

GOODS & SERVICES TAX / IDT UPDATE-152

Procedure relating to sanction, post-audit and review of refund claims

The Board has issued [Instruction No. 03/2022 – GST dt. 14.06.2022](#) for sanction, post-audit and review of refund claims to ensure uniformity in procedure and enabling effective monitoring of sanction of refund claims.

1. Sanction of refund

As clarified in [Circular No. 17/17/2017-GST dt. 15.11.2017](#) and [Circular No 125/44/2019-GST dt. 18.11.2019](#), the proper officers shall follow the principle of natural justice i.e., issue a detailed speaking order providing a basis for sanction/ rejection of refund alongwith refund sanction order in Form RFD-06. The details which should *inter-alia* be specified in the speaking order of all categories of refund claims have been provided in the Guidelines. Further, additional details to be provided in case of refund of accumulated ITC (on account of zero-rated supplies/ inverted rated structure) and refund of IGST paid on account of zero-rated supplies, supplies regarded as deemed export, excess balance in cash ledger and other refunds, have also been enumerated in the Guidelines.

The proper officer may upload the speaking order in pdf format on the ACES-GST portal along with refund sanction order in Form GST RFD-06 so that the same is made available to the refund applicant as well as Post-audit/ Reviewing Authority online.

2. Post-Audit and Review

As per current practice, all refund orders are required to be reviewed for examination of legality and propriety and for taking a view whether an appeal to the appellate authority under section 107(2) of the CGST Act, 2017 is required to be filed against the said refund order.

Considering the large number of refund claims filed in GST, post-audit may henceforth be conducted only for refund claims amounting to **Rs. 1 lakh or more**, till further instructions.

All the refund orders passed should be immediately transmitted online to the review module after issuance of refund order in form GST RFD-06. The review and post-audit officers shall have access to all documents/statements on ACES-GST portal pertaining to the said refund claims. A Post-Audit Cell may be created in Commissionerate Headquarters under a Deputy/Assistant Commissioner along with one/two Superintendents and Inspectors as required.

The post-audit should be concluded within 3 months from the date of issue of order in Form RFD-06. The review of refund order shall be completed at least 30 days before the expiry of the time period allowed for filing appeal under section 107(2) of the said Act.

Post-audit shall be conducted in offline mode till the time an online facility is made available on ACES-GST portal. The refund orders having refund claims of Rs. 1 Lakh or more and the relevant documents may be provided to the post-audit cell by the concerned division through e-office within 7 days of issuance of refund sanction order in Form RFD-06. The report of the Post-Audit Cell shall be furnished to the Review Cell through e-office within the said period of 3 months.

Further, refund claims shall not be subject to pre-audit as already clarified through [Circular No. 17/17/2017-GST dt. 15.11.2017](#).

The detailed Guideline can be accessed at [Instruction No. 03/2022 – GST dt. 14.06.2022](#)

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