

REPORT

OF

THE JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST

ON

REFUND PROCESSES

Empowered Committee of State Finance Ministers

New Delhi

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**REPORT OF THE JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST**  
**ON**  
**REFUND PROCESSES IN GST REGIME**

**INTRODUCTION:**

1.0 During the Empowered Committee meeting held on 10<sup>th</sup> March, 2014, it was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Registration and Return to the Empowered Committee. It was also decided that the Joint Committee should also give its recommendations on Refund Processes in GST regime. Accordingly, a Joint Committee, in consultation with the Government of India, was constituted on 7<sup>th</sup> April, 2014 (Annexure-I).

1.1 In the second meeting of the Joint Committee on Business Processes for GST held on 12<sup>th</sup> November, 2014, it was decided to constitute a Sub-Committee on GST Refund Processes. Pursuant to that decision, a Sub-Committee under the Co-convenership of Shri Manoj Ahuja, Commissioner, Commercial Tax, Odisha and Shri Upender Gupta, Additional Commissioner, GST, CBEC, Government of India was constituted on 14<sup>th</sup> November, 2014 (Annexure-II). Shri Sanjeev Khirwar, Commissioner, Trade Taxes, Delhi was co-opted as a member of the Sub-Committee.

1.2 The Sub-Committee examined the present practices prevalent in the Central and the State VAT laws and also noted the proposed structure for verifications, etc. envisaged under the IGST Model. The Sub-Committee submitted its Report on 28<sup>th</sup> January, 2015. The Report of the Sub-Committee was considered by the Joint Committee on Business Processes for GST in its meeting held on 2<sup>nd</sup> February, 2015 and 3<sup>rd</sup> February, 2015. The list of the participants of the last meeting of the Joint Committee on Business Processes is

appended at Annexure-III. The Joint Committee broadly agreed with the recommendations of the Sub-Committee and the two Conveners of the Sub-Committee were requested to finalise the Report of the Sub-Committee keeping in view the observations made during the meeting of the Joint Committee on Business Processes on 2<sup>nd</sup> February, 2015 and 3<sup>rd</sup> February, 2015. Accordingly, a final Report was received on 11<sup>th</sup> February, 2015 from the Co-convenor of the Sub-Committee. The Report of the Joint Committee on Business Processes for GST was prepared accordingly. The Report was further discussed in the Joint Committee on Business Processes for GST meeting held on 22<sup>nd</sup> and 23<sup>rd</sup> July, 2015. Changes have been incorporated as per discussions.

#### **SITUATIONS WHERE REFUNDS WOULD ARISE.**

2.0 In the taxation administration, refund refers to any amount that is due to the tax payer from the tax administration. In the present taxation system it is considered as a strained area, both for the taxpayer and the tax administration. So in order to establish an effective and efficient tax administration system it is essential that issues on which refund arises ought to be kept at minimum and be clearly defined in the law. Since GST is going to subsume many of the existing taxation laws such as Central Excise, Service Tax, VAT, CST, etc., the situations under which refund arise under these laws are as follows:

- (A) Excess payment of tax due to mistake or inadvertence.
- (B) Export (including deemed export) of goods / services under claim of rebate or Refund of accumulated input credit of duty / tax when goods / services are exported.
- (C) Finalization of provisional assessment.

- (D) Refund of Pre – deposit for filing appeal including refund arising in pursuance of an appellate authority’s order (when the appeal is decided in favor of the appellant).
- (E) Payment of duty / tax during investigation but no/ less liability arises at the time of finalization of investigation / adjudication.
- (F) Refund of tax payment on purchases made by Embassies or UN bodies.
- (G) Credit accumulation due to output being tax exempt or nil-rated.
- (H) Credit accumulation due to inverted duty structure i.e. due to tax rate differential between output and inputs.
- (I) Year-end or volume based incentives provided by the supplier through credit notes.
- (J) Tax Refund for International Tourists

Each of the situations mentioned above are being discussed hereunder individually for better appreciation of the issue and the proposed process to handle them under the proposed GST regime:

**(A) EXCESS PAYMENT OF TAX DUE TO MISTAKE OR INADVERTENTCE.**

- i) As the heading suggests, it refers to the situations where the tax payer has made excess payment of tax either by mistake or by inadvertence resulting in more payment of tax than due to the Government. Since the tax that has been paid is in excess, which was actually not required to be paid, the same should be refunded to the taxpayer.
- ii) Such excess payment may be on account of:-
  - a) wrong mention of nature of tax (CGST / SGST / IGST),
  - b) wrong mention of GSTIN, or
  - c) wrong mention of tax amount.
- iii) In first two situations i.e. in case of wrong mention of nature of tax (CGST / SGST / IGST) or in case of wrong mention of GSTIN, the tax

administration is required to verify the correctness of the taxpayer's claim and therefore the taxpayer may file a refund application which should be decided within a period to be prescribed by the GST Law.

- iv) A dealer is required to make tax payment on two accounts i.e. payment linked to a return or payment in response to a specific demand arising out of audit, etc. The IT system should be in a position to make a distinction between these two type of payment. Perhaps the payment challan may have a field to select the purpose of payment.
- v) The GST Law Drafting Committee / Payment Committee may decide as to whether the payment is to be made tax period wise or a system of Personal Ledger Account (PLA) is to be used. Maharashtra has suggested that Kerala model of return cum challan may also be examined by the GST Law Drafting Committee / Payment Committee.
- vi) In the third situation i.e. where the amount has been mentioned wrongly, the refund of excess amount of tax, at the option of the taxpayer, would either be automatically carried forward for adjustment against future tax liabilities or be refunded on submission of application (return itself can be treated as a refund application) by the taxpayer. The automatic carry forward would be allowed if the excess payment was made against a return and not against any other liability. The GST Law may provide for automatic set off if the excess payment of tax is not on account of interpretation of notifications, application of exemptions etc., i.e. the excess payment is not on account of difference of opinion between the tax administration and the taxpayer. The GST Law may also lay down the time limit within which the excess amount of tax, as reflected in the return filed by a taxpayer for that relevant period, can be re- credited *suomoto* and can be utilized by the taxpayer for payment of future tax liability.

- vii) The refund may be on account of CGST, SGST or IGST as the case may be.

**(B) EXPORT (INCLUDING DEEMED EXPORT) OF GOODS / SERVICES UNDER CLAIM OF REBATE OR REFUND OF ACCUMULATED CREDIT OF TAX WHEN GOODS / SERVICES ARE EXPORTED:** The treatment for export of goods and services and that of deemed export would be different under GST regime because of their inherent nature. Therefore these are being discussed separately as follows:

**EXPORT OF GOODS:**

- i) Presently under the Central Law, every exporter has three options available for neutralization of taxes paid on inputs used for export goods or taxes paid on finished goods exported by him which are delineated hereunder:
  - a) Obtaining non duty paid inputs and exporting final product without payment of duty.
  - b) Obtaining duty paid inputs and claiming refund of the same at the time of export of the finished goods without payment of duty.
  - c) Obtaining duty paid inputs, availing the input tax credit thereon and exporting finished goods after payment of duty (after utilizing such input tax credit) and thereafter claiming the rebate of the duty paid on exported goods.
- ii) It was noted that in the proposed GST regime, exports are proposed to be Zero rated which means that the export goods would not suffer any actual tax liability although the inputs for them would be tax paid which would be subsequently neutralized. So there should be a mechanism whereby the GST paid on the inputs or on exported finished



goods, either through cash or by utilization of input tax credit, is refunded to the exporter. This would serve two objectives simultaneously. On the one hand, the ITC chain through the various dealers will not be broken and on the other hand, the exporter of the finished goods will get the refund of the GST paid on the inputs or on finished goods thereby making the exports actually free from the burden of taxes. The system should be simple and efficient so that exporters do not experience any hassles while claiming refund of taxes. For this it is essential to devise a system based verification mechanism so that human intervention is reduced to the minimum.

- iii) It is recommended that the first option mentioned above i.e. option to procure duty free inputs for exported goods should not be available in the GST regime. This would obviate the requirement of submission of statutory form and the supplier of goods to the actual exporter would be required to pay the GST and will not be required to comply with various formalities presently required for making tax free supplies.
- iv) It is further recommended that other two options may be made available to the exporter in the proposed GST regime. It is recommended that GST Law drafting Committee may provide for the provision of rebate and the legality of the same will be examined at the time of vetting of the GST law by the Law Ministry.
- v) Since the process for payment of refund of GST paid on inputs (including input services) or payment of rebate of GST paid on finished goods is similar to a large extent, the same is being discussed here together. The following process is proposed for making this system as simple as possible:

- a) The IEC details of taxpayer will be captured at the time of issuance of GSTIN and the same can be verified online with DGFT for verifying the correctness of the exporter's particulars.
- b) The refund of ITC / rebate of GST paid on exported goods may be granted on submission of application to this effect by the taxpayer.
- c) Since the trigger point for refund is export of goods, therefore the event of export needs to be verified (mostly online) so as to minimize cases of erroneous / fraudulent claims of refund / rebate.
- d) It is recommended that linkage between ICEGATE of Customs administration and the proposed GSTN of GST administration may be established so that online verification of the exports can be carried out. In any case such linkage has to be established to verify IGST paid at the time of import of goods / services.
- e) It is also noted that, as per IGST Model, there is a requirement for online filing of invoice wise sale / purchase details by the taxpayers' along with the monthly returns. These details can be linked with the Customs data (for export cases) available with ICEGATE.
- f) Normally for export verification the following documents are sought from the applicant :
  - i) Shipping Bill (Export Promotion copy);
  - ii) Mate's Receipt / Transporter's Challan (in case of export by road);
  - iii) Export invoice;
  - iv) Packing list;
  - v) Bill of Lading/ Airway Bill;
  - vi) Bank Realization Certificate (BRC).

- g) Since it is proposed to establish linkage between ICEGATE and GSTN, therefore shipping bill, which includes relevant details from the export invoice and packing list, can be verified online and there would not be any need for the exporter to submit the same. Further, Mate's Receipt and Bill of Lading are the crucial documents that determine the occurrence of event of export, the exporter would be required to upload the scanned copies of the same with online refund application. As regards the BRC, it was noted that as per the RBI guidelines, the exporter has a time period of one year from the date of export, within which the export proceeds are required to be remitted into India. Thus BRC will not be available till the time export proceeds are realized. Therefore it is recommended that submission of BRC may not be insisted upon at the time of filing of refund application and post facto verification can be carried out by the tax authorities. The refund in such cases should be subject to submission of BRC details within a period of maximum one year or such period as extended by RBI from the date of the export. If such details are not submitted at the portal at which the refund application was made, the portal should generate an alert/report for the concerned tax authorities to take up appropriate action. In case of any short receipt of export receipts, necessary action for recovery of proportionate refunded amount may be taken accordingly.
- h) BRC, however, may be verified at the time of exports itself if the payment has already been received in advance. It is also recommended that e-BRC module may be integrated in the Refund process under GST.

- i) The time limit for filing of refund application is normally linked with the date of export and it is proposed that this time limit should be fixed at one year from the date of export. This date is the date on which the proper officer under the Customs Act gives an order for export of goods commonly known as “*Let Export Order*” (LEO). This date can also be verified online in view of the proposed linkage between ICEGATE and GSTN.
- j) Once the export is established, verification of the duty paid on the final products at the time of export is required to be carried out. For this, normally, copy of challans/ invoices evidencing duty payment are sought from the exporter and the same are verified manually by the jurisdictional authority. In the proposed GSTN, the payment of GST on exported goods can be verified online (as the sales invoices are required to be filed along with the monthly return) and there is no need for separate submission of these documents. Once the GST paid character of exported goods is established, refund can be sanctioned.
- k) In respect of refund claimed for GST paid on inputs (including input services) used for exported goods, once the export is established, verification of the GST paid on the inputs (including input services) as well as their utilization for the exports is required to be carried out. For this normally copy of invoices evidencing GST payment are sought from the exporter and the same are verified manually by the jurisdictional authority. Besides a declaration is filed by the applicant with the proper officer declaring *inter alia* input-output ratio for inputs on which refund is sought. In the proposed GST regime, the GST paid character of inputs (including input services) can be established online (as the purchase invoices

are required to be filed along with the monthly return) and the refund of input tax credit on inputs (including input services) can be sanctioned once the input tax credit has been matched from the purchase and sale statements filed by the exporter and supplier respectively and there is no need for separate submission of these documents. As regards utilization of the inputs for exports, a simple formula can be adopted that will provide for proportionate credit based on export turnover divided by total turnover. Moreover, a declaration can be obtained from the exporter regarding utilization of inputs in the exported goods.

#### **EXPORT OF SERVICES.**

- i) It is noted that in case of export of services there are no custom documents that can substantiate the occurrence of event of export as no shipping bill is required to be filed. Thus invoice and Bank Realization Certificate (BRC) are the only documents that can substantiate the occurrence of event of exports. It is, therefore, recommended that in the case of export of services, BRC would be required before sanction of the refund of GST paid on inputs (input services) / rebate of GST paid on exported services.
- ii) It is further noted that the invoice and BRC are the crucial documents for filing of the refund application. Therefore the relevant date, in case of export of services, will be the date of invoice or the date of BRC, whichever is later. This will take care of the situation if the payment has already been received in advance. It is also recommended that e-BRC module may be integrated in the refund process under GST.

- iii) It is suggested that since exports of services cannot be verified online through ICEGATE, there should be a separate application for refund of service exported.

#### DEEMED EXPORT OF GOODS OR SERVICES.

- i) It was noted that there is a concept of deemed export for situations listed in Chapter 8 of the Foreign Trade Policy. Supplier of domestically produced duty paid goods when supplied to EOUs / SEZs / Projects under International Competitive Bidding (ICB) / Mega Power Plants / World Bank Funded Projects can seek refund of terminal excise duty as also drawback of the duty paid on the inputs used in manufacture of such goods. However such refund is not permissible for VAT paid on such domestically supplied goods.
- ii) It is recommended that the deemed export need to be treated on equal footing as export and the similar provision as detailed above for actual exports of goods or services would be applicable except the following:
  - a) The supplier of final goods, in the course of deemed export, will pay the IGST on his supplies and can claim refund, only if, the IGST amount has not collected from the recipient. It is also required to be verified that the recipient has not availed the input tax credit in respect of such supplies.
  - b) The supplier may file a simple refund application along with a Chartered Accountant's Certificate certifying the fact of non-passing of the GST burden by him, being claimed as refund. GST Law Drafting Committee may prescribe a threshold amount below which self-certification (instead of CA Certificate) would be sufficient.

- c) The recipient unit would be eligible for refund of IGST, if it has actually paid IGST at the time of obtaining goods / services from the domestic supplier. In no case, both the supplier and the recipient unit can obtain refund at the same time in respect of the same transaction. A suitable validation to block such double claim should be built in the GSTN /refund processing backend system.
  - d) Such recipients may not be registered under GST regime and therefore they would have to submit copies of all the invoices, etc. in case claim of refund is filed by them.
- iii) It is also recommended that this recommendation may be specifically brought to the notice of EC as this is deviation from the present practice being followed by the States.

#### **GENERAL.**

- i) It was suggested that as a thumb rule, up to 90% of the refund claimed by the taxpayer may be sanctioned automatically by the system. The balance amount of refund may be granted after completion of verification of documents / accounts to be done at the end of the financial year and to be completed within a period of three months. The issue was discussed and it is recommended that partial refund may not be allowed and entire refund claim may be sanctioned within the time limit laid down in the GST Law.
- ii) It was noted that there may be certain goods on which Customs Export Duty may be leviable. It is recommended that in such cases refund of ITC of GST paid on inputs (including input services) used for such exported goods may not be admissible.

- iii) Requirement of BRC for sanction of refund in respect of export of services and as a post facto verification in case of export of goods may be provided in the GST Law.
- iv) It was noted that the exports would be treated as inter-state supplies and therefore IGST would be required to be paid by the taxpayer in cases GST is paid at the time of export. Refund of such IGST would have to be paid by the Centre. In case of refund of GST paid on inputs (including input services) used for exported goods, the refund of CGST, SGST or IGST may arise and the same needs to be paid by the respective tax administration. A suitable validation to block use of same tax invoices for more than one refund claim should be built in the GSTN /refund processing backend system.
- v) It was further noted that the principle of unjust enrichment is not applicable in case of actual export of goods or services as the recipient is located outside the taxable territory. In case of deemed exports, however, the concept is applicable.
- vi) It is further recommended that the amount of input tax credit claimed as refund may be blocked at the time of time of submission of application for refund itself. And if the refund claim is rejected wholly or partially the rejected portion of the ITC claim amount will be restored in the ITC ledger of the applicant.

**(C) FINALIZATION OF PROVISIONAL ASSESSMENT:**

As discussed in Para No. (I) below, the issues relating to provisional assessment being presently followed by Central Tax Authorities would be handled by the system of issuance of debit and credit notes, therefore refund may not arise in such cases. The process has been delineated



here under, if the GST Law provides for continuance of the system of provisional assessment:

- i) In the proposed GST regime the returns of the taxpayer will be electronically filed. In the return itself there should be a field for indicating whether the tax being paid is provisional or final. In case the tax has been paid on provisional basis, there should be a drop box that would indicate the reasons for which the tax has been paid on provisional basis.
- ii) Once such a return comes up before the assessing officer and if he agrees with the reason mentioned by the taxpayer, the return / assessment may be kept provisional.
- iii) Thereafter the return may be taken up for finalization once the issue involved in provisional assessment is settled. GST law may prescribe time period for finalization i.e. 90 days and this time line should not be breached, as far as possible.
- iv) At the time of finalization of the return / assessment by the assessing officer, a speaking order may be issued which will also mention the amount that the taxpayer is required to pay or is eligible for refund.
- v) The refund would be granted only if the incidence of GST paid by him has not been passed on to the consumer (the concept of unjust enrichment). This issue would be examined by the assessing officer at the time of finalization of assessment.
- vi) The model GST Law may provide for appropriate provisions relating to the principle of unjust enrichment.
- vii) For satisfying the requirement of unjust enrichment, the taxpayer would be required to submit a Chartered Accountant's Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund. GST Law Drafting Committee may prescribe a

threshold amount below which self certification (instead of CA Certificate) would be sufficient. This would also settle the issue of ITC that would have been claimed by the purchaser on the basis of the provisional tax paid by the taxpayer as ITC would have to be reversed by the recipient before sanction of refund to the supplier.

- viii) The differential amount claimed as refund will be reflected in the return for the month in which the finalization takes place.
- ix) The refund may be on account of CGST, SGST or IGST as the case may be.

**(D) REFUND OF PRE – DEPOSIT FOR FILING APPEAL INCLUDING REFUND ARISING IN PURSUANCE OF AN APPELLATE AUTHORITY’S ORDER.**

Refund arising in pursuance of appellate authority’s order is another area that has been subject of judicial scrutiny and strictures. The following process is recommended in order to make this process streamlined, efficient and in line with the judicial decisions on the matter:

- i) Looking at the policy objective of making the refund process hassle free, it is recommended that the taxpayer may file a simple refund application along with a Chartered Accountant’s Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund. As mentioned earlier, the GST Law Drafting Committee may prescribe a threshold amount below which self certification (instead of CA Certificate) would be sufficient.
- ii) The refund may not be kept in abeyance if the appellate authority’s order (in pursuance of which refund arises) is appealed against at the next higher appellate forum unless the jurisdictional authority has obtained a stay from the higher appellate authority against the

operation of the appellate authority's order in pursuance of which refund has arisen. This position may be appropriately reflected in the GST Law itself so that any ambiguity on this issue can be avoided and the tax administrations are made more accountable for early action in case of such refunds.

- iii) GST Law may provide for certain predefined period during which refund may not be granted which can be regarded as the mandatory waiting period for the outcome of the appeal / application for stay.
- iv) GST Law Drafting Committee may also consider for providing powers to jurisdictional authority at sufficiently senior level for withholding the refund in exceptional cases on the condition that interest at appropriate rate has to be paid.
- v) The refund may be on account of CGST, SGST or IGST as the case may be.

**(E) PAYMENT OF DUTY/TAX DURING INVESTIGATION BUT NO / LESS LIABILITY ARISES AT THE TIME OF FINALIZATION OF INVESTIGATION / ADJUDICTION :**

Presently the Central Law (State Laws do not have similar provision) does not debar suo-motto payments during investigation / audit without issuance of a formal show cause notice / demand. If the GST Law does not debar such payments during investigation / audit process and ultimately no / less demand arises vis-à-vis amount already paid, then refund of such amount may be handled as per the procedure given below:

- i) A separate mechanism for the accounting of such payments has to be designed.

- ii) Refund in such cases requires utmost attention as such amount of tax paid during investigation, etc. become non leviable once the investigation is finalized and / or an adjudication order in favor of the taxpayer is issued. Therefore this process should be simple and hassle free.
- iii) As soon as the investigation, etc. is over which does not lead to issuance of a show cause notice or where after investigation, show cause notice is issued but the adjudication order is in favor of the taxpayer i.e. where the demand of duty is dropped in full or in part, the taxpayer should be immediately eligible to claim refund of the amount that is found to have been paid in excess during investigation, etc.
- iv) Looking at the policy objective of making the refund process hassle free, it is recommended that the taxpayer may file a simple refund application along with a Chartered Accountant's Certificate certifying the fact of non-passing of the GST burden by him, being claimed as refund. GST Law Drafting Committee may prescribe a threshold amount below which self certification (instead of CA Certificate) would be sufficient.
- v) However, as every adjudication order can potentially be appealed against, the model GST Law may provide for a time limit after which only the refund can be sanctioned either by cash or by adjustment order at the option of the tax payer by the jurisdictional officers. This time limit should be concurrent with the time limit available for filing of an appeal so that department has time to file an appeal along with stay application, if any against adjudication order.
- vi) Refund may be withheld only if the department has obtained a stay order on the operation of the adjudication order, failing which, refund has to be allowed.

- vii) The GST Law Drafting Committee may also consider for providing powers to jurisdictional authority at sufficiently senior level for withholding the refund in exceptional cases on the condition that interest at appropriate rate has to be paid.
- viii) The refund may be on account of CGST, SGST or IGST as the case may be.

**(F) REFUND FOR TAX PAYMENT ON PURCHASE BY UN BODIES, SUPPLIES TO CSD CANTEENS, PARA MILITARY FORCES CANTEENS, ETC.:**

- i) Presently the UN bodies are eligible for refund of taxes paid by them at the time of purchases made by them from the market. GST Law may provide for similar provision and in such a case, the following process for grant of refund is recommended.
  - a) Refund on purchases by UN Bodies may be granted from only one office each of both the tax administrations within one State.
  - b) UN Bodies may be assigned a unique identification number (ID) the structure of which would be uniform across the States in conformity with the GSTIN Structure. (Some other structure may have to be considered as such bodies do not have PAN)
  - c) The registration document, return document and invoice would contain a column for capturing this Unique ID.
  - d) There has to be a separate field for allotting ID to such bodies.
  - e) While making supplies to such bodies, the suppliers must indicate the Unique ID on the invoices.
  - f) The UN Bodies may file their purchase statements (without purchase invoices) along with their claim for refund.
  - g) The GST Law may provide that some purchases are ineligible for refund (e.g. invoice value less than the prescribed threshold,

goods / services specified as ineligible for refund, etc.). Such cases should be specifically marked in the purchase statement or may not be included in the purchase statement.

- h) The net claim will be related to GST paid on total purchases minus GST paid on ineligible purchases.
- i) The IT system will carry out the matching with the sales statements of the counter party suppliers.
- j) The matched and claimed to be eligible invoices will be seen by the jurisdictional authority to verify that none of the ineligible purchases have been included in the refund claim.
- k) The refund may be granted based on the matching and the limited manual verification.
- l) There might be situations when the supplier does not declare the supply in his monthly return. In such a case, unmatched invoices will get marked by the IT system and the supplier will be notified accordingly.
- m) The UN body may be granted refund along with its next claim if any of the unmatched supplies have been accepted and related GST has been paid by the supplier and return has been filed subsequently.
- n) The personal purchases by the staff may also be done seeking ID of the UN body on the invoice.
- o) Such invoices in the statement can be marked as “for personal consumption” for any additional verification in case of any restriction under the GST Law.
- p) GST Law Drafting Committee may provide for appropriate provisions whether refund has to be given for the personal purchases by the staff of UN bodies and Embassies. Such provisions may also relate to limits or restrictions, if any on such refunds.

- ii) It is recommended that the suppliers to CSD Canteens, Para Military Canteens would not be eligible for exemption. The procedure as detailed above would apply in respect of supplies to CSD Canteens, Para Military Forces canteens etc. and these bodies would claim refund.
- iii) Form of application for refund which may be used by such bodies is enclosed as Annexure-VII to this document.
- iv) The refund may be on account of CGST, SGST or IGST as the case may be.

**(G) TAX CREDIT ON INPUTS USED FOR MANUFACTURING /GENERATION /PRODUCTION /CREATION OF TAX FREE SUPPLIES OR NON-GST SUPPLIES:**

- i) There would be certain goods or services which may be either exempted or NIL rated in GST regime. Further there may be certain goods or services which may not be brought under GST regime. Persons supplying such exempted / nil rated / non-GST goods or services would be receiving goods or services as their input supplies after payment of GST.
- ii) The issue, whether such taxpayers are entitled to cash refund of the GST paid by them in respect of such input supplies (including input services or capital goods) which will be used for making supplies without payment of GST, was discussed at length.
- iii) It is felt that the ITC is allowed to remove cascading and under modern VAT laws, tax is charged on value addition only and not on tax paid at the earlier level of supply chain. It is for this reason that the ultimate consumer is liable to bear the tax. Most State VAT administrations as well as Centre do not allow refund of ITC on inputs used for tax exempt / nil rated goods.

- iv) Further the inputs (including input services or capital goods) received by such suppliers would become exempt if the refund is allowed to them, which is not intended by tax design.
- v) It is recommended that the model GST Law may provide that the suppliers of exempted / NIL rated / non GST goods or services would not be entitled to the ITC of GST paid on inputs (including input services or capital goods) received by them and consequently for refund of GST paid by them. In case of mixed supplies, ITC may be allowed proportionately.
- vi) The tax credit on the inputs used for supply of exempted / NIL rated / non GST goods or services should be treated as “ineligible input tax credit” and there should be an appropriate provision in the return to provide the related invoice details.
- vii) In addition to ineligible input tax credit arising from inputs used for supply of exempted / Nil rated / non-GST goods or services, there may be other types of ineligible input tax credits such as those related to specified capital goods / assets. It is recommended that the model GST law may provide for the full scope of such ineligible input tax credits.
- viii) It is also recommended that such ineligible tax credit should accrue to the importing States in accordance with the Place of Supply Rules. This imperative will also apply to the inter-state supplies procured by the economic entities / government departments / public bodies supplying tax exempt / nil-rated / non-GST goods and services only. The mechanism for flow of such funds to the importing state by way of a system based apportionment in a consistent manner may be decided as a part of the return process.



**(H) REFUND OF CARRY FORWARD INPUT TAX CREDIT.**

- i) As stated earlier, ITC is allowed to remove cascading and under modern VAT laws, tax is charged on value addition only and tax is not charged on tax. It is for this reason that the ultimate consumer is liable to bear the tax burden.
- ii) It is noted that the ITC may accumulate on account of the following reasons :
  - a) Inverted Duty Structure i.e. GST on output supplies is less than the GST on the input supplies;
  - b) Stock accumulation;
  - c) Capital goods; and
  - d) Partial Reverse charge mechanism for certain services.
- iii) As regards the accumulated ITC attributed to accumulation of stock or capital goods, it is recommended that GST Law may provide that refund of carried forward ITC may not be allowed and such amount would be carried forward to the next tax period (s). The GST Law may provide for appropriate provisions in this regard.
- iv) Under the proposed GST law, it is proposed to have fewer tax rates and fewer exemptions and therefore it is felt that chances of inverted duty structure would not be there or would be very minimal. But still there might be a possibility that ITC may accumulate on account of inverted duty structure.
- v) It is recommended that in such case, cash refund may be granted after due audit and should be sanctioned only after the input tax credit has been matched from the purchase and sales statements filed along with monthly returns. The refund would be granted on submission of application. It may be mentioned, however, that presently the Centre does not grant refund in such cases.
- vi) Two options i.e. blocking the utilization of input tax credit claimed as refund at the time of submission of application for refund itself or debiting the input tax credit account / cash ledger subject to the amount

available in either account at the time of issuance of sanction order of refund were discussed. It is recommended that the first option should be adopted. Suitable linkage between the refund application and blocking of the “carry forward input tax credit” in the return/cash ledger should be built in GSTN and refund backend processing system.

- vii) ITC may also accumulate on account of circumstances wherein liability to pay service tax is under Partial reverse Charge Mechanism. Presently the liability to pay service tax is either on the service provider or on service recipient or on both. The third category is popularly known as joint / partial reverse charge where both the service provider and the service recipient are liable to pay the service tax.
- viii) In case of partial reverse charge, service provider may be left with unutilized balance in the input credit account as he is not liable to discharge the tax liability in full. In such cases, refund may be granted if the GST law provides for a joint reverse charge mechanism.
- ix) The refund may be on account of CGST, SGST or IGST as the case may be.

**(I) REFUND ON ACCOUNT OF YEAR END OR VOLUME BASED INCENTIVES PROVIDED BY THE SUPPLIER THROUGH CREDIT NOTES:**

It is noted that suppliers are allowing year end or volume based discounts through credit notes. Such practice is being misused by the trade where the downstream dealers show negative value-additions. Some States have placed restrictions on such ITC. It is felt that the GST Law may provide for suitable provisions in this regard as provisions for such discounts is a trade practice and will have to be permitted in the GST regime. The following procedure is recommended.

- i) The refund would be granted on submission of a simple application along with a Chartered Accountant’s Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund. The GST Law Drafting Committee may prescribe a threshold

amount below which self-certification (instead of CA Certificate) would be sufficient.

- ii) In such cases, the eligibility for ITC at the buyer's end and the output liability at the supplier's end will get simultaneously reduced / adjusted on the basis of credit notes issued by the supplier and the corresponding debit notes issued by the buyers.
- iii) This would also obviate the need for resorting to provisional assessment presently provided in Central Law and discussed in para (C) above.
- iv) The GST Law may contain suitable provision to this effect and the GSTN should have suitable validations to this effect. The validation should include matching of credit and debit notes and reversal of the reduction of the output tax liability in case of the mismatch.
- v) The refund may be on account of CGST, SGST or IGST as the case may be.

**(J) TAX REFUND FOR INTERNATIONAL TOURISTS.**

Tax Refund for International Tourist (TRT) scheme provides an opportunity to the foreign tourists to purchase goods during their stay in any country on payment of GST and obtain refund of the GST so paid, at the time of exit from the country. Nearly 52 countries have adopted such kind of refund mechanism. It was noted that such a scheme helps in attracting tourist and is in line with avowed objective of GST regime of zero rating of goods and Make in India initiative of Government of India. State governments are offering VAT refunds to foreign diplomats and officials of multilateral agencies. This scheme will be implemented through particular retailers who are registered for this scheme. Refund of GST will be available at designated airports and ports only and the refund of the GST paid on retail purchase by the foreign tourists during their stay in India is allowed. A part of the eligible amount of refund will

be deducted as handling fee for services rendered. GST law drafting Committee may provide for this provision as well delineate the details of the scheme.

### **REFUND FORMS.**

3.0 The form should be simple to fill, easy to understand and more importantly, in the context of the technological world, it should be in electronic format. The forms for Refund Claim, Refund order and Reduction / Adjustment summary are enclosed as Annexure –IV to VII to this document.

### **TIME PERIOD FOR FILING OF REFUND AND RELEVANT DATE.**

4.0. It is recommended that a period of one year from the relevant date may be allowed for filing of refund application. Relevant date for filing of each kind of refund needs to be defined separately. The following dates are recommended as relevant dates for different type of refund cases:

- i) Date of payment of GST when the refund arises on account of excess payment of GST due to mistake or inadvertence.
- ii) Date on which proper officer under the Custom Act gives an order for export known as “*LET EXPORT ORDER*” for the purpose of refund filed on account of export of goods under claim of rebate of GST paid on exported goods or refund of accumulated input credit of GST when goods are exported.
- iii) Date of BRC in case of refund on account of export of services under claim of rebate of GST paid on exported services or refund of accumulated input credit of GST when services are exported.

- iv) Date of the finalization order where refund arises on account of finalization of provisional assessment. (May not be required if the GST law does not provide for provisional assessment)
- v) Date of communication of the appellate authority's order where the refund arises in pursuance of an appellate authority's order in favor of the taxpayer.
- vi) Date of communication of adjudication order or order relating to completion of investigation when refund arises on account of payment of GST during investigation, etc. when no/less liability arose at the time of finalization of investigation proceedings or issuance of adjudication order.
- vii) Date of providing of service (normally the date of invoice) where refund arises on account of accumulated credit of GST in case of a liability to pay service tax in partial reverse charge cases.
- viii) Date of payment of GST for refund arising out of payment of GST on petroleum products, etc. to Embassies or UN bodies or to CSD canteens, etc. on the basis of applications filed by such persons.
- ix) Last day of the financial year in case of refund of accumulated ITC on account of inverted duty structure.

#### **SUPPORTING DOCUMENTS:**

5.0 Documents evidencing tax payments required to be enclosed with the refund application should be minimal but adequate so that both the taxpayer and tax authority find it easy to deal with the application. Normally following documents are required to establish the rightful claim of refund:

- i) Copy of TR-6 / GAR-7/ PLA / copy of return evidencing payment of duty. It is recommended that these forms may not be called for as in the

proposed GST scenario payment of duty will be in electronic mode and the same will be easily visible to the refund sanctioning authority on screen.

- ii) Copy of invoices (in original) (for the purpose of evidencing the supply of goods and the fact that duty is not reflected in the same). It is noted that the IGST Committee has recommended that the taxpayers would upload their invoice details on monthly basis. Once the same is done and the refund sanctioning authority is able to examine and view them on screen then submission of invoices can be dispensed with. It was noted that the field relating to “Quantity” is not captured in the invoice details proposed to be uploaded either before or alongwith the Return. It was further noted that this information would be required in case of refund in relation to exports. The applicant for refund in such cases would submit the copies of the invoices or a statement containing details of quantity along with the refund application. Documents evidencing export. In the proposed GST scenario it is recommended that the ICEGATE and GSTN would be inter linked, and therefore these documents can be verified on line and therefore can be dispensed with.
- iii) Documents evidencing that the tax burden has not been passed on to the buyer. Since GST is an Indirect tax, there will be a rebuttable presumption that the tax has been passed on to the ultimate consumer. Therefore there is a need for establishing that principle of “unjust enrichment” does not apply to the refund claim. It is recommended that a Chartered Accountant’s Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund should be called for. The GST Law Drafting Committee may prescribe a threshold amount below which self-certification (instead of CA Certificate) would be sufficient.

- iv) Any other document as prescribed by the refund sanctioning authority. It is recommended that the state and central tax authorities together prescribe the documents that are required for demonstrating the legitimacy and correctness of refund claimed and checklists can be generated for refund sanctioning process.

**RECEIPT OF REFUND APPLICATION AND PROCEDURE FOR GENERATING PROOF OF RECEIPT OF APPLICATION FOR REFUND.**

6.0 It is recommended that the State Tax authorities shall deal with the SGST refund and Central Tax authorities shall deal with refund of CGST and IGST. The following procedure is proposed in this regard:

- i) Applicant may be given the option of filing refund application either through the GSTN portal or through the respective State / Central Tax portal. Filing through GSTN portal may be beneficial for those applicants whose refund relates to CGST / IGST as well as SGST or the refund arises in different State Tax jurisdictions. Instead of filing applications with different tax authorities, the same may be filed with the GSTN portal which will forward it to the respective tax authority.
- ii) On filing of the electronic application, a receipt/ acknowledgement number may be generated and communicated to the applicant via SMS and email for future reference. A provision may be made to display the application for refund in dealer's online dashboard when he logs into the system.
- iii) The “carry forward input tax credit” in the return and the cash ledger should get reduced automatically, if the application is filed at GSTN portal itself. In case the application is filed at the tax department portal, suitable integration of that portal with GSTN portal should be

established to reduce/block the amount before taking up the refund processing.

- iv) It should be clearly mentioned / highlighted that generation of this number does not in any way affirm the legality, correctness or completeness of the refund application.

#### **NUMBER OF COPIES OF APPLICATIONS TO BE FILED:**

7.0 As the filing of the electronic refund application is a preferred mode, filing of multiple copies of applications is not required.

#### **REQUIREMENT FOR TAXPAYER TO KEEP A COPY OF REFUND APPLICATION FOR THE PRESCRIBED PERIOD.**

8.0 Since the application for refund is expected to be filed electronically, the application form should have a print option along with the option for the applicant to download the same so that he can store the same for future reference and record. This would serve the purpose of record keeping for the applicant.

#### **PROCEDURE AND TIME WITHIN WHICH PRELIMINARY SCRUTINY OF SUBMISSION OF THE RELEVANT DOCUMENTS IS CARRIED OUT:**

9.0 After the receipt of the application in the jurisdictional officer's menu, the same should be examined for deficiency, if any. Since the recommendation is to reduce the number of documents that are to be filed along with the application and most of the documents related to refund application will be available online, it is recommended that the preliminary scrutiny may be carried out within 30 common working days and



deficiency, if any, should be communicated to the applicant directly from the respective tax portal. (In case refund relates to different jurisdictions or involves both central and state GST levy, then the said deficiency needs to be forwarded to GSTN also which will communicate the same to the corresponding tax authority relating to that refund).

9.1 It is recommended that tax authorities should make efforts to ensure that piecemeal queries are avoided. Applicant may file his reply through the respective tax authority portal / GSTN. Any further queries should be raised only with the approval of higher authorities so that unnecessary queries are avoided. Once the refund application is found to be complete in all respect, the same may be communicated to applicant via SMS and e mail and the date of communication shall be considered as the relevant date for the purpose of time limit prescribed for sanctioning of refund and initiation of interest clause.

#### **PROCEDURE FOR DEALING WITH REFUND THEREAFTER INCLUDING EXAMINATION OF PRINCIPLE OF “UNJUST ENRICHMENT ” :**

10.0 Once the refund application is found to be complete and the fact of completeness has been intimated to the applicant, the jurisdictional tax authority should examine the same in the light of the provisions of the GST Law relating to refund. Important parameters include the timeliness of refund application, tax payment, date of export (if relating to export), reasons for refund etc.

10.1 It is recommended that for the sake of uniformity, the state and central laws should have similar provisions.

10.2 As GST is an indirect levy, there is always a rebuttable presumption that the tax has been passed on to the ultimate consumer by the applicant. So it is essential that every refund application should be examined in light of the principle of “unjust enrichment” and the appropriate provisions may be incorporated in the GST law. The burden of discharging the obligation under “unjust enrichment” should be on the applicant and documents manifesting the same should be submitted along with the application. As discussed above, a Chartered Accountant’s Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund should be submitted. The GST Law Drafting Committee may prescribe a threshold amount below which self-certification (instead of CA Certificate) would be sufficient.

10.3 If the refund is not found to be legal or correct for any reason, then the jurisdictional authority should issue Show Cause Notice (SCN) to the applicant and thereafter the refund will be kept in abeyance in the system till the SCN is adjudicated. In case, the refund application is found to be in order but does not satisfy the test of unjust enrichment, the refund amount, after sanction, would be credited to the Consumer Welfare Fund. The GST Law Drafting Committee may examine whether such amount should be credited to Consumer Welfare Fund or to the consolidated fund of State / Union.

**MINIMUM AMOUNT BELOW WHICH REFUND SHALL NOT BE GRANTED:**

11. Filing of refund application and processing of the same involves investment of resources, in terms of time, money and manpower, by both

the applicant and tax administration. Therefore the amount should not be meager enough to create uneconomical burden on the applicant as well as tax administration. Looking at the rising inflation, it is recommended that an amount in the range of Rs. 500-1000/- may be fixed below which refund shall not be granted. This limit should be uniform for both CGST/IGST and SGST.

#### **SANCTIONING OF REFUND:**

12. To make the process of refund hassle free, it is important that even this last stage of refund processing should be simple and free from human intervention so that the applicant may have a pleasant experience while dealing with tax authorities. Therefore it becomes significant that once the tax authority decides about sanctioning of the refund, the same shall be granted to the applicant promptly. For this it would be essential that the details of the bank account are sought from the applicant at the time of filing of the refund application itself so that the amount of refund can be transferred to the applicant electronically through NEFT /RTGS/ECS.

#### **VERIFICATION AND CONTROL:**

13. Every refund that is sanctioned would need to go through a process of review by higher authorities in order to ensure the correctness of the decision of refund sanctioning authority. So once the refund is sanctioned, the same shall be transferred through the IT system to the menu of the higher authority along with the documents on the basis of which decision was taken by the refund sanctioning authority. Any documents that were sought besides those in the application should also be forwarded manually to the higher authority for taking a decision about review of the order. It is essential that there is simultaneous flow of the refund documents in paper

along with the electronic application to the audit section so that the process of post audit can be carried out concurrently.

13.1 It is recommended that looking at the higher level of compliance and self regulating mechanism in the form of system based ITC verification, uploading of sales and purchase invoices, reconciliation, compliance rating etc. post audit of refund application (and not of the accounts of the taxpayer) can be dispensed with if so decided by the respective Tax Jurisdiction for refunds upto Rs. One lakh for normal taxpayers and for refund upto Rs. 2 lakhs for certain prescribed categories of applicants (like public sector undertakings, applicants having the AEO Status, etc.) but the process of review of refund may be provided in the GST Law.

13.2 Besides this, for refund amounts exceeding a pre-determined amount a provision for pre-audit of refund application (and not of the accounts of the taxpayer) before the sanction of the refund may be provided for. Keeping in view the points mentioned above regarding increased compliance, self-regulation and system based verification, etc., it is recommended that the monetary limit for pre-audit of the refunds sanctioned may be kept at Rs. one crore or as may be decided by the respective Tax Jurisdiction. The procedure for pre-audit will be same as that for the post audit except that the application will have to move to and fro between the refund sanctioning authority and the audit authority before grant of refund. The GST Law may provide that the process of audit should be time bound with clearly defined timeline so that quality of audit does not suffer from insufficiency of time.

13.3 It is recommended that either the review procedure or system of pre-audit & post-audit may be kept in the GST Law. GST Law Drafting Committee may provide for the appropriate provision.

#### **INTEREST:**

14. It is recommended that the GST Law may provide for a prescribed time limit of 90 days from the date of the system generated acknowledgment of refund application within which refund has to be paid. It may also be provided in the GST law that, interest clause will start automatically once the prescribed time limit for sanctioning of refund has been breached.

14.1 The issue relating to dealing with the refund cases in which refund application has been filed but the same is found to be incomplete or deficient was discussed. It is recommended that the GST Law may clearly specify that the time limit for payment of interest will start from the date of the electronically generated acknowledgement of the refund application signifying that the application is complete in all respects. The GST Law may also provide for a time limit of 30 days from the date of receipt of refund application for raising queries/ deficiency memos by tax authorities regarding incompleteness of the refund documents. Piecemeal queries must be avoided. Once the applicant files a reply to the deficiency memo and the refund application is found complete as per the prescribed documents, the same should be acknowledged electronically by the refund sanctioning authority and the time limit for interest will start from the date of such electronic acknowledgement.

14.2 It is recommended that the rate of interest for delayed payment of refund and that in case of default in payment of GST should be different. The Committee recommends that the rate of interest in case of refund may be around 6% and that in case of default in payment of interest may be

around 18%. The GST Law may provide accordingly. The GST Law may also provide that the interest will accrue from the last date when refund should have been sanctioned even when the refund is ordered to be paid by the order of the appellate authority in the appeal filed by the applicant against order of rejection passed by the refund sanctioning authority. This would discourage refund sanctioning authority from rejecting refund claims on frivolous grounds.

**ADJUSTMENT:**

15 In some cases, the taxpayer may have outstanding demand under GST Act. The GST Law may provide for adjusting the refund claim against any amount of un-stayed confirmed demand lying beyond the appeal period. The refund order may clearly state the amount so adjusted and particulars of the adjusted demand may also be stated in the annexure to be attached with the order. Format of Application for refund and Refund order can be designed accordingly. Suggested format is enclosed as Annexure-IV to VI to this document.

**RECOVERY OF ERRONEUS REFUND:**

16 It is recommended that the GST law may provide for the provisions for recovery of erroneously granted refunds along with interest.

**(Satish Chandra)**  
Member Secretary  
Empowered Committee  
of State Finance Ministers

**(Rashmi Verma)**  
Additional Secretary  
Department of Revenue  
Government of India

## ANNEXURE-I

### CONSTITUTION ORDER OF JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST

#### **EMPOWERED COMMITTEE OF STATE FINANCE MINISTERS**

**DELHI SECRETARIAT, IP ESTATE, NEW DELHI – 110002**

Tel. No. 2339 2431, Fax: 2339 2432 e-mail: [vatcouncil@yahoo.com](mailto:vatcouncil@yahoo.com)

No.15/45/EC/GST/2014/32

Date: 7<sup>th</sup> April, 2014

#### JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST

During the last Empowered Committee meeting held on 10<sup>th</sup> March, 2014, it was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Registration and Return to the Empowered Committee. It was also decided that the Joint Committee should also keep in view the Registration and Return requirements necessary for IGST Model. Accordingly, a Joint Committee, in consultation with the Government of India, is constituted with the following members:

##### Government of India

- (1) Smt. Rashmi Verma, Additional Secretary (Revenue) -- Co-convener
- (2) Shri P.K. Mohanty, Joint Secretary (TRU-I)
- (3) Shri M. Vinod Kumar, Joint Secretary (TRU-II)
- (4) Shri J.M. Kennedy, Director (TRU-II)
- (5) Director/Deputy Secretary holding the charge of State Taxes Section

##### States Government

- (1) Dr. J.B. Ekka, Commissioner of Taxes, Assam
- (2) Shri Prashant Goyal, Commissioner, Trade & Taxes, Delhi
- (3) Shri H.V. Patel, Commissioner, Commercial Tax, Gujarat
- (4) Shri Sudhir Rajpal, Commissioner, Excise & Taxation, Haryana

- (5) Shri Kifayat Hussain Rizvi, Commissioner, Commercial Tax, J&K
- (6) Shri Ajay Seth, Commissioner, Commercial Tax, Karnataka
- (7) Shri Shyam Jagannathan, Commissioner, Commercial Tax, Kerala
- (8) Shri Amit Rathore, Commissioner, Commercial Tax, Madhya Pradesh
- (9) Dr. Nitin Kareer, Commissioner, Sales Tax, Maharashtra
- (10) Shri Abhishek Bhagotia, Commissioner, Commercial Tax, Meghalaya
- (11) Shri Manoj Ahuja, Commissioner, Commercial Tax, Odisha
- (12) Shri Sanjay Malhotra, Commissioner, Commercial Tax, Rajasthan
- (13) Shri K. Rajaraman, Commissioner, Commercial Tax, Tamil Nadu
- (14) Shri M.K. Narayan, Commissioner, Commercial Tax, Uttar Pradesh
- (15) Shri Dilip Jawalkar, Commissioner, Commercial Tax, Uttarakhand
- (16) Shri Binod Kumar, Commissioner, Commercial Tax, West Bengal

**Empowered Committee of State Finance Ministers**

- (1) Shri Satish Chandra, Member Secretary -- Co-convener

2. The Committee will submit its report to the Empowered Committee in two months time.

Sd/-  
(Satish Chandra)  
Member Secretary  
Empowered Committee of  
State Finance Ministers

Copy to: All the Members of the Joint Committee

Copy also to:

- (1) PS to Chairman, Empowered Committee of State Finance Ministers
- (2) Adviser to Chairman, Empowered Committee of State Finance Ministers
- (3) Sr.A.O./OSD/F.O./A.O., Empowered Committee of State Finance Ministers



## ANNEXURE-II

### CONSTITUTION OF SUB-COMMITTEE ON GST REFUND PROCESSES

#### **EMPOWERED COMMITTEE OF STATE FINANCE MINISTERS**

**DELHI SECRETARIAT, IP ESTATE, NEW DELHI – 110002**

Tel. No. 2339 2431, Fax: 2339 2432 e-mail: [vatcouncil@yahoo.com](mailto:vatcouncil@yahoo.com), [vatcouncil@gmail.com](mailto:vatcouncil@gmail.com)

No.15/45/EC/GST/2014/170

Date: 14<sup>th</sup> November, 2014

### CONSTITUTION OF SUB-COMMITTEE ON GST REFUND PROCESSES

During the last meeting of the Joint Committee on Business Process for GST held on 12<sup>th</sup> November, 2014, it was decided to form a Sub-Committee to look into the GST refund processes. Accordingly, a Sub-Committee consisting of the following is constituted:

#### Government of India

- (1) Shri Upender Gupta, Additional Commissioner, GST Cell -- Co-convener
- (2) Shri Manish Sinha, Director (CX)
- (3) Shri Rajiv Yadav, Director (ST)

#### State Governments

- (1) Shri Manoj Ahuja, Commissioner, Commercial Tax -- Co-convener  
Government of Odisha
- (2) Shri Amit Rathore, Commissioner, Commercial Tax,  
Government of Madhya Pradesh
- (3) Dr. Nitin Kareer, Commissioner, Sales Tax, Government  
of Maharashtra
- (4) Shri M. Girees Kumar, Commissioner, Commercial Tax,  
Government of Kerala

Goods and Services Tax Network

- (1) Shri Prakash Kumar, Chief Executive Officer

Special Invitee

- (1) Shri Ajay Seth
2. The Sub-Committee should submit its report in one month's time.

Sd/-  
(Satish Chandra)  
Member Secretary  
Empowered Committee of  
State Finance Ministers

Copy to: All the Members of the Committee

LIST OF PARTICIPANTS OF THE MEETING HELD ON 22<sup>ND</sup> AND  
23<sup>RD</sup> JULY, 2015

Government of India

1. Smt. Rashmi Verma, Additional Secretary (Revenue), Government of India
2. Shri Rajeev Yadav, Director (Service Tax), CBEC, Government of India
3. Shri B.B. Agrawal, Principal Commissioner, CBEC, Government of India
4. Shri Upendar Gupta, Commissioner, GST, CBEC, Government of India
5. Shri M.K. Sinha, Commissioner (LTU), Audit, CBEC, Government of India
6. Shri G.D. Lohani, Commissioner, CBEC, Government of India
7. Shri Ravneet Singh Khurana, Deputy Commissioner, CBEC, Government of India
8. Shri Sachin Jain, Additional Commissioner, CBEC, Government of India
9. Shri P.K. Manderna, Superintendent (GST Cell), Government of India

States

1. Shri Gautam Das Gupta, Deputy Commissioner of Taxes, Assam
2. Shri T. Ramesh Babu, Additional Commissioner, Commercial Tax, Andhra Pradesh
3. Shri Arun Kumar Mishra, Joint Secretary, Finance, Bihar
4. Shri Santosh Kumar Sinha, Additional Commissioner, Commercial Tax, Bihar
5. Shri Deepak Kanan, Additional Commissioner, Commercial Tax (GST), Bihar
6. Shri R.K. Trivedi, Additional Commissioner, Commercial Tax, Chhattisgarh
7. Shri Kishor Bhalla, Deputy Commissioner (VAT), Daman & Diu and Dadra & Nagar Haveli
8. Shri Vijay Kumar, Commissioner (VAT), Trade and Taxes, Delhi
9. Shri Jagmal Singh, Deputy Director, Trade and Taxes, Delhi
10. Shri Dipak M. Bandekar, Additional Commissioner, Commercial Tax, Goa
11. Dr. P.D. Vaghela, Commissioner, Commercial Tax, Gujarat
12. Ms. Aarti Kanwar, Special Commissioner, Commercial Tax, Gujarat

13. Shri Shyamal Misra, Commissioner, Excise & Taxation, Haryana
14. Shri Hanuman Singh, Additional Commissioner, Excise & Taxation, Haryana
15. Shri J.C. Chauhan, Commissioner, Excise & Taxation, Himachal Pradesh
16. Shri P.K. Bhat, Additional Commissioner, Commercial Tax, Jammu & Kashmir
17. Smt. Nidhi Khare, Secretary-cum-Commissioner, Commercial Tax, Jharkhand
18. Dr. M.P.Ravi Prasad, Joint Commissioner, Commercial Tax, Karnataka
19. Dr. Rajan Khobragade, Commissioner, Commercial Tax, Kerala
20. Shri M.I. Mansur, Assistant Commissioner, Commercial Tax, Kerala
21. Shri Sudip Gupta, Deputy Commissioner, Commercial Tax, Madhya Pradesh
22. Shri P. Velrasu, Special Commissioner, Sales Tax, Maharashtra
23. Shri B.V. Borhade, Joint Commissioner, Sales Tax, Maharashtra
24. Shri P.M. Kulkarni, Deputy Commissioner, Sales Tax, Maharashtra
25. Shri K. Sanglawma, Commissioner of Taxes, Mizoram
26. Shri H. Rangthanmawia, Superintendent of Taxes (GST Cell), Mizoram
27. Shri Niten Chandra, Commissioner, Commercial Tax, Odisha
28. Shri Sahadev Sahoo, Joint Commissioner, Commercial Tax, Odisha
29. Shri K. Sridhar, Deputy Commissioner, Commercial Tax, Puducherry
30. Dr. Karthik, Additional Secretary, Punjab
31. Shri Pawag Garg, Additional Commissioner, Excise & Taxation, Punjab
32. Shri Vaibhav Galriya, Commissioner, Commercial Tax, Rajasthan
33. Shri Manoj Rai, Joint Commissioner, Commercial Tax, Sikkim
34. Shri D. Soundraraja Pandian, Joint Commissioner (Taxation), Commercial Taxes, Tamil Nadu
35. Shri K. Chandrasekhar Reddy, Additional Commissioner, Commercial Tax, Telangana
36. Shri Vikas Singh, Commissioner of Taxes and Excise, Mizoram
37. Shri Vivek Kumar, Additional Commissioner, Commercial Tax, Uttar Pradesh
38. Shri Abhijit Gupta, Commercial Tax Officer (IT), Uttar Pradesh
39. Shri N.C. Sharma, Additional Commissioner, Commercial Tax, Uttarakhand
40. Smt. Ujjaini Datta, Joint Secretary, Finance, West Bengal

### Goods and Services Tax Network (GSTN)

1. Shri Navin Kumar, Chairman, Goods and Services Tax Network
2. Shri Prakash Kumar, Chief Executive Officer, Goods and Services Tax Network

### Empowered Committee of State Finance Ministers

1. Shri Satish Chandra, Member Secretary, Empowered Committee
2. Shri Bashir Ahmed, Adviser, Empowered Committee

## ANNEXURE-IV

Government of -----

Department of -----

### **Form GST –**

### **Refund Claim Form under ----- Goods & Services Tax Act, -----**

(To be used by Tax Payers only)

1. GSTIN																			
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2. Full Name of Taxpayer																			

3. Taxpayer's address	Building Name/ Number																			
	Area/ Road																			
	Locality/ Market																			
	Pin Code																			

4. Amount of refund claimed (Rs.)	IGST	CGST	SGST

5. Ground for claiming refund  (provide reasons in detail, attach additional sheets, if required)  [Attach /upload supporting documents)	

6. Tax Period for which refund claimed	<b>From</b>							<b>To</b>						
		dd	mm	yy		dd	mm		yy					

7. Details of Bank Account																			
i)	Bank Account No.																		
ii)	Bank Account Type																		
iii)	Operated in the name of																		
iv)	Name & Address of Bank/Branch																		
v)	MICR No. / IFSC																		

8. Verification

I/We \_\_\_\_\_ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory \_\_\_\_\_

Full Name (*first name, middle, surname*) \_\_\_\_\_

Designation / Status \_\_\_\_\_

Place																				
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date								
	Day		Month		Year			

## ANNEXURE-V

Department of -----

Government of -----

**Form GST –**  
[ See Rule - ]

Reference No.

Date -

### Refund order under ----- Goods & Services Tax Act, ----

1. GSTIN																				
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. Full Name of Tax Payer																				

3. Tax Payer's address	Building Name/ Number																			
	Area/ Road																			
	Locality/ Market																			
	Pin Code																			

4. Receipt No. & date of refund application	Receipt No. -	Receipt date -
---	---------------	----------------

5. Act	Tick <input checked="" type="checkbox"/> one	<input type="checkbox"/> IGST <input type="checkbox"/> CGST <input type="checkbox"/> SGST
6. Type of refund application	Tick <input checked="" type="checkbox"/> one	<input type="checkbox"/> Return type <input type="checkbox"/> Application

Note - Return type can be regular & composition (say, GST-20,21) etc.

7. Tax Period for which refund claimed	<b>From</b>									<b>To</b>								
		dd	mm	yy			dd	mm	yy									

8. Refund calculation	Amount (Rs.)																			
(i) Refund claimed																				
(ii) Refund reduced, if any																				
(iii) Refund allowed (i – ii)																				
(iv) Interest due in case of delayed payment of refund																				
(v) Amount of adjustment against outstanding demand																				



(vi) Net amount of refund payable	(iii + iv - v)																					
9. Details of Bank Account																						
i) Bank Account No.																						
ii) Bank Account Type																						
iii) Operated in the name of																						
iv) Name & Address of Bank/Branch																						
v) MICR No. / IFSC																						

(Signature)

Name

(Designation)

Ward/Circle/Unit/Other

(Place)

(Date)

Note - Please quote your GSTIN while communicating with the department ----- in this matter or in any other matter whatsoever.

**ANNEXURE-VI**

**Reduction / Adjustment Summary**

Sr No.	Description	Year & Tax Period	Amount (reduction / adjustment)	Order No.	Order date	Balance demand, if any remaining after adjustment
1	2	3	4	5	6	7
1.	Reduction of refund amount					
2.	Adjustment against outstanding demand					
	<b>Total</b>					

(Signature)

Name

(Designation)

Ward/Circle/Unit/Other

(Place)

(Date)

ANNEXURE-VII

Department of -----

Government of -----

**Form GST -**

[See Rule -- ]

**Refund Claim Form under ---- Goods & Services Tax Act, -----**

[To be used only by Embassies, International and Public Organisations and their Officials]

1. Registration No.														
---------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. Tax Period for which refund claimed	<b>From</b>							<b>To</b>						
		dd	mm	yy			dd		mm	yy				

3. Full Name of Embassy / Organisation /														

4. Address of Embassy / Organisation	Building Name/ Number													
	Area/ Road													
	Locality/ Market													
	Pin Code													
	Email Id													
	Telephone Number													
	Fax Number													

5. Entry Number of ---- Schedule under which the applicant is eligible to claim refund		
--	--	--

6. Amount of refund claimed (Rs.) (As per invoice detail provided below)	IGST	CGST	SGST

7. Details of purchases of tax paid goods in respect of which refund of tax is sought

Sr. No.	Invoice date	Invoice No.	Supplier's GSTIN	Supplier's Name	Value / Price (excluding tax)	Tax (Rs.)		
						IGST	CGST	SGST
1	2	3	4	5	6	7	8	9
Total								

8. Details of Bank Account in which refund should be remitted	Bank Account Number																		
	Bank Account Type																		
	Operated in the name of																		
	MICR / IFSC																		
	Name of Bank																		
	Address of Branch																		

9. Verification

I/We \_\_\_\_\_ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory \_\_\_\_\_

Full Name (*first name, middle, surname*) \_\_\_\_\_

Designation / Status \_\_\_\_\_

Place \_\_\_\_\_

Date

	Day		Month		Year