



# REFUND UNDER GST

## Law, Rules & Forms

# What is GST?

Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition.

In simple words, GST is an indirect tax levied on the supply of goods and services. GST Law has replaced many indirect tax laws that previously existed in India.

## Central Taxes

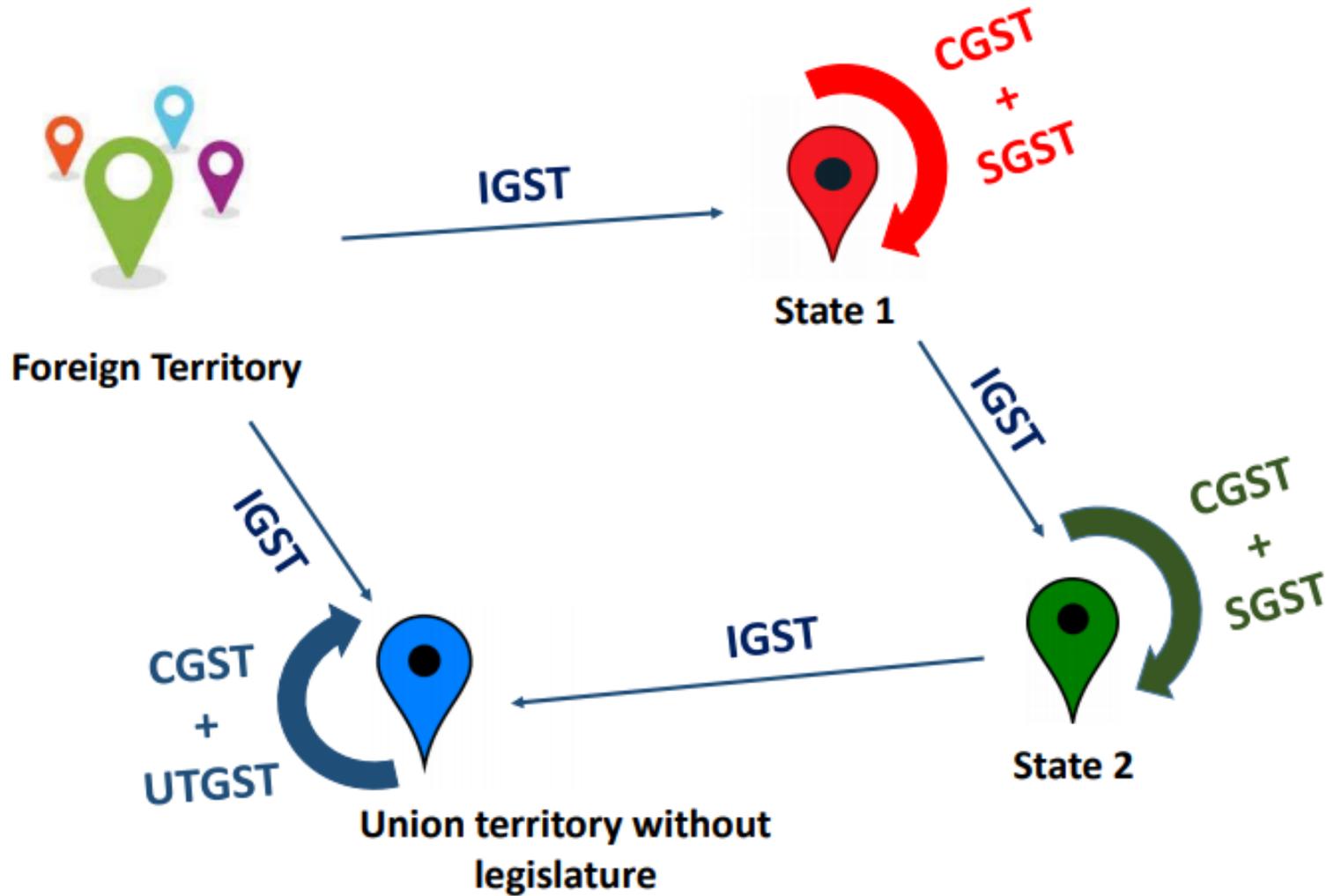
- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toilet Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax
- Surcharges & Cesses

# GST

## State Taxes

- State VAT / Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

# GST Types



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# What's New in Refund under GST?

- Acknowledgement within 15 days
- Online Application
- Claim to be processed in 90 days
- Refund amount directly credited to bank
- Provisional Grant of Refund
- Delayed Refund granted with Interest

# What is Refund?



GST paid is more than the GST liability a situation of claiming GST refund arises. Under GST the process of claiming a refund is standardized to avoid confusion. The process is online and time limits have also been set for the same. Any person claiming refund of any tax and interest, if any, paid on such tax or Refund of Tax, any other amount paid by him, may make an application before the expiry of two years from the relevant date. The same can be filed while filing of GST Return by a registered person in case it is related to balance in electronic cash ledger. Application in case of export shall be filed only after the export manifest or an export report, as the case may be, is delivered under section 41 of the Customs Act, 1962 in respect of such goods.

# Who can claim Refund?

A registered person may claim refund of any unutilized input tax credit at the end of any tax period.

Refund can be claimed in the following cases:-

- Export of goods or services
- Supplies to SEZs units and developers
- Deemed exports
- Refund of taxes on purchase made by UN or embassies etc.
- Refund arising on account of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court
- Refund of accumulated Input Tax Credit on account of inverted duty structure
- Finalization of provisional assessment
- Refund of pre-deposit
- Excess payment due to mistake
- Refunds to International tourists of 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 inter-State supply and vice versa

# What is the Process of Refund under GST?



1. Application (Form RFD-01) form for claiming refund can be filed through the GSTN portal.
2. An acknowledgement number would be shared with applicant via sms or email, once the application is filed electronically.
3. Adjustment would be made to return and cash ledger and reduce the “carry-forward input tax credit” automatically. (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)
4. Refund application and documents submitted shall be scrutinized within a period of 60 days of filing the refund application.
5. Concept of “unjust enrichment” would be examined for reach refund application. If it does not qualify, then the refund would be transferred to CWF (consumer welfare fund).
6. If refund claimed exceeds the predetermined amount of refund then it will go through pre-audit process for sanctioning the refund.
7. Refund will be credited electronically to the account of applicant via ECS, RTGS or NEFT.

# Documents Required for Filing Refund



**In case of Court Judgment:** The reference number of the order and a copy of the order passed by the proper officer or an appellate authority or Appellate Tribunal or court resulting in such refund or reference number of the payment of the amount specified in subsection (6) of section 107 and sub-section (8) of section 112 claimed as refund

**In case of Export:**

- A statement containing the number and date of shipping bills or bills of export and the number and the date of the relevant export invoices, in a case where the refund is on account of export of goods
- A statement containing the number and date of invoices along with such other evidence as may be notified in this behalf, in a case where the refund is on account of deemed exports

**In case of FDI:** A statement containing the number and date of invoices and the relevant Bank Realization Certificates or Foreign Inward Remittance Certificates, as the case may be, in a case where the refund is on account of the export of services

# ...Documents Required for Filing Refund



## In case of SEZ:

- A statement containing the number and date of invoices as provided in rule 46 along with the evidence regarding the endorsement specified in the second proviso to sub-rule (1) in the case of the supply of goods made to a Special Economic Zone unit or a Special Economic Zone developer.
- A statement containing the number and date of invoices, the evidence regarding the endorsement specified in the second proviso to sub-rule (1) and the details of payment, along with the proof thereof, made by the recipient to the supplier for authorised operations as defined under the Special Economic Zone Act, 2005, in a case where the refund is on account of supply of services made to a Special Economic Zone unit or a Special Economic Zone developer
- A declaration to the effect that the Special Economic Zone unit or the Special Economic Zone developer has not availed the input tax credit of the tax paid by the supplier of goods or services or both, in a case where the refund is on account of supply of goods or services made to a Special Economic Zone unit or a Special Economic Zone developer

# ...Documents Required for Filing Refund



**In case of Inverted Duty:** a statement containing the number and the date of the invoices received and issued during a tax period in a case where the claim pertains to refund of any unutilised input tax credit under sub-section (3) of section 54 where the credit has accumulated on account of the rate of tax on the inputs being higher than the rate of tax on output supplies, other than nil-rated or fully exempt supplies

**In case of Difference Supply Nature:** a statement showing the details of transactions considered as intra-State supply but which is subsequently held to be inter-State supply

**In case of Excess Payment:** a statement showing the details of the amount of claim on account of excess payment of tax

# What is the Relevant Date for Claiming Refund?



In Case of	Relevant Date
Export by Sea/Air	The date on which the ship or the aircraft in which such goods are loaded, leaves India
Export by Land	The date on which such goods pass the frontier
Export by Post	The date of dispatch of goods by the Post Office concerned to a place outside India
Deemed Export	The date on which the return relating to such deemed exports is furnished
Export of Service	The date of– (i) Receipt of payment in convertible foreign exchange, where the supply of services had been completed prior to the receipt of such payment; or (ii) Issue of invoice, where payment for the services had been received in advance prior to the date of issue of the invoice

## ...Relevant Date

In Case of	Relevant Date
Order/Judgement	The date of communication of such judgment, decree, order or direction
Refund of unutilised input tax credit	End of Financial year
Provisional payment of Tax	The date of adjustment of tax after the final assessment
Other Cases	The date of Payment of Tax

# What is the Rate of Interest for Refund?

Rate of Interest is:-

In Case	Rate P.A.
Refund is withheld*	6
Refund of any unutilized input tax credit at the end of any tax period	24
Other Cases	18
Interest on Delayed Refund <sup>#</sup>	6
Interest on Delayed Refund <sup>\$</sup>	9

\*Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings 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 proceedings 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.

<sup>#</sup>Where tax is not refunded within 60 days from the date of order of refund.

<sup>\$</sup>Where refund is due after the final decree or order and refund has not been paid within 60 Days.

# Refund in case of Zero Rated Supply



In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking, refund of input tax credit shall be granted as per the following formula –

**Refund Amount** = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover

Where,

Adjusted Total Turnover means Turnover with the State/UT excluding exempted supplies

Net ITC means ITC on Goods & Services available during the period

# Refund in case of Zero Rated Supply



Provisional 90% of the refund shall be paid by the Proper Officer within 7 days of application, if he considers that prima facie refund is due to the applicant. The aforesaid provision is applicable subject to the following conditions:-

1. 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;
2. The GST compliance rating, where available, of the applicant is not less than five on a scale of ten;
3. No proceedings of any appeal, review or revision are pending on any of the issues which form the basis of the refund and if pending, the same has not been stayed by the appropriate authority or court.

# Refund in case Inverted Duty



In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking, refund of input tax credit shall be granted as per the following formula –

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

Where,

- Adjusted Total Turnover means Turnover with the State/UT excluding exempted supplies
- Net ITC means ITC on Goods & Services available during the period

# Refund Forms



Form Number	Nature
FORM GST RFD-01	Application for Refund
FORM GST RFD-02	Acknowledgment of Refund
FORM GST RFD-03	Deficiencies found in refund application is informed by Proper officer in said form
FORM GST RFD-04	Order of Sanction of Refund on provisional basis within 7 days ( if prima facie looks that refund is due)
FORM GST RFD-05	Payment advice issued for Order of sanction in Form GST RFD-04
FORM GST RFD-06	Order of Sanction of Refund after verification
FORM GST RFD-07- PART A	Order of Adjustment of refund from pending dues/taxes
FORM GST RFD-07- PART B	Order of Withheld of refund
FORM GST RFD-08	Rejection Order
FORM GST RFD-09	Reply to Rejection Order (Within 15 days)*
FORM GST RFD-10	Request for Refund in case of UIN
FORM GST RFD-11	Export Cases <sup>#</sup>

# ...Forms



\*Post this, he can make order in Form -06 sanctioning full/partial refund

#Any person availing the option of Export of Goods/Services without payment of IGST on it, shall file an undertaking in Form GST RFD-11 prior to export to give undertaking to pay tax along with interest in following cases within a period of:-

1. 15 Days after the expiry of 3 months, from the date of issue of Invoice, if goods are not exported.
2. 15 days after the expiry of 1 Year, from the date of issue of Invoice, if payment of such service is not received in convertible foreign exchange.

THANK YOU

1. **Central Goods and Services Tax, 2017**
2. **Bare Law on GST by ICAI- IDT Department**
3. **Central Goods and Services Tax (CGST) Rules,2017**

Notified vide Notification No. 3 /2017-Central Tax (Dated 19th June 2017) and further as amended by

- Notification No. 7/2017-Central Tax (Dated 27th June 2017),
- Notification No. 10/2017-Central Tax (Dated 28th June 2017),
- Notification No. 15/2017-Central Tax (Dated 1st July 2017),
- Notification No. 17/2017- Central Tax (Dated 27th July 2017),
- Notification No. 22/2017-Central Tax (Dated 17th August 2017),
- Notification No. 27/2017-Central Tax (Dated 30th August 2017),
- Notification No. 34/2017-Central Tax (Dated 15th September 2017),
- Notification No. 36/2017-Central Tax (Dated 29th September 2017),
- Notification No. 45/2017-Central Tax (Dated 13th October 2017),
- Notification No. 47/2017-Central Tax (Dated 18th October, 2017)
- Notification No. 51/2017-Central Tax (Dated 28th October, 2017)
- **Notification No. 55/2017-Central Tax (Dated 15th November, 2017)**

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