

- **Refund Applicability**

As per section 16(3) of the IGST read with sec 54(3) & 54(6) of the CGST Act and rules 89 to 96A of the CGST Rules, a person making “Zero Rated Supply” can claim refund of taxes paid. The Supplier making zero rated supply can opt any of the following options.

1. **Export with payment of IGST.** – In this case Compute GST on Outward supply, Claim the Input Tax Credit, & remit the balance amount in Govt treasury. After export of goods, full amount of IGST will be refunded back,
2. **Under Letter of Undertaking / Bond without payment of IGST.** – In this case Input credit used for the purpose of export supplies, will be refunded back.

Till the time the Refund Module is functional on GST portal, process of Manual Refund application is notified under GST Act.

- **Procedure for Refund of Exports with Payment of IGST**

The shipping bill filed by an exporter shall be deemed to be an application for refund .However, the application shall be deemed to have been filed, only when export manifest or export report is filed, and the exporter has furnished a valid return in FORM GSTR-3B. Upon receipt of the information regarding furnishing of a valid return in FORM GSTR-3B, from the GST Portal, the system designated by the Customs shall process the claim for refund and an amount equal to the integrated tax paid in respect of such export shall be electronically credited to the bank account of the applicant.

Final sanction of refund and/or withholding of the same (i.e. Form GST RFD-07, GST RFD-06) shall be done manually by the GST officers till the time the Refund module is operational on GST portal.

- **Procedure for Refund of Exports without Payment of IGST (Refund of inputs)**

STEP 1

The application for refund of unutilized input tax credit on inputs or input services used in making zero-rated supplies shall be filed in **FORM GST RFD-01A** on the GST portal and the amount claimed as refund shall get debited from the amount in the electronic credit ledger to the extent of the claim.

STEP 2

The common portal shall generate a ARN- Acknowledgement Receipt Number. This **FORM GST RFD-01A**, ARN ackn along with all necessary documentary evidences as applicable (as per **FORM GST RFD-01**) shall be submitted manually to jurisdictional officer as assigned by the **STATE TAX**.

STEP 3

on submission of GST RFD-01A, the jurisdictional officer shall

- 1) Verify the completeness of documents and application,
- 2) Shall validate and cross check the Form GSTR 3B,
- 3) Validate a declaration that no refund has been claimed against the relevant invoices earlier.

STEP 4

- 1) Deficiency if any, in the application shall be communicated **with in 15 days** of submission of Refund Application. The deficiency shall be communicated in **Form GST RFD-03**. Assessee shall have time of 30 days to comply with the deficiency, the corrected application will be treated as Fresh Application.
- 2) If there is no deficiency in Application, Ackn in **FORM GST RFD-02** shall be issued within 15 days from the date of filing of the application and entry shall be made in the Refund register for receipt of refund applications.

STEP 5

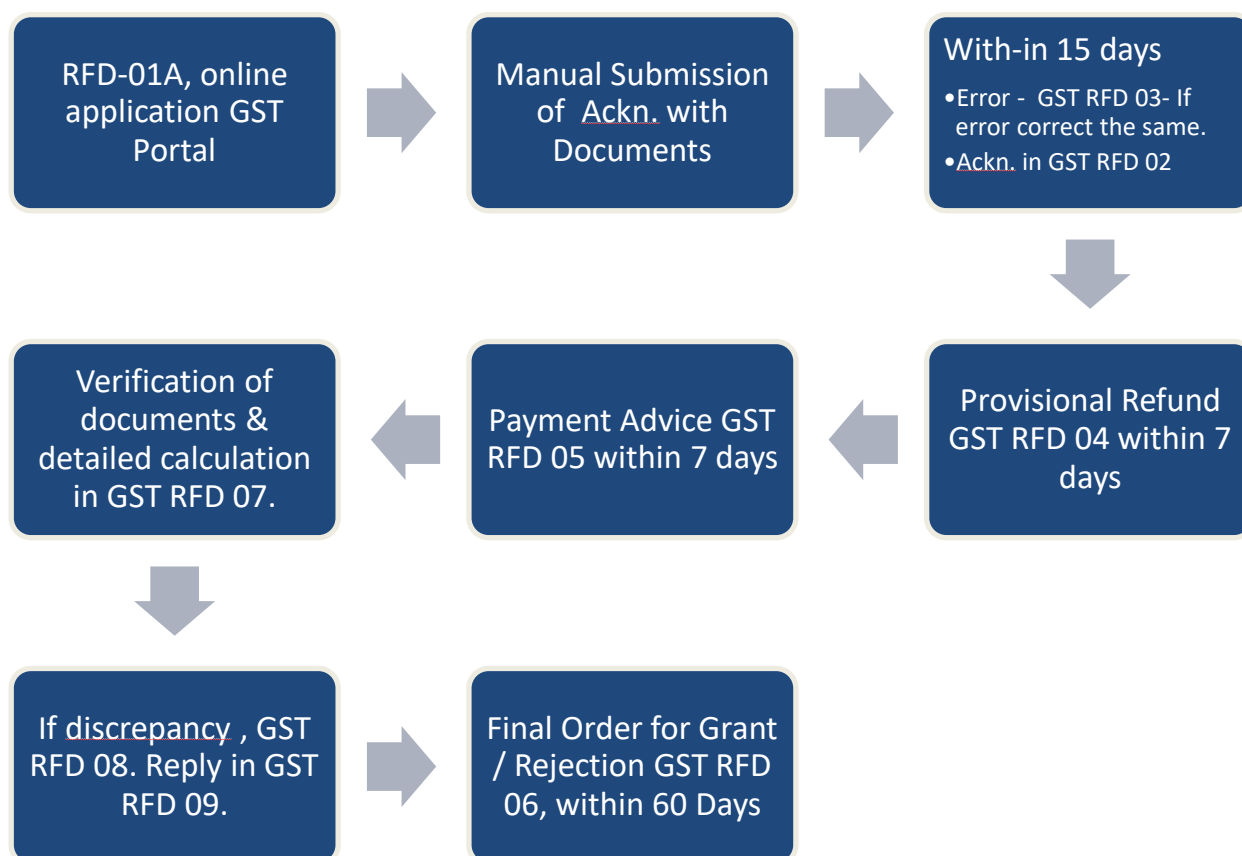
- 1) The officer shall grant the provisional Refund **within 7 days** of issue of Ackn GST RFD-02.
- 2) The assessee shall furnish a declaration that Application has not contravened Rule 91(1) of CGST Act.
- 3) The refund shall be on a provisional basis and **GST RFD-04** will be issued for the same. The Payment advice must be issued in **GST RFD-05**. And the refund shall be directly credited to the bank account as mentioned in GST registration.
- 4) The Provisional refund amount shall be determined by the officer on the basis of Total Input credit, potential output IGST etc.

STEP 6

After the sanction of provisional refund, the claim shall be processed, and the final order issued **within 60 days** of the date of receipt of the complete application form. The officer shall carry out detailed scrutiny of the refund application and matching process with Customs data base will be carried out. The office shall satisfy itself regarding correctness of the refund.

STEP 7

- 1) The calculation and order of adjustment of refund issued on provisional basis shall be issued in **GST RFD 07**.
- 2) If any discrepancy is noted, office shall issue **GST RFD 08**, and after considering the Reply of assessee (in **GST RFD 09**), final order for Grant of Refund / Rejection of Refund under **GST RFD-06** shall be issued.



Summary of GST Refund Forms are as below:

Sl.No.	Form Number	Details / Description
1.	FORM GST RFD-02	Acknowledgement
2.	FORM GST RFD-03	Deficiency memo
3.	FORM GST RFD-04	Provisional refund order
4.	FORM GST RFD-05	Payment advice
5.	FORM GST RFD-06	Refund sanction/Rejection order
6.	FORM GST RFD-07	Order for complete adjustment / withholding of sanctioned refund
7.	FORM GST RFD-08	Notice for rejection of application for refund
8.	FORM GST RFD-09	Reply to show cause notice

However practically how the things are going to take shape would be decided by the concerned officers and from past experience, documents to be submitted would vary accordingly.

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Disclaimer: - Above note is prepared based on our understanding and are our views based on understanding of the law/ Notifications/ Circulars. We have made best effort to analyze the various provisions of the act but it should not be treated as professional opinion. You are advised to refer to the provisions of the act and relevant rules before structuring any transactions based on this note.

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