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# EXPORTS AND REFUND

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# AGENDA

What is mean by Export?

Type of Exports.

Exports Procedures.

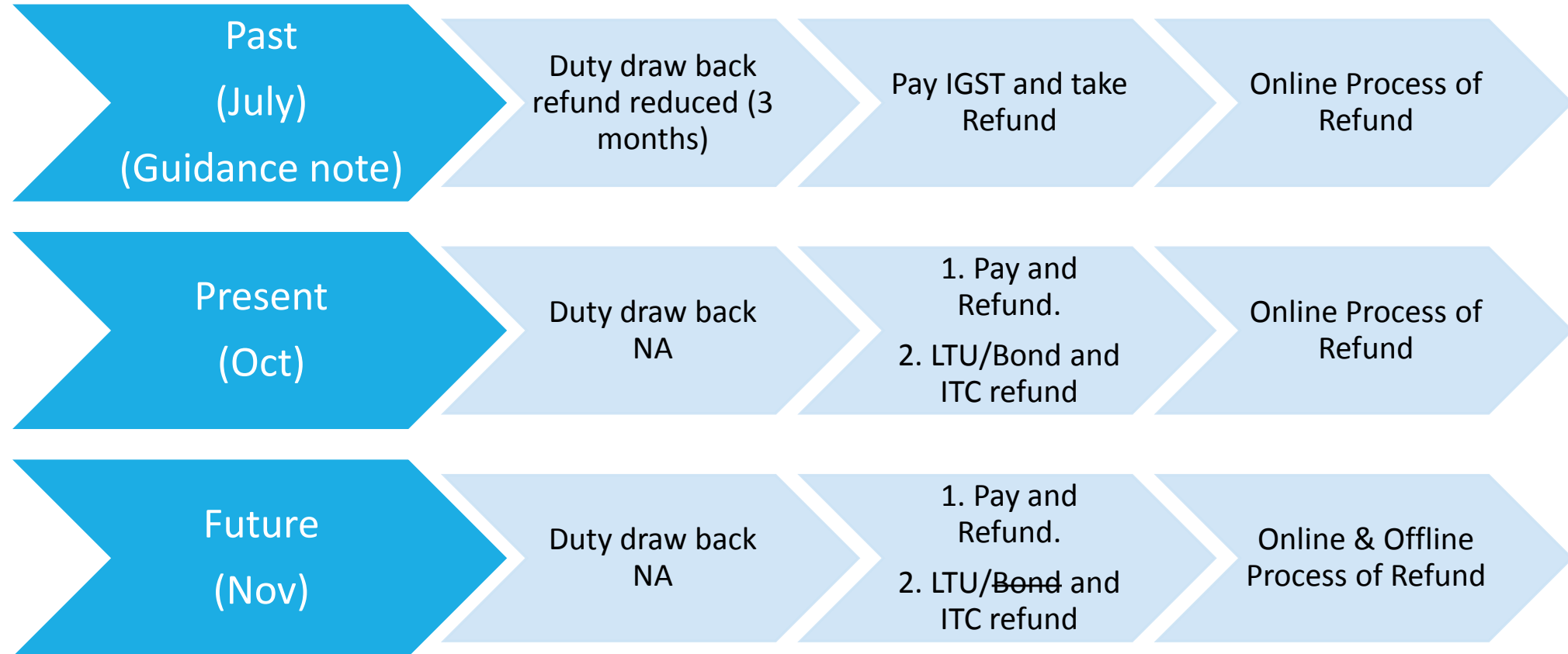
Exports and ITC.

Export and Refunds.

# Exports and Refund Story.....



# Exports and Refund Story.....



# Exports and Refund Story.....GSTN.....





# DEFINATIONS

# DEFINITION OF EXPORT OF GOODS

- “Export of goods” with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India;



# DEFINITION OF EXPORT OF SERVICES

- ❖ “export of services” means the supply of any service when,—
- (i) the supplier of service is located in India;
  - (ii) the recipient of service is located outside India;
  - (iii) the place of supply of service is outside India;
  - (iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and
  - (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8;



# ZERO RATED SUPPLY

**“zero rated supply”** means any of the following supplies of goods or services

or both, namely:—

(a) export of goods or services or both; or

(b) supply of goods or services or both to a Special Economic Zone developer

or a Special Economic Zone unit

# Treatment for Zero Rated Supplies

On account of zero rating of supplies, **the supplier will be entitled to claim input tax credit in respect of goods or services or both used for such supplies even though they might be non-taxable or even exempt supplies**

**Every person making claim of refund on account of zero rated supplies has two options.**

- ✓ Either he can export under Bond/LUT and claim refund of accumulated Input Tax Credit or
- ✓ He may export on payment of integrated tax and claim refund of thereof as per the provisions of Section 54 of CGST Act, 2017.

Thus, the GST law allows the flexibility to the exporter (which, will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

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# EXPORTS AND ITC

# Exports availing exemption from IGST

Refund , in case of exports under Bond/LUT , as per the formula :

**Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover**

Where,-

- (A) "Refund amount" means the maximum refund that is admissible;
- (B) "Net ITC" means input tax credit availed on **inputs and input services** during the relevant period;

## Exports availing exemption from IGST ( Contd...)

(C) "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 ;

(D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services **made without payment of tax**

(E) "Adjusted Total turnover" means the turnover in a State or a Union territory, excluding the value of exempt supplies other than zero-rated supplies, during the relevant period;

(F) "Relevant period" means the period for which the claim has been filed.

## Illustration for a company A in Maharashtra availing exports under Bond/LUT

Turnover of company A in Maharashtra in July 2017 : Rs 10,00,000

Turnover of zero rated supply, without payment of tax in July 2017 : Rs 6,00,000

Turnover of exempt supply in July 2017 : Rs 1,00,000

ITC availed in July 2017 : 50,000

Refund amount =  $(Rs\ 6,00,000) \times (Rs\ 50,000) / (Rs\ 10,00,000 - Rs\ 1,00,000) = Rs\ 33,333$

## Illustration for a company A in Maharashtra paying IGST on exports

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Supply value of exports goods : Rs 5,00,000

IGST on export product : 18%

IGST payable on supply : Rs 90,000

ITC availed : Rs 40,000

Net IGST paid : Rs 50,000

Refund : Rs 90,000



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Exemption to Supplies of taxable goods for Export (Merchandise)

# Exemption to Supplies of taxable goods for Export

Notification No. 41/2017--Integrated Tax (Rate) dated 23.10. 2017

Supplies of taxable goods by a registered supplier to registered recipient for export.

- **Total effective rate of tax = Total 0.1%- Central plus State tax or Integrated Tax**

Exemption from payment of GST on so much of the tax leviable on such goods as is in excess of the amount calculated @0.1%, subject to fulfilment of following conditions

# Exemption to Supplies of taxable goods for Export (Contd.)

- Conditions for 0.1 % tax
  - Supply on a tax invoice
  - Recipient to export goods within 90 days from issue of invoice by supplier
  - Recipient to indicate the GSTIN number of the registered supplier & tax invoice number issued by the registered supplier in the shipping bill or bill of export as the case may be
  - the registered recipient shall be registered with an Export Promotion Council or a Commodity Board recognised by the Department of Commerce

# Exemption to Supplies of taxable goods for Export (Contd.)

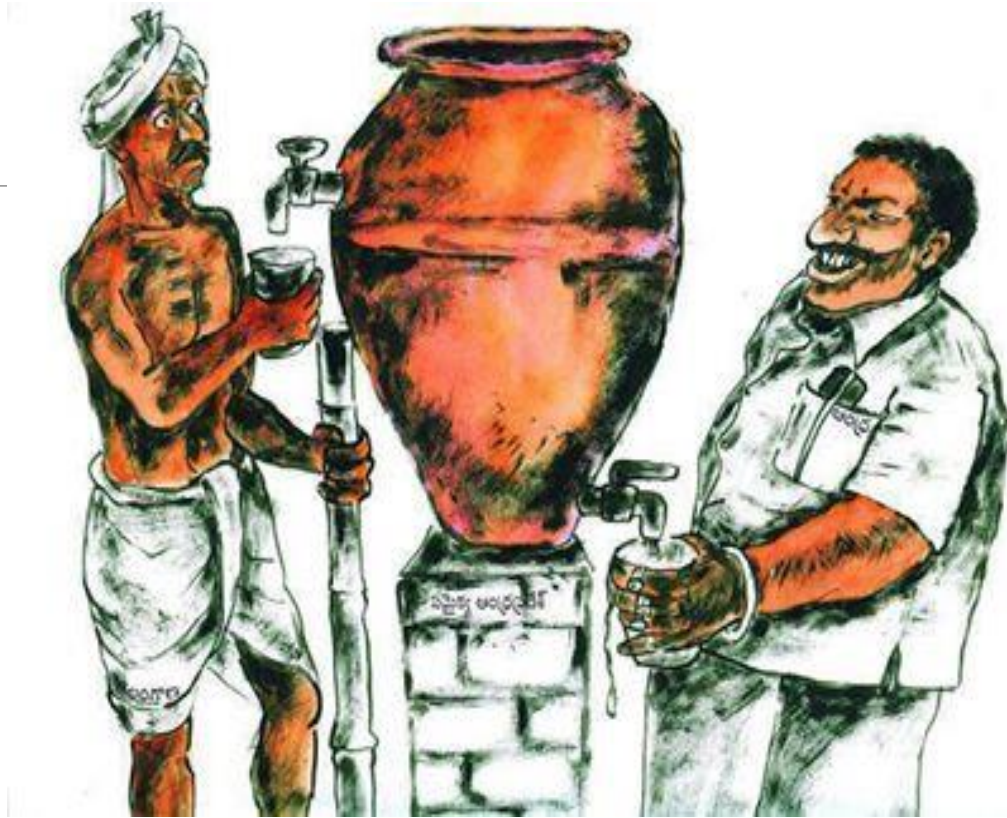
- Conditions for 0.1% Export
  - the registered recipient shall place an order on registered supplier for procuring goods at concessional rate and a copy of the same shall also be provided to the jurisdictional tax officer of the registered supplier.
  - the registered recipient shall move the said goods from place of registered supplier –
    - (a) directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; or
    - (b) directly to a registered warehouse from where the said goods shall be moved to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;

# Exemption to Supplies of taxable goods for Export (Contd.)

- Conditions .... Contd...
  - if the registered recipient intends to aggregate supplies from multiple registered suppliers and then export, the goods from each registered supplier shall move to a registered warehouse and after aggregation, the registered recipient shall move goods to the Port, Inland Container Depot, Airport or Land Customs Station from where they shall be exported;
  - in case of situation referred to in above condition, the registered recipient shall endorse receipt of goods on the tax invoice and also obtain acknowledgement of receipt of goods in the registered warehouse from the warehouse operator and the endorsed tax invoice and the acknowledgment of the warehouse operator shall be provided to the registered supplier as well as to the jurisdictional tax officer of such supplier; and

# Exemption to Supplies of taxable goods for Export (Contd.)

- when goods have been exported, the registered recipient shall provide copy of shipping bill or bill of export containing details of Goods and Services Tax Identification Number (GSTIN) and tax invoice of the registered supplier along with proof of export general manifest or export report having been filed to the registered supplier as well as jurisdictional tax officer of such supplier.
- The registered supplier shall not be eligible for the above mentioned exemption if the registered recipient fails to export the said goods within a period of ninety days from the date of issue of tax invoice.



REFUNDS



# Situations Leading to Refund Claims

1. Excess balance in Electronic Cash Ledger. **(RFD-01A Manual)**
2. Export of ~~goods or~~ services – with payment of tax. **(RFD-01A Manual)**
3. Export of goods or services – without payment of tax i.e ITC accumulated. **(RFD-01 online and 01A Manual)**
4. Supplier in case of Supplies to SEZs units and developers with payment of tax. **(RFD-01A Manual)**
5. Supplier in case of supplies to Recipient of Deemed exports with payment of tax. **(RFD-01A Manual)**
6. Refund of accumulated ITC on account of supplies made to SEZ unit/ SEZ Developer. **(RFD-01A Manual)**
7. Refund of taxes on purchase made by UN or embassies etc. **(RFD-01 Online)**
8. Refund arising on account of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court, **(RFD-01 Online)**

## Situations Leading to Refund Claims

9. Refund of accumulated Input Tax Credit on account of inverted duty structure(***RFD-01A Manual***)

10. Tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued. (***RFD-01 Online***)

11. Refund of pre-deposit(***RFD-01 Online***)

12. Excess payment of tax, if any(***RFD-01 Online***)

# Situations Leading to Refund Claims

13. Refunds to International tourists of GST paid on goods in India and carried abroad at the time of their departure from India. **(RFD-01 Online)**

14. Refund on account of issuance of refund vouchers for taxes paid on advances against which, goods or services have not been supplied. **(RFD-01 Online)**

15. Refund of CGST & SGST paid by treating the supply as intrastate supply which is subsequently held as inter-State supply and vice versa **(RFD-01 Online)**

16. Any other (Specify) **(RFD-01 Online)**

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LET'S LOOK AT VARIOUS SITUATION

# Refund to Exporters under GST Due To Insertion Of two Proviso To Rule 96/ 96A

1. As Per Rule 96/ 96A - Details of the export invoices contained in FORM GSTR-1 furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system. Once this process is completed then only a refund can be granted to an exporter.
2. Due to delays in return filing as a consequence to GSTN glitches, the CGST (Eleventh Amendment) Rules, 2017 has inserted two provisos in rule 96(2) /96A(2) effective from 28.10.2017 which provide as under.

# Refund to Exporters under GST Due To Insertion Of two Proviso To Rule 96/ 96A

3. First proviso to rule 96(2) /96A(2)- Where the date for furnishing the details of outward supplies in FORM GSTR-1 for a tax period has been extended in exercise of the powers conferred under section 37 of the Act, the supplier shall furnish the information relating to exports as specified in **Table 6A of FORM GSTR-1** after the return in FORM GSTR-3B has been furnished and the same shall be transmitted electronically by the common portal to the system designated by the Customs

4. Second proviso to rule 96(2) /96A(2)- Information in Table 6A furnished under the first proviso shall be auto-drafted in FORM GSTR-1 for the said tax period.

***The portal has made available the table 6A of GSTR-1 on portal separately. This table can now be filled by exporters to claim an early refund\*. Details furnished in this table will be auto populated in GSTR-1 of relevant month as and when filed.***

# Refund of Integrated Tax paid on Goods Exported Out of India

- ❖ Is governed by rule 96 of the CGST Rules.
- ❖ The shipping bill filed by an exporter shall be deemed to be an application for refund in such cases.
- ❖ The application shall be deemed to have been filed only when export manifest or export report is filed
- ❖ AND
- ❖ The applicant has furnished a valid return in FORM GSTR-3 or FORM GSTR-3B, as the case may be



Upon receipt of the information regarding furnishing of a valid return in FORM GSTR-3 or FORM GSTR-3B, as the case may be, from the common portal

The system designated by the Customs shall process the claim for refund

**And** an amount equal to the integrated tax paid in respect of such export shall be electronically credited to the bank account of the applicant

Any order regarding withholding of such refund or its further sanction respectively in PART-B of FORM GST RFD-07 or FORM GST RFD-06 shall be done manually till the refund module is operational on the common portal.

# Application for refund of integrated tax paid on zero-rated supply of goods to a SEZ developer or a SEZ unit or in case of zero-rated supply of services\*

- Is required to be filed in **FORM GST RFD-01A** (as notified in the CGST Rules vide notification No. 55/2017 – Central Tax dated 15.11.2017) by the supplier on the common portal
- **And** a print out of the said form shall be submitted before the jurisdictional proper officer along with all necessary documentary evidences as applicable (as per the details in statement 2 or 4 of Annexure to FORM GST RFD – 01),
- Within the time stipulated for filing of such refund under the CGST Act.

# Refund of unutilized input tax credit on inputs or input services used in making such zero-rated supplies

- The application shall be filed in FORM GST RFD01A on the common portal.
- **And** the amount claimed as refund shall get debited in accordance with sub-rule (3) of rule 86 of the CGST Rules from the amount in the electronic credit ledger to the extent of the claim.
- The common portal shall generate a proof of debit (ARN- Acknowledgement Receipt Number) which would be mentioned in the FORM GST RFD-01A submitted manually along with the print out of FORM GST RFD-01A to the jurisdictional proper officer
- and with all necessary documentary evidences as applicable (as per details in statement 3 or 5 of Annexure to FORM GST RFD-01), within the time stipulated for filing of such refund under the CGST Act.

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**THE ENTIRE PROCESS OF FILING AND  
PROCESSING OF REFUNDS MANUALLY**

Sl. No.	Category of Refund	Process of Filing
1.	Refund of IGST paid on export of goods	No separate application is required as shipping bill itself will be treated as application for refund
2.	Refund of IGST paid on export of services / zero rated supplies to SEZ units or SEZ developers	Printout of FORM GST RFD01A needs to be filed manually with the jurisdictional GST officer (only at one place - Centre or State) along with relevant documentary evidences, wherever applicable
3.	Refund of unutilized input tax credit due to the accumulation of credit of tax paid on inputs or input services used in making zero-rated supplies of goods or services or both	FORM GST RFD-01A needs to be filed on the common portal. The amount of credit claimed as refund would be debited in the electronic credit ledger and proof of debit needs to be generated on the common portal. Printout of the FORM GST RFD- 01A needs to be submitted before the jurisdictional GST officer along with necessary documentary evidences, wherever applicable

# STEPS TO BE FOLLOWED FOR PROCESSING OF REFUND CLAIMS BY AUTHORITY



Government Hospital



Government School



Government Bus



Government Job

Three different refund registers are to be maintained for record keeping of the manually sanctioned refunds

- 1) For receipts,
- 2)Sanction of provisional refunds and
- 3)Sanction of final refunds



Step No	Action to be Taken
Step-1	Entry to be made in the Refund register for receipt of refund applications
Step-2	Check for completeness of application as well as availability of the supporting documents in totality. Once completeness in all respects is ascertained, acknowledgement in FORM GST RFD-02 shall be issued within 15 days from the date of filing of the application and entry shall be made in the Refund register for receipt of refund applications

## STEP-3

- All communications (issuance of deficiency memo, issuance of provisional and final refund orders, payment advice etc.) shall be done in the format prescribed in the Forms appended to the CGST Rules, and shall be done manually (i.e. not on the common portal) within the timelines prescribed in the rules;

## Step-4

- **Processing for grant of provisional refund shall be completed within 7 days** as per the CGST Rules and details to be maintained in the register for provisional refunds.
- Bifurcation of the taxes to be refunded under CGST (CT) /SGST (ST) /UTGST (UT) /IGST (IT) /Cess shall be maintained in the register mandatorily.



## Step-5

- After the sanction of the provisional refund, final order is to be issued within sixty days (after due verification of the documentary evidences) of the date of receipt of the complete application form. The details of the finally sanctioned refund and rejected portion of the refund along with the breakup (CT / ST / UT / IT/ Cess) to be maintained in the final refund register



## Step-6

- The amount not sanctioned and eligible for re-credit is to be recredited to the electronic credit ledger by an order made in FORM GST PMT-03. The actual credit of this amount will be done by the proper officer in FORM GST RFD-01B.

LET'S HAVE A LOOK AT RFD-01 FORM

**FORM-GST-RFD-01***[See rule 89(1)]***Application for Refund**

(Applicable for casual or non-resident taxable person, tax deductor, tax collector, un-registered person and other registered taxable person)

1.	GSTIN / Temporary ID							
2.	Legal Name							
3.	Trade Name, if any							
4.	Address							
5.	Tax period (if applicable)	From <Year><Month> To <Year><Month>						
6.	Amount of Refund Claimed (Rs.)	Act	Tax	Interest	Penalty	Fees	Others	Total
		Central tax						
		State / UT tax						
		Integrated tax						
		Cess						
		Total						

7.	Grounds of refund claim (select from drop down)	(a)	Excess balance in Electronic Cash Ledger					
		(b)	Exports of services- with payment of tax					
		(c)	Exports of goods / services- without payment of tax (accumulated ITC)					
		(d)	On account of order					
			Sr. No.	Type of order	Order no.	Order date	Order Issuing Authority	Payment reference no., if any
			(i)	Assessment				
			(ii)	Provisional assessment				
			(iii)	Appeal				
		(iv)	Any other order (specify)					
		(e)	ITC accumulated due to inverted tax structure [clause (ii) of first proviso to section 54(3)]					
		(f)	On account of supplies made to SEZ unit/ SEZ developer (with payment of tax)					
		(g)	On account of supplies made to SEZ unit/ SEZ developer (without payment of tax)					
		(h)	Recipient of deemed export					
		(i)	Tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued (tax paid on advance payment)					
(j)	Tax paid on an intra-State supply which is subsequently held to be inter-State supply and vice versa(change of POS)							
(k)	Excess payment of tax, if any							

		(l)	Any other ( <i>specify</i> )			
8.	Details of Bank account	Name of bank	Address of branch	IFSC	Type of account	Account No.
9.	Whether Self-Declaration filed by Applicant u/s 54(4), if applicable			<div> <input type="checkbox"/> Yes <input type="checkbox"/> No </div>		

**DECLARATION [second proviso to section 54(3)]**

I hereby declare that the goods exported are not subject to any export duty. I also declare that I have not availed any drawback on goods or services or both and that I have not claimed refund of the integrated tax paid on supplies in respect of which refund is claimed.

Signature

Name –

Designation / Status



**DECLARATION [section 54(3)(ii)]**

I hereby declare that the refund of input tax credit claimed in the application does not include ITC availed on goods or services used for making 'nil' rated or fully exempt supplies.

Signature

Name –

Designation / Status

**DECLARATION [rule 89(2)(f)]**

I hereby declare that the Special Economic Zone unit /the Special Economic Zone developer has not availed of the input tax credit of the tax paid by the applicant, covered under this refund claim.

Signature

Name –

Designation / Status

**DECLARATION [rule 89(2)(g)]**

**(For recipients of deemed export)**

I hereby declare that the refund has been claimed only for those invoices which have been reported in statement of inward supplies filed in Form GSTR-2 for the tax period for which refund is being claimed and the amount does not exceed the amount of input tax credit availed in the valid return filed for the said tax period.

Signature

Name –

Designation / Status

**SELF- DECLARATION [rule 89(2)(l)]**

I \_\_\_\_\_ (Applicant) having GSTIN/ temporary Id -----, solemnly affirm and certify that in respect of the refund amounting to Rs. ---/ with respect to the tax, interest, or any other amount for the period from---to---, claimed in the refund application, the incidence of such tax and interest has not been passed on to any other person.

Signature

Name –

Designation / Status

*(This Declaration is not required to be furnished by applicants, who are claiming refund under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54.)*

**10. Verification**

I/We <Taxpayer Name> hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

I/We declare that no refund on this account has been received by me/us earlier.

Place

Signature of Authorised Signatory

Date

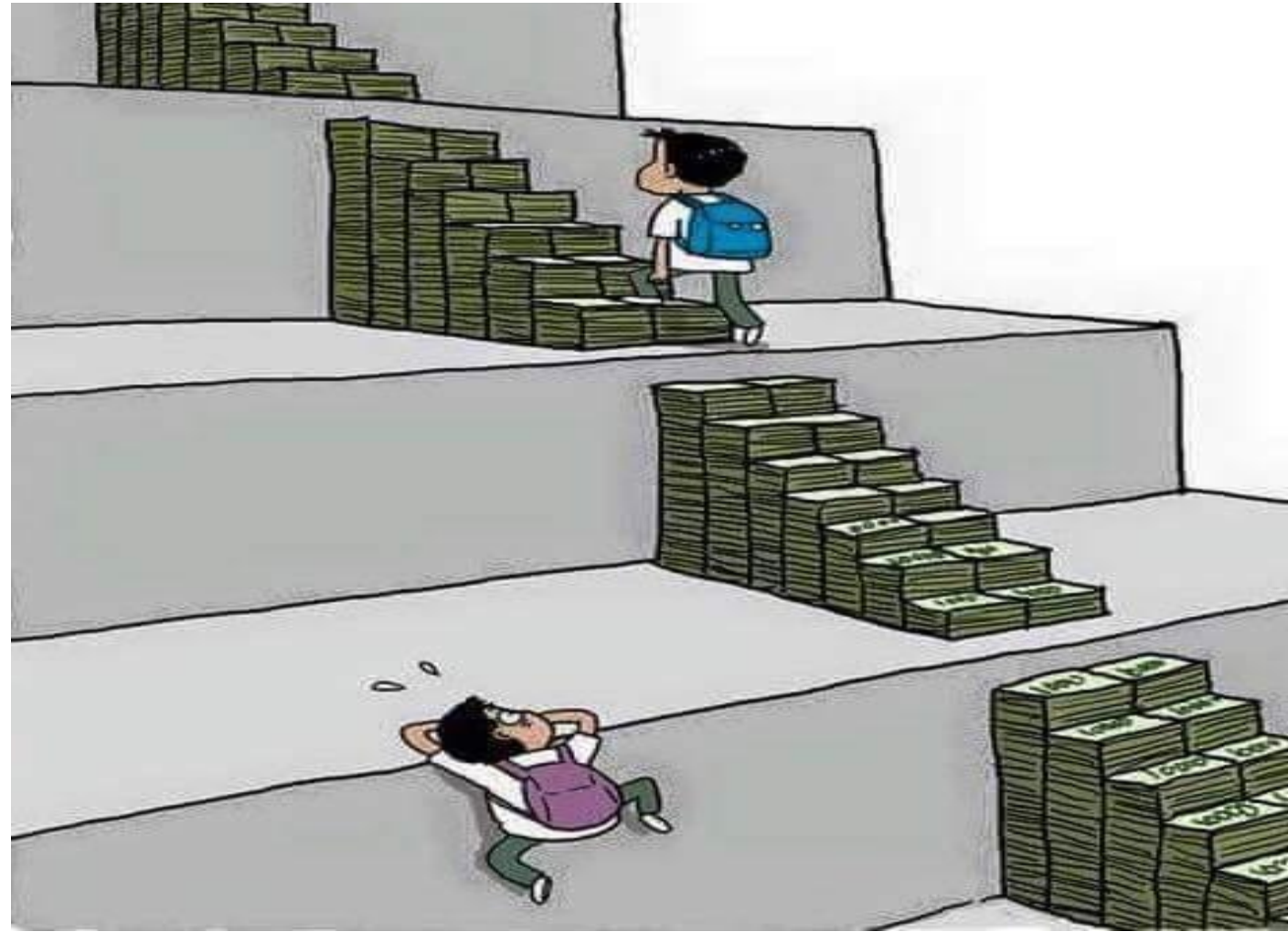
(Name)

Designation/ Status



MILLION DOLLAR QUESTION ?????

WHEN WILL BE THE REFUND GRANTED????



# Grant of Provisional Refund in Case of Zero Rated Supplies

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- ❑ GST law also provides for grant of provisional refund of 90% of the total refund claim, in case the claim relates for refund arising on account of zero rated supplies.
- ❑ The provisional refund would be paid within 7 days after giving the acknowledgement.
- ❑ The acknowledgement of refund application is normally issued within a period of 14 days but in case of refund of integrated tax paid on zero rated supplies, the acknowledgement would be issued within a period of three days.
- ❑ The provisional refund would not be granted to such supplier who was, during any period of five years immediately preceding the refund period, was prosecuted.

# Summary

Zero-rated supplies.

Deemed Exports.

ITC and Exports.

Various grounds of Refund.

Export and Refund.

Forms and procedures.



sorry for any errors and  
omissions.....Thanks..... Enjoy life

