



# Input Tax Credit, ISD & Refund

6 Days Refresher Course on GST (for office assistants), WIRC-ICAI

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# INPUT TAX CREDIT

## Definitions – Section 2

- Input – u/s 2(59)
  - *“input” means*
  - *any goods*
  - *other than capital goods*
  - *used or intended to be used*
  - *by a supplier*
  - *in the course or furtherance of business.*
- Input Services – u/s 2(60)
  - *“input services” means any services*
  - *used or intended to be used*
  - *by a supplier*
  - *in the course or furtherance of business.*



## Definitions – Section 2

- Capital Goods u/s 2(19) means
  - Goods
  - *the value of which is capitalised*
  - *in the books of account*
  - *of the person claiming the input tax credit*
  - *and which are used or intended to be used*
  - *in the course or furtherance of business*



## Definitions – Section 2

- Input Tax – u/s 2(62)
  - *“input tax”*
  - *in relation to registered person*
  - *means the central tax, state tax, integrated tax or union territory tax*
  - *charged on any supply of goods or services or both **made to him***
  - *and includes*
  - *IGST paid charged on Imports*
  - *tax paid under Reverse Charge*
- Input Tax Credit – 2(63)
  - *“input tax credit” means*
  - *the credit of input tax*



# Conditions for availing Input Tax Credit – Section 16

- For the purpose of availing Input Tax Credit, the person should be in possession of following documents:



**Explanation to Sec. 16(2)(b)**

What if,  
I don't physically receive  
the goods?

**Proviso to Sec. 16(2)**

What if, I never pay the  
Supplier for the work  
done?  
within 180 Days

**Proviso to Sec. 16(2)**

What if, Goods purchased  
on Instalment or in Lots?

**Proviso to Sec. 16(2)**

What if, taxes paid as an  
recipient of supply?

## What is proper document?

Particulars	Tax Invoice	Bill of Supply	Receipt Voucher	Payment Voucher	Refund Voucher
Name, Address and GSTIN of the supplier;	√	√	√	√	√
Serial Number	√	√	√	√	√
Date of issue	√	√	√	√	√
Name, address and GSTIN or UIN, if registered, of the recipient	√	√	√	√	√
Name and address of the recipient and the address of delivery	√				
HSN code of goods or SAC	√	√			
Description of goods or services	√	√			√
Quantity in case of goods and unit or Unique Quantity Code thereof	√				
Total value of supply	√				
Rate of Tax (CGST, SGST, UGST or IGST)	√		√	√	√

## What is proper document?

Particulars	Tax Invoice	Bill of Supply	Receipt Voucher	Payment Voucher	Refund Voucher
Taxable value of supply taking into account discount or abatement, if any;	√	√			
Amount of tax charged in respect of taxable goods or services	√		√	√	√
Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce	√		√	√	
Address of delivery where the same is different from the place of supply	√				
Whether the tax is payable on reverse charge basis	√		√		√
signature or digital signature of the supplier or his authorized representative	√	√	√	√	√
Amount received in Advance / Refund			√		√
Amount Paid				√	



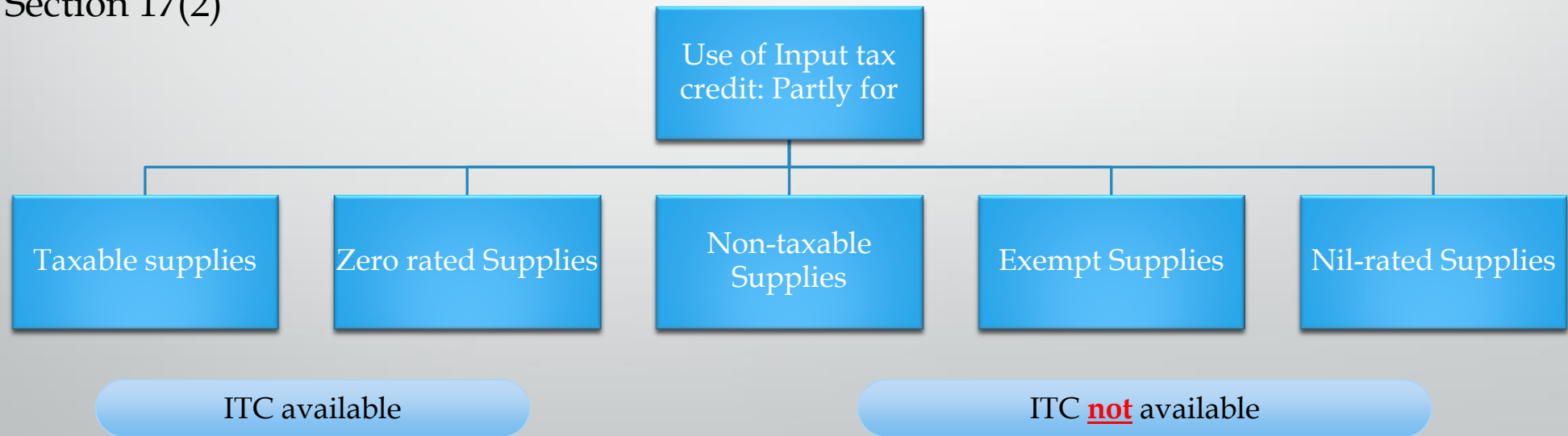
## Ineligible Credit – Section 16

- Input credit shall not be available when, the Registered person claims deduction of Depreciation under the Income Tax Law.
- Time Limit for availing ITC
  - the input tax credit has to be claimed within the due date of furnishing of return for the month of September of subsequent year. – Section 16(4)
  - Where, as Section 18(2) – a registered person would not be entitled to avail input tax credit with respect to Invoice dated older than 12 months.
  - *ITC allowed earliest of the above.*



# Apportionment of Credit – Section 17

- Section 17(1) - Input Goods, Services or both,  
*for the purpose of business – allowed*  
*for the purpose other than business – not allowed*  
*partly used for business and partly for non-business – attributable.*
- Goods/Service used partly for taxable/nil rated supply and partly for exempted supply? – Section 17(2)



# Zero rated supplies v/s. Nil rated supplies

	Zero rated supply	Nil rated Supply
Definition	(IGST) Sec. 2(23) - "zero-rated supply" shall have the meaning assigned to it in section 16	Not defined.
Includes	<u>Sec. 16</u> stated that 'Zero rated supply' incl. (a) Export of goods or services or both (b) Supply of goods or services or both to a SEZ developer or a SEZ unit.	It would include supplies that have been specified in the Schedule to be Nil rated.

## Exempted Supplies – Section 17(2) & 17(3)

- Where the goods or services or both are used by the registered person partly for effecting **taxable supplies including zero-rated supplies** under this Act or under the Integrated Goods and Services Tax Act, and partly for effecting **exempt supplies** under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.
- The value of **exempt supply** under sub-section (2) shall be such **as may be prescribed**, and **shall include** supplies on which the **recipient is liable to pay tax on reverse charge basis**, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
- Section 2(47) - “exempt supply” means supply of any goods or services or both which attracts **nil rate of tax** or which may be **wholly exempt from tax** under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and **includes non-taxable supply**.

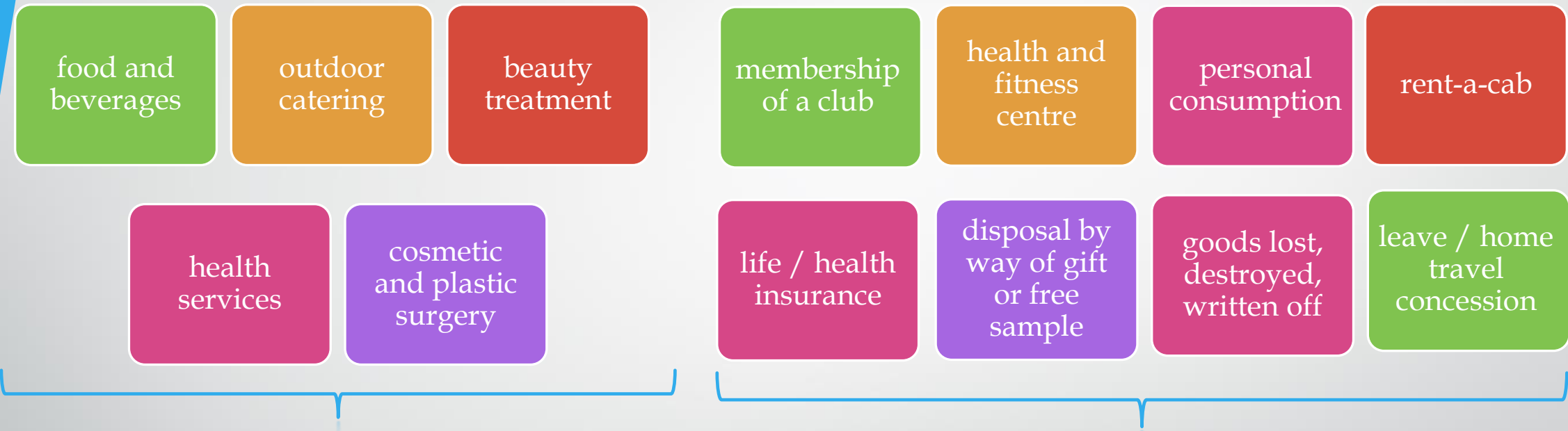
## Banking Company, FIs, NBCFs – Section 17(4)

- A banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions of sub-section (2), or avail of, every month, an amount equal to fifty per cent of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse.
- Provided that the option once exercised shall not be withdrawn during the remaining part of the financial year.
- Provided further that the restriction of fifty per cent. shall not apply to the tax paid on supplies made by one registered person to another registered person having the same Permanent Account Number

## Ineligible Credits – Section 17(5) – motor vehicle

- motor vehicles and other conveyances except when they are used-
  - (i) for making the following taxable supplies, namely: -
    - (A) further supply of such vehicles or conveyances; or
    - (B) transportation of passengers; or
    - (C) imparting training on driving, flying, navigating such vehicles or conveyances;
  - (ii) for transportation of goods.

# Ineligible Credits – Section 17(5)



*used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply.*

*No input tax Credit available*

*Rent-a-cab & life/health insurance services would be allowed, if the same is notified as obligatory for the employer to provide to an employee.*

# Ineligible Credits – Section 17(5) – Works Contract

- Works contract services when supplied for construction of immovable property, other than plant and machinery, except where it is for further supply of works contract service.
- Goods or services received by a taxable person for construction of an immovable property on his own account, other than plant and machinery, even though it is used in course or furtherance of business
- *“Construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property. Please note that ‘alterations’ and ‘repairs’ are also included in this definition.*
- What if, no buyer comes till the property was under construction,  
Scenario 1: buyer comes for purchase after completion of the work  
Scenario 2: no buyer comes, the contractor decides to self-use.





## Ineligible Credits – Section 17(5) – Others

- Person opting to pay tax under the Composition Scheme u/s 10
- goods or services or both received by a non-resident taxable person except on goods imported by him.
- Tax paid in terms of sections 74 (Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts), 129 (Detention, seizure and release of goods and conveyances in transit) and 130 (Confiscation of goods or conveyances and levy of penalty).



# Credit allowance under Special Circumstances - Section 18

Person applied for registration within 30 days of becoming liable

ITC allowed for  
(a) Inputs  
(b) Semi-finished  
(c) Finished Goods

On the day immediately preceding the date from which he becomes liable to pay tax

Person applied for voluntary registration

ITC allowed for  
(a) Inputs  
(b) Semi-finished  
(c) Finished Goods

On the day immediately preceding the date of registration

Registered person ceases to pay tax under Composition Scheme

ITC allowed for  
(a) Inputs  
(b) Semi-finished  
(c) Finished Goods  
(d) Capital Goods

On the day immediately preceding the date from which he becomes liable to pay tax

A registered person, providing exempted supplies becomes taxable supply

ITC allowed for  
(a) Inputs  
(b) Semi-finished  
(c) Finished Goods  
(d) Capital Goods

On the day immediately preceding the date from which he becomes liable to pay tax

# Credit allowance under Special Circumstances – Section 18

When registered person switches over from composition scheme to regular scheme (ENTRY)

ITC Allowed in respect of

- inputs held in stock
- inputs contained in semi-finished
- or finished goods held in stock
- and on capital goods

on the day immediately preceding the date from which he becomes liable to pay tax under section 9.

When registered person switches over from composition scheme to regular scheme (EXIT)

Liable to pay, by way of debiting to the electronic credit ledger; with respect to :

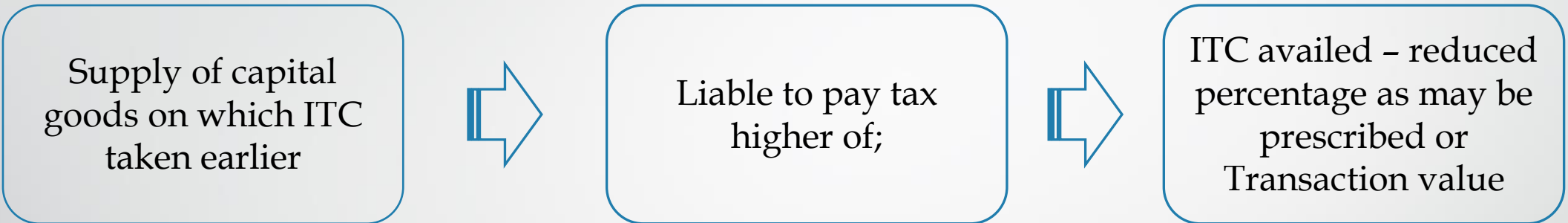
- inputs held in stock
- inputs contained in semi-finished
- or finished goods held in stock
- and on capital goods reduced @ 5% per quarter.

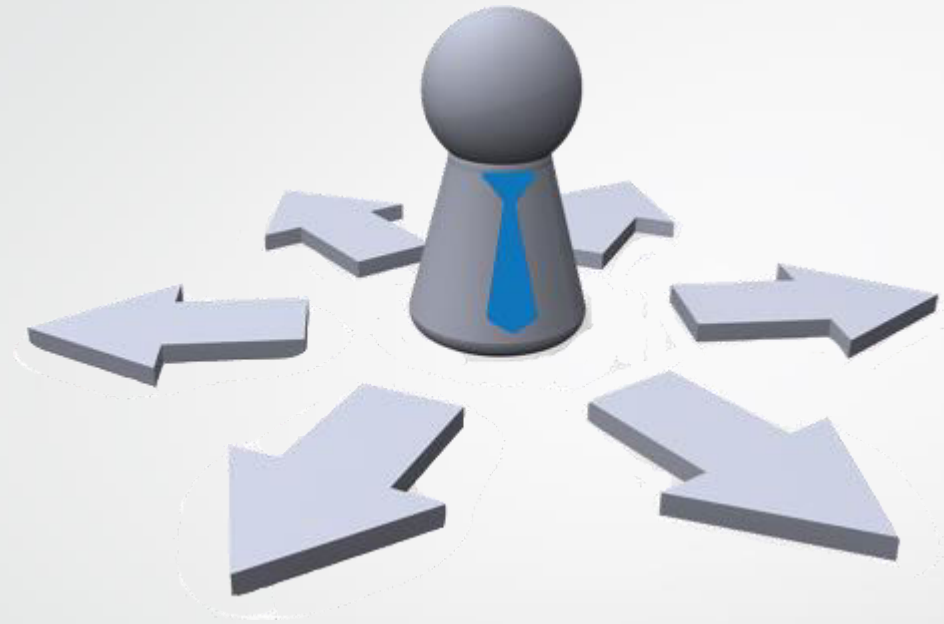
*on the day \ immediately preceding the date of exercising such option.*

# Transfer of Input Tax Credit – Section 18



## Sale of Capital Goods on which ITC availed – Section 18





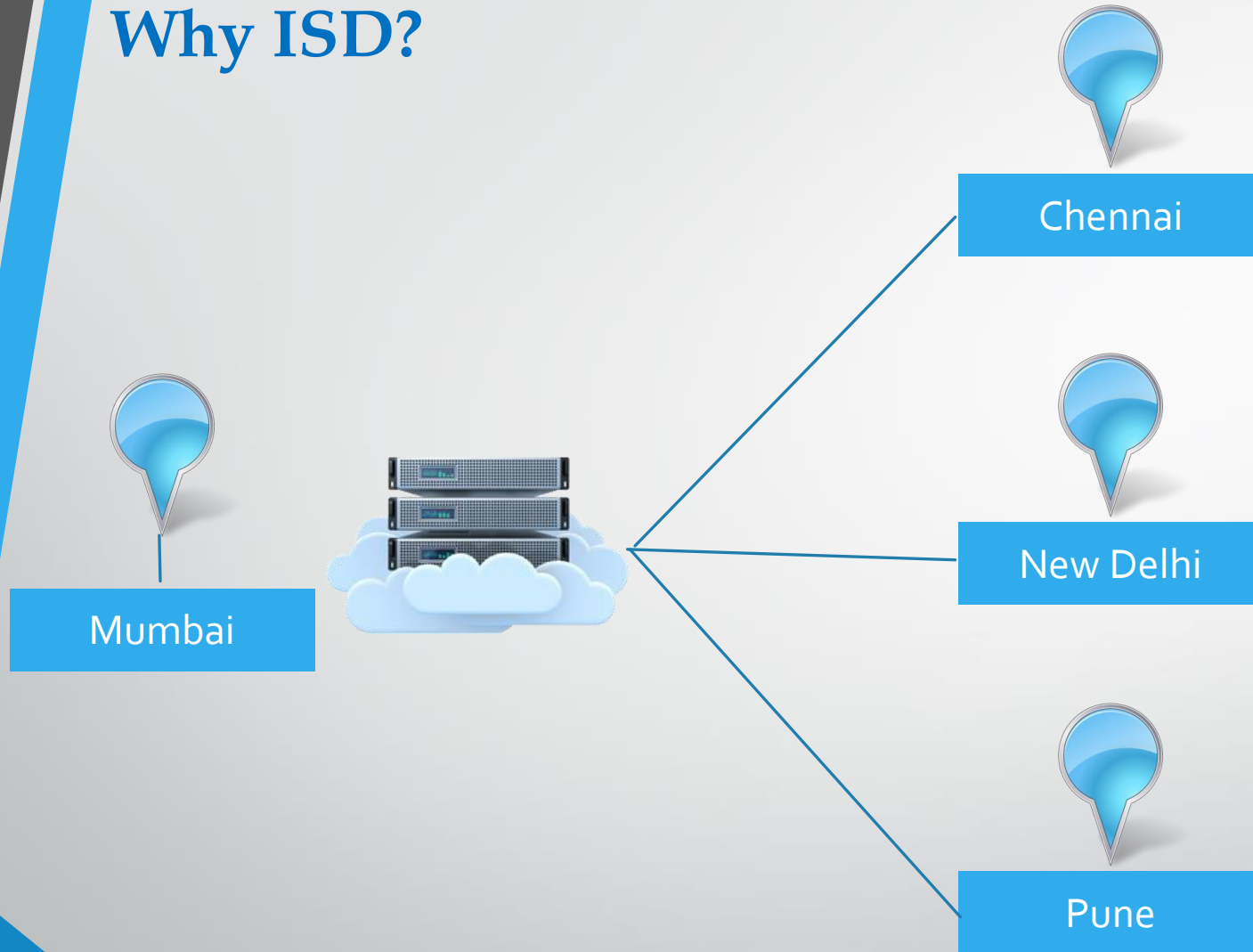
# INPUT SERVICE DISTRIBUTOR

# Who is a Input Service Distributor?

“Input Service Distributor” means an

- office of the supplier of goods or services or both
- which receives tax invoices issued under section 31 towards the receipt of input services and
- issues a prescribed document for the purposes of distributing the credit
- of central tax, State tax, integrated tax or Union territory tax
- paid on the said services to a supplier of taxable goods or services or both
- having the same Permanent Account Number as that of the said office;

# Why ISD?



**Why ISD?** - Corporate office of XYZ company Ltd., is at New Delhi, having its business locations of selling and servicing of goods at New Delhi, Chennai, Mumbai and Kolkata. For instance, if the software license and maintenance is used at all the locations, invoice indicating CGST and SGST is received at Corporate Office. And the software is used at all the four locations, the input tax credit of entire services cannot be claimed at New Delhi. The same has to be distributed to all four locations. For that reason, the Delhi Corporate office has to act as ISD to distribute the credit.



# Manner of Distribution of Input Tax Credit – Section 20

- The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central, by way of issue of a document containing, the amount of input tax credit being distributed in such manner as may be prescribed.
- **CONDITIONS:** - Section 20(2)
  - a) the credit can be distributed to recipients of credit against a document containing such details as may be prescribed;
  - b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;
  - c) the credit of tax paid on input services attributable to recipient of credit shall be distributed only to that recipient.
  - d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipient(s) to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union Territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period.

# Manner of Distribution of Input Tax Credit – Section 20

- CONDITIONS:

- e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union Territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.

## RELEVANT PERIOD?

- if the recipients of credit have turnover in their States or Union Territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or
- if some or all recipients of the credit do not have any turnover in their States or Union Territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed.
- *What if, no turnover is available?*

# Manner of Distribution of Input Tax Credit – Rule 4

- CONDITIONS:

1. The input tax credit available for distribution in the month shall be distributed in the same month and the details thereof shall be furnished in FORM GSTR - 6 by 13<sup>th</sup> of the next month.
2. The ISD shall distribute the ineligible input tax credit as specified in Section 17(5) separately.
3. Central tax, State tax, union territory tax and the integrated tax shall be distributed separately.
4. Manner of distribution of Input Tax Credit as specified in Sec. 20(2)(d) & (e) would be as under:

$$C_1 = ( t_1 \div T ) \times C$$

Where in,

“C” is amount of credit to be distributed

“t” is the turnover in the state

“T” is the aggregate of the turnover of states to whom the Input Tax Credit to be distributed.

## Illustration - ISD

ABC Ltd. has its head office in Mumbai, for which it additionally has an ISD registration. The company has 12 units across India including its head office. It receives the following invoices in the name of the ISD at Mumbai, for the month of October 2017:

**Invoice - 1:** Rs. 100,000 @ IGST 18,000 issued by D Ltd (registered in Uttar Pradesh) for repairs executed in 3 units - Bangalore, Kolkata, Gurgaon (Note: Gurgaon location is not registered as it is engaged in making only exempt supplies);

### Solutions:

Particulars	Mumbai	Bangalore	Kolkata	Gurgaon	Others	Total
Turnover	1 Crore	1 Crore	1 Crore	1 Crore	8 Crore	12 Crore
Pro-rate ratio		1/3 <sup>rd</sup>	1/3 <sup>rd</sup>	1/3 <sup>rd</sup>		100%
Attributable Credit IGST		6,000	6,000	6,000		18,000

## Illustration - ISD

**Invoice - 2:** Rs. 300,000 @ CGST 27,000, SGST 27,000 issued by M/s. E Ltd (registered in Pune) for repairs executed in 3 units - Mumbai, Bangalore, Kolkata;

### Solutions:

Particulars	Mumbai	Bangalore	Kolkata	Gurgaon	Others	Total
Turnover	1 Crore	1 Crore	1 Crore	1 Crore	8 Crore	12 Crore
Pro-rate ratio	1/3 <sup>rd</sup>	1/3 <sup>rd</sup>	1/3 <sup>rd</sup>			100%
Attributable Credit						
CGST	9,000					9,000
SGST	9,000					9,000
IGST		18,000	18,000			36,000

## Illustration - ISD

**Invoice - 3:** Rs. 500,000 @ IGST 90,000 issued by M/s. F Ltd. (registered in Bangalore) for marketing services for the company as a whole;

**Solutions:**

Particulars	Mumbai	Bangalore	Kolkata	Gurgaon	Others	Total
Turnover	1 Crore	1 Crore	1 Crore	1 Crore	8 Crore	12 Crore
Pro-rate ratio	1/12 <sup>th</sup>	1/12 <sup>th</sup>	1/12 <sup>th</sup>	1/12 <sup>th</sup>	1/12 <sup>th</sup> each	100%
Attributable Credit IGST	9,000	9,000	9,000	9,000	9,000 each	27,000

## Illustration - ISD

**Invoice - 4:** Rs. 10,000 @ CGST 900 & SGST Rs.900 issued by M/s. G Ltd. (registered in Mumbai) for supply of beverages during the month to its Mumbai unit.

### Solutions:

Particulars	Mumbai	Bangalore	Kolkata	Gurgaon	Others	Total
Turnover	1 Crore	1 Crore	1 Crore	1 Crore	8 Crore	12 Crore
Pro-rate ratio	100%					100%
Attributable Credit						
CGST	900					900
SGST	900					900
* as ineligible credit						



# TRANSITIONAL PROVISIONS



## Transitional Provisions – Section 140(1) – c/f Credit

What is allowed?	The CENVAT credit reflecting as carried forward on your last Return furnished under the existing law.
Manner in which the Credit is being allowed?	The said amount would be credited to the Electronic Credit Ledger, subject to submission of Form GST TRAIN-1 (within 60 days).
What all taxes are being covered under CENVAT?	<ul style="list-style-type: none"><li>- Central Excise paid on 'inputs' /capital goods</li><li>- Countervailing duty paid on 'inputs' /capital goods</li><li>- Special Additional Duty paid on 'inputs' /capital goods in case of manufacturers</li><li>- NCCD paid on 'inputs'</li><li>- Service tax paid on 'input services' – both direct or reverse charge</li><li>- Krishi Kalyan Cess for Service Provider.</li></ul>
Is there any Conditions ?	<ul style="list-style-type: none"><li>- The same should be admissible as ITC under GST</li><li>- Must be reflecting in your previous Return</li><li>- Furnished all the Returned for the period of 6 months prior to GST</li><li>- Goods are not manufactured and cleared under the exemption notifications as may be notified.</li></ul>

# Transitional Provisions – Section 140(2) – Capital Goods

What is allowed?	Input credit which is not carried forward in the return filed for the last period under the existing law
Manner in which the same allowed?	<ul style="list-style-type: none"><li>- FORM GST TRAN-1 (To be submitted electronically within 60 days of the appointed day)</li><li>- Would be available as a balance in the electronic credit ledger of the taxpayer.</li></ul>
What all taxes are being covered under this subsection?	<ul style="list-style-type: none"><li>- Central Excise paid on 'capital goods'</li><li>- Countervailing duty paid on 'capital goods'</li><li>- Special Additional Duty paid on 'capital goods'</li></ul>
Is there any Conditions ?	<ul style="list-style-type: none"><li>- Should qualify for eligible input credit under both, the existing law and the GST law</li><li>- Should be registered under existing law and also under GST</li></ul>

## Transitional Provisions – Section 140(3) – Eligible Duties

<p>Who is eligible to take benefit of this Provision?</p>	<ul style="list-style-type: none"> <li>- The person registered under this Act and</li> <li>- Who is not liable to be registered under earlier laws and was;</li> <li>- engaged in manufacture of exempted goods</li> <li>- engaged in provision of exempted services</li> <li>- engaged in works contract and availing benefit of Not. no. 26/2012</li> <li>- first stage dealer, second stage dealer</li> <li>- registered importer</li> <li>- or a depot of manufacturer</li> </ul>
<p>Manner in which the same allowed?</p>	<ul style="list-style-type: none"> <li>- FORM GST TRAN-1 (To be submitted electronically within 60 days of the appointed day)</li> <li>- Would be available as a balance in the electronic credit ledger of the taxpayer.</li> </ul>
<p>What all taxes are being covered under this sub-section?</p>	<ul style="list-style-type: none"> <li>- Central Excise paid on 'inputs' specified in Sch. I and II of CETA, 1985</li> <li>- Countervailing duty paid on 'inputs' under Customs Tariff Act</li> <li>- Special Additional Duty paid on 'inputs'</li> <li>- National Calamity Contingent Duty paid on 'inputs'</li> <li>- AED paid under AED (Textile &amp; Textile Articles) Act, 1978 on 'inputs'</li> <li>- AED paid under AED (Goods of Special Importance) Act, 1957 on 'inputs'</li> </ul>

# Transitional Provisions – Section 140(3) – Eligible Duties

What are the Conditions?	<ul style="list-style-type: none"><li>- The registered person is in possession of documents relating to procurement of goods</li><li>- Goods must be used for taxable supply</li><li>- Eligible to take the credit under GST law</li><li>- Such person should be in possession of invoice or other prescribed Document</li><li>- Invoice or other document should be within 12 months from the appointed day</li><li>- Credit has to be claimed within 6 tax periods.</li><li>- Excess claims will be recovered as arrears of tax under GST law</li></ul>
Exception	<ul style="list-style-type: none"><li>- In case the registered person</li><li>- not in the possession of the Duty paid Invoice</li><li>- than 40% of the outward tax liability of CGST would be allowed as Credit.</li><li>- Condition 1 - such goods were not exempted or nil rated</li><li>- However, for availing the credit of 40%, you need to discharge the 100% of the CGST payable on such supplies 1<sup>st</sup>.</li></ul>

## Transitional Provisions – Section 140(4) – Taxable/Exempt

Who is eligible to take benefit of this Provision?	<ul style="list-style-type: none"><li>- A registered person</li><li>- engaged in manufacturing of taxable as well as exempted goods or provision of taxable as well as exempted services</li><li>- and such exemption is no longer available under GST</li></ul>
Manner in which the same allowed?	<ul style="list-style-type: none"><li>- Full credit with respect to amount reflecting in the Returns filed under the existing law would be allowed – as per Sec. 140(1)</li><li>- Credit w.r.t. exempted portion would be allowed – as per Sec. 140(3)</li></ul>
Remarks	CENVAT Credit with respect to Services are not available as Sec. 140(3) provides for 'eligible duties' which excludes Service Tax & KKC

## Transitional Provisions – Section 140(5) – in transit

Who is eligible to take benefit of this Provision?	<ul style="list-style-type: none"><li>- A registered person</li><li>- receives any input or input services after the appointed date</li><li>- duties and/or taxes had been paid under the existing law</li></ul>
Manner in which the same allowed?	<ul style="list-style-type: none"><li>- Such credit may be transferred to the Electronic Credit Ledger</li></ul>
What are the Conditions?	<ul style="list-style-type: none"><li>- Invoice or such other documents shall be recorded in the books of accounts of the registered person within 30 days from the appointed date.</li><li>- The period of 30 days may be extended for a further period of 30 days on sufficient cause being shown.</li></ul>

# Transitional Provisions – Section 140(6) – Composition

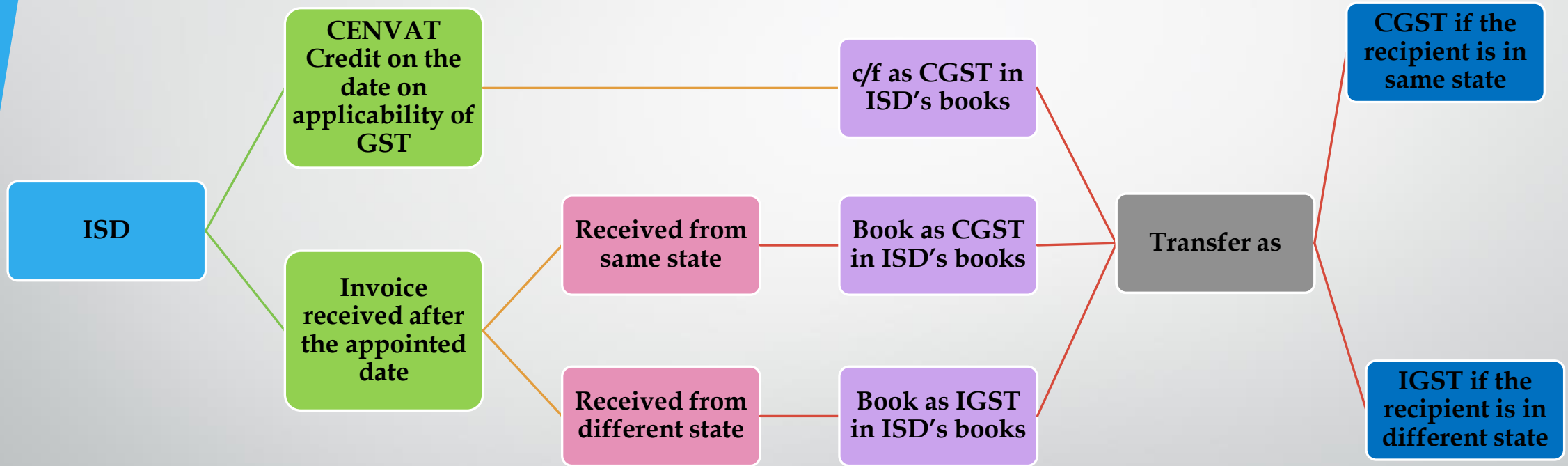
Who is eligible to take benefit of this Provision?	<ul style="list-style-type: none"><li>- A registered person</li><li>- who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law</li><li>- entitled to take input tax credit of eligible duties</li></ul>
Manner in which the same allowed?	<ul style="list-style-type: none"><li>- Such credit may be transferred to the Electronic Credit Ledger</li></ul>
What are the Conditions?	<ul style="list-style-type: none"><li>- such inputs or goods are used or intended to be used for making taxable supplies under this Act</li><li>- the said registered person is not paying tax under section 10</li><li>- the said registered person is eligible for input tax credit on such inputs under this Act;</li><li>- the said registered person is in possession of invoice evidencing payment of duty under the existing law.</li><li>- such Invoice should not be older than of 12 months</li></ul>

## Transitional Provisions – Section 140(7) – ISD

Who is eligible to take benefit of this Provision?	- Input Service Distributor
Manner in which the same allowed?	- distribution of credit will be as per the GST law as applicable to ISD
Interpretation	If any input service distributor: <ul style="list-style-type: none"><li>- receives services before the date of applicability of GST; and</li><li>- such services are yet to be distributed on the date of applicability of GST, for want of invoice</li><li>- then irrespective of the date of the receipt of invoices by the Input Service Distributor</li><li>- the distribution of credit will be as per the GST law.</li></ul>
Conclusion	<ul style="list-style-type: none"><li>- date of receipt of the Invoice is immaterial</li><li>- the date of receipt of service is crucial</li></ul>



# Transitional Provisions - Section 140(7) - ISD



## Transitional Provisions – Section 140(8) – Centralised Reg.

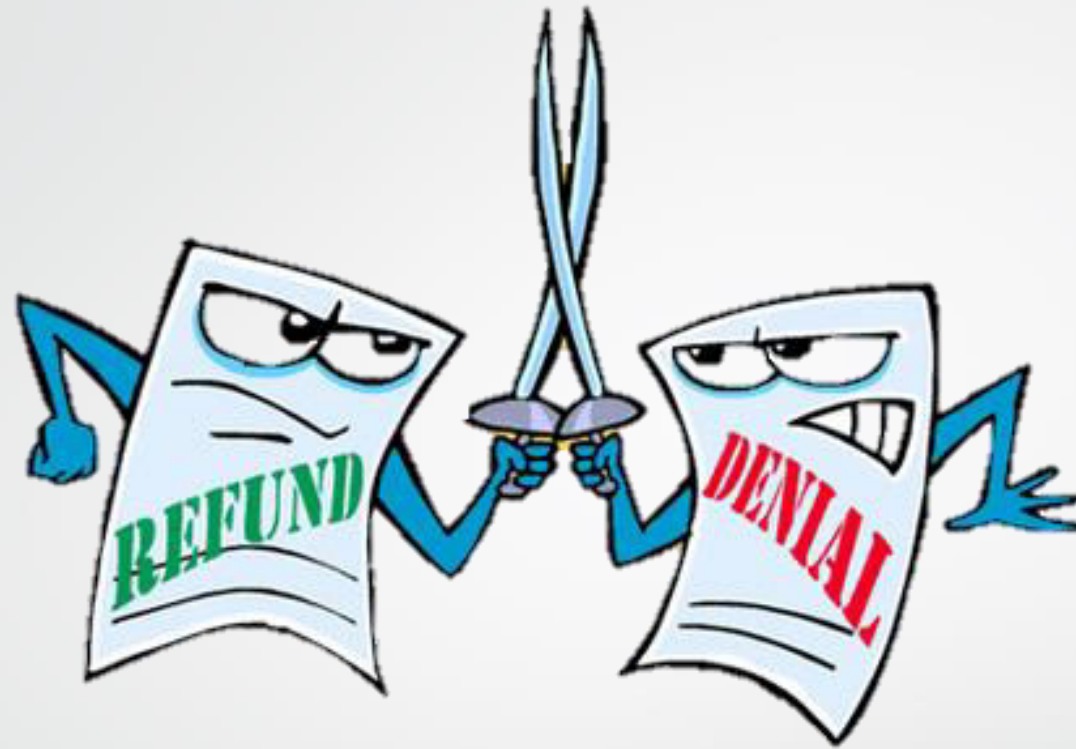
Who is eligible to take benefit of this Provision?	- Person having centralised registration under existing law
Manner in which the same allowed?	- transfer to electronic credit ledger of any of the unit having the same PAN for which the Centralised Registration had been obtained.
Interpretation	<ul style="list-style-type: none"><li>- Credit balance may be taken and carried forward in GST</li><li>- will have to file your Return within 3 months from appointed date</li><li>- such Credit should be eligible as Input Tax Credit under GST</li><li>- Credit is permitted to be transferred to other locations of the person which qualify as taxable persons in GST having the same PAN.</li><li>- This section does <b>prevent</b> upward revision of credits. However, in respect of downward revision of credits such lower credits alone shall be permitted.</li></ul>

## Transitional Provisions – Section 140(9) – Reclaim

Who is eligible to take benefit of this Provision?	- A registered person under existing law whose The CENVAT credit had been reversed in terms of second proviso to Rule 4(7) of the CENVAT Credit Rules, 2004.
Manner in which the same allowed?	- such CENVAT would be eligible as Input and credited to electronic credit ledger.
Interpretation	- Such payment is then made after the appointed day. - The payment is made within 3 months from the appointed day.

# Recap of Transitional Provisions

Section	Description
140(1)	Amount of CENVAT credit carried forward in the return filed under existing law.
140(2)	Credit of unavailed CENVAT credit in respect of capital goods, not carried forward in a return
140(3)	Credit of eligible duties in respect of inputs held in stock allowed - un-registered persons
140(4)	Credit of eligible duties and taxes in respect of inputs held in stock - exempted goods/services
140(5)	Credit of eligible duties and taxes in respect of inputs or input services during transit
140(6)	Credit of eligible duties and taxes on inputs held in stock - switching over from composition
140(7)	Credit distribution of service tax by Input Service Distributor
140(8)	Provision for transfer of unutilized CENVAT Credit w.r.t. Centalised Registration
140(9)	Reclaiming CENVAT credit reversed due to non-payment of consideration



**REFUND UNDER GST**

## Important Points for Refund – Section 54

- If any refund arising of earlier law, would be refunding as per the provisions of the earlier law.
- No refund shall be granted if the amount is less than Rs. 1,000/-.
- Refund has to be claimed within a period of 2 years from the relevant date.
- There are only two scenarios, where in refund of the balance in the electronic credit ledger:
  - (a) Zero-rated supplies
  - (b) Inverted duty structure.
- Refund application should be supported by such documents evidencing payment of the tax and that the incident of tax has not been passed on.
- Interest shall be payable on such refund not exceeding 6 % in case of delay of more than 60 days.
- Refund could be withheld for filing of return, payment of taxes, interest and penalty.

## Situations & relevant period

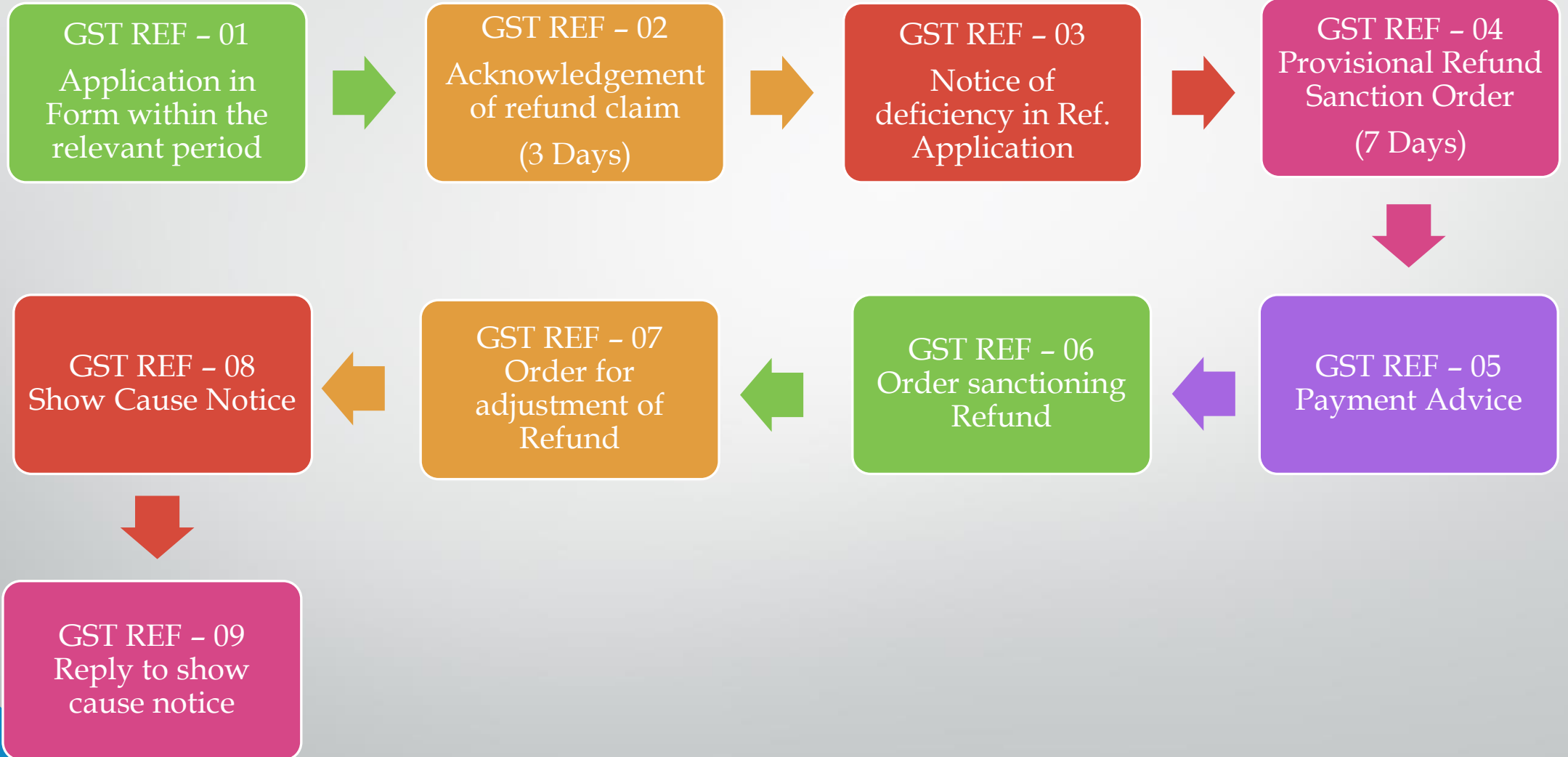
Situation of refund	2 years from the below event would be considered as the relevant date	Relevant Document
On account of excess payment Including incorrect tax payment e.g. IGST paid as CG/SGST	Date of payment of tax, interest, or such other payment	<ul style="list-style-type: none"> <li>- Statement showing payment of such taxes</li> <li>- Statement showing details of supplies considered as Inter-state instead of intra-state.</li> </ul>
On account of export of goods <ul style="list-style-type: none"> <li>- By air / sea</li> <li>- By land</li> <li>- By post</li> </ul>	Date on which the ship leaves India Date on which it crosses the frontiers Date of dispatch	a statement containing the <ul style="list-style-type: none"> <li>- number and date of shipping bills or bills of export.</li> <li>- number and date of relevant export invoice.</li> </ul>
On account of export of services <ul style="list-style-type: none"> <li>- Payment received in advance</li> <li>- Regular receipt in Foreign Currency</li> </ul>	Date of issue of invoice Date of receipt of the consideration in foreign currency.	<ul style="list-style-type: none"> <li>- statement containing the number and date of invoices and the relevant BRC or FIRC</li> </ul>
On account of finalisation of provisional assessment	Date of the finalisation of the order	<ul style="list-style-type: none"> <li>- Copy of the Provisional Order</li> <li>- Copy of the final assessment order</li> </ul>

## Situations & relevant period

Situation of refund	2 years from the below event would be considered as the relevant date	Relevant Document
On account of no/less liability arising on finalisation of investigation proceedings.	Date of communication of the adjudication order or the order relating to the completion of investigation	order or the order relating to the completion of investigation
Accumulated ITC due to inverted duty structure	Last day of the financial year.	Invoice as per Rule
SEZ developer or a unit in SEZ	Last day of the financial year.	<ul style="list-style-type: none"> <li>- SEZ Certificate</li> <li>- Invoice as per Rule</li> <li>- Declaration - not unitized ITC</li> </ul>
In pursuance of an appellate authority's order in favour of the tax payer.	Date of communication of the appellate authority's order	Copy of the order passed by the proper officer or an appellate authority or Appellate Tribunal or court resulting in such refund
Deemed Export	the date on which the return relating to such deemed exports is furnished	Documents evidencing payment of taxes



# Refund Process





**Vanesh Kumar Nadar**  
*Chartered Accountant*