Goods and Services Tax (GST)

- Exports & Refunds

By CA Pavan Kumar RS

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Export of Goods

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Export of Goods

- Export of goods has been defined as follows:

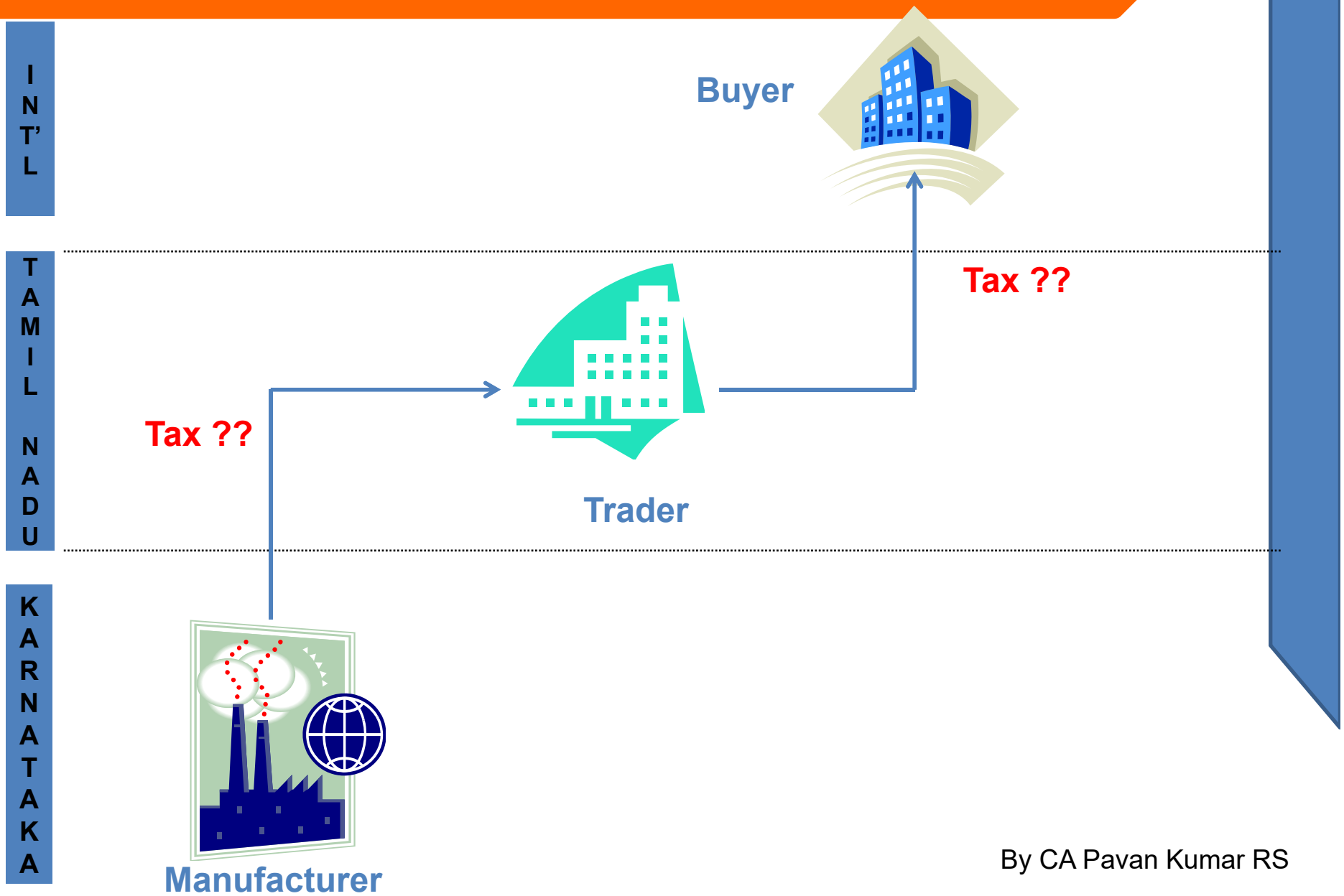
  *"export of goods with its grammatical variations and cognate expressions means taking goods out of India to a place outside **India**" (Section 2(5) of IGST Act)*

- Accordingly, "Export of goods" means:
  - Taking goods;
  - Out of **India**;
  - To a **place outside India**

Export of Goods

- India has been defined to include the following:
  - Territory of India as referred in the Constitution
  - Territorial Waters
  - Seabed and sub-soil underlying Territorial waters
  - Air Space above territory & territorial waters
  - Continental Shelf
  - Exclusive Economic Zone
  - Maritime Zones as referred in Maritime Zones Act.

Export of Goods



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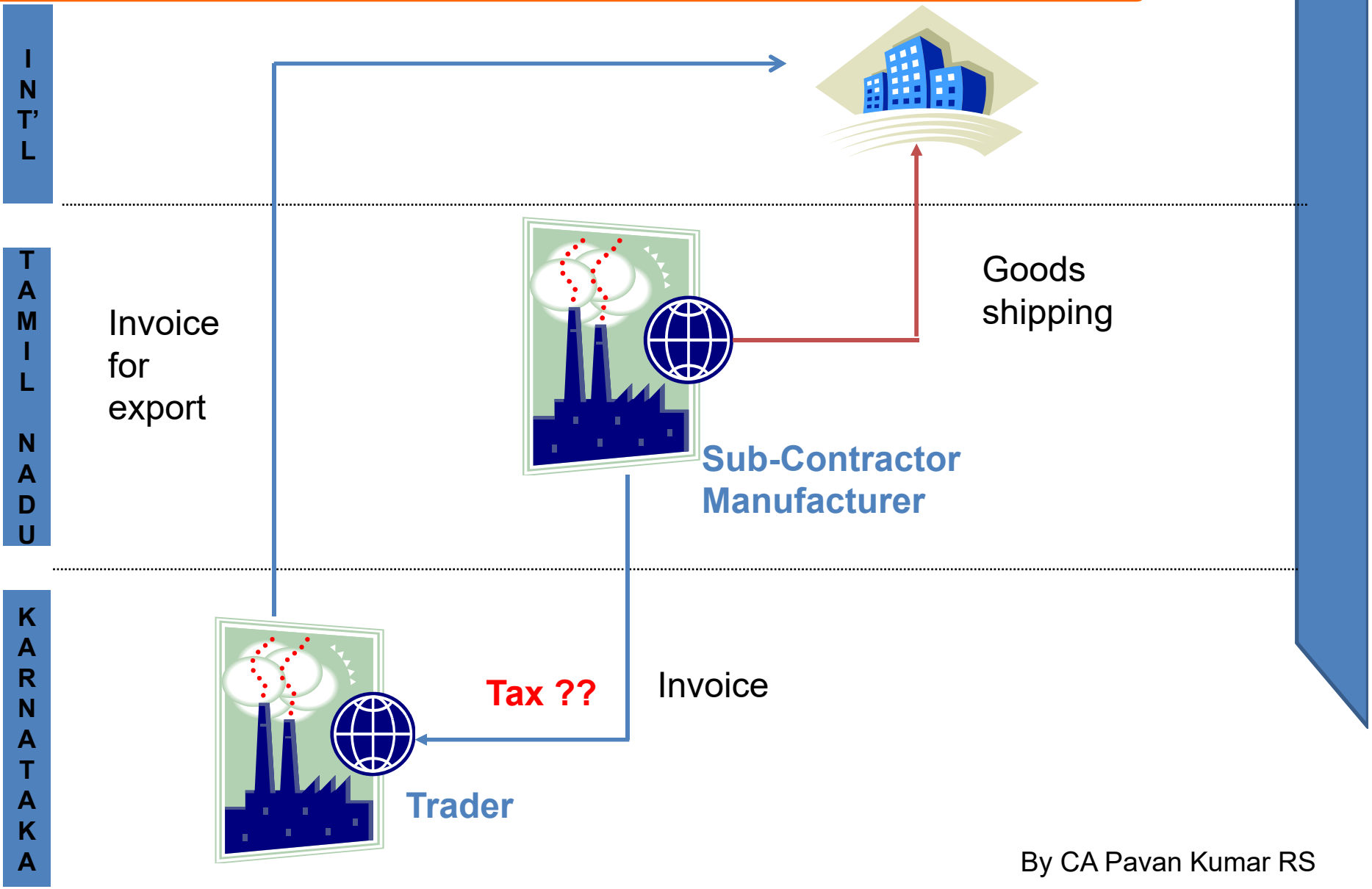
Export of Goods



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Section 10 of IGST Act, 2017

10 (1). *The place of supply of goods,* ***other than supply of goods imported into, or exported from India****, shall be as under,-*

……..

(b) where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person;

(c) where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply shall be the location of such goods at the time of the delivery to the recipient;

……..

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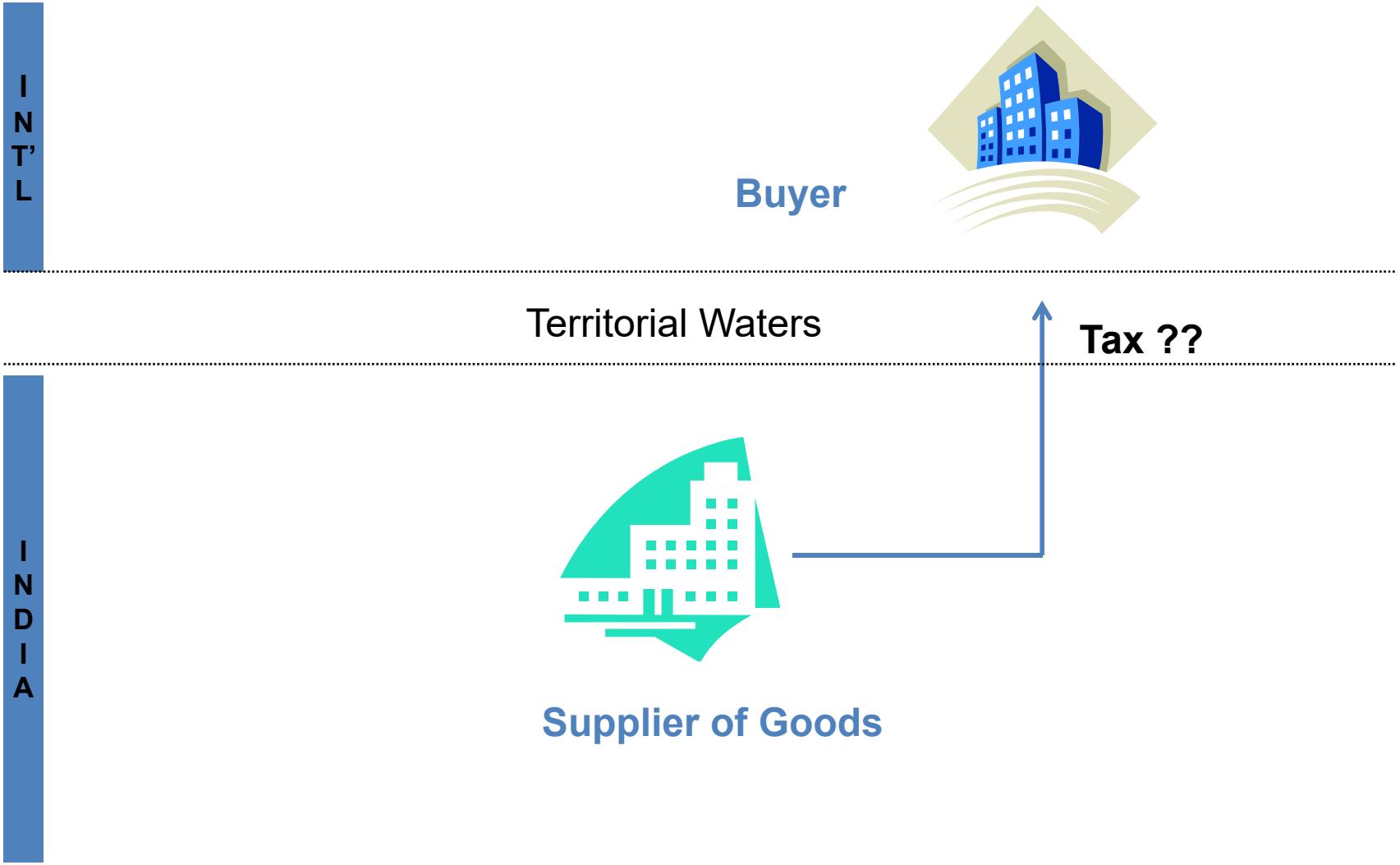
Section 11 of IGST Act, 2017

11. The place of supply of goods,—

(a) imported into India shall be the location of the importer;

(b) exported from India shall be the location outside India.

Export of Goods



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Export of Services

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Export of Services

Conditions for qualifying a ANY service as an Export

Supplier of Services	Located in India
Recipient of Services	Located outside India
Place of Supply	Outside India
Payment for Services	Received in convertible foreign exchange
Supplier & Recipient	Not merely establishment of same person

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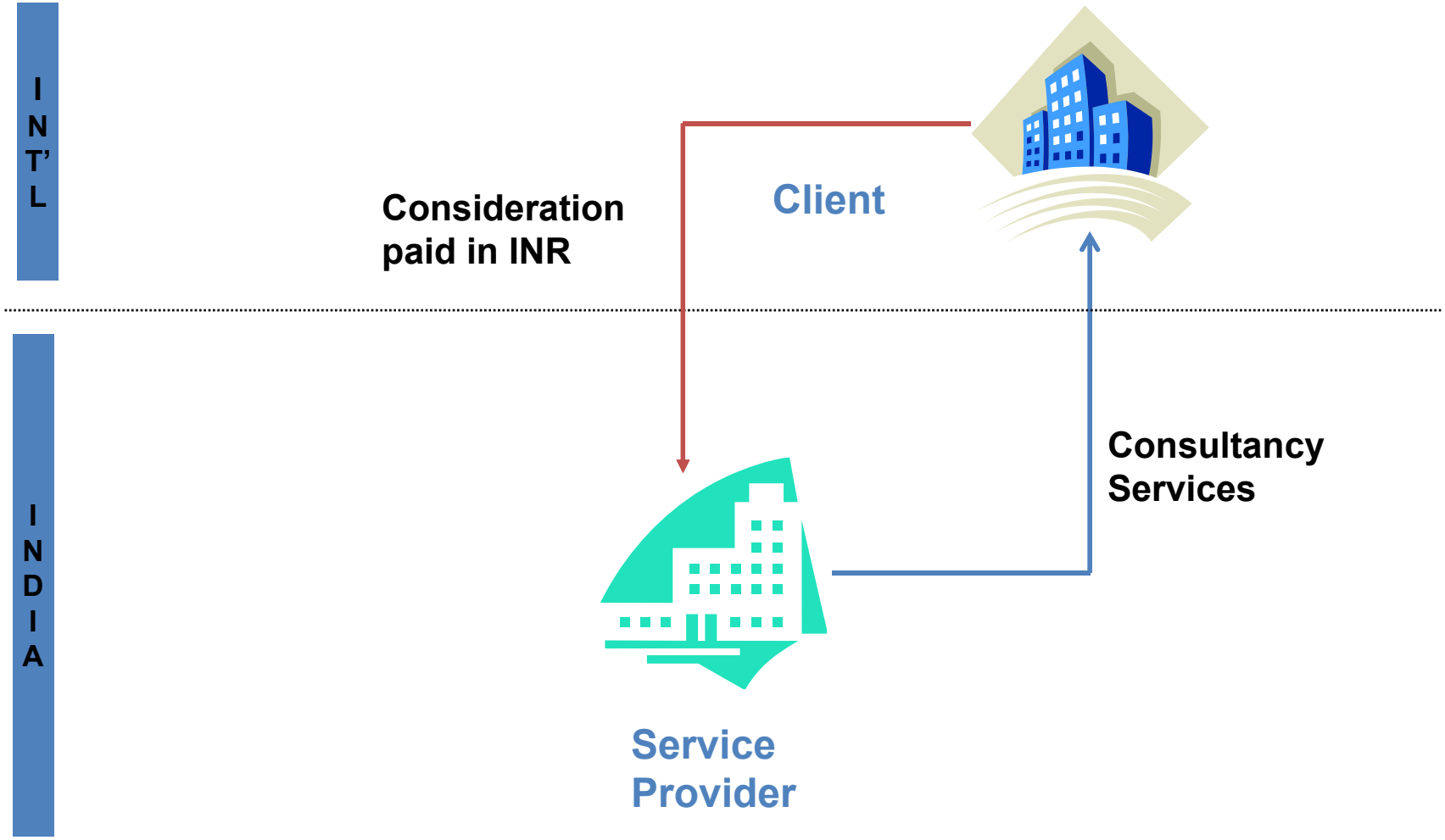
Export of Services



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Deemed Exports

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Deemed Exports

- The said section has been inserted to provide export benefits to certain supply of goods that do not leave India.
- The benefit under this Section would be only in respect of goods manufactured in India.
- Consideration in respect of such supplies could be received either in Indian Rupees or Convertible Foreign Exchange.
- Currently transactions to be treated as deemed exports are not notified.

Zero Rated Supplies

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Zero Rated Supplies

- Zero Rated supplies have been defined in Section 16 of IGST Act.
- Zero Rated supplies would include any of the following supply of goods or services or both:
  - Export of goods or services or both; or
  - Supply of goods or services or both SEZ Developer;
  - Supply of goods or services or both SEZ Unit.
- Input tax credit in respect of Zero Rated supplies could be claimed notwithstanding the fact that such outward supplies are exempted.

Zero Rated Supplies

- Refund in respect of Zero Rated supply could be claimed under any of the following options:
  - Execute Bond/LUT and claim refund of unutilized ITC; or
  - Pay IGST & claim refund of IGST.

Refunds under GST

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Refund Scenarios

Refunds under GST can be applied for in the following cases:

- Zero Rated Supplies
- Unutilized Input tax credit
- Other cases:
  - Refund of tax/interest/fees/penalty;
  - Refund of tax paid on supplies not provided;
  - Refund of tax paid on wrong classifications of supply;
  - Refund arising out of an order/decree;
  - Refund to specified persons in respect of inward supplies (UNO, Embassy of foreign countries or any notified persons).

Refund Procedure

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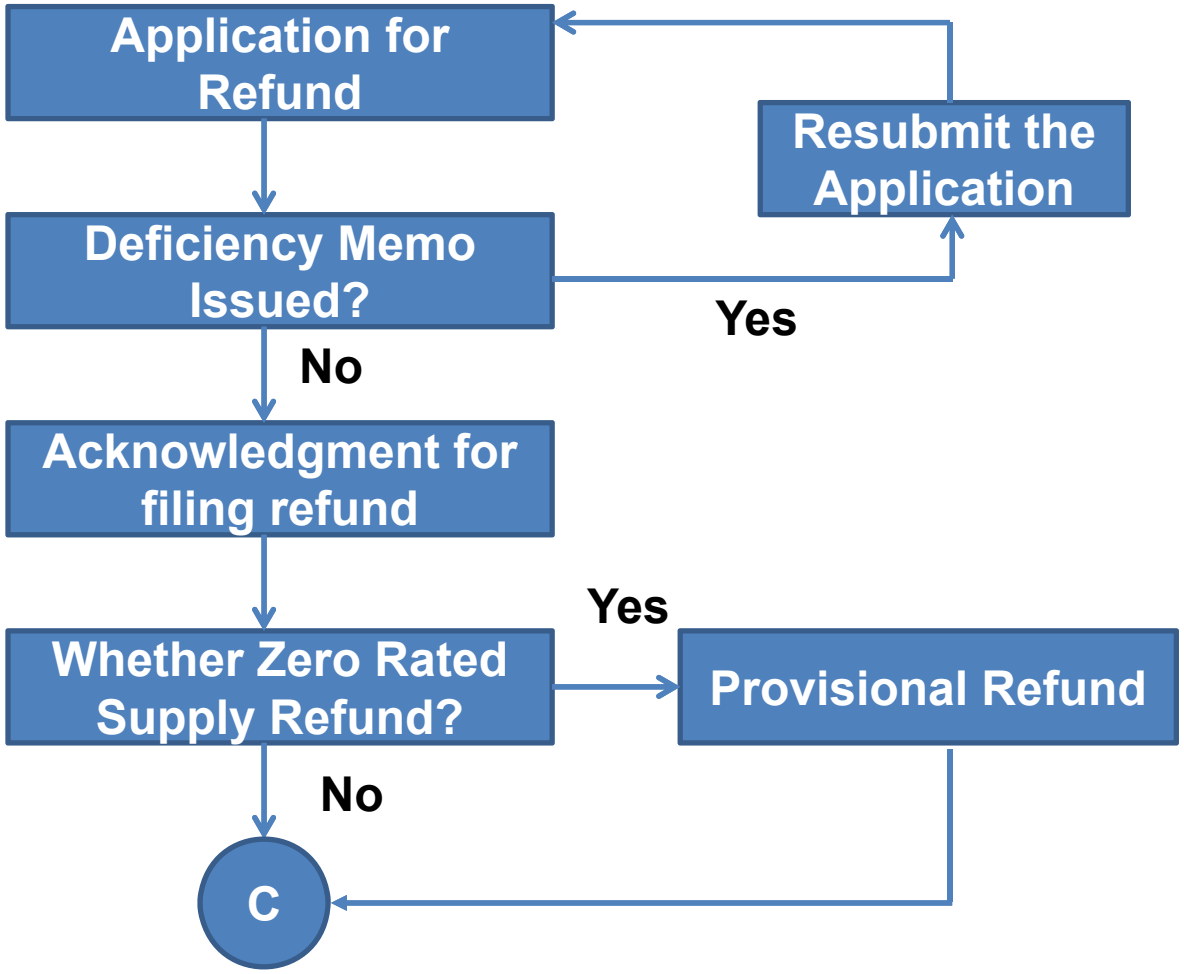
Refund Procedure



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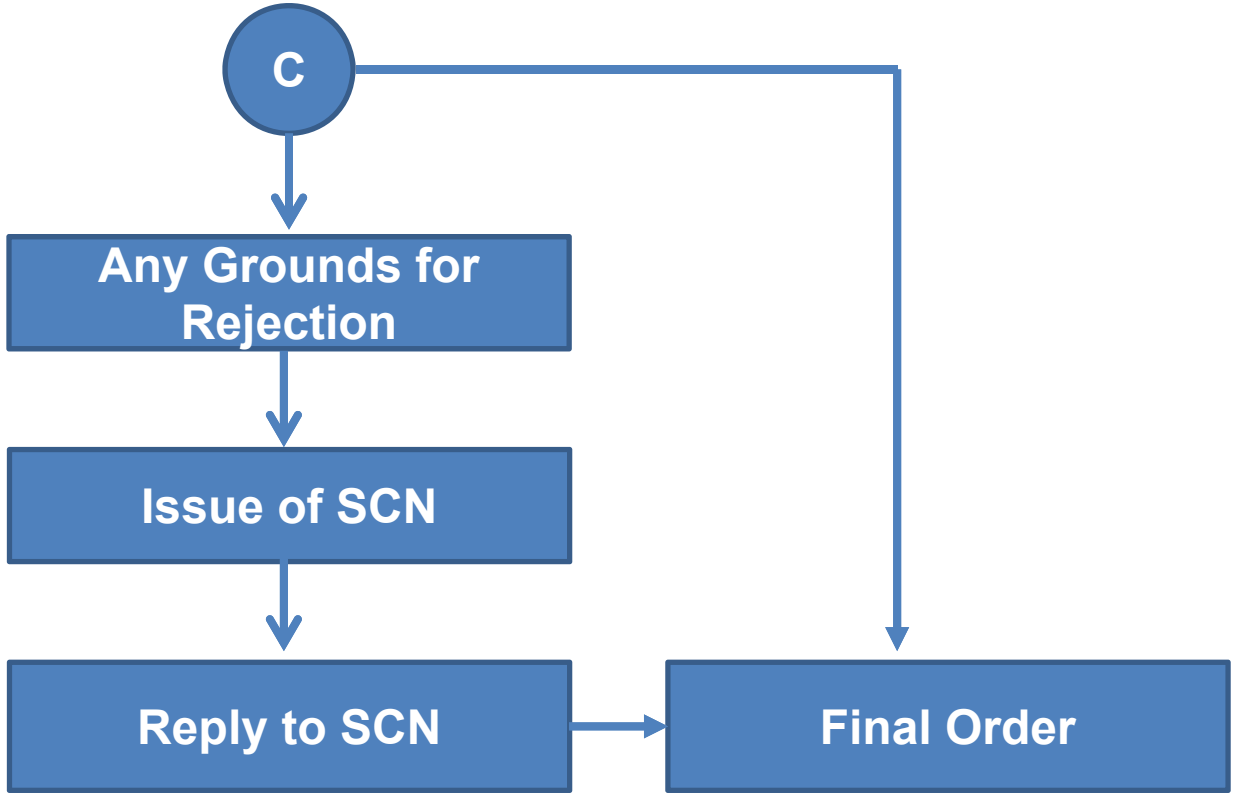
Refund Procedure



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Provisional Refund

- Refund in respect of Zero Rated supplies may be granted provisionally to extent of 90%.
- The provisional refund would be required to be granted within 7 days from the date of issuing the acknowledgement for filing the refund claim.
- No provisional refund would be granted in respect of provisional input tax credit.
- Provisional refund is subject to the following conditions:
  - Person claiming refund should not be prosecuted under GST or existing laws in any of the previous 5 years;
  - GST Compliance Rating should be more than 5 on a scale of 10; and
  - Refund claimed is not a subject matter of any appeal, review or revision.

General Provisions

- Refund of unutilized ITC shall not be available:
  - When the goods exported are subject to Export Duty.
  - When the supplier has claimed the drawback or refund of Tax paid.
- Self declaration for not passing on the incidence of tax would be sufficient in cases where the amount of refund does not exceed Rs.2 Lakh.
- Certificate from CA/Cost Accountant would be required in cases where the amount is more than Rs.2 Lakh.

General Provisions

- Where the person has both taxable & zero rated supplies, refund of ITC would be restricted proportionately to extent of Zero Rated supplies.
- The refund applications shall be disposed off within 60 days from the date of receipt of complete application.
- Refund in respect of Deemed Exports would be required to be claimed by the recipient of supply.

Relevant Date & Documents

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Relevant Date & Documents

Scenario	Relevant Date	Documents & Procedures
• **Refund of Unutilized ITC used in export of goods.** • **Tax paid on export of goods.**	Before expiry of 2 years from the relevant date. **<u>Export of Goods</u>** • **<u>By Sea/ Air</u>** – Date on which ship/aircraft leaves India. • **<u>By Land</u>** – Date on which goods pass the frontier of India • **<u>By Post</u>** – Date of despatch of goods from Post Office	• Application in Form GST RFD-01 • Export manifest/Export Report • Shipping Bills/Bills of Export. • Export Invoices. • Debit to Electronic Credit ledger.

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Relevant Date & Documents

Scenario	Relevant Date	Documents & Procedures
• **Refund of Unutilized ITC used in export of services.** • **Tax paid on export of services.**	Before expiry of 2 years from the relevant date. **<u>Export of Services</u>** • Date of receipt of convertible foreign exchange; or • Date of issue of invoice where consideration was received in advance.	• Application in Form GST RFD-01 • Invoice vs Realisation Reconciliation. • Debit to Electronic Credit ledger.

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Relevant Date & Documents

Scenario	Relevant Date	Documents & Procedures
• **Refund of Unutilized ITC used in supplies made to SEZ.** • **Tax paid on supplies made to SEZ.**	Before expiry of 2 years from the relevant date. **<u>Refund of ITC</u>** Two years from the date of end of the Financial year to which the ITC pertains. **<u>Refund of Taxes paid</u>** Two year from the date of payment of Tax.	• Application in Form GST RSD-01. • Endorsement by specified officer for receipt of goods/services in the SEZ. • Details of invoices for supplies made to SEZ. • Debit to Electronic Credit ledger.

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Relevant Date & Documents

Scenario	Relevant Date	Documents & Procedures
Refund on unutilised input tax credit as a result of rate on inputs being higher than output supplies *(Not applicable where output supply in NIL Rated or Fully Exempt)*	Two years from the date of end of the Financial year to which the ITC pertains.	• Application in Form GST RSD-01. • Details of invoices for inward supplies. • Details of invoices for outward supplies. • Debit to Electronic Credit Ledger.

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Relevant Date & Documents

Scenario	Relevant Date	Documents & Procedures
• **Refund of tax paid on supplies not provided.** • **Refund of tax paid on wrong classification of supply.**	Before expiry of 2 years from the date of payment.	Application in Form GST RFD-01 on the Common GST Portal In case of balance in the Electronic Cash Ledger, through Form GST-3/4/7 i.e. GST Returns

Relevant Date & Documents

Scenario	Relevant Date	Documents & Procedures
Refund to specified persons in respect of inward supplies.	Before six months from the last of day of the Quarter in which supply was received.	• Application in Form GST RFD-10 on a quarterly basis. • Statement of inward supplies. • The value of supply should be more than Rs.5,000/-.
Refund arising as a result of any judgment, decree, order or direction of Appellate Tribunal/Court	Date of communication of such judgment, decree, order or direction of Appellate Tribunal/Court	• Application in Form GST RFD-01. • Reference number of the order. • Copy of the judgment, decree, order or direction

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Interest

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Interest

Scenario	Rate of Interest
Refund not granted within 60 days from the date of receipt of application.	Interest not exceeding 6% per annum from the date immediately after the expiry of 60 days till the date of refund.
Application of refund filed based on the judgement passed by the Adjudicating Authority/Appellate Authority/Tribunal/ Court	Refund shall be granted within 60 days from the date of receipt of application. Interest not exceeding 9% per annum from the date immediately after the expiry of 60 days till the date of refund.

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Thank You!!!

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