

Clarification on refund related issues under GST

To clarify various refund related issues faced by the taxpayer, the Central government has issued the Circular no 45/19/2018-GST dated 30th May 2018. The important points of clarification are summarized below:

Refund claim filed by an Input Service Distributor, a person paying tax under section 10 or a non-resident taxable person

The earlier circular no 24/24/2017-GST dated 21.12.2017 mandates that refund claim for a tax period may be filed only after filing the details in Form GSTR-1 for the tax period, and GSTR-3B for the last tax period before the one in which the refund application is being filed. This created issues as Form GSTR-1/ GSTR-3B is not applicable to some of the taxpayers.

Hence, it has been clarified that in case of claim for refund of balance in electronic cash ledger filed by ISD or composition taxpayer; and the refund claim for balance in electronic cash/credit ledger by non-registered taxable person, filing of return in Form GSTR-1 and GSTR-3B is not mandatory. Instead the applicable return GSTR-4 for composition taxpayer, GSTR-6 for ISD and GSTR-5 for non-resident taxable person would serve the purpose.

Refund of IGST paid on export of services and supplies made to SEZ Developer or SEZ Unit

Those taxpayers who have inadvertently shown the Zero-rated supplies under column 3.1(a) instead of column 3.1(b) in Form GSTR-3B, however correctly reported under Table 6A or 6B of GSTR-1, earlier were unable to file refund claim in form GST-RFD-01 A on the common portal due to validation checks.

Now, for the period 01.07.2017 to 31.03.2018, registered person shall be allowed to file refund application in Form GST RFD-01A on the common portal subject to the condition that amount of refund of integrated tax/cess shall not be more than aggregate of integrated/cess mentioned in column 3.1(a), 3.1 (b) and 3.1(c) of Form GSTR-3B.

Refund of unutilised ITC of Compensation cess availed on inputs in cases where final product is not leviable to compensation cess:

It is clarified that a registered person making zero rated supplies under bond or LUT may claim refund of unutilised credit including that of compensation cess.

However, in case a registered person makes zero rated supplies on payment of IGST, they cannot claim refund of compensation cess.

Whether bond or LUT is required in case of zero rated supply of exempted or non-GST goods and whether refund can be claimed by the exporter of exempted or non-GST goods?

It is clarified that in respect of refund claims on account of export of non-GST and exempted goods without payment of integrated tax; LUT/bond is not required. Such registered persons exporting non-GST goods shall comply with the requirements prescribed under the existing law (i.e. Central Excise Act, 1944 or the VAT law of the respective State) or under the Customs Act, 1962, if any.

http://www.cbic.gov.in/resources//htdocs-cbec/gst/Circular_No.45.pdf