Lakshmikumaran & Sridharan attorneys

L&S Update

an e-update to clients from
Lakshmikumaran & Sridharan

L&S GST Update No. 27
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Revised Draft Refund Rules – May 2017

Application for refund of tax, interest, penalty, fees or any other amount

- List of documentary evidences have been provided to establish claim of refund. Apart from specific documentation already provided, the following have to be furnished:
  - In respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, a declaration to the effect that the Special Economic Zone or the Special Economic Zone developer has not availed of the input tax credit of the tax paid by the supplier of goods or services or both.
  - A statement showing the details of transactions considered as intra-state supply but which is subsequently held to be inter-state supply
  - A statement showing the details of the amount of claim on account of excess payment of tax.

- Refund of input tax credit in case of inverted duty structure shall be granted as per formula (Annexure 1)

Acknowledgment:

- The time period as specified in Section 54 (7) CGST Act shall be counted from the date of filing as indicated in acknowledgment in FORM GST RFD-02.

- An acknowledgment in FORM GST RFD-02 shall be issued within a period of three days of filing of claim for refund of Integrated tax on account of export of goods.

- A **fresh refund application** after rectification of deficiencies shall be required to be filed after any deficiencies noticed and communicated by the proper officer.

Grant of Provisional Refund:

- The following conditions for granting provisional refund have been removed:
  - GST compliance rating of the applicant not less than five on a scale of 10.
  - No pendency of proceedings of any appeal, review or revision on any of the issues which form the basis of refund.

Order Sanctioning Refund:

- Where proper officer or the Commissioner is of the opinion that the amount of refund is liable to be withheld under Section 54 (10) or Section 54 (11) , then the order in Part B of FORM GST RFD-07 informing the applicant the reasons for withholding of refund shall be passed.

- Apart from the above, there are certain other minor modifications also in the rules.

Annexure 1

Formula for determining refund in case of inverted duty structure

$$\text{Maximum Refund Amount} = \left\{ (\text{Turnover of inverted rated supply of goods}) \times \frac{\text{Net ITC}}{\text{Adjusted Total Turnover}} \right\} \text{ Minus Tax payable on such inverted rated supply of goods}$$

Phrase	Meaning
Net ITC	Input tax credit availed on inputs and input services during the relevant period
Adjusted Total Turnover	Turnover in a state or a Union territory excluding the value of exempt supplies other than zero-rated supplies during the relevant period
Relevant Period	The period for which the claim has been filed.

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