

From

Excise & Taxation Commissioner,  
Haryana, Panchkula.

To

All the Dy. Excise & Taxation Commissioners (ST),  
in the State of Haryana.

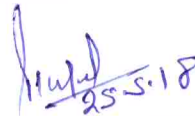
Memo No. 1645 /GST-III,  
Panchkula, dated the 25/05/2018

**Subject: Regarding Guidelines for Refund Processing under the HGST Act – Standard Operating Procedure for manual application and processing.**

**MEMORANDUM**

Please find enclosed herewith a copy of guidelines regarding refund under HGST Act – Standard Operating Procedure for manual application and processing on the basis of various relevant provisions under HGST Act, Rules, Notifications and Circulars.

It is requested to bring this to the knowledge of all the assessing authorities working under your control for their information and necessary action.

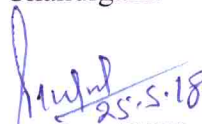
  
25.5.18

Superintendent(GST)  
for Excise & Taxation Commissioner, Haryana.

**Endst. No. 1646 / GST-III, Panchkula, dated the 25/05/2018**

A copy alongwith a copy of guidelines regarding refund under HGST Act is forwarded to the following for information and necessary action:-

1. All the Jt. Excise & Taxation Commissioners (Division/Range) in the State of Haryana.
2. All the Joint Excise & Taxation Commissioners (Appeals) in the State of Haryana.
3. The Senior Deputy Accountant General (Audit), Haryana, Chandigarh.
4. PS/ACSET.

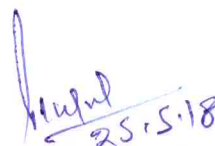
  
25.5.18

Superintendent(GST)  
for Excise & Taxation Commissioner, Haryana.

**Endst. No. 1647 /GST-III, Panchkula, dated the 25/05/2018**

A copy alongwith a copy of guidelines regarding refund under HGST Act is forwarded to the following in the Head Office for information and necessary action:-

1. All the Addl. Excise and Taxation Commissioners.
2. All the Jt. Excise and Taxation Commissioners.
3. The Jt. Director (L)-I and II.
4. The Dy. Excise and Taxation Commissioners.
5. DA-I and II.
6. DDA-I & II.
7. PS/PA to ETC.

  
25.5.18

Superintendent(GST)  
for Excise & Taxation Commissioner, Haryana.



2018

# Refund under GST

Standard Operating Procedure  
for manual application and  
processing

Prepared by:  
Excise & Taxation Department  
Govt. of Haryana



## **INTRODUCTION:**

Efficient Processing of refunds is extremely critical for any tax administration in view the fact that any inefficiency in relation thereto may stress the capital inflow of the whole economic cycle. On the other hand, it is imperative upon the tax authorities to exercise utmost vigil while processing the refund applications so that the public exchequer is not imperiled.

GST is a technological driven tax administration and is still at a very nascent stage of implementation. Feedbacks from various quarters keep pouring in regarding difficulties being faced by the various stakeholders in its implementation. Taxing authorities of the state, in particular, are seeking guidance and clarifications on various issues related to the provisions of the law for effective processing of the refund applications and the procedure associated thereto. Hence these guidelines.

The application software for online processing of refund application is not functional on the National GST Portal as of now, therefore, Rule 97A has been carved out to provide for manual processing of refunds. Two new forms namely, **FORM GST RFD 01A** and **FORM GST RFD 01B** have been introduced in this regard vide notification No.128/ST-2, dated 22.12.2017. **FORM GST RFD 01A** is the application form for claiming refund manually and **FORM GST RFD 01B** contains the details of the refund orders. The detailed procedure for manual processing of refunds has also been laid down in the Circular No. 17/17/2017 – GST dated 15/11/2017 and 24/24/2017 – GST dated 21/12/2017 issued by the Central Board of Excise and Custom (CBEC).

### **1. Types of Refunds:**

A conjoint and harmonies reading of the provisions of GST laws including CGST, State GST, IGST and Cess give rise to refunds of tax, interests, penalty, fee or any other amount on various grounds. Various kinds of refunds that may arise under the different provisions of GST law are tabulated as under:-

- (i) Export of Goods or Services or both
- (ii) Supplies of Goods or Services or both to SEZs units and SEZ developers
- (iii) Deemed Export supplies
- (iv) Refund of accumulated Input Tax Credit on account of zero-rated supplies or inverted duty structure
- (v) Refund arising on account of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court
- (vi) Excess payment due to mistake
- (vii) Refund of pre-deposit

- (viii) Refund of CGST & SGST paid by treating the supply as Intra-State supply which is subsequently held as Inter-State supply and vice versa.
- (ix) Refund on account of issuance of refund vouchers for taxes paid on advances against which goods or services have not been supplied
- (x) Finalisation of provisional assessment
- (xi) Refund of taxes on purchase made by UN or embassies etc
- (xii) Refunds to International tourists of GST paid on goods in India and carried abroad at the time of their departure from India

### **Standard Procedures for Refunds**

First of all, the standard procedure for processing of refunds needs to be elaborated. The whole process of refunds under GST has been designed so as to bring about standardisation in the processing all types of refunds to the extent possible. The forms have been standardised like forms for making claims of refunds, deficiency memo, show cause notice, sanctioning refunds etc. Therefore, standard step-by-Step Procedure for Refunds is described as under:

#### **A. Application Form**

Presently, refunds applications are being processed manually. Therefore, procedures described hereunder confined to manual processing of refunds only.

All persons seeking refunds have to apply for refunds in the form **GST RFD-01A**, which are to be processed manually. The refund application in format GST RFD-01A is not applicable in the following categories:

- Refunds by UN agencies or embassies
- Refund of Integrated tax on export supply of goods to outside India

Any refund related to balance lying in electronic cash register in accordance with sub-section 6 of section 49 can be made thorough return furnished for the relevant period.

All application for refunds has to be filed within two years of the relevant date.

The application for refund should be accompanied by such documentary evidence which establishes that: (i) the refund is due to the applicant and, (ii) to the effect that refund claimed by the applicant was collected from, or paid by, him and the incidence of such tax and interest has not been passed on to any other person.

#### **B. Submission of the Application:**

The application for refund shall be filed in FORM GST RFD-01A on common portal. The print-out of the application form RFD-01A, as submitted on the national portal, shall be submitted manually to the jurisdictional Proper Officer with all the necessary documentary evidences within the stipulated time.



In case, the refund relates to unutilized credit on inputs or inputs services used in making zero rated supplies, the amount claimed as refund shall be debited from electronic credit ledger in accordance with sub-rule (3) of Rule 86 of the GST Rules. Common portal shall generate a proof of debit (ARN) which shall be mentioned on FORM GST RFD-01A.

The application shall be filed before the jurisdictional tax authority to which the tax payer has been assigned. In case the taxpayer has not been assigned to any taxing authority of the Centre or the State, the taxpayer will have the option to apply for refund before Central Tax Authority or the State Tax Authority. However, he will have to give an undertaking to the effect that the application for refund has been submitted before only one of the two authorities.

### **C. Acknowledgement**

An acknowledgment in the form of **GST RFD-02** is required to be given to the applicant clearly indicating the date. The time period specified for processing of refund application shall be counted from such date.

In case where the refund relates to claim arising from electronic cash register, an acknowledgment **GST RFD-02** shall be issued online from the portal itself.

In all other cases (other than seeking refund from electronic cash ledger), The Proper Officer shall examine the application in form GST RFD-01A for its completeness in terms of sub-rule (2), (3), (4) of Rule 89. The Proper Officer shall validate the GSTIN details on the portal to see whether return has been filed. A declaration has to be filed by the claimant to the effect that no refund has been claimed against the relevant invoices. This process of examination of RFD-2 has to be completed within a period of 15 days of filing the application. If the application for refund RFD-01A is found to be complete as described above, the acknowledgment, RFD-02 shall be issued.

In case, any deficiency is noted in the course of examination with regard to its completeness, a deficiency memo in form GST RFD-03 communicating the deficiencies shall be issued.

The applicant can file his refund application afresh by making good the deficiencies and mentioning the same ARN number and debit entry, if any, as in his original application within 30 days of communication of the deficiency memo.

The Proper Officer has to examine this application as a fresh application. Acknowledgement RFD-02 shall be issued if the deficiencies have been rectified.

The stipulated time period for sanctioning the refund shall be counted from the date of RFD-02.

If the application is not filed within 30 days, the Proper Officer shall pass an order in form PMT-03. The amount of credit rejected has to be re-credited to the credit ledger by an order in FORM GST PMT-03 and shall be communicated to the common portal in form GST RFD-01B.

#### **D. Provisional Refund**

In case of zero-rated supplies, GST law provide for grant of provisional refund amounting to 90% of the total refund claimed. The provisional refund has to be paid within seven days after giving the acknowledgement, RFD-02.

The persons who have been prosecuted in the last five years for any offence under the GST law or any other law subsumed in GST, for an amount exceeding 2.5 Crore, are not eligible for provisional refund.

The Proper Officer shall examine the application and on being prima facie satisfied that the amount of refund claimed by the applicant is due to him, shall make an order in the FORM GST RFD-04 sanctioning the provisional refund within a period not exceeding seven days from the date of RFD-02.

The amount of provisional refund shall be calculated by taking into account total ITC without making any reduction for credit being provisionally accepted. The Proper Officer shall also issue a payment advice in the form RFD-05 for the sanctioned amount which shall be credited electronically to any of the accounts of the applicants recorded in his registration particulars and specified in the application.

The payment of sanctioned amount in relation to Central tax, Integrated tax, Cess shall be made by Central tax authorities and in relation to state tax by the State tax authorities. So, the refund orders issued by the State tax authorities or the Central tax authorities shall be communicated to the counterpart concerned tax authorities.

It should be ensured that the timeline specified under section 54(6) of the GST law (7 days) be adhered to.

#### **E. Sanctioning of Refund**

The application of refunds shall be scrutinized by the Proper Officer for its lawful claim. The details shall be validated from returns.

In cases where the Proper Officer has the reasons, to be recorded in writing, that the claim, wholly or partly, is not admissible to the applicant, he shall issue a show cause notice in FORM GST RFD-08 to the applicant affording him an



opportunity of being heard and seeking his reply. The applicant may respond to this notice by furnishing a reply in FORM GST RFD-09 within 15 days of receipt of notice.

So, it is advised that Show Cause notice in form GST RFD-08, if required, be issued within a period of 35 days of date of RFD-02 so that whole process is completed well within the time limit of 60 days.

The Proper Officer shall pass an order in FORM GST RFD-6, after considering his reply, sanctioning the amount of refund in whole or part, or, rejecting the said refund claim.

The amount of provisional refund shall be adjusted accordingly. In case, Proper Officer is satisfied that the amount of refund is not payable to the applicant under the provisions laid down under section 54(8), the sanctioned amount of refund shall be credited to the consumer welfare fund (CWF). A sanctioning order in form RFD-6 and a payment advice in the form of RFD-05 will be issued accordingly.

In case where Proper Officer is satisfied that the amount of sanctioned refund relates to applicant under the provisions of section 54(8), the sanctioning order in form RFD-06 and payment advice in form RFD-5 shall be issued accordingly.

The Proper Officer shall adjust any amount which is due towards the applicant under the GST law or any of the laws subsumed in GST, from the amount of refund which he is found entitled to. The details of such adjusted amount and amount of provisional refund, if any already sanctioned to him, shall be recorded in his order in form RFD-06.

In case where complete amount of refund is adjusted towards his outstanding liabilities, the order giving details of adjustment shall be passed in **part A** of form **RFD-07**.

Refund, if any, will be paid by an order with payment advice in form GST RFD-05. The details of refund along with details of his bank account shall be manually submitted to DDO for release of payment.

The amount of credit rejected has to be re-credited to the credit ledger by an order in form GST PMT-03 and shall be communicated to the common portal in form GST RFD-01B.

The payment of sanctioned amount in relation to Central tax, Integrated tax, Cess shall be made by Central tax authorities and in relation to state tax by the State tax authorities. So, the refund orders issued by the State tax authorities or the

Central tax authorities shall be communicated to the counterpart concerned tax authorities within seven days for the purpose of payment of the relevant sanctioned amount of refund.

It should be ensured that the timeline specified under section 54(7) of the GST law (60 days) and the Rule 91(2) of the GST rules( 7 days for provisional refund) be adhered to.

#### **F. Withholding of Refunds:**

Refund amount found due to any applicant can be withheld under the provisions of sub section 10 or 11 of section 54 of GST law. A refund amount of any person can be withheld if he has defaulted in furnishing any return or has not paid any amount of tax, interest or penalty which has not been stayed by any court, Tribunal or Appellate Authority. Refunds in this case shall be withheld till returns are furnished and amount is paid.

Refunds can also be withheld in cases where it is a subject matter of further proceedings and the Commissioner is of the view that refund is likely to adversely impact the recovery of revenue on account of malfeasance or fraud. The commissioner may withhold refund on this ground after giving an opportunity of being heard. Refund can be withheld for such time as he may deem fit. In this case, the applicant shall be entitled to interest @6% per annum if he is finally found to be entitled to such refund.

#### **Types of Refunds**

As has been stated above, an application for refund has to be accompanied with documents evidencing that the amount of refund is due to the applicant and to establish that the incidence of tax has not been passed on to any other person. Refunds under GST arise under various situations laid down in different provisions of law. So, major types of refund are described category-wise for its specifics.

##### **A. Refunds arising from Zero-Rated Supplies**

The refunds arising from zero rated supplies constitute one of the major categories of refunds. Zero rated supply has been defined under Section 16 of the Integrated Goods and Services Tax Act, 2017. Zero rated supply includes supplies of goods or services or both in the course of export and to Special Economic Zone (SEZ) Developer or Special Economic Zone Unit.

The supplier of zero rating supplies will be entitled to claim input tax credit in respect of supply of goods or services or both even though the supplies might be non-taxable or exempted supplies.



Every supplier making zero rated supplies has two options: (i) either he can make his supplies under bond/LUT and claim refund on accumulated input tax credit; or (ii) he can make his supplies on payment of integrated tax and claim refund thereof.

GST law also provides for grant of provisional refund amounting to 90% of the total refund claimed by applicants seeking on account of zero rated supplies. The provisional refund has to be paid within seven days of giving the acknowledgment (RFD-02).

In case an exporter makes supplies of goods out of India on payment of integrated tax, the refund process shall be governed by Rule 96 of the GST Rules. The refund in such cases shall be processed by system designated by the custom. This does not apply to export supply of services out of India.

In all other cases of zero rated supplies, the refund application shall be processed by the proper officers under GST from the Centre or the State Tax Administration. These cases will comprise of the following:-

- (i) Export of services outside India on payment of integrated tax
- (ii) Supply of goods or services or both to SEZ Developers or SEZ Unit on payment of Integrated tax
- (iii) Export of goods outside India under Bond/LUT without payment of integrated tax.
- (iv) Export of services outside India under Bond/LUT without payment of integrated tax.
- (v) Supply of goods or services or both to SEZ Developers or SEZ Unit without payment of Integrated tax under Bond/ LUT

**(i) Export of services outside India on Payment of Integrated Tax:** In this case, the supplier will first pay integrated tax on his supplies of services outside India in the course of export. The supplier is entitled to refund of the amount of integrated tax paid on such supplies. The applicant will file his application in form RFD-01A along with the statements containing number and date of invoices and relevant Bank Realization Certificate (BRC) or Foreign Inward Remittance Certificate (FIRC). The statement has been prescribed as **Statement 2** attached with RFD-01A. **The receipt of payment by the supplier in foreign convertible exchange is prerequisite for supply of service in the course of export except.**

Export of Services) with payment of tax (Refund of IGST paid on export of services)	✓ Copy of FORM RFD-01A filed on common portal
	✓ Copy of Statement 2 of FORM RFD-01A
	✓ Invoices w.r.t. input, input services and capital goods



- ✓ BRC/FIRC for export of services
- ✓ Undertaking/Declaration in FORM RFD-01A

**(ii) Supplies of Goods or services to SEZ developer or Unit on payment of**

**tax:** In cases where supplies of goods or services are made to SEZ unit or SEZ developer, the supplier of goods or services shall file application for refund in form GST RFD-01A.

In case of supplies of goods to SEZ unit or SEZ developer, the goods should have been admitted in full in the SEZ for authorized operations which will be endorsed by the Specified Officer of the Zone.

In case of supplies of services to SEZ unit or SEZ developer, receipt of the services for authorized operations shall be endorsed by the Specified Officer of the Zone.

Therefore, the application for refund under this category shall be accompanied with following documents:

- A declaration to the effect that SEZ unit or SEZ developer has not availed of the input tax credit of the tax paid by the supplier
- In case of supply of goods, a statement containing number and date of invoice along with evidence regarding endorsement of Specified Officer of the Zone to the effect that goods have been admitted in SEZ for authorized operations
- In case of supply of services, a statement containing number and date of invoice along with evidence regarding endorsement of Specified Officer of the Zone to the effect that services have been received in SEZ for authorized operations and the details of payment and the proof thereof

Statement 4 of attached with RFD-01A has been prescribed for such persons.

**(iii), (iv) & (v) Refund of Unutilized Credits of Inputs and Input Services on**

**account of Zero-rated supplies:** The refund of unutilized credits of input and input services on account of zero-rated supplies shall arise when supplies of goods or services are made without making payments of Integrated tax in the course of export out of India or to SEZ units or SEZ developers.

The amount of refund claimed in such cases shall be debited from electronic ledger at the time of filing his application RFD-01A online on common portal. The debit of credit ledger has been prescribed under sub-rule (3) of Rule 86 of GST Rules. The common portal shall generate a proof of debit, ARN-acknowledgement receipt number- which would be mentioned in the FORM GST RFD-01A.

The statements 3 or 5 of Annexure to FORM GST RFD-01A are prescribed for the details to be submitted in such cases. The application shall be submitted manually before the jurisdictional Proper Officer as in other cases.



The documentary evidences have to be submitted to establish that refund is due to the applicant and that the amount of refund claimed was collected from, or paid by, him and the incidence of such tax and interest has not been passed on to any other person.

In cases where the amount of refund is less than Rs.2 Lakh, the applicant may file a declaration to this effect as evidence.

In case the amount of refund exceeds Rs.2 lakh, a certificate to the effect that incidence has not been passed on to any other person issued by CA should be submitted by the applicant along with his application.

Provisional refunds shall be granted in such cases as has been explained in the foregoing paras.

The amount of refund in these cases shall be computed by formula explained here as under:

**Refund Amount** = (Turnover of Zero –rated supply of Goods + Turnover of Zero-rated supply of services) X Net ITC/Adjusted Total Turnover.

Where,-

**"Refund amount"** means the maximum refund that is admissible;

**"Net ITC"** means input tax credit availed on inputs and input services during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both of Rule 89 of the GST Rules;

**Explanation:** Sub-rule (4A) of rule 89 of GST Rules provide that a person (the supplier seeking refund on his zero rated supply) will be entitled to refund of credits on inputs or input services other than those on which his supplier has taken the benefit of deemed export and which have been used in making zero-rated supplies. The amount of such credit will be excluded from the net ITC.

**Explanation:** Similarly, Sub-rule (4B) of rule 89 of GST Rules provide that a person will be entitled to refund of credits on inputs on which suppliers have availed the benefits of concessional rate of tax for supply to exporters of 0.05% and 0.01% under State GST and Integrated GST respectively when used in making zero-rated supplies of goods. Such persons shall also be entitled to refund of other credits of inputs or input services to the extent of used in making such exports. However, the amount of such credits will be excluded from the net ITC used for computation of amount of refund.

**"Turnover of zero-rated supply of goods"** means the value of zero-rated supply



of goods made during the relevant period without payment of tax under bond or letter of undertaking , other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;

**"Turnover of zero-rated supply of services"** means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:- Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

**"Adjusted Total turnover"** means the turnover in a State, as defined under clause (112) of section 2, excluding –

- (a) the value of exempt supplies other than zero-rated supplies and
- (b) the turnover of supplies in respect of which refund is claimed under sub rules (4A) or (4B) or both, if any, during the relevant period;

**"Relevant period"** means the period for which the claim has been filed.

List of documents to be attached:-

Export (goods or services) without payment of tax (Refund of accumulated ITC of IGST/CGST/SGST/UTGST/Cess)	✓	Copy of FORM RFD-01A filed on common portal
	✓	Copy of Statement 3A of FORM RFD-01A generated on common portal
	✓	Copy of Statement 3 of FORM RFD-01A
	✓	Invoices w.r.t. input and input services
	✓	BRC/FIRC for export of services
	✓	Undertaking/Declaration in FORM RFD-01A

**B. Refund arising on account of Inverted Duty Structure**

A person is also entitled for refund of accumulated input tax credit where rate of tax on inputs are higher than the rate of tax on output supplies.

The refunds in such cases are not allowed where the output supplies are nil rated or exempted supplies. The refund of accumulated credits on account of inverted duty structure is also not admissible in such cases as are notified by the Government on the recommendation of the Council.

Refunds of inverted duty structure shall be filed for a tax period on a monthly basis or quarterly basis for those taxpayers who are filing quarterly returns for having turnover less than 1.5 Crore.

It is to be ensured that a valid return in form GSTR-3B is filed for the last tax period before the one for which refund is being sought.



Persons applying for refunds must give an undertaking to the effect that the amount of refund sanctioned would be paid back to the Government with interest in case the requirement of clause (c) of sub-section (2) of section 16 read with sub-section(2) of section 42 of the GST law, are not fulfilled.

Clause (c) of sub-section (2) of section 16 read with sub-section (2) of section 42 provides that credit shall be admissible only on payment of tax by the supplier in full and its matching.

The undertaking shall be submitted manually along with the application in form RFD-01A.

The applicant shall have to submit statement prescribed as Statement-1 and statement 1A of form RFD-01A.

#### **C. Refund arising from Deemed Export:**

The Government has notified certain supplies of goods as deemed export under section 147 of the GST law. Rule 89(1) of GST Rules allows both, recipient or the supplier, to apply for refund of tax paid on such deemed export supplies.

In case the refund is sought by supplier, an undertaking has to be submitted by the recipient to the effect that he shall not claim the refund in respect of these supplies and no credit arising from these supplies has been availed of by him, alongwith the application form.

Similarly, in case the refund is claimed by the recipient of deemed export supplies, an undertaking by the supplier of deemed export has to be submitted to the effect that he shall not claim refund in respect of such supplies along with the application form.

A statement in FORM Statement 5B of GST RFD-01A is required to be furnished for claiming refund from deemed export supplies.

#### **D. Refund on account of payment of wrong tax**

Refund is also admissible to persons who happen to make payment in the wrong account of tax. A person may make payment in the account of integrated tax whereas it was to be paid in the account of state GST or Central GST and vice versa. Similarly, a person can make payment in the account of CGST whereas it was required to be paid in account of State GST and vice versa. Section 77 of GST laws and section 19 of IGST provide that this amount shall be refunded.

However, no interest shall be charged and refund shall be allowed without subjecting it to the provisions of unjust enrichment.

#### **E. Refund from orders, pre-deposits, advances etc.**



Refund arising from an order of Appellate Authority, Tribunal, or Court should be accompanied with reference number of the order and copy of the order passed by the authority. In case it relates to payment of pre-deposits under section 107(6) or section 112(8) of GST law, the reference number of the payment should be mentioned.

Refund to casual taxpayers and non-resident taxpayers out of balance from advance tax deposited at the time of grant of registration shall be granted at the end of the registration period. The amount of refund of balance amount shall not be made unless such person has filed all the returns due during the period the registration was effective.

### **Some important points**

- A. Refund under section 55 of the GST law to UN bodies and Other Notified agencies shall be process by the Central tax authorities.
- B. Refund of Integrated Tax paid on export of goods or services is not permitted to such persons who have received supplies on which the supplier has availed of the benefit of concessional rate of tax of 0.05% each for Central GST and State GST or 0.1% under Integrated Tax.
- C. Refund of Integrated Tax paid on export of goods or services is also not admissible to such persons who have received supplies on which the supplier has availed of the benefit of deemed export supplies.
- D. It may be noted that refund of input tax credit, availed only in respect of inputs received under concessional rate of tax of 0.05% each for Central GST and State GST or 0.1% under Integrated Tax is allowed when used for making zero rated supplies of goods. However, input tax credit arising from other inputs or input services used in making such exports shall be allowed.
- E. No refund of unutilized input tax credit shall be permitted in cases where refunds of integrated tax are claimed on the goods or services exported out of India or supplied to SEZ unit or SEZ developer.
- F. No refund of unutilized input tax credit shall be permitted in cases where the goods exported out of India are subjected to export duty.
- G. It may be noted that exporter of such goods which have been received from suppliers who have avail concessional rate of tax @ 0.05%/0.1%, are allowed to export the goods only under LUT/Bond but cannot export on payment of integrated tax. However, the exporter will be eligible to take credit of tax @ 0.05%/0.1% paid by him.
- H. It is clarified that as the transitional credit pertains to taxes/duties paid under the taxing laws subsume in GST, the same cannot be said to have been availed during the relevant period. So, they cannot form part of “net ITC”.
- I. It should be ensured that in cases where refund under VAT has been rejected wholly or partially, the amount so rejected shall lapse and will not be allowed to be transition to GST.
- J. Refund shall be credited to the account of applicant in the following cases:
  - i) Refund of tax paid on zero rated supplies of goods or services or both or on inputs or input services used in making zero-rated supplies.
  - ii) Refund of unutilized input tax credit under section 54(3) of GST law.



- iii) Refund of tax paid on supplies which is not provided, either wholly or partly, and for which invoice has not been issued, or where refund voucher has been issued.
- iv) Refund of tax under section 77 of GST law
- v) The tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person.
- vi) The tax or interest born by such other class of applicants as the Government may notify on the recommendation of the council.

These guidelines have been prepared on the basis of the provision of GST law, Rules, Notifications and various Circulars to assist the State Taxing Authorities in due discharge of their duties towards processing of refunds. Any difficulty or ambiguity that may still persist should be brought to the notice of the Head Office so that the same can be resolved/addressed.