

Note on Refund under GST

Refund related Circulars:

As recommended in the 37th GST council meeting, CBIC has issued 2 circulars related to refunds as follows:

- a) Circular No. 110/29/2019 - GST dt. 03.10.2019 allowing a registered person to file a refund applicable if inadvertently "nil" application has been filed.
- b) Circular No. 111/30/2019 - GST dt. 03.10.2019 detailing the procedure to claim refund in Form GST RFD – 01 subsequent to favourable order in appeal or any other forum.

Please find below a summary of both the Circulars.

- a) **Circular No. 110/29/2019 - GST dt. 03.10.2019 allowing a registered person to file a refund applicable if inadvertently "nil" application has been filed.**

- **Relief Aimed at:**

Whenever a registered person proceeds to claim refund in FORM GST RFD-01A/RFD-01 under a category for a period on the common portal, the system pops up a message box asking whether he wants to apply for 'NIL' refund for the selected period. This is to ensure that all refund applications under a category are filed chronologically. However, certain registered persons may have inadvertently opted for filing of 'NIL' refund. Once a 'NIL' refund claim has been filed for a period under a category, the common portal does not allow the registered person to re-file the refund claim for that period under the said category.

This Circular is aimed to provide to provide relief to them who had inadvertently filed a nil application.

- **Conditions to be satisfied for claiming the same:**

For refund claims falling under the following categories:

- a) Refund of unutilized input tax credit (ITC) on account of exports without payment of tax
- b) Refund of unutilized ITC on account of supplies made to SEZ Unit/SEZ Developer without payment of tax
- c) Refund of unutilized ITC on account of accumulation due to inverted tax structure

Following are the conditions to be satisfied:

- a) The registered person must have filed a NIL refund claim in FORM GST RFD-01A/RFD-01 for a certain period under a particular category and
- b) No refund claims in FORM GST RFD-01A/RFD-01 must have been filed by the registered person under the same category for any subsequent period.

For the refund categories other than those falling above, registered persons shall be allowed to re-apply even if the condition (b) is not satisfied.

- **Procedure for claiming once the conditions are satisfied:**

Once the conditions are satisfied the refunds are to be claimed under “Any Other” category. On receipt of the application electronically the proper officer shall scrutinize the application as per the law and proceed for issue of refund order where the claims are genuine.

Where the refund is filed for unutilized ITC cases the proper officer will ask the registered person to debit the electronic credit ledger through Form DRC - 03 and once the proof of debit is received he may process the refund.

b) Circular No. 111/30/2019 - GST dt. 03.10.2019 detailing the procedure to claim refund in Form GST RFD – 01 subsequent to favourable order in appeal or any other forum.

Where a favorable order has been received by a registered person in respect of a refund claim rejected by the adjudicating authority following are the procedure to be undertaken for the claim of refund:

- File a 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 and the copy of the refund rejection order.
- On receipt of the application 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.
- For refund application of unutilized ITC cases, adjustment with respect to debit and recredit of credits will have to be verified by the proper officer before approving the refund claims.