

## Chapter–XI

# Refunds

### Statutory provision

#### 54. Refund of tax

- (1) Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from relevant date in such form and manner as may be prescribed::

PROVIDED that a registered taxable person, claiming refund of any balance in the electronic cash ledger in accordance with the provisions as per sub-section (6) of section 49 may claim such refund in return furnished under section 39 in such manner as may be prescribed.

- (2) A specialized agency of 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 any other person or class of persons as notified under section 55, entitled to a refund of tax paid by it on inward supplies of goods or services or both, may make an application for such refund, in such form and manner prescribed, before the expiry of sixth months from the last day of the quarter in which such supply was received

- (3) 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 zero rated supplies made without payment of tax or in cases 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 .

- (4) The application shall be accompanied by—

(a) such documentary evidence as may be prescribed to establish that a refund is due to the applicant; and

(b) such documentary or other evidence (including the documents referred to in section 33) as the applicant may furnish to establish that the amount of tax and

interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person:

PROVIDED that where the amount claimed as refund is less than two lac rupees, it shall not be necessary for the applicant to furnish any documentary and other evidences but, he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.

- (5) If, on receipt of any such application, the proper officer is satisfied that the whole or part of the amount claimed as refund is refundable, he may make an order accordingly and the amount so determined shall be credited to the Fund referred to in section 57.
- (6) Notwithstanding anything contained in sub-section (5), 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 person, other than such category of registered taxable persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis ninety percent of the total amount so claimed, excluding the amount of input tax credit provisionally accepted, in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.
- (7) The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.
- (8) Notwithstanding anything contained in sub-section (5), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to—
  - (a) 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;
  - (b) refund of unutilized input tax credit under sub-section (3);
  - (c) refund of tax paid on supply which is not Provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;
  - (d) refund of tax in pursuance of section 77;
  - (e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or
  - (f) the tax or interest borne by such other class of applicants as the Government may, on the recommendation of the Council, by notification, specify.
- (9) Notwithstanding anything to the contrary contained in any judgment, decree, order or

direction of the Appellate Tribunal or any Court or in any other provision of this Act or the rules made thereunder or in any other law for the time being in force, no refund shall be made except in accordance with the provisions of sub-section (8).

- (10) Where any refund is due under the said sub-section(3) to a registered taxable person who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, which has not been stayed by any Court, Tribunal or Appellate Authority by the specified date, the proper officer may—
- (a) withhold payment of refund due until the said person has furnished the return or paid the tax, interest or penalty, as the case may be;
  - (b) deduct from the refund due, any tax, interest penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under the Act or under the existing law.

Explanation- For the purposes of this sub-section the expression “specified date” shall mean the last date for filing an appeal under this Act.

- (11) Where an order giving rise to a refund is the subject matter of an appeal or further proceeding or where any other proceeding 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 proceeding 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.
- (12) Where a refund is withheld under sub-section (11), the taxable person shall notwithstanding anything contained in section 56, be entitled to interest at such rate not exceeding six per cent, as may be notified on the recommendations of the Council, if as a result of the appeal or further proceedings he becomes entitled to Refund.
- (13) Notwithstanding anything to the contrary contained in this section, the amount of advance tax deposited by a casual taxable person or a non-resident taxable person under sub-section (2) of section 27 shall not be refunded unless such person has, in respect of the entire period for which the certificate of registration granted to him had remained in force, furnished all the returns required under section 39.
- (14) Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6) shall be paid to an applicant if the amount is less than one thousand rupees.

Explanation. — For the purposes of this section -

1. “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 sub-section (3).
2. “relevant date” means –
  - (a) in the case of goods exported out of India where a refund of tax paid is

available in respect of the goods themselves or, as the case may be, the inputs or input services used in such goods, -

- (i) if the goods are exported by sea or air, the date on which the ship or the aircraft in which such goods are loaded, leaves India; or
  - (ii) if the goods are exported by land, the date on which such goods pass the frontier, or
  - (iii) if the goods are exported by post, the date of despatch of goods by Post Office concerned to a place outside India;
- (b) in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, the date on which the return relating to such deemed exports is furnished;
  - (c) in the case of services exported out of India where a refund of tax paid is available in respect of services themselves or, as the case may be, the inputs or input services used in such services, the date of -
    - (i) receipt of payment in convertible foreign exchange, where the supply of service had been completed prior to the receipt of such payment; or
    - (ii) issue of invoice, where payment for the service had been received in advance prior to the date of issue of the invoice;
  - (d) in case where the tax becomes refundable as a consequence of judgment, decree, order or direction of Appellate Authority, Appellate Tribunal or any Court, the date of communication of such judgment, decree, order or direction;
  - (e) in the case of refund of unutilized input tax credit under sub-section (3), the end of the financial year in which such claim for refund arises;
  - (f) in the case where tax is paid provisionally under this Act or the rules made thereunder, the date of adjustment of tax after the final assessment thereof.
  - (g) in the case of a person, other than the supplier, the date of receipt of goods or services or both by such person; and
  - (h) in any other case, the date of payment of tax.

### 54.1 Introduction

This section deals with the legal and procedural aspects of claiming refund by any person in respect of -

- any tax (which was excess paid);
- interest paid on such tax; or
- any other amount paid (which is not required to have been paid);
- input tax relating to goods and/or services that are exported out of India;

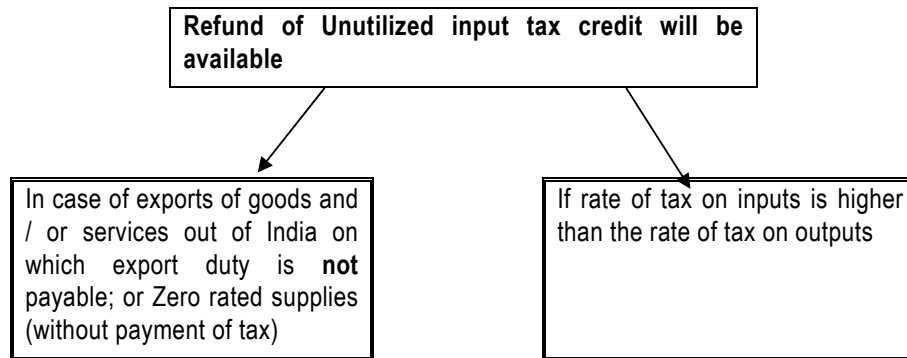
- tax on inputs or input services “used” in the goods and/or services exported out of India including zero rated supply;
- tax on the supply of goods regarded as deemed exports;
- unutilized input tax credit at the end of tax period in cases of:
  - exports, other than when
    - goods are subjected to export duty.
    - the supplier avails drawback of central tax or claims refund of integrated tax paid on such supplies.
  - input tax rate being higher than output tax rate, other than NIL rated or fully exempted.

This Section provides for conditions and procedures for claiming refund without specifying all the circumstances in which the refund will be eligible to an applicant.

Thus, it can be inferred that refund is possible only when tax, interest or any other amounts are physically paid in cash and in respect of exports / deemed exports in the form of input tax.

#### 54.2 Analysis

- (i) This provision states that the application for refund shall be made;
  - before the expiry of two years from the relevant date;
  - In such form and manner as may be prescribed;
- (ii) The time limit of two years will not apply where tax / interest / or any other amount has been paid under protest or otherwise.
- (iii) In case of taxable person claiming refund of any balance in the electronic cash ledger, it can be claimed in the return furnished under section 39.
- (iv) Following persons are entitled to a refund of tax paid by it on inward supplies of goods or services or both –
  - (a) A specialized agency of the United Nations Organization or
  - (b) Any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947,
  - (c) Consulate or Embassy of foreign countries or
  - (d) any other person or class of persons as notified under section 55.
- (v) Such agencies may make an application for refund, in such specified form and manner as may be prescribed within six months from the end of the quarter in which such supply was received.
- (vi) Refund of the unutilized input tax credit can be claimed at the end of any tax period in the following cases:



However, refund is also not eligible in the following cases:

- (a) If the goods exported out of India are subjected to export duty; or
- (b) If the goods supplied are exempted or nil rated;
- (c) If supplier claims refund of output tax paid under IGST Act.
- (d) If the supplier avails duty drawback or refund of IGST on such supplies.

In a business scenario, such a situation will not arise as once tax is paid on outward supply there will not be any balance left relating to such transaction in respect of which refund is possible.

- (vii) The refund application has to be supported by prescribed documents evidencing facts that the refund is due to the applicant.
- (viii) The applicant must submit documentary evidences [including invoice or any other similar tax paying document] to establish the fact that incidence of tax/interest/amount paid was not passed on by the claimant to any other person.
- (ix) If the amount of refund claim is less than rupees 2 lakhs, a self-declaration based on the documentary and other evidences available with the claimant, certifying that he has not passed on the incidence of such tax and interest would suffice to claim refund.
- (x) The refund relating to an application if found in order, will be sanctioned within sixty days from the date of receipt of application.
- (xi) The refund will be sanctioned to the claimant, in the following cases –
  - refund of tax paid on zero-rated supply of goods or services or both
  - refund of tax on inputs or input services used in making zero-rated supply
  - refund of unutilized input tax credit as indicated supra;
  - the tax / interest / other amounts paid by the applicant, if he had not passed on the incidence of tax to any other person; or
  - refund of tax paid on a supply which is not Provided, either wholly or partially, and for which invoice has not been issued or where a refund voucher has been issued

- refund of tax in pursuance of section 77 which means a registered person who has paid CGST/SGST/UTGST on a transaction considered by him as INTRA-STATE supply but held as INTER-STATE supply;
  - the tax or interest borne by notified (by Central/State Government on the recommendation of the council) class of applicants;
- (xii) In all cases other than the one listed above, where the application is found to be in order, the refund amount, shall be credited to Consumer Welfare Fund within 60 days of receipt of the application.
- (xiii) In case of refund claim by persons other than notified registered person where refund is on account of export of goods and/or services, the proper officer may refund ninety percent of the total amount claimed (excluding input tax credit not yet finalized). This refund of 90% will be on a provisional basis, and will be subject to conditions, limitations and safeguards. Remaining ten percent may be refunded after due verification of documents furnished by the applicant.
- (xiv) In case of claim of refund of accumulated input tax credit, the refund due will be either withheld or deducted in cases where –
- A person defaults in furnishing any return;
  - A person is required to pay any tax, interest or penalty ordered, which is not stayed by Court or appellate Authority within the last date for filing an appeal under this act.
- (xv) The deduction from refund due may be tax, interest, penalty, fee or any other amount which remains unpaid under GST Act or existing law. in cases where the refund is as a consequence of an order and such order is in –
- appeal; or
  - further proceeding; or
  - any other proceeding under this Act, and
- If the Commissioner is of the opinion that grant of refund would affect the revenue adversely in the appeal or proceeding on account of malfeasance or fraud committed, the commissioner may withhold the refund till such time as it may be determined. This can be done only after affording the taxpayer an opportunity of being heard
- (xvi) The amount of advance tax deposited by a casual taxable person or a non-resident taxable person at the time of taking registration would be refunded only after completion of entire period for which the certificate of registration granted and all the returns required to be furnished under section 39 are furnished.
- (xvii) No refund shall be granted or paid to an applicant, if the amount is less than rupees one thousand.

Relevant date: The relevant date is crucial to determine the time within which the refund claim has to be filed. If the refund claim is made after the relevant date, the refund claim

would be rejected at the threshold and there is no provision in the Act to condone the delay in filing refund claim and accept delayed refund claims.

The relevant date is identified as follows:

- Refund of tax paid on goods exported itself or tax paid on inputs/input service
  - If exported by sea or air ->date when the ship or the aircraft leaves India; or
  - If exported by land ->date when such goods pass the Customs frontier; or
  - If exported by post ->date of dispatch of goods by concerned Post Office to a place outside India.
- Deemed exports supply of goods->the date on which the return relating to such deemed exports is furnished.
- Refund of tax paid on such services exported itself or tax paid on inputs/input service
  - If supply of service is completed prior to the receipt of payment->date of receipt of payment in convertible foreign exchange;
  - If payment for the service received in advance prior to the date of issue of invoice -> date of issue invoice.
- Refund of tax as a consequence of judgment, decree, order or direction of Appellate authority, Appellate Tribunal or any Court -> date of communication of such judgement/decreed/order/ direction.
- Refund of unutilized input tax credit accumulated due to exports including zero rated supplies - end of the financial year in which such claim for refund arises;
- Provisionally paid tax - the date of adjustment of tax after the final assessment.
- In the case of a person, other than the supplier, the date of receipt of goods or services **or both** by such person; and
- In any other case, the date of payment of tax

Situation of Refund	2 years from the Relevant Date as under
On account of excess payment	Date of payment of tax
On account of Export of Goods	Date on which proper officer gives an order for export known as "LET EXPORT ORDER"
On account of Export of Services	Date of BRC
On account of finalization of provisional assessment	Date of the finalization order



In pursuance of an appellate authority's order in favour of the taxpayer	Date of communication of the appellate authority's order
On account of no/less liability arising at the time of finalization of investigation proceedings	Date of communication of adjudication order or order relating to completion of investigation
On account of accumulated credit of GST in case of a liability to pay service tax in partial reverse charge cases	Date of providing of service

### 54.3 Comparative review

These provisions are broadly similar to the provisions contained in existing Central Indirect Tax law. However, they are restrictive when compared to the refund mechanism under present State Value Added Tax law. The GST Law provides refund of unutilised credit in certain specified circumstances where the State VAT Laws provide for refund of unutilised credit under any circumstances.

### 54.4 Related provisions

Section	Description	Remarks
<b>Section 2(39)</b>	Deemed Exports	Maybe from Foreign Trade Policy
<b>Section 33</b>	Amount of tax to be indicated in tax invoice.	Invoice or other documents referred to in Section 30 has to be enclosed along with refund application.
<b>Section 57</b>	Fund/Consumer Welfare Fund.	Where the claimant is unable to establish the fact that incidence of duty is not passed on, the amount of refund claimed will be credited to Consumer Welfare Fund.

### 54.5 FAQs

Q1. Whether there is any time limit to file refund claim?

Ans. Generally, Yes. The refund claim has to be filed within two years from the relevant date. However, if the tax or interest thereon or amount claimed as refund is paid under protest, the time limit is not applicable.

Q2. Whether there is any provision for condonation of delay in filing refund claim beyond two years from the relevant date (where tax/interest/amount is not paid under protest)?

Ans. No. There is no provision to condone the delay and the refund claim will be rejected at the threshold without getting into merits of the refund claim.

Q3. Whether there is any procedure to pay tax/interest/amount under protest?

Ans. There is no mechanism or procedure set out in the GST Act or. As per the practice prevailing under the present central indirect tax laws, a letter expressing the fact that the tax/interest/amount is being paid under protest setting out the reason may be sufficient to consider that the payment is made under protest.

Q4. What would be the time limit for sanctioning refund?

Ans. The refund has to be sanctioned within 60 days from the receipt of duly completed application containing all the prescribed information/documents.

Q5. What happens in case the incidence of duty/tax has been passed on by the person claiming the refund?

Ans. The refund claimed and eligible will be credited to Consumer Welfare Fund.

Q6. Is there a minimum amount specified below which no refund can be claimed?

Ans. Yes. The minimum amount of refund payable should be ₹ 1000/- or more.

Q7. Whether refund of unutilized credit at the end of tax period can be claimed by supplier who does not have any exports.

Ans. Yes. It is available in cases where the accumulation of credit is for the reason of tax rate on inputs being higher, than the rate of tax on outputs other than NIL rated or fully exempted.

### MCQ

Q1. In case of refund claim on account of export of goods and/or services made by such category of registered taxable persons as may be notified in this behalf, what percent would be granted as refund on a provisional basis?

- (a) 70%
- (b) 65%
- (c) 80%
- (d) 90%

Ans. (d) 90%

Q2. What is the relevant date in case of refund on account of excess payment of GST due to mistake or inadvertence?

- (a) Date of payment of GST
- (b) Last day of the financial year
- (c) Date of providing of service
- (d) None of the above

Ans. (a) Date of payment of GST

Q3. Refund of accumulated input tax credit at the end of any tax period is eligible in cases of?

- (a) Due to purchase of huge stocks

- (b) Credit cannot be used for any reason.
- (c) Due to Exports and input tax rate being higher than output tax rate
- (d) Due to Exports only.

Ans. (c) Due to Exports and input tax rate being higher than output tax rate

Q4. Relevant date for computing time limit to claim refund in case of Deemed exports supply of goods is –

- (a) Date of filing returns relating to such deemed exports;
- (b) Date of goods leaving India;
- (c) Date of payment of Tax;
- (d) Date of receipt of consideration in Foreign Exchange;

Ans. (a) Date of filing returns relating to such deemed exports

### Statutory Provision

#### 55. Refund in certain cases

The Government may, on the recommendation 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.

#### 55.1 Introduction

This section deals with refund of taxes paid on notified supplies of goods or services or both received by certain specified agencies notified by the Government on the recommendation of the Council.

#### 55.2 Analysis

This section provides that –

- (i) The Government, is vested with powers to notify certain agencies on the recommendation of the Council, to be entitled to claim refund.
- (ii) The agencies that can be notified are –
  - (a) any specialized agency of the United Nations Organization or
  - (b) any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947,
  - (c) any other person or class of persons as may be specified.

- (iii) In addition to the above, Consulate or Embassy of foreign countries would also be eligible for refund.
- (iv) The agencies mentioned above would be entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them. The refund claim is subject to such conditions and restrictions as may be prescribed,

### 55.3 Related provision

Section	Description
Section 54	Refunds

### 55.4 FAQs

1. Name the agencies that can be notified to be eligible to claim refund of taxes under **Section 55** of the CGST Act?

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 and any other person or class of persons as may be specified in this behalf, are the agencies that can be notified.

2. What refund are the agencies specified above entitled to claim under this section?

The agencies specified above are entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them.

### 55.5 MCQs

- Q1. Who is empowered to notify the agencies that are entitled to claim refund under this section?
  - (a) Government
  - (b) Board
  - (c) GST Council
  - (d) None of the above

Ans. (a) Government

### Statutory Provision

#### 56. Interest on delayed refunds

If any tax ordered to be refunded under sub-section (5) of section 54 within sixty days from the date of receipt of application under sub-section (1) of that section, interest at such rate not exceeding six per cent as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of an application under the said sub-section till the date of refund of such tax.

Provided that 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 sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent. as may be notified by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund.

Explanation.- For the purpose of this section, Where any order of refund is made by an Appellate Authority, Tribunal or any Court against an order of the proper officer under sub-section (5) of section 54, the order passed by the Appellate Authority, Tribunal or, as the case may be, by the Court shall be deemed to be an order passed under the said sub-section (5).

### 56.1 Introduction

This section provides for payment of interest on delayed refunds beyond the period of sixty days from the date of receipt of application to avoid delays in sanction or grant of refund.

### 56.2 Analysis

- (i) The section provides that interest is payable if –
  - Tax paid becomes refundable under section 54(5) to the applicant; and
  - It is not refunded within 60 days from the date of receipt of application for refund of tax under Section 54(1)
- (ii) Interest is liable to be paid from the due date for payment of refund till the date of sanction or grant of refund.
- (iii) The interest rate not exceeding the rate specified in the Section will be notified by the Government on the recommendations of the Council.

#### Illustration:

A Ltd has filed a refund claim of excess tax paid with all the documents and records on 19.08.2017. The department sanctioned the refund on 30.11.2017. In such a case, interest has to be paid for the period from 19.10.2017 to 30.11.2017.

- (iv) Explanation to section provides that in cases where the orders of Appellate Authority / Tribunal / Court sanctions refund in an appeal, against the order of refund sanctioning authority, the order of Appellate Authority / Tribunal / Court will be considered as orders passed by refund sanctioning authority. In other words, by virtue of such order, the refund has become due and the interest will then be computed from the date of completion of 60 days from the date of original refund claim made.

#### Illustration:

A Ltd has filed a refund claim of excess tax paid with all the documents and records on 19.08.2017. It was rejected by refund sanctioning authority. On Appeal the Appellate Authority passed the order for refund based on which the department sanctioned the refund on 30.09.2018. In such case, interest has to be paid for the period from 18.10.2017 to 30.09.2018.

**56.3 Comparative analysis with the present regime**

The refund provisions under the GST regime are in line with the refund provisions envisaged in the present regime under Central Excise law under section 11BB of the Central Excise Act, 1944.

**56.4 Related provisions**

Section/Rule/Form	Description	Remarks
Section 54	Refunds	Provision providing for refund of tax.

**56.5 FAQ**

- Q1. Whether interest is payable on delayed sanction of refund of tax only?
- Ans. Yes. The provision for payment of interest is only with respect to delayed payment of refund of tax only and not interest or any other amount sanctioned as refund.
- Q2. What would be the rate of interest on delay of sanctioning refund?
- Ans. The rate of interest not exceeding 6% or 9% as the case may be to be notified by Government as per the recommendation of the GST Council.
- Q3. Whether interest is payable on delayed refund of unutilized input tax credit.
- Ans. The provision only refers to refund claim under Section 48(1) relating to tax paid and not Section 54(3). Therefore, there is no provision for payment of interest on delayed refund of unutilized input tax credit.

**56.6 MCQ**

- Q1. Interest U/s 56 is applicable on delayed payment of refunds issued under?
- (a) Section 54
- (b) Section 44
- (c) Section 41
- (d) Section 45
- Ans. (b) Section 54
- Q2. Interest U/s56 has to be paid for delayed refunds, if the refund is not granted within .....
- (a) 90 days
- (b) 3 months
- (c) 60 days
- (d) None of the above
- Ans. (c) 60 days

**Statutory Provision:****57. 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.

**57.1 Introduction**

If the applicant is unable to prove that the incidence was not actually passed onto any other person then the refund amount is credited to the Consumer Welfare fund.

The overall objective of the Consumer Welfare Fund is to provide financial assistance to promote and protect the welfare of the consumers and strengthen the consumer movement in the country.

**57.2 Analysis**

The following amounts will be credited to the Fund, in such manner as may be prescribed, -

- the amount of refund referred to in sub-section (5) or sub-section (6) of section 54; and
- any income earned from investment of the amount credited to the Fund and
- such other monies received by it from the Government.

**57.3 Comparative Analysis with the present law**

These provisions are broadly similar to the provisions contained in existing Central Indirect Tax laws.

**57.4 Related provisions**

Section	Description
Section 54	Provision for claiming refund of tax
Section 58	Provisions relating to the manner of utilization of the fund.

**57.5 FAQs**

Q1. Which are the amounts credited to Consumer Welfare Fund?

Ans. The following amounts will be credited to the Fund, in such manner as may be prescribed, -

- the amount of refund referred to under sub-section (5) or sub-section (6) of section 54; and
- any income earned from investment of the amount credited to the Fund and
- such other monies received.

**57.6. MCQ**

Q1. In cases where the application of refund is found to be in order, the refund amount shall be credited to ..... Fund.

- (a) Investor Protection and Education Fund
- (b) Consumer Protection Fund
- (c) Consumer Welfare Fund
- (d) Refund Claim Fund

Ans. (c) Consumer Welfare Fund

Q2. The overall objective of the Consumer Welfare Fund is

- (a) To facilitate a simplified refund mechanism.
- (b) to promote and protect the welfare of the consumers and strengthen the consumer movement in the country.
- (c) To boost the overall growth of the economy
- (d) Both a and c

Ans. (b) to promote and protect the welfare of the consumers and strengthen the consumer movement in the country

**Statutory Provision****58. Utilization of the 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.

**58.1 Introduction**

The monies credited to the Consumer Welfare Fund are meant to provide financial assistance to promote and protect the welfare of the consumers and strengthen the consumer movement in the country.

**58.2 Analysis**

- (i) It should be ensured that the monies credited to the fund shall be utilized to provide assistance to protect the welfare of consumers as per the rules made by the Government
- (ii) The **Government** shall maintain proper and separate records in relation to the Fund in consultation with the Comptroller and Auditor-General of India.



**58.3 Comparative review**

These provisions are broadly similar to the existing provisions contained in Section 12D of the Central Excise Act, 1944.

**58.4 Related provisions**

Section	Description
Section 54	Provision for claiming refund of tax
Section 57	Provisions relating to the amounts to be credited to Consumer Welfare Fund.

**58.5 FAQ**

Q1. How can it be traced whether the amount in the fund is utilised for the welfare of the consumers?

Ans. The Government 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. From these records, it can be ascertained if the amount in the fund were utilised for the welfare of the consumers.

**58.6 MCQ**

Q1. Proper and separate account and other relevant records in relation to the Fund in prescribed form in consultation with the Comptroller and Auditor-General of India shall be maintained by .....

- (a) the Government
- (b) the authority specified by the Government
- (c) the assessee who is claiming refund
- (d) (a) or (b)

Ans. (d) (a) or (b)