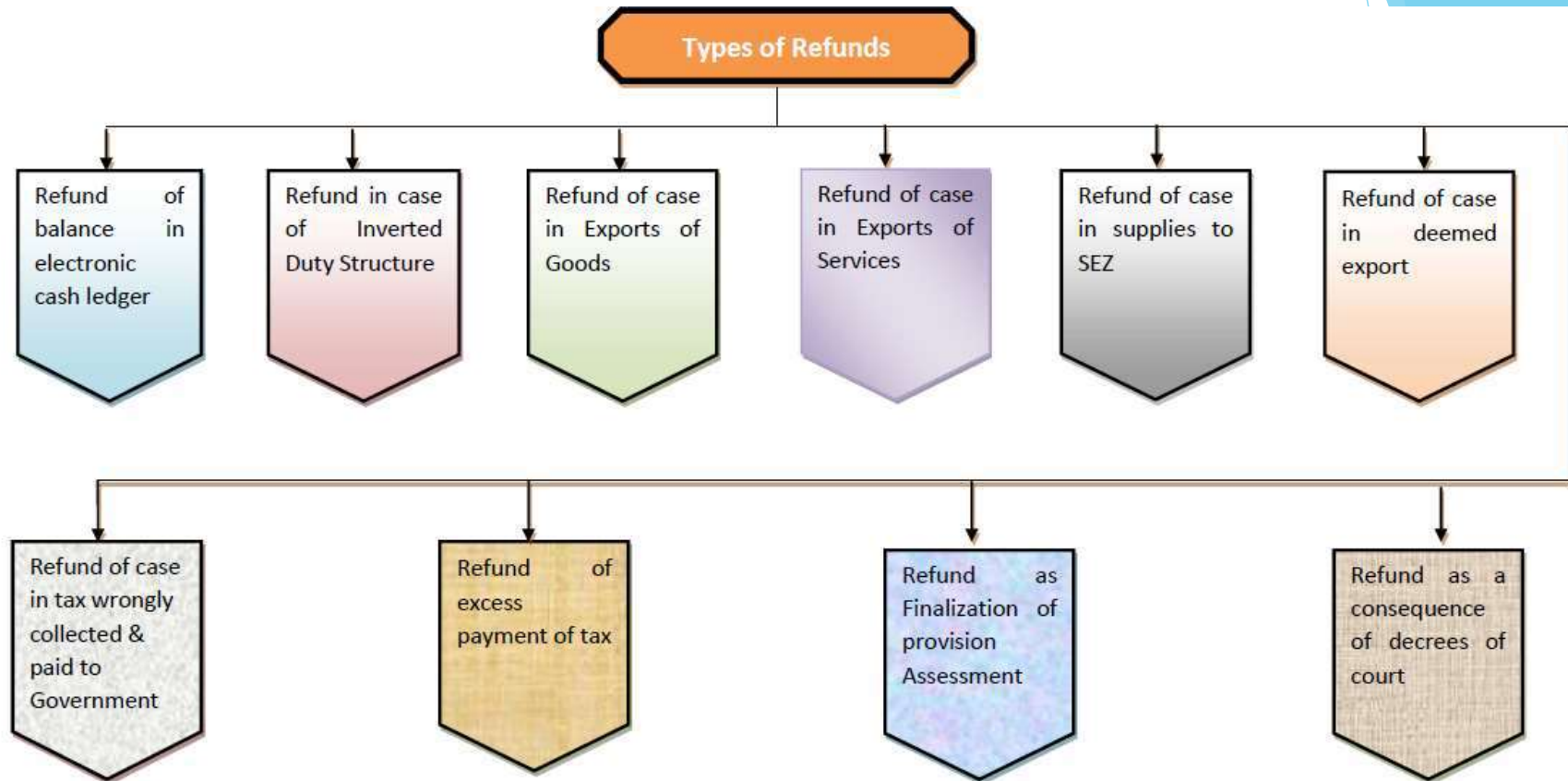
Any other case:

- ✓ The date of payment of tax.

Supply from DTA to SEZ & Vis-à-vis : Refunds



Refunds:



GST Refund Categories available in GST Portal:

1. Refund of Excess Balance in Electronic Cash Ledger
2. Refund of ITC on Export of Goods & Services **without** Payment of Tax
3. On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)
4. Refund on account of ITC accumulated due to Inverted Tax Structure
5. On account of Refund by Recipient of deemed export
6. Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)
7. Export of services with payment of tax
8. Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa
9. On account of Refund by Supplier of deemed export
10. Excess payment of tax
11. On Account of Assessment/Provisional Assessment/ Appeal/ Any other order
12. Any other (specify)

Types of Refund Applications:

GST Refunds

Input Tax

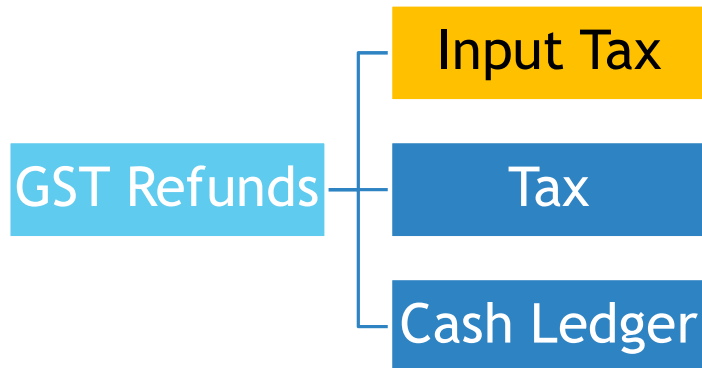
Tax

Cash Ledger

Select the Refund type:

<input checked="" type="radio"/> Cash Ledger	Refund of Excess Balance in Electronic Cash Ledger
<input type="radio"/>	Refund of ITC on Export of Goods & Services without Payment of Tax
<input type="radio"/>	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)
<input type="radio"/>	Refund on account of ITC accumulated due to Inverted Tax Structure
<input type="radio"/>	On account of Refund by Recipient of deemed export
<input type="radio"/>	Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)
<input type="radio"/>	Export of services with payment of tax
<input type="radio"/>	Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa
<input type="radio"/>	On account of Refund by Supplier of deemed export
<input type="radio"/>	Any other (specify)

Types of Refund Applications:



Select the Refund type:

<input type="radio"/>	Refund of Excess Balance in Electronic Cash Ledger
<input checked="" type="radio"/> ITC	Refund of ITC on Export of Goods & Services without Payment of Tax
<input checked="" type="radio"/> ITC	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)
<input checked="" type="radio"/> ITC	Refund on account of ITC accumulated due to Inverted Tax Structure
<input checked="" type="radio"/> ITC	On account of Refund by Recipient of deemed export
<input type="radio"/>	Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)
<input type="radio"/>	Export of services with payment of tax
<input type="radio"/>	Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa
<input type="radio"/>	On account of Refund by Supplier of deemed export
<input type="radio"/>	Any other (specify)
	Excess payment of tax
	On Account of Assessment/Provisional Assessment/Appeal/Any other order

Types of Refund Applications:

GST Refunds

Input Tax

Tax

Cash Ledger

Select the Refund type:

<input type="radio"/>	Refund of Excess Balance in Electronic Cash Ledger
<input type="radio"/>	Refund of ITC on Export of Goods & Services without Payment of Tax
<input type="radio"/>	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)
<input type="radio"/>	Refund on account of ITC accumulated due to Inverted Tax Structure
<input type="radio"/>	On account of Refund by Recipient of deemed export
<input checked="" type="radio"/> Tax	Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)
<input checked="" type="radio"/> Tax	Export of services with payment of tax
<input checked="" type="radio"/> Tax	Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa
<input checked="" type="radio"/> Tax	On account of Refund by Supplier of deemed export
<input type="radio"/>	Any other (specify)
<input checked="" type="radio"/> Tax	Excess payment of tax
	On Account of Assessment/Provisional Assessment/Appeal/Any other order

Types of Refund Applications:

GST Refunds

Input Tax

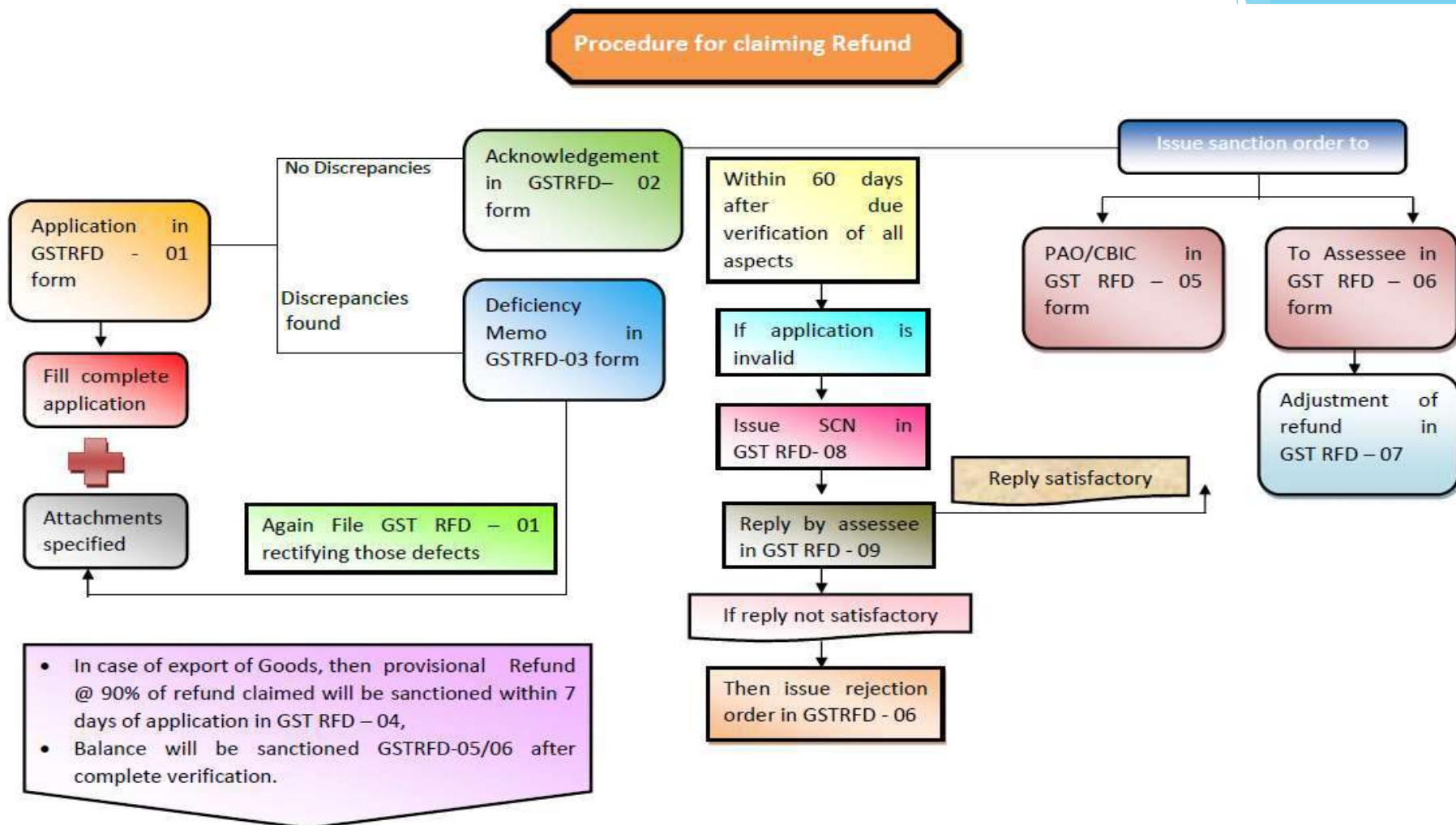
Tax

Cash Ledger

Select the Refund type:

<input type="radio"/>	Refund of Excess Balance in Electronic Cash Ledger
<input type="radio"/>	Refund of ITC on Export of Goods & Services without Payment of Tax
<input type="radio"/>	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)
<input type="radio"/>	Refund on account of ITC accumulated due to Inverted Tax Structure
<input type="radio"/>	On account of Refund by Recipient of deemed export
<input type="radio"/>	Refund on account of Supplies to SEZ unit/ SEZ Developer (with payment of tax)
<input type="radio"/>	Export of services with payment of tax
<input type="radio"/>	Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa
<input type="radio"/>	On account of Refund by Supplier of deemed export
<input type="radio"/>	Any other (specify)
<input type="radio"/>	Excess payment of tax
<input type="radio"/>	On Account of Assessment/Provisional Assessment/Appeal/Any other order

Procedure for filing Refund Application:



Refund of ITC on Export of Goods & Services **without Payment of Tax**

Formula for the Refund

Refund Amount =

$$[\text{Net ITC} * \text{Turnover of zero rated supply of goods and services (₹)} / \text{Adjusted Total Turnover}]$$

Eligible to claim

ITC on Inputs & Inputs Services

Not eligible to claim ITC on capital goods

Refund of ITC on Export of Goods **with Payment of Tax**

- ❖ No separate refund application filed
- ❖ Shipping bill shall be deemed to be an application for refund of IGST paid on the goods exported
- ❖ The master of ship / conveyance entered the details in EGM

- ❖ **GSTR-1:**
 - ✓ Disclosed in Table No.6A (Exports)
 - ✓ Selected the option “with payment of tax”
 - ✓ Declared the Taxable value and Tax amount
 - ✓ Return filed successfully

- ❖ **GSTR-3B:**
 - ✓ Disclosed in Table No.3.1(b) (Zero-rated supply)
 - ✓ Discharged the IGST component
 - ✓ Return filed successfully

Notification No. 14/2022[CT] - Amendment In IDS Refund Formula

The Amendment in Formula prescribed in Rule 89(5) of CGST Rules 2017 would now increase the refund of those taxpayers who are availing ITC on Input Services also under *INVERTED DUTY STRUCTURE (IDS)* Mechanism.

Amended Formula :-

Maximum Refund Amount =
{(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} - tax payable on such inverted rated supply of goods and services x (Net ITC ÷ ITC availed on inputs and input services)



Pre - Amendment Formula :-

Maximum Refund Amount =
{(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} - tax payable on such inverted rated supply of goods and services.

The Hon'ble Supreme Court, in its judgement in the case of UOI Vs VKC Footsteps, in the matter of refund on account of inverted rate structure, has directed the GST Council to look into the anomaly in the formula prescribed under Rule 89 (5) for computation of the refund entitlement.

Now, GST Council has accepted that there is an anomaly in the formula and amended the same. It may be noted that earlier, the formula was retrospectively amended from 01.07.2017 to restrict the refund only for inputs. It would have been better if the present beneficial amendment was also made retrospective.

Notification No. 14/2022[CT] – Amendment In IDS Refund Formula

Refund as per Old Formula

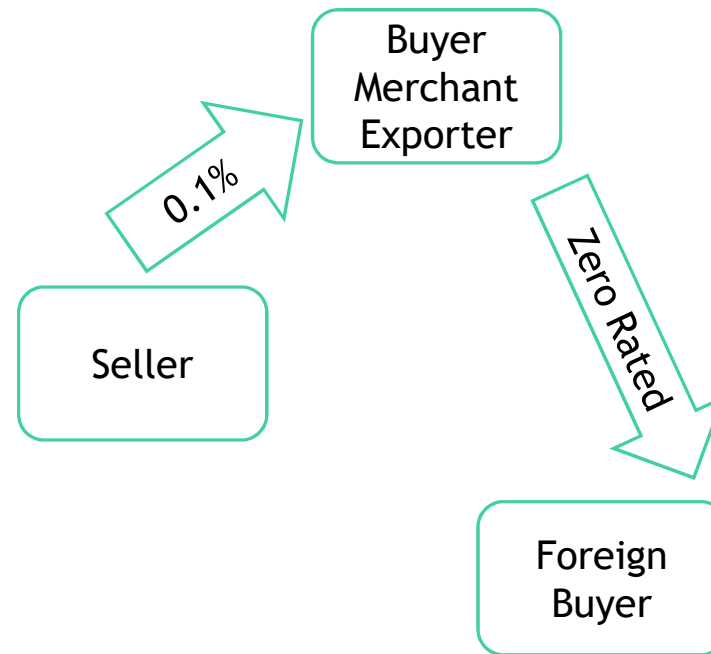
Formula	Particulars	GST
A	ITC on input goods	25
B	ITC on input services	15
$C = A + B$	Total ITC	40
D	Inverted Rate Turnover	100
E	Adjusted Total turnover	150
F	Output Tax on inverted rate turnover	12
$F = \frac{A * D}{E - F}$	Eligible Refund	4.67

Refund as per New Formula

Calc.	Particulars	GST
A	ITC on inputs	25
B	ITC on services	15
$C = A + B$	Total ITC	40
D	Inverted rate turnover	100
E	Adjusted Total Turnover	150
F	Output Tax on inverted rate turnover	12
$G = F * A / C$	Output Tax on inverted rate turnover in proportion to input goods	7.5
$H = \frac{A * D}{E - G}$	Refund eligible	9.17

Merchant Exporter – Not Zero Rated

- ❖ Notification 40/2017 CG(R)
- ❖ 0.05% CGST + 0.05% SGST
- ❖ 0.1% IGST
- ❖ Export or Deemed Export?



Duty Free Shops – Unique Refund – Rule 95B

- ❖ Retail outlet in DEPARTURE area of International Airport, beyond immigration
- ❖ Refund available if
 - ✓ Sold goods are procured against Tax Invoice
 - ✓ Sold to Outgoing International tourist
 - ✓ GSTIN must be mentioned in Invoice
 - ✓ Received in Forex and Tax not charged separately
- ❖ Application of Refund in GSTR-10B (Circular 106/2019)
- ❖ No Refund of INPUT SERVICES ITC accumulated
- ❖ Refund only of GST paid on RESPECTIVE INVOICES and NOT on ITC

UN / MFI – Unique Refund – Sec 54(2)

- ❖ Agency of the United Nations Organization or
- ❖ Any Multilateral Financial Institution and
- ❖ Organization notified under the United Nations (Privileges and Immunities) Act, 1947,
- ❖ Consulate or Embassy of foreign countries or
- ❖ 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
- ❖ Apply before expiry of six months from the last day of the quarter of Inward Supply

S.55 Refund in certain cases

- ✓ The Government may, on the recommendations of the Council, by notification, specify
- ✓ Any specialized agency of the United Nations Organization or
- ✓ any Multilateral Financial Institution and Organization 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.

S.56 Interest on delayed Refund

- ✓ If refund is not disbursed within **60 days** from the date of receipt of application i.e., RFD-06 & RFD-05 not issued then dept., shall pay interest
- ✓ Rate of Interest @ 6% p.a

S.56 Consumer Welfare Fund

The Government shall constitute a Fund, to be called the Consumer Welfare Fund and there shall be credited to the Fund, —

- (a) the amount referred to in sub-section (5) of section 54;
 - (b) any income from investment of the amount credited to the Fund; and
 - (c) such other monies received by it,
- in such manner as may be prescribed.

In simple:

Any refund

- Unjust Enrichment satisfied
- Other than 54 (8)

S.57 Utilization of Consumer Welfare Fund

- (1) All sums credited to the Fund shall be utilised by the Government for the welfare of the consumers in such manner as may be prescribed.
- (2) The Government or the authority specified by it shall maintain proper and separate account and other relevant records in relation to the Fund and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.

GST Refund Forms: Order

RFD-01

RFD-02

RFD-03

RFD-04

RFD-05

RFD-06

RFD-07

RFD-08

RFD-09

Order of GST RFD Forms - 100% Refund Sanctioned

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	13/05/2022	Refund Application filed	AA360522017593D	Taxpayer
	2	18/05/2022	Acknowledged (GST RFD-02)	ZY3605220225518	Tax Officer
REPLIES/UNDERTAKING/REQUEST	3	01/07/2022	Refund Sanction/Rejection Order Issued (GST RFD-06)	ZQ3607220011765	Tax Officer
	4	01/07/2022	Payment Order Issued (GST RFD-05)	ZQ3607220011987	Tax Officer

Order of GST RFD Forms - 100% Refund Sanctioned

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	14/04/2021	Refund Application filed	AA360421012827F	Taxpayer
REPLIES	2	22/04/2021	Acknowledged (GST RFD-02)	ZY3604210247605	Tax Officer
ORDERS	3	22/04/2021	Refund Sanction/Rejection Order Issued (GST RFD-06)	ZX3604210248161	Tax Officer
AUDIT HISTORY	4	23/04/2021	Payment Order Issued (GST RFD-05)	ZR3604210267727	Tax Officer

Order of GST RFD Forms - 100% Cash Refund Sanctioned

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	10/10/2023	Refund Application filed	AA3610230105600	Taxpayer
	2	10/10/2023	Acknowledged (GST RFD-02)	ZD361023008813S	Tax Officer
REPLIES/UNDERTAKING/REQUEST	3	26/10/2023	Show Cause Notice Issued (GST RFD-08)	ZD3610230251143	Tax Officer
	4	03/11/2023	Reply submitted by tax payer (GST RFD-09)	ZD3611230043415	Taxpayer
ORDERS	5	08/11/2023	Refund Sanction/Rejection Order Issued (GST RFD-06)	ZD361123010588L	Tax Officer
AUDIT HISTORY	6	08/11/2023	Payment Order Issued (GST RFD-05)	ZD3611230106007	Tax Officer

Order of GST RFD Forms – Provisional Refund

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	17/05/2021	Refund Application filed	AA360521012114Y	Taxpayer
REPLIES	2	22/06/2021	Acknowledged (GST RFD-02)	ZD360621001751U	Tax Officer
ORDERS	3	22/06/2021	Provisional Refund Order Issued (GST RFD-04)	ZD360621001752S	Tax Officer
AUDIT HISTORY	4	22/06/2021	Payment Order Issued (GST RFD-05)	ZD360621001753Q	Tax Officer

Order of GST RFD Forms – Provisional Refund and SCN & Reply

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	28/12/2019	Refund Application filed	AA361219030011U	Taxpayer
REPLIES	2	10/01/2020	Acknowledged (GST RFD-02)	ZX3601200106890	Tax Officer
ORDERS	3	14/01/2020	Provisional Refund Order Issued (GST RFD-04)	ZR3601200143778	Tax Officer
AUDIT HISTORY	4	14/01/2020	Provisional Refund Order Issued (GST RFD-04)	ZR3601200143778	Tax Officer
	5	31/01/2020	Payment Order Issued (GST RFD-05)	ZU3601200358934	Tax Officer
	6	31/01/2020	Show Cause Notice Issued (GST RFD-08)	ZV3601200359734	Tax Officer
	7	15/02/2020	Reply submitted by tax payer (GST RFD-09)	ZA360220002856X	Taxpayer

Order of GST RFD Forms – Provisional Refund 90% and Sanction of Balance 10% Refund

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	18/03/2023	Refund Application filed	AA360323025540Q	Taxpayer
REPLIES/UNDERTAKING/REQUEST	2	29/03/2023	Acknowledged (GST RFD-02)	ZD360323016522U	Tax Officer
ORDERS	3	29/03/2023	Provisional Refund Order Issued (GST RFD-04)	ZD360323016524Q	Tax Officer
AUDIT HISTORY	4	29/03/2023	Payment Order Issued (GST RFD-05)	ZD360323016528I	Tax Officer
	5	12/05/2023	Refund Sanction/Rejection Order Issued (GST RFD-06)	ZD360523018781G	Tax Officer
	6	12/05/2023	Payment Order Issued (GST RFD-05)	ZD3605230187858	Tax Officer

Order of GST RFD Forms – Deficiency Memo Served i.e., GST RFD-03

APPLICATIONS				
NOTICE/ ACKNOWLEDGEMENT				
REPLIES				
ORDERS				
AUDIT HISTORY				

S.No.	Date	Action	Reference No.	Action By
1	26/11/2019	Refund Application filed	AA361119021294F	Taxpayer
2	27/11/2019	Deficiency Memo Issued (GST RFD-03)	ZS3611190103755	Tax Officer

Order of RFD Forms – Refund SCN and Reply & Sanctioned and Payment order issued

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	26/10/2021	Refund Application filed	AA3610210293110	Taxpayer
	2	29/10/2021	Acknowledged (GST RFD-02)	ZD361021007682W	Tax Officer
REPLIES/UNDERTAKING/REQUEST	3	30/10/2021	Show Cause Notice Issued (GST RFD-08)	ZD361021007921Y	Tax Officer
	4	31/10/2021	Reply submitted by tax payer (GST RFD-09)	ZD361021007948I	Taxpayer
ORDERS	5	02/11/2021	Refund Sanction/Rejection Order Issued (GST RFD-06)	ZD361121000502B	Tax Officer
AUDIT HISTORY	6	02/11/2021	Payment Order Issued (GST RFD-05)	ZD361121000548V	Tax Officer

Order of RFD Forms – PMT-03 for Inadmissible ITC to re-credit to ECL

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	26/10/2021	Refund Application filed	AA3610210293110	Taxpayer
REPLIES/UNDERTAKING/REQUEST	2	29/10/2021	Acknowledged (GST RFD-02)	ZD361021007682W	Tax Officer
ORDERS	3	30/10/2021	Show Cause Notice Issued (GST RFD-08)	ZD361021007921Y	Tax Officer
AUDIT HISTORY	4	31/10/2021	Reply submitted by tax payer (GST RFD-09)	ZD361021007948I	Taxpayer
	5	02/11/2021	Refund Sanction/Rejection Order Issued (GST RFD-06)	ZD361121000502B	Tax Officer
	6	02/11/2021	Payment Order Issued (GST RFD-05)	ZD361121000548V	Tax Officer
	7	03/11/2021	Undertaking for PMT-03 for inadmissible amount.	ZD361121000758Q	Tax Payer

Order of RFD Forms – Submission of Undertaking for PMT-03 (not going for Appeal)

APPLICATIONS	
NOTICE/ ACKNOWLEDGEMENT	
REPLIES/UNDERTAKING/REQUEST	
ORDERS	
AUDIT HISTORY	

Type of Order	Date of Order	Order No.	Payment Order No.	PMT-03 No.	Release Order No.	Document
Refund Sanction/Rejection Order(GST RFD-06)	30-06-2021	ZZ3306210377907			NA	Main document  Submit Undertaking for PMT-03 for inadmissible amount

© 2018-19 Goods and Services Tax Network Site Last Updated on Designed & Developed by GSTN

Site best viewed at 1024 x 768 resolution in Internet Explorer 10+, Google Chrome 49+, Firefox 45+ and Safari 6+

Top

Order of RFD Forms – Issue of RFD-05 Again due to IFSC Failed at PFMS

APPLICATIONS	S.No.	Date	Action	Reference No.	Action By
NOTICE/ ACKNOWLEDGEMENT	1	26/10/2021	Refund Application filed	AA3610210293110	Taxpayer
REPLIES/UNDERTAKING/REQUEST	2	29/10/2021	Acknowledged (GST RFD-02)	ZD361021007682W	Tax Officer
ORDERS	3	30/10/2021	Show Cause Notice Issued (GST RFD-08)	ZD361021007921Y	Tax Officer
AUDIT HISTORY	4	31/10/2021	Reply submitted by tax payer (GST RFD-09)	ZD361021007948I	Taxpayer
	5	02/11/2021	Refund Sanction/Rejection Order Issued (GST RFD-06)	ZD361121000502B	Tax Officer
	6	02/11/2021	Payment Order Issued (GST RFD-05) (Invalid, refer re-issued Payment Order)	ZD361121000548V	Tax Officer
	7	03/11/2021	Undertaking for PMT-03 for inadmissible amount.	ZD361121000758Q	Tax Payer
	8	09/11/2021	Bank account updated in refund application	ZD3611210014551	Taxpayer
	9	16/11/2021	Payment Order Re-issued (GST RFD-05)(Ref ZD361121000548V)	ZD361121034266T	Tax Officer

Order of RFD Forms – Timely Sanction of Refund

Detailed Status : Show Detailed status of Refund ARN



Basic Details	
GSTIN	36AAFCDD5909F1ZP
ARN	AA361222002516R
Type of ARN	Refund
Category	Export of services with payment of tax
Tax Period	JUL-2022 to SEP-2022
ARN Date	02/12/2022
Jurisdiction Information	Assistant Commissioner, [REDACTED] - I

Case History			
Action	Date	Action By	Document Reference Number
Bank Account Details sent to PFMS for validation	17/06/2021	GST System	NA
Bank Account validated by PFMS	21/06/2021	PFMS	NA
Refund Application filed in RFD-01	02/12/2022	Taxpayer	NA
Acknowledgement issued in RFD-02	05/12/2022	TaxOfficer	ZD361222001486S
Refund Sanctioned in RFD-06	05/12/2022	TaxOfficer	ZD361222001509S
Payment Order Issued in RFD-05	05/12/2022	TaxOfficer	ZD3612220015141
Disbursement request sent to PFMS	06/12/2022	GST System	ZD3612220015141

The disbursement request for the payment order has been sent to PFMS. Please wait until further communication/ update.

CLOSE

New Facility of Withdrawal of “Filed” Refund Application: Form GST RFD-01W

APPLICATIONS	
NOTICE/ ACKNOWLEDGEMENT	
REPLIES/UNDERTAKING/REQUEST	
ORDERS	
AUDIT HISTORY	

S.No.	Date	Action	Reference No.	Action By
1	27/01/2023	Refund Application filed	AA360123082582D	Taxpayer
2	03/03/2023	Refund Application Withdrawn (GST RFD-01W)	ZD360323002424Y	Taxpayer

RFD-01

RFD-02

RFD-01 W

RFD-06

RFD-05

Refund Application Filed

Refund Application Acknowledged

Refund Application Withdrawn

Refund Sanctioned

Payment Order Issued

Basic Details	
GSTIN	36AABCM1427F1ZV
ARN	AA3601230723697
Type of ARN	Refund
Category	Refund of Excess Balance in Electronic Cash Ledger
Tax Period	NA
ARN Date	20/01/2023

Export Promotion under GST:

- Export promotion is **used by many countries and regions to promote the goods and services from their companies abroad.**
- This is good for the trade balance and for the overall economy.
- Export promotion can also have incentive programs designed to draw more companies into exporting.
- Governments do this by providing assistance in the marketing and product identification and development, by arranging payment guaranty schemes, pre-shipment and post-shipment financing, trade visits, training, trade fairs, and foreign representation.
- In GST, we have **refund** mechanism
 - Export of Goods / Services without payment of Tax
 - Export of Goods / Services with payment of Tax & claiming of Refund of Taxes

Rule-96 Refund of IGST paid on goods [or services] exported out of India:

- The shipping bill filed by an **exporter of goods** shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India and
- Such application shall be deemed to have been filed only when:-
 - the person in charge of the conveyance carrying the export goods duly files [a departure manifest or] an export manifest or an export report covering the number and the date of shipping bills or bills of export; and
 - the applicant has furnished a valid return in **FORM GSTR-3B**, and
 - the applicant has furnished a valid return in **FORM GSTR-1**
- 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 ICEGATE (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.

Deemed Exports in GST

- “Deemed Exports” refers to supplies of goods manufactured in India (and not services) which are notified as deemed exports under Section 147 of the CGST/SGST Act, 2017.
- The supplies do not leave India.
- The payment for such supplies is received either in Indian rupees or in convertible foreign exchange.
- Deemed exports are not zero rated supplies by default, unlike the regular exports.
- Hence all supplies notified as supply for deemed export will be subject to levy of taxes i.e. such supplies can be made **on payment of tax** and **cannot be supplied under a Bond/LUT**.
- However, the **refund** of tax paid on the supply regarded as Deemed export is admissible to **either the supplier or the recipient**.
- The application for refund has to be filed by the supplier or recipient (subject to certain conditions) of deemed export supplies, as the case may be.

IGST on Import of Goods

- ❖ As a basic principle, GST law says that all supplies of goods & services made as **imports** into India will be treated as an inter-state supply.
- ❖ All inter-state supplies attract IGST.
- ❖ So import of goods and services into India will attract IGST.
- ❖ Basic custom duty and all applicable customs levy will continue to be charged.
- ❖ IGST on import of goods will be levied and collected under the Customs Act, 1962.
- ❖ IGST on import of services will be covered under the IGST Act, 2017
- ❖ Here the importer has to deposit IGST on reverse charge basis.
- ❖ Except in case of OIDAR (Online Information Data Access and Retrieval) services, the supplier has to seek registration and pay taxes.
- ❖ The IGST paid on imports will be available as input tax credit to the importer.
- ❖ This can be set off against the GST outgo on supplies made by the importer.

Import of Services

- ❖ **As per Section 2(11) of IGST Act, import of service means supply of service, where,**
 - a) Supplier of service is located outside India
 - b) Recipient of Service is located in India
 - c) The place of supply of service is in India

- ❖ **Taxability of Import of Service under GST includes the following: –**
 - a) Import of service for a consideration whether or not in the course or furtherance of business [Section 7]
 - b) Import of service without consideration by a taxable person from related person or from any of his establishment outside India, in the course or furtherance of business [Schedule I to CGST Act].

Place of Supply of Imports

- Place of supply of any goods imported into India is the location of the importer.
- Therefore, if an importer is located in the state of Maharashtra, the state's share of IGST will go to

Supply is	Place of supply	GST
Goods imported into India	Location of the importer	IGST
Services imported to India	Location of the receiver of services (if not available, location of supplier of services)	IGST

Example 1- Import

Mr. Ravi Imports Stationery items from USA for his shop (registered in Bangalore).

Place of supply: Bangalore

GST: IGST

Example 2- Export

Ms. Anita (Kolkata) exports Indian perfumes to UK.

Place of supply: UK

GST: Exempted

High Sea Sales

- High sea sales is a sale carried out by the actual consignee (i.e. the consignee shown in the Bill of Lading) to another buyer while the goods are on high seas or after their dispatch from the port of loading and before their arrival at the port of discharge.
- For example, if a buyer in India purchases iron scrap from USA and while the shipment is in transit, the goods are sold to another person, the transaction would be termed as high sea sales.
- Hence, the high sea sales agreement / contract should be signed **after dispatch of goods** from the origin and **prior to their arrival at destination**.
- On concluding the high sea sales agreement, the bill of lading should be endorsed in favor of the buyer.
- The title of the goods transfers to the buyer and **bill of entry** is also filed in the name of buyer.
- The final buyer in a high sea sales transaction is responsible for payment of GST and providing the necessary documents as required under Customs for clearance of the goods.

Key Circulars in GST Refunds:

Master Circular No. 125/44/2019 Dated 18.11.2019

under CGST

Further Clarified by Circular No. 135/05/2020

Dated 31.03.2020

Subject Matter and corresponding Para Reference (Circular No. 125/44/2019)

SUBJECT MATTER	PARA NO.
Filing of refund applications in FORM GST RFD-01	3-8
Deficiency Memos	9-12
Provisional Refund	13-17
Scrutiny of Application	18-19
Re-crediting of electronic credit ledger on account of rejection of refund claim	20-24
Application for refund of integrated tax paid on export of services and supplies , made to a Special Economic Zone developer or a Special Economic Zone unit	25-26
Disbursal of refunds	27-35
Guidelines for refunds of unutilized Input Tax Credit	36-40

Subject Matter and corresponding Para Reference (Circular No. 125/44/2019)

SUBJECT MATTER	PARA NO.
Guidelines for refund of tax paid on deemed exports	41
Guidelines for claim of refund of Compensation Cess	42-43
Clarification on issues related to making zero-rated supplies	44-49
Refund of transitional credit	50
Restrictions imposed by sub-rule(10) of rule 96 of the CGST Rules	51-52
Clarification on calculation of refund amount for claims of refund of accumulated ITC on account of inverted tax structure	53-54
Refund of TDS/TCS deposited in excess	55-56
Debit of electronic ledger using FORM GST DRC-03	57
Refund of Integrated Tax paid on Exports	58
Clarifications on other issues	59

Key Points in Circular No. 125/44/2019 – GST & Dated 18th Nov 2019

❖ Interpretation of INPUTS

- ✓ inward supplies of stores and spares
- ✓ packing materials etc.
- ✓ shall be available as ITC if other conditions satisfied

❖ Annexure – A

- ✓ Prescribed the list of documents attached / uploaded while Filing for Refund Application Online

❖ Annexure – B

- ✓ Prescribed the Format for submitting the ITC details

Key Points in Circular No. 125/44/2019 – GST & Dated 18th Nov 2019

❖ Refund of ITC – Invoice Issue

- ✓ Invoice dated August 2021
- ✓ ITC Availd in September 2021
- ✓ Refund Claimed for September 2021
- ✓ Such ITC AVAILED in September SHALL be INCLUDED for Refund calculation

❖ Physical Documents Submission at the Dept. after filing Refund Application

- ✓ As per Para No.4 of the Master Circular 125/44/2019 – No Physical Documents required to be submitted at the Dept.

Key Points in Circular No. 135/05/2020 - GST & Dated 31.03.2020

- ❖ **Refund of ITC – Bunching across Financial Years**
- ✓ Procurement in March 2020
- ✓ Export in April 2020
- ❑ Circular 125/44/2019 – Restricted Refund Application
- ❑ Circular 135/05/2020 – Allows it

Key Points in Circular No. 135/05/2020 - GST & Dated 31.03.2020

❖ Impact of Rule 36 (4)

- ✓ Invoices not appearing in GSTR 2A – Self Certified Invoices as per Circular 125/44/2019
- ✓ Refund only for Invoices appearing in GSTR 2A as per Circular 135/05/2020
- ✓ Later as per Circular 139/09/2020 – ITC other than GSTR 2A viz., ITC on Imports , ISD & RCM are allowed (even though they are not reflected in the GSTR-2A)

❖ ITC Refund Application

- ✓ Annexure B – ITC as per GSTR-2A
- ✓ HSN / SAC to be reported

Key Points in Circular No. 135/05/2020 - GST & Dated 31.03.2020

❖ Excess Payment

- ✓ Paid by ITC or Cash
- ✓ Refund only in that mode

❖ If paid by ITC & Cash

- ✓ Proportionate Refund
- ✓ To the respective Electronic Credit Ledger only

Q & A:

Clubbing of two FY's for Refund Application ?

Refund Application filed in wrong jurisdiction ?

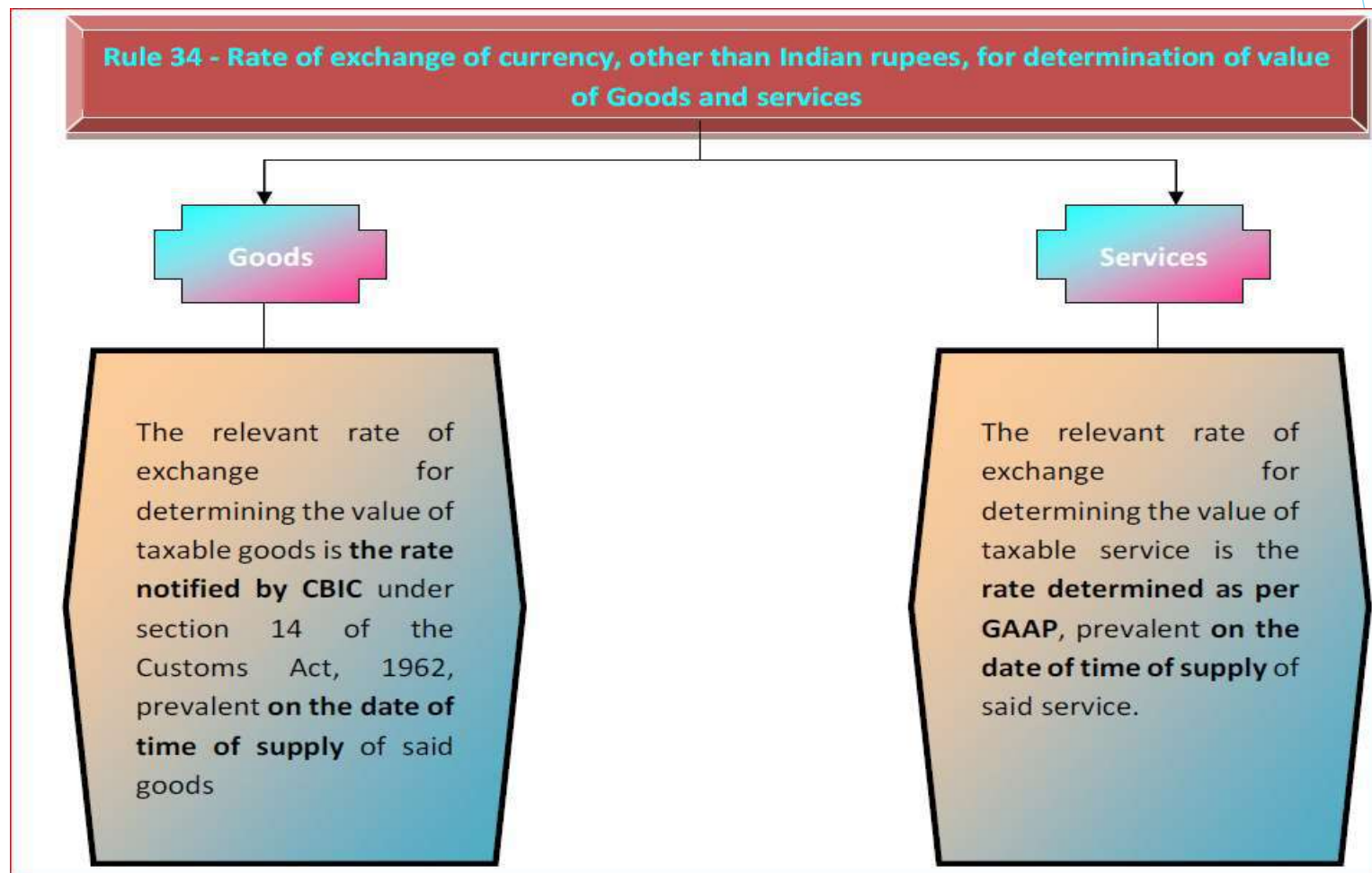
Any physical documents needs to be submitted to the Dept. after filing online refund application ?

Delay in filing of LUT ?

For Cash refund do we need to submit any docs ?

Can we apply Refund w.r.t ITC lying in the ECL where the entity engaged in the domestic supplies ?

Rate of exchange of currency, other than Indian rupees, for determination of value



GST TDS & TCS

- **Tax Deducted at Source (TDS)** under Goods and Service Tax.
- As per the GST law, certain notified registered persons will be required to deduct these taxes while making payments to the registered supplier.
- In other words, TDS under GST shall be deducted by the Government and deposited with the Government.
- Government will deduct TDS @ 2% on the supply (excluding the GST component)
- **Tax Collected at Source (TCS)** under GST means
- The tax collected by an e-commerce operator from the consideration received by it on behalf of the supplier of goods, or services who makes supplies through the operator's online platform.
- TCS collected by the e-commerce operator @ 1% and balance remit to the supplier of Goods / Services.



*{Arise, awake and stop not until the goal is reached}
- Swami Vivekananda*



By
CMA Kedarnath B. Com, MBA, CA
Mobile No: 9985162155
kedarnath.potnuru@gmail.com