

EXPORT PROMOTION COUNCIL FOR EOUs & SEZs

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EPCES CIRCULAR NO. 295

In order to overcome issues related to sanction of refund under GST, Ministry of Finance has issued a Press Release starting "Special Drive Refund Fortnight" from 31st May 2018 to 14th June 2018. It would facilitate all type of refund claims wherein Customs, Central and State GST officers will strive to clear all GST refund applications received on or before 30.04.2018. This will include refund of IGST paid on exports, refund of unutilized ITC and all other GST refunds submitted in Form GST RFD-01A, along with all supporting documents and a copy of application submitted to the jurisdictional tax office.

Further, two circulars has been issued on IGST refund related issues under Customs and GST Act respectively:-

1. Circular No. 12/2018-Customs dated 29.05.2018
2. Circular No. 45/19/2018-GST dated 30.05.2018

Gist of Circular No. 12/2018-Customs

This circular deals only with the cases where the records have not been transmitted by GSTN to Customs EDI system. Since, industry is facing major hindrance of sanction of refund of IGST paid on exports, CBIC has come with an interim solution to overcome the problem of refund blockage which is as under:

A. In case there is no short payment of tax (Tax paid in GSTR-3B >= GSTR-1)	Step 1: The Customs policy wing will prepare and send list of such exporters to GSTN; Step 2: GSTN shall send a confirmatory e-mail to these exporters regarding the transmission of records to Customs EDI system; Step 3: The exporters whose refunds are processed/ sanctioned would be required to submit a certificate from Chartered Accountant before 31st October 2018 to the Customs office at the port of export to the effect that there is no discrepancy between the IGST amount refunded on exports and the actual IGST amount paid on exports of goods for the period July' 2017 to March' 2018; Step 4: A copy of the certificate shall also be submitted to the jurisdictional GST office (Central/ State); Note 1: Non submission of CA certificate shall affect the future IGST refunds of the exporter; Note 2: The list of exporters whose refunds have been processed as above shall be sent to DG (Audit)/ DG (GST) by the Board; Note 3: In case there are exports from multiple ports, the exporter is at liberty to choose any of the ports of export.
B. In case there is short payment of tax (Tax paid in	Step 1: The Customs policy wing would send the list of such exporters to the GSTN and all the Chief Commissioner of Customs; Step 2: GSTN shall send e-mails to each exporter intimating their records are held up due to short payment of IGST; Step 3: Exporter would make the payment of IGST equal to the short payment in GSTR 3B of subsequent months;

**GSTR-3B <
GSTR-1)**

Step 4: The proof of payment shall be submitted to AC/DC of Customs. However, where **aggregate IGST refund amount is more than INR 10 lacs** , certificate from CA is required to be furnished that the shortfall amount has been liquidated along with an undertaking from an exporter;
Step 5: Further, steps 1 to 4 mentioned in Case A would be followed thereafter.

Post refund audit

1. The exporters would be subjected to a post refund audit under the GST law;
2. In case, departmental audit detects excess refunds to the exporters under this procedure, the details of such detections would be communicated to the concerned GST formations for further action.

Gist of Circular No. 45/19/2018-GST

This circular clarifies below mentioned issues :

Issues	Clarifications
1. Claim for refund filed by specified persons <ul style="list-style-type: none">• ISD• Composition taxpayer• Non-resident taxable person	Circular 24/24/2017-GST mandates refund can be filed only after filing Form GSTR-1 and GSTR-3B. However, since the said specified persons are not required to file GSTR-1 and GSTR-3B, therefore their refund would be sanctioned basis filing of following return: <ul style="list-style-type: none">• ISD : Form GSTR-6• Composition taxpayer : Form GSTR-4• Non-resident taxable person : Form GSTR-5
2. <u>Refund of IGST paid on export of services and supplies made to SEZ developer / SEZ unit</u> Taxpayers were unable to file an application GST RFD-01A for refund due to portal validation on account of : Amount declared in table 3.1(b) of GSTR-3B i.e. Zero rated supply is less than amount mentioned in Table 6A of GSTR-1 i.e. Export of	It is clarified that for the tax periods commencing from 01.07.2017 to 31.03.2018, such registered persons shall be allowed to file the refund application in FORM GST RFD-01A on the common portal and claim refund accordingly subject to the condition that amount of refund should not exceed aggregate of IGST shown in GSTR-3B.

goods or services.		
3. Whether refund of unutilized ITC of compensation cess is available in case where the final product is not subject to levy of compensation cess?	In regard to refund of compensation cess, following clarifications has been issued:	
	Export with payment of IGST	Not allowed: As refund of only IGST is allowed the provisions cannot be extended so as to include Compensation cess.
	Export under bond or LUT	Allowed: As compensation cess is an eligible input tax credit specifically covered under blocked credit list of CGST Act.
4. Whether bond or letter of Undertaking (LUT) is required in the case of zero rated supply of exempted or non-GST goods? Whether refund can be claimed by the exporter of exempted or non-GST goods?	<p>No LUT/Bond required : It is clarified that in respect of refund claims on account of export of non-GST and exempted goods without payment of integrated tax, no LUT / Bond is required. However, in case of export of non-GST goods, requirements as prescribed under erstwhile regime should be complied.</p> <p>Yes : The exporter would be eligible for refund of unutilized input tax credit of central tax, state tax, integrated tax and compensation cess.</p>	
5. Defining the scope of restriction under rule 96(10) of CGST Rules wherein the goods are exported under payment of IGST by the exporter who is procuring goods at reduced rate or nil rate from the suppliers availing benefit of exemption notifications such as deemed export, merchant exporter;	<p>Applicable only on direct procurement from suppliers availing benefit of exemption notifications such as deemed export, merchant exporter;</p> <p>Not Applicable on the procurements made from the following suppliers: Suppliers who have, in turn, received goods from registered persons availing the benefits of these notifications since the exporter did not directly procure these goods without payment of tax or at reduced rate of tax.</p> <p>Where a manufacturer might have imported capital goods by availing the benefit of Notification No. 78/2017-Customs dated 13.10.2017 or 79/2017-Customs dated 13.10.2017. Thereafter, goods manufactured from such capital goods may be supplied to an exporter. It is hereby clarified that this restriction does not apply to such inward supplies of an exporter.</p>	

Copy of the circulars are attached herein for your reference.