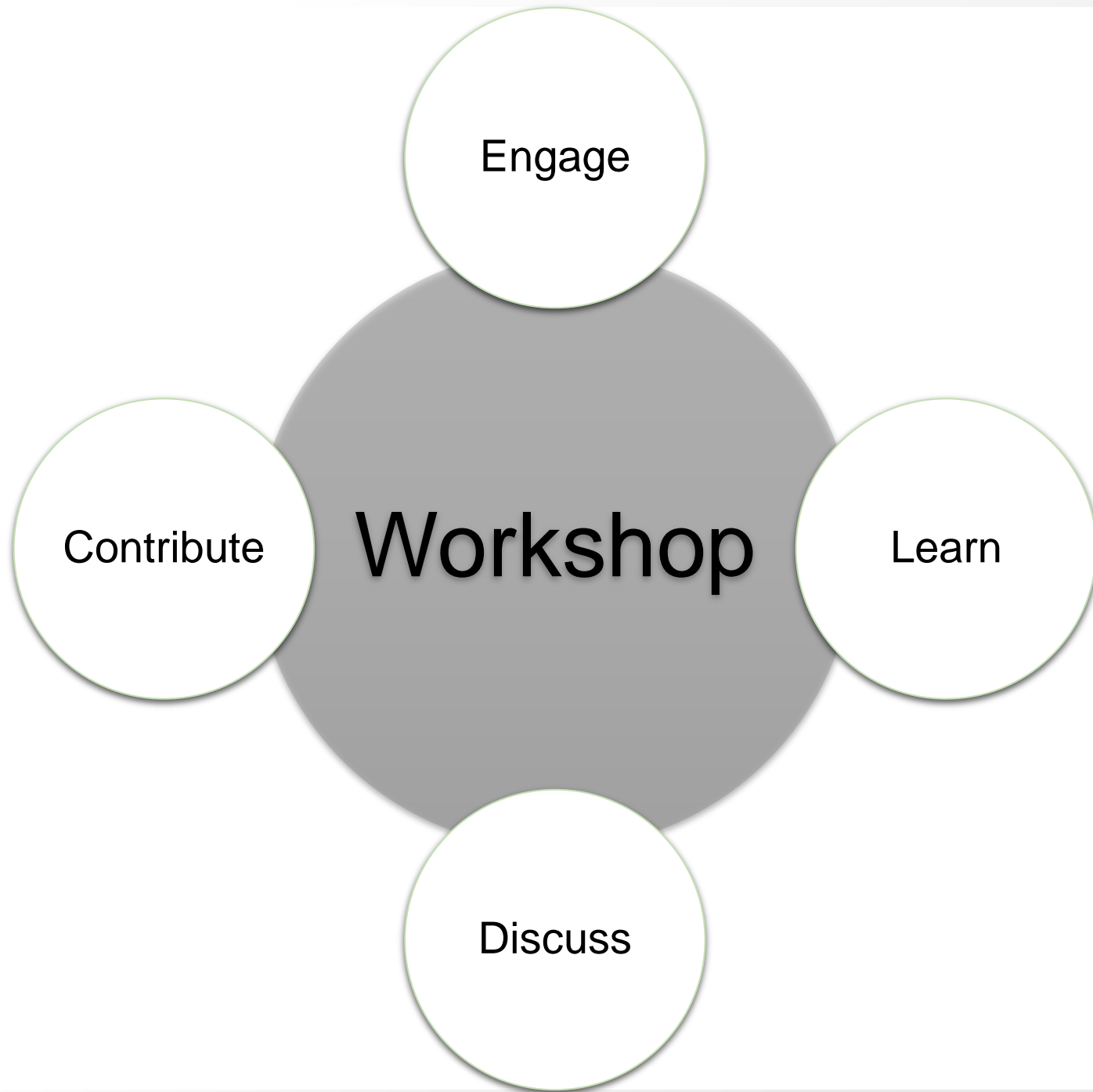


workshop

Refunds

under

GST



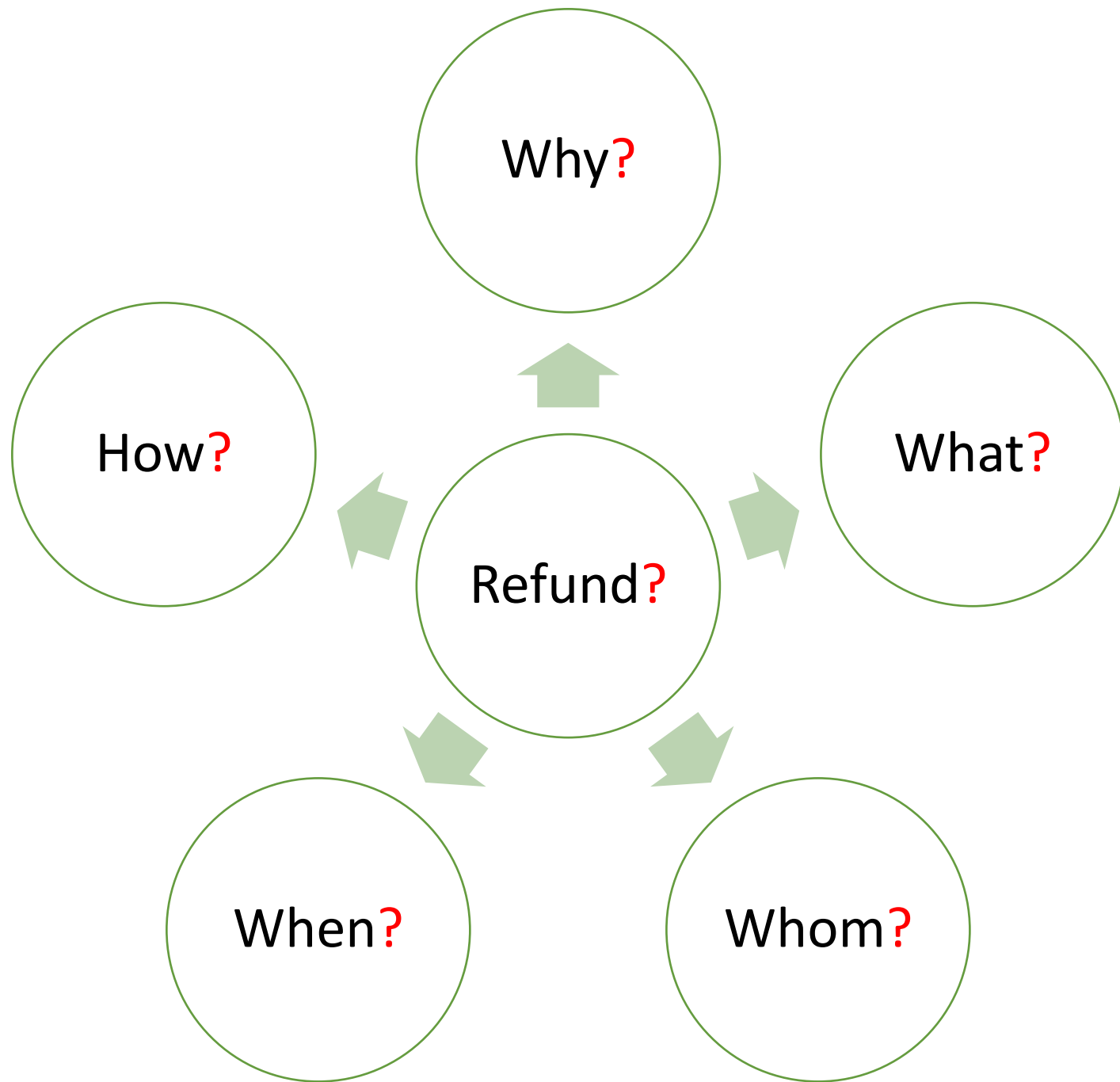
Engage

Contribute

Workshop

Learn

Discuss





Sections, Rules & Forms

Notifications & Circulars

Case Laws

Practical Experience

Snapshot of Legal provisions

5 Sections

CGST Act, 2017
Chapter XI
[Section 54 to 58]

14 Rules

CGST Rules, 2017
Chapter X
[Rules 89 to 97A]

16 Forms

CGST Rules, 2017
[GST RFD 01 to GST RFD 11]

Circulars

Circular no. 125/44/2019 - GST [Master circular]

Circular no. 135/05/2020 - GST

Snapshot of Sections

CGST Act, 2017 | Chapter XI | Sec 54 to 58

Section 54	Refund of tax
Section 55	Refund in certain cases
Section 56	Interest on delayed refunds
Section 57	Consumer Welfare Fund
Section 58	Utilisation of Fund

Total number of sections - 5 no's

Snapshot of Rules

CGST Rules, 2017 | Chapter X | Rule 89 to 97A

Rule 89	Application	Rule 95A	Refund to Retail outlets in international Airports
Rule 90	Acknowledgement	Rule 96	Refund of IGST paid on Exports
Rule 91	Provisional refund	Rule 96A	Letter of undertaking & Bond
Rule 92	Refund order	Rule 96B	Recovery - Export proceeds not realized
Rule 93	Re credit of rejected claim	Rule 96C	Bank account for credit of refund
Rule 94	Interest on delayed refund	Rule 97	Consumer Welfare Fund
Rule 95	Refund to Certain persons	Rule 97A	Manual filing and processing

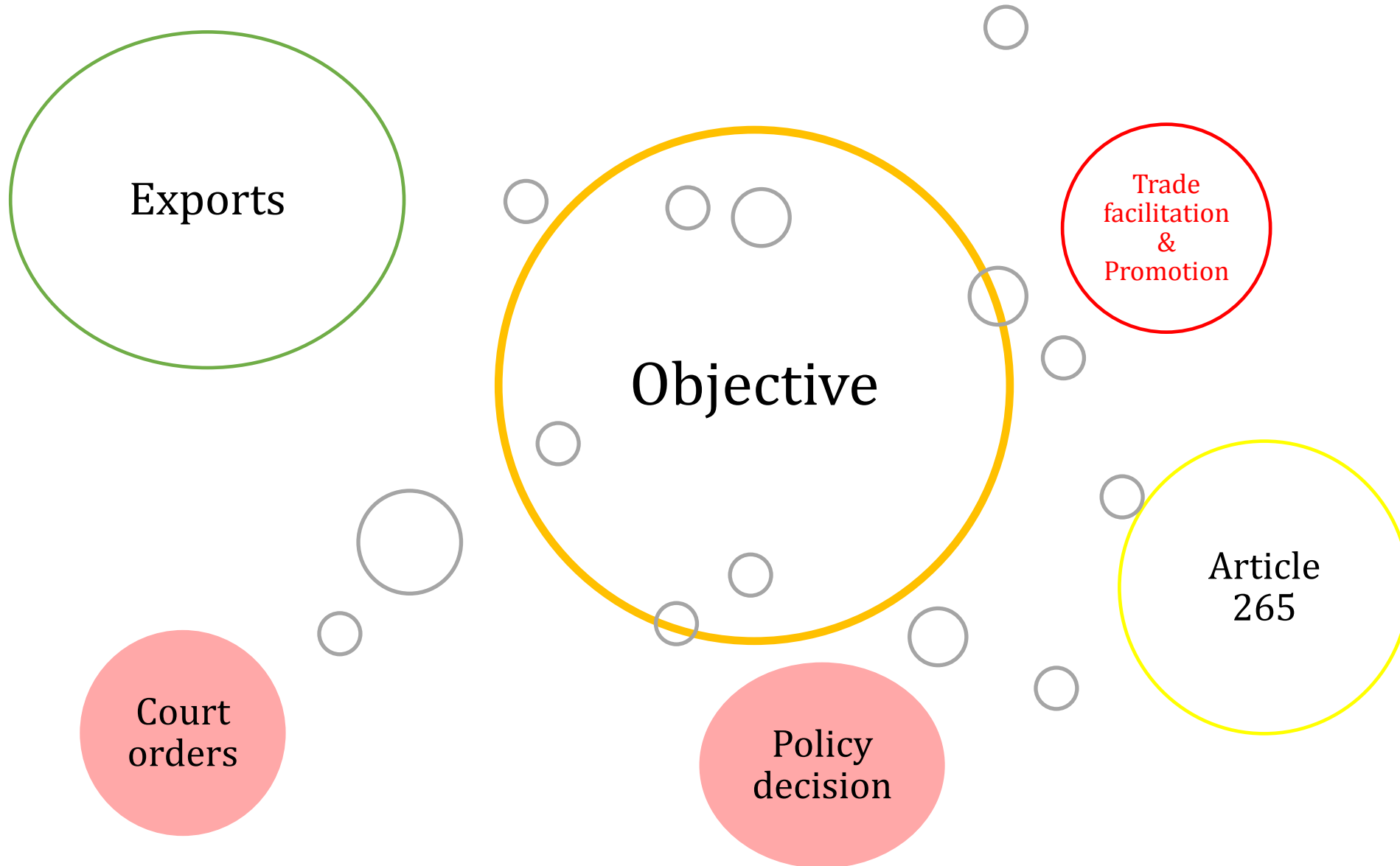
Total number of Rules - 14 no's

Snapshot of Forms

CGST Rules, 2017 | Form GST RFD 01 to RFD 11

RFD – 01	Application for Refund	RFD – 07	Order for withholding of refund
RFD - 01A	Application for Refund (Manual)	RFD – 08	Notice for rejection of refund
RFD – 01B	Refund Order Details	RFD – 09	Reply to show cause notice
RFD – 01W	Application for withdrawal		
RFD - 02	Acknowledgment	RFD – 10	Application by notified person
RFD – 03	Deficiency Memo	RFD – 10A	Application by Canteen stores department
RFD – 04	Provisional Refund Order	RFD – 10B	Application by Duty-Free Shops/Duty Paid Shops (Retail outlets)
RFD – 05	Payment Order		
RFD – 06	Refund Sanction/Rejection Order	RFD – 11	Furnishing of a LUT or Bond

Total number of Forms - 16 no's



Types of Refunds

Various Scenarios

Zero- Rated Supplies	Export of Goods [WP]	Deemed exports	Tax paid by Supplier
			Tax paid by Recipient
	Export of Services [WP]	Others	Refund of excess balance in cash ledger
	ITC on inputs/Input services used in Exports [WOP]		Tax paid under wrong head (Sec 77)
	Supplies to SEZ unit/Developer [WP]		Finalization of Provisional Assessment
ITC on Inputs/Input services used in making supplies to SEZ unit/Developer [WOP]	Order passed by proper officer/Court/Appellate authority/Tribunal etc..		
Unutilized ITC	Inverted Duty Structure (Includes Supplies to Merchant Exporter)		Supply not provided/Refund Voucher issued
			Notified persons (Sec 55)

Any other excess payment of Tax/Interest or other amount

Export of goods [WP]

Means	- Refund of IGST paid on <u>Export of goods</u>	Rule 96
Eligibility	- Any registered person + Exported goods + Paid IGST	
Restrictions	<ul style="list-style-type: none"> - Merchant exporters - Recipient of Deemed exports - Importer who avail benefit of notification no 78/2017 & notification no 79/2017- Customs - Above restrictions are not applicable for capital goods under EPCG scheme 	Rule 96(10)
Eligible Amount	- IGST paid on export of goods	
Special Provisions	<ul style="list-style-type: none"> - Filing of an application/documents is not required - Shipping bill filed is deemed to be an application - Transmission of data from GSTN to Customs EDI (Shipping bill = EGM = GSTR1 = GSTR3B) - Recovery of refund incase of non-realization of export proceeds 	<p>Rule 96(1)</p> <p>Rule 96B</p>

Export of Services [WP]

Means	- Refund of IGST paid on <u>Export of Services</u>	Rule 96
Eligibility	- Any registered person + Exported Services + Paid IGST	
Restrictions	<ul style="list-style-type: none">- Recipient of Deemed exports- Importer who avail benefit of notification no 78/2017 & notification no 79/2017- Customs- Above restrictions are not applicable for capital goods under EPCG scheme	Rule 96(10)
Eligible Amount	- IGST paid on export of Services	
Special Provisions	- Provisional refund @ 90% [RP with no prosecution history]	Rule 91

Export of goods/Services [WOP]

Means	<ul style="list-style-type: none"> - Refund of tax paid on inputs & Input services utilised in Export of goods (or) Services under cover of LUT/Bond without payment of tax 	
Eligibility	<ul style="list-style-type: none"> - Any registered person supplying goods under LUT/Bond 	
Restrictions	<ul style="list-style-type: none"> - Goods exported are not subject to export duty (Tea, coffee, Black pepper etc..) - Supplier should not have availed drawback of Central tax/refund of IGST paid on such supplies 	Sec 54(3)
Eligible Amount [Maximum refund]	$ \begin{array}{c} \boxed{\begin{array}{c} \text{Turnover of zero-rated supply of goods} \\ + \\ \text{Turnover of zero-rated supply of} \\ \text{services} \end{array}} \times \frac{\boxed{\text{Net ITC}}}{\boxed{\text{Adjusted Total Turnover}}} \end{array} $	Rule 89(4)
Special Provisions	<ul style="list-style-type: none"> - Provisional refund @ 90% [RP with no prosecution history] - Recovery of refund on export of goods where export proceeds not realized 	Rule 91 Sec 54(10) Rule 96B

Export of goods/Services [WOP]

<p>Turnover of Zero rated supply of goods</p>	<p><u>Lower of</u></p> <ul style="list-style-type: none"> - Zero-rated supply of goods made during the relevant period [WOP] [lower of FOB or Invoice value] - 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier <p>Other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both</p>	<p>Rule 89(4)</p>
<p>Turnover of Zero rated supply of Services</p>	$ \boxed{\text{Aggregate of payments received during the relevant period}} + \boxed{\text{Supply completed in CTP for which advance received PTP}} - \boxed{\text{Advance received during CTP but service not yet completed}} $ <p>Simply: Value of zero rated supplies which satisfy the twin conditions [Completion of service + Receipt of payment]</p>	<p>Rule 89(4)</p>

Export of goods/Services [WOP]

Adjusted Total Turnover	<p>[+] Turnover in the State or a Union territory (Excluding turnover of services)</p> <p>[+] Turnover of zero-rated supply of services determined as per Rule 89(4)</p> <p>[+] Turnover of services (other than zero rated supplies)</p> <p>[-] Value of Exempt supplies other than zero rated supplies</p> <p>[-] The turnover of supplies in respect of which refund is claimed under sub rule (4A) or sub-rule (4B) or both, if any</p>	Rule 89(4)
Net ITC	<p>ITC availed during the period on</p> <p><u>Add:</u> Inputs</p> <p><u>Add:</u> Input services</p> <p><u>Less:</u> Inputs/Input services for which refund is claimed under sub rule (4A) or (4B)</p>	

Export of goods/Services [WOP]

BHK Limited as following transactions during FY 2022-23 and disclosed the same in GST returns.

Transactions during FY 2022-23

Domestic Turnover	Rs. 5,00,000
Export Turnover	Rs. 15,00,000
ITC on Inputs	Rs. 10,000
ITC on Input services	Rs. 50,000
ITC on Capital goods	Rs. 40,000

Total export proceeds realized during the year Rs. 30,00,000 (Rs. 15,00,000 relating to FY 2021-22, Rs. 10,00,000 relating to FY 2022-23 & Balance Rs. 5,00,000 received in advance)

Questions:

What is the Net ITC ?

What is the Turnover of Zero rated supply of services ?

What is the Total Adjusted Turnover?

What is the eligible refund amount?

Supplies to SEZ [WP & WOP]

Means	<p>WP - Refund of IGST paid on supplies made to SEZ units/Developers</p> <p>WOP - Refund of tax paid on Inputs & Input services used in supplies to SEZ units/Developers</p>	
Eligibility	<ul style="list-style-type: none"> - Any registered person - Supplying goods/services (either WP or WOP) - For authorized operations 	Rule 89
Eligible Amount	Same as Export of goods/services or both (WP/WOP)	
Special Provisions	Endorsement by Specified officer of the Zone	

Inverted Duty Structure

Means	Refund of unutilized ITC accumulated due to inverted duty structure		
Eligibility	<ul style="list-style-type: none"> - Any registered person - Refund of ITC on inputs used in supplies under IDS 		
Restrictions	<ul style="list-style-type: none"> - Not available, if outward supplies are Nil rated/Fully exempted - Such other supplies as may be notified (construction services) - Supplier should not have availed drawback of Central tax/refund of IGST paid on such supplies 		
Eligible Amount (Maximum refund)	$ \begin{array}{c} \text{Turnover of} \\ \text{IDS} \\ \text{supply of} \\ \text{goods} \\ \text{\&} \\ \text{services} \end{array} \times \frac{\text{Net ITC}}{\text{Adjusted Total Turnover}} - \begin{array}{c} \text{[Tax payable on IDS Supply of goods Or} \\ \text{Services]} \\ \times \\ \text{[Net ITC/ITC on inputs \& Services]} \end{array} $		Rule 89(5)

Deemed Exports

Means	Refund of tax paid on deemed exports; application either by <ul style="list-style-type: none">- Recipient of <u>goods</u>- Supplier of <u>goods</u>	Rule 89(1)
Eligibility	<ul style="list-style-type: none">- Registered Supplier/Recipient- Goods manufactured in India- Supplies (notified U/s 147)	
Eligible Amount	<ul style="list-style-type: none">- Tax paid on such deemed exports	
Special Provisions	<ul style="list-style-type: none">- Declaration by Supplier- Declaration by recipient	

Refund U/s Sec 55 [Rule 95]

Means	Refund of tax paid on supply of goods or services or both received by notified persons	
Eligibility	Persons notified U/s 55 of CGST Act, 2017	
Time Limit	2 years from the last day of the quarter in which such supplies were received	Sec 54(2)
Eligible Amount	Tax paid on supply of goods or services or both received	
Special Provisions	<ul style="list-style-type: none">- Refund shall be filed in FORM RFD- 10 (not RFD-01)- Statement of inward supplies (GSTR-11)	

Refund - Others

Refund Type	Special Provision	Time limit
Excess cash ledger balance	<ul style="list-style-type: none"> - RFD 02 is automatic - No documents 	- NA -
Payment of tax under wrong head (Sec 77(1))	<ul style="list-style-type: none"> - Statement of transactions wrongly paid 	2 years from date of payment of tax under correct head
Finality of Provisional assessment	<ul style="list-style-type: none"> - Copy of final assessment order 	2 years from date of adjustment of tax
Consequence of order/Judgement/decreed	<ul style="list-style-type: none"> - Copy of order/Judgement/decreed 	2 years from date of <u>communication</u> of order
Supply not provided	<ul style="list-style-type: none"> - Refund voucher issued - Non provision of supply 	2 years from date of payment
Any other case	<ul style="list-style-type: none"> - Prove tax incidence not passed on 	2 years from date of payment

With holding and Adjustment of Refund

- Default in furnishing of returns
- Required to Pay taxes/interest/penalty

Withholding of Refund

Adjustment of Refund

Miscellaneous provisions

Interest on delayed refund @ 6%/9% [Sec 56]

Restriction on account of Rule 36(4)----> mandatory reflection in GSTR2A

- Consumer welfare fund
- Utilization of Fund

Proportionate cash & credit refund (Rule 92(1A))

LUT/Bond [Rule 96A]

Aadhaar Authentication

No refund if amount claimed is < Rs. 1,000 [Sec 54(14)]

Time Limits

Refund Type	Time Limit
Export of Goods	2 years from <ul style="list-style-type: none">- Ship/Aircraft leaves India (if by Sea/Air)- Passing customs frontier (if by land)- Dispatch date (if by Post)
Export of Services	2 years from <ul style="list-style-type: none">- Date of Invoice, where payment is received in advance- Date of receipt of payment in Forex/INR*, where payment is received after completion of service * Wherever permitted by RBI
Zero rated supplies to SEZ	2 years from due date for filing of respective return
Inverted Duty Structure	2 year from due date for filing return of the tax period in which such claim for refund arises
Deemed Exports	2 years from date of filing of respective return

Documents & Statements

- Documents & statements to be submitted along with refund application are mandated under various sections & Rules of CGST Law
- CBIC has issued Circular no 125/44/2019- GST dated 18th Nov, 2019, wherein exhaustive list of documents & statements to be submitted along with application for refund are listed
- Common documents/ Supportings
 - Outward supply statements
 - Inward supply statement
 - ITC reconciliation
 - Copy of GSTR2A & Copy of Invoices
 - FIRC/BIRC
 - Copy of orders

Steps in Refund Process

Step-I: Application & Acknowledgement

RFD-01
{Refund application
+ Annexure
+Other Documents}

RFD-03
{Deficiency
memo}

RFD-01(Final)
{Refund application
+ Annexures
+Other Documents}

RFD-02
{Acknowledge
dgement}

Step-II : Provisional Refund – Only for Zero rated

RFD-04
{Provisional
refund order}

RFD-05
{Payment
Order}

Step-III : Scrutiny of the info. & Proposal for rejection, if any

RFD-08
{SCN for Part/Full
Rejection of Refund
claimed}

RFD-09
{Reply to
RFD-08}

Step-IV : Final Order

RFD-06
{Final Order &
Partial adjustments
for Demand}

RFD-05
{Payment
Order}

[Or]

RFD-07_Part-A
{Full adjustment
for o/s Demand}

[Or]

RFD-07_Part-B
{With holding of
Refund}

- Orange boxes, Tax payer's communication
- Remaining boxes – Department's communication



Thank you

CA Raghavender Kuncharapu | Partner | **GPHK & ASSOCIATES** | Chartered Accountants | raghu@gphkca.com