GST Refund in case of Exports & Refund of Input Tax Credit in India If any excess GST has been paid or there is any input tax credit which has not been utilised, a person can claim refund under Section 54 of the excess GST paid by filing an application for the same online.

Who can claim GST Refund? A claim of GST Refund can be file under the following circumstances: -

1. Excess GST paid due to inadvertent mistake

2. Export of Goods or Services

3. Deemed Exports

4. Refund of pre-deposit

5. Refund of accumulated Input Tax Credit on account of inverted duty structure

6 Refund of taxes on purchase made by the UN or embassies etc.

7. A refund may arise after of provisional assessment

8 Refund arising on account of Judgement, Decree, Order or Direction of the Appellate Authority, Appellate Tribunal or any Court.

9. Refund to International Tourists of GST paid on goods in India and carried abroad at the time of their departure from India.

10. Refund on account of issuance of refund vouchers for taxes paid on advances against which, goods or services have not been supplied. GST Refund in case of Exports & Refund of Input Tax Credit in India.

Refund of Input Tax Credit

There are 3 cases against which a refund claim can be made with respect to input tax credit. All the above scenarios covered refund emanating from certain specified transactions.

1. Input tax credit left unutilized when the goods or services being supplied are zero rated or exempted from GST.
2. When input goods or services have a higher rate of tax and the same goods or services have a lesser output tax, then the accumulated input tax credit can be claimed as refund.
3. In case of a partial reverse charge, where the input tax credit cannot be used completely against the output tax.

How to claim GST Refund?

An application for GST Refund shall be filed online in form GST RFD 01 and shall be filed within a maximum of 2 years from the relevant date. Once an application has been filed, it would be forwarded to the GST officer who will within a period of 15 days of filing of the application scrutinise the application for its completeness and if the application is found to be complete in all aspects,

an acknowledgement in Form GST RFD 02 shall be made available to the applicant through the GST Website The GST RFD 02 issued will clearly mention the date of filing of the claim for refund and the time period for refund shall be counted from this date. In case any discrepancies are found in the GST Refund application, the GST officer shall communicate the deficiencies to the applicant in Form

GST RFD 03 through the GST website. GST Refund in case of Exports & Refund of Input Tax Credit in India Meaning of Relevant Date for filing GST RFD 01 The relevant date would be different in different cases and the same has been mentioned below Reason for Claiming the GST Refund Relevant Date Goods are exported through Air or Sea Date on which the Ship / Aircraft leaves India Goods are exported by a land vehicle Date on which the Goods cross the land frontier of the country Goods are exported through post Date of dispatch of goods from the Post Office Supplies include services which are completed before the receipt of payment Date Services are performed after the receipt of advance Invoice Date Refund claim made for excess Input Tax Credit unutilised End of the Financial Year for which the refund claim is being made Goods are supplied for deemed exports i.e. supply to SEZ or 100% EOU Return filing date relating to such deemed exports Refund arises due to an order passed in favour of the appellant Date of such order Tax was paid based on provisional assessment and now refund arises Date on which such tax was adjusted When the person claiming the refund is not the supplier Date on which the goods are received by such person

All other cases Date of Payment of Tax Within how much time is GST Refund issued. In case of Refund due to Zero Rated Supplies like Exports, the GST officer will sanction the 90% of the amount of GST Refund on provisional basis within 7 days. GST Refund in case of Exports & Refund of Input Tax Credit in India the refund on provisional basis shall be issued in Form GST RFD 04 within 7 days from the date of acknowledgement. The acknowledgement is normally issued within 15 days but in case of refund of integrated tax paid on zero rated supplies, the acknowledgement would be issued within a period of 3 days.

The GST Officer will make a GST Refund payment advice in Form GST RFD 05 and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration and as specified in the application for refund. The provisional refund would not be granted to a person who was prosecuted during any period of previous 5 years preceding the refund period or under any existing law where the amount of tax evaded exceeds Rs. 2.5 Lakhs. The balance refund shall be issued within 60 days. If the refund is not issued within 60 days, interest @6% p.a. under Section 56 would be payable from the 61st day.

The order for refund would be made in GST RFD 06 and payment advice issued in GST RFD 05 specifying the amount of refund, which is delayed, the period of delay and the amount of refund payable. The interest amount would be electronically credited to the bank account of the applicant.

In case the GST Officer is of the view that the whole or any part of the amount claimed as refund is not admissible or is not payable to the applicant, he shall issue a notice in Form GST RFD 08 to the applicant. The applicant would be required to reply to such a notice in Form RFD 09 within a period of 15 days of the receipt of such notice. After receiving the response of the applicant, the GST Officer shall make an order in GST Form RFD 06 sanctioning the amount of refund in whole or in part or rejecting the said refund claim. This order would be made available to the applicant electronically. No application for refund shall be rejected without giving the applicant an opportunity of being heard. What are the Documents to be submitted for GST Refund the GST RFD 01

in Annexure 1: - GST Refund in case of Exports & Refund of Input Tax Credit in India. 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 claimed as refund, or

2. A statement containing the number and date of shipping bill or bills of export and the number and the date of relevant export invoices, in a case where the refund is on account of export of goods, or

3. A statement containing the number and date of invoices and the relevant bank realisation certificates or foreign inward remittance certificates, in a case where the refund is on account of export of services, or

4. A statement containing the number and date of invoices along with the evidence regarding the endorsement in the case of supply of goods made to a SEZ unit or a SEZ developer.

5. A statement containing the number and date of invoices, the evidence regarding the endorsement specified and the details of payment, along with the proofs thereof, in a case where the refund is on account on account of supply of services made to a SEZ unit or a SEZ developer.

6. A declaration to the effect that the SEZ unit or the SEZ 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 SEZ or a SEZ developer.

7. 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, or

8. 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 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, or

9. The reference number of the final assessment order and a copy of the said order in a case where the refund arises on account of finalisation of provisional assessment, or

10. A statement showing the details of transaction considered as intra-state supply, but which is subsequently considered as inter-state supply, or

11. A statement showing the details of the amount of claim on account of excess payment of tax GST Refund in case of Exports & Refund of Input Tax Credit in India Certificate from Chartered Accountant/ Cost Accountant In case the GST Refund claimed exceeds Rs. 2 Lakhs – A certificate in Annexure 2 of Form GST RFD 01 issued by a chartered accountant or a cost accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund exceeds Rs. 2 Lakhs shall also be submitted. For the purpose of this rule, where the amount of tax has been recovered from the recipient, it shall be deemed that the incidence of tax has been passed on to the ultimate consumer. In case the GST Refund claimed does not exceed Rs. 2 Lakhs – a declaration to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person shall also be furnished. GST Refund in case of Exports 90% Refund of Integrated GST paid on Exports would be granted within 7 days and the balance within 60 days. The GST refund would always arise in case Export of Goods/Services is done without submission of Bond/LUT and IGST has been paid on such exports. In case the exports are done after the submission of Bond/LUT, no IGST would be applicable. In such cases, refund of accumulated Input Tax Credit on expenses may arise. The procedure and rules to be followed in case of GST Refund on account of Export would remain the same as explained above. Certain other points are also required to be kept in mind as discussed below.

GST REFUND IN CASE OF EXPORTS WITHOUT PAYMENT OF IGST GST Refund in case of Exports & Refund of Input Tax Credit in India in the case of exports of goods or services or both without the payment of tax on submission of Bond/LUT,

- the 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, 1. “Refund amount” means the maximum refund that is admissible;
- 2. “Net ITC means input tax credit availed on inputs and input services during the relevant period.
- “Turnover of zero-rated supply of services” means the value of zero-rated supply of services made without payment of tax under bond or LUT
- “Turnover of zero-rated supply of services” means the value of zero-rated supply of services
- “Adjusted total turnover” means the turnover excluding the value of exempt supplies other than zero rated supplies, during the relevant period
- 6. Relevant period means the period for which the application for refund has been filed Procedure to submit Bond/ LUT in case of Exports GST REFUND OF INPUT TAX CREDIT GST Refund of Input Tax Credit arises in the following 3 circumstances: -

1. Input Tax Credit unutilised when the goods/services supplied are zero rated or exempted from GST.

2. Where the input goods/services have a higher tax rate and output goods/services have a lower tax rate.

3. In case of partial reverse charge, where the input tax credit cannot be used completely against the output tax. The refund of input tax credit in such cases shall be granted as per the following formula:- GST Refund in case of Exports & Refund of Input Tax Credit in India Maximum Refund Amount = {(Turnover of inverted rate of supply of goods) x (Net ITC ÷Adjusted Total turnover} – Tax payable on such inverted rated supply of goods

1. No refund shall be issued in case the amount of refund is less than Rs. 1,000

2. In cases where the application for GST Refund relates to refund of Input Tax Credit, the electronic ledger shall be debited by the applicant by an amount equal to the refund so claimed.

3. Any claim for GST Refund relating to balance in the Electronic Cash Ledger may be made through the return furnished for the relevant tax period in Form GSTR 3 or Form GSTR 4 or Form GSTR 7.

4. In case of Refund due to Casual Taxable Person or to a non-resident taxable person on account of advance tax deposited, such refund shall not be granted unless such person has filed all returns for the entire period for which the certificate of registration was granted to him.

5. UN Bodies and embassies can claim refund of the GST paid by them on their expenses within a period of 6 months from the end of the quarter in which such supply was received.

6. Tourists can also claim a refund of the GST paid by them during their stay in India. The term "tourist" has been defined and refers to any person who is not normally a resident of India and who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes.

- 1-1.Refund of accumulated input tax credit (ITC) on account of reduction in GST Rate

- It has been brought to the notice of the Board that some of the applicants are seeking refund of unutilized ITC on account of inverted duty structure where the inversion is due to change in the GST rate on the same goods. This can be explained through an illustration. An applicant trading in goods has purchased, say goods "X" attracting 18% GST. However, subsequently, the rate of GST on "X" has been reduced to, say 12%. It is being claimed that accumulation of ITC in such a case is also covered as accumulation on account of inverted duty structure and such applicants have sought refund of accumulated ITC under clause (ii) of sub-section (3) of section 54 of the CGST Act.
- It may be noted that refund of accumulated ITC in terms clause (ii) of sub-section (3) of section 54 of the CGST Act is available where the credit has accumulated on

account of rate of tax on inputs being higher than the rate of tax on output supplies. It is noteworthy that, the input and output being the same in such cases, though attracting different tax rates at different points in time, do not get covered under the provisions of clause (ii) of sub-section (3) of section 54 of the CGST Act. It is hereby clarified that refund of accumulated ITC under clause (ii) of sub-section (3) of section 54 of the CGST Act would not be applicable in cases where the input and the output supplies are the same

- 1-2 . Change in manner of refund of tax paid on supplies other than zero rated supplies

- 1-2.1 Circular No. 125/44/2019-GST dated 18.11.2019, in para 3, categorizes the refund applications to be filed in FORM GST RFD-01 as under:

- a. Refund of unutilized input tax credit (ITC) on account of exports without payment of tax;
  b. Refund of tax paid on export of services with payment of tax;
  c. Refund of unutilized ITC on account of supplies made to SEZ Unit/SEZ Developer without payment of tax;
  d. Refund of tax paid on supplies made to SEZ Unit/SEZ Developer with payment of tax;
  e. Refund of unutilized ITC on account of accumulation due to inverted tax structure;
  f. Refund to supplier of tax paid on deemed export supplies;
  g. Refund to recipient of tax paid on deemed export supplies;
  h. Refund of excess balance in the electronic cash ledger;
  i. Refund of excess payment of tax;
  j. Refund of tax paid on intra-State supply which is subsequently held to be interState supply and vice versa;
  k. Refund on account of assessment/provisional assessment/appeal/any other order;
  l. Refund on account of "any other" ground or reason.

- 1-2.2 For the refund of tax paid falling in categories specified at S. No. (i) to (l) above i.e. refund claims on supplies other than zero rated supplies, no separate debit of ITC from electronic credit ledger is required to be made by the applicant at the time of filing refund claim, being claim of tax already paid. However, the total tax would have been normally paid by the applicant by debiting tax amount from both electronic credit ledger and electronic cash ledger. At present, in these cases, the amount of admissible refund, is paid in cash even when such payment of tax or any part thereof, has been made through ITC.
- As this could lead to allowing unintended encashment of credit balances, this issue has been engaging attention of the Government. Accordingly, vide notification No.16/2020-Central Tax dated 23.03.2020, sub-rule (4A) has been inserted in rule 86 of the CGST Rules, 2017 which reads as under: "(4A) Where a registered person has claimed refund of any amount paid as tax wrongly paid or paid in excess for which debit has been made from the electronic credit ledger, the said amount, if found admissible, shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03."
- Further, vide the same notification, sub-rule (1A) has also been inserted in rule 92 of the CGST Rules, 2017. The same is reproduced hereunder: "(1A)Where, upon examination of the

application of refund of any amount paid as tax other than the refund of tax paid on zero-rated supplies or deemed export, the proper officer is satisfied that a refund under sub-section (5) of section 54 of the Act is due and payable to the applicant, he shall make an order in FORM RFD-06 sanctioning the amount of refund to be paid, in cash, proportionate to the amount debited in cash against the total amount Circular No.135/05/2020 - GST Page 4 of 6 paid for discharging tax liability for the relevant period, mentioning therein the amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable and for the remaining amount which has been debited from the electronic credit ledger for making payment of such tax, the proper officer shall issue FORM GST PMT-03 re-crediting the said amount as Input Tax Credit in electronic credit ledger."

- The combined effect the abovementioned changes is that any such refund of tax paid on supplies other than zero rated supplies will now be admissible proportionately in the respective original mode of payment i.e. in cases of refund, where the tax to be refunded has been paid by debiting both electronic cash and credit ledgers (other than the refund of tax paid on zero-rated supplies or deemed export), the refund to be paid in cash and credit shall be calculated in the same proportion in which the cash and credit ledger has been debited for discharging the total tax liability for the relevant period for which application for refund has been filed. Such amount, shall be accordingly paid by issuance of order in FORM GST RFD-06 for amount refundable in cash and FORM GST PMT-03 to re-credit the amount attributable to credit as ITC in the electronic credit ledger.
- Guidelines for refunds of Input Tax Credit under Section 54(3)
- In terms of para 36 of circular No. 125/44/2019-GST dated 18.11.2019, the refund of ITC availed in respect of invoices not reflected in FORM GSTR-2A was also admissible and copies of such invoices were required to be uploaded. However, in wake of insertion of sub-rule (4) to rule 36 of the CGST Rules, 2017 vide notification No. 49/2019-GST dated 09.10.2019, various references have been received from the field formations regarding admissibility of refund of the ITC availed on the invoices which are not reflecting in the FORM GSTR-2A of the applicant.
- The matter has been examined and it has been decided that the refund of accumulated ITC shall be restricted to the ITC as per those invoices, the details of which are uploaded by the supplier in FORM GSTR-1 and are reflected in the FORM GSTR-2A of the applicant. Accordingly, para 36 of the circular No. 125/44/2019-GST, dated 18.11.2019 stands modified to that extent.
- New Requirement to mention HSN/SAC in Annexure 'B'
- References have also been received from the field formations that HSN wise details of goods and services are not available in FORM GSTR-2A and therefore it becomes very difficult to distinguish ITC on capital goods and/or input services out of total ITC for a relevant tax period. It has been recommended that a column relating to HSN/SAC Code should be added in the statement of invoices relating to inward supply as provided in Annexure–B of the circular No. 125/44/2019- GST dated 18.11.2019 so as to easily identify between the supplies of goods and services.
- The issue has been examined and considering that such a distinction is important in view of the provisions relating to refund where refund of credit on Capital goods and/or services is not permissible in certain cases, it has been decided to amend the said statement.

Accordingly, Annexure-B of the circular No. 125/44/2019-GST, dated 18.11.2019 stands modified to that extent

Circular No.135/05/2020 - GST

Annexure-B

Statement of invoices to be submitted with application for refund of unutilized ITC

Sr. No.	GSTIN of the Supplier	Name of the Supplier	Invoice Details			Category of input supplies		Central Tax	State Tax/ Union Territory Tax	Integrated Tax	Cess	Eligible for ITC	Amount of eligible ITC
			Invoice No.	**Date**	**Value**	Inputs/Input Services/capital goods	HSN/SAC					Yes/No/Partially	
1	2	3	4	5	6	7	8	9	10	11	12	13	14