Handbook on Refunds under GST

(January, 2026)

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

New Delhi

Handbook
on
Refunds under GST

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

DISCLAIMER:

The views expressed in this book are of the author(s). The Institute of Chartered Accountants of India may not necessarily subscribe to the views expressed by the author(s).

The information cited in this book has been drawn primarily from the www.cbic.gov.in and other sources. While every effort has been made to keep the information cited in this book error free, the Institute or any office of the same does not take the responsibility for any typographical or clerical error which may have crept in while compiling the information provided in this book.

First Edition	:	April, 2020
Second Edition	:	August, 2021
Third Edition	:	January, 2026
Committee/Department	:	GST & Indirect Taxes Committee
E-mail	:	gst@icai.in
Website	:	https://www icai org; https://idtc icai org
Price	:	₹ 200/-
ISBN	:	978-81-8441-988-7
Published by	:	The Publication & CDS Directorate on behalf of The Institute of Chartered Accountants of India ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi - 110 002 (India)
Printed by	:	Sahitya Bhawan Publications C-27, Site - C, UPSIDC, Sikandra, Agra - 282 007 February | 2026 | P4074 (Revised)

Foreword

With over eight years of implementation since 1st July 2017, the Goods and Services Tax (GST) has firmly established itself as a cornerstone of India's indirect tax framework. What began as a transformative reform has since evolved into a stable, destination-based tax regime that is levied at every stage of value addition. The tax paid on inward supplies is available as input tax credit to be set off against the output liability, thereby ensuring a seamless flow of credit across the supply chain. Where output supplies are zero-rated, deemed exports, or where credit accumulates due to an inverted duty structure, the law provides well-defined and robust mechanisms for refund.

Exports constitute a major portion of GST refund claims, making the refund mechanism a critical instrument for promoting exports and enhancing the global competitiveness of Indian products. While the initial implementation phase posed challenges in refund disbursement, the Government has been proactive in addressing issues through necessary amendments and clarifications. The recent shift to a technology based automated refund processing system and regular special drives by the Central Board of Indirect Taxes and Customs (CBIC) have significantly streamlined the clearance of pending refunds and improved overall efficiency and transparency.

Given that refund rules have undergone significant amendments over time, I am pleased to note that the GST & Indirect Taxes Committee of ICAI has revised its **Handbook on Refunds under GST** to incorporate the latest changes introduced via notifications and circulars. This Handbook aims to update the knowledge base of our members and clarify doubts regarding refund concepts and procedures in simple, practical and accessible language.

I congratulate CA. Rajendra Kumar P, Chairman, CA. Umesh Sharma, Vice-Chairman, and other members of the GST & Indirect Taxes Committee for their dedicated efforts in revising this Handbook and providing continuous guidance to members and stakeholders at large.

I am confident that this revised publication will be highly beneficial for their professional practice.

CA. Charanjot Singh Nanda
President, ICAI

Date: 28.01.2026

Place: New Delhi

Preface

Refunds under a tax law arise when the taxpayer pays to the Government more than what is due from him. Timely disbursal of refunds is necessary for unhindered flow of working capital which thereby ensures smooth business operations. It must be the endeavour of any tax administration to provide refunds expeditiously using simple and easy processes. The refund provisions under the GST law are accordingly aimed at streamlining and standardising the refund procedures under GST regime.

Provisions relating to refunds have been amended frequently by the Government to ensure quick and smooth disposal of refund applications while preventing revenue leakage. Recent measures like the mandatory matching of Input Tax Credit with FORM GSTR-2B, the introduction of a specific procedure for refund in case of export of electricity, the facility for unregistered persons to claim refunds in cases of cancelled contracts, and the restriction on export of certain goods on payment of IGST are all directed towards bringing clarity and efficiency to the refund ecosystem.

We stand by the Government in our role as "Partner in GST Knowledge Dissemination" and accordingly have been supporting the Government with our intellectual resources, expertise and efforts to make GST a good and simple tax. In line with this objective, the GST & Indirect Taxes Committee of ICAI had published this 'Handbook on Refunds under GST' to facilitate the stakeholders in understanding the nitty-gritties of refund mechanism under GST. This Handbook has now been comprehensively revised to incorporate the significant amendments made by the Government up to 31st December 2025. The Handbook *inter-alia* explains topics like admissibility of refunds based on GSTR-2B, refund for unregistered persons, specific provisions for electricity exports, deemed exports, and the updated virtual processing of claims.

We sincerely thank CA. Charanjot Singh Nanda, President, ICAI and CA. Prasanna Kumar D the Vice-President, ICAI for the encouragement and support extended by them to the various initiatives of the GST & Indirect Taxes Committee. We express our gratitude for the efforts of CA. Pradeep V in revising the Handbook and CA. Shaikh Abdul Samad Ahmad for reviewing the same. We would also like to thank the members of our Committee who have always been part of all our endeavors. Last, but not the least, we commend the efforts made by CA. Shikha Maurya from the Secretariat of the Committee in providing the requisite technical and administrative assistance.

Though all efforts have been taken to provide correct information in this Handbook, there can be different views/opinions on the various issues addressed to in this Handbook. We request the readers to bring to our notice any inadvertent error or mistake that may have crept in

during the development of this Handbook. We will be glad to receive your valuable feedback at gst@icai.in. We also request you to visit our website https://idtc.icai.org to refer to other useful material and resources related to GST. Your insights are integral to our objective of making GST truly a good and simple tax.

CA. Rajendra Kumar P
Chairman
GST & Indirect Taxes Committee

CA. Umesh Sharma
Vice-Chairman
GST & Indirect Taxes Committee

Date: 28.01.2026
Place: New Delhi

Contents

Chapter 1
Introduction

Increasing exports ranks among the highest priorities of any government wishing to stimulate economic growth. To achieve this, governments invest their available resources in creating a conducive environment for investment and developing modern and efficient infrastructure. Besides, with the "Make in India" initiatives, the Government of India has aimed at increasing the output and the quality of exports from India to rest of the world. However, the most important factor in business is the demand for goods or services with a competitive price tag. This is possible when the local taxes are not appended to the cost of such goods or services and incentivise export transactions by announcing drawbacks and tax claims.

An exporter has to ensure that he is aware of all rules and regulations related to exports, including registration procedures and other compliances in terms of the current taxation policy of the Government for availing the benefits via schemes and refunds of taxes paid, if any. If such norms are not adhered to, it may lead to difficulty in executing the exports or denial of export incentives. Foremost, as per the current export-import policy in India, no export or import shall be made by any person without an Importer Exporter Code ("**IEC"**) number, unless specifically exempted. IEC number is a 10-digit code number given to an exporter or importer by the regional office of the Director General of Foreign Trade (**"DGFT"**), Department of Commerce, Government of India. This number is to be filled in the shipping bill made for exports. The exporter shall register with the Export Promotion Council for obtaining a Registration-cum-Membership Certificate for availing benefits available to exporters under the current Foreign Trade Policy (**"FTP"**). These incentives or schemes under FTP would go a long way in lowering the cost burden.

Foreign trade is one of the indices of a country's economic growth. India is one of the fastest-growing economies in the world. The Introduction of the GST has had a significant impact on the manner in which business is done in India and at the international level. It has changed the taxation policy for import and export transactions and introduced separate incentives by way of refund of the tax components resulting in nullifying the indirect tax effect on the cost of the supply.

Further, Working Capital, a signal of a company's operating liquidity, is an important metric for all businesses, regardless of their size and area of business. Having enough Working Capital means that a Company is able to pay for all of its short-term expenses and liabilities. Sometimes, due to payment of taxes under a wrong tax head (i.e., instead of the SGST or CGST in the IGST or vice-versa) results in the blockage of their working capital (as ultimately payment of tax in correct head is to be made). As per Article 265 of the Constitution of India states: *Taxes not to be imposed save by authority of law - No tax shall be levied or collected except by authority of law.*

Considering this fact, the Government of India, besides providing incentives in the form of refund to the exporters, has incorporated provisions for refund in the following situations:

(a) Inverted duty structure, i.e.,tax on input is more than tax payable on output supply.

(b) Supply of goods, which is equalised as export (Deemed Export).

(c) Taxable person can also claim refund, if he has paid excess tax by mistake.

(d) Tax paid on the supply which is not provided.

(e) Any other instance where the incidence of tax is not passed on to any other person.

This hand book covers the various situations in which refund is allowed in the GST Law and the procedure prescribed for claiming the same.

I. List of Statutory Provision related to refund under GST

The Central Goods and Services Tax Act, 2017 hereinafter referred as "the CGST Act, 2017" or "the CGST Act"	**The Central Goods and Services Tax Rules, 2017 (hereinafter referred as "the CGST Rules, 2017" or "the CGST Rules")**
Chapter XI	**Chapter X**
Sections	**Rules**
54. Refund of tax.	89. Application for refund of tax, interest, penalty, fees or any other amount.
55. Refund in certain cases.	90. Acknowledgement.
56. Interest on delayed refunds.	91. Grant of provisional refund.
57. Consumer Welfare Fund.	92. Order sanctioning refund.
58. Utilisation of Fund.	93. Credit of the amount of rejected refund claim.
	94. Order sanctioning interest on delayed refunds.
	95. Refund of tax to certain persons.
	95A [1]Omitted
	95B. Refund of tax paid on inward supplies of goods received by the Canteen Stores Department.
	96. Refund of integrated tax paid on goods or services exported out of

[1] Omitted vide *Notification No. 14/2022–Central Tax dated 05-07-2022* w.e.f. 01-07-2019. Prior omission read as "Refund of taxes to the retail outlets established in the departure area of an international Airport beyond immigration counters making tax free supply to outgoing international tourists."

	India. 96A. Export of goods or services under bond or Letter of Undertaking. 96B. Recovery of refund of unutilised input tax credit or integrated tax paid on export of goods where export proceeds are not realised. 96C. Bank Account for credit of refund. 97. Consumer Welfare Fund. 97A. Manual filing and processing.

II. Forms prescribed under the GST Law

FORM	PARTICULARS
FORM-GST-RFD-01	Application for Refund.
FORM-GST-RFD-01A	Application for Refund (Manual).
FORM-GST-RFD-01B	Refund Order Details.
FORM-GST-RFD-01W	Application for Withdrawal of Refund Application.
FORM-GST-RFD-02	Acknowledgment.
FORM-GST-RFD-03	Deficiency Memo.
FORM-GST-RFD-04	Provisional Refund Order.
FORM-GST-RFD-05	Payment Order.
FORM-GST-RFD-06	Refund Sanction/Rejection Order.
FORM-GST-RFD-07	Part-A Order for withholding the refund
	Part-B Order for release of withheld refund
FORM-GST-RFD-08	Notice for rejection of application for refund.
FORM-GST-RFD-09	Reply to show cause notice.
FORM-GST-RFD-10	Application for Refund by any specialized agency of the UN or any Multilateral Financial Institution and Organization, Consulate or Embassy of foreign countries, etc.
FORM-GST-RFD-10A	Application for refund by Canteen Stores Department (CSD)
FORM-GST-RFD-10B	Omitted.

FORM-GST-RFD-11	Furnishing of bond or Letter of Undertaking for export of goods or services.
	Bond for export of goods or services without payment of integrated tax.
	Letter of Undertaking for export of goods or services without payment of integrated tax.

Chapter 2

Types of Refund and General Provisions

The Statutory Provision

Section 54. Refund of tax

(1) Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from the relevant date in such form and manner as may be prescribed:

Provided *that a registered person, claiming refund of any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49, may claim such refund in [2][such form and] manner as may be prescribed.*

(2) A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 55, entitled to a refund of tax paid by it on inward supplies of goods or services or both, may make an application for such refund, in such form and manner as may be prescribed, before the expiry of [3][two years] from the last day of the quarter in which such supply was received.

(3) Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilised input tax credit at the end of any tax period:

Provided *that no refund of unutilised input tax credit shall be allowed in cases other than-*

(i) zero rated supplies made without payment of tax;

(ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council:

[4][***]

---

[2] *Substituted vide sec 113 of The Finance Act, 2022 (No. 06 of 2022), notified through Notification No. 18/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022, prior to its substitution it was read as: "the return furnished under section 39 in such".*

[3] *Substituted vide sec 113 of The Finance Act, 2022 (No. 06 of 2022), notified through Notification No. 18/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022, prior to its substitution it was read as: "six months".*

[4] *Omitted vide the Finance (No. 2) Act, 2024, notified through Notification No. 17/2024 – CT dated 27.09.2024, w.e.f. 01.11.2024. Prior to its omission, it read as under "Provided further that no refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty".*

*[**Provided** also that no refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies].*

(4) The application shall be accompanied by-

(a) such documentary evidence as may be prescribed to establish that a refund is due to the applicant; and

(b) such documentary or other evidence (including the documents referred to in section 33) as the applicant may furnish to establish that the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person:

***Provided** that where the amount claimed as refund is less than two lakh rupees, it shall not be necessary for the applicant to furnish any documentary and other evidences but he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.*

(5) If, on receipt of any such application, the proper officer is satisfied that the whole or part of the amount claimed as refund is refundable, he may make an order accordingly and the amount so determined shall be credited to the Fund referred to in section 57.

(6) Notwithstanding anything contained in sub-section (5), the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, ninety per cent. of the total amount so claimed, [5][****] in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.

(7) The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.

(8) Notwithstanding anything contained in sub-section (5), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to-

---

[5] *Omitted vide The Finance Act, 2023 dated 31.03.2023, notified through Notification No. 28/2023 – CT dated 31.07.2023, w.e.f. 01.10.2023, prior to its omission, it was read as: "excluding the amount of input tax credit provisionally accepted".*

(a) refund of tax paid on [6][export] of goods or services or both or on inputs or input services used in making such [7][exports];

(b) refund of unutilised input tax credit under sub-section (3);

(c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;

(d) refund of tax in pursuance of section 77;

(e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or

(f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.

[8][(8A) The Government may disburse the refund of the State tax in such manner as may be prescribed.]

(9) Notwithstanding anything to the contrary contained in any judgment, decree, order or direction of the Appellate Tribunal or any court or in any other provisions of this Act or the rules made thereunder or in any other law for the time being in force, no refund shall be made except in accordance with the provisions of sub-section (8).

(10) Where any refund is due [9][***] to a registered person who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority by the specified date, the proper officer may-

(a) withhold payment of refund due until the said person has furnished the return or paid the tax, interest or penalty, as the case may be;

(b) deduct from the refund due, any tax, interest, penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law.

***Explanation**.- For the purposes of this sub-section, the expression "specified date" shall mean the last date for filing an appeal under this Act.*

---

6 *Substituted vide sec 23 of The CGST (Amendment) Act, 2018 (No. 31 of 2018), notified through Notification No. 2/2019-CT dated 29.01.2019, w.e.f. 01.02.2019, prior to its substitution it was read as: "zero-rated supplies".*

7 *Substituted vide sec 23 of The CGST (Amendment) Act, 2018 (No. 31 of 2018) notified through Notification No. 2/2019-CT dated 29.01.2019, w.e.f. 01.02.2019, prior to its substitution it was read as: "zero-rated supplies".*

8 *Inserted vide sec 103 of The Finance (No. 2) Act, 2019 (No. 23 of 2019), notified through Notification No. 39/2019 - CT dated 31.08.2019, w.e.f. 01.09.2019.*

9 *Omitted vide sec 113 of The Finance Act, 2022 (No. 06 of 2022), notified through Notification No. 18/2022 – CT dated 28.09.2022, w.e.f. 01.10.2022, prior to its omission it was read as: "under sub-section (3)"*

(11) *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.*

(12) Where a refund is withheld under sub-section (11), the taxable person shall, notwithstanding anything contained in section 56, be entitled to interest at such rate not exceeding six per cent. as may be notified on the recommendations of the Council, if as a result of the appeal or further proceedings he becomes entitled to refund.

(13) Notwithstanding anything to the contrary contained in this section, the amount of advance tax deposited by a casual taxable person or a non-resident taxable person under sub-section (2) of section 27, shall not be refunded unless such person has, in respect of the entire period for which the certificate of registration granted to him had remained in force, furnished all the returns required under section 39.

(14) Notwithstanding anything contained in this section, no refund under subsection (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.

[10][(15) Notwithstanding anything contained in this section, no refund of unutilised input tax credit on account of zero rated supply of goods or of integrated tax paid on account of zero rated supply of goods shall be allowed where such zero rated supply of goods is subjected to export duty.]

Explanation.- For the purposes of this section,-

(1) "refund" includes refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilised input tax credit as provided under sub-section (3).

(2) "relevant date" means-

(a) in the case of goods exported out of India where a refund of tax paid is available in respect of goods themselves or, as the case may be, the inputs or input services used in such goods,-

(i) if the goods are exported by sea or air, the date on which the ship or the aircraft in which such goods are loaded, leaves India; or

(ii) if the goods are exported by land, the date on which such goods pass the frontier; or

---

[10] *Inserted vide the Finance (No. 2) Act, 2024, notified through Notification No. 17/2024 – CT dated 27.09.2024, w.e.f. 01.11.2024.*

(iii) if the goods are exported by post, the date of despatch of goods by the Post Office concerned to a place outside India;

(b) in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, the date on which the return relating to such deemed exports is furnished;

[11][(ba) in case of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit where a refund of tax paid is available in respect of such supplies themselves, or as the case may be, the inputs or input services used in such supplies, the due date for furnishing of return under section 39 in respect of such supplies;]

(c) in the case of services exported out of India where a refund of tax paid is available in respect of services themselves or, as the case may be, the inputs or input services used in such services, the date of-

(i) receipt of payment in convertible foreign exchange [12][or in Indian rupees wherever permitted by the Reserve Bank of India], 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;

(d) in case where the tax becomes refundable as a consequence of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court, the date of communication of such judgment, decree, order or direction;

(e) [13][in the case of refund of unutilised input tax credit under clause (ii) of the first proviso to sub-section (3), the due date for furnishing of return under section 39 for the period in which such claim for refund arises;]

(f) in the case where tax is paid provisionally under this Act or the rules made thereunder, the date of adjustment of tax after the final assessment thereof;

(g) in the case of a person, other than the supplier, the date of receipt of goods or services or both by such person; and

(h) in any other case, the date of payment of tax.

Extract from the CGST Rules, 2017

---

11 Inserted vide sec 113 of The Finance Act, 2022 (No. 06 of 2022), notified through Notification No. 18/2022 – CT dated 28.09.2022, w.e.f. 01.10.2022.

12 Inserted vide sec 23 of The CGST (Amendment) Act, 2018 (No. 31 of 2018), w.e.f. 01.02.2019.

13 Substituted vide sec 23 of The CGST (Amendment) Act, 2018 (No. 31 of 2018), w.e.f. 01.02.2019, prior to its substitution it was read as: "(e) in the case of refund of unutilised input tax credit under sub-section (3), the end of the financial year in which such claim for refund arises."

Rule 89. Application for refund of tax, interest, penalty, fees or any other amount.-

(1) Any person, except the persons covered under notification issued under section 55 claiming refund of [14][any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 or] any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file [15][subject to the provisions of rule 10B,] an application electronically in ***FORM GST RFD-01*** *through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:*

[16][****]

[17][Provided *that] in respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, the application for refund shall be filed by the -*

(a) supplier of goods after such goods have been admitted in full in the Special Economic Zone for authorised operations, as endorsed by the specified officer of the Zone;

(b) supplier of services along with such evidence regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone:

*[18][[19][****Provided*** *further that] in respect of supplies regarded as deemed exports, the application may be filed by, -*

(a) the recipient of deemed export supplies; or

(b) the supplier of deemed export supplies in cases where the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund]

---

14 Inserted vide Notification No. 19/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022.

15 Inserted vide Notification No. 35/2021 - CT dated 24.09.2021, w.e.f. 01.01.2022 vide Notification No. 38/2021-CT dated 21.12.2021.

16 Omitted vide Notification No. 19/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022. Prior to its omission, it was read as: "Provided that any claim for refund relating to balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 may be made through the return furnished for the relevant tax period in FORM GSTR-3 or FORM GSTR-4 or FORM GSTR-7, as the case may be:".

17 Substituted vide Notification No. 19/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022. Prior to its substitution, it was read as: "Provided further that".

18 Substituted vide Notification No. 47/2017 - CT dated 18.10.2017. Prior to its substitution, it was read as: "Provided also that in respect of supplies regarded as deemed exports, the application shall be filed by the recipient of deemed export supplies".

19 Substituted vide Notification No. 19/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022. Prior to its substitution, it was read as: "Provided also that".

Provided *also that refund of any amount, after adjusting the tax payable by the applicant out of the advance tax deposited by him under section 27 at the time of registration, shall be claimed* [20]*[only after the last return required to be furnished by him has been so furnished].*

[21]*[**Explanation**.—For the purposes of this sub-rule, — "specified officer" means a "specified officer" or an "authorised officer" as defined under rule 2 of the Special Economic Zone Rules, 2006.]*

[22]*[(1A) Any person, claiming refund under section 77 of the Act of any tax paid by him, in respect of a transaction considered by him to be an intra-State supply, which is subsequently held to be an inter-State supply, may, before the expiry of a period of two years from the date of payment of the tax on the inter-State supply, file an application electronically in **FORM GST RFD-01** through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:*

Provided *that the said application may, as regard to any payment of tax on inter-State supply before coming into force of this sub-rule, be filed before the expiry of a period of two years from the date on which this sub-rule comes into force.]*

[23]*[(1B) Any person, claiming refund of additional integrated tax paid on account of upward revision in price of the goods subsequent to exports, and on which the refund of integrated tax paid at the time of export of such goods has already been sanctioned as per rule 96, may file an application for such refund of additional integrated tax paid, electronically in FORM GST RFD-01 through the common portal, subject to the provisions of rule 10B, before the expiry of two years from the relevant date as per clause (a) of Explanation (2) of section 54:*

Provided *that the said application for refund can, in cases where the relevant date as per clause (a) of Explanation (2) of section 54 of the Act was before the date on which this sub-rule comes into force, be filed before the expiry of two years from the date on which this sub-rule comes into force.;]*

*(2) The application under sub-rule (1) shall be accompanied by any of the following documentary evidences in Annexure 1 in **FORM GST RFD-01**, as applicable, to establish that a refund is due to the applicant, namely:-*

(a) 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 sub-section (6) of section 107 and sub-section (8) of section 112 claimed as refund;

---

[20] *Substituted vide Notification No. 38/2023 - CT dated 04.08.2023. Prior to its substitution, it was read as: 'in the last return required to be furnished by him".*

[21] *Inserted vide Notification No. 14/2022 - CT dated 05.07.2022.*

[22] *Inserted vide Notification No. 35/2021 -CT dated 24.09.2021.*

[23] *Inserted vide Notification No. 12/2024 - CT dated 10.07.2024.*

(b) *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, [24][other than electricity];*

[25][(ba) a statement containing the number and date of the export invoices, details of energy exported, tariff per unit for export of electricity as per agreement, along with the copy of statement of scheduled energy for exported electricity by Generation Plants issued by the Regional Power Committee Secretariat as a part of the Regional Energy Account (REA) under clause (nnn) of sub-regulation 1 of Regulation 2 of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 and the copy of agreement detailing the tariff per unit, in case where refund is on account of export of electricity;]

[26][(bb) a statement containing the number and date of export invoices along with copy of such invoices, the number and date of shipping bills or bills of export along with copy of such shipping bills or bills of export, the number and date of Bank Realisation Certificate or foreign inward remittance certificate in respect of such shipping bills or bills of export along with copy of such Bank Realisation Certificate or foreign inward remittance certificate issued by Authorised Dealer-I Bank, the details of refund already sanctioned under sub-rule (3) of rule 96, the number and date of relevant supplementary invoices or debit notes issued subsequent to the upward revision in prices along with copy of such supplementary invoices or debit notes, the details of payment of additional amount of integrated tax, in respect of which such refund is claimed, along with proof of payment of such additional amount of integrated tax and interest paid thereon, the number and date of foreign inward remittance certificate issued by Authorised Dealer-I Bank in respect of additional foreign exchange remittance received in respect of upward revision in price of exports along with copy of such foreign inward remittance certificate, along with a certificate issued by a practicing chartered accountant or a cost accountant to the effect that the said additional foreign exchange remittance is on account of such upward revision in price of the goods subsequent to exports and copy of contract or other documents, as applicable, indicating requirement for the revision in price of exported goods and the price revision thereof, in a case where the refund is on account of upward revision in price of such goods subsequent to exports;

(bc) a reconciliation statement, reconciling the value of supplies declared in supplementary invoices, debit notes or credit notes issued along with relevant details of Bank Realisation Certificate or foreign inward remittance certificate issued by Authorised Dealer-I Bank, in a case where the refund is on account of upward revision in price of such goods subsequent to exports;]

---

[24] *Inserted vide Notification No. 14/2022 - CT dated 05.07.2022.*
[25] *Inserted vide Notification No. 14/2022 - CT dated 05.07.2022.*
[26] *Inserted vide Notification No. 12/2024 - CT dated 10.07.2024.*

(c) *a statement containing the number and date of invoices and the relevant Bank Realisation 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;*

(d) 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;

(e) 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;

[27][(f) a declaration to the effect that tax has not been collected from the Special Economic Zone unit or the Special Economic Zone developer, in a case where the refund is on account of supply of goods or services or both made to a Special Economic Zone unit or a Special Economic Zone developer;]

(g) 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;

(h) 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;

(i) 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 the finalisation of provisional assessment;

(j) a statement showing the details of transactions considered as intra-State supply but which is subsequently held to be inter-State supply;

(k) a statement showing the details of the amount of claim on account of excess payment of tax [28][and interest, if any, or any other amount paid];

---

[27] *Substituted vide Notification No. 03/2019 - CT dated 29.01.2019, w.e.f. 01.02.2019. Prior to its substitution, it was read as: "(f) 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".*

[28] *Inserted vide Notification No. 38/2023 - CT dated 04.08.2023.*

[29][(ka) *a statement containing the details of invoices viz. number, date, value, tax paid and details of payment, in respect of which refund is being claimed along with copy of such invoices, proof of making such payment to the supplier, the copy of agreement or registered agreement or contract, as applicable, entered with the supplier for supply of service, the letter issued by the supplier for cancellation or termination of agreement or contract for supply of service, details of payment received from the supplier against cancellation or termination of such agreement along with proof thereof, in a case where the refund is claimed by an unregistered person where the agreement or contract for supply of service has been cancelled or terminated;*

(kb) a certificate issued by the supplier to the effect that he has paid tax in respect of the invoices on which refund is being claimed by the applicant; that he has not adjusted the tax amount involved in these invoices against his tax liability by issuing credit note; and also, that he has not claimed and will not claim refund of the amount of tax involved in respect of these invoices, in a case where the refund is claimed by an unregistered person where the agreement or contract for supply of service has been cancelled or terminated;]

(l) 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, in a case where the amount of refund claimed does not exceed two lakh rupees:

***Provided** that a declaration is not required to be furnished in respect of the cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;*

*(m) 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 claimed exceeds two lakh rupees:*

***Provided** that a certificate is not required to be furnished in respect of cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of subsection (8) of section 54;*

[30]***[Provided** further that a certificate is not required to be furnished in cases where refund is claimed by an unregistered person who has borne the incidence of tax.]*

***Explanation.** - For the purposes of this rule-*

(i) in case of refunds referred to in clause (c) of sub-section (8) of section 54, the expression "invoice" means invoice conforming to the provisions contained in section 31;

(ii) 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.

---

[29] *Inserted vide Notification No. 26/2022 -CT dated 26.12.2022.*

[30] *Inserted vide Notification No. 26/2022 - CT dated 26.12.2022.*

(3) 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.

[31][(4) In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), 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, -

(A) "Refund amount" means the maximum refund that is admissible;

(B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period [32][***]

[33][(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods

---

[31] Substituted vide Notification No. 75/2017 - CT dated 29.12.2017, w.e.f. 23.10.2017. Prior to its substitution, it was read as:

"(4) In the case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), 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,-

(A) "Refund amount" means the maximum refund that is admissible;

(B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period;

(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking;

(D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-

Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

*(E) "Adjusted Total turnover" means the turnover in a State or a Union territory, as defined under *[clause] (112) of section 2, excluding the value of exempt supplies other than zero-rated supplies, during the relevant period;*

(F) "Relevant period" means the period for which the claim has been filed."

** Substituted vide Notification No. 17/2017 – CT dated 27.07.2017, w.e.f. 01.07.2017. Prior to its substitution, it was read as: "sub-section".*

[32] Omitted vide Notification No. 20/2024 - CT dated 08.10.2024. Prior to its substitution, it was read as:- "other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both"

[33] Substituted vide Notification No. 16/2020 - CT dated 23.03.2020. Prior to its substitution, it was read as:
"(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;"

made during the relevant period without payment of tax under bond or letter of undertaking or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, whichever is less [34]*[***]]*

(D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-

Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

[35]*[(E) "Adjusted Total Turnover" means the sum total of the value of-*

(a) the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services; and

(b) the turnover of zero-rated supply of services determined in terms of clause (D) above and non-zero-rated supply of services,

[36]*[Excluding the value of exempt supplies other than zero-rated supplies during the relevant period]]*

(F) "Relevant period" means the period for which the claim has been filed.

[37]*[**Explanation.**–For the purposes of this sub-rule, the value of goods exported out of India shall be taken as –*

(i) the Free on Board (FOB) value declared in the Shipping Bill or Bill of Export form, as the case may be, as per the Shipping Bill and Bill of Export (Forms) Regulations, 2017; or

---

34 *Omitted vide Notification No. 20/2024 - CT dated 08.10.2024. Prior to its substitution, it was read as:- other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both"*

35 *Substituted vide Notification No. 39/2018 - CT dated 04.09.2018, w.e.f. 04.09.2018. Prior to its substitution, it was read as:*
"(E) "Adjusted Total turnover" means the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding -
(a) the value of exempt supplies other than zero-rated supplies and
(b) the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both, if any, during the relevant period;"

36 *Substituted vide Notification No. 20/2024 - CT dated 08.10.2024. Prior to its substitution, it was read as: - "excluding –*
(i) the value of exempt supplies other than zero-rated supplies; and
(ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any, during the relevant period."

37 *Inserted vide Notification No. 14/2022 - CT dated 05.07.2022.*

(ii) the value declared in tax invoice or bill of supply,

whichever is less.]

[38][***]

[39][***]

---

[38] Omitted vide Notification No. 20/2024 - CT dated 08.10.2024. Prior to its substitution, it was read as:-

"@ [(4A) In the case of supplies received on which the supplier has availed the benefit of the Government of India, Ministry of Finance, Notification No. 48/2017-Central Tax dated the 18th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1305 (E) dated the 18th October, 2017, refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted].

@ Substituted vide Notification No. 3/2018 - CT dated 23.01.2018, w.e.f. 23.10.2017. Prior to its substitution, it was read as: "(4A) In the case of supplies received on which the supplier has availed the benefit of notification No. 48/2017-Central Tax dated 18th October, 2017, refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted. (4B) In the case of supplies received on which the supplier has availed the benefit of notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate) dated 23rd October, 2017, or both, refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted.]"

[39] Omitted vide Notification No. 20/2024 - CT dated 08.10.2024. Prior to its substitution, it was read as:-

[@@(4B) Where the person claiming refund of unutilised input tax credit on account of zero rated supplies without payment of tax has –

(a) received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 40/2017-Central Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E), dated the 23rd October, 2017 or notification No. 41/2017 Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321(E), dated the 23rd October, 2017; or

(b) availed the benefit of notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E), dated the 13th October, 2017,

the refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted.]]

@@ Substituted vide Notification No. 54/2018 - CT dated 09.10.2018. Prior to its substitution, it was read as: "(4B) In the case of supplies received on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 40/2017 Central Tax (Rate) dated the 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E) dated the 23rd October, 2017 or notification No. 41/2017 Integrated Tax (Rate) dated the 23 rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321(E) dated the 23rd October, 2017 or notification No. 78/2017 Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (i), vide number G.S.R 1272(E) dated the 13th October, 2017 or notification No. 79/2017-Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299(E) dated the 13th October, 2017, or all of them, refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted."

[40][(5) In the case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula:-

Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} - [41][{tax payable on such inverted rated supply of goods and services x (Net ITC ÷ ITC availed on inputs and input services)}].

***Explanation:** - For the purposes of this sub-rule, the expressions -*

(a) "Net ITC" shall mean input tax credit availed on inputs during the relevant period [42][***]; and

[43](b) ["Adjusted Total turnover" and "relevant period" shall have the same meaning as assigned to them in sub-rule (4).]

- **Type of claim permitted under Section 54:**

Section 54 of the CGST Act, 2017 is appended with the explanation of the term "refund", which includes refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of the unutilized input tax credit ("**ITC**") as provided under Sub-section (3) of Section 54.

This section deals with the legal and procedural aspects of claiming a refund by any person in respect of:

(a) Excess Balance in Electronic Cash Ledger

Any person can claim the refund of tax under the head "refund of excess balance in the electronic cash ledger" due to any of the following reasons:

- The balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of section 54 (Section 49(6) of CGST Act);

---

[40] *Substituted vide Notification No. 26/2018 - CT dated 13.06.2017, w.e.f. 01.07.2017. Prior to its substitution, it was read as: "(5) In the case of refund on account of inverted duty structure, 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
Explanation.- For the purposes of this sub rule, the expressions "Net ITC" and "Adjusted Total turnover" shall have the same meanings as assigned to them in sub-rule (4)."

[41] *Substituted vide Notification No. 14/2022 - CT dated 05.07.2022. Prior to its substitution, it was read as: "tax payable on such inverted rated supply of goods and services".*

[42] *Omitted vide Notification No. 20/2024 - CT dated 08.10.2024. Prior to its substitution, it was read as: - "other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both"*

[43] *Substituted vide Notification No. 74/2018 - CT dated 31.12.2018. Prior to its substitution, it was read as: "(b) Adjusted Total turnover shall have the same meaning as assigned to it in sub-rule (4)."*

- The balance of tax wrongly collected and paid to the Government (i.e. CGST & SGST paid by treating the supply as intra-state supply which is subsequently held as inter-state supply and vice versa) (Section 77 of CGST Act and section 19 of IGST Act);
- The refund to the deductor or the deductee arising on account of excess or erroneous deduction (Section 51(6) of CGST Act),;

CBIC has clarified *vide Circular No. 24/24/2017-GST dated 21.12.2017* that since **FORM GSTR-3** is not effective so the refund mechanism cannot be fully automated. Therefore, one needs to apply **FORM GST RFD 01A** under the category "refund of excess balance in the electronic cash ledger".

However, with effect from 26.09.2019, the applications for refund of excess balance in the electronic cash ledger shall be filed in **FORM GST RFD 01** on the common portal and the same shall be processed electronically pursuant to *Circular 125/44/2019.*

(b) Zero Rated Supply

One of the major categories under which claim for refund may arise is on account of exports. All exports (whether of goods or services), as well as supplies to SEZs for authorized operations, have been categorized as Zero Rated Supplies in the IGST Act, 2017. "*Zero-rated supply*" under Section 16 of the IGST Act, 2017 means any of the following supplies of goods or services or both:

(a) export of goods or services or both; or

(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit for authorized operations.

On account of zero-rating of supplies, the supplier will be entitled to claim the ITC in respect of goods or services or both used for such supplies even though they might be non-taxable or even exempt supplies.

As per Section 16(3) of the IGST Act,2017, the registered person making zero-rated supply goods or services without payment of taxes can claim refund of unutilised input tax credit. However, in the case of non-realisation of export proceeds, the registerd person shall be liable to deposit the refund so received along with the interest as per Section 50 of the CGST Act,2017

As per Section 16(4) of the IGST Act,2017, the Government by notification may specify:

a. a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid.

b. a class of goods or services or both, on zero rated supply of which, the supplier may pay integrated tax and claim the refund of tax so paid.

(c) Payment of Wrong Tax

Under the GST a taxable person might pay IGST instead of CGST plus SGST and vice versa

because of incorrect application of the place of supply provisions. In such cases, while making the appropriate payment of tax, interest will not be charged and the refund claim of the wrong tax paid earlier will be entertained without subjecting it to the provision of unjust enrichment.

(d) Casual/Non-Resident Taxable Persons

A casual/Non-resident taxable person has to pay tax in advance at the time of registration. A refund may become due to such persons at the end of the registration period because the tax paid in advance may be more than the actual tax liability on the supplies made by them during the validity period of the registration period. The law envisages refund to such categories of taxable persons also. But the amount of excess advance tax shall not be refunded unless such a person has filed all the returns due during the time their registration was effective. Only after such compliance will the refund be granted.

(e) Merchant Export

When the goods are procured by the merchant exporter at a concessional rate of 0.05% as prescribed under *Notification No. 40/2017- Central Tax (Rate), dated 23.10.2017,* subject to certain conditions specified in the said notifications. [parallel notification issued for the IGST rate of 0.1% *vide Notification No. 41/2017- Central Tax (Rate), dated 14.11.2017*].

The exporter will be eligible to take credit for the tax @ 0.05% / 0.1% paid by him and export the goods without the payment of IGST under the cover of LUT/Bond and apply for the refund of the ITC on such export or with payment of IGST and claim the refund of the IGST so paid.

The supplier who supplies goods at the concessional rate for merchant export is eligible for refund on account of an inverted tax structure as per the provisions of clause (ii) of the first proviso to sub-section (3) of Section 54 of the CGST Act.

(f) Inverted Tax Structure

Where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council. This would include even those cases where supply has been made to merchant exporters under *Notification No. 40/2017- Central Tax (Rate), dated 23.10.2017* or *Notification No. 41/2017- Central Tax (Rate), dated 14.11.2017* or both. In such cases also, a refund can be applied under Section 54 of the CGST Act, 2017 read with Rule 89 of the CGST Rules, 2017.

(g) Deemed Export Supplies

The Government has issued *Notification No. 48/2017-Central Tax, dated 18.10.2017* under Section 147 of the CGST Act, 2017 wherein certain supplies of goods have been notified as deemed export. Further, the second proviso to Rule 89(1) of the CGST Rules, 2017 allows the recipient or the supplier to apply for a refund of tax paid on such deemed export supplies. In case such refund is sought by the supplier of deemed export supplies, the documentary evidence as specified in *Notification No. 49/2017-Central Tax, dated 18.10.2017* is also

required to be furnished, which includes an undertaking by the recipient of deemed export supplies that he shall not claim the refund in respect of such supplies and that no ITC on such supplies has been availed by him. The undertaking from the recipient should be submitted electronically by the supplier along with his application for a refund claim. Similarly, in case the refund is filed by the recipient of deemed export supplies, an undertaking by the supplier of deemed export supplies that he shall not claim the refund in respect of such supplies is also required to be furnished electronically. The procedure regarding the procurement of supplies of goods from DTA by Export Oriented Unit (EOU) / Electronic Hardware Technology Park (EHTP) Unit / Software Technology Park (STP) Unit / BioTechnology Parks (BTP) Unit under deemed export as laid down in *Circular no. 14/14/2017-GST dated 06.11.2017* needs to be complied with. Further vide *Circular No. 147/03//2021-GST dated 12th March,2021* it has been clarified that in order to ensure that there is no dual benefit to the claimant, the portal allows refund of only Input Tax Credit (ITC) to the recipients which is required to be debited by the claimant while filing application for refund claim. Therefore, whenever the recipient of deemed export supplies files an application for refund, the portal requires debit of the equivalent amount from the electronic credit ledger of the claimant.

(h) Refund by Unregistered Persons

Notification No. 26/2022–Central Tax dated 26.12.2022 amended the CGST Rules, 2017 to enable unregistered persons to claim refunds of GST paid in cases like cancellation of construction agreements or premature termination of long-term insurance policies. It introduced a provision for such persons to obtain temporary registration on the GST portal and apply for refunds under the category "Refund for Unregistered Person." The notification also amended Rule 89(2) and inserted Statement 8 in Form GST RFD-01, detailing the documents and information required for such refund applications.

Circular No. 188/20/2022-GST dated 27.12.2022 **- Prescribing manner of filing an application for refund by unregistered persons**

Instances have been reported where unregistered buyers, after entering into agreements with builders or purchasing long-term insurance policies and paying the full or partial amount along with applicable GST, had to cancel the contracts due to project delays, non-completion, or other reasons.

In many such cases, the time limit under Section 34 of the CGST Act for issuing credit notes had already lapsed, leading suppliers or insurance companies to refund only the net amount, excluding GST. As a result, affected unregistered buyers bore the burden of tax without receiving the intended service. Representations have been received seeking a mechanism to enable such unregistered buyers to claim a refund of the GST paid in these scenarios.

It is important to note that Section 54(1) of the CGST Act allows any person, including unregistered individuals, to claim a refund of tax, interest, or any other amount paid, within two years from the relevant date. Additionally, under Section 54(8)(e), if an unregistered person has borne the tax burden without passing it on, the refund is to be paid directly to them instead

of being credited to the Consumer Welfare Fund.

To facilitate such claims in cases of cancelled construction agreements or prematurely terminated long-term insurance policies, a new functionality has been introduced on the GST portal allowing unregistered persons to obtain temporary registration and file for refund under the category 'Refund for Unregistered Person'. Furthermore, Rule 89(2) of the CGST Rules has been amended, and Statement 8 has been added to FORM GST RFD-01 through ***Notification No. 26/2022–Central Tax dated 26.12.2022***, specifying the required documents to be submitted with such refund applications.

Filing of refund application: Unregistered persons seeking a refund under Section 54(1) of the CGST Act, due to cancellation of construction agreements or premature termination of long-term insurance policies, must obtain temporary registration on the GST portal using their PAN, selecting the same State/UT as their supplier.

Aadhaar authentication and entry of bank account details (in their own name and linked to their PAN) are also required. Refund applications must be filed in **Form GST RFD-01** under the category **'Refund for Unregistered Person'**, along with **Statement 8 (PDF format)** and all supporting documents as per Rule 89(2) of the CGST Rules, including a certificate from the supplier under clause (kb) and proof of tax payment. Refund claims must not exceed the tax shown in the relevant invoices, and separate applications are required for different suppliers or for suppliers registered in different States/UTs.

However, if the supplier can still issue a credit note under Section 34 at the time of cancellation, they should refund the tax directly, and no refund application by the unregistered person is needed. Therefore, refund claims by unregistered persons are allowed only when the credit note issuance period has already lapsed.

Relevant date for filing of refund: Under Section 54(1) of the CGST Act, a refund application must be filed within two years from the relevant date. For persons other than the supplier, the relevant date is typically the date of receipt of goods or services as per clause (g) of Explanation (2) to Section 54.

However, in cases involving long-term contract such as construction of flats or long-term insurance policies where payment is made in advance or in instalments and the contract is later cancelled or terminated before completion of service, there may be no actual receipt of service for the unrendered portion. To address this, it has been clarified that in such cases, the **date of issuance of the cancellation letter by the supplier** will be treated as the relevant date for determining the two-year period for filing the refund claim.

Minimum refund amount: Sub-section (14) of section 54 of the CGST Act provides that no refund under subsection (5) or sub-section (6) shall be paid to an applicant, if amount is less than one thousand rupees. Therefore, no refund shall be claimed if the amount is less than one thousand rupees.

The proper officer will process refund claims filed by unregistered persons in the same manner as other RFD-01 claims, verifying the completeness and eligibility of the application. Upon satisfaction, the officer will issue a refund sanction order in **FORM GST RFD-06**, along with a detailed **speaking order**. If the amount refunded by the supplier to the unregistered person upon cancellation or termination of the agreement is less than the total amount originally paid, then only the **proportionate tax amount** corresponding to the refunded sum will be granted as a refund.

General Provisions for all types of refund:

- **Who can apply for the claim?**

Sub-section (1) of Section 54 of the CGST Act, 2017 states that "any person" who has paid any tax and interest, if any, paid on such tax or any other amount can apply for the claim of such tax, interest (if any) or other amount so paid. The term "ANY PERSON" opens the refund arena to that person who has borne the incidence of tax. This means that when the tax or interest is wrongly paid and the incidence of such tax is not passed to the receiver then the supplier is eligible for the refund or otherwise the receiver who paid the said taxes is eligible for the claim.

- **The time limit for the claim:**

In the erstwhile regime, the time limit for filing the claim application was ONE YEAR. In the GST regime, any person claiming any of the above-referred refunds is required to make an application to the proper officer before the expiry of TWO YEARS from the relevant date in the prescribed form and manner. However, the time limit of TWO YEARS does not apply to the claim application filed for the reason of excess balance in the electronic cash ledger.

In ***Jay Shree Tea And Industries Ltd. vs Commissioner of C. Ex.*** *[2005 (190) ELT 106 (Tri - Kolkata)]* the Hon'ble Court held that:

> *"…….. withdrawing an amount from such account-current only requires permission from the Commissioner concerned. Neither the law of limitation nor the theory of unjust enrichment is applicable on such deposit. It is the money belonging to the appellant and has a right to withdraw it. There is a distinction between the amount appropriate towards duty and amount deposited for payment of a duty. In a former case duty which has only been levied and paid evidently becomes the property of the Government and no person would be entitled to get it back unless there is a provision of law to enable that person to get the duty already appropriated back from the State or the Government. In the latter case, however, when an amount has been deposited to be appropriated thereafter towards duty which may fall due there having no appropriation, the property in money does not pass to the Government unless the goods are cleared and the duty is levied."*
>
> For all other type of refunds the time limit of TWO YEARS is counted from the relevant

date, which is explained in the table given below:

Sr. No.	Purpose of Refund	The relevant date is the date on which -
1	Goods are exported out of India *via* sea or air	Ship or Aircraft in which goods are loaded leaves India.
2	Goods are exported out of India *via* the land route	Goods pass the custom frontier.
3	Goods are exported out of India *via* post	Goods are dispatched by post office.
4	Deemed Export	The return relating to deemed export is furnished.
5	Supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit	Due date for furnishing of return under section 39 in respect of such supplies
6	Export of Services - when the supply of service is completed before receipt of payment	Payment is received in convertible foreign exchange, or Indian rupees wherever permitted by the RBI.
7	Export of Services - when payment is received in advance before the issue of invoice	The invoice is issued.
8	Refund as a consequence of Judgement/ Decree/ Order/ Direction of the Appellate Authority/ Appellate Tribunal / any Court	The communication of Order, Judgement/ decree, etc. issued.
8	Inverted Rate Duty	Due date of the return for the tax period under section 39.
9	Provisional payment of tax	The tax is adjusted after the final assessment.
10	A person other than the supplier	The date of receipt of goods or services or both by such person
11	Any other case	Date of payment of tax

- **Key Judgements:**

i. In the case of ***AALIDHRA TEXCRAFT ENGINEERS V. UNION OF INDIA [R/SCA No. 14554 of 2024 judgment dated 12.12.2024],*** the Gujarat High Court

considered whether the two-year limitation period under Section 54(1) of the CGST Act applied to a refund claim involving an amount that was not paid as tax, interest, or penalty. The petitioner had deposited a sum that was later determined not to be a statutory payment, yet the refund claim was rejected by the department on the grounds of limitation. The Court, relying on the Supreme Court's decision in Joshi Technologies International v. Union of India, held that since the deposited amount did not constitute tax, interest, or penalty, it fell outside the scope of Section 54, and thus the two-year limitation period was not applicable. Consequently, the rejection order was quashed, reinforcing that limitation provisions cannot apply to amounts not paid as statutory dues under the CGST framework.

ii. In the case of ***M/S ACULIFE HEALTH CARE PVT. LTD. & ANR. V. UNION OF INDIA [SPECIAL CIVIL APPLICATION NO. 17800 OF 2023, PRONOUNCED ON 09.01.2025],*** the Gujarat High Court addressed the issue of refund claims related to GST paid on salary forfeiture and notice pay recovery. The Government had clarified through a circular dated 03.08.2022 that such recoveries do not constitute a "supply of service" under the CGST Act and are therefore not taxable. The petitioner had deposited GST on such amounts earlier but filed refund claims on 05.11.2022 and 07.11.2022 after the clarification was issued. Authorities rejected the claims as time-barred, calculating the limitation period from September 2018. The Court held that the limitation period under Section 54 must be computed from the date of the clarifying circular (03.08.2022), as prior to that date the petitioner had no reason to believe such tax was not payable. The Court emphasized that the State cannot unjustly enrich itself by retaining amounts not authorized as tax under Article 265 of the Constitution, and accordingly, the refund rejection was set aside.

iii. In the case of ***M/S. BLA INFRASTRUCTURE PRIVATE LIMITED V. STATE OF JHARKHAND [W.P.(T) No. 6527 of 2024,*** the Jharkhand High Court examined whether the two-year time limit for filing refund claims under Section 54 of the CGST Act, 2017 is mandatory or directory. The petitioner's refund claim had been denied solely on the ground of delay in filing. The Court, referring to Article 265 of the Constitution—which prohibits the collection of tax without the authority of law—and relying on the precedent set in Lenovo (India) Pvt. Ltd. v. Joint Commissioner of GST [2023 79 GSTL 299], held that a refund arising out of statutory entitlement cannot be withheld merely on procedural grounds. The Court observed that the word "shall" in Section 54 has been interpreted by the Supreme Court in various statutes as being directory, not mandatory, especially where such interpretation serves to uphold substantive rights. It further clarified that refund of statutory pre-deposit, being a vested right upon successful appeal, cannot be forfeited by invoking the limitation provision of Section 54. The Court thus directed the department to process the refund of a mandatory pre-deposit

after an assessee has won their appeal without being constrained by the two-year time limit.

- **Period for refund claim:**

As per Rule 89 of the CGST Rules,2017, the Relevant period means the period for which the refund is filed. CBIC *vide Circular No. 125/44/2019-GST, dated 18.11.2019* ("**Master Circular-Refund**" or **"*Circular 125/44/2019*"**), clarifies that the applicant, at his option, may file a refund claim for a tax period or by clubbing successive tax periods. The period for which the refund claim has been filed, however, cannot spread across different financial years. On account of this circular there was a practical difficulty in those cases where the ITC is taken in months where there are no exports, and the exports happen in the subsequent year. In such cases, as the claimant were unable to club the financial year, the claimant applied for a lesser refund as compared to actual eligible refund.

CBIC *vide Circular No. 135/05/2020-GST dated 31.03.2020* states that:

> *"2.2 Hon'ble Delhi High Court in Order dated 21.01.2020, in the case of M/s Pitambra Books Pvt Ltd., vide para 13 of the said order has stayed the rigour of paragraph 8 of Circular No. 125/44/2019-GST dated 18.11.2019 and has also directed the Government to either open the online portal so as to enable the petitioner to file the tax refund electronically, or to accept the same manually within 4 weeks from the Order. Hon'ble Delhi High Court vide para 12 of the aforesaid Order has observed that the Circulars can supplant but not supplement the law. Circulars might mitigate rigours of law by granting administrative relief beyond relevant provisions of the statute, however, Central Government is not empowered to withdraw benefits or impose stricter conditions than postulated by the law.*
>
> *……*
>
> *2.4 On perusal of the provisions under sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 and sub-section (3) of section 54 of the CGST Act, there appears no bar in claiming refund by clubbing different months across successive Financial Years.*
>
> *2.5 The issue has been examined and it has been decided to remove the restriction on clubbing of tax periods across Financial Years. Accordingly, Circular No. 125/44/2019-GST dated 18.11.2019 stands modified to that extent i.e. the restriction on bunching of refund claims across financial years shall not apply".*

Hence, the restriction on clubbing of tax periods across financial years has been removed.

- **No refund if exporter has claimed duty drawback**

In Customs for the period 01-07-2017 to 30-9-2017, exporters were eligible to claim a higher rate of duty drawback with the condition that they will not claim:

— a refund of IGST paid on exported goods or

— take ITC on the inward supplies; which can be claimed as a refund of accumulated ITC

used for zero-rated supply.

They claimed a higher rate of duty drawback and submitted the necessary declaration to the Customs for processing their drawback at a higher rate.

A similar restriction has been incorporated *vide* the proviso to Sub-section (3) of Section 54, where a refund of the accumulated ITC is not permitted if

— the goods exported out of India are subject to export duty.

— the supplier has availed drawback of central tax and state tax.

— the supplier has claimed refund of the IGST paid on such supplies.

For the period commencing from 01-10-2017, it has been clarified by the *Circular 125/44/2019* that if a supplier avails of drawback in respect of duties rebated under the Customs and Central Excise Duties Drawback Rules, 2017, he shall be eligible for a refund of the unutilized ITC of CGST/SGST/IGST/Compensation cess. It is also clarified that refund of eligible credit on account of State Tax shall be available if the supplier of goods or services or both has availed of drawback in respect of the Central Tax. This is because of the following reasons:

— the drawback is limited to the incidence of duties of Customs on inputs used and remnant Central Excise Duty on specified petroleum products used for generation of captive power for manufacture or processing of export goods.

— only general AIRs with caps have been provided, unlike prior to 01-10-2017, when two rebate rates were provided.

Thus the declaration required to be given by an exporter for claiming a composite rate of drawback as per *Circular No. 32/2017-Customs dated 27.7.2017* is no longer required w.e.f. 1-10-2017.

With the introduction of the Customs and Central Excise Duties Drawback Rules, 2017 the issue of claiming drawback claims and GST refund (i.e. export with payment or accumulated ITC) simultaneously has been resolved.

- **Minimum Refund Limit**

Section 54(14) of the CGST Act provides that no refund under section 54(5) or 54(6) of the CGST Act shall be paid to an applicant if the amount is less than one thousand rupees. In this regard, it is clarified that the limit of rupees one thousand shall be applied for each tax head separately and not cumulatively.

- **Who can apply for refund**

Category of Applicant	**Who falls under this category**	**Nature / Grounds of Refund**
Any Person	Any person (registered or unregistered)	✧ Taxes paid ✧ Interest paid

Category of Applicant	Who falls under this category	Nature / Grounds of Refund
		✧ Any other amount paid
Registered Person	Person registered under GST	✧ Excess balance in Electronic Cash Ledger ✧ Excess ITC in Electronic Credit Ledger i. Zero Rated Supply ii. Inverted Duty Structure
Person notified under Section 55 read with Sections 54 & 95A	✧ UN / UNO ✧ Financial Institution / Organisation notified under UN (Privileges & Immunities) Act ✧ Consulate / Embassy	Refund as per notified procedures Applicable Notification: *Notification No. 16/2017–CT(Rate)*
	Canteen Stores Department (CSD)	ApplicableNotification: *Notification No. 06/2017–CT (Rate) dated 28.06.2017*

Returns for the tax period should have been filed

Any refund claim for a tax period may be filed only after furnishing all the returns in **FORM GSTR-1** and **FORM GSTR-3B** which were due to be furnished on or before the date on which the refund application is filed. However, in case of a claim for refund filed by the following taxpayers, who are not required to furnish returns in **FORM GSTR-1** and **FORM GSTR-3B**. They should furnish such returns that were due to be furnished on or before the date on which the refund application is being filed.

TAXABLE PERSON	FORM
A Composition Taxpayer	FORM GSTR-4(along with FORM GST CMP-08)
A Non-Resident Taxable Person	FORM GSTR-5
An Input Service Distributor	FORM GSTR-6

Chapter 3

Refund in case of Zero Rated Supply

I. Overview

Section 16. Zero rated supply.-

(1) "zero rated supply" means any of the following supplies of goods or services or both, namely:-

(a) export of goods or services or both; or

(b) supply of goods or services or both [44][for authorised operations] to a Special Economic Zone developer or a Special Economic Zone unit.

(2) Subject to the provisions of sub-section (5) of section 17 of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply.

[45][(3) A registered person making zero rated supply shall be eligible to claim refund of unutilised input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder, subject to such conditions, safeguards and procedure as may be prescribed:

***Provided** that the registered person making zero rated supply of goods shall, in case of non-realisation of sale proceeds, be liable to deposit the refund so received under this sub-section along with the applicable interest under section 50 of the Central Goods and Services Tax Act within thirty days after the expiry of the time limit prescribed under the Foreign Exchange Management Act, 1999 (42 of 1999.) for receipt of foreign exchange remittances, in such manner as may be prescribed.*

(4) The Government may, on the recommendation of the Council, and subject to such conditions, safeguards and procedures, by notification, specify-

---

[44] *Inserted vide sec 123(a) of the Finance Act 2021 dated 28.03.2021, notified through Notification No. 27/2023 - CT dated 31.07.2023, w.e.f. 01.10.2023.*

[45] *Substituted vide sec 123(b) of the Finance Act, 2021 dated 28.03.2021 notified through Notification No. 27/2023- CT dated 31.07.2023, w.e.f. 01.10.2023. Prior to substitution, it was read as: "(3) A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:-(a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or (b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder."*

(i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid [46][in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder];

(ii) a class of goods or services [47][or both, on zero rated supply of which, the supplier may pay integrated tax and claim the refund of tax so paid, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.]

[48][(5) Notwithstanding anything contained in sub-sections (3) and (4), no refund of unutilised input tax credit on account of zero rated supply of goods or of integrated tax paid on account of zero rated supply of goods shall be allowed where such zero rated supply of goods are subjected to export duty.]

As per the above Section, all exports (whether of goods or services), as well as supplies to SEZs for authorized operations, have been categorized as Zero Rated Supplies in the IGST Act, 2017.

We have to understand that the supplier has to demonstrate that the transaction is export of either goods or services for classifying the same as "ZERO RATED SUPPLY" and claim the related benefits given in the provisions. The terms "Export of Goods" and "Export of Services" have been prescribed and the same is reproduced below:

EXPORTS OF GOODS

As per Section 2(5) of the IGST Act, 2017, "*Export of goods with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India.*"

According to Section 2(5), goods are deemed exported when they are moved from India to a place outside India, without any requirement for the exporter to receive convertible currency. Once exported, the transaction is classified as a Zero Rated Supply, making it eligible for a refund.

CBIC *vide Circular No. 108/27/2019 dated 18.07.2019* has clarified the doubts of trade and industry regarding the procedure to be followed in respect of goods sent/taken out of India for exhibition or on a consignment basis for export promotion ("*activity*"). Such *activity* does not constitute supply as per Section 7 of the CGST Act, 2017 and since such *activity* is not a supply, the same cannot be considered zero-rated supply as per the provisions contained in Section 16 of the IGST Act.

According to Section 2(5), goods are deemed exported when they are moved from India to a

---

[46] *Inserted vide the Finance (No. 2) Act, 2024, notified through Notification No. 17/2024 – CT dated 27.09.2024, w.e.f. 01.11.2024.*

[47] *Substituted vide the Finance (No. 2) Act, 2024, notified through Notification No. 17/2024 – CT dated 27.09.2024, w.e.f. 01.11.2024. Prior to its substitution, it was read as: "which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid".*

[48] *Inserted vide the Finance (No. 2) Act, 2024, notified through Notification No. 17/2024 – CT dated 27.09.2024, w.e.f. 01.11.2024.*

place outside India, without any requirement for the exporter to receive convertible currency. Once exported, the transaction is classified as a Zero Rated Supply, making it eligible for a refund. The proviso to Section 16(3) of the IGST Act mandates that if a registered person makes a zero-rated supply of goods (under the LUT/Bond route) but fails to realize the sale proceeds in foreign exchange within the prescribed FEMA time limit, they are liable to deposit the refund received, along with applicable interest.Furthermore, Section 16(5) of the IGST Act now also specifies that no refund (of either unutilised ITC or IGST paid) shall be allowed for a zero-rated supply of goods if those goods are subjected to export duty.

EXPORTS OF SERVICES

As per Section 2(6) of the IGST Act, 2017, the export of services means the supply of any service when-

(i) the supplier of service is located in India;

(ii) the recipient of service is located outside India;

(iii) the place of supply of service is outside India;

(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian rupees wherever permitted by the Reserve Bank of India; and

(v) the supplier of service and the recipient of service are not establishments of a distinct person in accordance with Explanation 1 in Section 8 of the IGST Act.

Explanation 1 to Section 8 of IGST Act:

For the purposes of this Act, where a person has,-

(i) an establishment in India and any other establishment outside India;

(ii) an establishment in a State or Union territory and any other establishment outside that State or Union territory; or

(iii) an establishment in a State or Union territory and any other establishment [49][*****] registered within that State or Union territory, then such establishments shall be treated as establishments of distinct persons.

Thus, in order to qualify as export of service, it is mandatory to fulfil all the 5 conditions mentioned in Section 2(6) above. In this regard, the following 2 conditions require deeper analyses*:*

Condition I: Place of supply is outside India: It is very crucial to determine the place of

[49] *Omitted vide sec 4 of the Integrated Goods and Services Tax (Amendment) Act, 2018 (No. 32 of 2018) notified through Notification No. 1/2019 – IT dated 29.01.2019, w.e.f. 01.02.2019. Prior to omission, it was read as: "being a business vertical".*

supply for services beforehand to avoid litigation at a later point in time. Place of supply is determinable from Sections 13 of IGST Act.

Condition II: Supply of services to establishment outside India: For the purpose of fulfilment of condition (v) of Export of services, it is important to understand the scope of "establishments of a distinct person". For this, it is also relevant to refer to Explanation 2 of Section 8 which provides as under:

"Explanation 2. - A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory."

Circular No. 161/17/2021-GST dated 20.09.2021: *(relevant extracts)*

"From the perusal of the definition of "person" under sub-section (84) of section 2 of the CGST Act, 2017 and the definitions of "company" and "foreign company" under Section 2 of the Companies Act, 2013, it is observed that a company incorporated in India and a foreign company incorporated outside India, are separate "person" under the provisions of CGST Act and accordingly, are separate legal entities. Thus, a subsidiary/ sister concern/ group concern of any foreign company which is incorporated in India, then the said company incorporated in India will be considered as a separate "person" under the provisions of CGST Act and accordingly, would be considered as a separate legal entity than the foreign company."

It was further clarified in the Circular that supply of services made by a branch or an agency or representational office of a foreign company, not incorporated in India, to any establishment of the said foreign company outside India, shall be treated as supply between establishments of distinct persons and shall not be considered as "export of services" in view of condition (v) of sub-section (6) of section 2 of IGST Act.

It was also clarified that a company incorporated in India and a body corporate incorporated by or under the laws of a country outside India, which is also referred to as foreign company under Companies Act, are separate persons under CGST Act, and thus are separate legal entities. Accordingly, these two separate persons would not be considered as "merely establishments of a distinct person in accordance with Explanation 1 in section 8.

In this regard, one may refer to the ruling in Fraunhofer-Gesellschaft ZurForderung derangewandten Forschunge.V, Germany**,** *vide Order No..KAR/AAAR/04/2021 dated 22.02.2021*, wherein the Appellate Authority of Advance Rulings observed as follows:

(a) The Appellant has established a Liaison office in India with the permission of RBI in terms of Section 6(6) of FEMA, 1999.

(b) The RBI and FEMA regulations permits the Liaison Office in India to operate entirely out of the inward remittances received from its Head Office in Germany. The liaison office is not allowed to undertake any business activity in India or enter into any business

contracts in its name or work for any indirect entry into services and cannot earn any income in India either by way of commission/fee or any renumeration.

(c) It is allowed to undertake only liaison activities, i.e. it can act as a channel of communication between the Head Office in Germany and parties in India.

(d) It was observed that the inward remittance in foreign exchange received by the liaison office from its head office for maintaining the office in India cannot be termed as a consideration for the liaison activity. Thus, it removes the coverage of the activities of the liaison office from the scope of Section 7(1)(a) of the CGST Act.

(e) The Appellant's Head office in Germany is no doubt a 'person' by virtue of clause (h) of Section 2(84) of the CGST Act. However, the liaison office is not recognised as a separate legal entity in India. Under the Companies Act, 2013, every foreign entity establishing its place of business in India by way of a liaison office shall be treated as a foreign company as defined under Section 2(42) of the Companies Act, 2013.

(f) The liaison office is registered with the Registrar of Companies in the same name as the parent foreign company. It does not have a separate legal existence in law. The liaison office can at best be a geographical extension of the parent Company in Germany having the same legal identity as the parent company.

(g) As already mentioned earlier, the concept of related person arises only when there are two 'persons' in existence as per law. In this case, there is only one legal entity i.e. the company in Germany and the liaison office in India is only an extension of the foreign company having no separate identity in India.

(h) The appellant is also not an artificial juridical person since the liaison office is not a 'person' recognised as per law.

(i) Since the parent company in Germany and the Appellant in India cannot be treated as separate persons but as one legal entity, the liaison activity performed by the Appellant for the parent company is in the nature of a service rendered to self.

(j) A service rendered to oneself does not come within the purview of 'supply' under GST. Therefore, we hold that the activities of the Appellant as a liaison office does not amount to a supply of service.

It was similary held in *Takko Holding GmbH vide Order No.14/AAR/2018, dated 27.09.2018* and *Habufa Meubelen B.V. vide Advance Ruling No. RAJ/AAR/2018-19/05 dated 16.06.2018.*

Given the above discussions, the following summary can be made.

Sl. No	**Type of Entity**	**Whether it is mere establishment of distinct person?**	**Whether the export condition (e) gets fulfilled?**

1	Subsidiary	No	Yes
2	Holding Company	No	Yes
3	Group concern	No	Yes
4	Liaison office	No	NA (may not amount to supply)
5	Foreign company (as per Companies Act)	No	Yes
6	Branch	Yes	No
7	Project Office (in terms of RBI guidelines)	No	NA (may not amount to supply)

Please note that before concluding whether any entity is a mere establishment of a distinct person, facts involved, and contracts need to be verified on case-to-case basis.

Further as per *Notification No. 15/2018-Integrated Tax (Rate) dated 26.07.2018*, Services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation 1 in section 8 of the Integrated Goods and Services Tax Act, 2017 would be exempt from GST, provided the place of supply of the service is outside India in accordance with section 13 of Integrated Goods and Services Tax Act, 2017.

Realisation of Export proceeds:

One of the conditions for Export of Services provides that the consideration for export shall be in convertible foreign exchange (CFE). However, it also gives an exemption that wherever permitted by the RBI, such export consideration can be in INR instead of CFE.

Following are some cases wherein export consideration is permitted to be received in INR:

(a) Exports of goods and services to Nepal and Bhutan and supplies to SEZ is 'export' even if payment is received in Indian rupees– MF(DR) *Circular No. 5/5/2017-GST dated 11-8-2017,* further revised and consolidated by *CBIC Circular No. 8/8/2017-GST dated 4-10-2017,* as amended by CBIC *Circular No. 88/07/2019-GST dated 1-2-2019.*

(b) Export proceeds against specific exports may also be realised in INR provided it is through a freely convertible Vostro account of a non-resident bank situated in any country, other than a member of the ACU or Nepal or Bhutan.

SUPPLY TO A SPECIAL ECONOMIC ZONE DEVELOPER OR A SPECIAL ECONOMIC ZONE UNIT

Supply for authorized operations to a SEZ unit or SEZ developer is treated at par with exports under GST.

The CBIC *vide Circular No. 48/22/2018 - GST dated 14.06.2018* (relevant extracts):

Whether the benefit of zero-rated supply can be allowed to all procurements by a SEZ developer or a SEZ unit such as event management services, hotel and accommodation services, consumables etc.?

As per section 16(1) of the IGST Act, "zero-rated supplies" includes the supplies of goods or services or both to a SEZ developer or a SEZ unit. Whereas, section 16(3) of the IGST Act provides for the refund to a registered person making zero rated supplies under bond/LUT or on payment of integrated tax, subject to such conditions, safeguards and procedure as may be prescribed. Further, as per the second proviso to rule 89 (1) of the Central Goods and Services Tax Rules, 2017 (CGST Rules in short), in respect of supplies to a SEZ developer or a SEZ unit, the application for refund shall be filed by the:

(a) supplier of goods after such goods have been admitted in full in the SEZ for authorised operations, as endorsed by the specified officer of the Zone;

(b) supplier of services along with such evidence regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone.

A conjoint reading of the above legal provisions reveals that the supplies to a SEZ developer or a SEZ unit shall be zero rated and the supplier shall be eligible for refund of unutilized input tax credit or integrated tax paid, as the case may be, only if such supplies have been received by the SEZ developer or SEZ unit for authorized operations. An endorsement to this effect shall have to be issued by the specified officer of the Zone.

Therefore, subject to the provisions of section 17(5) of the CGST Act, if event management services, hotel, accommodation services, consumables etc. are received by a SEZ developer or a SEZ unit for authorised operations, as endorsed by the specified officer of the Zone, the benefit of zero-rated supply shall be available in such cases to the supplier.

Now with the amendment to the provision of Section 16 of the IGST Act, it is made amply clear that supply to SEZ unit or SEZ developer can be treated as zero rated supply only if the same is done for authorized operations.

II. Type of Refund prescribed for Zero Rated Suppy under Section 16(3) of IGST Act

— ***Supply goods or services or both under a Bond or Letter of Undertaking without payment of Integrated Tax and claim refund of an unutilised ITC.***

- *Refund of unutilized ITC on account of exports without payment of tax.*
- *Refund of unutilized ITC on account of supplies made to SEZ Unit/SEZ Developer without payment of tax.*

— ***Supply goods or services or both on payment of Integrated Tax and claim refund of such tax paid on goods or services or both supplied.***

- *Refund of tax paid on export of services with payment of tax.*
- *Refund of tax paid on export of goods with payment of tax.*
- *Refund of tax paid on supplies made to SEZ Unit/SEZ Developer with payment of tax.*

In this regard following have been discussed:

(A) Export of Goods with Payment of IGST

(B) Export of Services with Payment of IGST

(C) Supplies made to a Special Economic Zone Developer or a Special Economic Zone Unit

(D) Export of Goods or Services under the Cover of Letter of Undertaking/Bond

(A) Export of Goods with Payment of IGST

Rule 96. Refund of integrated tax paid on goods [50][or services] exported out of India.-

(1) The shipping bill filed by [51][an exporter of goods] shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India and such application shall be deemed to have been filed only when:-

(a) the person in charge of the conveyance carrying the export goods duly files [52][a departure manifest or] an export manifest or an export report covering the number and the date of shipping bills or bills of export; and

(b) [53][the applicant has furnished a valid return in FORM GSTR-3B:

Provided that if there is any mismatch between the data furnished by the exporter of goods in Shipping Bill and those furnished in statement of outward supplies in FORM GSTR-1, [54][as amended in FORM GSTR-1A if any,] such application for refund of integrated tax paid on the goods exported out of India shall be deemed to have been filed on such date when such mismatch in respect of the said shipping bill is rectified by the exporter;]

[55][(c) the applicant has undergone Aadhaar authentication in the manner provided in rule

---

50 Inserted vide Notification No. 75/2017 - CT dated 29.12.2017, w.e.f. 23.10.2017.

51 Substituted vide Notification No. 03/2018 - CT dated 23.01.2018, w.e.f. 23.10.2017. Prior to substitution, it was read as: "an exporter".

52 Inserted vide Notification No. 74/2018 - CT dated 31.12.2018.

*53 Substituted vide Notification No. 14/2022 - CT dated 05.07.2022, w.e.f. 01.07.2017. Prior to substitution, it was read as: "the applicant has furnished a valid return in FORM GSTR-3 *[or FORM GSTR-3B, as the case may be]"*
** Inserted vide Notification No. 15/2017 - CT dated 01.07.2017.*

54 Inserted vide Notification No. 12/2024 - CT dated 10.07.2024.

55 Inserted vide Notification No. 35/2021 - CT dated 24.09.2021, w.e.f. 01.01.2022 vide Notification No. 38/2021-CT dated 21.12.2021.

10B;]

[56][Provided that the exporter of goods may file an application electronically in FORM GST RFD-01 through the common portal for refund of additional integrated tax paid on account of upward revision in price of goods subsequent to export of such goods, and on which the amount of integrated tax paid at the time of export of such goods has already been refunded in accordance with provisions of sub-rule (3) of this rule, and such application shall be dealt with in accordance with the provisions of rule 89;]

(2) The details of the [57][relevant export invoices in respect of export of goods] contained in FORM GSTR-1, [58][as amended in FORM GSTR-1A if any,] shall be transmitted electronically by the common portal to the system designated by the Customs and the said system shall electronically transmit to the common portal, a confirmation that the goods covered by the said nvoices have been exported out of India.

[59][****]

(3) Upon the receipt of the information regarding the furnishing of a valid return in [60][FORM GSTR-3B] from the common portal, [61][the system designated by the Customs or the proper officer of Customs, as the case may be, shall process the claim of refund in respect of export of goods] and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account of the applicant mentioned in his registration particulars and as intimated to the Customs authorities.

(4) The claim for refund shall be withheld where,-

(a) a request has been received from the jurisdictional Commissioner of central tax, State tax or Union territory tax to withhold the payment of refund due to the person claiming refund in accordance with the provisions of sub-section (10) or sub-section (11) of section 54; or

---

56 Inserted vide Notification No. 12/2024 - CT dated 10.07.2024.

57 Substituted vide Notification No. 03/2018 - CT dated 23.01.2018, w.e.f. 23.10.2017. Prior to its substitution, it was read as: "relevant export invoices".

58 Inserted vide Notification No. 12/2024 - CT dated 10.07.2024.

*59 Omitted vide Notification No. 38/2023 - CT dated 04.08.2023. Prior to its omission, provisos were read as under: *[Provided that where the date for furnishing the details of outward supplies in FORM GSTR-1 for a tax period has been extended in exercise of the powers conferred under section 37 of the Act, the supplier shall furnish the information relating to exports as specified in Table 6A of FORM GSTR-1 after the return in FORM GSTR-3B has been furnished and the same shall be transmitted electronically by the common portal to the system designated by the Customs:*
Provided further that the information in Table 6A furnished under the first proviso shall be auto-drafted in FORM GSTR-1 for the said tax period].

** Inserted vide Notification No. 51/2017 - CT dated 28.10.2017.*

60 Substituted vide Notification No. 19/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022. Prior to its substitution, it was read as: "FORM GSTR-3 [#][or FORM GSTR-3B, as the case may be]".

 # Inserted vide notification No. 15/2017 - CT dated 01.07.2017.

61 Substituted vide Notification No.03/2018 - CT dated 23.01.2018, w.e.f. 23.10.2017. Prior to its substitution, it was read as: "the system designated by the Customs shall process the claim for refund".

(b) the proper officer of Customs determines that the goods were exported in violation of the provisions of the Customs Act, [62][1962; or]

[63][(c) the Commissioner in the Board or an officer authorised by the Board, on the basis of data analysis and risk parameters, is of the opinion that verification of credentials of the exporter, including the availment of ITC by the exporter, is considered essential before grant of refund, in order to safeguard the interest of revenue.]

(5) [64][***]

[65][(5A) Where refund is withheld in accordance with the provisions of clause (a) or clause (c) of sub-rule (4), such claim shall be transmitted to the proper officer of Central tax, State tax or Union territory tax, as the case may be, electronically through the common portal in a system generated FORM GST RFD-01 and the intimation of such transmission shall also be sent to the exporter electronically through the common portal, and notwithstanding anything to the contrary contained in any other rule, the said system generated form shall be deemed to be the application for refund in such cases and shall be deemed to have been filed on the date of such transmission.

(5B) Where refund is withheld in accordance with the provisions of clause (b) of sub-rule (4) and the proper officer of the Customs passes an order that the goods have been exported in violation of the provisions of the Customs Act, 1962 (52 of 1962), then, such claim shall be transmitted to the proper officer of Central tax, State tax or Union territory tax, as the case may be, electronically through the common portal in a system generated FORM GST RFD-01 and the intimation of such transmission shall also be sent to the exporter electronically through the common portal, and notwithstanding anything to the contrary contained in any other rule, he said system generated form shall be deemed to be the application for refund in such cases and shall be deemed to have been filed on the date of such transmission.

(5C) The application for refund in FORM GST RFD-01 transmitted electronically through the common portal in terms of sub-rules (5A) and (5B) shall be dealt in accordance with the provisions of rule 89.]

---

62 Substituted vide Notification No. 14/2022 - CT dated 05.07.2022, w.e.f. 01.07.2017. Prior to its omission it was read as: "1962".

63 Inserted vide Notification No.14/2022 - CT dated 05.07.2022, w.e.f. 01.07.2017.

64 Omitted vide Notification No. 14/2022 - CT dated 05.07.2022, w.e.f. 01.07.2017. Prior to its omission, it was read as: "(5) Where refund is withheld in accordance with the provisions of clause (a) of sub-rule (4), the proper officer of integrated tax at the Customs station shall intimate the applicant and the jurisdictional Commissioner of central tax, State tax or Union territory tax, as the case may be, and a copy of such intimation shall be transmitted to the common portal."

65 Inserted vide Notification No.14/2022 - CT dated 05.07.2022, w.e.f. 01.07.2017.

(6) [66]*[***]*

(7) [67]*[***]*

(8) The Central Government may pay refund of the integrated tax to the Government of Bhutan on the exports to Bhutan for such class of goods as may be notified in this behalf and where such refund is paid to the Government of Bhutan, the exporter shall not be paid any refund of the integrated tax.

[68]*[(9) The application for refund of integrated tax paid on the services exported out of India shall be filed in FORM GST RFD-01 and shall be dealt with in accordance with the provisions of rule 89]*

[69]*[***]*

---

[66] *Omitted vide Notification No. 14/2022 - CT dated 05.07.2022, w.e.f. 01.07.2017. Prior to its omission, it was read as: "(6) Upon transmission of the intimation under sub-rule (5), the proper officer of central tax or State tax or Union territory tax, as the case may be, shall pass an order in @[Part A] of FORM GST RFD-07 ."*

@ *Substituted vide Notification No. 15 /2021 – CT dated 18.05.2021. Prior to its substitution, it was read as: "Part B".*

[67] *Omitted vide Notification No. 14/2022 - CT dated 05.07.2022, w.e.f. 01.07.2017. Prior to its omission, it was read as: "(7) Where the applicant becomes entitled to refund of the amount withheld under clause (a) of sub-rule (4), the concerned jurisdictional officer of central tax, State tax or Union territory tax, as the case may be, shall proceed to refund the amount @@[by passing an order in FORM GST RFD-06 after passing an order for release of withheld refund in Part B of FORM GST RFD-07]."*

@@ *Substituted vide Notification No. 15 /2021 – CT dated 18.05.2021. Prior to its substitution, it was read as: "after passing an order in FORM GST RFD-06".*

[68] *Substituted vide Notification No. 3/2018 - CT Dated 23.01.2018, w.e.f. 23.10.2017. Prior to its substitution, it was read as: **[(9) The persons claiming refund of integrated tax paid on export of goods or services should not have received supplies on which the supplier has availed the benefit of notification No. 48/2017-Central Tax dated 18th October, 2017 or notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate) dated 23rd October, 2017]"*

***Inserted vide Notification No. 75/2017 dated 29.12.2017, w.e.f. 23.10.2017.*

[69] *Omitted vide Notification No. 20/2024 - CT dated 08.10.2024. Prior to its substitution, it was read as: -*

#[(10) The persons claiming refund of integrated tax paid on exports of goods or services should not have –

a) received supplies on which the benefit of the Government of India, Ministry of Finance notification No. 48/2017-Central Tax, dated the 18th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1305 (E), dated the 18th October, 2017 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme or notification No. 40/2017-Central Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E), dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E), dated the 23rd October, 2017 has been availed; or

b) availed the benefit under notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272 (E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E), dated the 13th October, 2017 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme.]

^ [Explanation. - For the purpose of this sub-rule, the benefit of the notifications mentioned therein shall not be considered to have been availed only where the registered person has paid Integrated Goods and Services

Export of goods or services or both is governed by Rule 96 of the CGST Rules, 2017 and the same is processed by the Customs authorities. It provides that the shipping bill filed by an exporter shall be deemed to be an application for refund of Integrated Tax paid on the goods exported out of India. The refund is processed by the Customs officer once EGM and valid return in Form GSTR-3B and Form GSTR-1 has been filed. Once these conditions are met, the Customs System shall process the claim for refund and an amount equal to the Integrated

---

Tax and Compensation Cess on inputs and has availed exemption of only Basic Customs Duty (BCD) under the said notifications.]]

 # Substituted vide Notification No. 54/2018 - CT dated 09.10.2018. Prior to its substitution, it was read as:

[(10) The persons claiming refund of integrated tax paid on exports of goods or services should not have received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax, dated the 18th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1305 (E), dated the 18th October, 2017 or notification No. 40/2017-Central Tax (Rate) dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E), dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E), dated the 23rd October, 2017 or notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E) dated the 13th October, 2017.]

^ Inserted vide Notification No. 16/2020 - CT dated 23.03.2020, w.e.f. 23.10.2017.

Substituted vide Notification No. 53/2018–CT dated 09.10.2018, w.e.f. 23.10.2017. Prior to its substitution, it was read as:

[(10) The persons claiming refund of integrated tax paid on exports of goods or services should not have –

a) received supplies on which the benefit of the Government of India, Ministry of Finance notification No. 48/2017-Central Tax, dated the 18th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i),vide number G.S.R 1305 (E), dated the 18th October, 2017 or notification No. 40/2017-Central Tax (Rate), dated the 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i),vide number G.S.R 1320 (E), dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate), dated the 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E), dated the 23rd October, 2017 has been availed; or

b) availed the benefit under notification No. 78/2017-Customs, dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i),vide number G.S.R 1299 (E), dated the 13th October, 2017.]

Substituted vide Notification No. 39/2018 – CT dated 04.09.2018, w.e.f. 23.10.2017. Prior to its substitution, it was read as:

"(10) The persons claiming refund of integrated tax paid on exports of goods or services should not have received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated the 18th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1305 (E) dated the 18th October, 2017 or notification No. 40/2017-Central Tax (Rate) 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E) dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate) dated the 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E) dated the 23rd October, 2017 or notification No. 78/2017-Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E) dated the 13th October, 2017 or notification No. 79/2017-Customs Tax dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E) dated the 13th October, 2017."

Tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account of the applicant mentioned in his registration particulars and as intimated to the Customs authorities.

However, as per the amendment to Section 16(4) of the IGST Act,2017,only those goods that are notified will be eligible for exports with payment of taxes. Vide *Notification no. 01/2023-Integrated Tax dated 31.08.2023*, the Government has notified that all goods or services (except the goods specified in column (3) of the TABLE in Notification) may be exported on payment of integrated tax on which the supplier of such goods or services may claim the refund of tax so paid.

To implement the said restrictions, CBIC has developed a backend functionality to restrict IGST refund route for the goods as specified in the above notification. Through the said functionality, changes have been made in the system of filing of shipping bills and during amendment, with respect to the commodities mentioned in the said notification. Since IGST refund is paid at shipping bills level, the checks have been enabled at shipping bill level.

Further *Circular No: 24/2023-Customs dated 30.09.2023*, have been issued by Customs, wherein they have clarified that:

(i) in cases where a shipping bill contains single or multiple invoices for which IGST have been paid and even if one invoice contains an item which is restricted for export on payment of IGST under section 16(4) of the IGST Act, the shipping bill containing such items will not be allowed to be filed.

(ii) In view of the above, it is requested that the concerned officers under your jurisdiction may be sensitized, especially for manual Shipping Bills in Non-EDI ports or even at EDI ports, or for export through posts/courier, to not allow export of such notified goods on payment of IGST so as to ensure that no undue benefits are taken by exporting such notified goods in accordance with the provisions of section 16(4) of the IGST act 2017.

Refund procedure

Filing of the Shipping Bill: The Shipping bill is filed to obtain clearance for exports from Customs authorities. This bill is treated as a claim application for the purpose of the export of goods with the payment of IGST.

Furnishing the details of export supplies in Table 6A of Form GSTR-1: The details of zero-rated supplies declared in Table 6A of return in Form GSTR-1 or Form GSTR-1A are matched electronically with the corresponding details available in Customs Systems as per details provided in the shipping bills/bill of export. Thus, exporters must file their Form GSTR-1 or Form GSTR-1A very carefully to ensure that all relevant details match with the details provided in the shipping bill. For their convenience, the details available in the Customs System have been made available for viewing in their Indian Customs Electronic Gateway (ICEGATE) login.

In case, where the shipping bill particulars are either not available or wrongly quoted in Form GSTR- 1 or Form GSTR-1A, the only way out is to amend the Form GSTR-1 of the subsequent tax period in Table 9A (Amendments to taxable outward supply details furnished in returns for earlier tax periods) and enter the correct particulars as mentioned in the shipping bill.

Further, where the invoice number and IGST paid amount mismatch (i.e. the exporters have quoted different invoice numbers and amount in Table 6A of the Form GSTR - 1 and the shipping bill) then the same needs to be amended by following the amendment process prescribed above.

Filing of Form GSTR-3B: A registered person should properly disclose the Assessable Value and the IGST payment particulars for the tax period under the head "*Zero-Rated Supply*" in Entry 3.1(b) of the Form GSTR-3B. Since, there is a validation check in the GSTN system to ensure that the IGST paid on the export goods in any particular month [3.1(b)] is not less than the refund claimed by the exporter [Table 6A of Form GSTR-1].

However, it has been observed that the exporters have inadvertently mis-declared IGST paid on export supplies as IGST paid on inter-State domestic outward supplies while filing Form GSTR-3B. The exporters have also in certain cases short paid IGST vis-à-vis their liability declared in Form GSTR-1. As a result of these mismatches in the amount of IGST paid on exported goods between Form GSTR-1 and Form GSTR-3B, the transmission of records from GSTN to Customs EDI system has not taken place and, consequently, IGST refunds could not be processed.

To overcome the problem of refund blockage, the CBIC *vide Circular No.12/2018 - Customs dated 29.05.2018* and *Circular No. 25/2019-Customs dated 27.08.2019 read with Facilitation No. 11/2019 – Customs dated 13.09.2019*, has provided an interim solution applicable for the FY 2017–18 and FY 2018–19 which was further extended by *Circular no:4/2021- Customs dated 16.02.2021* for the FY 2019-20 and FY 2020-21.

Post refund audit

The exporters would be subjected to a post refund audit under the GST law. Directorate General of Audit shall include the above-referred GSTINs for conducting audit under the GST law, and further to ensure the inclusion of IGST refund aspects in the audit plan. In case, Departmental Audit detects excess refunds to the exporters under this procedure, the details of such detections may be communicated to the concerned GST formations for appropriate action.

Transmission of record from GSTN to Customs Electronic Data Interchange (EDI) system:

When the exporters have declared properly paid IGST on export supplies in their Form GSTR - 3B and the same matches with the liability declared in Form GSTR-1, then the data will be

transmitted to the Customs system wherein the GST return data is matched with the shipping bill data. If the matching is successful, ICES processes the claim for refund and the relevant amount of IGST paid with respect to each shipping bill or bill of export is electronically credited to the exporter's bank account as registered with the Customs authorities. But, wherever the matching fails on account of some error, the refund do not get sanctioned. The matching between the two data sources is done at invoice level and any mis-match of the laid down parameters results in one or more of the following errors/responses:

Code	Meaning
SB000	Successfully validated
SB001	Invalid SB details
SB002	EGM not filed
SB003	GSTIN mismatch
SB004	Record already received and validated
SB005	Invalid invoice number
SB006	Gateway EGM not available

- **Non-filing/Late filing of Customs documents:** The majority of refund claims are getting processed and sanctioned within a short time from the date of the filing of **Form GSTR-1** and **Form GSTR-3B**. However, in few cases, particularly for the LCL (**Less Container Load**) cargo consignments originating from ICDs, Export General Manifest ("**EGM**") related errors continue to hinder smooth and automatic sanction of IGST refund claims. The nature of these errors has been examined in detail and the CBIC *vide Circular No. 01/2019-Customs dated 02.01.2019* has given the main reasons for such EGM errors still hampering the IGST refund processing and the resolution for such errors, which is explained below:

Non-filing/Late filing of Online Local and Gateway EGM:

- The processing of IGST refund gets hampered either because the local EGM has not been filed online or has been filed late. There are instances where the cargo originating from the hinterland ICDs reached the gateway port without the online filed local EGM. Earlier *vide Circular No. 42/2017- Customs. dated 07.11.2017* it was explained that because of the manual filing of EGM in respect of Shipping Bills originating from ICDs, the system is unable to match the gateway EGM and the local EGM. Therefore, it instructed that all the custodians/carriers/shipping lines operating at ICDs/Gateway ports should file EGM online. It is re-iterated that as the first step, the concerned stakeholders at the originating ICDs should file the local EGMs online.
- Where the export goods are directly moved by truck to the gateway port, filing the local

EGM timely should not pose any problem. At inland ICDs/CFSs connected by train, the local EGM shall be filed before the goods move out of ICD/CFS. In ICDs/CFSs not connected by train but where the movement of export goods begins from the nearest train-based ICD/CFS, it has been observed that local EGM is not being filed as the Train Number is not known to the custodian for want of the rail receipt. In such cases, it must be ensured that the local EGM is filed by the custodian immediately after getting the train details in which containers are moving to Gateway port, but in any case, before the train leaves for the Gateway port. Officers at these stations shall constantly monitor to check the pendency and take necessary action.

- Non-filing of EGM clearly hints at non-compliance by the custodian/person in charge of the conveyance carrying export goods. Section 41 of the Customs Act authorizes the customs officer to take action against such non-filers. However, more than invoking the penal sections, jurisdictional Commissioners need to constantly monitor the activity of timely filing of the EGM and take necessary steps to ensure the same.

Mismatch in Local EGM and Gateway EGM:

- The errors arising out of the mismatch of information provided in local and Gateway EGM has been discussed in para 6 of *Circular No. 06/2018 - Customs* wherein the Board has clearly delineated the roles and responsibilities of the Customs officers at the inland ICDs/CFSs and at the Gateway port or CFSs attached with the gateway ports respectively, in so far as the task of integrating the local EGM and the gateway EGM is concerned.
- One of the major hindrances in the smooth processing of IGST refunds for the past period is the problem faced by field formations in gathering information with regard to LCL cargo from Shipping lines and Custodians. The matter has been examined. The procedure-related to the consolidation of cargo at Gateway ports has already been prescribed *vide Circular No. 55/2000-Customs, dated 30.06.2000* wherein it is provided *inter-alia* that the custodian of the gateway port or CFS near gateway port is required to maintain a container-wise tally sheet, giving details of the export consignments, the previous Container No., Shipping Bill No., AR-4 No. and the details of the new container in which goods have been re-stuffed. It was also mandated that the concerned shipping line would issue the Bill of Lading, a copy of which would be handed over to the custodian. After necessary endorsements regarding inspection, the other transference copy would be returned to the originating ICD/CFS. Thus, the custodian of the CFSs or Gateway port bears the responsibility to maintain all records with regard to LCL cargo consolidated at their premises. Subsequently, *vide Circular No. 08/2018-Customs*, instead of the said transference copy, correlation with the final bill of lading or written confirmation from the custodian of the gateway CFS was permitted for purposes of integration of the local and gateway EGM.
- It has also been learnt that in some field formations tally sheet is being maintained in

the form of a Container Load Plan (CLP) which is prepared by Shipping lines and gives details of packages in the container. It has been reported that cargo is de-stuffed under customs supervision based on Container De-stuffing Plan (CDP). Preparing CLP/CDP does not absolve the custodian of the responsibility of keeping account of the cargo being handled in the form of a tally sheet. Such local practice of CLP/CDP appears to have been started only for the convenience of shipping lines/custodians. The accounting of previous containers vis-a-vis new containers in case of LCL cargo being re-stuffed at CFS or Gateway port is an important event in establishing the linkage between the local EGM and Gateway EGM. *Circular Cus. 55* mandating the procedure to be followed at Gateway Ports or CFS attached to Gateway ports and the originating inland ICDs/CFSs for consolidation of LCL cargo on Gateway ports or CFS attached to such gateway ports is still being used and has not been dispensed with.

- Agents of Shipping lines/freight forwarders/consolidators operating at the inland ICDs/CFSs play a critical role in booking export cargo for the overseas destination. The CBIC has deputed its officers to some of the inland ICDs/CFSs. The feedback obtained has revealed that these entities have all the necessary information regarding the movement of goods from ICDs/CFSs to the Gateway port, consolidation at the gateway port and the journey beyond. These entities can be easily approached to provide the requisite information/documents for rectification of EGM related errors in cases where exporters for some reason do not have the requisite information. Jurisdictional Customs officers at inland ICDs/CFSs are, therefore, required to approach these agents to obtain the details of re-worked containers (C or N related EGM errors). The information gathered from the agents shall be collated and immediately communicated to Gateway port officers so that rectification of errors (C or N) could be done.
- Customs officers in charge of CFSs shall provide a list of Shipping Bills having SB006 error, i.e., EGM errors to the concerned CFSs at gateway ports. The custodians shall, in turn, provide details as mentioned in Tally Sheets or CDP/CLP (containing container details) relating to the said SBs to the Customs officers. Simultaneously, Gateway port officers shall coordinate with the officers of the originating ICDs/CFSs to obtain relevant particulars in accordance with the aforesaid procedure. It shall be the responsibility of the officers in charge of CFSs at Gateway ports to obtain necessary details from the stakeholders which establish linkages between the goods received from inland ICDs/CFSs and those exported out of India, except in cases where the local EGM has not been filed, in which case the responsibility would be of the officers manning the inland ICD/CFS.
- Once the details are received, the Preventive officer/P.O. at the gateway port, CFSs shall use the option in the Preventive Officer role (PREV_OFF) to rectify container details. (Refer ICES Advisory 08/18 dated 09.03.2018). The preventive officer can amend the container details in the Gateway EGM CTR Amendment Option to correct the N and C errors after verifying relevant details from the shipping bill, master BL and House(local) BL. Once the corrections are made, the EGM officer at Gateway port can

revalidate EGMs for the successful integration of the updated details. For those shipping bills in respect of which no gateway EGM was filed in the first place, the shipping line can file supplementary EGM for successful integration.

- Responsibilities and liabilities of custodians have been provided in detail in the Handling of Cargo in Customs Areas Regulations, 2009. Regulation 6 clearly casts the responsibility of keeping account of export goods on the Customs Cargo Service Provider (CCSP). Further, the procedure for suspension or revocation and the imposition of penalty is provided in Regulation 12 which can be resorted to in cases where CCSP fails to comply with the regulations. This must be strictly enforced after following due process in instances of persistent non-compliance.
- Export of goods out of India is an essential condition for grant of IGST refund as provided in Rule 96 of CGST Rules, 2017. It therefore warrants verification whether the goods were indeed exported out of India where the IGST refund claims have been long pending with EGM error (SB006).

Stuffing Report by Preventive Officers at Gateway Ports

- It appears that in some gateway ports, the Preventive officers are entering stuffing report in ICES application of Customs EDI System about the shipping bills filed only in the gateway port, and not for the shipping bills which have been filed in ICDs. It is important that Preventive officers posted in gateway ports should enter stuffing reports for all shipping bills irrespective of where they have been filed, i.e., in the gateway ports or ICDs.
- Further, in order to avoid the problem of mismatch in information in local and gateway EGMs, the preventive officers must play a proactive role. Custodians at the CFSs/Gateway Ports shall prepare a Tally Sheet as mandated in *Circular Cus. 55.* The preventive officer shall supervise de-stuffing and re-stuffing, and verify details like number of package (s), quantity etc. and satisfy himself that there is no short shipment, replacement or diversion of cargo. In addition to providing the stuffing report for the local cargo, the gateway port officer should also verify the correctness of package (s) and container details for cargo coming from inland ICDs cargo immediately in ICES, using the Gateway EGM CTR Amendment option. Tally sheets shall be prepared containing all the necessary details simultaneously. Corrections, if required, in the container/package details shall be rectified at this very stage to avoid the occurrence of N and C errors, when the gateway EGM is eventually filed. Once the corrections are made, the EGM officer at the Gateway port can revalidate EGMs for successful integration of the updated details.

Export General Manifest: Filing EGM correctly is a must for treating the shipping bill or bill of export as a refund claim. Commissioners must ensure that the concerned airlines/shipping lines/carriers file EGM/Export report within the prescribed time. Cases that remain in EGM error due to any reason should be followed up to ensure that records are updated at the

gateway port, especially for ICDs. Exporters may be advised that they should follow up with their carriers to ensure that correct EGM/export reports are filed in a timely manner.

Due to either mismatch in information furnished in EGM/ the shipping bill or non-filing of EGM in certain cases, the compliance of '*exported out'of India'* requirement in Rule 96(2) of the CGST Rules, 2017 remained unfulfilled. It has also been noticed that Gateway EGM in case of'many ICD's Shipping Bills have been manually filed, due to which the system is unable to match the EGM details. It is to be ensured that all the shipping lines operating in the ICDs/Gateway ports file EGM online. All ICDs and Gateway ports have already been instructed to ensure that the shipping lines file supplementary EGM online for the consignments exported in July 2017 by 31st October. For subsequent months also, the ICDs must ensure that the shipping lines invariably file the Gateway EGM online. In cases where supplementary EGMs have been filed successfully, refunds have already been given.

The Shipping lines/agents have been filing EGM electronically for exports originating from the gateway ports. However, for cargo originating from the ICDs, the Shipping lines/agents were filing EGM in the manual mode. Absence of electronic EGMs and their integration with local EGMs has been the major obstacle in processing refund claims of exports from the ICDs.

In order to overcome this issue, the Shipping lines have been mandated to include the shipping bills originating from the ICDs while filing the electronic EGMs at the gateway ports. In cases where the EGMs have not incorporated the shipping bills pertaining to ICDs, the Shipping lines/agents have been asked to file supplementary EGMs. While the Shipping lines have been largely cooperative in filing regular or supplementary EGMs for cargo originating from the ICDs, there are still many instances where no EGMs have been filed or EGMs have been filed with errors. This is causing avoidable delay in processing refund claims. The jurisdictional officers at the gateway port may initiate swift penal action against Shipping lines/agents who fail to file either regular or supplementary EGMs electronically for the cargo originating from ICDs.

In order to ensure a hassle free processing of refund claims, the following steps need to be ensured by the jurisdictional officers in the ICDs:

(a) filing of a local EGM, i.e., train or truck summary, as the case may be, immediately after cargo leaves the port,

(b) liaising with jurisdictional officers at the gateway port for incorporation of Shipping Bills pertaining to the cargo originating in the ICDs, in the EGMs filed at the gateway port by the Shipping lines/agents,

(c) rectification of errors in local and gateway EGMs, wherever necessary.

The jurisdictional officers at the gateway port should strictly monitor the EGM pendency and error reports available in ICES. The officers at the gateway port have to resolve the EGM errors expeditiously by asking the Shipping lines/agents to file requisite amendments and

approving them on ICES. In cases, where there are errors either in the shipping bill or in the local EGM (i.e., truck or train summary), the remedial action has to be taken by the jurisdictional officer in ICP.

It has been observed that mis-match of information provided in local and gateway EGMs mainly occurs because of:

S.No.	Reason	Error Code
(i)	incorrect gateway port code in the local EGM	M
(ii)	change in container for LCL cargo or mistakes committed while entering container number	C
(iii)	incorrect count of containers	N
(iv)	mistakes in entering the nature –f cargo - LCL or FCL	T
(v)	the let export order is given in ICES after sailing date of the vessel	L

ICES has provisions to correct all these errors. The procedure to be followed for each type of error has been clearly delineated in the step by step guide issued by the Directorate of Systems for dealing with the errors. In case of specific difficulties, the same may be taken up with Directorate of Systems.

There is a shared responsibility between officers working at the ICDs and gateway ports for ensuring an error-free filing and integration of local and gateway EGMs. The officers at both locations should also ensure swift rectification of errors and effective coordination between the domestic carriers, who file local EGMs, and the Shipping lines/agents, who file the gateway EGMs. The error free filing and integration of EGMs is a pre-requisite for smooth processing of refunds. Recognizing this necessary outreach may be done to sensitize domestic carriers as well as the Shipping lines/agents with regard to due diligence that is required in filing of EGMs and their critical importance in hassle free processing of the IGST refunds.

— **Bank account details:** As per Rule 96 of the CGST Rules, 2017, the refund is to be credited in the bank account of the applicant mentioned in his registration particulars. As a practice, exporters have been declaring details of bank account to the Customs for the purpose of drawback, etc. It may be that bank account details available with the Customs do not match with those declared in the GST registration form. In order to ensure smooth processing and payment of refund of the IGST paid on exported goods, it has been decided that said refund amount shall be credited to the bank account of the exporter registered with the Customs even if it is different from the bank account of the applicant mentioned in his registration particulars. However, exporters may be advised to either change the bank account declared to the Customs to align it with their GST registration particulars or add the account declared with the Customs in their GST registration details.

— Further, as the refund payments are being routed through the Public Financial Management System ("**PFMS**") portal, the bank account details should be verified and validated by PFMS. The status of validation of bank account with PFMS is available in ICES. Exporters may be advised that if the account has not been validated by PFMS, they must get their details corrected in the Customs system so that their bank account gets validated by PFMS. Exporters are also advised not to change their bank account details frequently to avoid delay in refund payments.

— In some cases, bank account details available with the Customs have been invalidated by PFMS. Reports on such accounts/IECs have been provided to the Commissionerates by the Directorate of Systems in ICES and by email. Exporters may be advised that if the account has not been validated by PFMS, they must get their details corrected in the EDI system. Exporters are also advised not to change their bank account details frequently so as to avoid delay in refund payment.

— **Processing of refund claims:** Proper officer of each jurisdiction shall generate a payment scroll of eligible IGST refunds in the same manner as Remission of State Levies ("**RoSL**") scrolls are generated. The scroll shall be transmitted electronically to PFMS system for onward payment into their bank accounts. Unlike RoSL where paper scrolls are to be sent by field formations, in this case, electronic verification will be done centrally by a DDO appointed in this regard. Detailed EDI procedure for processing of claims and generation of refund scrolls is being circulated by Directorate of Systems, CBEC. DG-Systems is also laying down the procedure for payment and accounting in consultation with Pr. CCA CBEC and CGA of India. Proper officers have been designated in each Commissionerate, who started generating refund scrolls from 10.10.2017 onwards.

— **Handling of cases under Rule 96(4)(a):** Rule 96(4)(a) of provides that refund is to be withheld if a request has been received from the jurisdictional Commissioner of Central tax, State tax or Union territory tax to withhold the payment of refund in accordance with the provisions of section 54 (10) or (11). In such cases, the proper officer of integrated tax at the Customs station has to intimate withholding of refund to the applicant and the jurisdictional Commissioner of Central tax, State tax or Union territory tax, as the case may be, and a copy of such intimation has to be transmitted to the common portal.

— The Commissioners should put in place a mechanism for keeping record of such intimations received from jurisdictional Commissioner of Central tax, State tax or Union territory tax and ensure that refunds are not processed and sanctioned in such cases. Necessary communication should be sent promptly to the applicant and the jurisdictional Commissioner of central tax, State tax or Union territory tax, in respect of claims that have been withheld. Mechanism to communicate the same to Common portal is being worked out.

— **Exports in violation of the provisions of the Customs Act, 1962:** In case the proper

officer determines that the goods were exported in violation of the provisions of the Customs Act, 1962. IGST refund has to be withheld as per the Rule 96(4)(b)

IMPORTANT NOTE:

The Government has observed several cases where the fraudulently obtained credit or ineligible credit has been monetized through the refund of IGST on exports of goods. It has also found that the ITC was taken by the exporters based on fake invoices and IGST on exports was paid using such ITC. Because of this, the CBIC issued *Circular No. 131/1/2020 GST dated 23-01-2020*, clarifying the standard operating procedures to be followed by exporters, the details of which are as follows:

— To mitigate the risk, the Board has taken measures to apply stringent risk parameters-based checks driven by rigorous data analytics and artificial intelligence tools based on which certain exporters are taken up for further verification. Overall, in a broader time frame the percentage of such exporters selected for verification is a small fraction of the total number of exporters claiming refunds. The refund scrolls in such cases are kept in abeyance till the verification report is received from the field formations. Further, the export consignments/shipments of concerned exporters are subjected to 100 % examination at the customs port.

— While the verifications are meant to mitigate risk, it is necessary that genuine exporters do not face any hardship. In this context, it is advised that exporters whose scrolls have been kept in abeyance for verification are informed at the earliest either by the jurisdictional CGST or by the Customs. To expedite verification, the exporters on being informed in this regard or on their own should fill in information in the format attached as Annexure-I to this Circular and submit the same to their jurisdictional CGST authorities for verification by them. If required, the jurisdictional authority may seek further additional information in this regard. However, the jurisdictional authorities must adhere to timelines prescribed for verification.

— Verification shall be completed by the jurisdiction CGST office within 14 working days of furnishing information in the prescribed proforma by the exporter. If the verification is not completed within this period, the jurisdiction officer will bring it to the notice of the nodal cell to be constituted in the jurisdictional Pr. Chief Commissioner/Chief Commissioner's Office.

— After 14 working days from the date of submission of details in the prescribed format, the exporter may also draw the attention of the Jurisdictional Pr. Chief Commissioner/Chief Commissioner of Central Tax regarding the matter by sending an email to the Chief Commissioner concerned.

— The Jurisdictional Pr. Chief Commissioner/Chief Commissioner of Central Tax should take appropriate action to get the verification completed within the next 7 working days.

— If any refund remains pending for more than one month, the exporter may register his

grievance at www.cbic.gov.in/issue by giving all the relevant details like GSTIN, IEC, Shipping Bill No., Port of Export & CGST formation where the details in prescribed format had been submitted etc.

CIRCULAR NO. 22/2019-CUSTOMS DATED 24.7.2019
CLARIFICATION REGARDING REFUND OF IGST PAID ON IMPORT IN CASE OF RISKY EXPORTERS

The Board has received representations wherein various exporters and organisations have raised the issue of repeated opening of export containers for 100% examination related to risky exporters, under the new procedure laid down in Circular No. 16/2019-Customs dated 17.6.2019. Exporters have taken the plea that their cargo is getting delayed and they have to incur additional costs for carrying out re-packing.

The matter has been examined. The Board has issued the aforesaid circular as a preventive measure against fraudulent refund of IGST on the basis of ineligible or fraudulently availed input tax credit (ITC). While addressing the aforesaid issue and consequent risk to revenue, the Board would not like to dilute the emphasis it laid on reduction in time and cost related to EXIM clearances. It is pertinent to mention that only a miniscule percentage of export consignments are being selected for examination on account of risk associated with fraudulent availment of IGST refunds. However, keeping in view the issues raised by the traders, the Board has decided that the requirement of 100% physical examination of each export consignment shall be gradually relaxed, provided no irregularity has been noticed in earlier examinations of export consignments of export entities in terms of Circular No. 16/2019-Customs dated 17.6.2019.

In order to bring down the level of examination, the Board has decided that RMCC shall take into consideration the feedback received from field formations with regard to the 100% examination conducted on exports of risk based identified entities and wherever the examination has validated the declaration made in the shipping bill, RMCC may review the risk assessment and gradually taper down the percentage of physical examination. Suitable alerts based on re-evaluated risk may accordingly be inserted in the system by RMCC in such cases.

Refund on Upward revision in the price of Goods subsequent to exports with payment of taxes:

When goods are exported on payment of IGST, and the price of the exported goods is revised upwards after the export, exporters often face challenges in claiming a refund of the additional IGST paid on the increased invoice value. To address these challenges, the CBIC issued *Circular No. 226/20/2024-GST dated 11.07.2024*, which is as follows:

- The circular explicitly recognizes situations where the export price is revised upward after export (due to post-shipment negotiations, contract amendments, or fluctuations in pricing agreements).

- It clarifies that when the price is revised upwards and a debit note is issued, the additional tax liability on the increased value must be discharged by paying IGST through the electronic credit/cash ledger.
- The debit note must be reported in GSTR-1, and the tax liability must be paid through GSTR-3B of the relevant tax period.
- The exporter may file an application for refund of such additional IGST paid in Form GST RFD-01 electronically on the common portal and such application for refunds would be processed by the jurisdictional GST officer of the concerned exporter.
- The circular states that the date of the debit note shall be treated as the "relevant date" for determining the time limit under Section 54 of the CGST Act, meaning exporters have two years from the date of the debit note to file the refund claim on the additional tax paid.
- It also reiterates that the refund will only be granted if the additional IGST paid on the revised price has been correctly reflected in GSTR-1 and GSTR-3B, and that the original shipping bill details should be linked to the revised invoice/debit note.

Documentation required:

(a) Copy of shipping bill or bill of exports;

(b) Copy of original invoices;

(c) Copy of contract/ other document(s), as applicable, indicating requirement for the revision in price of such goods subsequent to exports;

(d) Copy of the original invoices as well as relevant debit note(s)/ supplementary invoices;

(e) Proof of payment of additional IGST and applicable interest and details of the relevant FORM GSTR-1/ FORM GSTR-3B furnished by the applicant in which the said debit note(s)/ supplementary invoice(s) were declared and tax and interest thereon had been paid by the applicant;

(f) Proof of receipt of remittance of additional foreign exchange (FIRC) issued by Authorised Dealer-I banks;

(g) A certificate of a practising chartered accountant or a cost accountant certifying therein that the said additional foreign exchange remittance is on account of such upward revision in price of the goods subsequent to export;

(h) Statement 9A of FORM GST RFD 01; and

(i) Statement 9B of FORM GST RFD 01.

(B) Export of Services with Payment of IGST

Extract from the CGST Rules, 2017

Rule 96: Refund of integrated tax paid on goods [or services][70] exported out of India.

……

*[(9) The application for refund of integrated tax paid on the services exported out of India shall be filed in **FORM GST RFD-01** and shall be dealt with in accordance with the provisions of rule 89][71]*

The exporter who had paid taxes on the export of services is eligible for the refund of such tax paid on an application in **Form GST RFD 01** under the head "*Refund of tax paid on export of services with payment of tax*" within the time limit prescribed.

Refund procedure

- **Furnishing the details of export supplies in Table 6A of GSTR-1:** The details of zero-rated supplies declared in Table 6A of return in Form GSTR-1.
- **Filing form GSTR 3B:** The registered person should properly disclose the Assessable Value and the IGST payment particulars for the tax period under the head "*Zero-Rated Supply*" in entry 3.1(b) of the Form GSTR 3B. There is a validation check in the GSTN system to ensure that the IGST paid on the export in any particular month [3.1(b)] is not less than the refund claimed by the exporter [Table 6A].

  However, it has been observed that the exporters have inadvertently mis-declared IGST paid on export supplies as IGST paid on inter-State domestic outward supplies while filing GSTR-3B. The exporters have also in certain cases short paid IGST vis-à-vis their liability declared in GSTR-1. As a result of these mismatches in the amount of IGST paid on export services between GSTR-1 and GSTR-3B, the validation fails and GSTN does not permit claims for refund. However, to overcome the problem of blockage of the refund, the CBIC had clarified the following *vide Circular No.12/2018 – Customs, dated 29-05-2018*.

  In this regard, it has been clarified *vide Circular 125/44/2019* that for the tax periods commencing from 01.07.2017 to 31.03.2021[72], such registered persons shall be allowed to file the refund application in Form GST RFD-01 on the common portal subject to the condition that the amount of refund of integrated tax/cess claimed shall not be more than the aggregate amount of integrated tax/cess mentioned in the Table under columns 3.1(a), 3.1(b) and 3.1(c) of Form GSTR-3B filed for the corresponding tax period.

---

[70] *Inserted w.e.f. 23.10.2017 vide Notification No. 75/2017- Central Tax, dated 29.12.2017*

[71] *Substituted vide Notification No. 3/2018- Central Tax, dated 23.01.2018. Prior to this substitution it read as "(9) The application for refund of integrated tax paid on the services exported out of India shall be filed in FORM GST RFD-01 and shall be dealt with in accordance with the provisions of rule 89."*
As Inserted vide Notification No. 75/2017- Central Tax, dated 29.12.2017- w.e.f. 23-10-2017

[72] *Relaxation extended vide Circular No. 147/03//2021-GST dated 12.03.2021.*

The GSTN portal has updated with a functionality to auto-populate the export details reported in Table 6A of Form GSTR-1, including any amendments made in Table 9, into Table 3.1(b) of Form GSTR-3B for the corresponding tax period.

- **File Form GST RFD 01 using Online utility**. - The online claim application has to be accompanied with the Declaration / Statement / Undertaking / Certificates which are listed in Annexure – II.

  Along with the above-referred Declaration / Statement / Undertaking / Certificates, the applicant has to submit online supporting documents for such claim, which are listed in Annexure – III.

FAQ on Refund Claims on Exports with Payment of Tax (IGST):

1. What are the disclosure requirements for export/SEZ supplies with payment of tax in GST returns?

Export invoices must be reported in Form GSTR-1:

Table 6A → Exports

Table 6B → Supplies made to SEZ unit or SEZ Developer

While reporting, the assessee must choose "with payment of tax" or "without payment of tax" invoice-wise. Once filed, details auto-populate in GSTR-3B, Table 3.1(b) (Outward taxable supplies – Zero Rated).Tax liability can be discharged using Input Tax Credit (ITC) in the electronic credit ledger. The tax amount reported in GSTR-1 (Tables 6A/6B) must be ≤ tax paid in GSTR-3B.

2. What are the key advantages of exporting goods or services with payment of IGST, and what potential drawback should exporters be mindful of?

Exporting under the option of payment of IGST offers several significant advantages. Firstly, in the case of goods, the shipping bill filed with Customs is deemed to be the refund application itself, thereby eliminating the need for a separate refund application and reducing manual intervention. Secondly, this route generally ensures faster processing of refunds, thereby enhancing liquidity and improving working capital management for exporters. The refund mechanism is largely automated, provided that necessary disclosures and procedural compliances are correctly undertaken. Additionally, exporters are able to encash input tax credit (ITC), including transitional credit carried forward through TRAN-1 as well as credit accumulated on capital goods, which might not be otherwise refundable. Overall, this process reduces direct interaction with tax authorities, ensuring greater transparency in the system.

However, one potential drawback is that if the refund claim is rejected, the corresponding ITC is not automatically re-credited to the electronic credit ledger. The exporter may then have to pursue litigation or further representations to have such ITC restored, which can be both time-consuming and resource-intensive.

3. For refund purposes, which value should be considered — FOB or invoice value?

In terms of Rule 89 of the CGST Rules, 2017, the refund is computed based on the lower of the Free on Board (FOB) value or the invoice value declared for the export. This ensures that the refund amount does not exceed the actual value realized from the export transaction.

4. When can I file a refund claim after exporting goods/services with payment of tax?

A refund claim can be filed only after completion of the prescribed compliances. Specifically, the exporter must ensure that:

- Returns are Filed: The relevant GSTR-1 and GSTR-3B for the tax period covering the export have been duly filed.
- Shipping Bill is Filed (for Goods): In the case of goods, the shipping bill must be filed and the export general manifest (EGM) must be submitted to establish actual export.
- Realisation of Export Proceeds (for Services): For export of services, the payment must be received in convertible foreign exchange or in Indian Rupees, where permitted by the Reserve Bank of India (RBI).

Only upon fulfilling these conditions can the exporter proceed to file a refund application for the IGST paid on the exported goods or services.

5. What documents are required to claim a refund of IGST paid on exports?

The documentation depends on whether the export is of goods or services, and whether the claim is automated or filed manually:

- **Export of Goods (Automated Refund):**

  Where the shipping bill itself serves as the refund application, no separate documentation is ordinarily required, provided all details in GSTR-1 and the shipping bill match and the Export General Manifest (EGM) has been filed.

- **Export of Services or Manual Refund Claims:**
  - Statement of Export Invoices matching the details furnished in GSTR-1.
  - Bank Realisation Certificate (BRC) or Foreign Inward Remittance Certificate (FIRC) evidencing receipt of export proceeds in convertible foreign currency or in INR where permitted by the RBI.
  - Copy of Shipping Bill/Airway Bill, if specifically requested by the department for verification.
  - Declaration of Non-Passing of Tax Incidence to establish that there is no unjust enrichment.

These documents collectively substantiate the eligibility and quantum of refund for the IGST

paid on export transactions.

6. Is there a time limit for claiming refund of tax paid on exports?

Yes. In accordance with Section 54 of the CGST Act, 2017, a refund application must be filed within two years from the relevant date. The "relevant date" varies based on the nature of export:

- **Export of Goods:** The relevant date is the date of the shipping bill or the date on which the goods actually leave India, as evidenced by the Export General Manifest (EGM).
- **Export of Services:** The relevant date is the date of receipt of payment in convertible foreign exchange or Indian Rupees where permitted by the Reserve Bank of India (RBI).

Failure to apply within this two-year window will result in the claim becoming time-barred and ineligible for refund.

7. What are the implications if export invoices are reported incorrectly in GSTR-1, and how can such errors be rectified?

Incorrect reporting of export invoices in GSTR-1—such as errors in invoice number, date, taxable value, or tax amount—can have serious consequences, including:

- Delay in Refund Processing: Mismatched data between the shipping bill and GSTR-1 can lead to automatic system rejections or prolonged verification.
- Risk of Refund Rejection: Persistent discrepancies may result in partial or complete denial of the IGST refund.

To rectify such errors, the exporter must amend the incorrect details in GSTR-1. As per the GST law, amendments are permitted only up to the earlier of:

- 30th November of the subsequent financial year, or
- The date of filing the annual return for that year.

Timely review and correction of export invoice data are therefore essential to ensure smooth and uninterrupted refund processing.

8. If a refund claim of IGST paid on exports is rejected, will the corresponding Input Tax Credit (ITC) be re-credited automatically?

No. Automatic re-credit of ITC is not available in the event of refund rejection, even when the rejection is solely due to procedural or technical deficiencies.

If the refund claim is denied—whether in full or in part—the exporter must:

- File an Appeal or Seek Departmental Remedy: The assessee is required to appeal the rejection order or pursue appropriate litigation to establish eligibility.
- Obtain a Formal Order for Re-credit: Only upon a favorable order from the appellate

authority or other competent forum can the rejected ITC amount be manually re-credited to the electronic credit ledger.

This process can be time-consuming, underscoring the importance of ensuring accuracy and compliance in the initial refund application.

(C) Supplies made to A Special Economic Zone Developer or A Special Economic Zone Unit

Special Economic Zone is one of the special schemes under the Ministry of Commerce, as part of the Government's export promotion strategy. Special Economic Zone is a notified area governed by the Special Economic Zone Act, 2005 (hereinafter referred to as the SEZ Act, 2005). As per Section 51 of the SEZ Act, 2005 the provisions of such Act would have an overriding effect on provisions of any other Act, including taxation laws. Hence, it has to be noted that this Act has an overriding effect over the GST Law. In case of any conflict between the two legislations, the provision of the SEZ Act shall prevail.

> ***51. Act to have overriding effect.***
>
> *(1) The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act.*

Any supply of goods or services by a SEZ unit to a DTA unit will fall under Section 7(5) (b) of the IGST Act, 2017 and shall be treated as inter-State supply chargeable to IGST as per Section 5 of the said Act. Further, Section 53 of the SEZ Act, 2005 provides that the area notified as SEZ shall be deemed to be a territory outside the customs territory of India for the purpose of undertaking authorized operations and be deemed to be a port, inland container depot, land station or land customs station for the Customs Act, 1962.

Accordingly, to provide relief from indirect taxes to SEZ units from any supply of goods or services made to them, the concept of zero ratings has been made applicable for supplies made to SEZ for authorized operations under the GST. Zero-rated supply is defined in Section 16 (1) of the IGST Act, 2017.

The supplier, who supplies goods or services or both to a Special Economic Zone Developer or a Special Economic Zone Unit for authorized operations can claim the following refund:

- Refund of unutilized ITC on account of supplies made to SEZ Unit/SEZ Developer without payment of tax;
- Refund of tax paid on supplies made to SEZ Unit/SEZ Developer with payment of tax;

Refund procedure:

- **Furnishing the details of export supplies in Table 6B of GSTR-1:** The details of invoices raised to SEZ developer or SEZ unit are declared in Table 6B of return in Form GSTR-1.

- **Filing GSTR-3B:** A registered person should properly disclose the Assessable Value and the IGST payment particulars for the tax period under the head "Zero-Rated Supply" in entry 3.1(b) of the Form GSTR-3B, as there is a validation check in the GSTN system to ensure that the IGST paid on the export in any particular month [3.1(b) Outward taxable supplies (zero rated)] is not less than the refund claimed by the exporter [Table 6B].

  However, it has been observed that the exporters inadvertently mis-declare IGST paid on export supplies as IGST paid on interstate domestic outward supplies while filing GSTR-3B. The suppliers have also in certain cases short paid IGST vis-à-vis their liability declared in GSTR-1. As a result of these mismatches in the amount of IGST paid on SEZ invoice between GSTR-1 and GSTR-3B, the validation fails and GSTN will not allow any refund claims. However, to overcome the problem of refund blockage, CBIC made some clarifications in *Circular No.12/2018 - Customs dated 29.05.2018.*

  In this regard, it has been clarified vide *Circular 125/44/2019 [as amended by Circular No. 147/03/2021-GST dated 12.03.2021]* that for the tax periods commencing from 01.07.2017 to 31.03.2021, such registered persons shall be allowed to file the refund application in Form GST RFD-01 on the common portal subject to the condition that the amount of refund of Integrated Tax/Cess claimed shall not be more than the aggregate amount of Integrated Tax/Cess mentioned in the Table under columns 3.1(a), 3.1(b) and 3.1(c) of Form GSTR-3B filed for the corresponding tax period.

- **File Form GST RFD 01 using Online utility**. - The online claim application has to be accompanied with the **Declaration / Statement / Undertaking / Certificates** which are listed in **Annexure – A.**

  Along with the above referred **Declaration / Statement / Undertaking / Certificates** the applicant has to submit online supporting documents for such claim which are listed in **Annexure – B.**

Practical Issues in the refund of Unutilized input tax credit:

- **Can the refund application be filed twice for the same tax period:**

  In the case of ***ABN Industries vs Union of India (High Court of Gujarat)***, the appellant company had filed the refund application for unutilised input tax credit on account of supply made to SEZ without payment of taxes which have been processed by the Department. However, certain purchase invoices were inadvertently omitted in that application. Upon realizing the error, the assessee submitted a second refund application under the category "Any other (specify)" to claim the refund for the omitted

invoices. The department issued a show cause notice and subsequently rejected the application, relying on CBIC *Circular No. 125/44/2019-GST dated 18.11.2019*. The High Court held that once the department had admitted the refund amount, refusal to grant the balance would amount to unjust enrichment by the department, as it would retain excess tax collected without authority. Accordingly, the Court set aside the impugned orders and directed the department to process the refund claim.

In light of the above judgment, it may be possible to file a refund claim for the same period more than once, depending on the specific facts and circumstances of each case.

- **Refund of unutilized Input Tax credit on account of Business closure:**

  Under the GST framework, refund claims are governed by the provisions of Section 54 of the CGST Act, 2017, read with Rule 89 of the CGST Rules, 2017. However, the law does not explicitly provide for a refund of unutilized Input Tax Credit (ITC) in cases where a business is closed. Given this absence of clear legal provision, the question arises as to whether a refund application can still be filed upon business closure.

- **Refund cannot be denied on mere suspicion of Supplier's genuineness when goods are exported:**

  In the case of ***M/s Balaji Exim v. Union of India [W.P.(C) 10407/2022 & W.P.(C) 10423/2022],*** the Delhi High Court held that a refund claim cannot be denied merely on the basis of suspicion regarding the genuineness of the supplier or their transactions, particularly when the goods in question have been exported. The petitioner had claimed refund of Input Tax Credit (ITC) on purchases made from registered dealers and had paid tax on those invoices. The authorities rejected the refund on the suspicion that the suppliers might have availed fake credit. The Court ruled that unless it is conclusively established that the petitioner did not receive the goods or failed to make payment for them, such suspicions cannot be a valid basis to deny refund. It emphasized that a purchasing dealer is not obligated to investigate the affairs of its suppliers and that refund claims cannot be rejected in the absence of concrete evidence, especially when goods have been exported and taxes duly paid.

- **Mere procedural lapse cannot take away export benefits:**

  In the case of ***M/s. Alstom Transport India Ltd. vs Additional Commissioner of Central Tax Appeals & Others [W.P. Nos. 21164 & 21179 of 2021]*****,** the Andhra Pradesh High Court addressed the denial of refund claimed by the petitioner for zero-rated supply of services on the ground that the petitioner was registered only for supply of goods. The authorities had rejected the refund application, asserting that the petitioner was not eligible to claim refund for services. The Court held that the omission to mention the category of supply (goods or services) in the registration application cannot be a valid reason to deny refund, provided the person is a registered taxpayer. It emphasized that under the CGST Act, 2017, only one registration is granted per State

or Union Territory, irrespective of whether the supply involves goods or services. There is no requirement under the law for separate registrations for goods and services. Accordingly, the Court ruled in favour of the petitioner, holding that the refund claim for zero-rated services cannot be denied on technical grounds.

- **Refund of Compensation Cess allowed even in case of exports with payment of taxes:**

  In the case of ***Patson Papers Private Limited v. Union of India, Special Civil Application No. 26250 of 2022] (Gujarat High Court)]*,** the Gujarat High Court held that a taxpayer is entitled to a refund of unutilized Compensation Cess even where exports are made on payment of IGST. The Department had denied the refund on the ground that since the exports were with payment of tax (under the IGST route), Compensation Cess credit could not be refunded. However, the Court interpreted Section 54(3) of the CGST Act, Section 16(3) of the IGST Act, and Section 11(2) of the Compensation Cess Act to conclude that refund of unutilized cess credit is permissible for zero-rated supplies. It clarified that the proviso to Section 11(2) merely restricts usage of cess credit for outward tax liability but does not prohibit refund where no such liability exists, as in the case of exports. The Court also found the Department's reliance on circulars to be misplaced and directed that the refund claim be processed, reinforcing the principle that zero-rated exporters are eligible for refund of unutilized cess even under the IGST route.

(D) Export of Goods or Services under the Cover of Letter of Undertaking/Bond

Rule 96A. [Export][73] of goods or services under bond or Letter of Undertaking

*(1) Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in **FORM GST RFD-11** to the jurisdictional Commissioner, binding himself to pay the tax due along with the interest specified under sub-section (1) of section 50 within a period of —*

(a) fifteen days after the expiry of three months [[74]or such further period as may be allowed by the Commissioner,] from the date of issue of the invoice for export, if the goods are not exported out of India; or

(b) [75]fifteen days after the expiry of one year, or the period as allowed under the

---

[73] *Substituted vide Notification No. 03/2019- Central Tax, dated 29.01.2019 w.e.f. 01-02-2019 for ""Refund of integrated tax paid on Export"*

[74] *Inserted vide Notification No.47/2017- Central Tax, dated 18.10.2017*

[75] *Substituted vide Notification No. 12/2024 CT dated 10.07.2024. Prior to its substitution it was read as under: "fifteen days after the expiry of one year, or such further period as may be allowed by the Commissioner, from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange or in Indian rupees, wherever permitted by the Reserve Bank of India."*

Foreign Exchange Management Act, 1999 (42 of 1999) including any extension of such period as permitted by the Reserve Bank of India, whichever is later, from the date of issue of the invoice for export, or such further period as may be allowed by the Commissioner, if the payment of such services is not received by the exporter in convertible foreign exchange or in Indian rupees, wherever permitted by the Reserve Bank of India.

*(2) The details of the export invoices contained in **FORM GSTR-1,** [76]as amended in FORM GSTR-1A, if any, furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system.*

*[77][Provided that where the date for furnishing the details of outward supplies in **FORM GSTR-1** for a tax period has been extended in exercise of the powers conferred under section 37 of the Act, the supplier shall furnish the information relating to exports as specified in Table 6A of **FORM GSTR-1** after the return in **FORM GSTR-3B** has been furnished and the same shall be transmitted electronically by the common portal to the system designated by the Customs:*

*Provided further that the information in Table 6A furnished under the first proviso shall be auto-drafted in **FORM GSTR-1** for the said tax period.]*

(3) Where the goods are not exported within the time specified in sub-rule (1) and the registered person fails to pay the amount mentioned in the said sub-rule, the export as allowed under bond or Letter of Undertaking shall be withdrawn forthwith and the said amount shall be recovered from the registered person in accordance with the provisions of section 79.

(4) The export as allowed under bond or Letter of Undertaking withdrawn in terms of sub-rule (3) shall be restored immediately when the registered person pays the amount due.

(5) The Board, by way of notification, may specify the conditions and safeguards under which a Letter of Undertaking may be furnished in place of a bond.

(6) The provisions of sub rule (1) shall apply, mutatis mutandis, in respect of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit without payment of integrated tax.

The registered person who has opted to

- export goods or services or both without payment of integrated tax
- Supply goods or services or both to the SEZ unit or SEZ developer without payment of integrated tax,

---

[76] *Inserted vide Notification No. 12/2024 CT dated 10.07.2024.*

[77] *Inserted vide Notification No.51/2017- Central Tax, dated 28.10.2017*

has to execute a Letter of Undertaking (hereinafter referred as LUT) or Bond.

In this connection, the CBIC *vide Circular No. 8/8/2017 dated 04.10.2017 [As amended by Circular no. 40/14/2018-GST, dated 06.04.2018]* stipulates the procedure given below:

- **Eligibility to export under LUT**: The facility of export under the LUT has been now extended to all registered persons who intend to supply goods or services for export without payment of integrated tax except those who have been prosecuted for any offence under the CGST Act or the IGST Act, 2017 or any of the existing laws and the amount of tax evaded in such cases exceeds two hundred and fifty lakh rupees.
- **Validity of LUT**: The LUT shall be valid for the whole financial year in which it is tendered. However, in case the goods are not exported within the time specified in Rule 96A (1) of the CGST Rules and the registered person fails to pay the amount mentioned in the said Sub-rule, the facility of export under the LUT will be deemed to have been withdrawn. If the amount mentioned in the said Sub-rule is paid subsequently, the facility of export under the LUT shall be restored. As a result, exports, during the period from when the facility to export under the LUT is withdrawn till the time the same is restored, shall be either on payment of the applicable Integrated Tax or under a Bond with a Bank Guarantee.
- **Form for LUT**: The registered person (exporters) shall fill and submit **FORM GST RFD-11** on the common portal. The LUT shall be deemed to be accepted as soon as an acknowledgement for the same, bearing the Application Reference Number (ARN), is generated online.
- **Documents for LUT**: No document needs to be physically submitted to the jurisdictional office for acceptance of the LUT.
- **Acceptance of LUT/Bond**: An LUT shall be deemed to have been accepted as soon as an acknowledgement for the same, bearing the Application Reference Number (ARN), is generated online. If it is discovered that an exporter whose LUT has been accepted was ineligible to furnish it in place of a bond as per *Notification No. 37/2017 – Central Tax dated 4.10.2017* then the exporter's LUT will be liable for rejection, and shall be deemed to have been rejected ab initio.
- **Bank guarantee**: Since the facility of export under the LUT has been extended to all registered persons, a bond will be required to be furnished by those persons who have been prosecuted for cases involving an amount exceeding Rupees two hundred and fifty lakhs. A bond, in all cases, shall be accompanied by a bank guarantee of 15% of the bond amount.
- **Clarification regarding running Bond**: The exporters shall furnish a running bond where the bond amount would cover the amount of self-assessed estimated tax liability on the export. The exporter shall ensure that the outstanding Integrated Tax liability on

exports is within the bond amount. In case the bond amount is insufficient to cover the liability in yet to be completed exports, the exporter shall furnish a fresh bond to cover such liability. The onus of maintaining the debit/credit entries of integrated tax in the running bond will lie with the exporter. The record of such entries shall be furnished to the Central Tax officer as and when required.

- **Sealing by officers**: With the operationalization of the self-sealing facility using RFID e-seals, exporters are required to seal containers at their premises without the need for supervision by central excise officers, except in cases where manual sealing is specifically mandated. In such exceptional cases, sealing shall be done under the supervision of the jurisdictional officer, and a sealing report will be forwarded to the Deputy/Assistant Commissioner having jurisdiction over the principal place of business."

- **Realization of export proceeds in Indian Rupee**: Attention is invited to para A (v) Part- I of RBI Master *Circular No. 14/2015-16 dated 01.07.2015* (updated as on 05.11.2015), which states that "there is no restriction on invoicing of export contracts in Indian Rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act, 1999. Further, in terms of Para 2.52 of the Foreign Trade Policy (2015-2020) and as updated by FTP 2023, all export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized in freely convertible currency. However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a non-resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan". Further, attention is invited to the amendment to Section 2(6) of the IGST Act, 2017 which allows realization of export proceeds of services in INR, wherever allowed by the RBI.

  Accordingly, it is clarified that the acceptance of LUT for supplies of goods or services to countries outside India or SEZ developer or SEZ unit will be permissible irrespective of whether the payments are made in Indian Currency or convertible foreign exchange, as long as they are in accordance with the applicable RBI guidelines.

- **Jurisdictional officer**: The LUT/Bond shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter.

Condonation for delay in the execution of LUT: (zero-rated supplies were made before filing the LUT): In this regard, the substantive benefits of zero rating may not be denied where it has been established that exports have been made in terms of the relevant provisions. The delay in furnishing of the LUT in such cases will be condoned and the facility for export under LUT will be allowed on ex post facto basis, taking into account the facts and circumstances of each case.

Payment of IGST along with interest: Any registered person who makes Zero-Rated Supply

without payment of Integrated tax without furnishing a LUT/Bond would be liable to pay the tax due along with the interest as applicable within a period of fifteen days after the expiry of the time line given below:

Type of Transaction	Criterion	Time Period
Export of Goods	Taking goods out of India to a place outside India.	3 months from the date of issue of the invoice.
Export of Services	Received Convertible Foreign Exchange for the services.	1 year from the date of issue of the invoice.
Supply of Goods to SEZ	Endorsement by the specified officer that the goods have been admitted in full for authorised operations.	3 months from the date of issue of the invoice.
Supply of Services to SEZ	Endorsement by the specified officer with respect to the receipt of services for authorised operations.	1 year from the date of issue of the invoice.

The jurisdictional Commissioner may consider granting extension of time limit for export as provided in the Rule 96A (1) on post facto basis keeping in view the facts and circumstances of each case. The same principle is followed in case of export of services.

In cases where exporters have voluntarily discharged their liability by paying integrated tax along with applicable interest, owing to non-export of goods or non-realization of payment for export of services within the time limits prescribed under clause (a) or (b) of sub-rule (1) of Rule 96A of the CGST Rules, 2017, the Government, vide *Circular No. 197/09/2023-GST dated 17th July 2023*, has issued the following clarifications:

- **Entitlement to Refund**– Where the goods are subsequently exported or payment for export of services is eventually realized, the exporter shall be eligible to claim:
  (i) Refund of unutilized input tax credit (ITC) accumulated on account of zero-rated supplies; and
  (ii) Refund of the integrated tax paid earlier in compliance with Rule 96A(1).
- **Recognition of Zero-Rated Supply**– The substantive benefit of zero-rating cannot be denied merely on the ground of delay, provided that the goods are actually exported or the consideration for services is ultimately realized.
- **Non-admissibility of Interest Refund–** The interest paid by the exporter at the time of payment of IGST under Rule 96A(1) shall not be refunded, as it represents a compensatory charge for delayed compliance.
- **Filing of Refund Application–** Refund of IGST paid in such cases is to be filed under the category "Excess Payment of Tax." Where such option is not available on the GST

portal, the application may be filed under the "Any Other" category.

This clarification, read in conjunction with *Circular No. 125/44/2019-GST*, reiterates that the benefit of zero-rating is a substantive right and should not be denied where the underlying condition of export or realization of payment is ultimately satisfied, while maintaining the non-refundable character of statutory interest.

The application filed for refund of unutilized ITC on account of zero-rated supplies (with payment of tax or without payment of tax under Bond/LUT) has to be accompanied by documentary evidence as may be prescribed to establish that a refund is due to the applicant; and such documentary or other evidence as per Rule 89(2) of the CGST Rules, 2017, which specifies documents to be attached with the refund application in case of different types of refund applicants.

Export of Electricity:

Power generating units faced issues in claiming refunds of unutilised ITC on electricity exports because electricity, though classified as "goods" under GST, has no shipping bills or bills of export. To address this, Rule 89(2)(ba) was inserted via *Notification No. 14/2022-CT dated 05.07.2022*, requiring exporters to submit Statement 3B with details relevant to electricity exports.

In this regard, the Government vide *Circular No. 175/07/2022-GST dated 06.07.2022*, has clarified that:

(i) Until the GST portal is updated, refund applications should be filed under the "Any Other" category in FORM GST RFD-01, with remarks specifying "Export of electricity – without payment of tax (accumulated ITC)".

(ii) Applicants must upload:

  (a) Statement 3B with export invoice details, energy exported, and tariff per unit.

  (b) Statement of scheduled energy issued in the Regional Energy Account (REA) by the Regional Power Committee (RPC) Secretariat.

  (c) Relevant contracts/agreements showing the tariff.

  (d) Calculation of the refund amount in Statement 3A.

(iii) Since electricity export occurs continuously, the relevant date for the two-year refund period is clarified as the last day of the month in which the electricity export is recorded in the REA.

(iv) Rule 89(4) provides for the formula for calculation of refund of unutilised ITC on account of zero-rated supplies which is reproduced as under:

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

(v) Turnover of electricity export is determined by multiplying the scheduled energy (from REA) by the agreed tariff. If invoice quantity differs from REA quantity, the lower quantity will be considered.

(vi) Adjusted Total Turnover excludes domestic supply of electricity (since it's exempt under GST).

Refund procedure

- **Furnishing the details of export supplies in Table 6A of GSTR-1:** The details of zero-rated supplies declared in Table 6A of return in GSTR-1.
- **Filing GSTR 3B:** A registered person should properly disclose the Assessable Value and the IGST payment particulars for the tax period under the head "Zero-Rated Supply" in entry 3.1(b) of GSTR 3B. There is a validation check in the GSTN system to ensure that they are eligible for refund. In case the date is not filled in the said entry then the network will not permit refund.
- Rule 89(2) of the CGST Rules, 2017, specifies documents to be attached with the refund application in case of different types of refund applicants.
- **File Form GST RFD 01 using Online utility**. - The online claim application has to be accompanied with the **Declaration / Statement / Undertaking / Certificates** which are listed in **Annexure – A.**

Along with the above referred **Declaration/Statement/ Undertaking / Certificates** the applicant has to submit online supporting documents for such claim which are listed in **Annexure – B.**

(E) Recovery of Refund on Non-Realization of Export Proceeds (Rule 96B)

The CBIC vide. *Notification No. 16/2019 – Central Tax, dated 23.03.2020* inserted Rule 96B:

Rule 96B. Recovery of refund of unutilised input tax credit or integrated tax paid on export of goods where export proceeds not realised.-

(1) Where any refund of unutilised input tax credit on account of export of goods or of integrated tax paid on export of goods has been paid to an applicant but the sale proceeds in respect of such export goods have not been realised , in full or in part, in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), including any extension of such period, the person to whom the refund has been made shall deposit the amount so refunded, to the extent of non- realisation of sale proceeds, along with applicable interest within thirty days of the expiry of the said period or, as the case may be, the extended period, failing which the amount refunded shall be recovered in accordance with the provisions

of [78][section 73 or section 74 or section 74A] of the Act, as the case may be, as is applicable for recovery of erroneous refund, along with interest under section 50:

Provided *that where sale proceeds, or any part thereof, in respect of such export goods are not realised by the applicant within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), but the Reserve Bank of India writes off the requirement of realisation of sale proceeds on merits, the refund paid to the applicant shall not be recovered.*

(2) Where the sale proceeds are realised by the applicant, in full or part, after the amount of refund has been recovered from him under sub-rule (1) and the applicant produces evidence about such realisation within a period of three months from the date of realisation of sale proceeds, the amount so recovered shall be refunded by the proper officer, to the applicant to the extent of realisation of sale proceeds, provided the sale proceeds have been realised within such extended period as permitted by the Reserve Bank of India.]

- *Where any refund of unutilized ITC on account of export of goods or IGST paid on exported goods has been refunded to an applicant, and*
- *the sale proceeds in respect of the above said transaction have not been realised, in full or in part, by the exporter within the time allowed under FEMA or any extended period deposit the amount so refunded to the extent of non-compliance along with interest within 30 days of the given time limit.*
- *If the exporter fails to comply with the provisions stated above then the amount of refund will be recovered in accordance with the provision of Section 73 or Section 74 or Section 74A of the CGST Act, 2017.*
- *But, where sale proceeds, or any part thereof, in respect of such export goods are not realised by the applicant within the period allowed under the Foreign Exchange Management Act, 1999, but the Reserve Bank of India writes off the requirement of realisation of sale proceeds on merits, the refund paid to the applicant shall not be recovered.*
- *Besides the above, once the amount is realised at the later point of time after the recovery of refund, the amount so recovered to the extent of realisation shall be refunded, provided the exporter produces evidence within a period of 3 months on subsequent repatriation of exchange.*

The insertion of Rule 96B addresses a critical gap regarding the realization of export proceeds. Unlike the definition of 'export of services,' which expressly requires the realization of convertible foreign exchange, a similar express provision for the 'export of goods' was initially absent. This rule clarifies that the zero-rated benefit is conditional upon the actual receipt of

[78] *Substituted vide Notification No. 20/2024 - CT dated 08.10.2024, w.e.f. 01-11-2024. Prior to its substitution, it was read as: - "section 73 or 74".*

foreign currency. Consequently, if the sale proceeds against the export of goods are not realized within the timelines prescribed under FEMA, the exporter is mandated to surrender the refund granted (whether of IGST or accumulated ITC) along with applicable interest.

FAQ-Practical Issues

Q1. What is the consequence if the export invoice details furnished in Statement 3 of GST RFD-01 do not match with the details declared in GSTR-1?

A: While applying for refund of unutilised input tax credit on account of export of goods or services without payment of tax, the applicant is required to file Statement 3 under Rule 89(2)(b)/(c) of the CGST Rules, 2017. This statement captures invoice-wise details along with shipping bill particulars (in case of goods) or FIRC/EBRC (in case of services). The GST portal validates these details against the corresponding entries in GSTR-1.

If there is any mismatch, the system generates a validation error and the refund application cannot proceed. In such cases:

- If Statement 3 is correct, the applicant must rectify GSTR-1 by filing amendments in Table 9A.
- If GSTR-1 is correct, the applicant must revise and upload the correct details in Statement 3.

Thus, consistency between Statement 3 and GSTR-1 is mandatory for successful refund processing.

Q2. What happens if the shipping bill details related to export invoices are missing or incorrect in GSTR-1?

A: Shipping bill details, such as port code, shipping bill number, and date, are required to be reported in Table 6A of GSTR-1 for export transactions. These particulars are matched with customs data (ICEGATE) in accordance with Rules 96 and 96A of the CGST Rules, 2017. If the shipping bill details are missing or incorrect, the export data will not flow to ICEGATE, and refund shall not be processed. To rectify the issue, the applicant must amend the relevant invoice details in Table 9A of a subsequent GSTR-1 by including or correcting the shipping bill particulars.

Q3. What should be done if the FIRC/EBRC or shipping bill copy is not available at the time of filing a refund application?

A: Supporting documents such as FIRC/EBRC (in the case of export of services) or the shipping bill (in the case of export of goods) are mandatory for the processing of refund claims. If these documents are not furnished, the refund application will be treated as incomplete and is liable to be rejected. Therefore, the applicant must first obtain the

requisite documents and upload them on the GST portal before filing the refund application.

Q4. What are the consequences of not filing an LUT before exporting goods/services without tax payment?

A: As per Rule 96A of the CGST Rules, 2017, an exporter intending to make zero-rated supplies without payment of tax is required to furnish a LUT or bond in Form GST RFD-11 prior to such exports. Further, under Section 16 of the IGST Act, refund of unutilised input tax credit is admissible only when such supplies are made under a valid LUT or bond.

However, Para 44 of *Circular No. 125/44/2019-GST dated 18.11.2019* clarifies that where zero-rated supplies were made before furnishing the LUT, and refund claims were subsequently filed. In such cases, it has been emphasised that the substantive benefit of zero-rating should not be denied merely on account of delay in filing the LUT, provided it is established that the exports were made in accordance with the relevant provisions. Accordingly, the delay in furnishing the LUT may be condoned, and the facility for export under LUT can be allowed on an ex post facto basis, considering the facts and circumstances of each case.

Q5. If a refund application is filed within the prescribed time limit but a deficiency memo is issued later, can a fresh application be filed after the original deadline?

A: Yes. Section 54(1) of the CGST Act, 2017 allows filing of refund applications within two years from the relevant date. Where a deficiency memo (Form GST RFD-03) is issued, Rule 90(3) of the CGST Rules provides that the period from the date of the original refund application to the date of issuance of the deficiency memo shall be excluded when calculating the two-year limitation. Accordingly, the applicant may file a fresh refund application even beyond the original deadline, provided it falls within the extended period so computed.

Q6. What can be done if, after withdrawing a refund application, the portal does not allow a fresh application, stating that refund has already been claimed on the same invoices?

A: In such cases, a technical error arises on the GST portal wherein the system continues to reflect the withdrawn application as an already claimed refund. To resolve this, the taxpayer should raise a grievance through the GST portal or contact GST helpdesk/technical support to request backend correction. Once the issue is rectified, a fresh refund application can be filed against the same invoices.

Q7. If IGST/CGST/SGST is wrongly paid due to incorrect classification of a supply, can it be adjusted against the correct tax liability?

A: No. Adjustment is not permitted in such cases. However, as per Section 77 of the CGST

Act, 2017 and the corresponding provisions of the SGST/UTGST Act, the taxpayer is entitled to claim a refund of the tax wrongly paid under the incorrect head. The correct tax must be discharged separately under the appropriate head of tax.

Q8. What should be done if a Show Cause Notice (SCN) is issued without proper supporting workings?

A: In such cases, the applicant should formally request the refund sanctioning authority to provide the detailed workings or calculations forming the basis of the SCN. If the officer does not furnish the same, this fact should be clearly recorded in the applicant's written reply to the SCN. Such documentation ensures that the absence of supporting details is placed on record and can be relied upon in appeal or subsequent proceedings.

Q9. What if multiple deficiency memos are issued on the same ground?

A: As per Rule 90(3) of the CGST Rules, 2017 read with *Circular No. 125/44/2019-GST*, once a deficiency memo (RFD-03) has been issued and the applicant files a fresh refund application after rectification, another deficiency memo should not be issued on the same ground. A fresh memo is permissible only if the earlier deficiencies remain unrectified or if new substantive issues come to light. In case multiple memos are issued on identical grounds, the applicant should formally write to the refund officer seeking clarification and request an opportunity of being heard. All such correspondence should be properly documented for use in further proceedings or appeal, if required.

Q10. If GST was deposited due to non-execution of LUT, can it be refunded?

A: Yes. In cases where GST has been paid solely because a Letter of Undertaking (LUT) was not executed, the taxpayer can claim a refund under the "Any Other" category on the GST portal. This is permissible provided that all other conditions of zero-rated supply are satisfied, and the payment was made erroneously due to the non-filing of the LUT.

Q11. In case of delayed receipt of export proceeds, is a refund allowed, and is GST payable?

A: Yes. Refund of taxes is still allowed if the exporter obtains an extension for realization of export proceeds from the Reserve Bank of India (RBI) through the Authorised Dealer (AD) bank. If GST was paid inadvertently, it can be claimed as a refund. In such cases, any liability would be limited to interest; GST itself is not payable if the delay in realization is condoned by the RBI.

Q12. Can Input Tax Credit (ITC) on capital goods be claimed as a refund under zero-rated exports?

A: No. As per Rule 89(4) of the CGST Rules, 2017, the refund formula for zero-rated

supplies permits refund only of ITC attributable to inputs (goods) and input services. ITC on capital goods is explicitly excluded and is not eligible for refund under this provision.

Q13. What is the procedure if refund of ITC on capital goods was wrongly claimed?

A: In such cases, the taxpayer is required to repay the erroneously claimed refund along with applicable interest and any penalty. Following the 47th GST Council Meeting and *Circular No. 174/06/2022-GST*, a re-credit mechanism has been introduced, allowing voluntary repayment of the amount to be re-credited to the electronic credit ledger, thereby regularizing the ITC position.

Chapter 4

Refund Due to Inverted Tax Structure

Sub-section (3) of Section 54 of the CGST Act provides that refund of any unutilized ITC may be claimed where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies). Further, Sub-section (59) of Section 2 of the CGST Act defines inputs as any goods other than capital goods used or intended to be used by a supplier in the course of furtherance of business. Thus, inputs do not include services or capital goods. Therefore, the intent of the law is not to allow refund of tax paid on input services or capital goods as part of refund of unutilized ITC.

Further, it is clarified by the CBIC that both the law and the related rules clearly prevent the refund of tax paid on input services and capital goods as part of refund of ITC accumulated on account of inverted tax structure.

In one of the landmark judgements of the Apex Court in the case of ***VKC FOOTSTEPS INDIA PVT LTD 2021 (52) G.S.T.L. 513 (S.C.) [13-09-2021***], on the issue of whether the Proviso II to Section 54(3) also includes Input services, the court held as follows:

> In substance, the argument boils down to an effort to lead this Court to hold that in spite of the language which has been used in clause (ii) of the first proviso, (where the credit is accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies), input services must be read into the term "inputs". The assessees argue that the Departmental understanding, as reflected in the circular, should be the basis of interpreting a statutory provision. Such an exercise would be impermissible, when its effect is to expand the area of refund contemplated by the first proviso to cover input services in addition to input goods despite statutory language to the contrary.
>
> With the clear language which has been adopted by Parliament while enacting the provisions of Section 54(3), the acceptance of the submission which has been urged on behalf of the assessee would involve a judicial re-writing of the provision which is impermissible in law. Clause (ii) of the proviso, when it refers to "on account of" clearly intends the meaning which can ordinarily be said to imply 'because of or due to'. When proviso (ii) refers to "rate of tax", it indicates a clear intent that a refund would be allowed where and only if the inverted duty structure has arisen due to the rate of tax on input being higher than the rate of tax on output supplies. Reading the expression 'input' to cover input goods and input services would lead to recognising an entitlement to refund, beyond what was contemplated by Parliament.

The Apex Court has made it amply clear that the provision of clause II of Section 54(3) is restricted only to the inputs and it cannot be extended to include input services.

The Government vide the powers conferred by clause (ii) of the proviso to 54(3) of the CGST Act, vide *Notification No: 5/2017-CT(R) dt 28/06/2017,* have restricted certain goods for which the refund of unutlised input tax credit shall not be allowed. The said notification have been further amended by the *Notification No: 29/2017 - Dated: 22-09-2017 – CT(R), 44/2017 - Dated: 14-11-2017– CT(R), 20/2018 - Dated: 26-07-2018– CT(R), 09/2022 - Dated: 13-07-2022– CT(R) and 20/2023 - Dated: 19-10-2023– CT(R).*

In the case of ***Patanjali Foods Limited v. Union of India, R/Special Civil Application No. 17298 of 2024*****,** the Gujarat High Court ruled that *Notification No. 9/2022-Central Tax dated 13.07.2022* is to be applied prospectively, effective from 18.07.2022, and cannot affect refund claims for periods prior to its issuance. The Court struck down Para 2.2 of the *Circular No. 181/13/2022-GST* to the extent it extended the restriction of the notification to all refund applications filed after 13.07.2022, regardless of the period they pertained to. This was deemed arbitrary, discriminatory, and ultra vires of Section 54 of the CGST Act, and also violative of Article 14 of the Constitution. The Court reaffirmed the principle that refund eligibility must be determined based on the legal provisions prevailing during the relevant refund period, and retrospective application of restrictive circulars is impermissible. It also emphasized that once a refund is granted, it cannot be reversed or recovered by issuing a fresh show cause notice unless an appeal or review process has been initiated, thus protecting taxpayers from repetitive litigation.

CBIC vide *Circular no. 135/05/2020 – GST 31.03.2020* has *inter alia* clarified that refund of accumulated ITC under Section 54(3)(ii) of the CGST Act would not be applicable in cases where the input and the output supplies are the same. The relevant extract from the Circular is as under:

> *It has been brought to the notice of the Board that some applicants are seeking refund of the 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 the 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.*

However, vide *Circular No. 173/05/2022-GST, dated 06.07.2022*, the Government has substituted the para 3.2 of the *Circular No. 135/05/2020-GST, dated 31.03.2020* and clarified that, refund of accumulated input tax credit on account of inverted structure as per clause (ii) of sub-section (3) of section 54 of the CGST Act, 2017 would be allowed in cases where accumulation of input tax credit is on account of rate of tax on outward supply being less than the rate of tax on inputs (same goods) at the same point of time, as per some concessional notification issued by the Government providing for lower rate of tax for some specified supplies subject to fulfilment of other conditions.

Although the circular restricts refunds in cases where the input and output supplies are the same, there may be situations where certain input goods attract a higher rate of GST compared to the output.

For instance, M/s X is engaged in the trading of gold, which is taxed at 3% under GST. However, some of its input goods, such as packing materials, are taxed at a higher rate of 18%. In such a scenario, since the GST rate on inputs exceeds the rate on outputs, M/s X should be eligible for a refund based on a plain reading of Section 54(3) of the CGST Act, 2017.

The following judgement affirms the fact that refund should not be denied where the rate of tax on some of the inputs are higher than the rate of tax of outputs:

- The *Hon'ble Rajasthan High Court* in the case of ***M/s Nahar Industrial Enterprises Limited v. Union of India & Others [2023 (79) G.S.T.L.3]*** clarified the scope and application of Section 54(3) of the CGST Act, 2017 regarding refund of unutilised Input Tax Credit under an inverted duty structure. The Court observed that the refund mechanism is intended to provide relief to taxpayers where the GST rate on inputs exceeds the GST rate on outputs, resulting in accumulation of ITC, and that such relief cannot be denied merely on the ground that, on comparative analysis, the rates are "more or less the same." It further emphasized that the statutory scheme applies even in cases involving multiple input and output supplies, provided the accumulation of ITC arises due to the higher rate of GST on inputs relative to outputs. Relying on *Circulars 79/53/2018-GST and 125/44/2019-GST*, the Court noted that the refund entitlement under inverted duty structure is not affected by the multiplicity of inputs, and that the statutory purpose of Section 54(3) must be given full effect. Consequently, the High Court set aside the earlier orders rejecting the refund claim and directed the authorities to reconsider the claim afresh, reinforcing that taxpayers are entitled to refunds of unutilised ITC in accordance with the letter and spirit of the statute, without being constrained by restrictive interpretations based on the number or classification of input and output supplies.
- The *Hon'ble Delhi High Court* in ***Indian Oil Corporation Limited v. Commissioner of Central Goods and Services Tax & Ors. [W.P.(C) 10222/2023 & CM No. 39561/2023]*** provided important clarification on the refund of unutilised Input Tax Credit (ITC) under

Section 54(3)(ii) of the CGST Act, 2017. The Court observed that the provision applies where the accumulation of ITC arises due to the rate of tax on inputs being higher than the rate of tax on output supplies, and that the use of plural terms "inputs and outputs" indicates that the refund entitlement is not confined to a single supply. The Court emphasized that in cases involving multiple inputs and outputs, it is essential to determine whether any accumulation of ITC is solely attributable to the higher tax rate on inputs compared to outputs. It was held that the refund claim cannot be denied on the basis of the principal input and output having the same tax rate if other inputs carry different rates, distinguishing the present case from *Circular No. 135/5/2020-GST dated 31.03.2020*, which had limited refunds to situations where the input and output supplies were identical. The Court clarified that Section 54(3)(ii) permits refund of unutilised ITC whenever the accumulation arises due to higher tax rates on inputs relative to output supplies, irrespective of the rates on the principal input and output. Consequently, the Court directed the authorities to process the petitioner's refund application.

- In ***Shivaco Associates v. Joint Commissioner of State Tax [2022] 91 GST 979 (Cal.)***, the *Hon'ble Calcutta High Court* examined the validity of restricting refund of accumulated ITC where input and output supplies are the same. The Court observed that the CGST Act does not impose any such restriction, nor does it exclude cases where inputs and outputs are identical. However, the impugned circular sought to limit the benefit of refund only to situations where input and output supplies differ, thereby creating an artificial classification not contemplated under the statute. The Court held that such a restriction amounts to overreaching the legislative provisions, as Section 54(3) of the Act permits refund in all cases where the rate of tax on inputs exceeds that on output supplies. It was further emphasized that the legislature, being fully aware of situations where input and output supplies may be the same, consciously refrained from creating any such exception. Therefore, the benefit of refund on account of inverted duty structure is available in all such cases, and the circular cannot curtail or dilute the substantive right granted under the Act.
- In ***Baker Hughes Asia Pacific Ltd. v. Union of India***, the *Hon'ble Rajasthan High Court* held that refund of accumulated Input Tax Credit (ITC) on account of inverted duty structure cannot be denied merely on the ground that the input and output supplies are the same.

Refund procedure:

- **Filing Form GSTR-1 and Form GSTR-3B:** The registered person should disclose the assessable Value of such supply in B2B or B2C category in Form GSTR-1 and in entry 3.1(a) of GSTR-3B.
- Rule 89(2) of the CGST Rules, 2017, specifies documents to be attached with the refund application of different types of refund applicants.

File Form GST RFD 01 using Online utility. - The online claim application has to be accompanied with the **Declaration / Statement / Undertaking / Certificates** which are listed in **Annexure – A.**

Along with the above referred **Declaration / Statement / Undertaking / Certificates** the applicant has to submit online supporting documents for such claim which are listed in **Annexure – B.**

Chapter 5

Common Refund Procedure for Supplies Made without Payment of Tax/ Inverted Tax Structure

Verification of Input Tax Credit (ITC) for Refund Claims

Admissibility of Refund based on FORM GSTR-2B *(Circular No. 197/09/2023-GST dated 17.07.2023)*

For all refund applications pertaining to tax periods commencing from 01.01.2022 onwards, the admissibility of refund of accumulated Input Tax Credit (ITC) under Section 54(3) of the CGST Act is strictly linked to the data reflected in the automated return system.

- **Restriction to Reflected Invoices: T**he refund shall be restricted to the ITC available against invoices/debit notes that are reflected in FORM GSTR-2B of the applicant for the said tax period (or any previous tax periods) and on which ITC is available to the applicant.
- **Verification by Proper Officer:** The Proper Officer shall rely upon the entries in FORM GSTR-2B as primary evidence that the supply has been accounted for by the corresponding supplier.
- **No Requirement to Upload GSTR-2B:** Applicants are not required to upload a copy of FORM GSTR-2B with their application. This data is available to the officer directly on the common portal dashboard.

Submission of Invoice Details (Statement of Invoices) *(Circular No. 125/44/2019-GST)*

While the matching is automated, the applicant is required to submit a detailed statement of invoices to facilitate processing.

- **Annexure-B Requirement:** The applicant must upload the details of all invoices against which ITC has been availed and refund is being claimed. This must be submitted in the format prescribed as Annexure-B along with the refund application.
- **Declaration of Eligibility:** The applicant shall declare the eligibility of ITC against each invoice in the said statement.
- **Important Note regarding "Missing Invoices":** Taxpayers may note that the facility to claim refund on invoices not reflected in GSTR-2B by submitting "self-certified copies" (as previously allowed under earlier instructions) has been withdrawn vide Circular No. 135/05/2020-GST and further tightened by *Circular No. 197/09/2023-GST*.

Consequently, ITC in respect of invoices not reflected in FORM GSTR-2B shall not be admissible for refund.

Exceptions to GSTR-2B Matching *(Circular No. 139/09/2020-GST* read with *Circular No. 197/09/2023-GST)*

It is clarified that the restriction of ITC matching with FORM GSTR-2B does not apply to the following categories of ITC, provided they are otherwise eligible under the GST Law:

- **Imports:** ITC availed on the import of goods (verified via Bill of Entry details).
- **ISD:** ITC distributed by an Input Service Distributor (ISD).
- **RCM:** ITC availed on inward supplies liable to Reverse Charge Mechanism (RCM).

Transitional Provisions (GSTR-2A vs. GSTR-2B)

To ensure clarity on historical claims, the basis for verification is determined by the relevant tax period:

For Tax Periods up to 31.12.2021: Refund processing and verification were based on FORM GSTR-2A (as per the provisions of *Circular No. 135/05/2020-GST*).

For Tax Periods from 01.01.2022 onwards: Refund processing and verification are strictly based on FORM GSTR-2B (as per *Circular No. 197/09/2023-GST*).

In case of Export of Goods under the cover of Letter of Undertaking/Bond Assessable Value in the tax invoice/ shipping bill value: At the time of supply of goods an exporter declares that the goods meant for export are exported under an invoice issued under Rule 46 of the CGST Rules. The value recorded in the GST invoice should normally be the transaction value as per Section 15 of the CGST Act read with the Rules made thereunder. The same transaction value should normally be recorded in the corresponding shipping bill/bill of export. During the processing of the refund claim, the value of the goods declared in the GST invoice and the value in the corresponding shipping bill/bill of export should be examined and the lower of the two values should be taken into account while calculating the eligible amount of refund.

Calculation of Refund amount:

In case of these refunds, the common portal calculates the refundable amount as the least of the following amounts:

I. The maximum refund amount as per the formula in rule 89(4) or rule 89(5) of the CGST Rules [formula is applied on the consolidated amount of ITC, i.e. Central tax + State tax/Union Territory tax + Integrated tax], wherein

   [Rule 89(4) applicable in case of supplies made to SEZ Unit/SEZ Developer without payment of tax and exports without payment of tax ;and

Rule 89(5) applicable in case of accumulation due to inverted tax structure]

II. The balance in the electronic credit ledger of the applicant at the end of the tax period for which the refund claim is being filed after the return in **FORM GSTR-3B** for the said period has been filed; and

III. The balance in the electronic credit ledger of the applicant at the time of filing the refund application.

Maximum Refund Amount as per the formula in Rule 89(4)

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

Where the,

(A) "*Refund amount*" means the maximum refund that is admissible;

(B) "*Net ITC*" means ITC availed on inputs and input services during the relevant period

(C) "*Turnover of zero-rated supply of goods*" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, whichever is less

(D) *"Turnover of zero-rated supply of services"* means the value of zero-rated supply of services made without pay ment of tax under a bond or letter of undertaking, calculated in the following manner:

PARTICULARS FOR THE PERIOD UNDER REFUND	**AMOUNT IN INR**
Payments received for the zero-rated supply of services during the period (A)	XXX
Value of the zero-rated supply of services completed during the period for which payment had been received in advance in any period prior to the period under refund (B)	XXX
Advances received for zero-rated supply of services for which the supply of services has not been completed during the period of refund (C)	XXX
TURNOVER OF ZERO-RATED SUPPLY OF SERVICES WITHOUT IGST PAYMENT (A + B-C)	**XXX**

(E) *"Adjusted Total Turnover"* is calculated in the following manner:

PARTICULARS FOR THE PERIOD UNDER REFUND	AMOUNT IN INR
Turnover in a State or Union Territory as defined under clause (112) of Section 2 of the CGST Act, 2017, excluding the turnover of export of services reported in GSTR 1/3B	XXX
Turnover of Zero-rated supply of services determined in terms of clause (D)	XXX
Turnover of Non-Zero rated supply of services	XXX
Less:	
Turnover of exempted supplies other than zero-rated supplies	XXX
ADJUSTED TOTAL TURNOVER	**XXX**

Clarification issued by the CBIC for calculating the maximum refund amount as specified in Rule 89 (4) of the CGST Rules.

[*Circular No. 147/03/2021-GST, dated 12th March, 2021]*

"Adjusted Total Turnover" includes "Turnover in a State or Union Territory", as defined in Section 2(112) of CGST Act. As per Section 2(112), "Turnover in a State or Union Territory" includes turnover/ value of export/ zero-rated supplies of goods. The definition of "Turnover of zero-rated supply of goods" has been amended vide *Notification No.16/2020-Central Tax dated 23.03.2020*, as detailed above. In view of the above, it can be stated that the same value of zero-rated/ export supply of goods, as calculated as per amended definition of "Turnover of zero-rated supply of goods", need to be taken into consideration while calculating "turnover in a state or a union territory", and accordingly, in "adjusted total turnover" for the purpose of sub-rule (4) of Rule 89. 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.

Accordingly, it is 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.

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 given below. In this case, actual value per unit of goods exported is more than 1.5 times the value of same/ similar goods in domestic market, as declared by the supplier:

Net admissible ITC = Rs. 270

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

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 = Rs. 162

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

(F) *"Relevant period" means the period for which the claim has been filed.*

[79]*Explanation.–For the purposes of this sub-rule, the value of goods exported out of India shall be taken as –*

(i) the Free on Board (FOB) value declared in the Shipping Bill or Bill of Export form, as the case may be, as per the Shipping Bill and Bill of Export (Forms) Regulations, 2017; or

(ii) the value declared in tax invoice or bill of supply, whichever is less.]

Example: A company exports textile goods from India to the USA.

FOB value declared in Shipping Bill: ₹10,00,000

Value declared in the Tax Invoice: ₹9,50,000

[79] *Inserted by Notification No. 14/2022- CT, dated 05.07.2022.*

As per the rule, the value of goods exported shall be taken as whichever is less between:

(i) the FOB value declared in the Shipping Bill, and

(ii) the Invoice value (from tax invoice or bill of supply).

Since the invoice value is less than the FOB value, the value of goods exported for this transaction will be considered as:₹9,50,000.

Maximum Refund Amount as per the formula in Rule 89(5)

Refund Amount = {(Turnover of inverted rated supply of goods and services) × Net ITC ÷ Adjusted Total Turnover} – [80][{tax payable on such inverted rated supply of goods and services x (Net ITC ÷ ITC availed on inputs and input services)}]

Where the

(A) "*Net ITC*" means ITC availed on inputs during the relevant period and

(B) "*Adjusted Total turnover*" and *"Relevant period"* shall have the same meaning as mentioned in Rule 89(4).

The CBIC clarifies vide *Circular No. 181/13/2022 dt 10.11.2022* that amendment to the formula of Rule 89(5) Vide *Notification No. 14/2022-Central Tax dated 05.07.2022* is not clarificatory in nature and is applicable prospectively with effect from 05.07.2022 and apply only to refund applications filed on or after 5 July 2022. Applications filed before that will continue to follow the old formula.

However, the *Circular No. 181/22 dated 10.11.2022* so far as it clarifies that the amendment is not clarificatory in nature is quashed by the Honourable Gujarat High Court in the case of ***Ascent Meditech Ltd. (2024) Special Civil Application No. 18317 of 2023 dated 17.10.2024*****,** wherein they have stated that the *Notification No. 14/2022 dated 05.07.2022* is applicable retrospectively as the amendment brought in Rule 89(5) of the Rules is curative and clarificatory in nature and the same would be applicable retrospectively to the refund or rectification applications filed within two years as per the time period prescribed under section 54(1) of the Act.

Clarification issued by the CBIC for calculating the maximum refund amount as specified in Rule 89 (5) of the CGST Rules.

- Refund of unutilized ITC in case of inverted tax structure, as provided in section 54(3) of the CGST Act, is available where ITC remains unutilized even after setting off of available ITC for the payment of output tax liability. Where there are multiple inputs attracting different rates of tax, in the formula provided in rule 89(5) of the CGST Rules, the term "Net ITC" covers the ITC availed on all inputs in the relevant period, irrespective of their rate of tax.

[80] *Substituted by Notification No. 14/2022- CT, dated 05.07.2022*

- The calculation of refund of accumulated ITC on account of inverted tax structure, in cases where several inputs are used in supplying the final product/output, can be clearly understood with the help of following example:
- Suppose a manufacturing process involves the use of an input A (attracting 5 per cent GST) and input B (attracting 18 per cent GST) to manufacture output Y (attracting 12 per cent GST).
- The refund of accumulated ITC in the situation at (i) above, will be available under section 54(3) of the CGST Act read with rule 89(5) of the CGST Rules, which prescribes the formula for the maximum refund amount permissible in such situations.
- Further assume that the applicant supplies the output Y having value of ` 3,000/- during the relevant period for which the refund is being claimed. Therefore, the turnover of inverted rated supply of goods and services will be ` 3,000/-. Since the applicant has no other outward supplies, his adjusted total turnover will also be ` 3,000/-.
- If we assume that Input A, having value of ` 500/- and Input B, having value of ` 2,000/-, have been purchased in the relevant period for the manufacture of Y, then Net ITC shall be equal to ` 385/- (Rs. 25/- and ` 360/- on Input A and Input B respectively).
- Therefore, multiplying Net ITC by the ratio of turnover of inverted rated supply of goods and services to the adjusted total turnover will give the figure of ` 385/-.
- From this, if we deduct the tax payable on such inverted rated supply of goods or services, which is ` 360/-, we get the maximum refund amount, as per rule 89(5) of the CGST Rules which is ` 25/-.

After calculating the least of the three amounts, as detailed above, the equivalent amount is to be debited from the electronic credit ledger of the applicant in the following order:

- IGST, to the extent of balance available;
- CGST and SGST/UTGST, equally to the extent of balance available and in the event of a shortfall in the balance available in a particular electronic credit ledger (say, CSGT), the differential amount is to be debited from the other electronic credit ledger (i.e., SGST/UTGST, in this case).

The order of debit described above, however, is not presently available on the common portal. Till the time such facility is made available on the common portal, the taxpayers are advised to follow the order as explained above for all refund applications. However, for applications where this order is not adhered to by the applicant, no adverse view may be taken by the tax authorities.

For all refund applications where refund of unutilized ITC of compensation cess is being claimed, the calculation of the refundable amount of compensation cess shall be done separately and the amount so calculated will be debited from the balance of compensation cess available in the electronic credit ledger.

The third proviso to sub-section (3) of section 54 of the CGST Act states that no refund of ITC shall be allowed in cases where the supplier of goods or services or both avails of drawback in respect of Central Tax. It is clarified that if a supplier avails of drawback in respect of duties rebated under the Customs and Central Excise Duties Drawback Rules, 2017, he shall be eligible for refund of unutilized ITC of CGST/SGST/IGST/Compensation cess. It is also clarified that refund of eligible credit on account of State Tax shall be available if the supplier of goods or services or both has availed of drawback in respect of Central Tax.

Chapter 6

Deemed Exports

What are deemed export supplies?

Section 147 of the CGST Act, 2017 empowers the Central Government, on the recommendations of the Council, to notify certain supplies of goods as deemed exports, where goods supplied do not leave India, and payment for such supplies is received either in Indian rupees or in convertible foreign exchange, if such goods are manufactured in India. Hence, the Government has issued *Notification No. 48/2017- Central Tax, dated 18.10.2017* to notify the following supplies of goods as deemed exports:

- Supply of goods by a registered person against Advance Authorisation, where authorisation was issued by the Director General of Foreign Trade under Chapter 4 of the Foreign Trade Policy 2015-20 for import or domestic procurement of inputs for physical exports.
- Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation, where such authorisation was issued by the Director General of Foreign Trade under Chapter 5 of the Foreign Trade Policy 2015-20 for import of capital goods for physical exports.
- Supply of goods by a registered person to Export Oriented Unit.
- Supply of gold by a bank or Public Sector Undertaking specified in *Notification No. 50/2017-Customs, dated 30.06.2017 (*as amended) against Advance Authorisation.

NOTE: In case of Advance Authorisation when the goods manufactured were exported after availing ITC on inputs used in the manufacture of such exports, then within 6 months of such supply a certificate from Chartered Accountant stating that the inputs were used in manufacture and supply of taxable goods (other than nil rated or fully exempted goods) is required to be submitted to the jurisdictional Commissioner of GST or any other officer authorised by him. No certificate shall be required if ITC has not been availed on inputs used in the manufacture of export goods.

What is the proof that a transaction is a deemed export?

The person who effects the transaction is the one who is responsible to prove that the transaction is a deemed export and hence he has to take all precaution in collating the documentary proof. In this regard, the Government has issued *Notification No. 49/2017-Central Tax dated 18.10.2017* to notify the documents to be collected as evidence by the supplier of deemed export supplies:

- In case of supply against Advance Authorisation or Export Promotion Capital Goods Authorisation holder.

Acknowledgement by the jurisdictional Tax officer of the Advance Authorisation holder or Export Promotion Capital Goods Authorisation holder, as the case may be, that the said deemed export supplies have been received.

- In case of supply to Export Oriented Unit:
    - Endorsement in tax invoice by the recipient Export Oriented Unit that said deemed export supplies have been received by it.
    - An undertaking by the recipient of deemed export supplies that no ITC on such supplies has been availed by him.
    - An undertaking by the recipient of deemed export supplies that he shall not claim the refund in respect of such supplies and the supplier may claim the refund.

The above documentation will help the suppliers to demonstrate that their transaction qualifies as deemed export and they are eligible for refund under Section 54 of the CGST Act, 2017 read with Rule 89 of the CGST Rules, 2017. Besides the above Notification the CBIC has also issued *Circular No. 14/14/2017-GST dated 06.11.2017* listing the procurement procedure of supplies of goods from DTA by EOU / EHTP Unit /STP Unit / BTP Unit under the deemed export.

CIRCULAR NO.14/14/2017-GST, DATED 6.11.2017

In accordance with the decisions taken by the GST Council in its 22nd meeting held on 06.10.2017 at New Delhi to resolve certain difficulties being faced by exporters post-GST, it has been decided that supplies of goods by a registered person to EOUs etc. would be treated as deemed exports under Section 147 of the CGST Act, 2017 (hereinafter referred to as 'the Act') and refund of tax paid on such supplies can be claimed either by the recipient or supplier of such supplies. Accordingly, Notification No. 48/2017-Central Tax dated 18.10.2017 has been issued to treat such supplies to EOU/EHTP/STP/BTP units as deemed exports. Further, Rule 89 of the CGST Rules, 2017 (hereinafter referred to as 'the Rules') has been amended vide Notification No. 47/2017- Central Tax dated 18-10-2017 to allow either the recipient or supplier of such supplies to claim refund of tax paid thereon.

2. For supplies to EOU/EHTP/STP/BTP units in terms of Notification No. 48/2017-Central Tax dated 18.10.2017, the following procedure and safeguards are prescribed:

(a) The recipient EOU/EHTP/STP/BTP unit shall give prior intimation in a prescribed proforma in "Form–A" (appended herewith) bearing a running serial number containing the goods to be procured, as pre-approved by the Development Commissioner and the details of the supplier before such deemed export supplies are made. The said intimation shall be given to —

a. the registered supplier;

b. the jurisdictional GST officer in charge of such registered supplier; and

c. its jurisdictional GST officer.

(b) The registered supplier thereafter will supply goods under tax invoice to the recipient EOU/EHTP/STP/BTP unit.

(c) On receipt of such supplies, the EOU/EHTP/STP/BTP unit shall endorse the tax invoice and send a copy of the endorsed tax invoice to

a. the registered supplier;

b. the jurisdictional GST officer in charge of such registered supplier; and

c. its jurisdictional GST officer.

(d) The endorsed tax invoice will be considered as proof of deemed export supplies by the registered person to EOU/EHTP/STP/BTP unit.

(e) The recipient EOU/EHTP/STP/BTP unit shall maintain records of such deemed export supplies in digital form, based upon data elements contained in Form-B. The software for maintenance of digital records shall incorporate the feature of audit trail. While the data elements contained in Form-B are mandatory, the recipient units will be free to add or continue with any additional data fields, as per their commercial requirements. All recipient units are required to enter data accurately and immediately upon the goods being received in, utilized by or removed from the said unit. The digital records should be kept updated, accurate, complete and available at the said unit at all times for verification by the proper officer, whenever required. A digital copy of Form-B containing transactions for the month shall be provided to the jurisdictional GST officer, each month (by the 10th of every month) in a CD or Pen drive, as convenient to the said unit.

3. The above procedure and safeguards are in addition to the terms and conditions to be adhered to by a EOU/EHTP/STP/BTP unit in terms of the Foreign Trade Policy, 2015-20 and the duty exemption notification availed by such unit.

Who can file a refund application?

- the supplier of deemed export supplies, provided that the recipient of deemed export supplies has neither claimed refund in respect of such supplies nor availed any ITC on such supplies.
- The recipient of deemed export supplies: Provided he undertakes that refund has been claimed only for those invoices which have been detailed in Statement 5B for the tax period and that he has availed ITC on such invoices.
- He has also to declare that the supplier has not claimed refund with respect to the said supplies (as per the clarification in *Circular 125/44/2019, Para 41*). the extract of which is as under:

Guidelines for refund of tax paid on deemed exports

41. Certain supplies of goods have been notified as deemed exports vide notification No. 48/2017-Central Tax, dated 18-10-2017 under section 147 of the CGST Act. Further, the third proviso to rule 89(1) of the CGST Rules allows either the recipient or the supplier to apply for refund of tax paid on such deemed export supplies. In case such refund is sought by the supplier of deemed export supplies, the documentary evidences as specified in notification No. 49/2017-Central Tax, dated 18-10-2017 are also required to be furnished which includes an undertaking that the recipient of deemed export supplies shall not claim the refund in respect of such supplies and shall not avail any input tax credit on such supplies. Similarly, in case the refund is filed by the recipient of deemed export supplies, an undertaking shall have to be furnished by him stating that refund has been claimed only for those invoices which have been detailed in statement 5B for the tax period for which refund is being claimed and the amount does not exceed the amount of input tax credit availed in the valid return filed for the said tax period[81]. The recipient shall also be required to declare that the supplier has not claimed refund with respect to the said supplies. The procedure regarding procurement of supplies of goods from DTA by Export Oriented Unit (EOU)/Electronic Hardware Technology Park (EHTP) Unit/Software Technology Park (STP) Unit/Bio-Technology Parks (BTP) Unit under deemed export as laid down in Circular No. 14/14/2017-GST, dated 6.11.2017 [2017 (6) G.S.T.L. C13] needs to be complied with.

Further in terms of *Circular No. 172/04/2022-GST, dated 06.07.2022*, the Government has clarified as follows *(relevant extracts)*:

S. No.	***Issue***	***Clarification***
Refund claimed by the recipients of supplies regarded as deemed export		
1.	*Whether the Input Tax Credit (ITC) availed by the recipient of deemed export supply for claiming refund of tax paid on supplies regarded as deemed exports would be subjected to provisions of Section 17 of the CGST Act, 2017.*	*The refund in respect of deemed export supplies is the refund of tax paid on such supplies. However, the recipients of deemed export supplies were facing difficulties on the portal to claim refund of tax paid due to requirement of the portal to debit the amount so claimed from their electronic credit ledger. Considering this difficulty, the tax paid on such supplies, has been made available as ITC to the recipients vide Circular No. 147/03/2021-GST, dated 12.03.2021 only for enabling them to claim such refunds on the portal. The ITC of tax paid on deemed export supplies, allowed to the recipients for*

[81] *Amended vide Circular No. 147/03//2021-GST dated 12.03.2021*

		claiming refund of such tax paid, is not ITC in terms of the provisions of Chapter V of the CGST Act, 2017. Therefore, the ITC so availed by the recipient of deemed export supplies would not be subjected to provisions of Section 17 of the CGST Act, 2017.

Further the CBIC had clarified certain refund issues under ***Circular No. 166/22/2021-GST, dated 17-11-2021*** as follows:

Issue	***Clarification***
Whether relevant date for the refund of tax paid on supplies regarded as deemed export by recipient is to be determined as per clause (b) of Explanation (2) under Section 54 of CGST Act and if so, whether the date of return filed by the supplier or date of return filed by the recipient will be relevant for the purpose of determining relevant date for such refunds?	*Clause (b) of Explanation (2) under Section 54 of CGST Act reads as under:* *"(b) in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, the date on which the return relating to such deemed exports is furnished;"* *On perusal of the above, it is clear that clause (b) of Explanation (2) under Section 54 of the CGST Act is applicable for determining relevant date in respect of refund of amount of tax paid on the supply of goods regarded as deemed exports, irrespective of the fact whether the refund claim is filed by the supplier or by the recipient.* *Further, as the tax on the supply of goods, regarded as deemed export, would be paid by the supplier in his return, therefore, the relevant date for purpose of filing of refund claim for refund of tax paid on such supplies would be the date of filing of return, related to such supplies, by the supplier.*

Refund procedure:

- **Furnishing the details of deemed supplies in GSTR-1:** Suppliers making supplies categorized as deemed exports under GST must report the details of such invoices in Table 6C of Form GSTR-1.
- **Filing GSTR-3B:** The registered person should disclose the Assessable Value of such supply in entry 3.1(a) of the Form GSTR 3B.

- **File Form GST RFD 01 using Online utility**. – The online claim application has to be accompanied with the **Declaration / Statement / Undertaking / Certificates** which are listed in **Annexure – A.**

Along with the Declarations, Statements, Undertakings, and Certificates referred to above, the applicant must submit supporting documents online, including the invoice details in **Statement 5B**.

Chapter 7

Processing of Refund in Virtual Environment and Clarifications on General Issues in Refund

Statutory Provision

Rule 90. Acknowledgement

(1) *Where the application relates to a claim for refund from the electronic cash ledger, an acknowledgement in **FORM GST RFD-02** shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.*

*(2) The application for refund, other than claim for refund from electronic cash ledger, shall be forwarded to the proper officer who shall, within a period of fifteen days of filing of the said application, scrutinize the application for its completeness and where the application is found to be complete in terms of sub-rule (2), (3) and (4) of rule 89, an acknowledgement in **FORM GST RFD-02** shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.*

*(3) Where any deficiencies are noticed, the proper officer shall communicate the deficiencies to the applicant in **FORM GST RFD-03** through the common portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies.*

*["Provided that the time period, from the date of filing of the refund claim in **FORM GST RFD-01** till the date of communication of the deficiencies in **FORM GST RFD-03** by the proper officer, shall be excluded from the period of two years as specified under sub-section (1) of Section 54, in respect of any such fresh refund claim filed by the applicant after rectification of the deficiencies."][82]*

*(4) Where deficiencies have been communicated in **FORM GST RFD-03** under the State Goods and Service Tax Rules, 2017, the same shall also deemed to have been communicated under this rule along with the deficiencies communicated under sub-rule (3).*

*[(5) The applicant may, at any time before issuance of provisional refund sanction order in **FORM GST RFD-04** or final refund sanction order in **FORM GST RFD-06** or payment order*

---

[82] *Inserted vide Notification No. 15/2021-Central Tax, dated 18.05.2021.*

*in **FORM GST RFD-05** or refund withhold order in **FORM GST RFD-07** or notice in **FORM GST RFD-08,** in respect of any refund application filed in **FORM GST RFD-01**, withdraw the said application for refund by filing an application in **FORM GST RFD-01W]**[82].*

*(6) On submission of application for withdrawal of refund in **FORM GST RFD-01W**, any amount debited by the applicant from electronic credit ledger or electronic cash ledger, as the case may be, while filing application for refund in **FORM GST RFD-01**, shall be credited back to the ledger from which such debit was made."*

Rule 91. Grant of provisional refund

(1) *The provisional refund in accordance with the provisions of sub-section (6) of section 54 shall be granted subject to the condition that 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 proper officer, on the basis of identification and evaluation of risk by the system, shall make an order in FORM GST RFD-04, within a period not exceeding seven days from the date of the acknowledgement under sub-rule (1) or sub-rule (2) of rule 90:

***Provided** that the proper officer, for reasons to be recorded in writing, may not grant refund on provisional basis and proceed with the order under rule 92.*

*[**Provided** that the order issued in **FORM GST RFD-04** shall not be required to be revalidated by the proper officer.]*[83]

(3) The proper officer shall issue a [payment order][84] *in **FORM GST RFD-05** for the amount sanctioned under sub-rule (2) and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund [on the basis of a consolidated payment advice]*[85]*:*

[Provided that the [payment order][86] *in **FORM GST RFD-05** shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said [payment order]*[87] *was issued.]*[88]

[(4) The Central Government shall disburse the refund based on the consolidated

---

[82] *Inserted vide Notification No. 15/2021-Central Tax, dated 18.05.2021.*

[83] *Inserted vide Notification No.03/2019 – Central Tax, dated 29.01.2019 w.e.f. 01-02-2019.*

[84] *Substituted vide Notification No.31/2019 – Central Tax, dated 28.06.2019 read with Notification no. 42/2019 – CT dt. 24.09.2019 w.e.f. 24-09-2019. Prior to the substitution it read as: "payment order"*

[85] *Inserted w.e.f. 24.09.2019 vide Notification No.49/2019-CT dt. 09.10.2019*

[86] *Substituted vide Notification No.31/2019 – Central Tax, dated 28.06.2019 read with Notification no. 42/2019 – CT dt. 24.09.2019 - w.e.f. 24-09- 2019*

[87] *Substituted vide Notification No.31/2019 – Central Tax, dated 28.06.2019 read with Notification no. 42/2019 – CT dt. 24.09.2019 - w.e.f. 24-09-2019*

[88] *Inserted vide Notification No. 03/2019- Central Tax, dated 29.01.2019 w.e.f. 01-02-2019*

payment advice issued under sub-rule (3).][89]

Rule 92. Order sanctioning refund

(1) Where, upon examination of the application, the proper officer is satisfied that a refund under sub-section (5) of section 54 is due and payable to the applicant, he shall make an order in ***FORM GST RFD-06*** *sanctioning the amount of refund to which the applicant is entitled, mentioning therein the amount, if any, refunded to him on a provisional basis under sub-section (6) of section 54, amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable;*

[ ][90]

[(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 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.]*[91]

(2) Where the proper officer or the Commissioner is of the opinion that the amount of refund is liable to be withheld under the provisions of sub-section (10) or, as the case may be, sub-section (11) of section 54, he shall pass an order in Part A[92] *of* ***FORM GST RFD-07*** *informing him the reasons for withholding of such refund.*

*[****"Provided*** *that where the proper officer or the Commissioner is satisfied that the refund is no longer liable to be withheld, he may pass an order for release of withheld refund in Part B of* ***FORM GST RFD- 07****."]*[93]

(3) Where the proper officer is satisfied, for reasons to be recorded in writing, 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, requiring him to furnish a reply in* ***FORM GST RFD-09*** *within a period of fifteen days of the receipt of such notice and after considering the reply, make an order in* ***FORM GST RFD-06*** *sanctioning the amount of refund in whole or part, or rejecting the said refund claim and the said order shall be made available to the applicant electronically and the provisions of sub-rule (1)*

---

[89] *Inserted vide Notification No. 49/2019- Central Tax, dated 09.10.2019- w.e.f. 24-09-2019*

[90] *Proviso to sub-rule (1) omitted vide Notification No. 15 /2021 – Central Tax, dated 18.03.2021*

[91] *Inserted vide* Notification *No. 16/2020- Central Tax, dated 23.03.2020*

[92] *for the word and letter "Part B", the word and letter "Part A" shall be substituted vide Notification No. 15/2021- Central Tax, dated 18.05.2021.*

[93] *Inserted vide Notification No. 15/2021-Central Tax, dated 18.05.2021.*

shall, mutatis mutandis, apply to the extent refund is allowed:

***Provided** that no application for refund shall be rejected without giving the applicant an opportunity of being heard.*

*(4) Where the proper officer is satisfied that the amount refundable under sub-rule (1) [or sub-rule (1A)][94] or sub-rule (2) is payable to the applicant under sub-section (8) of section 54, he shall make an order in **FORM GST RFD-06** and issue a [payment order][95] in **FORM GST RFD-05** for the amount of refund and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund [on the basis of a consolidated payment advice][96]:*

*[**Provided** that the order issued in **FORM GST RFD-06** shall not be required to be revalidated by the proper officer:*

***Provided** further that the [payment order][97] in **FORM GST RFD-05** shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said [payment order][98] was issued.][99]*

[(4A) The Central Government shall disburse the refund based on the consolidated payment advice issued under sub-rule (4).][100]

*(5) Where the proper officer is satisfied that the amount refundable under sub-rule (1) or [or sub-rule (1A)][101] sub-rule (2) is not payable to the applicant under sub-section (8) of section 54, he shall make an order in **FORM GST RFD-06** and issue [a payment order][102] in **FORM GST RFD-05**, for the amount of refund to be credited to the Consumer Welfare Fund.*

Rule 93: Credit of the amount of rejected refund claim

(1) Where any deficiencies have been communicated under sub-rule (3) of rule 90, the amount debited under sub-rule (3) of rule 89 shall be re-credited to the electronic credit

---

94 *Inserted vide Notification No. 16/2020- Central Tax, dated 23.03.2020*

95 *Substituted vide Notification No. 31/2019 – Central Tax, dated 28.06.2019 read with Notification No. 42/2019 – Central Tax, dated 24.09.2019 w.e.f. 24-09-2019. Prior to substitution it read as : "payment advice"*

96 *Inserted vide Notification No. 31/2019 – Central Tax, dated 28.06.2019 read with Notification No. 42/2019 – Central Tax, dated 24.09.2019 w.e.f. 24-09-2019*

97 *Substituted vide Notification No. 31/2019 – Central Tax, dated 28.06.2019 read with Notification No. 42/2019 – Central Tax, dated 24.09.2019 w.e.f. 24-09-2019. Prior to substitution it read as : "payment advice"*

98 *Substituted vide Notification No. 31/2019 – Central Tax, dated 28.06.2019 read with Notification No. 42/2019 – Central Tax, dated 24.09.2019 w.e.f. 24-09-2019. Prior to substitution it read as : "payment advice"*

99 *Inserted vide Notification No. 03/2019- Central Tax, dated 29.01.2019 w.e.f. 01.02.2019*

100 *Inserted vide Notification No. 31/2019 – Central Tax, dated 28.06.2019 read with Notification No. 42/2019 – Central Tax, dated 24.09.2019 w.e.f. 24-09-2019*

101 *Inserted vide Notification No. 16/2020- Central Tax, dated 23.03.2020*

102 *Substituted vide Notification No. 31/2019 – Central Tax, dated 28.06.2019 read with Notification No. 42/2019 – Central Tax, dated 24.09.2019 w.e.f. 24-09-2019. Prior to substitution it read as : "payment advice"*

ledger.

*(2) Where any amount claimed as refund is rejected under rule 92, either fully or partly, the amount debited, to the extent of rejection, shall be re-credited to the electronic credit ledger by an order made in **FORM GST PMT-03**.*

Explanation. – For the purposes of this rule, a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking in writing to the proper officer that he shall not file an appeal.

With effect from 26.09.2019, the applications for the following types of refunds shall be filed in **FORM GST RFD-01** on the common portal and the same shall be processed electronically:

Filing of FORM GST RFD-01: The applicants have to file their application on the common portal for any of the categories mentioned below:

- Refund of unutilized ITC on account of exports without payment of tax;
- Refund of tax paid on export of services with payment of tax;
- Refund of unutilized ITC on account of supplies made to SEZ Unit/SEZ Developer without payment of tax;
- Refund of tax paid on supplies made to SEZ Unit/SEZ Developer with payment of tax;
- Refund of unutilized ITC on account of accumulation due to inverted tax structure;
- Refund to the supplier of tax paid on deemed export supplies;
- Refund to the recipient of tax paid on deemed export supplies;
- Refund of excess balance in the electronic cash ledger;
- Refund of excess payment of tax;
- Refund of tax paid on intra-State supply which is subsequently held to be inter-State supply and *vice versa*;
- Refund on account of assessment/provisional assessment/appeal/any other order;
- Refund on account of "any other" ground or reason.

This shall entail filing of statements/declarations/undertakings which are part of **FORM GST RFD-01**, and also uploading of other documents/invoices which shall be required to be provided by the applicant for processing of the refund claim. It has been further clarified that neither the refund application in **FORM GST RFD-01** nor any of the supporting documents shall be required to be physically submitted to the office of the jurisdictional proper officer. The facility to upload all necessary documents/invoices is available on the common portal, and they should be uploaded along with the refund application.

The Application Reference Number (ARN) will be generated only after the applicant has

completed the process of filing the refund application in **FORM GST RFD-01**, and has completed uploading of all the supporting documents/undertaking/statements/invoices and, where required, the amount has been debited from the electronic credit/cash ledger.

As soon as the ARN is generated, the refund application along with all the supporting documents shall be transferred electronically to the jurisdictional proper officer who shall be able to view it on the system. The application shall be deemed to have been filed under Rule 90(2) of the CGST Rules on the date of generation of the said ARN and the time limit of 15 days to issue an acknowledgement or a deficiency memo, as the case may be, shall be counted from the said date.

This will obviate the need for an applicant to visit the jurisdictional tax office for the submission of the refund application and/or any of the supporting documents. Accordingly, the acknowledgement for the complete application (**FORM GST RFD-02**) or deficiency memo (**FORM GST RFD-03**), as the case may be, would be issued electronically by the jurisdictional tax officer based on the documents received from the common portal.

If a refund application is electronically transmitted to the wrong jurisdictional officer, he/she shall reassign it to the correct jurisdictional officer electronically as soon as possible, but not later than three working days from the date of generation of the ARN. Deficiency memos shall not be issued in such cases merely on the ground that the applications were received electronically in the wrong jurisdiction.

It may be noted that the facility to reassign such refund applications is already available with the Commissioner or the officer(s) authorized by him.

Transfer to Jurisdictional Proper Officer: The refund application in **FORM GST RFD-01** filed by all taxpayers, who have already been assigned to the Centre or the State tax authorities, shall be automatically forwarded by the common portal to the concerned authority. At the same time, there might be some migrated taxpayers, who have remained unassigned so far. The refund application in **FORM GST RFD-01** filed by such unassigned taxpayers shall be forwarded, for processing, by the common portal to the jurisdictional proper officer of the tax authority from which the taxpayer has originally migrated.

Such officers will continue to process these applications up to the stage of issuance of final order in **FORM GST RFD-06** and the related payment order in **FORM GST RFD-05** even if the applicant is assigned to the counterpart tax authority while the refund claim is under processing. However, if such an applicant gets assigned to one of the tax authorities after generation of the ARN and a deficiency memo gets issued for the refund application submitted by him, then the re-submitted refund application, after correction of deficiencies, shall be treated as a fresh refund application and shall be forwarded to the jurisdictional proper officer of the tax authority to which the taxpayer has now been assigned, irrespective of which authority handled the initial refund claim and issued the deficiency memo.

Acknowledgement: The proper officer after verifying the completeness of the application has

to issue either acknowledgement in **Form GST RFD – 02** or Deficiency Memo in **Form GST RFD – 03**.

Deficiency Memo – With in the period of 15 days from the date of generation of ARN for **FORM GST RFD-01** the proper officer should communicate to the applicant the deficiencies in **FORM GST RFD-03**.

Once an acknowledgement has been issued in relation to a refund application, no deficiency memo, on any grounds, may be subsequently issued for the said application. After a deficiency memo has been issued, the refund application will not be further processed and a fresh application will have to be filed within 2 years of the relevant date, as stated in the explanation after section 54(14) of the CGST Act. However, the time period starting from the date of filing the original application up to the date of issuance of the Deficiency Memo shall be excluded from the 2-year limitation period.

Any amount of ITC/cash debited from electronic credit/cash ledger would be re-credited automatically once the deficiency memo has been issued. It may be noted that the re-credit would take place automatically and no order in **FORM GST PMT- 03** is required to be issued. The applicant is required to rectify the deficiencies highlighted in the deficiency memo and file a fresh refund application electronically in **FORM GST RFD-01** again for the same period and this application would have a new and distinct ARN.

Once an application has been submitted afresh, the proper officer will not serve another deficiency memo with respect to the application for the same period, unless the deficiencies pointed out in the original deficiency memo remain un-rectified, either wholly or partly, or any other substantive deficiency is noticed subsequently.

Provisional Refund only in case of ZERO-RATED SUPPLY: The proper officer has to release 90% of the amount claimed through **Form GST RFD-04**; however, the CBIC in the ***Circular 125/44/2019*** has clarified that no prohibition under the law prevents a proper officer from sanctioning the entire amount within 7 days of the issuance of acknowledgement in **FORM GST RFD-06**, instead of granting of provisional refund of 90% of the amount claimed through **FORM GST RFD-04**. If the proper officer is fully satisfied about the eligibility of a refund claim on account of zero-rated supplies, and is of the opinion that no further scrutiny is required, the proper officer may issue final order in **FORM GST RFD-06** within 7 days of the issuance of acknowledgement. In such cases, the issuance of a provisional refund order in **FORM GST RFD-04** will not be required.

The CBIC has further clarified that no adjustment or withholding of refund, as provided under section 54(10) or (11) of the CGST Act, shall be allowed in respect of the amount of refund which has been provisionally sanctioned. In cases where there is an outstanding recoverable amount due from the applicant, the proper officer, instead of granting refund on a provisional basis, may process and sanction refund on a final basis at the earliest and recover the amount from the amount so sanctioned.

Scrutiny of Application: The proper officer will scrutinise the refund application along with the enclosed documents and process the refund application within 60 days from the date of ARN. In case of refund claim on account of export of goods without payment of tax, the SHIPPING BILL details shall be verified by the proper officer through ICEGATE portal (www.icegate.gov.in) wherein the officer would be able to check details of the EGM and shipping bill by keying in port name, SHIPPING BILL number and date. It is advised that while processing refund claims, information contained in Table 9 of **FORM GSTR-1** of the relevant tax period as well as that of the subsequent tax periods should also be taken into cognizance, wherever applicable.

In this regard, *Circular No. 26/26/2017-GST dated 29.12.2017* provides the procedure for rectification of errors made while filing the returns in **FORM GSTR-3B** . Therefore, in case of discrepancies between the data furnished by the taxpayer in **FORM GSTR-3B** and **FORM GSTR-1**, proper officer shall refer to the said Circular and process the refund application accordingly.

Re-crediting of electronic credit ledger on account of rejection of refund claim: In case of rejection of refund claim of unutilized/accumulated ITC due to ineligibility of the ITC under any provisions of the CGST Act and Rules made thereunder, the proper officer shall have to issue a show cause notice in **FORM GST RFD-08**, under Section 54 of the CGST Act, read with Section 73 or Section 74 of the CGST Act, requiring the applicant to show cause as to why:

(a) the refund amount corresponding to the ineligible ITC should not be rejected as per the relevant provisions of the law; and

(b) the amount of ineligible ITC should not be recovered as wrongly availed ITC under Section 73 or Section 74 of the CGST Act, as the case may be, along with interest and penalty, if any.

The above notice shall be adjudicated following the principles of natural justice, and an order shall be issued, in **FORM GST RFD-06**, under Section 54 of the CGST Act read with Section 73 or Section 74 of the CGST Act, as the case may be. If the adjudicating authority decides against the applicant in respect of both points (a) and (b), then **FORM GST RFD-06** shall have to be issued accordingly, and the amount of ineligible ITC, along with interest and penalty, if any, shall be entered by the officer in the electronic liability register of the applicant through issuance of **FORM GST DRC-07**.

Alternatively, the applicant can voluntarily pay this amount, along with interest and penalty, as applicable, before service of the demand notice, and intimate the same to the proper officer in **FORM GST DRC-03** in accordance with section 73(5) or section 74(5) of the CGST Act, as the case may be, read with Rule 142(2) of the CGST Rules.

In such cases, the need for serving a demand notice for recovery of ineligible ITC will be obviated. In any case, the proper officer shall order for the rejected amount to be re-credited

to the electronic credit ledger of the applicant using **FORM GST PMT-03**, only after the receipt of an undertaking from the applicant to the effect that he shall not file an appeal or in case he files an appeal, the same is finally decided against the applicant.

In case of rejection of a claim for refund, on account of any reason other than the ineligibility of credit, the process described above shall be followed with the only difference that there shall be no proceedings for recovery of ineligible ITC under Section 73 or Section 74, as the case may be.

Example 1: M/s. XYZ had applied for a refund of Rs.100 on account of zero-rated supplies. The proper officer, after prima-facie examination of the application, sanctions ` 90 as provisional refund through **FORM GST RFD-04** and the same is electronically credited to his bank account. However, on detailed examination of the claim, it appears to the proper officer that only an amount of Rs.70 is admissible as refund to the applicant.

In such cases, the proper officer shall have to issue a show cause notice to the applicant, in **FORM GST RFD-08**, under Section 54 of the CGST Act, read with Section 73 or Section 74 of the CGST Act requiring the applicant to show cause as to why:

(a) the amount claim of ` 30 should not be rejected as per the relevant provisions of the law; and

(b) the amount of ` 20 erroneously refunded should not be recovered under Section 73 or Section 74 of the CGST Act, as the case may be, along with interest and penalty, if any.

Example 2: M/s. ABC had applied for a refund claim of unutilized/accumulated ITC of Rs.100, but only Rs.80 is sanctioned (Rs.15 rejected on account of ineligible ITC and Rs.5 on account of any other reason).

As stated above, a show cause notice, in **FORM GST RFD-08**, shall have to be issued to the applicant, requiring him to show cause as to why:

(a) the refund claim amounting to Rs.20 should not be rejected under the relevant provisions of the law and

(b) the ineligible ITC of ` 15/- should not be recovered under section 73 or section 74, as the case may be, with interest and penalty, if any.

If the said notice is decided against the applicant, Rs.15/-, along with interest and penalty, if any, shall be entered by the officer in the electronic liability register of the applicant through issuance of **FORM GST DRC-07**.

Further, Rs. 20/- would be re-credited through **FORM GST PMT – 03** only after the receipt of an undertaking from the applicant to the effect that he shall not file an appeal or in case he files an appeal, the same is finally decided against the applicant.

Continuing with the above example, further assume that the applicant files an appeal against this order and the Appellate Authority decides wholly in favour of the applicant. It is clarified

that in such a case the petitioner would file a fresh refund claim for the said amount of Rs. 20 under the option of claiming refund "*On Account of Assessment/ Provisional Assessment/ Appeal/ Any other order*".

CIRCULAR NO. 111/30/2019-GST DATED 03.10.2019

PROCEDURE TO CLAIM REFUND IN FORM GST RFD-01 SUBSEQUENT TO FAVOURABLE ORDER IN APPEAL OR ANY OTHER FORUM

Appeals against rejection of refund claims are being disposed offline as the electronic module for the same is yet to be made operational.

As per rule 93 of the CGST Rules, 2017 where an appeal is filed against the rejection of a refund claim, re-crediting of the amount debited from the electronic credit ledger, if any, is not done till the appeal is finally rejected. Therefore, such rejected amount remains debited in respect of the particular refund claim filed in ***FORM GST RFD-01****.*

In case a favourable order is received by a registered person in appeal or in any other forum in respect of a refund claim rejected through issuance of an order in ***FORM GST RFD-06****, the registered person would file a fresh refund application under the category "Refund on account of assessment/provisional assessment/appeal/any other order" claiming refund of the amount allowed in appeal or any other forum.*

Since the amount debited, if any, at the time of filing of the refund application was not re-credited, the registered person shall not be required to debit the said amount again from his electronic credit ledger at the time of filing of the fresh refund application under the category "Refund on account of assessment/provisional assessment/appeal/any other order".

The registered person shall be required to give details of the type of the Order (appeal/any other order), Order No., Order date and the Order Issuing Authority. The registered person would also be required to upload:

- *a copy of the order of the Appellate or other authority,*
- *copy of the refund rejection order in* ***FORM GST RFD 06*** *issued by the proper officer or such other order against which appeal has been preferred and other related documents.*

Upon receipt of the application for refund under the category "Refund on account of assessment/provisional assessment/appeal/any other order" the proper officer would sanction the amount of refund as allowed in appeal or in subsequent forum which was originally rejected and shall make an order in ***FORM GST RFD 06*** *and issue payment order in* ***FORM GST RFD 05*** *accordingly.*

The proper officer disposing the application for refund under the category "Refund on account of assessment/provisional assessment/appeal/any other order" shall also ensure re-credit of any amount which remains rejected in the order of the appellate (or any other

authority). However, such re-credit shall be made following the guideline as laid down in para 4.2 of Circular No. 59/33/2018 – GST dated 04.09.2018.

***Illustration** - a registered person who makes an application for refund of unutilized ITC on account of export to the extent of Rs.100/- and debits the said amount from his electronic credit ledger. The proper officer disposes the application by allowing refund of ` 70/- and rejecting the refund of ` 30/-. However, he does not re-credit ` 30/- since appeal is preferred by the claimant and accordingly **FORM GST RFD 01B** is not uploaded.*

Assume that the appellate authority allows refund of only ` 10/- out of the ` 30/- for which the registered person went in appeal. This ` 10/- shall be claimed afresh under the category "Refund on account of assessment/provisional assessment/appeal/any other order" and processed accordingly. However, subsequent to processing of this claim of ` 10/- the proper officer shall re-credit ` 20/- to the electronic credit ledger of the claimant, provided that the registered person is not challenging the order in a higher forum.

*For this purpose, **FORM GST RFD 01B** under the original ARN which has so far not been uploaded will be uploaded with refund sanctioned amount as Rs.80/- and the amount to be re-credited as ` 20/-. In case, the proper officer who rejected the refund claim is not the one who is disposing the application under the category "Refund on account of assessment/ provisional assessment/appeal/any other order", the latter shall communicate to the proper officer who rejected the refund claim to close the ARN as above only after obtaining the undertaking as referred in para 4.2 of Circular no. 59/33/2018 – GST dated 4.9.2018.*

Disbursal of refunds: Separate disbursement of refund amounts under different tax heads by different tax authorities, i.e., disbursement of Central Tax, Integrated Tax and Compensation Cess by Central tax officers and disbursement of State tax by State tax officers, was causing undue hardship to the refund applicants. In order to facilitate refund applicants on this account, it has now been decided that for a refund application assigned to a Central tax officer, both the sanction order (**FORM GST RFD-04/06**) and the corresponding payment order (**FORM GST RFD-05**) for the sanctioned refund amount, under all tax heads, shall be issued by the Central tax officer only.

Similarly, for refund applications assigned to a State/UT tax officer, both the sanction order (**FORM GST RFD-04/06**) and the corresponding payment order (**FORM GST RFD-05**) for the sanctioned refund amount, under all tax heads, shall be issued by the State/UT tax officer only.

The sanctioned refund amounts, as entered in the payment orders issued by the Central and State/UT tax officers, shall be disbursed through the PFMS of the Controller General of Accounts (CGA), Ministry of Finance, Government of India. On filing of a refund application in **FORM GST RFD-01**, the common portal shall generate a master file for the applicant containing the relevant details like name, GSTIN, bank account details, etc. This master file shall be shared with PFMS for validation of the bank account details provided by the applicant in the refund application. Once the bank account is validated, PFMS will create a unique

assessee code (combination of GSTIN + validated bank account number) for the applicant. This code will be used by PFMS for all refund payments made to the applicant in the said bank account. Therefore, in order to avoid repeat validations and generation of multiple unique assessee codes for the same GSTIN, it shall be advisable for the applicants to enter the same bank account details in successive refund applications submitted in **FORM GST RFD-01**. In cases where an applicant wishes to avail the refund in a different bank account, which has not yet been validated, a new unique assessee code (comprising of GSTIN + new bank account) will be generated by PFMS after validation of the said bank account.

If the bank account details mentioned by an applicant in the refund application submitted in **FORM GST RFD-01** are invalidated, an error message shall be transmitted by PFMS to the common portal electronically and the common portal shall make the error message available to the applicant and the refund officers on their dashboards. On receiving such an error message, the applicant can:

(a) rectify the invalidated bank account details by filing a non-core amendment in **FORM GST REG- 14**; or

(b) add a new bank account by filing a non-core amendment in **FORM GST REG- 14**

The updated bank account details will be reflected in a drop-down menu on the dashboard. From this drop-down menu, the applicant can choose any bank account, including the ones rectified (option (a)) or newly added (option (b)), from the list of bank accounts available in his registration database. The chosen bank account details will again be sent to PFMS for validation. The proper officer will be able to issue the payment order in **FORM GST RFD-05** only after the selected bank account has been validated.

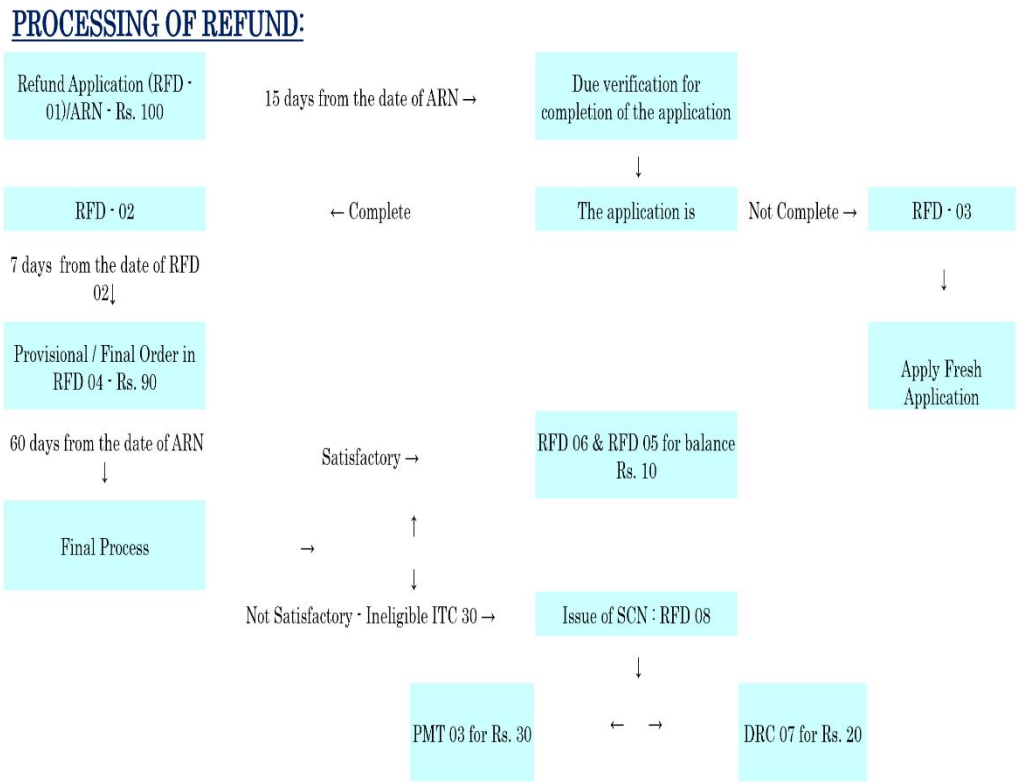
By following the above process, validation errors, if any, will generally be corrected before the issuance of payment order in **FORM GST RFD-05**. Therefore, there should generally not be any validation errors after issuance of a payment order in **FORM GST RFD-05**. However, in certain exceptional cases, it is possible that a validation error occurs even after issuance of the payment order. In such cases, the payment order will be invalidated by the common portal and a new payment order will have to be issued by the proper officer after following the rectification process described above. The re-issued payment order will have a new reference number and shall contain the newly selected bank account details. However, there will be no change in either the original ARN or the sanction order number or the amount for which the payment order was originally issued.

It may be noted that the applicant, at the time of filing of refund application in **FORM GST RFD-01**, can select a bank account only from the list of bank accounts provided by him at the time of registration in **FORM GST REG-01**, or subsequently through filing a non-core amendment in it. The same account details will be auto-populated in the payment order issued in **FORM GST RFD-05**. Any change in these auto-populated bank account details shall not be allowed unless there is a validation error in relation to the same.

The disbursement status of the refund amount would be communicated by PFMS to the common portal. The common portal shall notify the same to the taxpayer by email/SMS. Such details shall also be available on the status tracking facility on the dashboard.

Section 56 of the CGST Act clearly states that if any tax ordered to be refunded is not refunded within 60 days of the date of receipt of application, interest at the rate of 6% (notified *vide Notification No. 13/2017- Central Tax dated 28.06.2017*) on the refund amount starting from the date immediately after the expiry of 60 days from the date of receipt of application (ARN) till the date of refund of such tax shall have to be paid to the applicant. It may be noted that any tax shall be considered to have been refunded only when the amount has been credited to the bank account of the applicant. Therefore, interest will be calculated starting from the date immediately after the expiry of 60 days from the date of receipt of the application till the date on which the amount is credited to the bank account of the applicant. Accordingly, all tax authorities are advised to issue the final sanction order in **FORM GST RFD-06** and the payment order in **FORM GST RFD-05** within 45 days of the date of generation of ARN, so that the disbursement is completed within 60 days.

The provisions relating to refund provide for partial as well as complete adjustment of refund against any outstanding demand under GST or under any existing law. It is hereby clarified that both partial or complete adjustment of sanctioned amount of refund against any outstanding demand under GST or under any existing law would be made in **FORM GST RFD-06**. Furthermore, Section 142(9)(a) or (8)(a) or (7)(a) or (6)(b) of the CGST Act provides for recovery of any tax, interest, fine, penalty or any other amount recoverable under the existing law as an arrear of tax under the GST unless such amount is recovered under the existing law. It is hereby clarified that adjustment of refund amount against any outstanding demand under the existing law can be done.



Circular No.135/05/2020 – GST dated 31.03.2020

Change in manner of refund of tax paid on supplies other than zero rated supplies

It has been clarified that the manner of processing refund claims relating to tax paid on supplies other than zero-rated supplies has been revised. Such refund applications generally fall under categories like refund of excess payment of tax, refund of tax paid on an intra-State supply which is subsequently held to be an inter-State supply and vice versa, refund arising out of assessment, provisional assessment, appeal or any other order, and refund claimed on account of any other reason.

The 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 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 of 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.

Further the CBIC had clarified certain refund issues under ***Circular No. 166/22/2021-GST, dated 17-11-2021*** as follows:

Issue	***Clarification***
Whether the provisions of sub-section (1) of section 54 of the CGST Act regarding time period, within which an application for refund can be filed, would be applicable in cases of refund of excess balance in electronic cash ledger?	*No, the provisions of sub-section (1) of section 54 of the CGST Act regarding time period, within which an application for refund can be filed, would not be applicable in cases of refund of excess balance in electronic cash ledger.*

Whether certification/declaration under Rule 89(2)(l) or 89(2)(m) of CGST Rules, 2017 is required to be furnished along with the application for refund of excess balance in electronic cash ledger?	*No, furnishing of certification/declaration under Rule 89(2)(l) or 89(2)(m) of the CGST Rules, 2017 for not passing the incidence of tax to any other person is not required in cases of refund of excess balance in electronic cash ledger as unjust enrichment clause is not applicable in such cases.*
Whether refund of TDS/TCS deposited in electronic cash ledger under the provisions of Section 51/52 of the CGST Act can be refunded as excess balance in cash ledger?	*The amount deducted/collected as TDS/TCS by TDS/TCS deductors under the provisions of Section 51/52 of the CGST Act, as the case may be, and credited to electronic cash ledger of the registered person, is equivalent to cash deposited in electronic cash ledger. It is not mandatory for the registered person to utilise the TDS/TCS amount credited to his electronic cash ledger only for the purpose for discharging tax liability. The registered person is at full liberty to discharge his tax liability in respect of the supplies made by him during a tax period, either through debit in electronic credit ledger or through debit in electronic cash ledger, as per his choice and availability of balance in the said ledgers.* *Any amount, which remains unutilized in electronic cash ledger, after discharge of tax dues and other dues payable under CGST Act and rules made thereunder, can be refunded to the registered person as excess balance in electronic cash ledger in accordance with the proviso to sub-section (1) of Section 54, read with sub-section (6) of Section 49 of CGST Act.*

Further vide *Circular No. 160/16/2021-GST, dated 20-9-2021*, the CBIC has clarified that

Issue	***Clarification***
Whether the first proviso to section 54(3) of CGST/SGST Act, prohibiting refund of unutilized ITC is applicable in case of exports of goods which are having NIL rate of export duty.	*1. The term 'subjected to export duty' used in first proviso to section 54(3) of the CGST Act, 2017 means where the goods are actually leviable to export duty and suffering export duty at the time of export. Therefore, goods in respect of which either NIL rate is specified in Second Schedule to the Customs Tariff Act, 1975 or which are fully exempted from payment of export duty by virtue of any customs notification or which are not covered under Second Schedule to the Customs Tariff Act, 1975, cannot be considered to be subjected to any export duty under Customs Tariff Act, 1975.* *2. Accordingly, it is clarified that only those goods which are actually subjected to export duty i.e., on which some export duty has to be paid at the time of export, will be covered under the restriction imposed under section 54(3) from availment of refund of accumulated ITC. Goods, which are not subject to any export duty and in respect of which either NIL rate is specified in Second Schedule to the Customs Tariff Act, 1975 or which are fully exempted from payment of export duty by virtue of any customs notification or which are not covered under Second Schedule to the Customs Tariff Act, 1975, would not be covered by the restriction imposed under the first proviso to section 54(3) of the CGST Act for the purpose of availment of refund of accumulated ITC.*

For refund of tax paid in respect of 77(1) of the CGST Act,2017 and section 19(1) of the IGST Act,2017, the Government vide *Circular No. 162/18/2021-GST, dated 25-9-2021*, has clarified the doubt on the term "subsequently held" in the aforementioned sections, and whether refund claim under the said sections is available only if supply made by a taxpayer as inter-State or intra-State, is subsequently held by tax officers as intra-State and inter-State respectively, either on scrutiny/assessment/audit/investigation, or as a result of any adjudication, appellate or any other proceeding or whether the refund under the said sections is also available when the inter-State or intra-State supply made by a taxpayer, is subsequently found by taxpayer himself as intra-State and inter-State respectively.

In this regard, the CBIC has clarified that *the term "subsequently held" in section 77 of CGST Act, 2017 or under section 19 of IGST Act, 2017 covers both the cases where the inter-State*

or intra-State supply made by a taxpayer, is either subsequently found by taxpayer himself as intra-State or inter-State respectively or where the inter-State or intra-State supply made by a taxpayer is subsequently found/held as intra-State or inter-State respectively by the tax officer in any proceeding. Accordingly, refund claim under the said sections can be claimed by the taxpayer in both the above-mentioned situations, provided the taxpayer pays the required amount of tax in the correct head.

Hence, as per Section 77 of the CGST Act, 2017 read with the relevant circular, it is amply clear that a refund can be claimed if the taxpayer himself discovers that a supply was inadvertently treated as an inter-State supply instead of an intra-State supply (or vice versa), or if it is pointed out by the officer.

Chapter 8

Doctrine of Unjust Enrichment

The Doctrine of Unjust Enrichment is a fundamental principle in indirect taxation, particularly relevant to refund claims under GST. It ensures that no person derives undue benefit at the expense of another, especially in cases where the tax burden has already been passed on to another party.

Under this doctrine, when an assessee claims a refund of excess tax or duty paid, the tax authorities examine whether the economic burden of such tax has been passed on to another party, such as a customer. If it is established through evidence that the incidence of tax has not been passed on, the refund is granted directly to the applicant. However, if it is found that the tax burden has been passed on, or the applicant fails to prove otherwise, the refund—though sanctioned—is credited to the Consumer Welfare Fund (CWF), as it is deemed to be barred by the Doctrine of Unjust Enrichment.

What is Unjust Enrichment?

Unjust Enrichment refers to a situation where a person unfairly retains a benefit—such as money or property—that, in equity and good conscience, rightfully belongs to another. The doctrine is founded on the principle that no one should enrich themselves at another's expense without a just or lawful basis.

Unjust Enrichment under GST

In the context of taxation, the doctrine implies that if a taxpayer has already passed on the burden of tax to another person (for example, to a customer through the price of goods or services), allowing that taxpayer to claim a refund of the same tax would result in an unjust benefit. Hence, refund claims are subject to scrutiny under this principle to ensure fairness and prevent double recovery.

The concept of Unjust Enrichment is explicitly embedded in the GST framework. Section 54 of the CGST Act, 2017, read with Rule 89(2) of the CGST Rules, 2017, mandates that every refund application must be accompanied by documentary evidence establishing two key aspects:

That the refund claimed is genuinely due to the applicant; and

(i) That the incidence of tax and interest for which the refund is sought has not been passed on to any other person.

(ii) This statutory requirement ensures that refunds are granted only to those who have actually borne the tax burden, thereby preventing any undue enrichment at the expense of others.

Section 54(4) of the CGST Act, 2017 lays down the statutory foundation for the principle of Unjust Enrichment in the context of refund claims. It provides that—

"The application shall be accompanied by—

(a) such documentary evidence as may be prescribed to establish that a refund is due to the applicant; and

(b) such documentary or other evidence as the applicant may furnish to establish that the amount of tax and interest, in respect of which the refund is claimed, has not been passed on to any other person."

This provision ensures that the refund mechanism operates on equitable grounds, allowing refunds only where the claimant has actually borne the tax incidence and preventing any unjust gain at the cost of another.

Rule 89(2) of the CGST Rules, 2017 lays down the evidentiary requirements for refund applications, ensuring adherence to the principle of Unjust Enrichment. It mandates that every applicant must furnish proof confirming that the incidence of tax and interest for which the refund is claimed has not been passed on to any other person.

The manner of compliance for this purpose varies based on the amount of refund claimed:

- In cases where the refund claim is below ₹2 lakh, the applicant may submit a self-declaration to this effect, instead of detailed documentary evidence.
- For refund claims exceeding ₹2 lakh, a certificate issued by a Chartered Accountant or Cost Accountant (as required under sub-rules (l) and (m)) must be furnished, certifying that the tax incidence has not been passed on.

This tiered mechanism ensures both procedural efficiency for smaller claims and robust verification for larger refunds, thereby upholding fairness and preventing unjust enrichment.

Exceptions to Unjust Enrichment under GST

Section 54(8) of the CGST Act, 2017 specifies circumstances where refund claims are exempt from the unjust enrichment test and can be paid directly to the applicant:

(a) Refund of tax paid on exports of goods or services (zero-rated supplies).

(b) Refund of unutilised input tax credit arising due to an inverted duty structure.

(c) Refund of tax paid on supplies not provided, either wholly or partially, where an invoice was not issued or a refund voucher has been issued.

(d) Refunds under Section 77, for tax wrongly paid under one head instead of another.

(e) Refund of tax and interest not passed on to any other person.

(f) Refunds to notified classes of applicants as specified by the government.

In these cases, the Doctrine of Unjust Enrichment does not apply, either because the tax burden has not been shifted to another party or due to overriding policy considerations, such as incentivising exports.

Judicial Perspective: Mafatlal Industries Case

The application of the Doctrine of Unjust Enrichment in India was authoritatively settled by the landmark nine-judge Supreme Court judgment in Mafatlal Industries Ltd. v. Union of India (1997). The Court rejected the earlier notion that a right to refund automatically arises under Article 265 of the Constitution (which prohibits levy or collection of tax except by authority of law) or Section 72 of the Indian Contract Act, 1872.

Instead, the Court held that refunds must align with the principles of economic and distributive justice, as reflected in the Preamble and Directive Principles of State Policy. It emphasized that granting automatic refunds without considering unjust enrichment could result in unethical outcomes and potential fiscal instability. Accordingly, before issuing a refund, courts and tax authorities must verify whether the burden of tax was actually passed on to another party.

While the decision drew on global jurisprudence, it reflects a distinctly Indian constitutional approach, balancing the rights of taxpayers with broader economic equity and fairness.

Chapter 9
Refund of Tax to Specific Category of Persons

Statutory Provision

Section 54: Refund of tax

(1) ……..

(2) A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 55, entitled to a refund of tax paid by it on inward supplies of goods or services or both, may make an application for such refund, in such form and manner as may be prescribed, before the expiry of [103][two years] from the last day of the quarter in which such supply was received.

(3) ……..

Section 55: Refund in certain cases

The Government may, on the recommendations of the Council, by notification, specify any specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries and any other person or class of persons as may be specified in this behalf, who shall, subject to such conditions and restrictions as may be prescribed, be entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them.

Extract from the CGST Rules, 2017

Rule 95. Refund of tax to certain persons

[104][(1) Any person eligible to claim refund of tax paid by him on his inward supplies as per notification issued under section 55 shall apply for refund in FORM GST RFD-10 once in every quarter, electronically on the common portal or otherwise, either directly or through a

---

[103] *Substituted vide sec 113 of The Finance Act, 2022 (No. 06 of 2022), notified through Notification No. 18/2022 - CT dated 28.09.2022, w.e.f. 01.10.2022, prior to its substitution it was read as: "six months".*

[104] *Substituted vide Notification No. 75/2017-CT dated 29.12.2017. Prior to its substitution, it was read as: "(1) Any person eligible to claim refund of tax paid by him on his inward supplies as per notification issued section 55 shall apply for refund in **FORM GST RFD-10** once in every quarter, electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, along with a statement of the inward supplies of goods or services or both in **FORM GSTR-11**, prepared on the basis of the statement of the outward supplies furnished by the corresponding suppliers in **FORM GSTR-1** ."*

Facilitation Centre notified by the Commissioner, along with a statement of the inward supplies of goods or services or both in FORM GSTR-11.]

(2) An acknowledgement for the receipt of the application for refund shall be issued in FORM GST RFD-02.

(3) The refund of tax paid by the applicant shall be available if-

[105][(a) the inward supplies of goods or services or both were received from a registered person against a tax invoice;]

(b) name and Goods and Services Tax Identification Number or Unique Identity Number of the applicant is mentioned in the tax invoice; and

(c) such other restrictions or conditions as may be specified in the notification are satisfied.

106[Provided that where Unique Identity Number of the applicant is not mentioned in a tax invoice, the refund of tax paid by the applicant on such invoice shall be available only if the copy of the invoice, duly attested by the authorised representative of the applicant, is submitted along with the refund application in FORM GST RFD-10.]

(4) The provisions of rule 92 shall, mutatis mutandis, apply for the sanction and payment of refund under this rule.

(5) Where an express provision in a treaty or other international agreement, to which the President or the Government of India is a party, is inconsistent with the provisions of this Chapter, such treaty or international agreement shall prevail.

[107][Rule 95A. *]**

---

*[105] Substituted vide Notification No. 26/2018-CT dated 13.06.2017, w.e.f. 01.07.2017. Prior to its substitution it was read as: "(a) the inward supplies of goods or services or both were received from a registered person against a tax invoice *[xxx]".*

** Omitted vide Notification No. 75/2017 Dated 29.12.2017. Prior to omission, it was read as: "and the price of the supply covered under a single tax invoice exceeds five thousand rupees, excluding tax paid, if any".*

[106] Inserted vide Notification No. 40/2021 - CT dated 29.12.2021, w.e.f. 01.04.2021.

[107] Omitted vide Notification No. 14/2022 - CT dated 05.07.2022, w.e.f. 01.07.2019. Prior to its omission, it was read as:

****[Rule 95A. Refund of taxes to the retail outlets established in departure area of an international Airport beyond immigration counters making tax free supply to an outgoing international tourist.-***

(1) Retail outlet established in departure area of an international airport, beyond the immigration counters, supplying indigenous goods to an outgoing international tourist who is leaving India shall be eligible to claim refund of tax paid by it on inward supply of such goods.

*(2) Retail outlet claiming refund of the taxes paid on his inward supplies, shall furnish the application for refund claim in **FORM GST RFD-10B** on a monthly or quarterly basis, as the case may be, through the common portal either directly or through a Facilitation Centre notified by the Commissioner.*

(3) The self-certified compiled information of invoices issued for the supply made during the month or the quarter, as the case may be, along with concerned purchase invoice shall be submitted along with the refund application.

(4) The refund of tax paid by the said retail outlet shall be available if-

[108][Rule 95B. Refund of tax paid on inward supplies of goods received by Canteen Stores Department

(1) Notwithstanding anything contained in rule 95, a Canteen Stores Department under the Ministry of Defence, which is eligible to claim the refund of fifty per cent. of the applicable central tax paid by it on all inward supplies of goods received by it for the purposes of subsequent supply of such goods to the Unit Run Canteens of the Canteen Stores Department or to the authorised customers of the Canteen Stores Department as per notification issued under section 55, shall apply for refund in FORM GST RFD-10A once in every quarter, electronically on the common portal.

(2) Such application for refund of tax paid on inward supplies of goods filed in FORM GST RFD-10A shall be dealt in a manner similar to that of application for refund filed in FORM GST RFD-01 in accordance with the provisions of rule 89.

(3) The refund of tax paid by the applicant shall be available, if-

(a) the inward supplies of goods were received from a registered person against a tax invoice and details of such supplies have been furnished by the said registered person in his details of outward supply in FORM GSTR-1 and the said supplier has furnished his return in FORM GSTR-3B for the concerned tax period;

(b) name and Goods and Services Tax Identification Number of the applicant is mentioned in the tax invoice; and

(c) goods have been received by Canteen Stores Department for the purpose of subsequent supply to the Unit Run Canteens of the Canteen Stores Department or to the authorised customers of the Canteen Stores Department.]

Section 55 of the CGST Act, 2017 has empowered the Central Government to notify any specialized agency of the United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries or any other person or class of persons as may be specified in this behalf, who shall be entitled to claim a refund IGST/CGST/SGST paid by it on

---

(a) the inward supplies of goods were received by the said retail outlet from a registered person against a tax invoice;

(b) the said goods were supplied by the said retail outlet to an outgoing international tourist against foreign exchange without charging any tax;

(c) name and Goods and Services Tax Identification Number of the retail outlet is mentioned in the tax invoice for the inward supply; and

(d) such other restrictions or conditions, as may be specified, are satisfied.

(5) The provisions of rule 92 shall, mutatis mutandis, apply for the sanction and payment of refund under this rule.

***Explanation.** For the purposes of this rule, the expression "outgoing international tourist" shall mean a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.]*

** Inserted vide Notification No. 31/2019 – CT dated 28.06.2019, w.e.f. 01.07.2019.*

[108] Inserted vide Notification No. 12/2024 - CT dated 10.07.2024.

the inward supplies of goods or services or both. Hence, the Government has issued the following notification in this connection:

— ***Notification No. 16/2017-Central Tax (Rate), dated 28.6.2017*** the Central Government has specified United Nations or a specified international organisation and Foreign diplomatic mission or consular post in India, or diplomatic agents or career consular officers posted therein to claim refund of the tax paid on inward supplies.

— ***Notification No. 6/2017-Central Tax (Rate), New Delhi, dated 28.6.2017/ Notification No. 6/2017-Integrated Tax (Rate), dated 28.6.2017****:* the Central Government has specified the Canteen Stores Department (hereinafter referred as "CSD"), under the Ministry of Defence, as a person who shall be entitled to claim a refund of fifty per cent. of the applicable tax paid by the CSD on all inward supplies of goods received by the CSD for the purposes of subsequent supply of such goods to the Unit Run Canteens of the CSD or to the authorized customers of the CSD.

Processing of refund applications filed by Canteen Stores Department (CSD)

The Central Board of Indirect Taxes and Customs (CBIC), vide *Circular No. 227/21/2024-GST dated 11.07.2024*, has introduced a digitized procedure for processing refund claims by the Canteen Stores Department (CSD) under GST, as outlined in *Circular No. 227/21/2024-GST*. Under this scheme, CSD is eligible for a 50% refund of GST paid on inward supplies, in line with *Notification No. 6/2017-Central Tax (Rate), New Delhi, dated 28.6.2017/ Notification No. 6/2017-Integrated Tax (Rate), dated 28.6.2017.*

Previously, CSD filed refund applications manually under *Circular No. 60/34/2018-GST.* Under the revised procedure, all applications must now be submitted electronically via Form GST RFD-10A on the GST portal, accompanied by the required invoices and declarations. This new digital process streamlines verification by jurisdictional tax officers, enhances transparency, and improves overall efficiency in refund processing.

(a) **Filing of refund application:** CSD, seeking a refund under Section 55 of the CGST Act, 2017 for fifty percent of the applicable Central Tax, Integrated Tax, and Union Territory Tax paid on inward supplies of goods intended for further supply to its Unit Run Canteens or authorized customers, must file the refund application electronically in **Form GST RFD-10A** through the common portal. The application and processing shall be done electronically. The refund shall be granted based on the invoices for inward supplies received by the CSD for the purpose of such subsequent supplies.

(b) **Filing of refund claim by CSD:** CSD may apply for a refund with its assigned jurisdictional Central or State tax authority. As per Rule 95B of the CGST Rules, the CSD is required to file a refund application once every quarter. However, it may also opt to file a consolidated refund application for multiple quarters across different financial years.

Refund will be granted only if the inward supplies were received from registered suppliers against valid tax invoices, and such invoices have been duly reported by the suppliers in their FORM GSTR-1 and GSTR-3B returns for the relevant tax period.

While filing Form GST RFD-10A, the CSD must ensure that all declared invoices clearly mention both the GSTIN of the supplier and the GSTIN of the CSD unit. The application must be accompanied by the following documents:

- An undertaking confirming that the goods were received for the purpose of subsequent supply to Unit Run Canteens or authorized customers; and
- A declaration that no prior refund has been claimed on the same invoices

(c) **Relevant date for filing of refund:** As per Section 54(2) of the CGST Act, a person notified under Section 55 such as the Canteen Stores Department (CSD), notified via ***Notifications No. 06/2017 dated 28th June 2017*** is eligible to claim a refund of 50% of the GST paid on inward supplies of goods. This refund must be claimed within two years from the end of the quarter in which the supplies were received for further distribution to Unit Run Canteens or authorized customers.

(d) **Processing and sanction of the refund claim:** The proper officer shall process the refund application filed by the CSD in a manner similar to the processing of refund claims under **FORM GST RFD-01**, as per Rule 89 of the CGST Rules. During this process, the officer will validate the GSTIN of the CSD on the GST portal to ensure that all required returns in **FORM GSTR-1** and **FORM GSTR-3B** have been filed up to the date of the refund application. The officer may also scrutinize details from **FORM GST RFD-10A**, **GSTR-3B**, and **GSTR-2B** to assess the claim.

Additionally, the officer must verify whether the invoices submitted by CSD for refund have been reported by the suppliers in their **FORM GSTR-1** and whether those suppliers have filed **GSTR-3B** for the relevant tax period. It is also essential that the refund amount does not exceed 50% of the tax paid (Central, State, Union Territory, or Integrated Tax). The system will validate invoices uploaded by the CSD with **FORM GSTR-2B**, and only validated invoices will be accepted. Any invoice for which a refund has already been claimed will be flagged and disallowed.

The refund Table in **Sl. No. 7** of **FORM GST RFD-10A** will be auto-populated with 50% of the tax values from **Sl. No. 6** (columns 8, 9, and 10). However, this table will be editable only to allow downward revision; CSD cannot increase the auto-populated refund amount. The officer must also verify that Input Tax Credit (ITC) on these inward supplies has been duly reversed by the CSD, as clarified in ***Circular No. 170/02/2022-GST dated 06.07.2022***.

Finally, the proper officer will examine the completeness and eligibility of the refund claim and issue the refund order in **FORM GST RFD-06**, accompanied by a detailed speaking order justifying the decision

(e) It is also mentioned that the provisions of the ***Circular No. 60/34/2018-GST dated 04.09.2018*** shall continue to apply for all refund applications filed manually before the amendments in CGST Rules mentioned in Para 2 above and before the said functionality being made available on the common portal. The said applications filed manually shall continue to be processed manually, according to the earlier circular.

REFUND BY UIN AGENCIES ***Notification No. 16/2017-Central Tax (Rate), dated 28.6.2017***- *Circular No. 36/10/2018 - GST dated 13.03.2018, Circular No. 43/17/2018 - GST dated 13.04.2018, Circular No. 63/37/2018 - GST dated 14.09.2018 ("**CIR GST 63/37/2018**") and Circular No. 68/42/2018 - GST dated 05.10.2018.*

All the entities who have been issued UINs will be eligible for refund of inward supply of goods or services in terms of *Notification No. 16/2017 – Central Tax (Rate), dated 28.06.2017*. It may be noted that the conditions specified under the said notification need to be complied with while applying for the refund.

Applying for the claim: The procedure for filing a refund application has been outlined under Rule 95 of the CGST Rules, 2017 which provides for filing of refund on a quarterly basis in **FORM RFD- 10** along with a statement of inward invoices in **FORM GSTR- 11**. It is hereby clarified that **FORM GSTR-11** along with **FORM GST RFD-10** has to be filed separately for each of those quarters for which refund claim is being filed.

Circular No. 36/10/2018 - GST dated 13.03.2018 interalia provides that all the entities claiming refund shall submit the duly filled physical copy of **FORM RFD-10** to the jurisdictional Central Tax Commissionerate. All refund claims shall be processed and sanctioned by respective Central Tax offices. In order to facilitate the processing of refund claims of UIN entities, a nodal officer has been designated in each State. Application for refund claim is to be submitted before the designated Central Tax nodal officers in the State in which the UIN has been obtained.

There may be cases where multiple UINs existed for the same entity but were later merged into one single UIN. In such cases, field formations were requested to process refund claims for earlier unmerged UINs also. Hence, the refund application will be made with the single UIN only but invoices of old UINs may be declared in the refund claim, which may be accepted and taken into account while processing the refund claim.

After issuance of *Circular No. 36/10/2018 - GST dated 13.03.2018* wherein the Board, clarified and specified the detailed procedure for UIN refunds. *Circular No. 43/17/2018-GST, dated 13.4.2018* provides clarification on issues and representations have been received regarding the processing of refund to agencies which have been allotted UINs which are as under:

- Providing statement of invoices while submitting the refund application: The procedure for filing a refund application has been outlined under Rule 95 of the CGST Rules which provides for filing of refund on a quarterly basis in **FORM RFD-10** along with a statement of inward invoices in **FORM GSTR-11**. It has come to the notice of the Board that the print version of **FORM GSTR-11** generated by the system does not have invoice-wise details. Therefore, it is clarified that till the system generated **FORM GSTR-11** does not have invoice-level details, UIN agencies are requested to manually furnish a statement containing the details of all the invoices on which refund has been claimed, along with the refund application. Further, the officers are advised not to ask for original or hard copy of the invoices, unless necessary.
- No mention of UINs on Invoices: It was represented that many suppliers did not record the UINs on the invoices of supplies of goods or services to UIN agencies. The Board, clarified that the recording of UIN on the invoice is a necessary condition under Rule 46 of the CGST Rules. If suppliers/vendors do not record the UINs, action will be initiated against them under the provisions of the CGST Act, 2017.
- Further, in cases where, UIN has not been recorded on the invoices pertaining to refund claim for the quarter of July-September, 2017, October-December, 2017 and January-March, 2018** a one-time waiver is being given by the Government, subject to the condition that copies of such invoices will be submitted to the jurisdictional officers and will be attested by the authorized representative of the UIN agency.

NOTE-

****** Such waiver of non-recording of UIN on the invoices issued by the suppliers pertaining to the refund claims filed for the quarters from April, 2018 to March, 2020 has been provided subject to same condition *vide CIR GST 63/37/2018 read with Corrigendum F.No. 20/16/04/18-GST, dated 6.9.2019*.

Thereafter *CIR GST 63/37/2018* provided clarification regarding processing of refund claims filed by UIN entities as:

- Non-compliance with letter of reciprocity: The GST Act provides for examination of the refund claims in accordance with the letter of reciprocity issued by the Ministry of External Affairs ("**MEA**"). Generally, these letters of reciprocity include certain specific conditions on the basis of which refunds have to be processed and sanctioned. For example, letters may specify the minimum value of goods or services or the end use of such goods or services (for official or personal purposes).

  However, it has been observed that delay in processing the UIN refunds is primarily due to the non-furnishing of the hard copy of the invoices by the UIN entities and the statement of invoices as specified above. It may be noted that these are needed to determine the eligibility for grant of refund in accordance with the reciprocity letter issued by the MEA.

- To expedite the processing of the refund applications filed by the UIN entities, the applications should also contain *Refund Checklist, Certificate, Undertaking and Statement of Invoices* in the format prescribed in ***CIR GST 63/37/2018*.**
- Prior Permission letter for GST refund for purchase of vehicles: The MEA vide letter F.No. D_II/451/12(5)/2017 dated 21.06.2018 states that it is mandatory to enclose the copy of 'Prior Permission Letter' issued by the Protocol Special Section of the MEA at the time of submission of the GST refund for purchase of vehicle by the foreign representatives. Accordingly, it is advised that to avoid delay in the processing of refunds, the UIN entities must submit a copy of the 'Prior Permission letter' and mention the same in the covering letter while applying for refund on the purchase of vehicles.

Refund of Compensation Cess payable on intra-State and inter-State supply of goods or services or both received - *Circular No. 68/42/2018 - GST dated 05.10.2018-*

Section 55 of the CGST Act provides that UIN agencies are entitled to claim refund of the taxes paid on the notified supplies of goods and services, subject to such conditions and restrictions as are prescribed in *Notification No. 16/2017* – Central Tax *(Rate), dated 28.06.2017*.

Section 11 of the GST (Compensation to States) Act, 2017, provides that provisions of the CGST Act, 2017 and IGST Act, 2017 apply in relation to levy and collection of Compensation Cess. Further, Section 9(2) of the GST (Compensation to States) Act, 2017 provides that for all the purposes of claiming refunds, except the form to be filed, the provisions of the CGST Act and the rules made thereunder, shall apply in relation to the levy and collection of Compensation Cess. Therefore, notifications issued under the CGST Act except those prescribing rate or granting exemptions, are applicable for the purpose of this Act.

Accordingly, *Notification No. 16/2017* – Central Tax *(Rate) dated 28.06.2017* shall be applicable for the purposes of refund of Compensation Cess to UIN agencies.

Passing of refund order and settlement of funds: The facility of centralized UIN ensures that irrespective of the type of tax (CGST, SGST, IGST or Cess) and the State where such inward supply of goods or services have been procured, all refunds would be processed by Central authorities only. A monthly report as prescribed in **CIR GST 63/37/2018**. is required to be furnished to the Director General of Goods and Services Tax by the 30th of the succeeding month. Field officers shall send a copy of the order passed for such refunds to their State counterparts for information.

CIRCULAR NO. 23/2019-CUSTOMS [F.NO. 450/119/2017-CUS-IV], DATED 01.08.2019

Board has received various representations wherein specialized agencies have raised the matter of refund of IGST paid on imported goods. It has been informed that the specialized agencies are paying IGST on import of goods but the refund of same is not being processed by Customs formations.

2. *The matter has been deliberated among various wings of the Board like TRU, GST Policy Wing and Customs Policy Wing. It has been decided to operationalise a refund mechanism of IGST paid on imports by the specialized agencies as under:*

(i) Section 55 of the CGST Act provides refund of taxes paid on the notified supplies of goods or services or both received by them. In pursuance of this provision, Notification No.16/2017-Central Tax (Rate) dated 28.6.2017 has been issued which inter-alia provides that United Nations or a specified international organisation shall be entitled to claim refund of central tax paid on the supplies of goods or services or both received by them subject to a certificate from United Nations or that specified international organisation that the goods and services have been used or are intended to be used for official use of the United Nations or the specified international organisation. A similar refund mechanism has been provided in respect of integrated tax vide Notification No.16/2017-Union Territory Tax (Rate) respectively.

(ii) Section 3 (7) of Customs Tariff Act, 1975 (CTA), provides for a parity between the integrated tax rate attracted on imported goods and the integrated tax applicable on the domestic supplies of goods. In the case of UN and specialised agencies, the above referred to notifications envisage payment and then refund of taxes paid. Therefore, on this principle of parity, specialised agencies ought to get the refund of the IGST paid on imported goods.

3. *In view of the above, Board has decided that respective customs field formations shall provide refund of IGST paid on import of goods by the specialized agencies notified by Central Government under Section 55 of CGST, Act, 2017.*

Chapter 10
Interest on Delayed Refund

Statutory Provision

Section 56: Interest on delayed refunds.

If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under sub-section (1) of that section, interest at such rate not exceeding six per cent. as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund [109][for the period of delay beyond sixty days from the date of receipt of such application till the date of refund of such tax, to be computed in such manner and subject to such conditions and restrictions as may be prescribed:]

Provided *that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent. as may be notified by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund.*

Explanation*.-For the purposes of this section, where any order of refund is made by an Appellate Authority, Appellate Tribunal or any court against an order of the proper officer under sub-section (5) of section 54, the order passed by the Appellate Authority, Appellate Tribunal or by the court shall be deemed to be an order passed under the said sub-section (5).*

Extract from the CGST Rules, 2017

Rule 94: Order sanctioning interest on delayed refunds

*[110][(1)] Where any interest is due and payable to the applicant under section 56, the proper officer shall make an order along with a [111][payment order] in **FORM GST RFD-05**, specifying therein the amount of refund which is delayed, the period of delay for which interest is payable and the amount of interest payable, and such amount of interest shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund.*

---

[109] *Substituted vide The Finance Act, 2023 dated 31.03.2023, notified through Notification No. 28/2023 – CT dated 31.07.2023, w.e.f. 01.10.2023, prior to its substitution, it was read as: "from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax".*

[110] *Renumbered as sub-rule (1) vide Notification No. 38/2023- CT dated 04.08.2023, w.e.f. 01.10.2023.*

[111] *Substituted vide Notification No. 31/2019 - CT dated 28.06.2019, w.e.f. 24.09.2019 as notified by Notification No. 42/2019-CT dated 24.09.2019. Prior to its substitution, it was read as: "payment advice".*

[112][(2) The following periods shall not be included in the period of delay under sub-rule (1), namely:-

(a) any period of time beyond fifteen days of receipt of notice in FORM GST RFD-08 under sub-rule (3) of rule 92, that the applicant takes to-

(i) furnish a reply in FORM GST RFD-09, or

(ii) submit additional documents or reply;and

(b) any period of time taken either by the applicant for furnishing the correct details of the bank account to which the refund is to be credited or for validating the details of the bank account so furnished, where the amount of refund sanctioned could not be credited to the bank account furnished by the applicant.]

Section 56 of the CGST Act, 2017 clearly states that, if any tax ordered to be refunded is not refunded within sixty days from the date of receipt of application, interest at the rate of 6 per cent as notified *vide Notification No. 13/2017* – Central Tax, *dated 28.06.2017* on the refund amount for the period of delay beyond sixty days from the date of receipt of such application till the date of refund of such tax, to be computed in such manner and subject to such conditions and restrictions as may be prescribed. It may be noted that any tax shall be considered to have been refunded only when the amount has been credited to the bank account of the applicant. The section was amended w.e.f. 1 October 2023 to revise the calculation phrasing. The interest is automatic and statutory, and must be credited to the applicant's bank account.

However, if the refund arises from a final order of an adjudicating authority, appellate authority, tribunal or court, and is not refunded within sixty days of the application filed pursuant to such order, a higher interest (not exceeding 9% p.a.) may apply.

Where any interest is due and payable to the applicant under Section 56 of the CGST Act, 2017 the proper officer shall make an order along with a payment order in **Form GST RFD-05**, specifying therein the amount of refund which is delayed, the period of delay for which interest is payable and the amount of interest payable, and such amount of interest shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund.

[112] *Inserted vide Notification No. 38/2023 - CT dated 04.08.2023, w.e.f. 01.10.2023.*

Chapter 11

Consumer Welfare Fund

Statutory Provision

Section 57: Consumer Welfare Fund

The Government shall constitute a Fund, to be called the Consumer Welfare Fund and there shall be credited to the Fund, —

(a) the amount referred to in sub-section (5) of section 54;

(b) any income from investment of the amount credited to the Fund; and

(c) such other monies received by it,

in such manner as may be prescribed.

Section 58: Utilisation of the Fund

(1) All sums credited to the Fund shall be utilised by the Government for the welfare of the consumers in such manner as may be prescribed.

(2) The Government or the authority specified by it shall maintain proper and separate account and other relevant records in relation to the Fund and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor General of India.

Extract from the CGST Rules, 2017

[113][Rule 97. Consumer Welfare Fund.-

---

[113] *Substituted vide Notification No. 21/2018 - CT dated 18.04.2018. Prior to its substitution, it was read as:*
"97. Consumer Welfare Fund.-
(1) All credits to the Consumer Welfare Fund shall be made under sub-rule (5) of rule92.
(2) Any amount, having been credited to the Fund, ordered or directed as payable to any claimant by orders of the proper officer, appellate authority or Appellate Tribunal or court, shall be paid from the Fund.
(3) Any utilisation of amount from the Consumer Welfare Fund under sub-section (1) of section 58 shall be made by debiting the Consumer Welfare Fund account and crediting the account to which the amount is transferred for utilisation.
(4) The Government shall, by an order, constitute a Standing Committee with a Chairman, a Vice-Chairman, a Member Secretary and such other Members as it may deem fit and the Committee shall make recommendations for proper utilisation of the money credited to the Consumer Welfare Fund for welfare of the consumers.
(5) The Committee shall meet as and when necessary, but not less than once in three months.
(6) Any agency or organisation engaged in consumer welfare activities for a period of three years registered under the provisions of the Companies Act, 2013 (18 of 2013) or under any other law for the time being in force, including village or mandal or samiti level co-operatives of consumers especially Women, Scheduled Castes and Scheduled Tribes, or any industry as defined in the Industrial Disputes Act, 1947 (14 of 1947) recommended by the Bureau of Indian Standards to be engaged for a period of five years in viable and useful research activity which has made, or is likely to make, significant contribution in formulation of standard mark of the products of mass consumption, the Central Government or the State Government may make an application for a grant from the Consumer Welfare Fund:

(1) All amounts of duty/central tax / integrated tax / Union territory tax / cess and income from investment along with other monies specified in subsection (2) of section 12C of the Central Excise Act, 1944 (1 of 1944), section 57 of the Central Goods and Services Tax Act, 2017 (12 of 2017) read with section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017) and section 12 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017) shall be credited to the Fund:

***Provided** that an amount equivalent to fifty per cent. of the amount of integrated tax determined under sub-section (5) of section 54 of the Central Goods and Services Tax Act, 2017, read with section 20 of the Integrated Goods and Services Tax Act, 2017, shall be deposited in the Fund:*

[114]*[**Provided** further that an amount equivalent to fifty per cent. of the amount of cess determined under sub-section (5) of section 54 read with section 11 of the Goods and*

Provided that a consumer may make application for reimbursement of legal expenses incurred by him as a complainant in a consumer dispute, after its final adjudication.

(7) All applications for grant from the Consumer Welfare Fund shall be made by the applicant Member Secretary, but the Committee shall not consider an application, unless it has been inquired into in material details and recommended for consideration accordingly, by the Member Secretary.

(8) The Committee shall have powers -

a. to require any applicant to produce before it, or before a duly authorised Officer of the Government such books, accounts, documents, instruments, or commodities in custody and control of the applicant, as may be necessary for proper evaluation of the application;

b. to require any applicant to allow entry and inspection of any premises, from which activities claimed to be for the welfare of consumers are stated to be carried on, to a duly authorised officer of the Central Government or, as the case may be, State Government;

c. to get the accounts of the applicants audited, for ensuring proper utilisation of the grant;

d. to require any applicant, in case of any default, or suppression of material information on his part, to refund in lump-sum, the sanctioned grant to the Committee, and to be subject to prosecution under the Act;

e. to recover any sum due from any applicant in accordance with the provisions of the Act;

f. to require any applicant, or class of applicants to submit a periodical report, indicating proper utilisation of the grant;

g. to reject an application placed before it on account of factual inconsistency, or inaccuracy in material particulars;

h. to recommend minimum financial assistance, by way of grant to an applicant, having regard to his financial status, and importance and utility of nature of activity under pursuit, after ensuring that the financial assistance provided shall not be mis-utilised ;

i. to identify beneficial and safe sectors, where investments out of Consumer Welfare Fund may be made and make recommendations, accordingly.

j. to relax the conditions required for the period of engagement in consumer welfare activities of an applicant;

k. to make guidelines for the management, administration and audit of the Consumer Welfare Fund.

(9) The Central Consumer Protection Council and the Bureau of Indian Standards shall recommend to the Goods and Services Tax Council, the broad guidelines for considering the projects or proposals for the purpose of incurring expenditure from the Consumer Welfare Fund.

[114] *Inserted vide Notification No. 26/2018 - CT dated 13.06.2018.*

Services Tax (Compensation to States) Act, 2017 (15 of 2017), shall be deposited in the Fund.]

(2) Where any amount, having been credited to the Fund, is ordered or directed to be paid to any claimant by the proper officer, appellate authority or court, the same shall be paid from the Fund.

(3) Accounts of the Fund maintained by the Central Government shall be subject to audit by the Comptroller and Auditor General of India.

(4) The Government shall, by an order, constitute a Standing Committee (hereinafter referred to as the 'Committee') with a Chairman, a Vice-Chairman, a Member Secretary and such other members as it may deem fit and the Committee shall make recommendations for proper utilisation of the money credited to the Fund for welfare of the consumers.

(5)(a) The Committee shall meet as and when necessary, generally four times in a year;

(b) the Committee shall meet at such time and place as the Chairman, or in his absence, the Vice-Chairman of the Committee may deem fit;

(c) the meeting of the Committee shall be presided over by the Chairman, or in his absence, by the Vice-Chairman;

(d) the meeting of the Committee shall be called, after giving at least ten days' notice in writing to every member;

(e) the notice of the meeting of the Committee shall specify the place, date and hour of the meeting and shall contain statement of business to be transacted thereat;

(f) no proceeding of the Committee shall be valid, unless it is presided over by the Chairman or Vice-Chairman and attended by a minimum of three other members.

(6) The Committee shall have powers -

(a) to require any applicant to get registered with any authority as the Central Government may specify;

(b) to require any applicant to produce before it, or before a duly authorised officer of the Central Government or the State Government, as the case may be, such books, accounts, documents, instruments, or commodities in custody and control of the applicant, as may be necessary for proper evaluation of the application;

(c) to require any applicant to allow entry and inspection of any premises, from which activities claimed to be for the welfare of consumers are stated to be carried on, to a duly authorised officer of the Central Government or the State Government, as the case may be;

(d) to get the accounts of the applicants audited, for ensuring proper utilisation of the grant;

(e) to require any applicant, in case of any default, or suppression of material information on his part, to refund in lump-sum along with accrued interest, the sanctioned grant to the Committee, and to be subject to prosecution under the Act;

(f) to recover any sum due from any applicant in accordance with the provisions of the

Act;

(g) to require any applicant, or class of applicants to submit a periodical report, indicating proper utilisation of the grant;

(h) to reject an application placed before it on account of factual inconsistency, or inaccuracy in material particulars;

(i) to recommend minimum financial assistance, by way of grant to an applicant, having regard to his financial status, and importance and utility of the nature of activity under pursuit, after ensuring that the financial assistance provided shall not be misutilised;

(j) to identify beneficial and safe sectors, where investments out of Fund may be made, and make recommendations, accordingly;

(k) to relax the conditions required for the period of engagement in consumer welfare activities of an applicant;

(l) to make guidelines for the management, and administration of the Fund.

(7) The Committee shall not consider an application, unless it has been inquired into, in material details and recommended for consideration accordingly, by the Member Secretary.

[115][(7A) The Committee shall make available to the Board 50 per cent. of the amount credited to the Fund each year, for publicity or consumer awareness on Goods and Services Tax, provided the availability of funds for consumer welfare activities of the Department of Consumer Affairs is not less than twenty-five crore rupees per annum.];

(8) The Committee shall make recommendations:-

(a) for making available grants to any applicant;

(b) for investment of the money available in the Fund;

(c) for making available grants (on selective basis) for reimbursing legal expenses incurred by a complainant, or class of complainants in a consumer dispute, after its final adjudication;

(d) for making available grants for any other purpose recommended by the Central Consumer Protection Council (as may be considered appropriate by the Committee);

*[116][(e) ****]*

***Explanation.** - For the purposes of this rule,*

(a) 'Act' means the Central Goods and Services Tax Act, 2017 (12 of2017), or the Central Excise Act, 1944 (1 of 1944) as the case may be;

(b) 'applicant' means,

---

115 Inserted vide Notification No. 49/2019 - CT dated 09.10.2019, w.e.f. 01.07.2017.

116 Omitted vide Notification No. 49/2019 - CT dated 09.10.2019, w.e.f. 01.07.2017. Prior to omission, it was read as: "(e) for making available up to 50% of the funds credited to the Fund each year, for publicity/ consumer awareness on GST, provided the availability of funds for consumer welfare activities of the Department of Consumer Affairs is not less than twenty five crore rupees per annum."

(i) *the Central Government or State Government;*

(ii) *regulatory authorities or autonomous bodies constituted under an Act of Parliament or the Legislature of a State or Union Territory;*

(iii) *any agency or organization engaged in consumer welfare activities for a minimum period of three years, registered under the Companies Act, 2013 (18 of 2013) or under any other law for the time being in force;*

(iv) *village or mandal or samiti or samiti level co-operatives of consumers especially Women, Scheduled Castes and Scheduled Tribes;*

(v) *an educational or research institution incorporated by an Act of Parliament or the Legislature of a State or Union Territory in India or other educational institutions established by an Act of Parliament or declared to be deemed as a University under section 3 of the University Grants Commission Act, 1956 (3 of 1956) and which has consumers studies as part of its curriculum for a minimum period of three years; and*

(vi) *a complainant as defined under clause (b) of sub-section (1) of section 2 of the Consumer Protection Act, 1986(68 of 1986), who applies for reimbursement of legal expenses incurred by him in a case instituted by him in a consumer dispute redressal agency.*

(c) *'application' means an application in the form as specified by the Standing Committee from time to time;*

(d) *'Central Consumer Protection Council' means the Central Consumer Protection Council, established under sub-section (1) of section 4 of the Consumer Protection Act, 1986 (68 of 1986), for promotion and protection of rights of consumers;*

(e) *'Committee' means the Committee constituted under sub-rule (4);*

(f) *'consumer' has the same meaning as assigned to it in clause (d) of sub-section (1) of section 2 of the Consumer Protection Act, 1986 (68 of 1986), and includes consumer of goods on which central tax has been paid;*

(g) *'duty' means the duty paid under the Central Excise Act, 1944 (1 of 1944) or the Customs Act, 1962 (52 of1962);*

(h) *'Fund' means the Consumer Welfare Fund established by the Central Government under sub-section (1) of section 12C of the Central Excise Act, 1944 (1 of 1944) and section 57 of the Central Goods and Services Tax Act, 2017 (12 of 2017);*

(i) *'proper officer' means the officer having the power under the Act to make an order that the whole or any part of the central tax is refundable.*

The Consumer Welfare Fund Rules were framed and notified in the Gazette of India in 1992, which have been incorporated in the Consumer Welfare Fund Rule 97 of the CGST Rules. The Consumer Welfare Fund has been set up under Section 57 of the CGST Act. Earlier, the Central Excise and Salt Act, 1944 was amended in 1991 to enable the Central Government to

create a Consumer Welfare Fund where the money which is not refundable to the manufacturers, etc. is being credited. In the GST regime, the refund is to be credited to Consumer Welfare Fund, except in the cases specified under Sub-section (8) of Section 54 of the CGST Act. These cases are listed below:

— refund of tax paid on export of goods or services or both or on inputs or input services used in making such exports;

— refund of unutilized ITC under Sub-section (3) of Section 54;

— refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;

— refund of tax in pursuance of Section 77;

— the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or

— the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.

Besides, the Fund established by the Government will be further credited with the following:

— any income from investment of the amount credited to the Fund and

— such other monies received by it.

Guidelines for seeking financial assistance from the Consumer Welfare Fund were framed based on the report of a Working Group set up in 1993, which was subsequently revised twice, in 2007 and 2014.

Financial assistance from Consumer Welfare Fund is given to the following persons on application for grant –

— The Central or State Government ;

— Regulatory bodies or autonomous bodies of the Central or State Government ;

— Any agency or organisation engaged in consumer welfare activities for a period of three years registered under the Companies Act, 2013 or under any other law for the time being in force ;

— village or mandal or samiti level co-operatives of consumers, especially Women, Scheduled Castes and Scheduled Tribes;

— an educational or research institution incorporated by an Act of Parliament or the Legislature of a State or Union Territory in India or other educational institutions established by an Act of Parliament or declared to be deemed as a University under section 3 of the University Grants Commission Act, 1956 and which has consumers studies as part of its curriculum for a minimum period of three years;

— a complainant who applies for the reimbursement of legal expenses incurred by him in a case instituted by him in a consumer dispute redressal agency.

The Government, by an order, constitute a Standing Committee with a Chairman, a Vice-Chairman, a Member Secretary and such other members as it may deem fit and the Committee shall make recommendations for proper utilisation of the money credited to the Consumer Welfare Fund for welfare of the consumers.

The Government or the authority specified by it shall maintain a proper and separate account and other relevant records in relation to the Fund and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.

Annexure I

Pursuant to *Circular No.131/1/2020-GST dated 23.01.2020* -Standard Operating Procedure (SOP) to be followed by exporters

The details to be provided by the exporter for verification:

I. GST related data:

1. GSTIN –

2. Please provide the following details if the proprietor/director/partner of this entity is also associated with other entities.

S No	Name of Director/Partner/ Proprietor	Name of the other Entity Associated with	PAN (DIN if Director)	GSTIN	Registration status (Active / Inactive)
1					
2					
3					

3. Turnover of previous Financial Year -

   (For New Entity till date Current Financial Year Turnover, if any)

4. Details of GST liability–

S No	Return Type	Declared aggregate liability for Previous Financial Year	Declared aggregate liability for Current Financial Year
1	GSTR 3B		
2	GSTR 1		

5. Details of ITC:

FY	ITC available in GSTR-2A	ITC availed in GSTR-3B	Mismatch	Details of payment or reversal of mismatched ITC
2017-18				
2018-19				
2019-20				

6. Details of refund claimed in previous Financial Year and current Financial Year-

S. No	GSTIN	Type of Refund	ARN No. and Date	Amount		Authority from which refund claimed
				Claimed	Sanctioned	

7. Summary of E Way Bills generated for relevant period.

S No	Supplies	No of E way Bill generated	HSNs	Taxable Amount
1	Inward			
2	Outward			

II. Financial Data

1. Bank Account details including the bank accounts of proprietor/partner/directors–

S. No.	Account Number	IFSC Code	Account Type	Name of Account Holder	PAN of Account Holder	Date of opening of Bank Account

2. Bank Account statement of past 6 months in respect of the bank accounts provided above.

3. BRCs/FIRCs evidencing receipt of foreign remittances against the exports made in past 1 year.

4. Bank letter for up to date KYC of all bank accounts provided above.

5. Top 5 creditors and Debtors (with GSTIN) from account(s) where refunds are proposed to be received and from which major business transactions (payments for supplies and receipts) are carried out.

III. Additional Data

1. Copy of PAN.

2. Copy of IEC

3. Certificate of Incorporation or partnership deed

4. Rent agreement of all premises along with geo-tagged photos
5. Telephone Bill of past 3 months for all premises
6. Electricity Bill of past 3 months for all premises
7. Number of employees and the statement of PF evidencing employees
8. Copy of the following schedules of the latest Income Tax Return:
    (i) Computation of depreciation on plant and machinery under the Income- tax Act
    (ii) Computation of depreciation on other assets under the Income-tax Act
    (iii) Summary of depreciation on all the assets under the Income-tax Act

Annexure II

List of all statements / declarations / undertakings / certificates to be provided along with the refund application:

Sl. No.	Type of Refund	Declaration / Statement / Undertaking / Certificates to be filled online
1	Refund of unutilized ITC on account of exports without payment of tax	— Declaration under second and third proviso to Section 54(3)
		— Undertaking in relation to Sections 16(2)(c) — Undertaking in relation to Sections 16 of the IGST Act, 2017 read with rule 96B of the CGST Rules 2017[117]
		— Statement 3 under Rule 89(2)(b) and Rule 89(2)(c)
		— Statement 3A under Rule 89(4)
2	Refund of tax paid on export of services made with payment of tax	— Declaration under second and third proviso to Section 54(3)
		— Undertaking in relation to Sections 16(2)(c)
		— Statement 2 under Rule 89(2)(c)
3	Refund of unutilized ITC on account of Supplies made to SEZ units/developer without payment of tax	— Declaration under third proviso to Section 54(3)
		— Statement 5 under Rule 89(2)(d) and Rule 89(2)(e)
		— Statement 5A under Rule 89(4)
		— Declaration under Rule 89(2)(f)
		— Undertaking in relation to Section 16(2)(c)
		— Self-declaration under Rule 89(2)(l) if the amount claimed does not exceed two lakh rupees, certification under Rule 89(2)(m)
4	Refund of tax paid on supplies made to SEZ	— Declaration under second and third proviso to Section 54(3)

[117] *Notification No.18/2022–Central Tax dated 28.09.2022 - Finance Act 2022*

	units/developer with payment of tax	— Declaration under Rule 89(2)(f)
		— Statement 4 under Rule 89(2)(d) and Rule 89(2)(e)
		— Undertaking in relation to Sections 16(2)(c)
		— Self-declaration under Rule 89(2)(l) if the amount claimed does not exceed two lakh rupees, certification under Rule 89(2)(m)
5	Refund of ITC unutilized on account of accumulation due to inverted tax structure	— Declaration under second and third proviso to Section 54(3)
		— Declaration under Section 54(3)(ii)
		— Undertaking in relation to Section 16(2)(c)
		— Statement 1 under Rule 89(5)
		— Statement 1A under Rule 89(2)(h)
		— Self-declaration under Rule 89(2)(l) if the amount claimed does not exceed two lakh rupees, certification under Rule 89(2)(m)
6	Refund to the supplier of tax paid on deemed export supplies	— Statement 5(B) under Rule 89(2)(g)
		— Declaration under Rule 89(2)(g)
		— Undertaking in relation to Section 16(2)(c)
		— Self-declaration under Rule 89(2)(l) if the amount claimed does not exceed two lakh rupees, certification under Rule 89(2)(m)
7	Refund to the recipient of tax paid on deemed export supplies	— Statement 5(B) under Rule 89(2)(g)
		— Declaration under Rule 89(2)(g)
		— Undertaking in relation to Section 16(2)(c)
		— Self-declaration under Rule 89(2)(l) if the amount claimed does not exceed two lakh rupees, certification under Rule 89(2)(m)
8	Refund of excess payment of tax	— Statement 7 under Rule 89(2)(k)
		— Undertaking in relation to Section 16(2)(c)
		— Self-declaration under Rule 89(2)(l) if the amount

		claimed does not exceed two lakh rupees, certification under rule 89(2)(m)
9	Refund of tax paid on intra-state supply which is subsequently held to be an inter-state supply and vice versa	— Statement 6 under Rule 89(2)(j)
		— Undertaking in relation to Section 16(2)(c)
10	Refund on account of assessment/assessment/appeal/ or any other order	— Undertaking in relation to Section 16(2)(c)
		— Self-declaration under Rule 89(2)(l) if the amount claimed does not exceed two lakh rupees, certification under Rule 89(2)(m)
11	Refund on account of any other ground or reason	— Undertaking in relation to Section 16(2)(c)
		— Self-declaration under Rule 89(2)(l) if the amount claimed does not exceed two lakh rupees, certification under Rule 89(2)(m)

Annexure III

List of supporting documents to be provided along with the refund application:

Sl. No.	Type of Refund	Supporting documents to be additionally uploaded
1	Refund of unutilized ITC on account of exports without payment of tax	— Copy of **Form GSTR- 2B**[118] of the relevant period
		— Statement of invoices (Annexure IV)
		— Self-certified copies of invoices entered in Annexure B whose details are not found in Form GSTR- 2B of the relevant period
		— BRC/FIRC in case of export of services and shipping bill (only in case of exports made through non-EDI ports) in case of goods
2	Refund of tax paid on export of services made with payment of tax	— BRC/FIRC/any other document indicating the receipt of sale proceeds of services
		— Copy of **Form GSTR- 2B** of the relevant period
		— Statement of invoices (Annexure IV)
		— Self-certified copies of invoices entered in Annexure A whose details are not found in Form GSTR- 2B of the relevant period
		— Self-declaration regarding non-prosecution under Sub-rule (1) of Rule 91 of the CGST Rules for availing provisional refund
3	Refund of unutilized ITC on account of Supplies made to SEZ units/developer without payment of tax	— Copy of **Form GSTR- 2B** of the relevant period — Statement of invoices (Annexure IV) — Self-certified copies of invoices entered in Annexure B whose details are not found in **Form GSTR- 2B** of the relevant period — Endorsement(s) from the specified officer of

[118] *Circular No. 197/09/2023- GST dated 17.07.2023*

			the SEZ regarding receipt of goods/services for authorized operations under second proviso to Rule 89(1)
4	Refund of tax paid on supplies made to SEZ units/developer with payment of tax	—	Endorsement(s) from the specified officer of the SEZ regarding receipt of goods/services for authorized operations under second proviso to Rule 89(1)
		—	Self-certified copies of invoices entered in Annexure A whose details are not found in **Form GSTR -2B** of the relevant period
		—	Self-declaration regarding non-prosecution under Sub-rule (1) of Rule 91 of the CGST Rules for availing provisional refund
5	Refund of ITC unutilized on account of accumulation due to inverted tax structure	—	Copy of **Form GSTR- 2B** of the relevant period
		—	Statement of invoices (Annexure IV)
		—	Self-certified copies of invoices entered in Annexure-IV whose details are not found in **Form GSTR- 2B** of the relevant period
6	Refund to the supplier of tax paid on deemed export supplies	—	Documents required under *Notification No. 49/2017-Central Tax dated 18.10.2017* and *Circular No. 14/14/2017-GST dated 06.11.2017*
7	Refund to the recipient of tax paid on deemed export supplies	—	Documents required under *Circular No. 14/14/2017-GST dated 06.11.2017*
8	Refund of excess payment of tax		
9	Refund of tax paid on intra-state supply which is subsequently held to be an inter-state supply and *vice versa*		

10	Refund on account of assessment/ Provisional assessment/ appeal/ any other order	—	Reference number of the order and a copy of the Assessment/ Provisional Assessment/ Appeal/ Any Other Order
		—	Reference number/proof of payment of pre-deposit made earlier for which refund is being claimed
11	Refund on account of any other ground or reason	—	Documents in support of the claim

Annexure IV

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		Cent-ral Tax	State Tax/ Union Terri-tory Tax	Integ-rated Tax	Cess	Eligible for ITC	Amount of eligible ITC
			Invoice No.	Date	Value	Inputs/ Input Services/ capital goods	[119]HSN/SAC code					Yes/No/ Partially	
1	2	3	4	5	6	7	8	9	10	11	12	13	14

[119] *Added as per requirement stipulated in Circular No.135/05/2020 – GST dated 31.03.2020*

ISBN : 978-81-8441-988-7

GST & Indirect Taxes Committee
The Institute of Chartered Accountants of India
ICAI Bhawan, A - 29, Sector - 62, Noida - 201 309
Phone : 0120 - 3045954
E-mail : gst@icai.in
Website : https://icai.org/, https://idtc.icai.org/

February | 2026 | P4074 (Revised)
IDTC-037-0126