



REFUND UNDER GST

Gurugram Branch – NIRC

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“Stay at Home, But Not Behind”

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Scope of GST Refund

Explanation to section 54 defines the term "refund" which includes

- (i) Refund of tax (output tax) paid on zero-rated supplies of goods and/or services, or
- (ii) Refund of tax (input tax) on inputs or input services used in making zero-rated supplies, or
- (iii) Refund of tax on the supply of goods regarded as deemed exports, or
- (iv) Refund of unutilized input tax credit as provided under section 54(3) i.e. due to inverted duty structure.

Important Definitions

"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.

(Section 16, IGST Act, 2017)

"export of goods" with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India;

(Section 2(5), IGST Act, 2017)

"export of services" means the 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 in Indian rupees wherever permitted by the Reserve Bank of India]; and
- (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8;

(Section 2(6), IGST Act, 2017)

Important Definitions

"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).

[Explanation 1 to Section 54, CGST Act, 2017]

Refund Provisions Framework under GST Law

Section 54:Refund of Tax			
Rule 89	Application for refund of tax, interest, penalty, fees or any other amount	GST RFD-01	Application for refund
Rule 90	Acknowledgement	GST RFD-02 GST RFD-03	Acknowledgement Deficiency memo
Rule 91	Grant of provisional refund	GST-RFD-04 GST-RFD-05	Provisional refund order Payment advice
Rule 92	Order sanctioning refund	GST-RFD-05 GST-RFD-06 GST-RFD-07 GST-RFD-08 GST-RFD-09	Payment advice Refund sanction/rejection order Order for complete adjustment of sanctioned refund Notice for rejection of application for refund Reply to show cause notice
Rule 93	Credit of the amount of rejected refund claim	GST-PMT-03	Order for re-credit of the amount to cash or credit ledger on rejection of refund claim
Rule 94	Order sanctioning interest on delayed refunds	GST-RFD-05	Payment advice
Rule 96	Refund of integrated tax paid on goods or services exported out of India	GST-RFD-01 GST-RFD-06 GST-RFD-07	Application for refund Refund sanction/rejection order Order for complete adjustment of sanctioned refund
Rule 96A	Refund of integrated tax paid on export of goods or services under bond or letter of undertaking	GST RFD-11	Furnishing of bond or letter of undertaking for export of goods or services

Section 55:Refund in certain cases			
Rule 95	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
		GST-RFD-02	Acknowledgement
		GST-RFD-06	Refund sanction/rejection order
		GST-RFD-07	Order for complete adjustment of sanctioned refund
		GST-RFD-08	Notice for rejection of application for refund
		GST-RFD-09	Reply to show cause notice

Section 56:Interest on delayed refunds			
NA	NA	NA	NA

Section 57:Consumer Welfare Fund Section 58 : Utilization of Fund			
Rule 97	Consumer welfare fund	NA	NA

Exhaustive list of Refund in GST

The Joint Committee in its report on Business Processes for GST on Refund (The 'Refund Report') has provided an exhaustive list of situations under which refund would arise under GST laws

1.	Excess payment of tax due to mistake or inadvertence, if any
2.	Excess balance in Electronic Cash Ledger
3.	Export of services - with payment of tax
4.	Export of goods - with payment of tax
5.	Export of goods/services - without payment of tax
6.	On account of supplies made to SEZ unit/SEZ developer (with payment of tax)
7.	On account of supplies made to SEZ unit/SEZ developer (without payment of tax) - accumulated ITC
8.	Refund on account of deemed exports - By the supplier
9.	<p>On type of Order</p> <ul style="list-style-type: none"> (i) Assessment (ii) Provisional Assessment - Finalization of provisional assessment. (iii) Appeal and (iv) Any other Order <ul style="list-style-type: none"> - Refund of Pre-deposit for filing appeal including refund arising in pursuance of an appellate authority's order (when the appeal is decided in favour of the appellant) - Payment of duty/tax during investigation but no/less liability arises at the time of finalization of investigation/adjudication.

Exhaustive list of Refund in GST

Contd...

10.	Credit accumulation due to inverted duty structure i.e. due to tax rate differential between output and inputs.
11.	Refund of tax payment on purchases made by Embassies or UN bodies.
12.	Refund by Canteen Stores Department
13.	Tax Refund for International Tourists
14.	Tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued (tax paid on advance payment)
15.	Tax paid on an Intra-State supply which is subsequently held to be Inter-State supply and vice versa (change of POS)
16.	Tax paid by the Casual Taxable Person or Non-Resident Taxable Person

Time Limit for Filing Refund Application

Two years from relevant date

Relevant Date	
Export of goods by sea or air (Goods or ITC)	Date when ship or aircraft leaves India
Export of goods by land (Goods or ITC)	Goods pass the frontier
Export of goods by post (Goods or ITC)	Date of despatch of goods by the Post Office
Deemed export	Date on which the return relating to such deemed exports is furnished
Export of service (Services or ITC)	Advance Received → Date of invoice Other → Receipt of payment in convertible foreign exchange or in Indian rupees wherever permitted by the Reserve Bank of India
Refund due to Judgment, Order etc.	Date of communication of such judgment, order etc.
Invert duty structure	Due date for furnishing of return under section 39 for the period in which such claim for refund arises
Provisional tax payment	Date of adjustment of tax after the final assessment
In the case of a person, other than the supplier	Date of receipt of goods or services or both
any other case	Date of payment of tax

Refund Process



Application for Refund : GST RFD-1 / GST RFD-10

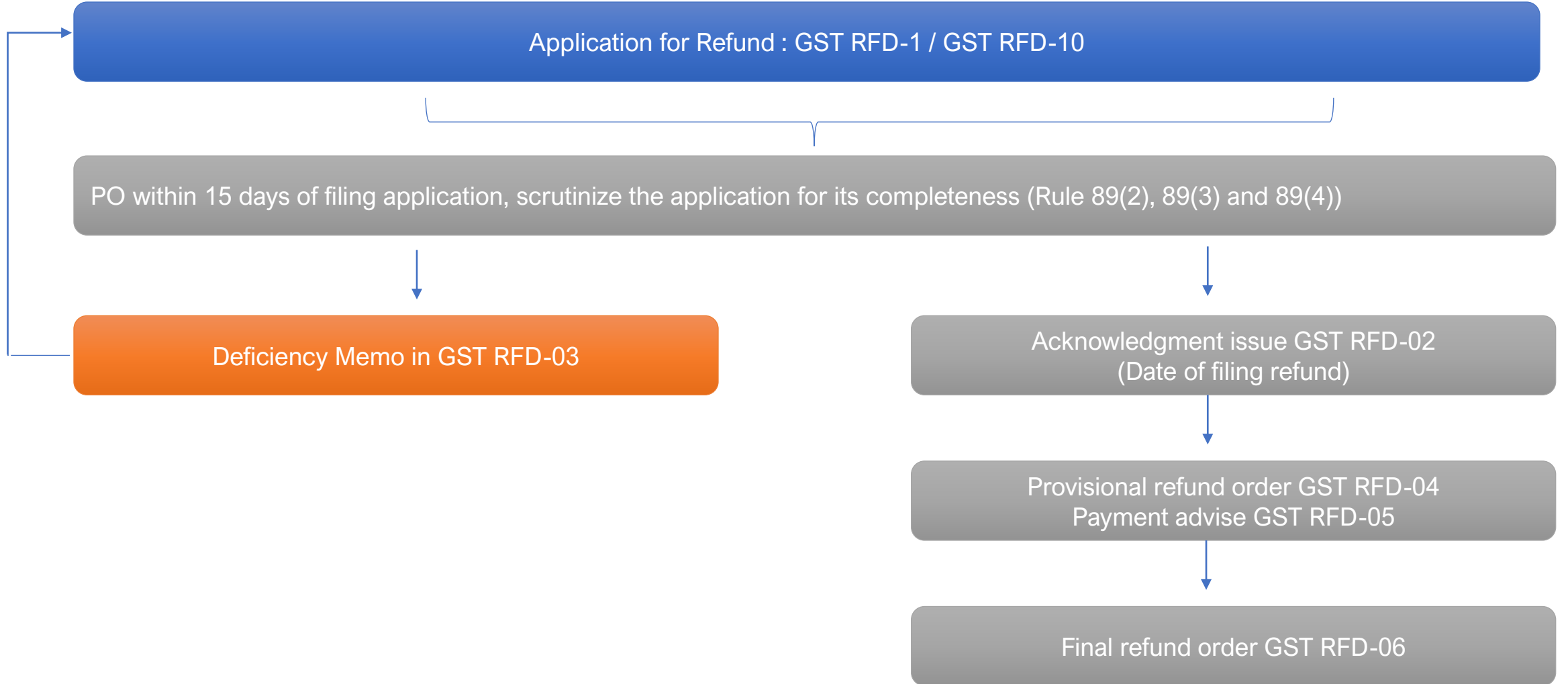
PO within 15 days of filing application, scrutinize the application for its completeness (Rule 89(2), 89(3) and 89(4))

Deficiency Memo in GST RFD-03

Acknowledgment issue GST RFD-02
(Date of filing refund)

Provisional refund order GST RFD-04
Payment advise GST RFD-05

Final refund order GST RFD-06



Refund Process

Final refund order GST RFD-06

Complete adjustment of outstanding demand GST
RFD-07 Part A

Withholding of Refund/Deduction
GST RFD-07 Part B

If any part of the amount claimed as refund is **not admissible** or is **not payable** to the applicant, PO shall issue notice in
GST RFD-08 → Reply GST RFD-09

Refund Process

Final refund order GST RFD-06

Complete adjustment of outstanding demand GST
RFD-07 Part A

Withholding of Refund/Deduction
GST RFD-07 Part B

If any part of the amount claimed as refund is **not admissible** or is **not payable** to the applicant, PO shall issue notice in
GST RFD-08 → Reply GST RFD-09

Amount of Rejected Refund

Ineligible Credit (*Under sub-section (1), (2) or (5) of section 17 of the CGST Act, or under any other provision of the Act*)

Amount shall be re-credited in eCredit ledger using GST RFD-1B

Start recovery proceedings u/s 73(9) or 74(9) as the case may be

If demand confirmed amount shall be added to eLiability register through FORM **GST DRC07**

Alternative : Pay voluntary using DRC-03 **before service of the demand notice and intimate to PO**

Amount of Rejected Refund

Other than ineligible Credit

Give undertaking of not to file an appeal → Amount shall be re-credited in eCredit ledger using GST RFD-1B

In case claimant files an appeal, the same is finally decided against him → Amount shall be re-credited in eCredit ledger using GST RFD-1B

In case claimant files an appeal, the same is finally decided in his favour → File fresh refund application without crediting credit ledger

Case Study

Refund amount	Rs. 100
Ineligible credit	Rs. 25
Other withhold credit	Rs. 10
Provision refund payment	Rs. 90

Restriction on GST Refund Amount

No refund of ITC on capital goods in case of goods or services or both exported without payment of tax under bond or letter of undertaking.

[Rule 89(4), CGST Rules 2017]

No refund of ITC on input services and capital goods in case of inverted duty structure.

[Rule 89(5), CGST Rules 2017]

THANKS!



Any questions?

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