



SHARNAM LEGAL

ADVOCATES & SOLICITORS

"Building longterm relations through our work."

REFUND

If any excess GST has been paid or there is specified categories of 'Input Tax Credit' which has not been utilized, a person can claim refund under Section 54 of the excess GST paid by filing a prescribed application on GSTIN Common Portal.

To ensure that the excess GST paid does not get blocked with the Govt. hampering the cash flow, Rules have been framed for quick release of the GST Refund.

WHO CAN CLAIM GST REFUND

- Tax Payers registered under GST (*online application at GST Portal alongwith manual application facility for interim period.*)
- UN or Embassies (*online application at GST Portal*)
- International Tourists (*refund to be applied at counter set-up at departure terminals at International Airports/Ports all over India*)

SITUATION IN WHICH GST REFUND CAN BE CLAIMED

Export of Goods or Services

Supplies to SEZ units and developers

Excess GST paid due to mistake or GST paid in wrong head / category

Deemed Exports

Refund of taxes on purchase made by the UN or Embassies

Refund of accumulated Input Tax Credit on account of inverted duty structure

Refund of excess deposit or pre-deposit. *(Currently pre-deposit not allowed in GST)*

Refund arising on account of Finalization of Provisional Assessment

SITUATION IN WHICH GST REFUND CAN BE CLAIMED

Refund arising on account of Judgment, Decree, Order or Direction of the Appellate Authority, Appellate Tribunal or any Court.

Refund to International Tourists - GST paid on goods in India and carried abroad at the time of their departure from India

Refund on account of issuance of refund vouchers for taxes paid on advances against which, goods or services have not been supplied.

Refund of CGST & SGST paid by treating the supply as intrastate supply which is subsequently held as Interstate supply and vice-versa.

HOW TO CLAIM GST REFUND?

Fresh refund application after rectification of errors

Deficiencies Intimated in GST FORM RFD-03 Rule 90(3)

Application for Refund in FORM GST RFD-01
Rule 89(1)

Application Before the expiry of 2 years
Sec54(1) of CGST Act

Acknowledgement in FORM GST RFD-02 within 15 Days
Rule 90(1), 90(2) and 95(2)

Proper Officer Verifies Completeness of Application

YES DEFICIENCY ?
NO

Claim for Refund Counted from date of Acknowledgement

Provisional Refund of 90% in GST FORM RFD-04
Within 7 Days
Sec54(6) & Rule 91(2)

Person not been prosecuted for any offence for Previous 5 Years – Tax Evasion > Rs. 250 lacs Rule 91(1)

Payment Advice in GST FORM RFD-05
Rule 91(3), 92(4), 92(5) & 94

Electronically Credited to Bank Account Mentioned in GST Portal / Custom Portal

Order Sanctioning / Rejecting Refund in FORM GST RFD-06
Sec 54(7) & Rule 92(1), 92(3), 92(4), 92(5) & 96(7)

Order Sanctioning Interest on delayed Refunds – Rule 94

Interest @ 6% - payable if full refund is not granted within 60 days

MEANING OF RELEVANT DATE FOR FILING GST RFD-01

importance OF RELEVANT Date :

The refund application has to be made in Form RFD-01 (to be certified by a Chartered Accountant) within a period of 2 years from the “relevant date.”

Relevant date is different for different scenarios.

- When the goods are exported through air or sea, then relevant date shall be the date on which such ship or aircraft leaves India.
- When the goods are carried by a land vehicle, then relevant date shall be the date when the goods cross the land frontier of the country
- When goods are sent through post, then relevant date shall be the date of despatch of goods from the Post Office.
- When the supply includes services, and when the same is completed before receipt of payment, then relevant date shall be the payment receipt date.
- Similarly, when the services are performed after receipt of an advance, then relevant date shall be the invoice date.

MEANING OF RELEVANT DATE FOR FILING GST RFD-01

- Where refund claim is made for excess input tax credit left unutilized, then relevant date shall be the end of the financial year for which such refund claim is being made.
- Where the goods are supplied for deemed exports, i.e. supply to SEZ or 100% EOU, the relevant date shall be the return filing date related to such deemed exports was filed.
- Where refund arises due to an order passed in favour of the appellant, then relevant date shall be the date of such order.
- Where tax was paid following a provisional assessment and refund now arises, then relevant date shall be date at which such tax was adjusted.
- When the person claiming refund is not the supplier, then relevant date shall be the date at which the goods are received by such person.
- For all other cases, relevant date shall be the date of payment of tax.

MEANING OF RELEVANT DATE FOR FILING GST RFD-01

- It is mandatory to keep in mind these relevant dates as failure to file refund applications within mentioned time can lead to blockage of credit.
- Moreover, there are certain documents that must be enclosed along with the electronic refund application. Where the refund application is below Rs. 5 lakhs, then a declaration shall be made by the taxpayer indicating that the amount of refund has not been utilized by or transferred to any other person. Where such application exceeds Rs. 5 lakhs, then apart from the declaration above, a document evidencing that the amount was paid by the taxpayer shall also be attached.
- When the person filing refund claim is a United Nations' body, Consulate or a foreign embassy, then the application for refund has to be filed within 90 days from the end of the quarter for which the goods or services were procured. The application should be made in Form RFD-10.

Note: There shall be no refunds where the amount of refund is less than Rs. 1,000/-.

WITHIN HOW MUCH TIME IS GST REFUND ISSUED?

- In case the GST Officer is of the view that the whole or any part of the amount claimed as refund is not admissible or is not payable to the applicant, he shall issue a notice in Form GST RFD 08 to the applicant. The applicant would be required to reply to such a notice in Form RFD 09 within a period of 15 days of the receipt of such notice.
- After receiving the response of the applicant, the GST Officer shall make an order in GST Form RFD 06 sanctioning the amount of refund in whole or in part, or rejecting the said refund claim.
- This order would be made available to the applicant electronically.
- No application for refund shall be rejected without giving the applicant an opportunity of being heard.

SCRUTINY OF THE REFUND APPLICATION

As per norms, it would take about 30 days to process a refund application. Where the refund claim exceeds a prescribed amount, then the same shall be subjected to an audit process. If the same qualifies for a refund, then an order shall be passed to that extent, or if it meets the criterion for being “unjustly enriching” the taxpayer, then the amount shall be transferred to the Consumer Welfare Fund. The above declaration may be required to be certified by a Chartered Accountant.

REFUND ORDER

The Government shall maintain a cash ledger for the taxpayer. It will be constantly updated with the figures as mentioned or declared in the returns. The credit must match with the ledger or else the credit cannot be availed. It is similar in lines of Form 26AS in case of Income Tax, where the amount of TDS and TCS matches with the Form.

When the refund has to be adjusted against the taxable amount, then Form RFD-06 shall be passed.

Other forms that are important for refund claims:

- ❖ GST RFD-07: Order for Complete Adjustment of Sanctioned refund in Part A or Order for withholding the Refund in Part B
- ❖ GST RFD-08: Notice for rejection of application for refund
- ❖ GST RFD-09: Reply to show cause notice
- ❖ 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.
- ❖ GST RFD-11: Furnishing of Bond or Letter of Understanding For Export of goods or services

Refund of Input Tax Credit

There are 3 cases against which a refund claim can be made with respect to input tax credit.

Input tax credit left unutilized when the goods or services being supplied are zero rated or exempted from GST.

When input goods or services have a higher rate of tax and the same goods or services have a lesser output tax, then the accumulated input tax credit can be claimed as refund.

In case of a partial reverse charge, where the input tax credit cannot be used completely against the output tax. Furthermore, no refund against unutilized input tax credit can be given when:

Input arises out of GST paid against goods exported out of India, that were taxable to excise duty.

The supplier has already availed the benefit of duty drawback paid with respect to excise duty.

REFUND IN CASE OF EXPORTS

EXPORTS: ZERO-RATED SUPPLY: ELIGIBLE TO CLAIM REFUND

Sec 2(23) of IGST Act: “zero-rated supply” shall have the meaning assigned to it in section 16;

Sec 16(1) of IGST Act: “zero rated supply” means any of the following supplies of goods or services or both, namely:–

(a) Export of goods or services or both; or

(b) Supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit

That means direct exports or supplies to SEZ Developer / SEZ Unit is treated as Zero Rated Supply and as per Sec 16 (3) Of IGST Act:

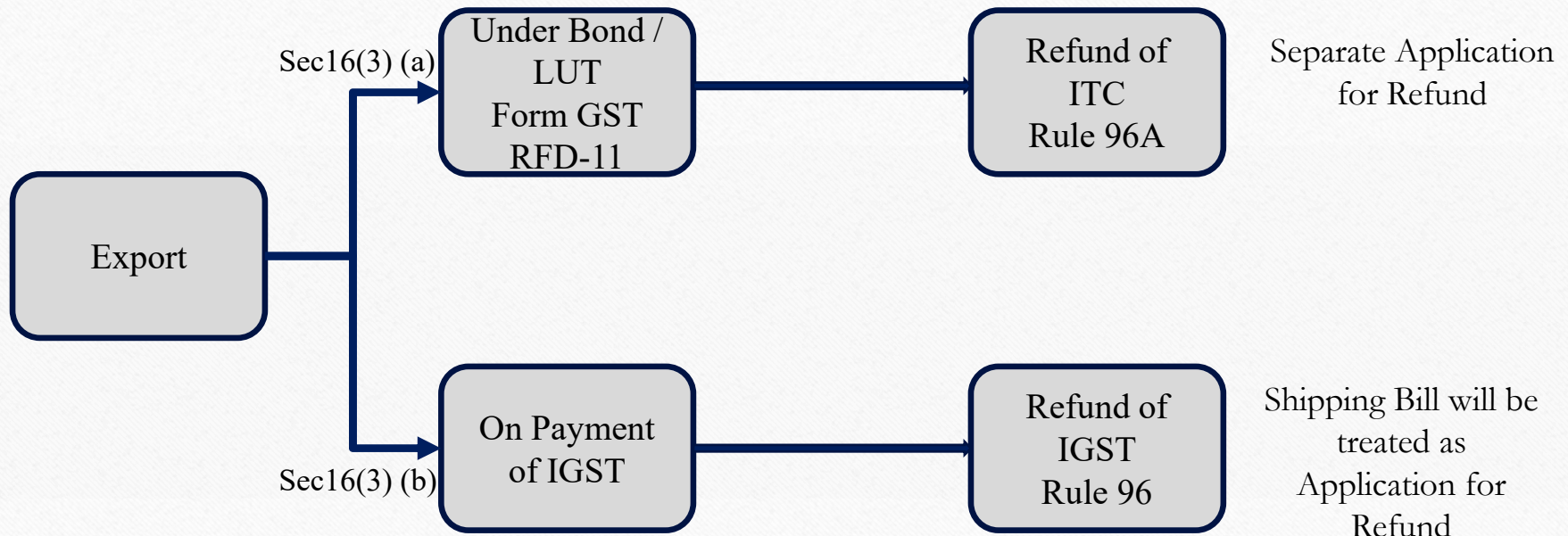
A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:—

a) He may supply goods or services or both **under bond or Letter of Undertaking**, subject to such conditions, safeguards and procedure as may be prescribed, **without payment of integrated tax and claim refund of unutilized input tax credit**; or

b) He may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, **on payment of integrated tax and claim refund of such tax** paid on goods or services or both supplied, in accordance with the provisions of section 54 of the **Central Goods and Services Tax Act** or the rules made thereunder.

That means on account of **zero rating of supplies**, the supplier will be entitled to claim input tax credit in respect of goods or services or both used for such supplies even though they might be non-taxable or even exempt supplies. Every person making claim of refund on account of zero rated supplies has **two options**. Either he can **export under Bond/LUT and claim refund of accumulated Input Tax Credit** or he may **export on payment of integrated tax and claim refund of thereof** as per the provisions of Section 54 of CGST Act, 2017.

EXPORTS OPTION UNDER GST

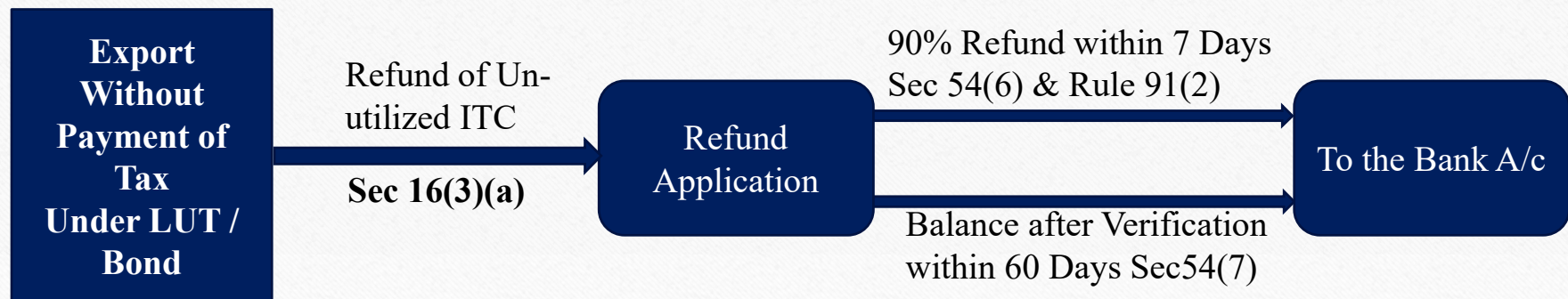


As per Explanation to Sec 54 of CGST Act, “refund” includes refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilized input tax credit as provided under subsection (3).

OPTION – 1: EXPORT WITHOUT PAYMENT OF TAX – CLAIM ITC REFUND

Refund of 90% will be granted provisionally within seven days of acknowledgement of refund application. (Sec 54(6) & Rule 91(2))

Remaining 10% will be paid within a maximum period of 60 days from the date of receipt of application complete in all respects (Sec 54(7) of CGST Act)



As per Notification No. 13/2017 – Central Tax, 28th June 2017, under Sec 56 of CGST Act, Interest @ 6% is payable if full refund is not granted within 60 days.

PROCEDURE OF EXPORT UNDER OPTION – 1

The detailed Procedures are prescribed in Rule 96A of CGST Rules.

Rule 96A of CGST Rules: Refund of integrated tax paid on export of goods or services under bond or Letter of Undertaking.-

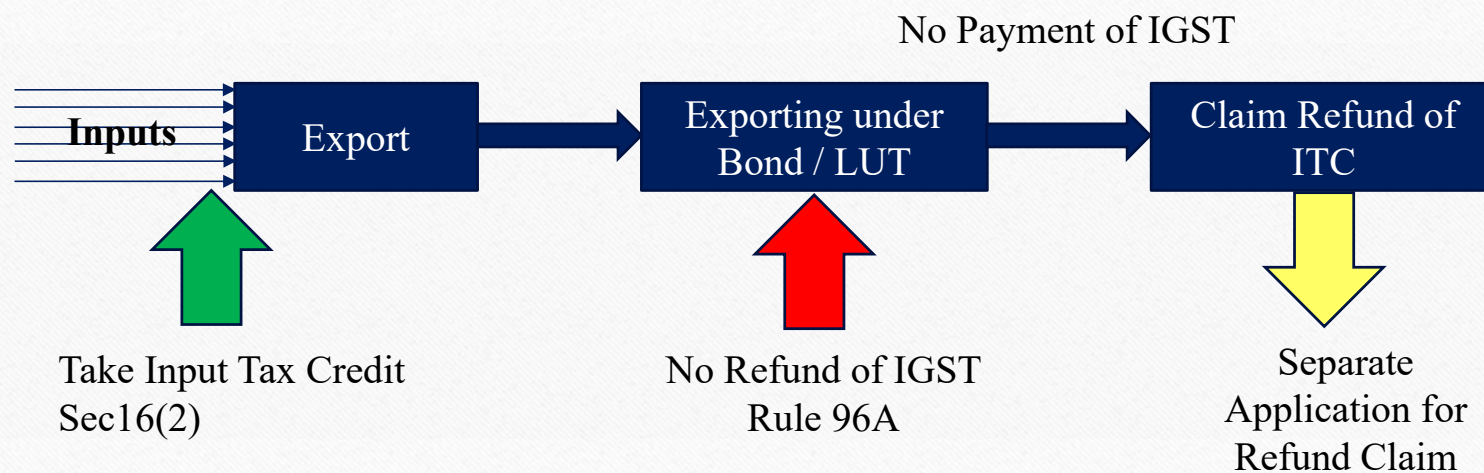
Rule 96(A)(1) Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in FORM GST RFD-11 to the jurisdictional Commissioner, binding himself to pay the tax due along with the interest specified under sub-section (1) of section 50 within a period of —

- (a) fifteen days after the expiry of three months from the date of issue of the invoice for export, if the goods are not exported out of India; or
- (b) fifteen days after the expiry of one year, or such further period as may be allowed by the Commissioner, from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange.

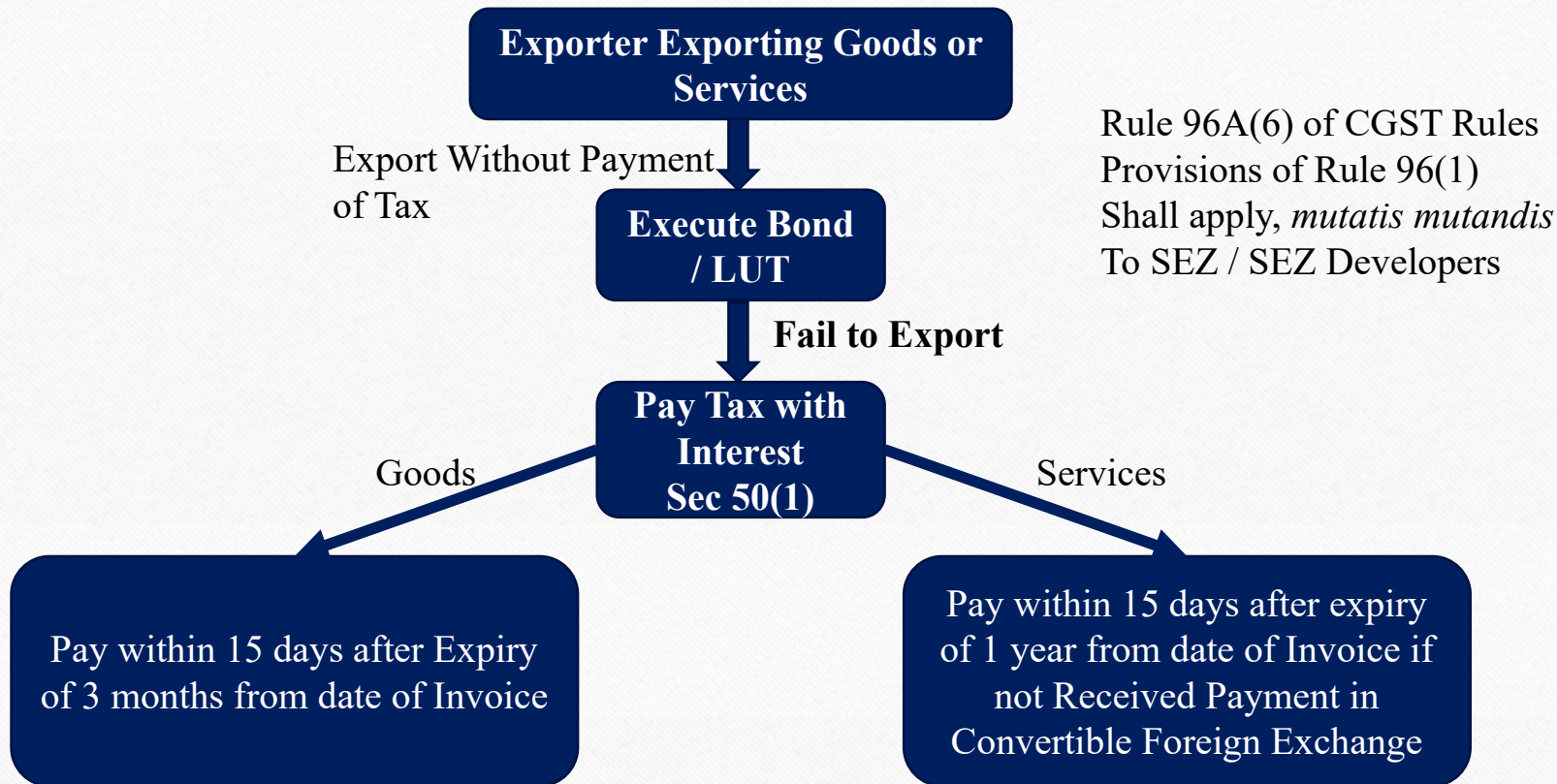
Rule 96(A)(2) The details of the export invoices contained in FORM GSTR-1 furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted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

Rule 96A (6) of CGST Rules : 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”

EXPORTING UNDER BOND / LUT RULE 96A



DECODING RULE 96A(1) OF CGST RULES



PROCEDURE OF CLAIMING ITC REFUND UNDER OPTION – 1

Where the application relates to Refund of Input Tax Credit, the Electronic Credit Ledger shall be Debited by the applicant by an amount equal to the refund so claimed. (Rule 89 (3) of CGST Rules)

Applicant shall Debit an Amount Equal to the Refund so claimed
Rule 89(3)

As per **Rule 89(4) of CGST Rules**, in the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the **Integrated Goods and Services Tax Act, 2017** (13 of 2017), refund of input tax credit shall be granted as per the following formula –

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

Where,-

- (A) “Refund amount” means the maximum refund that is admissible;
- (B) “Net ITC” means input tax credit availed on inputs and input services during the relevant period;
- (C) “Turnover of zero-rated supply of goods” means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking;
- (D) “Turnover of zero-rated supply of services” means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-
Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;
- (E) “Adjusted Total turnover” means the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the value of exempt supplies other than zero-rated supplies, during the relevant period;
- (F) “Relevant period” means the period for which the claim has been filed.

As per **Sec 54. (1) of CGST Act**, Any person claiming refund may make an application before the expiry of two years from the relevant date in such form and manner as may be prescribed:

Exporter after export may file an application electronically in **FORM GST RFD-01** through the common portal (**Rule 89 of CGST Rules**)

The proper officer who shall, within a period of **fifteen days of filing of the said application**, scrutinize the application for its completeness and where the application is found to be complete in terms of sub-rule (2), (3) and (4) of rule 89, an acknowledgement in **FORM GST RFD-02** shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing (**Rule 90(2) of CGST Rules**)

Where any **deficiencies are noticed**, the proper officer shall communicate the deficiencies to the applicant in **FORM GST RFD-03** through the common portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies. (**Rule 90(3) of CGST Rules**)

Grant of Provisional Refund: The provisional refund in accordance with the provisions of sub-section (6) of section 54 shall be granted subject to the condition that the person claiming refund has, during any period of five years immediately preceding the tax period to which the claim for refund relates, not been prosecuted for any offence under the Act or under an existing law where the **amount of tax evaded exceeds two hundred and fifty lakh rupees.** (**Rule 91(1) of CGST Rules**)

The proper officer, after scrutiny of the claim and the evidence submitted in support thereof and on being *prima facie* satisfied that the amount claimed as refund under sub-rule (1) is due to the applicant in accordance with the provisions of sub-section (6) of section 54, 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 **seven days** from the date of the acknowledgement under sub-rule (1) or sub-rule (2) of rule 90. (**Rule 91(2) of CGST Rules**)

The proper officer shall issue a **payment advice** in **FORM GST RFD-05** for the amount sanctioned under sub-rule (2) and the same 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. **(Rule 91(3) of CGST Rules)**

Order Sanctioning Refund : Where, upon examination of the application, the proper officer is satisfied that a refund under sub-section (5) of section 54 is due and payable to the applicant, he shall make an order in **FORM GST RFD-06** sanctioning the amount of refund to which the applicant is entitled, mentioning therein the amount, if any, refunded to him on a provisional basis under sub-section (6) of section 54, amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable . **(Rule 92(1) of CGST Rules)**

Fresh refund application after rectification of errors

PROCEDURE FOR CLAIMING REFUND ON EXPORTS MADE UNDER BOND / LUT

Application for Refund in FORM GST RFD-01
Rule 89(1)

Application Before the expiry of 2 years
Sec54(1) of CGST Act

Acknowledgement in FORM GST RFD-02 within 15 Days
Rule 90(1),90(2) and 95(2)

Proper Officer Verifies Completeness of Application

Claim for Refund Counted from date of Acknowledgement

DEFICIENCY ?
YES NO

Provisional Refund of 90% in GST FORM RFD-04
Within 7 Days
Sec54(6) & Rule 91(2)

Person not been prosecuted for any offence for Previous 5 Years – Tax Evasion > Rs. 250 lacs Rule 91(1)

Payment Advice in GST FORM RFD-05
Rule 91(3), 92(4), 92(5) & 94

Electronically Credited to Bank Account Mentioned in GST Portal / Custom Portal

Order Sanctioning / Rejecting Refund in FORM GST RFD-06
Sec 54(7) & Rule 92(1), 92(3), 92(4), 92(5) & 96(7)

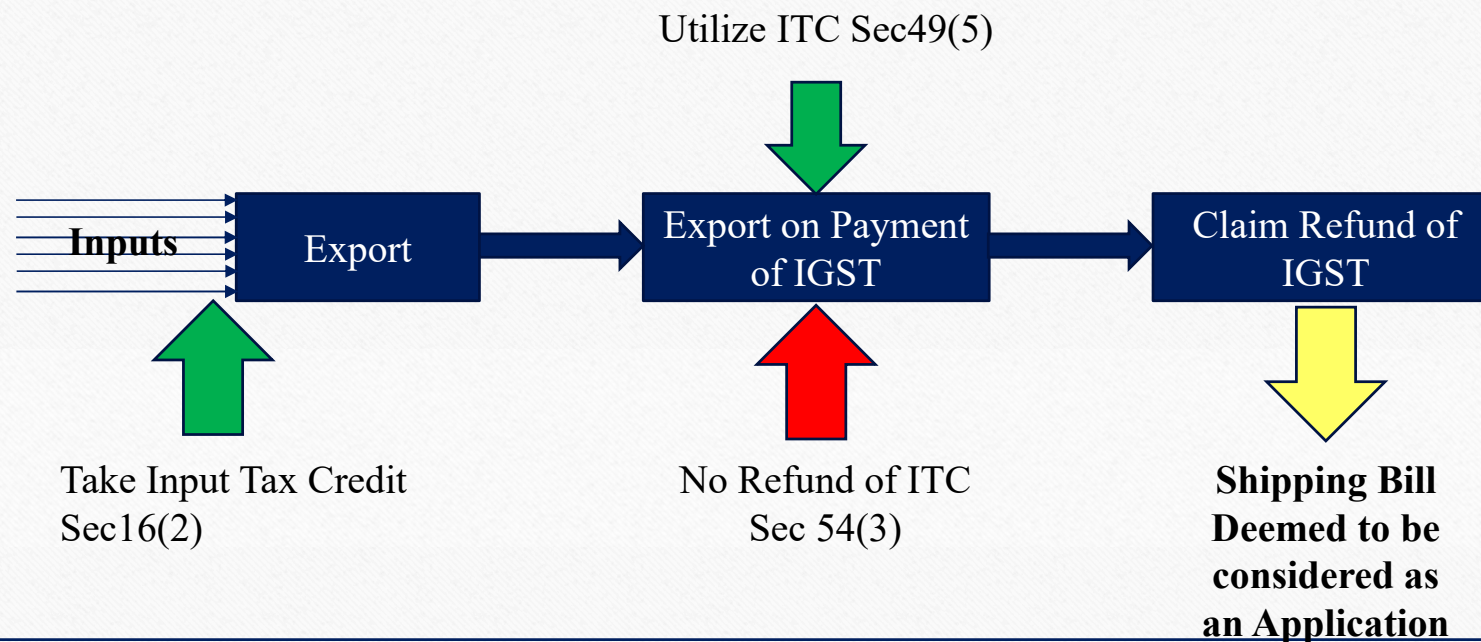
Order Sanctioning Interest on delayed Refunds – Rule 94

Interest @ 6% - payable if full refund is not granted within 60 days

Deficiencies Intimated in GST FORM RFD-03
Rule 90(3)

OPTION – 2 : EXPORT ON PAYMENT OF TAX (RULE 96) – CLAIM IGST REFUND

In the case of refund of IGST paid on exports: Upon receipt of information regarding furnishing of valid return in Form GSTR-3 by the exporter from the common portal, the Customs shall process the claim for refund and an amount equal to the IGST paid in respect of each shipping bill shall be credited to the bank account of the exporter.



PROCEDURE OF CLAIMING IGST REFUND ON EXPORT UNDER - OPTION 2

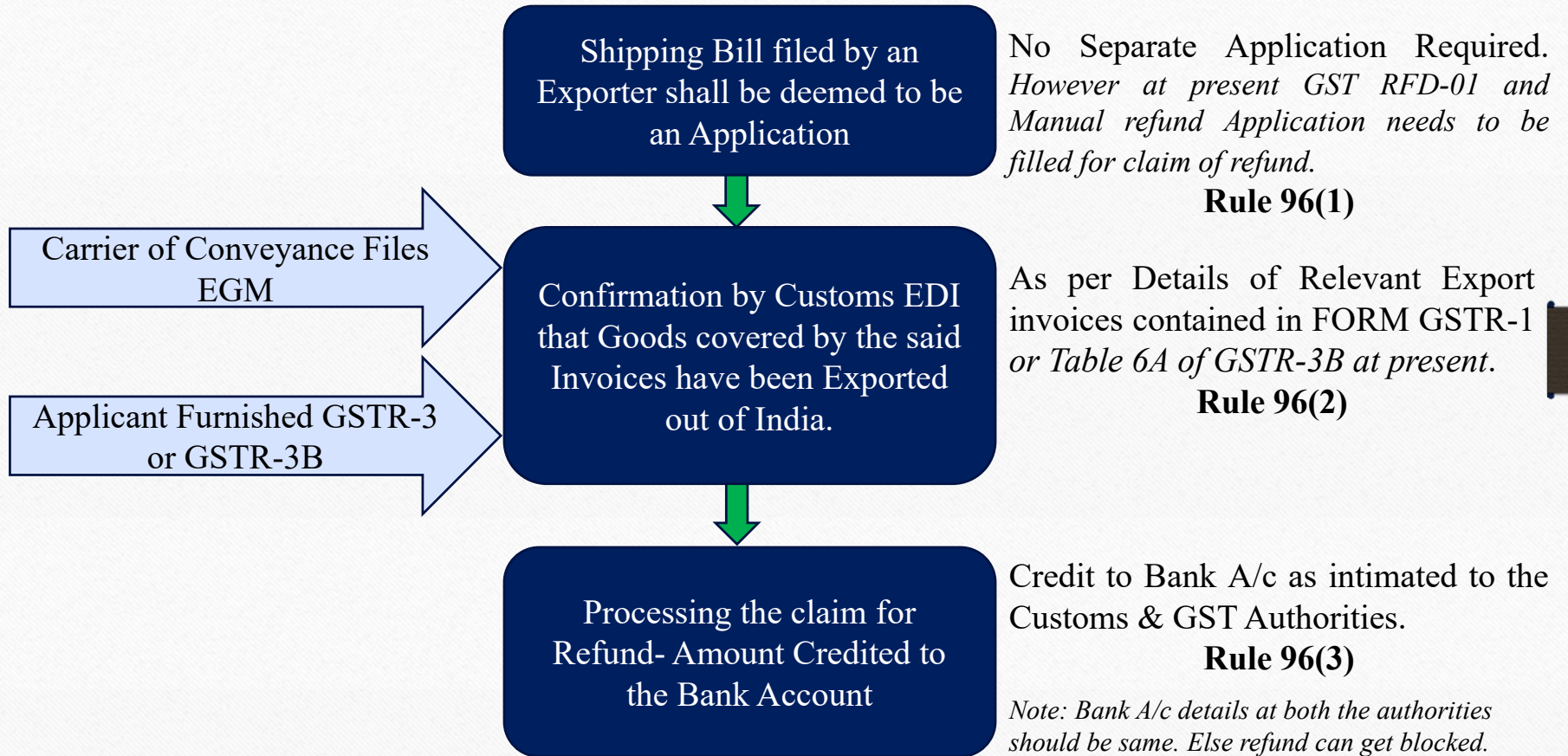
As per Rule 96 (1) of CGST Rules, the **shipping bill** filed by an exporter shall be **deemed to be an application** for refund of integrated tax paid on the goods exported out of India and such application shall be deemed to have been filed only when:-

- (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-3 or FORM GSTR-3B, as the case may be;

The details of the relevant export invoices 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. **(Rule 96 (2) of CGST Rules)**

Upon the receipt of the information regarding the furnishing of a valid return in **FORM GSTR-3 or FORM GSTR-3B**, as the case may be from the common portal, the system designated by the Customs shall process the claim for refund 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. **(Rule 96 (3) of CGST Rules)**

PROCEDURE OF CLAIMING IGST REFUND ON EXPORTS



NO REFUND OF UNUTILIZED INPUT TAX CREDIT IN CERTAIN CASES

As per **Sec 54(3) of CGST Act**: Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilized input tax credit at the end of any tax period:

Provided that no refund of unutilized 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 unutilized input tax credit** shall be allowed in cases where the goods exported out of India are **subjected to export duty**:

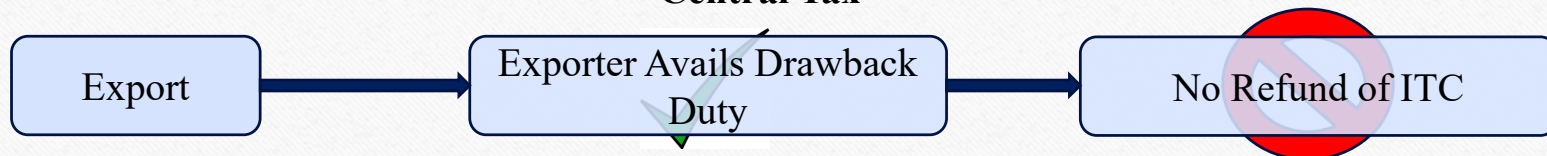
Provided also that **no refund of input tax credit** shall be allowed, if the supplier of goods or services or both **avails of drawback** in respect of central tax or **claims refund of the integrated tax** paid on such supplies.

CASES IN WHICH REFUND IS NOT ALLOWED

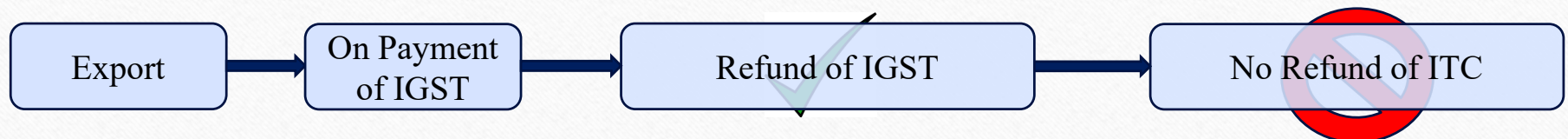
Case-1: No refund of Un-utilized Input Tax Credit when Exports are Subjected to Export Duty



Case-2: No refund of Un-utilized Input Tax Credit when Exporter avails of Drawback in respect to Central Tax



Case-3: No refund of Un-utilized Input Tax Credit when Exporter claims refund of IGST Paid on such Exports



MYTHS OF TIME BOUND EXPORT REFUNDS

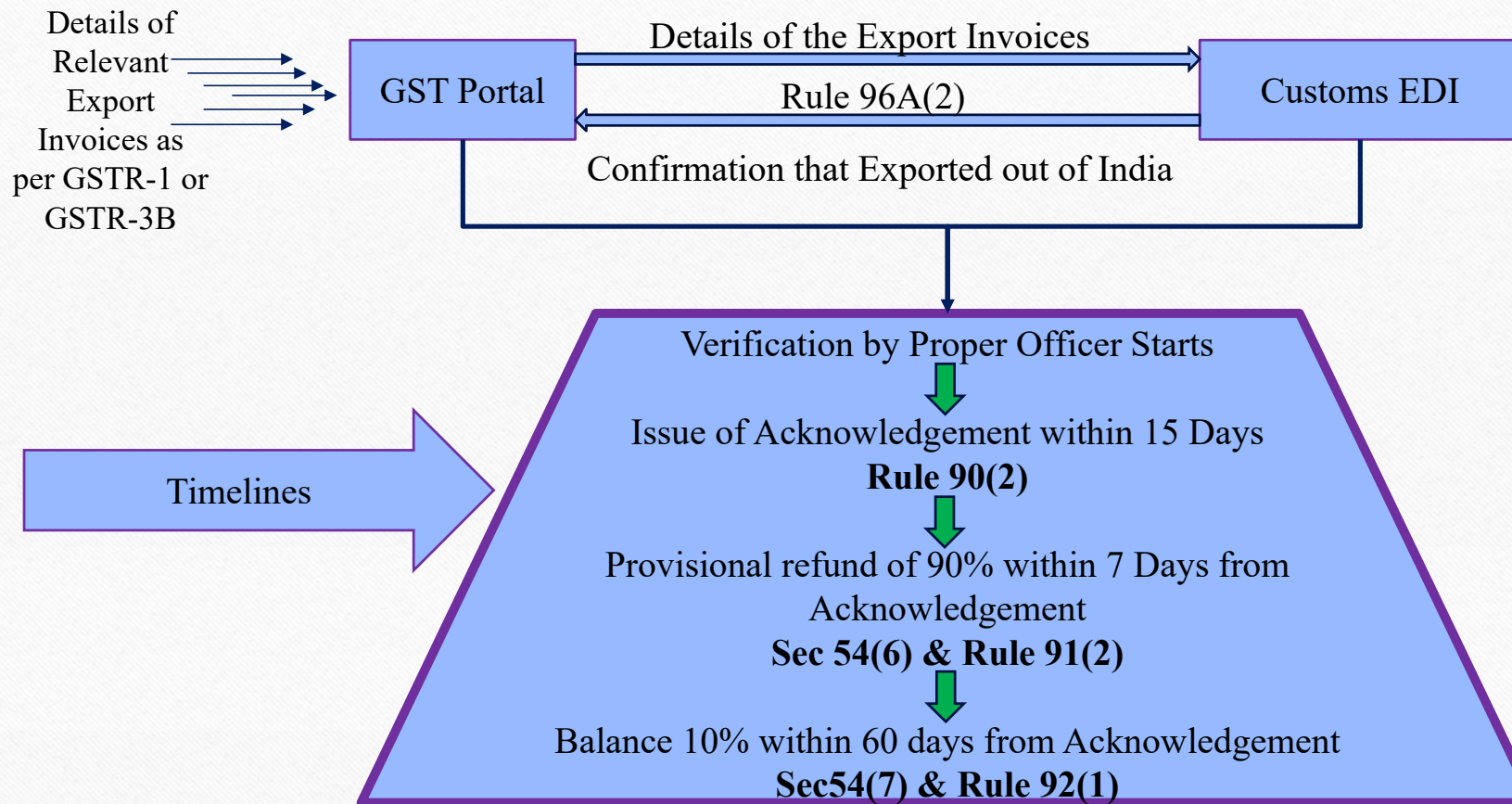
Myth – 1 : The claim and Sanctioning Procedure will be Completely Online and Time Bound – 90% of Refund shall be Granted within 7 Days

GST law provides for grant of provisional refund of 90% of the total refund claim (Sec 54(6) of CGST Act), in case the claim relates for refund arising on account of zero rated supplies. The provisional refund would be paid within 7 days after giving the acknowledgement (Rule 91(2)). The acknowledgement of refund application is normally issued within a period of 15 days (Rule 90(2)).

Let us now understand the timelines. As per the provisions of Rule 96A(2), after filling of Export Related Invoice Details in GSTR -1, GST Portal recognizes those Export Invoices and then Transmits the Data to Customs EDI system for Confirmation. Only after Confirmation that Goods Exported out of Country, the Verification Process starts by the concerned officer who issues the acknowledgement within 15 Days. Clock now starts for the count of Seven Days for Release of 90% of Refund.

That means before the issue of acknowledgement there are many other conditions to be fulfilled such as all Export Invoice details and Shipping Bill details shall be filed in GSTR -1 Return. Then such details are verified in the EDI system of Customs. As a customary practice updating EGM details in Shipping Bill usually taking any time between 15 days to 30 days (sometimes more in some ICDs for reasons that Shipping Line is not providing timely EGM information to Customs). Then after the Proper Officer takes his leisure time as provided in statute up to 15 days. Only after the proper officer issues acknowledgement, the Myth of 7 Days opens.

PROCEDURE OF CLAIMING ITC REFUND ON EXPORTS TIMELINES



MYTHS OF TIME BOUND EXPORT REFUNDS

Reality – 1:

In short of all these processes takes any time between 3 – 4 Months. That means Refund of 90% of claim within 7 days is only a Myth and not reality. This leads to blockage of funds for working capital that is what exporters are worried about. This may cost 3 – 4% (assuming annual interest of 12% blocked for 3-4 months) extra to the exporters. Alternatively adding this cost to our exports to that extent loosing Export Competiveness.

MYTHS OF TIME BOUND EXPORT REFUNDS

Myth – 2 : Interest is Paid for Delayed Payment of Refund @ 6%

As per **Notification No. 13/2017 – Central Tax, 28th June, 2017**, under Sec 56 of CGST Act and Rule 94, Interest @ 6% is payable if full refund is not granted within 60 days.

Reality – 2 :

However there is no relief to the Exporters in case the 90% of claim amount delayed for any reason beyond 7 Days from the date of Acknowledgement of Application. He has to wait till 60th day to be eligible at all for any claim of interest on delay. That means from 8th day till 60th day interest on 90% of the claim has to be foregone, thanks to the wisdom of Govt. to cover up delays from official side. On the other hand if any delay happens by the tax payer on account of payment of tax 18% interest is charged while paying for delay from Gov. side only 6% interest is paid to the Tax Payer. This against the Natural Justice and equitable treatment.

MYTHS OF TIME BOUND EXPORT REFUNDS

Myth – 3 : IGST Refunds for Exports made in July 2017 start by 10.10.2017 – as Recommended GST Council in its meeting on 06-10-2017.

The Committee on Exports setup by the GST Council has recommended that IGST refunds for exports made in July 2017 must start by 10.10.2017. This recommendation has been endorsed by GST Council in its meeting on 06-10-2017. Necessary background work is being done by the Directorate General of Systems, GSTN and Controller General of Accounts (PFMS). In order to ensure that refunds start smoothly guidelines are issued for the field formations vide **Instruction No. 15/2017- Customs, dated the 9th October 2017.**

The guidelines are :

Export General Manifest :

Filing of correct EGM is a must for treating shipping bill or bill of export as a Refund Claim.

Exporters may be advised that they should follow up with their carriers to ensure that correct EGM/export reports are filed in a timely manner.

Details of Export Supplies in Table 6A of GSTR-1

The details of zero rated supplies declared in Table 6A of return in Form GSTR-1 are matched electronically with the corresponding details available in Customs Systems as per details provided in shipping bills/ bill of export.

Thus exporters must file their GSTR-1 very carefully to ensure that all relevant details match. For their convenience, the details available in the Customs System have been made available for viewing in their ICEGATE login.

For month of August 2017 and subsequent months facility of filing GSTR- I has not been made available by GSTN at present. In order to facilitate processing of refunds, GSTN is making available a separate utility for filing details in Table 6A of GSTR-1 on the GSTN Web portal. Exporters may be advised to submit the requisite details once GSTN develops the utility.

MYTHS OF TIME BOUND EXPORT REFUNDS

Valid return in Form GSTR-3 or Form GSTR-3B

Filing of valid return in GSTR-3 or GSTR-3B is another pre- condition for considering shipping bill/ Bill of export as claim for refund. Exporters may be advised that they must file these returns expeditiously without waiting for the last date to ensure that their refund is processed in a timely manner.

Bank Account Details:

As per Rule 96 of **CGST Rules 2017**, the refund is to be credited in the bank account of the applicant mentioned in his registration particulars. As a practice, exporters have been declaring details of bank account to Customs for the purpose of drawback etc. There is a possibility that bank account details available with Customs do not match with those declared in the GST registration form. In order to ensure smooth processing and payment of refund of IGST paid on exported goods, it has been decided that said refund amount shall be credited to the bank account of the exporter registered with Customs even if it is different from the bank account of the applicant mentioned in his registration particulars. However, exporters may be advised to either change the bank account declared to Customs to align it with their GST registration particulars or add the account declared with Customs in their GST registration details.

Further as the refund payments are being routed through the PFMS portal the bank account details need to be verified and validated by PFMS. The status of validation of bank account with PFMS is available in ICES. Exporters may be advised that if the account has not been validated by PFMS, they must get their details corrected in the Customs system so that their bank account gets validated by PFMS. Exporters are also advised not to change their bank account details frequently to avoid delay in refund payment.

MYTHS OF TIME BOUND EXPORT REFUNDS

Processing of refund claims

Proper officer of each jurisdiction shall generate a payment scroll of eligible IGST refunds in the same manner as RoSL scrolls are generated. The scroll shall be transmitted electronically to PFMS system for onward payment into their bank accounts. Unlike RoSL where paper scrolls are to be sent by field formations, in this case, electronic verification will be done centrally by a DDO appointed in this regard. Detailed EDI procedure for processing of claims and generation of refund scrolls is being circulated by Directorate of Systems. DG- Systems is also laying down the procedure for payment and accounting in consultation with Pr. CCA CBEC and CGA of India.

Proper officers may be designated in each Commissionerate, who should be in readiness to **start generating refund scrolls from 10.10.2017 onwards.**

PROCEDURE OF CLAIMING IGST REFUND ON EXPORTS GUIDELINES

Instruction No.15/2017 – Customs, Dated 9th October 2017

Ensure that Correct EGM/ Export Reports are filed in a timely manner and Updated in EDI Systems of Customs



Correct Filling of Details of Export Supplies in Table 6A of GSTR-1



Filing of Valid Return in GSTR -3 or GSTR-3B



Declaring Correct Details of Bank Account to Customs



Processing of Refund Claims by Concerned Customs Officials

MYTHS OF TIME BOUND EXPORT REFUNDS

Reality – 3 :

All is well, but the Euphoria is short lived. On the same day of issue of the above guideline vide **Instruction No. 15/2017- Customs**, another instructions vide **Instruction No. 16/2017- Customs, dated the 9th October 2017** was issued expressing difficulties of **process of disbursement of IGST refund through PFMS portal and instead advised to field formations to continue with issue of cheques presently being used for refund payments. We all know how efficient our India Bureaucracy in handling processes' manually.**

MYTHS OF TIME BOUND EXPORT REFUNDS

Myth – 4: All Exporters are Cover under Auto Filling of Refund Applications (i.e. Shipping Bill is treated as Application for Refund)

Exporters who first paid IGST on exports and then claiming for refund amount of IGST paid as covered under Rule 96 need not file separate application for refund but the shipping bill itself shall be treated as an application for such refund following the process as explained already.

Reality – 4

That means majority of exporters who follow other option (Option – 1) of making exports without payment of Tax and filing refund claims for proportionate ITC on inputs are not covered under this and accordingly the announcements made in the GST Council meeting on 06-10-2017 for early disbursement of Export Refunds starting from 10.10.2017 are not applicable.

Moreover the Exporters who make Exports Without Payment of Tax and Claim Refund of ITC has to File Separate Application in FORM GST RFD-01, in the GST Portal which is not yet Ready for Filing. That means they have to wait for some more indefinite time (Till Date no Announcement), thanks for their wisdom to opt for the scheme (Simply because we can't blame the authorities and poor preparedness of the system – GST Portal)

Way Forward

The process is very thorough in itself and once followed properly, then availing refund can become very smooth and hassle free. It will change the face of the long drawn refund process and give a boost to the manufacturing or export industry. Those refunds, which usually took years to pass can now be taken in just 60 days. The strong IT system and forward thinking of the GSTN have enabled this initiative.

Does this whole thing sounds too complicated ? Complying with GST norms may feel like a burden to small businesses. This is where an Indirect Tax Advocate can help. With the help of an Indirect Tax Advocate, one can not only just create correct GST invoices, but can file GST returns timely and correctly by paying right due tax.

THANK YOU

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