

# GOODS & SERVICES TAX / IDT UPDATE - 118

## Clarification on refund related issues

The CBIC vide [Circular No. 147/03/2021 GST dated 12<sup>th</sup> March, 2021](#) has clarified various refund related issues as described hereunder:

### **1. Clarification in respect of refund claim by recipient of deemed export supplies**

Recipients of deemed exports were facing difficulties in claiming refund of tax paid in respect of such supplies since the system is not allowing them to file refund claim under aforesaid category unless the claimed amount is debited in the electronic credit ledger. It has been clarified that there is no restriction under 3<sup>rd</sup> proviso to rule 89(1) of the CGST Rules, 2017 on recipient of deemed export supply, claiming refund of tax paid on such deemed export supply, on availment of ITC on the tax paid on such supply. The said restriction has been placed by the *Circular No. 125/44/2019-GST dated 18.11.2019*.

Therefore, *para 41 of Circular No. 125/44/2019-GST dated 18.11.2019* has been modified to remove the restriction of non-availment of ITC by the recipient of deemed export supplies on the invoices, for which refund has been claimed by such recipient.

### **2. Extension of relaxation for filing refund claim in cases where zero-rated supplies have been wrongly declared in Table 3.1(a)**

The relaxation provided for filing refund claims where the taxpayer inadvertently entered the details of export of services or zero-rated supplies to a Special Economic Zone Unit/Developer in table 3.1(a) instead of table 3.1(b) of FORM GSTR-3B has been extended till 31.03.2021 by modifying *Para 26 of Circular No. 125/44/2019-GST dated 18.11.2019*.

### **3. Manner of calculation of adjusted total turnover under sub-rule (4) of rule 89 of the CGST Rules, 2017**

It has been clarified that for the purpose of rule 89(4), the value of export/ zero-rated supply of goods to be included while calculating “adjusted total turnover” will be same as being determined as per the amended definition of “Turnover of zero-rated supply of goods” in the said sub-rule. **Thus, the restriction of 150% of the value of like goods domestically supplied, as applied in “turnover of zero-rated supply of goods”, would also apply to the value of “Adjusted Total Turnover” in rule 89 (4) of the CGST Rules, 2017.**

**Illustration:** Suppose a supplier is manufacturing only one type of goods and is supplying the same goods in both domestic market and overseas. During the relevant period of refund, the details of his inward supply and outward supply details are shown

in the table below:

Net admissible ITC = Rs. 270

<b>Outward Supply</b>	<b>Value per unit</b>	<b>No of units supplied</b>	<b>Turnover</b>	<b>Turnover as per amended definition</b>
Local (Quantity 5)	200	5	1000	1000
Export (Quantity 5)	350	5	1750	1500 (1.5*5*200)
<b>Total</b>			<b>2750</b>	<b>2500</b>

The formula for calculation of refund as per rule 89(4) is:

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

Turnover of zero-rated supply of goods (as per amended definition) = Rs. 1500  
Adjusted Total Turnover = Rs. 1000 + Rs. 1500 = Rs. 2500 [and not Rs. 1000 + Rs. 1750]  
Net ITC = Rs. 270

Refund Amount = Rs. 1500\*270/ 2500 = 162

**Thus, the admissible refund amount in the instant case is Rs. 162.**

Complete circular can be accessed from [Circular No. 147/03/2021-GST 12<sup>th</sup> March, 2021](#)

**[Updated Frequently Asked Questions \(FAQs\) on amendment in registration- core and non-core fields](#)**

The Goods and Services Tax Network (GSTN) has updated Frequently Asked Questions (FAQs) on amendment in registration- core and non-core fields.

Complete FAQs can be accessed from [https://tutorial.gst.gov.in/userguide/registration/index.htm#t=Amendment\\_of\\_Registration\\_-\\_Core\\_Fields.htm](https://tutorial.gst.gov.in/userguide/registration/index.htm#t=Amendment_of_Registration_-_Core_Fields.htm)

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