

Refund of tax

54.^[1] Refund of tax^[2]

(1) Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from the relevant date in such form^[3] and manner as may be prescribed^[4]:

Provided that a registered person, claiming refund of any balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49, may claim such refund in the return furnished under section 39 in such manner as may be prescribed.

(2) ^[5] A specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947(46 of 1947), Consulate or Embassy of foreign countries or any other person or class of persons, as notified under section 55, entitled to a refund of tax paid by it on inward supplies of goods or services or both, may make an application for such refund, in such form^[6] and manner as may be prescribed^[7], before the expiry of six months^[8] from the last day of the quarter in which such supply was received.

(3) ^[9] Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilised input tax credit at the end of any tax period:

Provided that no refund of unutilised input tax credit shall be allowed in cases other than—

- i. zero rated supplies made without payment of tax;
- ii. where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified^[10] by the Government on the recommendations of the Council:

Provided further that no refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty:

Provided also that no refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.

(4) The application shall be accompanied by—

- a. such documentary evidence as may be prescribed^[11] to establish that a refund is due to the applicant; and
- b. such documentary or other evidence (including the documents referred to in section 33) as the applicant may furnish to establish that the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person:

Provided that where the amount claimed as refund is less than two lakh rupees, it shall not be necessary for the applicant to furnish any documentary and other evidences but he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.

(5) If, on receipt of any such application, the proper officer is satisfied that the whole or part of the amount claimed as refund is refundable, he may make an order accordingly and the amount so determined shall be credited to the Fund referred to in section 57.

(6) Notwithstanding anything contained in sub-section (5), the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, ninety per cent. of the total amount so claimed, excluding the amount of input tax credit provisionally accepted, in such manner and subject to such conditions, limitations and safeguards as may be prescribed^[12] and thereafter make an order under subsection (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.

(7) The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.

(8) Notwithstanding anything contained in sub-section (5), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to—

- a. refund of tax paid on [export]^[13] of goods or services or both or on inputs or input services used in making such [exports]^[14];
- b. refund of unutilised input tax credit under sub-section (3);
- c. refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;
- d. refund of tax in pursuance of section 77;
- e. the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or
- f. the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.

[(8A) The Government may disburse the refund of the State tax in such manner as may be prescribed.]^[15]

(9) Notwithstanding anything to the contrary contained in any judgment, decree, order or direction of the Appellate Tribunal or any court or in any other provisions of this Act or the rules made thereunder or in any other law for the time being in force, no refund shall be made except in accordance with the provisions of sub-section (8).

(10) Where any refund is due under sub-section (3) to a registered person who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority by the specified date, the proper officer may—

- a. withhold payment of refund due until the said person has furnished the return or paid the tax, interest or penalty, as the case may be;
- b. deduct from the refund due, any tax, interest, penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law.

Explanation.—For the purposes of this sub-section, the expression “specified date” shall mean the last date for filing an appeal under this Act.

(11) Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending and the Commissioner is of the opinion that grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed, he may, after giving the taxable person an opportunity of being heard, withhold the refund till such time as he may determine.

(12) Where a refund is withheld under sub-section (11), the taxable person shall, notwithstanding anything contained in section 56, be entitled to interest at such rate not exceeding six per cent as may be notified^[16] on the recommendations of the Council, if as a result of the appeal or further proceedings he becomes entitled to refund.

(13) Notwithstanding anything to the contrary contained in this section, the amount of advance tax deposited by a casual taxable person or a non-resident taxable person under sub-section (2) of section 27, shall not be refunded unless such person has, in respect of the entire period for which the certificate of registration granted to him had

remained in force, furnished all the returns required under section 39.

(14) Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.

Explanation.- For the purposes of this section,-

1. "refund" includes refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilised input tax credit as provided under sub-section (3).

2. "relevant date" means—

a. in the case of goods exported out of India where a refund of tax paid is available in respect of goods themselves or, as the case may be, the inputs or input services used in such goods,—

i. if the goods are exported by sea or air, the date on which the ship or the aircraft in which such goods are loaded, leaves India; or

ii. if the goods are exported by land, the date on which such goods pass the frontier; or

iii. if the goods are exported by post, the date of despatch of goods by the Post Office concerned to a place outside India;

b. in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, the date on which the return relating to such deemed exports is furnished;

c. in the case of services exported out of India where a refund of tax paid is available in respect of services themselves or, as the case may be, the inputs or input services used in such services, the date of—

i. receipt of payment in convertible foreign exchange [or in Indian rupees wherever permitted by the Reserve Bank of India]^[17], where the supply of services had been completed prior to the receipt of such payment; or

ii. issue of invoice, where payment for the services had been received in advance prior to the date of issue of the invoice;

d. in case where the tax becomes refundable as a consequence of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court, the date of communication of such judgment, decree, order or direction;

e. [in the case of refund of unutilised input tax credit under clause (ii) of the first proviso to sub-section (3), the due date for furnishing of return under section 39 for the period in which such claim for refund arises;]^[18]

f. in the case where tax is paid provisionally under this Act or the rules made thereunder, the date of adjustment of tax after the final assessment thereof;

g. in the case of a person, other than the supplier, the date of receipt of goods or services or both by such person; and

h. in any other case, the date of payment of tax.

[1] Enforced with effect from 1.7.2017.

[2] Refer Not. No. 5/2017- CTR, dt. 28.6.2017; Not. No. 15/2017- CTR, dt. 28.6.2017; Not. No. 37/2017- CTR, dt. 4.10.2017; Not. No. 39/2017- CTR, dt. 13.10.2017; Cir. No. 8/2017- GST, dt. 4.10.2017; Cir. No. 5/2017- GST, dt. 11.8.2017; Cir. No. 40/2017- GST, dt. 6.4.2017; Cir. No. 18/2017- GST, dt. 16.11.2017; Cir. No. 17/2017- GST, dt. 15.11.2017; Cir. No. 24/2017- GST, dt. 21.12.2017; Cir. No. 37/2018- GST, dt. 15.3.2018; Cir. No. 45/2018- GST, dt. 30.5.2018; Cir. No. 59/2018- GST, dt. 4.9.2018; Cir. No. 70/2018- GST, dt. 26.10.2018 & dt. 79/2018-GST, dt. 31.12.2018; Cir. No. 56/2018- GST, dt. 24.8.2018; Cir. No. 94/2019- GST, dt. 28.3.2019; Not. No. 10/2018-CT, dt. 23.1.2018; Not. No. 20/2018-CT, dt. 28.3.2018; Cir. No. 2/2017- GST, dt. 4.7.2017; Cir. No. 60/2018- GST, dt. 4.9.2018; Cir. No. 104/2019- GST, dt. 28.6.2019; Cir. No. 36/2018- GST, dt. 13.3.2018; Cir. No. 43/2018- GST, dt. 13.4.2018.

[3] Refer Form GST RFD-01 of the CGST Rules, 2017.

[4] Refer rule 89 of the CGST Rules, 2017.

[5] Refer Cir. No. 36/2018- GST, dt. 13.3.2018 & Cir. No. 43/2018- GST, dt. 13.4.2018.

[6] Refer Form GST RFD-10 of the CGST Rules, 2017.

[7] Refer rule 95 of the CGST Rules, 2017.

[8] Refer Not. No. 20/2018- CT, dt. 28.3.2018.

[9] Refer Cir. No. 48/2018- GST, dt. 14.6.2018.

[10] Refer Not. No. 5/2017- GST, dt. 28.6.2017 & Not. No. 15/2017- GST, dt. 28.6.2017.

[11] Refer rule 89 of the CGST Rules, 2017.

[12] See rule 91 of the CGST Rules, 2017.

[13] Substituted for "zero rated supplies" vide CGST Amendment Act, 2018 with effect from 01.02.2019 vide CGST Not. No. 02/2019 dt. 29.01.2019.

[14] Substituted for "zero rated supplies" vide CGST Amendment Act, 2018 with effect from 01.02.2019 vide CGST Not. No. 02/2019 dt. 29.01.2019..

[15] Inserted vide The Finance (No.2) Bill, 2019, with effect from a date yet to be notified.

[16] For Notified rate of interest, refer Noti. No. 13/2017- CT, dt. 28.6.2017/ Noti. No. 6/2017- Integrated Tax, dt. 28.6.2017.

[17] Inserted vide CGST Amendment Act, 2018 with effect from 01.02.2019 vide CGST Not. No. 02/2019 dt. 29.01.2019. .

[18] Substituted vide CGST Amendment Act, 2018 with effect from 01.02.2019 vide CGST Not. No. 02/2019 dt. 29.01.2019. Prior to its substitution, the clause read as under:

- a. *in the case of refund of unutilised input tax credit under sub-section (3), the end of the financial year in which such claim for refund arises;*