

Chapter XI

Refunds

FAQ's

Refund of Tax (Section 54)

Q1. Is the word refund defined in the CGST Act?

Ans. Yes, the word refund is defined in Explanation to Section 54 of the CGST Act, 2017. As per the said definition, refund includes refund of tax and interest paid on:

1. Zero-rated supplies of goods or services or both; or
2. Inputs or input services used in the effecting such zero-rated supplies of goods or services or both; or
3. Supply of goods regarded as deemed exports; or
4. Refund of unutilized input tax credit at the end of any tax period in case the rate of tax on output supplies is less than the rate of tax on input (inverted duty structure).

Q2. Is there any time limit to claim refund under Section 54?

Ans. Yes, as per Section 54, refund application is to be filed before the expiry of two years from the relevant date.

Q3. What is relevant date for calculating the two years' time limit?

Ans. In terms of Explanation(2) to Section 54, the relevant date is different for each situation and the same is provided below:

Situation	Relevant date
Refund in the case of goods exported outside India (or on inputs/ input services used in such goods)	
(i) By sea	Date on which the ship or the aircraft in which such goods are loaded, leaves India
(ii) By Air	
(iii) By land	Date on which such goods pass the frontier
(iv) By post	Date of dispatch of goods by the concerned

	Post Office to a place outside India	
Refund in respect of deemed exports	Date on which the return relating to such deemed exports is filed	
Refund is in respect of services exported (or on inputs/ input services used in such services)	Where supply of service completed prior to receipt of payment	Date of receipt of payment in convertible foreign exchange or in Indian rupees wherever permitted by the Reserve Bank of India ¹
	Where payment for service received in advance	Date of issue of invoice
Tax becomes refundable as a consequence of: (i) Judgment (ii) Decree (iii) Order (iv) Direction of Appellate Authority, Appellate Tribunal or any Court	Date of communication of such judgment, decree, order or direction	
Refund of unutilized input tax credit in case of inverted duty structure	* the due date for furnishing of return under section 39 for the period in which such claim for refund arises ²	
Tax is paid provisionally under this Act or the rules made thereunder	Date of adjustment of tax after the final assessment thereof.	
In case of a person other than the supplier	Date of receipt of goods or services by such person	
In any other case	Date of payment of tax	

^{1 & 2} Effective date yet to be notified.

** Earlier relevant date was at end of the financial year in which such claim for refund arises, which has been amended now so that a registered person may claim refund of any unutilized ITC at the end of any tax period.³*

Q4. Is there any form for claiming refund under Section 54?

Ans. Yes, the person claiming refund has to make an application in **Form GST RFD-01 / GST RFD-01A** (Manual Refund Application Form) (as per Chapter X-Refund of the CGST Rules, 2017) except the refund claimed by diplomatic mission in the terms of Section 55 of CGST Act.

Q5. To whom should the claim for refund be made?

Ans. The refund application is to be made before the proper officer of IGST/CGST/SGST exercising jurisdiction over the Claimant.

Q6. Are SEZ Units liable to pay taxes on their inward supplies? Who will be eligible for refund of taxes paid on supplies to SEZ?

Ans. No. SEZ units shall not be charged with taxes for supplies made to them.

In respect of supplies to a SEZ unit or a SEZ developer, the application for refund shall be filed by the –

- (a) supplier of goods after such goods have been admitted in full in the SEZ for authorised operations,
- (b) supplier of services along with such evidence regarding receipt of services for authorised operations; as endorsed by the specified officer of the Zone.

Q7. Can the refund of balance in cash or credit ledger be claimed?

Ans. Yes, as per provisions of Section 49(6), the balance of cash or credit after payment of tax, interest, penalty, fee or any other amount payment refund can be claimed as per provisions of Section 54. Once the refund is claimed, the amount of credit of CGST/SGST/ IGST (as the case may be) would be reduced to that extent.

Q8. Can any registered person claim the refund under Section 54(3)?

Ans. No. Refund can only be claimed under specified circumstances: -

- (a) zero rated supplies made without payment of tax
- (b) 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

³ Effective date yet to be notified.

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 unutilised 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.

Q9. Can United Nations Organisation (U.N.O.) claim refund?

Ans. Yes. U.N.O are entitled to claim refund of IGST/CGST/SGST paid on inward supplies (notified) of goods and/or services.

Q10. Is there any time limit for claiming refund by U.N.O?

Ans. Yes, the refund application is required to be made before the expiry of 6 months from the last day of the Quarter in which such supply was received.

Q11. Can any person claim refund of any unutilised ITC at the end of the tax period?

Ans. Any person, except the persons covered under notification issued under section 55, claiming refund of any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file an application, either electronically in **FORM GST RFD-01** through the common portal, either directly or through a Facilitation Centre notified by the Commissioner OR manually in **FORM GST RFD-1A** [Rule 89(1) of the CGST Rules]

No, only the following registered persons can claim refund of unutilised ITC:

1. Persons undertaking exports (including other zero-rated supplies). Exception: No refund will be allowed on the goods exported out of India where such goods are subjected to export duty [second proviso to Section 54(3)];
2. Credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on outward supplies (other than cases of nil-rated or fully exempted supplies) except supply of goods or services or both as may be notified by the Government.

Q12. Is there any condition to claim refund of unutilised ITC?

Ans. Yes, and the condition is that supplier of goods or services has not - availed drawback in respect of CGST or claimed refund of IGST paid on such supplies.

In other words, no refund of input tax credit shall be allowed if the supplier of goods or services avails drawback in respect of CGST or claims refund of IGST paid on such supplies

Q13. Is there any document to be enclosed along with refund claim? If yes, what are the documents to be submitted?

Ans. Yes, the following documents are required to be enclosed along with the refund application:

1. Documentary evidence to establish that a refund is due to the applicant (prescribed under Rule 89(2) of the CGST Rules, 2017, and
2. Documentary evidence to prove that incidence of tax and interest had not been passed on to any other person. However, such evidence is not required where refund is being claimed on account of zero rated supplies, inverted duty structure, etc.

Q14. Is there any exemption for submitting the documents required for claiming refund?

Ans. Yes, if the refund claimed is less than ` 2 lakh, then documentary evidence would not be required to be submitted. However, the applicant may file a declaration based on the documentary or other evidence available with him, certifying that the incidence of such tax and interest is not passed on to any other person.

Q15. Is any acknowledgement made available to applicant on filing of claim of refund?

Ans. Yes, 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 of 60 days for issuance of order specified in Section 54(7) shall be counted from such date of filing.

Q16. Is there any way of obtaining a provisional sanction of refund claimed by the taxable person?

Ans. Yes, the proper officer may sanction refund to a person on a condition that 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 erstwhile law where the amount of tax evaded exceeds two hundred and fifty lakh rupees. 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 is due to the applicant, in accordance with section 54(6), 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 acknowledgement.

Q17. Is there any time limit on proper officer to pass final order after accepting the refund application?

Ans. Yes, the proper officer shall issue the order within sixty days from the date of receipt of refund application.

Q18. Under what circumstances would refund be paid to the applicant?

Ans. On receipt of application, where the proper officer is satisfied as regards the refund application filed, he would pass an order sanctioning the refund.

In the following situations, the refund sanctioned would be paid to applicant, -

1. refund of tax paid on export ⁴ of goods and/or services or on inputs or input services used in making such zero-rated supplies exports ;

CGST(Amendment) Act,2018 dated 29.08.2018 has amended the words “zero-rated supplies”, the words "export" and "exports" shall respectively be substituted . This amendment has been made with a view to ensure applicability of principle of unjust enrichment in case of refund claim arising out of supplies of goods or services made to SEZ developer/unit.

2. refund of unutilized input tax credit under Section 54(3);
3. 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;
4. refund of tax in pursuance of Section 77 [tax paid wrongly to Central government or State government];
5. 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
6. the tax or interest borne by such other class of applicants as the Central or a State Government may, on the recommendation of the Council, by notification, specify .

In all other cases, the amount sanctioned shall be credited to the Consumer Welfare Fund.

Q19. Can amount of refund sanctioned be adjusted towards any tax payable by the taxable person?

Ans. Yes, the refund due to the applicant can be adjusted towards tax, interest, penalty or any other amount which the applicant is liable to pay but which remains unpaid under the Act or under any earlier law.

Q20. Can refund sanctioned be withheld?

Ans. Yes, refund can be withheld until the applicant has furnished the required return or paid the tax, interest or penalty.

Q21. Is there a minimum amount specified below which no refund can be claimed?

⁴ Effective date yet to be notified

Ans. Yes, if the amount of refund is less than ` 1,000/-(one thousand), then no refund can be paid.

Q22. Is there any provision of providing provisional refund under GST?

Ans. In terms of Section 54(6) of the CGST Act read with Rule 91 of the CGST Rules, the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, 90% of the total amount so claimed, excluding the amount of input tax credit provisionally accepted. Such provisional refund will be granted within 10 days of making of application or within 7 days of issuance of acknowledgement of the application.

Refund of the balance 10% will be granted after verification of documents furnished by the applicant

Q23. Whether separate applications need to be filed for refund in case of export of goods and export of services?

Ans. Yes, there shall be separate application and different procedure for refund of export of goods and export of services.

Q24. What is the procedure for claim and grant of refund of IGST paid on goods exported out of India?

Ans. In terms of Rule 96 of the CGST Rules, shipping bill filed by an exporter of goods shall be deemed to be an application for refund of IGST tax paid on the goods exported out of India, when.

- (a) person in charge of the conveyance carrying the export goods duly files an export manifest or an export report covering no. and 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.

In this regard, 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 system designated by the Customs ("**Custom System**") and said system will revert the confirmation of export of goods. In case where, date of furnishing **FORM GSTR-1** for a tax period has been extended, the supplier shall furnish the information relating to exports as specified in Table 6A of **FORM GSTR-1** (auto-drafted for the said tax period) after the return in **FORM GSTR-3B** has been furnished and the same shall be transmitted electronically to Custom System. [Refer Notification No. 51/2017 – Central Tax dated 28.10.2017]

Upon the receipt of the information regarding the furnishing of a valid return in **FORM GSTR-3** or **FORM GSTR- 3B**, the Custom System shall process the claim for refund and an amount equal to the IGST 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.

[**Note:** Steps Table 6A will be auto populated as:

File GSTR-3B for a Tax Period

- a. *Fill Table 6A of Form GSTR-1 available in the Common Portal. Refund will be processed based on this Table 6A*
- b. *As and when Form GSTR-1 is filed, the data relating to exports will be auto-populated from the above Table 6A]*

Further, the persons claiming refund of integrated tax paid on exports of goods or services should not have -

- (a) received supplies on which the benefit of Notification No. 48/2017-Central Tax, dt. 18.10.2017 or Notification No. 40/2017-Central Tax (Rate), dt. 23.10.2017 or Notification No. 41/2017-Integrated Tax (Rate), dt. 23.10.2017 has been availed; or
- (b) availed the benefit under Notification No. 78/2017-Customs, dt. 13.10.2017 or Notification No. 79/2017-Customs, dt. 13.10.2017.

Q25. Is there any requirement to be met for persons making zero rated supplies to claim refund of taxes paid in relation to supply of goods or services under bond or Letter of Undertaking?

Ans. Yes, as per Rule 96A of CGST Rules, 2017, any registered person availing the option to make a zero-rated supply of goods or services without payment of integrated tax shall furnish a bond or a Letter of Undertaking in **FORM GST RFD-11** prior to execution of such supply.

This has been explicitly stated in *Circular No. 14/14 /2017 – GST dated 6.11.2017*, which states that:

“LUT/Bond is a prior requirement for export, including exports to a SEZ developer or a SEZ unit, the LUT/bond should be processed on top most priority. It is clarified that LUT/bond should be accepted within a period of three working days of its receipt along with the self-declaration as stated in para 2(d) above by the exporter. If the LUT / bond is not accepted within a period of three working days from the date of submission, it shall deem to be accepted”

Q26. Who is eligible for submitting a Letter of Undertaking (LUT) in place of a Bond?

Ans. In terms of *Notification No. 37/2017 – Central Tax dated 04-10-2017*, all registered persons, who intend to supply goods or services for export without payment of integrated tax shall be eligible to furnish a LUT in place of a bond except those who have been prosecuted for any offence under the CGST Act, SGST Act, IGST Act or any of the existing laws in force in a case where the amount of tax evaded exceeds two hundred and fifty lakh rupees

A self-declaration by the exporter that he has not been prosecuted is sufficient for the purposes of *Notification No. 37/2017- Central Tax dated 4-10-2017*. Department may verify the claim after acceptance of the LUT, unless Department has any specific information otherwise regarding the prosecution. (*Circular No. 8/8/2017-GST dated 4-10- 2017*)

The registered person (exporters) shall fill and submit **FORM GST RFD-11** on the common portal. An LUT shall be deemed to be accepted as soon as an acknowledgement for the same, bearing the Application Reference Number (ARN), is generated online. No document needs to be physically submitted to the jurisdictional office for acceptance of LUT. (*Circular No. 40/14/2018-GST dated 06-04-2018*)

Further, An LUT shall be deemed to have been accepted as soon as an acknowledgement for the same, bearing the Application Reference Number (ARN), is generated online. If it is discovered that an exporter whose LUT has been so accepted, was ineligible to furnish an LUT in place of bond as per *Notification No. 37/2017-Central Tax*, then the exporter's LUT will be liable for rejection. In case of rejection, the LUT shall be deemed to have been rejected ab initio. (*Circular No. 40/14/2018-GST dated 06-04-2018*) Adding further, any person who is prosecuted for an evasion more than ` 2,50,000 shall execute a Bond. The Bond shall be accompanied by Bank Guarantee for 15% of the Bond amount. (*Circular No. 8/8/2017-GST dated 04-10-2017*)

The LUT facility is also extended to Supplies made to SEZ unit/developer.

Note : The eligibility criteria for submitting a LUT in place of a Bond has been relaxed from 04th October 2017 *vide Notification No. 37/2017 – Central Tax dated 4-10-2017*. Before that such criteria were stipulated in *Notification No. 16/2017 - Central Tax dated July 7, 2017*

Q27. When the facility of export without payment of integrated tax will be deemed to have been withdrawn in terms of *Notification No. 37/2017 – Central Tax dated 04-10-2017*.

Ans. Where the registered person fails to pay the tax due along with interest (under Section 50(1) of the CGST Act within:

- 15 days after the expiry of 3 months or such further period as may be allowed by the Commissioner, from the date of issue of the invoice for export, if the goods are not exported out of India; or

- 15 days after the expiry of 1 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.

the facility of export without payment of integrated tax will be deemed to have been withdrawn. However, if the amount mentioned in Rule 96A of the CGST Rules is paid, the facility of export without payment of integrated tax shall be restored.

Q28. Whether bond or Letter of Undertaking (LUT) is required in the case of zero-rated supply of exempted or non-GST goods and whether refund can be claimed by the exporter of exempted or non-GST goods?

Ans. As per section 16(2) of the IGST Act, credit of input tax may be availed for making zero rated supplies, notwithstanding that such supply is an exempt supply. Whereas, as per section 2 (47) of the CGST Act, exempt supply includes non-taxable supply. Further, as per section 16(3) of the IGST Act, a registered person making zero rated supply shall be eligible to claim refund when he either makes supply of goods or services or both under bond or letter of undertaking (LUT) or makes such supply on payment of integrated tax.

However, in case of zero rated supply of exempted or non-GST goods, the requirement for furnishing a bond or LUT cannot be insisted upon. It is thus, clarified that in respect of refund claims on account of export of non-GST and exempted goods without payment of integrated tax; LUT/bond is not required. Such registered persons exporting non-GST goods shall comply with the requirements prescribed under the existing law (i.e. Central Excise Act, 1944 or the VAT law of the respective State) or under the Customs Act, 1962, if any

Further, the exporter would be eligible for refund of unutilized input tax credit of central tax, state tax, union territory tax, integrated tax and compensation cess in such cases.

(Circular No. 45/19/2018-GST dated 30-05-2018)

Q29. What will be the amount of bond furnished for exports and how will the bond be secured?

Ans. The bond would cover the amount of tax involved in the export based on estimated tax liability as assessed by the exporter himself. **FORM RFD -11** under Rule 96A of the CGST Rules requires furnishing a bank guarantee with bond as a security. A bond, in all cases, shall be accompanied by a bank guarantee of 15% of the bond amount.

Please Note- Since the facility of export under LUT has been extended to all registered persons, bond will be required to be furnished by those persons who have been prosecuted for cases involving an amount exceeding Rupees two hundred and fifty lakhs
[Refer Circular No. 8/4/2017-GST October 4, 2017]

Q30. What will be the validity period of bond or LUT furnished for exports?

- Ans. 1. A bond is valid till the outstanding tax liability on exports is within the bond amount.
2. As regards LUT, it shall be valid for the whole financial year for which it is tendered.

Q31. Whether refund can be filed manually?

- Ans. Yes, the refunds may be filed manually and the processing of refund with respect to any notice, reply or order, among others, can also be issued / filed manually. in terms of Rule 97A inserted in the CGST Rules, 2017 vide *Notification No. 55/2017 – Central Tax dated 15-11-2017*.

In terms of Rule 97A, any reference to this Chapter (i.e., Chapter X- Refund under CGST Rules) any reference to electronic filing of an application, intimation, reply, declaration, statement or electronic issuance of a notice, order or certificate on the common portal shall, in respect of that process or procedure, include manual filing of the said application, intimation, reply, declaration, statement or issuance of the said notice, order or certificate in such Forms as appended to these rules.

Q32. Who can file an application for refund in case of deemed export?

- Ans. In terms of third proviso to Rule 89 inserted vide *Notification No. 47/2017 – Central Tax dated 10.10.2017*, application for refund in case of deemed export can be filed by:
- (a) the recipient of deemed export supplies; or
 - (b) the supplier of deemed export supplies in cases where the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund

Q33. State the evidences which are required to be produced by the supplier of deemed export supplies for claiming refund

- Ans. Rule 89 (2) of the CGST Rules *inter alia* specifies the documentary evidences to be accompanied in Annexure 1 of **Form GST RFD-01**, an application of refund of tax ,interest ,penalty or any other amount made under Rule 89(1) filed .

As per Rule 89(2)(g) in case of refund is on account of deemed exports, a statement containing the number and date of invoices along with such other evidence as may be notified are to be submitted. In this regard Central government vide *Notification No. 49/2017-Central Tax dated 18.10.2017* has notified the certain evidences which are required to be produced by the supplier of goods of deemed export supplies for claiming refund:

1. Acknowledgment by the jurisdictional Tax officer of the Advance Authorisation holder or Export Promotion Capital Goods Authorisation holder ("**Holder**"), as the

case may be, that the said deemed export supplies have been received by the Holder, or

Copy of the tax invoice under which such supplies have been made by the supplier, duly signed by the recipient EOU that said deemed export supplies have been received by it.

2. An undertaking by the recipient of deemed export supplies that :
 - No input tax credit on such supplies has been availed of by him.
 - He shall not claim the refund in respect of such supplies and the supplier may claim the refund.

Note: Though not stated but It is prudent for the supplier to obtain an undertaking from the recipient that recipient has not claimed refund of the GST paid on the Deemed Exports the and the supplier may claim the refund.

Q34. Is there any manual filing and processing of refund claims on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger provided ("REFUND")?

Ans. Yes. manual filing and processing of refund claims on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger provided is provided vide *Circular No.24/24/2017-GST dated 21-10-2017*. This Circular interalia provides that provisions of *Circular No. 17/17/2017-GST dated 15.11.2017* shall also be applicable to aforesaid REFUND [inverted duty structure, except those supplies which are notified by the Government] in as much as they pertain to the method of filing of the refund claim and its processing which is consistent with the relevant provisions of the CGST Act and Rules , 2017

Such REFUND and refund claims in respect of zero-rated supplies shall be filed for a tax period on a monthly basis in **FORM GST RFD-01A**. In case registered persons having aggregate turnover of up to `1.5 crore in the preceding financial year or the current financial year are opting to file **FORM GSTR-1** quarterly (*Notification No. 57/2017-Central Tax dated 15.11.2017* refers), such persons shall apply for refund on a quarterly basis.

Further, refund claim for a tax period may be filed only after filing the details in **FORM GSTR-1** for the said tax period and a valid return in **FORM GSTR-3B** has been filed for the last tax period before the one in which the refund application is being filed. Due to extensions provided in filing return for July month, has been decided by the competent authority can sanction provisional refund. And an undertaking (manually with **FORM GST RFD-01**) to the effect that the amount of refund sanctioned would be paid back to the Government with interest must be submitted by registered persons applying for refund

Q35. Whether intra/ inter State supply of taxable goods by a registered supplier to a registered recipient for export are exempt?

Ans. In terms of *Notification No. 40/2017-Central Tax (Rate) dated 23-10-2017* and *Notification No. 41/2017--Integrated Tax (Rate) dated 23-10-2017*, the Central Government exempts the intra-State supply of taxable goods in excess of the amount calculated @**0.05 %** by a registered supplier to a registered recipient w.e.f. 23-10-2017 for export and the same is subject to fulfilment of the following conditions namely:

- (i) Supplier shall supply the goods to the Recipient on a **tax invoice**;
- (ii) Recipient shall export the said goods within a period of **90 days** from the date of issue of a tax invoice by the Supplier;
- (iii) Recipient shall indicate the **GSTIN** of the Supplier and the **tax invoice number** issued by the Supplier in respect of the said goods in the shipping bill or bill of export;
- (iv) Recipient shall be registered with an **Export Promotion Council** or a **Commodity Board** recognized by the Department of Commerce;
- (v) Recipient shall place an order on Supplier for procuring goods at **concessional rate** and a copy of the same shall also be provided to the jurisdictional tax officer of the Supplier;
- (vi) Recipient shall move the said goods from place of Supplier –
 - (a) directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; or
 - (b) directly to a warehouse from where the said goods shall be move to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;
- (vii) If the Recipient intends to aggregate supplies from multiple Suppliers and then export, the goods from each Supplier shall move to a warehouse and after aggregation, the Recipient shall move goods to the Port, Inland Container Depot, Airport or Land Customs Station from where they shall be exported;
- (viii) In case of situation referred to in condition (vii), the Recipient shall endorse receipt of goods on the tax invoice and also obtain acknowledgement of receipt of goods in the warehouse from the warehouse operator and the endorsed tax invoice and the acknowledgment of the warehouse operator shall be provided to the Supplier as well as to the jurisdictional tax officer of such supplier; and
- (ix) When goods have been exported, the Recipient shall provide copy of shipping bill or bill of export containing details of Goods and Services Tax Identification

Number (GSTIN) and tax invoice of the Supplier along with proof of export general manifest or export report having been filed to the Supplier as well as jurisdictional tax officer of such supplier.

(Terms referred in above conditions shall be read as Supplier – Registered Supplier, Recipient – Register Recipient, Warehouse – Registered Warehouse)

Further, the Supplier shall not be eligible for the above-mentioned exemption if the registered recipient fails to export the said goods within a period of **90 days** from the date of issue of tax invoice.

Refund in certain cases (Section 55)

Q36. Is there any other case apart from those covered in Section 54, wherein refund can be claimed under GST?

Ans. Yes, as per Section 55 of the CGST Act, the Government may, on the recommendations of the Council, by notification, specify any specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation 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 certain conditions and restrictions, be entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them.

Further, the Central Government vide [Notification No. 20/2018 – Central Tax dated 28th March, 2018](#) has increased the time limit from 6 months to 18 months from the last date of the quarter in which such supply was received, within which the specified persons shall make an application for refund of tax paid by it on inward supplies of goods or services or both, to the jurisdictional tax authority.

Q37. What is the Processing of refund applications filed by Canteen Stores Department?

Ans. The Canteen Stores Department (the CSD), under the Ministry of Defence, as a person who shall be entitled to claim a refund of 50 % of the applicable IGST/CGST paid by it on all inward supplies of goods received by it for the purposes of subsequent supply of such goods to the Unit Run Canteens of the CSD or to the authorized customers of the CSD in terms of Notifications No. 6/2017-Central Tax (Rate), No. 6/2017-Integrated Tax (Rate) both all dated 28.06.2017.

In this regard, Central Government vide [Circular No. 60/34/2018-GST dated 4.09.2018](#) has provided a manner and procedure for filing and processing of refund claims by CSD which is explained as below:

1. **Invoice-based refund:** It is clarified that the instant refund to be granted to the CSD is not for the accumulated input tax credit, but refund based on the invoices of the inward supplies of goods received by them.
2. **Manual filing of claims on a quarterly basis:** the CSD are required to apply for refund on a quarterly basis the CSD shall apply for refund by filing an application in **FORM GST RFD-10A** manually to the jurisdictional tax office which shall be accompanied with prescribed documents
3. **Processing and sanction of the refund claim :** Upon receipt of the complete application in **FORM GST RFD-10A**, an acknowledgement shall be issued manually within 15 days of the receipt of the application in FORM GST RFD-02 by the proper officer. In case of any deficiencies in the requisite documentary evidences the same shall be communicated to the CSD by issuing a deficiency memo manually in **FORM GST RFD-03**.

The proper officer may scrutinize:

- The details contained in **FORM RFD-10A**, **FORM GSTR-3B** and **FORM GSTR-2A**.
 - The proper officer should ensure that the amount of refund sanctioned is 50 % of the taxes paid on the supplies received by CSD.
4. **Sanctioning of Refund:** The proper officer shall issue the refund sanction/rejection order manually in **FORM GST RFD-06** along with the payment advice manually in **FORM GST RFD-05** for each tax head separately.

Further, it is clarified that the CSD will apply for refund with the jurisdictional Central tax/State tax authority to whom the CSD has been assigned. However, the payment of the sanctioned refund amount in relation to central tax / integrated tax shall be made by the Central tax authority while payment of the sanctioned refund amount in relation to State Tax / Union Territory Tax shall be made by the State tax/Union Territory tax authority.

Interest on delayed refunds (Section 56)

Q38. Would interest be paid on the amount of refund sanctioned?

Ans. Yes, in terms of section 56, interest would be paid at a rate not exceeding 6%, if the refund is not sanctioned with 60 days from the receipt of refund application.

It is pertinent to note that the Government *vide Notification No. 13/2017 – Central Tax dated 28-6-2017* has prescribed the rate of interest @ 6%

Q39. How would the interest be computed and paid?

Ans. Interest would be computed and paid for the period after expiry of 60 days from the receipt of refund application till the date of actual refund of tax.

Q40. If refund is made based on the order of appellant authority, then would interest be paid?

Ans. Yes, interest (at a rate not exceeding 9%) would be computed and paid for the period starting from expiry of 60 days from the date of application consequent to the order till the date of actual refund of tax.

It is pertinent to note that the Government *vide Notification No. 13/2017 – Central Tax dated 28-6-2017*, has prescribed the rate of interest @ 9%

Consumer welfare fund (Section 57)

Q41. Is there any consumer welfare fund under GST?

Ans. Yes, this would be established by the Central/ State Government.

Q42. Can the amount of tax sanctioned as refund be credited to fund?

Ans. Yes, an amount of tax under Section 54(5) or 54(6) can be credited to fund account.

Q43. Can amount credited to fund account be invested?

Ans. Yes, such amount can be invested by the Central/State Government or the authorized persons.

Utilisation of fund (Section 58)

Q44. Can amount credited to fund be utilised?

Ans. Yes, the fund can be utilised by the Central/ State Government for the welfare of the consumers.

Q45. Whether details of amount credited /debited to fund is required to be maintained?

Ans. Yes, the Central/State Government shall maintain, or specify the authority who shall maintain proper and separate accounts and other relevant records in this regard.

MCQ's

Refund of tax (section 54)

Q1. Refunds will not be allowed in cases of:-

- (a) Exports made on which export duty is levied
- (b) Exports made without payment of tax

- (c) Inverted duty structures where tax on inputs are higher than tax on outputs
- (d) None of the above

Ans. (a) *Exports made on which export duty is levied*

Q2. Refund application is to be filed before the expiry of _____ from the relevant date.

- (a) Two years
- (b) One year
- (c) 180 days
- (d) 260 days

Ans. (a) *Two years*

Q3. A specialised agency of the UNO can claim refund of tax paid on...

- (a) Intra-State supply of goods and/or services
- (b) Inter-state supply of goods and/or services
- (c) Inward supply of goods and/or services
- (d) All of the above

Ans. (c) *Inward supply of goods and/or services*

Q4. What is the time limit for filing of refund application by a specialised agency of the UNO?

- (a) Before the expiry of eight months from the last day of the quarter in which such inward supply received
- (b) Before expiry of eight months from the last day of the month in which such inward supply received
- (c) Before expiry of six months from the last day of the month in which such inward supply was received
- (d) Before expiry of six months from the last day of the quarter in which such inward supply was received

Ans. (d) *Before the expiry of six months from the last day of the quarter in which such inward supply was received*

Q5. A registered person claiming refund of balance in electronic cash ledger may make such a claim in: -

- (a) Application for refund
- (b) Annual Return
- (c) Returns filed at the end of tax periods
- (d) None of the above

Ans. (c) *Returns filed at the end of tax periods*

Q6. Refunds would be allowed on a provisional basis in case of refund claims on account of zero-rated supplies of goods and/or services made by registered persons. At what percentage, would such provisional refunds be granted?

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

Ans. (d) 90%

Q7. Order sanctioning the amount of refund due to the said applicant on a provisional basis shall be made within _____ from the date of the acknowledgement.

- (a) 7 days
- (b) 15 days
- (c) 30 days
- (d) 2 months

Ans. (a) 7 days

Q8. The applicant is not required to furnish documentary evidence if the amount of refund claimed is less than: -

- (a) ` 6 lacs
- (b) ` 2 lac
- (c) ` 10 lac
- (d) ` 20 lac

Ans. (b) ` 2 lac

Q9. Refund shall not be paid to the applicant if the amount of refund is less than

- (a) ` 1000

- (b) ` 5000
- (c) ` 7000
- (d) ` 10000

Ans. (a) ` 1000

Q10. The sanctioned refund amount can be adjusted against the payments which the assessee is liable to pay but remains unpaid under the erstwhile law.

- (a) Tax
- (b) Penalty
- (c) Interest and other amounts
- (d) All of the above

Ans. (d) *All of the above*

Q11. The time limit available to proper officer to pass final order after accepting the refund application is -

- (a) Within sixty days from the date of receipt of application.
- (b) Within eighty days from the date of receipt of application.
- (c) Within ninety days from the date of receipt of application.
- (d) Within thirty days from the date of receipt of application.

Ans. (a) *Within sixty days from the date of receipt of application.*

Q12. The SEZ developer or SEZ unit exporting goods and / or services shall not be eligible to claim refund of IGST paid by the registered taxable person on such supply. Is this statement -

- (a) True
- (b) False

Ans. (b) *False*

Q13. A SEZ developer or SEZ unit shall not be eligible to claim refund of taxes in respect of its inward supplies. Is this statement-

- (a) True
- (b) False

Ans. (a) *True*

Interest on delayed refunds (Section 56)

Q14. Interest on refund amount is required to be paid after expiry of from the date of receipt of the application

- (a) 60 days
- (b) 90 days
- (c) 180 days
- (d) 240 days

Ans. (a) 60 days

Q15. What is the rate of interest to be payable in case of delay in sanctioning the refund claimed?

- (a) Not exceeding 6%
- (b) Not exceeding 8%
- (c) Not exceeding 10%
- (d) Not exceeding 12%

Ans. (a) Not exceeding 6%

Note: The Government vide Notification No. 13/2017 – Central Tax dated 28-6-2017 has prescribed the rate of interest @ 6%

Q16. Whether a manufacture of fabrics will be eligible for refund of unutilized input tax credit of GST paid on inputs [other than the input tax credit of GST paid on capital good] in respect of fabrics manufactured and exported by him [i.e., exporter of fabric].

- (e) Yes
- (f) No

Ans. (a) Yes [in Circular No. 18/18 /2017 – GST dated 16.11.2017]