

GST Update

Weekly Update
23.11.2019

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 16.11.2019. It supplements the earlier GST Updates.
- This presentation is based on CGST Act/Rules/ Notifications, except the provisions related solely to SGST provisions. Similar parallel provisions in State Laws may be referred to as required

Option not to file Annual Return

- **Circular No. 124/43/2019 - GST dated 18th November, 2019**
- It is clarified that the tax payers, may, at their own option file FORM GSTR-9 for the said financial years before the due date. After the due date of furnishing the annual return for the year 2017-18 and 2018-19, the common portal shall not permit furnishing of FORM GSTR-9 for the said period.
- It is clarified that the tax payers under composition scheme, may, at their own option file FORM GSTR-9A for the said financial years before the due date. After the due date of furnishing the annual return for the year 2017-18 and 2018-19, the common portal shall not permit furnishing of FORM GSTR-9A for the said period.

Option not to file Annual Return (Contd)

- Section 73 of the said Act provides for voluntary payment of tax dues by the taxpayers at any point in time. Therefore, irrespective of the time and quantum of tax which has not been paid or short paid, the taxpayer has the liberty to self-ascertain such tax amount and pay it through FORM GST DRC-03. Accordingly, it is clarified that if any registered tax payer, during course of reconciliation of his accounts, notices any short payment of tax or ineligible availment of input tax credit, he may pay the same through FORM GST DRC-03.

Clarification on Job Work

- **Circular No. 126/45/2019-GST dated 22nd November, 2019**
- Scope of the notification entry at item (id), related to job work, under heading 9988 of Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017
- Entries at items (id) and (iv) under heading 9988 read as under

(3)	(4)	(5)
(id) Services by way of job work other than (i), (ia), (ib) and (ic) above	6	-
(iv) Manufacturing services on physical inputs (goods) owned by others, other than (i), (ia), (ib), (ic), (id), (ii), (iia) and (iii) above	9	-

- There is a clear demarcation between scope of the entries at item (id) and item (iv) under heading 9988 of Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017.
- Entry at item (id) covers only job work services as defined in section 2 (68) of CGST Act, 2017, that is, services by way of treatment or processing undertaken by a person on goods belonging to another registered person.
- On the other hand, the entry at item (iv) specifically excludes the services covered by entry at item (id), and therefore, covers only such services which are carried out on physical inputs (goods) which are owned by persons other than those registered under the CGST Act.

New Online Refund Module
(Fully electronic refund process through FORM GST
RFD-01 and single disbursement)

Refunds

- Online refund processing (End to End) has been deployed by GSTN. Consequently, refund ARNs generated from 26.09.2019 onwards are processed online , including issuance of GST RFD-04, GST RFD-06 orders and disbursement of all tax heads like CGST/IGST/Cess and SGST/UTGST throughout India
- Single authority disbursement has been implemented.
- Refund applications filed by the taxpayers in RFD-01 form shall be processed electronically/ online by the tax-officer and all communications between the tax officers and the taxpayers shall take place electronically.
- Refund amount shall be disbursed by accredited bank of CBIC through the Public Financial Management System (PFMS) after bank account validation.

New Refund Functionalities

- Form GST RFD-01 – Application for Refund (Rule 89(1) of the CGST Rule, 2017);
- Form GST RFD-02 - Sending Acknowledgement (Rule 90(1), 90(2) & 95(2));
- Form GST RFD-03 - Raising Deficiency Memo (Rule 90(3))
- Form GST RFD-04 - Issuing Provisional Refund Order (Rule 91(2));
- Form GST RFD-06 - Issuing Final Refund Order (Rule 92(1), 92(3), 92(4), 92(5) & 96(7));
- Form GST RFD-05 - Generating Payment Order (Rule 91(3), 92(4), 92(5) & 94)

- Form GST RFD-07B - Withholding Refund (Rule 92(2) & 96(6))
- Form GST RFD-08 - Sending Show Cause Notices by tax official for rejection of application for refund (Rule 92(3))
- Form GST RFD-09 - Reply to Show cause notice by taxpayer (Rule 92(3))
- Form GST PMT 03 – Order for re-credit of inadmissible ITC (Rule 86(4) & 87(11)) to credit ledger or to cash ledger (When refund of amount taken in cash ledger claimed) on rejection of refund claim

- Online refund processing functionality has been deployed. The taxpayers can file refund application (in Form GST RFD 01) and the tax officers can process the refund application, online.
- Form GST RFD-05 - Generating Payment Order (Rule 91(3), 92(4), 92(5) & 94) After processing the refund application the tax officials will issue payment order online and the amount will be refunded/ credited to taxpayer's account, as provided by them in their refund application.
- In case validation of bank account number given by the taxpayer fails, intimation will be sent to taxpayer about the same and the taxpayer will be required to correct bank account details, so that refund amount can be credited to their bank account.

- In the new system, after processing is completed by the tax officer, the sanctioned amount will get credited to the bank account of the Taxpayer through the accredited bank of Government and through the PFMS System.
- All communications between the taxpayers and the tax officers will be online. Taxpayers can view the various stages of processing of their refund application and can give replies to notice, if any, online on the GST Portal now. They will also be given information via SMS and Email, at important stages of processing of their refund application.
- All refund applications filed in RF0D1A form and before 25th September, 2019 will be processed manually and disbursed as done under the previous refund process.

Advisory for Taxpayers



- <https://tutorial.gst.gov.in/downloads/advisory.pdf>
- GSTN has issued an “Online refund processing and single authority disbursement : Advisory for taxpayers”
- **RFD-01:** The taxpayers were filling refund application in form RFD-01A online. The RFD-01A form has been disabled on the portal. The taxpayer shall be able to file his refund application in form RFD-01 now.
- However, the taxpayer shall be able to view the status of RFD-01A applications also along with the new ones.
- The bank account details mentioned in the refund application shall be validated by PFMS after filing of RFD-01. The taxpayers must ensure that the bank account details selected in the refund application are valid and correct.

Advisory for Taxpayers (Contd)

- The taxpayer will need to change/ edit the bank account details (through non-core amendment in registration in REG-14) if there is failure of bank account validation by PFMS. After performing this step, the taxpayer needs to enter the updated bank account by clicking on ‘Update Bank Account’ functionality provided with the ARN of the refund application.
- The taxpayer shall be able to view the status of bank account validation on his dashboard. It will also be communicated through e-mail/ SMS.

- **RFD-02(Acknowledgement)** : The tax officer issued RFD-02 manually. The tax officer shall issue RFD-02 electronically to the taxpayer. The taxpayer shall be able to view the acknowledgement in RFD-02 on his dashboard. The taxpayer will also receive communication through email and SMS
- **RFD-03(Deficiency Memo)**: The tax officer shall issue RFD-03 electronically to the taxpayer. With the issuance of RFD-03, the ITC/ cash will get recredited to the electronic credit/ cash ledger of the taxpayer. The taxpayer shall be able to view the deficiency memo in RFD-03 on is dashboard. Once RFD-03 has been issued against an ARN, the taxpayer is required to file a fresh refund application. The taxpayer will receive communication through email and SMS.

- **RFD-04 (Provisional Refund Order):** The tax officer shall issue RFD-04 electronically to the taxpayer. The taxpayer shall be able to view the provisional sanction order in RFD-04 on his dashboard. The taxpayer will receive communication through email and SMS.
- **RFD-05 (Payment Order):** The tax officer shall issue RFD-05 electronically to the taxpayer. The tax officer is not required to send the copy of RFD-05 to the central nodal authority and state AAs. The taxpayer shall be able to view the payment order in RFD-05 on his dashboard. The bank account details mentioned in the refund application shall be validated by PFMS after issuance of RFD-05 by the tax-officer.

- **RFD-05 (Payment Order):** The taxpayer will need to change/edit the bank account details (through non-core amendment in registration in REG-14) if there is failure of bank account validation by PFMS. After performing this step, the taxpayer needs to enter the updated bank account by clicking on 'Update Bank Account' functionality provided with the ARN of the refund application.
- The taxpayer shall be able to view the status of bank account validation and disbursement on his dashboard. The taxpayer will receive communication through email and SMS

- **RFD-06 (Final refund order):** The tax officer shall issue RFD-06 electronically to the taxpayer. The taxpayer shall be able to view the final sanction/ rejection order in RFD-06 on his dashboard.
- **RFD-07B (Withholding Order):** The tax officer shall issue RFD-07B electronically to the taxpayer. The taxpayer shall be able to view the withhold order in RFD-07B on his dashboard.
- The taxpayer will receive communication through email and SMS

- **RFD-08(Show Cause Notice):** The tax officer shall issue RFD-08 electronically to the taxpayer. The taxpayer shall be able to view the show cause notice in RFD-08 on his dashboard. The taxpayer is expected to give reply to the SCN within 15 days of receipt of the SCN. If the taxpayer doesn't respond within 15 days of the issuance of SCN, the tax officer can take action on the refund application. The taxpayer will receive communication through email and SMS.
- **RFD-09(Reply to Show Cause Notice by the Taxpayer):** The taxpayer is required to reply the SCN electronically/online in RFD-09 form which would be available on his dashboard. The taxpayer shall be able to reply to the SCN and upload supporting documents electronically through RFD-09. The tax officer may not process the reply to the SCN if not given electronically in RFD-09 by the taxpayer.

- **Circular No. 125/44/2019 - GST dated 18th November, 2019**
- W.e.f 26.09.2019, all refund applications filed by the taxpayers in RFD-01 form shall be processed electronically/ online by the tax-officer and all communications between the tax officers and the taxpayers shall take place electronically.
- Refund amount shall be disbursed by accredited bank of CBIC through the Public Financial Management System (PFMS) after bank account validation

Fully electronic refund process (Contd)

- The fully online mode of refunds i.e Online filing of RFD-01 application and online processing of the application starting from issuance of acknowledgement/ deficiency memo to disbursal of payment (RFD-05) and re-credit of rejected amount through PMT-03 has been developed and gone live w.e.f. 26.09.2019.
- The RFD-01B functionality would continue to be available to dispose of the older refund applications i.e. the ARNs of RFD-01A filed till 25.09.2019 midnight.

Fully electronic refund process (Contd)

- All earlier circulars on refunds viz. Circular No. 17/17/2017-GST dated 15.11.2017, 24/24/2017-GST dated 21.12.2017, 37/11/2018-GST dated 15.03.2018, 45/19/2018-GST dated 30.05.2018 (including corrigendum dated 18.07.2019), 59/33/2018-GST dated 04.09.2018, Circular No. 125/44/2019 - GST 70/44/2018-GST dated 26.10.2018, 79/53/2018-GST dated 31.12.2018 and 94/13/2019-GST dated 28.03.2019 superseded.
- However, the provisions of the said Circulars shall continue to apply for all refund applications filed on the common portal before 26.09.2019 and the said applications shall continue to be processed manually as prior. to deployment of new system

Form	RFD-01
Description	Refund Application
Action by	Taxpayer
Previous Processing Workflow	The taxpayers were filling refund application in form RFD-01A online.
Electronic/ Online Processing	<p>The RFD-01A form has been disabled on the portal. The taxpayer shall be able to file his refund application in form RFD-01 now. However, the taxpayer shall be able to view the status of RFD-01A applications also along with the new ones. The bank account details mentioned in the refund application shall be validated by PFMS after filing of RFD-01. The taxpayers must ensure that the bank account details selected in the refund application are valid and correct. The taxpayer will need to change/ edit the bank account details (through non-core amendment in registration in REG-14) if there is failure of bank account validation by PFMS. After performing this step, the taxpayer needs to enter the updated bank account by clicking on ‘ Update Bank Account ’ functionality provided with the ARN of the refund application. The taxpayer shall be able to view the status of bank account validation on his dashboard. It will also be communicated through e-mail/ SMS.</p>

Form GST RFD-01

- A comprehensive list of such documents is provided at Annexure-A of circular and it is clarified that no other document needs to be provided by the applicant at the stage of filing of the refund application.
- The facility of uploading these other documents/invoices shall be available on the common portal where four documents, each of maximum 5MB, may be uploaded along with the refund application.
- Neither the refund application in FORM GST RFD-01 nor any of the supporting documents shall be required to be physically submitted to the office of the jurisdictional proper officer.

Form GST RFD-01 (Contd)

- The ARN will be generated only after the applicant has completed the process of filing the refund application in FORM GST RFD-01, and has completed uploading of all the supporting documents/ undertaking statements/invoices and, where required, the amount has been debited from the electronic credit/cash ledger.
- The application shall be deemed to have been filed under rule 90(2) of the CGST Rules on the date of generation of the said ARN and the time limit of 15 days to issue an acknowledgement or a deficiency memo, as the case may be, shall be counted from the said date.

Form GST RFD-01 (Contd)

- The acknowledgement for the complete application (FORM GST RFD-02) or deficiency memo (FORM GST RFD-03), as the case may be, would be issued electronically by the jurisdictional tax officer based on the documents so received from the common portal.
- If a refund application is electronically transmitted to the wrong jurisdictional officer, he/she shall reassign it to the correct jurisdictional officer electronically as soon as possible, but not later than three working days, from the date of generation of the ARN. Deficiency memos shall not be issued in such cases merely on the ground that the applications were received electronically in the wrong jurisdiction.

Form GST RFD-01 (Contd)

- Any refund claim for a tax period may be filed only after furnishing all the returns in FORM GSTR-1 and FORM GSTR-3B or FORM GSTR-4(along with FORM GST CMP-08), FORM GSTR-5 or FORM GSTR-6 which were due to be furnished on or before the date on which the refund application is being filed.
- Undertaking in relation to sections 16(2)(c) and section 42(2) , since the functionality of furnishing of FORM GSTR-2 and FORM GSTR-3 remains unimplemented, and it has been decided by the GST Council to sanction refund of provisionally accepted input tax credit, This undertaking should be submitted electronically along with the refund claim.

Form GST RFD-01 (Contd)

- The applicant, at his option, may file a refund claim for a tax period or by clubbing successive tax periods. The period for which refund claim has been filed, however, cannot spread across different financial years. Registered persons having aggregate turnover of up to Rs. 1.5 crore in the preceding financial year or the current financial year opting to file FORM GSTR-1 on quarterly basis, can only apply for refund on a quarterly basis or clubbing successive quarters as aforesaid.

Form GST RFD-01 (Contd)

- **Deficiency memo**
- Either an acknowledgement(GST RFD-02) or a deficiency memo(GST RFD-03 as per rule 90(3) of CGST Rules) should be issued within the aforesaid period of 15 days starting from the date of generation of ARN.
- Once an acknowledgement has been issued in relation to a refund application, no deficiency memo, on any grounds, may be subsequently issued for the said application.
- After a deficiency memo has been issued, the refund application would not be further processed and a fresh application would have to be filed with fresh ARN. Any amount of input tax credit/cash debited from electronic credit/ cash ledger would be re-credited automatically once the deficiency memo has been issued, without any need of order in GSTPMT-03

Form GST RFD-01 (Contd)

- **Deficiency memo**
- Once an application has been submitted afresh, pursuant to a deficiency memo, the proper officer will not serve another deficiency memo with respect to the application for the same period, unless the deficiencies pointed out in the original deficiency memo remain un-rectified, either wholly or partly, or any other substantive deficiency is noticed subsequently.
- Since a refund application filed after correction of deficiency is treated as a fresh refund application, such a rectified refund application, submitted after correction of deficiencies, shall also have to be submitted within 2 years of the relevant date, as defined in the explanation after section 54(14) of the CGST Act.

Form GST RFD-01 (Contd)

- **Provisional Refund**

- If the proper officer prima-facie has sufficient reasons to believe that there are irregularities in the refund application which would result in rejection of whole or part of the refund amount so claimed. In such cases, the proper officer shall refund on a provisional basis ninety percent of the refundable amount of the claim (amount of refund claim less the inadmissible portion of refund so found) in accordance with the provisions of rule 91 of the CGST Rules. Final sanction of refund shall be made in accordance with the provisions of rule 92 of the CGST Rules.
- If the proper officer is fully satisfied about the eligibility of a refund claim on account of zero-rated supplies, and is of the opinion that no further scrutiny is required, the proper officer may issue final order in FORM GST RFD-06 within 7 days of the issuance of acknowledgement. In such cases, the issuance of a provisional refund order in FORM GST RFD-04 will not be necessary.

Form GST RFD-01 (Contd)

- **Provisional Refund**

- In situations where the final refund amount to be sanctioned in FORM GST RFD-06 is less than the amount of refund sanctioned provisionally through FORM GST RFD-04, the proper officer shall have to issue a show cause notice to the applicant, in FORM GST RFD-08, under section 54 of the CGST Act, read with section 73 or 74 of the CGST Act.
- The proper officer for adjudicating the above case shall be the same as the proper officer for sanctioning refund under section 54 of the CGST Act. The above notice shall be adjudicated following the principles of natural justice and an order shall be issued, in FORM GST RFD-06, under section 54 of the CGST Act, read with section 73 or section 74 of the CGST Act, as the case may be.

Form GST RFD-01 (Contd)

- **Provisional Refund**

- In such cases, FORM GST RFD08 and FORM GST RFD-06, are to be considered as show cause notice and adjudication order respectively, under both section 54 (for rejection of refund) and section 73/74 of the CGST Act as the case may be (for recovery of erroneous refund).
- No adjustment or withholding of refund, as provided under subsections (10) and (11) of section 54 of the CGST Act, shall be allowed in respect of the amount of refund which has been provisionally sanctioned

Form GST RFD-01 (Contd)



- **Scrutiny of Application**

- In case of refund claim on account of export of goods without payment of tax, the Shipping bill details shall be checked by the proper officer through ICEGATE SITE (www.icegate.gov.in) wherein the officer would be able to check details of EGM and shipping bill by keying in port name, Shipping bill number and date.
- It is advised that while processing refund claims, information contained in Table 9 of FORM GSTR-1 of the relevant tax period as well as that of the subsequent tax periods should also be taken into cognizance, wherever applicable. In this regard, Circular No. 26/26/2017–GST dated 29.12.2017 may be referred, wherein the procedure for rectification of errors made while filing the returns in FORM GSTR-3B has been provided.

Form GST RFD-01 (Contd)

- **Re-crediting of electronic credit ledger on account of rejection of refund claim**
- In case of rejection of refund claim of unutilized/accumulated ITC due to ineligibility of the input tax credit under any provisions of the CGST Act and rules made thereunder, the proper officer shall have to issue a show cause notice in FORM GST RFD-08, under section 54 of the CGST Act, read with section 73 or 74 of the CGST Act, requiring the applicant to show cause as to why:
 - a) the refund amount corresponding to the ineligible ITC should not be rejected as per the relevant provisions of the law; and
 - b) the amount of ineligible ITC should not be recovered as wrongly availed ITC under section 73 or section 74 of the CGST Act, as the case may be, along with interest and penalty, if any

Form GST RFD-01 (Contd)

- **Disbursal of refunds**
- For a refund application assigned to a Central tax officer, both the sanction order (FORM GST RFD-04/06) and the corresponding payment order (FORM GST RFD-05) for the sanctioned refund amount, under all tax heads, shall be issued by the Central tax officer only. Similarly, for refund applications assigned to a State/UT tax officer, both the sanction order and the corresponding payment order for the sanctioned refund amount, under all tax heads, shall be issued by the State/UT tax officer only.
- The sanctioned refund amounts, as entered in the payment orders issued by the Central and State/UT tax officers, shall be disbursed through the Public Financial Management System (PFMS) of the Controller General of Accounts (CGA), Ministry of Finance, Government of India

Form GST RFD-01 (Contd)

- **Disbursal of refunds**

- The disbursement status of the refund amount would be communicated by PFMS to the common portal. The common portal shall notify the same to the taxpayer by email/SMS. Such details shall also be available on the status tracking facility on the dashboard.
- Any tax shall be considered to have been refunded only when the amount has been credited to the bank account of the applicant.
- Interest will be calculated starting from the date immediately after the expiry of sixty days from the date of receipt of the application till the date on which the amount is credited to the bank account of the applicant. Accordingly, all tax authorities are advised to issue the final sanction order in FORM GST RFD-06 and the payment order in FORM GST RFD-05 within 45 days of the date of generation of ARN, so that the disbursement is completed within 60 days.

Form GST RFD-01 (Contd)

- **Refunds of unutilized Input Tax Credit**
- Applicants of refunds of unutilized ITC, shall have to upload a copy of FORM GSTR-2A for the relevant period (or any prior or subsequent period(s) in which the relevant invoices have been auto-populated) for which the refund is claimed.
- Such applicants shall also upload the details of all the invoices on the basis of which input tax credit has been availed during the relevant period for which the refund is being claimed, in the format enclosed as Annexure-B of present circular along with the application for refund claim.
- Such availment of ITC will be subject to restriction imposed under rule 36(4) of the CGST rules inserted vide Notification No. 49/2019-CT dated 09.10.2019.

Form GST RFD-01 (Contd)

- **Refunds of unutilized Input Tax Credit**
- Applicants of refunds of unutilized ITC, shall have to upload a copy of FORM GSTR-2A for the relevant period (or any prior or subsequent period(s) in which the relevant invoices have been auto-populated) for which the refund is claimed.
- Such applicants shall also upload the details of all the invoices on the basis of which input tax credit has been availed during the relevant period for which the refund is being claimed, in the format enclosed as Annexure-B of present circular along with the application for refund claim.
- Such availment of ITC will be subject to restriction imposed under rule 36(4) of the CGST rules inserted vide Notification No. 49/2019-CT dated 09.10.2019.

Form GST RFD-01 (Contd)

- **Refunds of unutilized Input Tax Credit**
- Self-certified copies of invoices in relation to which the refund of ITC is being claimed and which are declared as eligible for ITC in Annexure – B, but which are not populated in FORM GSTR-2A, shall be uploaded by the applicant along with the application in FORM GST RFD 01.
- The common portal calculates the refundable amount as the least of the following amounts-
 - Maximum refund amount as per the formula in rule 89(4) or rule 89(5)
 - Balance in the electronic credit ledger at the end of the tax period for which the refund claim is being filed
 - Balance in the electronic credit ledger at the time of filing the refund application

Form GST RFD-01 (Contd)

- **Refunds of unutilized Input Tax Credit**

- The equivalent amount is to be debited from the electronic credit ledger of the applicant in the following order:

- a) Integrated tax, to the extent of balance available;
 - b) Central tax and State tax/Union Territory tax, equally to the extent of balance available and in the event of a shortfall in the balance available in a particular electronic credit ledger (say, Central tax), the differential amount is to be debited from the other electronic credit ledger (i.e., State tax/Union Territory tax, in this case).
- The order of debit described above, however, is not presently available on the common portal. Till the time such facility is made available on the common portal, the taxpayers are advised to follow the order as explained above for all refund applications. However, for applications where this order is not adhered to by the applicant, no adverse view may be taken by the tax authorities.

Form GST RFD-01 (Contd)

- **Refund of tax paid on deemed exports**
- In case such refund is sought by the supplier of deemed export supplies, the documentary evidences as specified in notification No. 49/2017-Central Tax dated 18.10.2017 are also required to be furnished which includes an undertaking that the recipient of deemed export supplies shall not claim the refund in respect of such supplies and shall not avail any input tax credit on such supplies.
- Similarly, in case the refund is filed by the recipient of deemed export supplies, an undertaking shall have to be furnished by him stating that refund has been claimed only for those invoices which have been detailed in statement 5B for the tax period for which refund is being claimed and that he has not availed input tax credit on such invoices.

Form GST RFD-01 (Contd)

- **Refund of Compensation Cess**

- A registered person is eligible to claim refund of unutilized input tax credit of compensation cess paid on inputs, where the zero-rated final product is not leviable to compensation cess. For instance, cess is levied on coal, which is an input for the manufacture of aluminium products, whereas cess is not levied on aluminium products. The refund of such unutilized ITC shall be available.
- A registered person uses coal for the captive generation of electricity which is further used for the manufacture of goods (say aluminium) which are exported under Bond/Letter of Undertaking without payment of duty. Refund claim is filed for accumulated Input Tax Credit of compensation cess paid on coal. There is no distinction between intermediate goods or services and final goods or services under GST. Since coal is an input used in the production of aluminium, input tax credit in relation to the same cannot be denied.

Form	RFD-02
Description	Acknowledgement
Action by	Tax Officer
Previous Processing Workflow	The tax officer issued RFD-02 manually.
Electronic Processing	<p>The tax officer shall issue RFD-02 electronically to the taxpayer.</p> <p>The taxpayer shall be able to view the acknowledgement in RFD-02 on his dashboard.</p> <p>The taxpayer will also receive communication through email and SMS.</p>

Form

RFD-03

Description

Deficiency Memo

Action by

Tax Officer

Previous Processing Workflow

The tax officer issued RFD-03 manually and there was no auto recredit of ITC/cash.

Electronic Processing

The tax officer shall issue RFD-03 electronically to the taxpayer.

With the issuance of RFD-03, the ITC/ cash will get re-credited to the electronic credit/ cash ledger of the taxpayer.

The taxpayer shall be able to view the deficiency memo in RFD-03 on his dashboard.

Once RFD-03 has been issued against an ARN, the taxpayer is required to file a fresh refund application. The taxpayer will receive communication through email and SMS.

Form	RFD-04
Description	Provisional Refund Order
Action by	Tax Officer
Previous Processing Workflow	The tax officer issued RFD-04 manually.
Electronic Processing	<p>The tax officer shall issue RFD-04 electronically to the taxpayer.</p> <p>The taxpayer shall be able to view the provisional sanction order in RFD-04 on his dashboard.</p> <p>The taxpayer will receive communication through email and SMS.</p>

Form	RFD-05
Description	Payment Order
Action by	Tax Officer
Previous Processing Workflow	The tax officer issued RFD-05 manually and sent a copy to the central nodal authority and state AAs respectively for disbursement.
Electronic Processing	<p>The tax officer shall issue RFD-05 electronically to the taxpayer. The tax officer is not required to send the copy of RFD-05 to the central nodal authority and state AAs.</p> <p>The taxpayer shall be able to view the payment order in RFD-05 on his dashboard.</p> <p>The bank account details mentioned in the refund application shall be validated by PFMS after issuance of RFD-05 by the tax-officer.</p> <p>The taxpayer will need to change/ edit the bank account details (through non-core amendment in registration in REG-14) if there is failure of bank account validation by PFMS. After performing this step, the taxpayer needs to enter the updated bank account by clicking on ‘Update Bank Account’ functionality provided with the ARN of the refund application.</p> <p>The taxpayer shall be able to view the status of bank account validation and disbursement on his dashboard.</p> <p>The taxpayer will receive communication through email and SMS.</p>

Form	RFD-06
Description	Final Refund Sanction/ Rejection Order
Action by	Tax Officer
Previous Processing Workflow	The tax officer issued RFD-06 manually.
Electronic Processing	<p>The tax officer shall issue RFD-06 electronically to the taxpayer.</p> <p>The taxpayer shall be able to view the final sanction/ rejection order in RFD-06 on his dashboard.</p>

Form	RFD-7B
Description	Withholding Order
Action by	Tax Officer
Previous Processing Workflow	The tax officer issued RFD-07B manually.
Electronic Processing	<p>The tax officer shall issue RFD-07B electronically to the taxpayer.</p> <p>The taxpayer shall be able to view the withhold order in RFD-07B on his dashboard.</p> <p>The taxpayer will receive communication through email and SMS.</p>

Form	RFD-08
Description	Show Cause Notice
Action by	Tax Officer
Previous Processing Workflow	The tax officer issued RFD-08 manually.
Electronic Processing	<p>The tax officer shall issue RFD-08 electronically to the taxpayer.</p> <p>The taxpayer shall be able to view the show cause notice in RFD-08 on his dashboard.</p> <p>The taxpayer is expected to give reply to the SCN within 15 days of receipt of the SCN. If the taxpayer doesn't respond within 15 days of the issuance of SCN, the tax officer can take action on the refund application.</p> <p>The taxpayer will receive communication through email and SMS.</p>

Form	RFD-09
Description	Reply to Show Cause Notice by the Taxpayer
Action by	Taxpayer
Previous Processing Workflow	The taxpayers were submitting reply to the show cause notice manually to the tax officer.
Electronic Processing	<p>The taxpayer is required to reply the SCN electronically/online in RFD-09 form which would be available on his dashboard.</p> <p>The taxpayer shall be able to reply to the SCN and upload supporting documents electronically through RFD-09.</p> <p>The tax officer may not process the reply to the SCN if not given electronically in RFD-09 by the taxpayer.</p>

Form	PMT-03
Description	Order for Recredit of Rejected Amount
Action by	Tax Officer
Previous Processing Workflow	The tax officer uploaded the refund order details in RFD-01B and then the ITC got recredited to the taxpayer's ITC ledger.
Electronic Processing	<p>The tax officer shall issue PMT-03 electronically.</p> <p>With the issuance of PMT-03, the inadmissible ITC shall get re-credited to the electronic credit ledger of the taxpayer automatically.</p> <p>The taxpayer is required to give an undertaking that he will not file an appeal against the refund order if he/she desires to get a re-credit of the rejected amount. This undertaking has to be submitted to the tax officer manually.</p> <p>The taxpayer shall be able to view the re-credit order in PMT-03 on his dashboard.</p>

0.1% scheme

- 0.1% scheme under Notification No. 40/2017 – Central Tax (Rate) dated 23.10.2017
- The option may or may not be availed by the supplier and / or the recipient and the goods may be procured at the normal applicable tax rate.
- The exporter will be eligible to take credit of the tax @ 0.1% paid by him
- The exporter of such goods can export the goods only under LUT / bond and cannot export on payment of Integrated tax.

Refund amount below Rs. 1000/-

- Section 54(14) of the CGST Act provides that no refund under subsection (5) or sub-section (6) of section 54 of the CGST Act shall be paid to an applicant, if the amount is less than one thousand rupees.
- In this regard, it is clarified that the limit of rupees one thousand shall be applied for each tax head separately and not cumulatively

- “Net ITC” as defined in rule 89(4) of the CGST Rules means input tax credit availed on inputs and input services during the relevant period.
- Relevant period means the period for which the refund claim has been filed.
- It is clarified that the input tax credit of invoices issued in August, 2019, “availed” in September, 2019 cannot be excluded from the calculation of the refund amount for the month of September, 2019
- It is clarified that the ITC of the GST paid on inputs, including inward supplies of stores and spares, packing materials etc., shall be available as ITC as long as these inputs are used for the purpose of the business and/or for effecting taxable supplies, including zero-rated supplies, and the ITC for such inputs is not restricted under section 17(5) of the CGST Act



GST Legal Updates

Recovery Proceedings under Section 79 cannot be initiated directly without determination of tax liability

• **Case of VN Mehta And Company Vs Assistant Commissioner reported in 2019-TIOL-2594-HC-MAD-GST**

• **Facts**

• The present writ challenges the proceedings initiated against the petitioner directing recovery of certain amount from the account maintained by the petitioner. Such recovery was ordered on account of tax, cess, interest & penalty payable by the petitioner as it had failed to pay the same. The petitioner claimed that the proceedings had been initiated straightaway, without framing assessment or initiating proceedings to determine the tax, cess, interest or penalty as claimed. It was claimed that Section 79 of the CGST Act cannot be invoked to

Recovery Proceedings under Section 79 cannot be initiated directly without determination of tax liability

- **Facts (Contd....)**

-recover the sum if such sum is an arrear payable by the petitioner. It was also claimed that though a statement had been obtained from the petitioner to the effect that it had availed ITC on the strength of invoices issued by fake units, such statement had later been retracted.

- **Decision of the High Court**

- It is seen that except issuing proceedings u/s 79, no other proceedings were ever initiated against the petitioner determining its tax liability as was sought to be recovered - Section 79 of the Act contemplates that any amount payable by a person to the Govt under any of the provisions of the Act and Rules made thereunder is not paid, the proper officer could

Recovery Proceedings under Section 79 cannot be initiated directly without determination of tax liability

• Decision of the High Court (Contd....)

recover the amount by one or more modes. Hence, it is evident that the term amount payable by a person is to mean that such liability arises only after determining such amount in a manner known to law. In this case, the relevant authority relied on the so-called admission made by the petitioner in its statement. Considering relevant excerpts from the petitioner's statement, it is seen that some parts of the statement contradict each other. Besides, the statement was retracted as well. Hence such statement which purports to be an admission is not available to the Revenue - It is also for the Revenue to determine the tax liability by resorting to procedures as per law rather than issuing the proceedings

Recovery Proceedings under Section 79 cannot be initiated directly without determination of tax liability

• Decision of the High Court (Contd....)

straightaway u/s 79, based on such statement later retracted. Hence the proceedings initiated u/s 79 is unsustainable. Moreover, provisional attachment u/s 83 can be resorted to only if proceedings are pending u/s 62, 63, 64, 67, 73 & 74. No proceedings are pending under any such provisions. Hence Section 83 is of no avail to the Revenue. Thus the proceedings are not maintainable and merit being set aside.

Any ISSUES/ queries?

- <https://cbec-gst.gov.in/>
- [CBEC MITRA HELPDESK](#)
 - 1800 1200 232
 - cbecmitra.helpdesk@icegate.gov.in
- GSTN Help Desk
 - <https://selfservice.gstsystem.in/> - Grievance redressal portal
 - Help Desk Number: 0120-4888999

Any ISSUES/ queries?

- Twitter Handles
- For General Questions
- https://twitter.com/askGST_Gol
- For technology related issues
- <https://twitter.com/askGSTech>
- NACIN twitter
- https://twitter.com/NACIN_OFFICIAL

THANK YOU