




**GST REFUNDS**

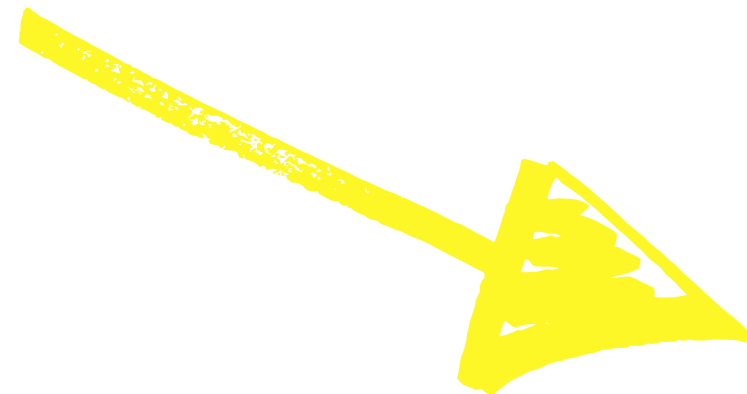
**MEMBERS  
STUDY CIRCLE  
MEETING**

**#Complexity in Simplicity**



# **What we will discuss?**

-  **Brushing up of the refund provisions**
-  **Requirements for filing a Refund Application**
-  **Practical scenario using a Show-Cause Notice**



**Limiting the scope of our discussion to only Zero-Rated Supplies of Goods / Services / Both!**

**S.** **54**

**R.** **89**  $\mapsto$  **97**

**CGST  
ACT**

 **Starting with S. 49(9) - you have to prove that you have not passed the burden of GST to get refund**

 **Refund of ?**

**\*\*IGST on Exports**

**\*\*Unutilized ITC - 0 Rated & Inverted Duty Structure**

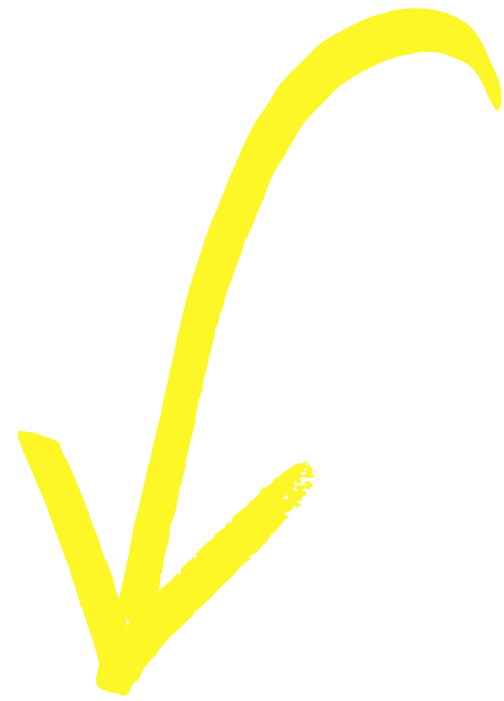
**\*\*Balance in E Cash Ledger**

**\*\*Excess Payment due to a Mistake**

**\*\*Others**

# **Refund of tax in case of Zero-Rated Supplies**

**Export outside India or  
Supply to SEZ either under LUT or  
on payment of  
S.16(1) & S.16(3) of IGST Act.**



**Refund of Unutilized ITC when such  
supplies are exported without IGST**

**1st Proviso to S. 54(3)**



**Refund of IGST paid on exports of  
goods/services/both**

**S. 54(8)(a)**

# Time Limits ("Relevant Date")

## Explanation under S. 54(14)

### Zero-Rated Supplies on payment of IGST

#### Goods

- \*\*Sea / Air - when it leaves India
- \*\*Land - custom frontiers
- \*\*Post - dispatch

#### Services

- \*\*If Advance - date of invoice
- \*\*If receipt later - date of receipt

### Zero-Rated Supplies under LUT

#### Goods & Services

Due-date for furnishing GSTR 3B for the month in which such refund claim arises

**2**

**YEARS FROM THE  
RELEVANT DATE**

# **Amount of Refund Claim**

```
graph TD; A[Amount of Refund Claim] --> B[Zero-Rated Supplies on payment of IGST]; A --> C[Zero-Rated Supplies under LUT]; B --> D[Claim refund of entire IGST after set-off with available ITC]; C --> E[As per a Formula Rule 89(4)];
```

**Zero-Rated Supplies on payment of IGST**

**Claim refund of entire IGST after set-off with available ITC**

**Zero-Rated Supplies under LUT**

**As per a Formula**

**Rule 89(4)**

# Refund Amount in case of Zero-Rated Supplies under LUT (Net ITC)

$$\text{Refund Amount} = \frac{\text{Turnover of 0-rated supply of goods + Turnover of 0-rated supply of services}}{\text{Adjusted Total Turnover}} \times \text{Net ITC}$$

# Breaking up the Formula

**Net ITC = ITC on inputs and input services (not on capital goods)**

**Turnover of 0-rated supply of goods =** **Value of 0-rated supplies of goods under LUT during the relevant period**

**Turnover of 0-rated supply of services =**

- All receipts during the relevant period (+)**
- value of 0-rated supplies for which advances received previously (-)**
- all advance receipts during the relevant period for future supplies**



# **Adjusted Total Turnover**

**Turnover as defined in S. 2(112)  
excluding turnover of services**

**(+)**

**Aggregate of: Turnover of 0-rated supply of services (refer above)**

**(+)**

**Taxable supplies of services**

**(-)**

**Value of exempt supplies**



# Procedure in Brief (In Rules)

**RFD-01**

Refund Application +  
Documentary Evidence

**RFD-03**

Deficiency Memo

**RFD-05**

Payment order (earlier "advice")

**RFD-02**

Acknowledgment (ARN)  
15 days from Application

**RFD-04**

Order for Provisional Refund  
7 days from ARN

**RFD-08**

SCN - Liable for Rejection

**RFD-09**

Reply to SCN  
15days from SCN

**RFD-06**

Final Sanction Order

**Process = 60 Days**

# Master Circular

## 125/44/2019-GST dated 18/11/2019

*Application to all refund claims after 26/9/2019*

### Deficiency Memos

- RFD-03 also within 15 days
- Fresh Refund Application
- 2 years from original application

### Provisional Refunds

- 90% of amount claimed
- RFD-06 before RFD-04

### Disbursements

- Application and Sanction by one authority
- Disbursed through PFMS to Bank Account
- Interest @ 6% if not refunded within 60 days

# Master Circular

## 125/44/2019-GST dated 18/11/2019

### Unutilized ITC

- Upload copy of GSTR 2A
- Self-certified purchase invoices not in 2A
- Rule 36(4) - 5% restriction - taken care by FA'21

### How does the portal calculate maximum refund amount?



**Balance in E Credit Ledger at the end of tax period after filing GSTR 3B or;**

**As per Formula or;**

**Balance in E Credit Ledger at the time of refund claim**



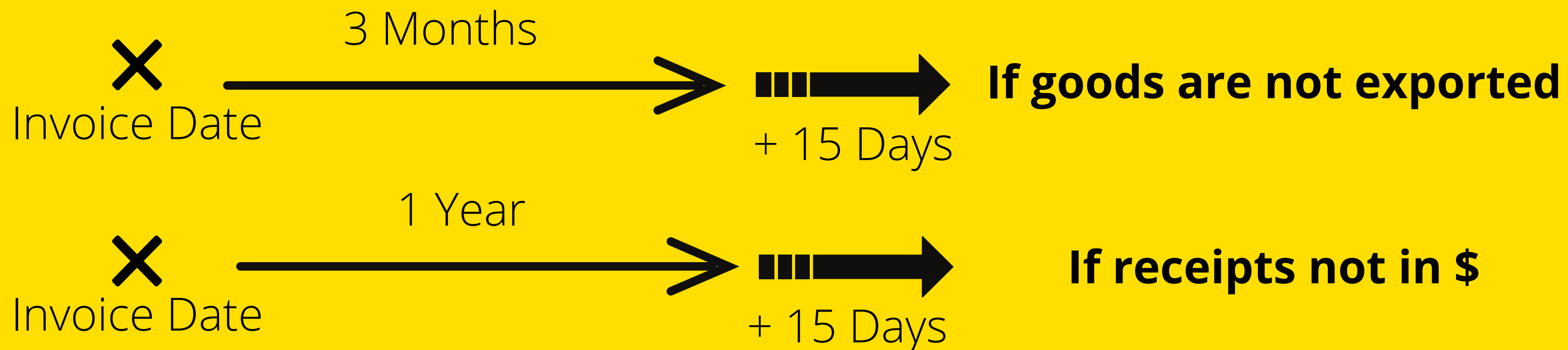
# Master Circular

## 125/44/2019-GST dated 18/11/2019

### Zero-Rated Supplies

- Procedural delay in filing LUT
- No need proof of realization in case of export of goods
- Terms and Conditions in LUT

### If liable to pay GST, then when?



# List of Documents Prescribed

## Case 1 : Zero-Rated on payment of IGST

### Outside India

- Declaration that no export duty is liable on goods and no duty drawback claimed (+) FIRC's (services)
- Undertaking that all conditions of ITC availment are fulfilled (+) Copy of GSTR 2A\*
- Statement containing details of invoices vis-vis FIRC details\* (+) Annexure B (Purchase invoice details)\*
- Self-certified copies of invoices not in GSTR 2A (+) Self-declaration of no offences committed for Provisional Refund

### To SEZ

- Declaration that no export duty is liable on goods and no duty drawback claimed (+) Endorsement from SEZ officer regarding receipt for authorized operations
- Declaration that tax has not been collected from the SEZ Unit (+) Self-certified copies of invoices not in GSTR 2A
- Statement containing details of invoices vis-vis receipt details\* (+) undertaking that all conditions of ITC availment are fulfilled
- Self-declaration (<2 Lakhs or CA Certification (>= 2 Lakhs

# List of Documents Prescribed

## Case 2 : Zero-Rated Under LUT

### Outside India

- Declaration that no export duty is liable on goods and no duty drawback claimed (+) Copy of GSTR 2A\*
- Undertaking that all conditions of ITC availment are fulfilled (+) Annexure B (Purchase invoice details)\*
- Statement containing details of invoices vis-vis FIRC details\*
- FIRC Copies (Services) / Shipping Bill (Goods)

### To SEZ

- Declaration that no export duty is liable on goods and no duty drawback claimed (+) Copy of GSTR 2A\*
- Statement containing details of invoices vis-vis receipt details (+) Annexure B (Purchase invoice details)\*
- Self-certified copies of invoices not in GSTR 2A (+) Endorsement from SEZ officer regarding receipt for authorized operations
- Undertaking that all conditions of ITC availment are fulfilled
- Self-declaration (<2 Lakhs or CA Certification (>= 2 Lakhs

# **Other Issues faced at the time of Refund Application**

**Category of refund Vs Invoice Format**

**2 Years from the Relevant Date**

**Self-Declarations**

**Annexure B - Correct format including  
column for HSN/SAC**

**Invoice copies for high value purchases**

**Correct address in FIRC Copies**

**Claim of ITC should match with details in GSTR**

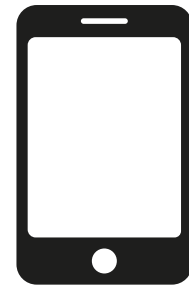
**2A**

**Invoice Vs FIRC Details**

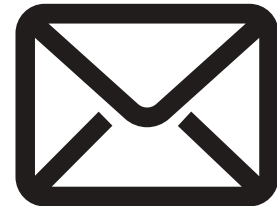
**Turnover mismatch b/w GSTR 1 & 3B**

**Thank  
You!**

**Reach  
Me!**



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