

**Circular No. 17/17/2017 - GST**

**F. No. 349/169/2017-GST  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise and Customs  
GST Policy Wing**

New Delhi, Dated the 15<sup>th</sup> November, 2017

To,

The Principal Chief Commissioners / Chief Commissioners / Principal Commissioners  
/ Commissioners of Central Tax (All)

The Principal Director Generals / Director Generals (All)

Madam/Sir,

**Sub – Manual filing and processing of refund claims in respect of zero-rated supplies - reg.**

Due to the non-availability of the refund module on the common portal, it has been decided by the competent authority, on the recommendations of the Council, that the applications/documents/forms pertaining to refund claims on account of zero-rated supplies shall be filed and processed manually till further orders. Therefore, in exercise of the powers conferred by sub-section (1) of section 168 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as ‘the CGST Act’) and for the purpose of ensuring uniformity, the following conditions and procedure are laid down for the manual filing and processing of the refund claims:

2.1 As per sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as ‘the IGST Act’) read with clause (i) of sub-section (3) and sub-section (6) of section 54 of the CGST Act and rules 89 to 96A of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as ‘the CGST Rules’), a registered person may make zero-rated supplies of goods or services or both on payment of integrated tax and claim refund of the tax so paid, or make zero-rated supplies of goods or services or both under bond or Letter of Undertaking without payment of integrated tax and claim refund of unutilized input tax credit in relation to such zero rated supplies.

2.2 The refund of integrated tax paid on goods exported out of India is governed by rule 96 of the CGST Rules. The shipping bill filed by an exporter shall be deemed to be an application for refund in such cases. The application shall be deemed to have been filed only when export manifest or export report is filed and the applicant has furnished a valid return in **FORM GSTR-3** or **FORM GSTR-3B**, as the case may be. Upon receipt of the information regarding furnishing of a valid return in **FORM GSTR-3** or **FORM GSTR-3B**, as the case may be, from the common portal, the system designated by the Customs shall process the claim for refund and an amount equal to the integrated tax paid in respect of such export shall be electronically credited to the bank account of the applicant. Any order regarding withholding of such refund or its further sanction respectively in PART-B of **FORM GST RFD-07** or **FORM GST RFD-06** shall be done manually till the refund module is operational on the common portal.

2.3 The application for refund of integrated tax paid on zero-rated supply of goods to a Special Economic Zone developer or a Special Economic Zone unit or in case of zero-rated supply of services (that is, except the cases covered in paragraph 2.2 above and para 2.4 below) is required to be filed in **FORM GST RFD-01A** (as notified in the CGST Rules vide notification No. 55/2017 – Central Tax dated 15.11.2017) by the supplier on the common portal and a print out of the said form shall be submitted before the jurisdictional proper officer along with all necessary documentary evidences as applicable (as per the details in statement 2 or 4 of Annexure to **FORM GST RFD – 01**), within the time stipulated for filing of such refund under the CGST Act.

2.4 The application for refund of unutilized input tax credit on inputs or input services used in making such zero-rated supplies shall be filed in **FORM GST RFD-01A** on the common portal and the amount claimed as refund shall get debited in accordance with sub-rule (3) of rule 86 of the CGST Rules from the amount in the electronic credit ledger to the extent of the claim. The common portal shall generate a proof of debit (ARN- Acknowledgement Receipt Number) which would be mentioned in the **FORM GST RFD-01A** submitted manually, along with the print out of **FORM GST RFD-01A** to the jurisdictional proper officer, and with all necessary documentary evidences as applicable (as per details in statement 3 or 5 of Annexure to **FORM GST RFD-01**), within the time stipulated for filing of such refund under the CGST Act.

2.5 The registered person needs to file the refund claim with the jurisdictional tax authority to which the taxpayer has been assigned as per the administrative order issued in this regard by the Chief Commissioner of Central Tax and the Commissioner

of State Tax. In case such an order has not been issued in the State, the registered person is at liberty to apply for refund before the Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented. However, in the latter case, an undertaking is required to be submitted stating that the claim for sanction of refund has been made to only one of the authorities. It is reiterated that the Central Tax officers shall facilitate the processing of the refund claims of all registered persons whether or not such person was registered with the Central Government in the earlier regime.

2.6 Once such a refund application in **FORM GST RFD-01A** is received in the office of the jurisdictional proper officer, an entry shall be made in a refund register to be maintained for this purpose with the following details –

**Table 1**

| Sl. No. | Applicant's name | GSTIN | Date of receipt of application | Period to which the claim pertains | Nature of refund – Refund of integrated tax paid/Refund of unutilized ITC | Amount of refund claimed | Date of issue of acknowledgment in FORM GST RFD-02 | Date of receipt of complete application (as mentioned in FORM GST RFD-02) |
|---------|------------------|-------|--------------------------------|------------------------------------|---|--------------------------|--|---|
| 1       | 2                | 3     | 4                              | 5                                  | 6   | 7                        | 8  | 9   |

2.7 Further, all communication in regard to the FORMS mentioned below shall be done manually, within the timelines as specified in the relevant rules, till the module is operational on the common portal, and all such communications shall also be recorded appropriately in the refund register as discussed in the succeeding paragraphs –

| Sl.No. | FORM                   | Details                  | Relevant provision of the CGST Rules, 2017 |
|--------|------------------------|--------------------------|--|
| 1.     | <b>FORM GST RFD-02</b> | Acknowledgement          | Rules 90(1) and 90(2)                      |
| 2.     | <b>FORM GST RFD-03</b> | Deficiency memo          | Rule 90(3)                                 |
| 3.     | <b>FORM GST RFD-04</b> | Provisional refund order | Rule 91(2)                                 |
| 4.     | <b>FORM GST RFD-05</b> | Payment advice           | Rules 91(3), 92(4), 92(5)                  |

|    |                        |  |  |
|----|------------------------|--|--|
|    |                        |  | and 94                                     |
| 5. | <b>FORM GST RFD-06</b> | Refund sanction/Rejection order                                | Rules 92(1), 92(3), 92(4), 92(5) and 96(7) |
| 6. | <b>FORM GST RFD-07</b> | Order for complete adjustment/withholding of sanctioned refund | Rules 92(1), 92(2) and 96(6)               |
| 7. | <b>FORM GST RFD-08</b> | Notice for rejection of application for refund                 | Rule 92(3)                                 |
| 8. | <b>FORM GST RFD-09</b> | Reply to show cause notice                                     | Rule 92(3)                                 |

2.8 The processing of the claim till the provisional sanction of refund shall be recorded in the refund register as in the table indicated below -

**Table 2**

| Date of issue of Deficiency Memo in FORM GST RFD-03 | Date of receipt of reply from the applicant | Date of issue of provisional refund order in FORM GST-RFD-04 | Amount of refund claimed | Amount of provisional refund sanctioned |        |    |      | Date of issue of Payment Advice in FORM GST RFD-05 |
|---|---|--|--------------------------|---|--------|----|------|--|
|   |   |  |                          | CT                                      | ST/UTT | IT | Cess |  |
| 1   | 2   | 3  | 4                        | 5                                       | 6      | 7  | 8    | 9  |
|   |   |  |                          |   |        |    |      |  |

2.9 After the sanction of provisional refund, the claim shall be processed and the final order issued within sixty days of the date of receipt of the complete application form. The process shall be recorded in the refund register as in the table indicated below -

**Table 3**

| Date of issue of notice, if any for rejection of refund in FORM | Date of receipt of reply, if any to SCN in FORM | Date of issue of Refund sanction/rejection order in FORM GST RFD-06 | Total amount of refund sanctioned | Date of issue of Payment Advice in FORM GST RFD-05 | Amount of refund rejected | Date of issue of order for adjustment of sanctioned refund/withholding |
|---|---|---|-----------------------------------|--|---------------------------|--|
|   |   |   |                                   |  |                           |  |

| GST RFD-08 | GST RFD-09 |   |     |         |     |       |     |         |    |       | refund in FORM GST RFD-07 |    |
|------------|------------|---|-----|---------|-----|-------|-----|---------|----|-------|---------------------------|----|
|            |            |   | C T | ST/UT T | I T | Ces s | C T | ST/UT T | IT | Ces s |                           |    |
| 1          | 2          | 3 | 4   | 5       | 6   | 7     | 8   | 9       | 10 | 11    | 12                        | 13 |

2.10 After the refund claim is processed in accordance with the provisions of the CGST Act and the rules made thereunder and where any amount claimed as refund is rejected under rule 92 of the CGST Rules, either fully or partly, the amount debited, to the extent of rejection, shall be re-credited to the electronic credit ledger by an order made in **FORM GST PMT-03**. The amount would be credited by the proper officer using **FORM GST RFD-01B** (as notified in the CGST Rules vide notification No. 55/2017 – Central Tax dated 15.11.2017) subject to the provisions of rule 93 of the CGST Rules.

3. For the sake of clarity and uniformity, the entire process of filing and processing of refunds manually is tabulated as below:

### 3.1 Filing of Refund Claims:

| Sl. No. | Category of Refund  | Process of Filing  |
|---------|---|--|
| 1.      | Refund of IGST paid on export of goods  | No separate application is required as shipping bill itself will be treated as application for refund.   |
| 2.      | Refund of IGST paid on export of services / zero rated supplies to SEZ units or SEZ developers  | Printout of <b>FORM GST RFD-01A</b> needs to be filed manually with the jurisdictional GST officer (only at one place - Centre or State) along with relevant documentary evidences, wherever applicable.                               |
| 3.      | Refund of unutilized input tax credit due to the accumulation of credit of tax paid on inputs or input services used in making zero-rated supplies of goods or services or both | <b>FORM GST RFD-01A</b> needs to be filed on the common portal. The amount of credit claimed as refund would be debited in the electronic credit ledger and proof of debit needs to be generated on the common portal. Printout of the |

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|  |  | <b>FORM GST RFD- 01A</b> needs to be submitted before the jurisdictional GST officer along with necessary documentary evidences, wherever applicable. |
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### 3.2 Steps to be followed for processing of Refund Claims:

Three different refund registers are to be maintained for record keeping of the manually sanctioned refunds – for receipts, sanction of provisional refunds and sanction of final refunds. The steps are as follows:

| Step No. | Action to be Taken   |
|----------|--|
| Step-1   | Entry to be made in the Refund register for receipt of refund applications   |
| Step-2   | Check for completeness of application as well as availability of the supporting documents in totality. Once completeness in all respects is ascertained, acknowledgement in <b>FORM GST RFD-02</b> shall be issued within 15 days from the date of filing of the application and entry shall be made in the Refund register for receipt of refund applications   |
| Step-3   | <ul style="list-style-type: none"> <li>• All communications (issuance of deficiency memo, issuance of provisional and final refund orders, payment advice etc.) shall be done in the format prescribed in the Forms appended to the CGST Rules, and shall be done manually (i.e. not on the common portal) within the timelines prescribed in the rules;</li> <li>• Processing for grant of provisional refund shall be completed within 7 days as per the CGST Rules and details to be maintained in the register for provisional refunds. Bifurcation of the taxes to be refunded under CGST (CT) /SGST (ST) /UTGST (UT) /IGST (IT) /Cess shall be maintained in the register mandatorily;</li> <li>• After the sanction of the provisional refund, final order is to be issued within sixty days (after due verification of the documentary evidences) of the date of receipt of the complete application form. The details of the finally sanctioned refund and rejected portion of the refund along with the breakup (CT / ST / UT / IT/ Cess) to be maintained in the final refund register;</li> <li>• The amount not sanctioned and eligible for re-credit is to be re-credited to the electronic credit ledger by an order made in <b>FORM GST PMT-03</b>. The actual credit of this amount will be done by the proper officer in <b>FORM GST RFD-01B</b>.</li> </ul> |

### 3.3 Detailed procedure for manual processing of refund claims:

The detailed procedure for disposal of Refund claims filed manually is as under:

| <b>MANUAL PROCESSING OF REFUND</b>   |  |  |
|--|--|--|
| <b>STEPS</b>   | <b>REMARKS</b>   | <b>LEGAL PROVISIONS</b>  |
| Filing of refund application in <b>FORM GST RFD- 01A</b> online on the common portal (only when refund of unutilized ITC is claimed) | <ul style="list-style-type: none"> <li>The corresponding electronic credit ledger of CT / ST / UT / IT/ Cess would get debited and an ARN number would get generated.</li> </ul>   | Rule 89  |
| Filing of printout of <b>FORMGST RFD-01A</b>   | <ul style="list-style-type: none"> <li>The printout of the ARN along with application of refund shall be submitted manually in the appropriate jurisdiction.</li> <li>This form needs to be accompanied with the requisite documentary evidences. This Form shall contain the debit entry in the electronic credit ledger of the amount claimed as refund in <b>FORM GST RFD-01A</b>.</li> </ul>   | <p>Rule 89(1) – Application</p> <p>Rule 89(2) – Requisite Documents</p> <p>Rule 89(3) – Debiting of electronic credit ledger</p>   |
| Initial scrutiny of the Documents by the proper officer  | <ul style="list-style-type: none"> <li>The proper officer shall validate the GSTIN details on the portal to validate whether return in <b>FORM GSTR-3</b> or <b>FORM GSTR- 3B</b>, as the case may be, has been filed. A declaration is required to be submitted by the claimant that no refund has been claimed against the relevant invoices.</li> <li>Deficiencies, if any, in documentary evidences are to be ascertained and communicated in</li> </ul> | <p>Rule 90(2) – 15 day time for scrutiny</p> <p>Rule 90(3) – Issuance of Deficiency memo</p> <p>Rule 90(3) – Fresh refund application requirement</p> <p>Rule 93(1) – re-credit of refund amount applied for</p> |

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|  | <p><b>FORM GST RFD-03</b> within 15 days of filing of the refund application.</p> <ul style="list-style-type: none"> <li>• Deficiency Memo should be complete in all respects and only one Deficiency Memo shall be given.</li> <li>• Submission of application after Deficiency Memo shall be treated as a fresh application.</li> <li>• Resubmission of the application, after rectifying the deficiencies pointed out in the Deficiency memo, shall be made by using the ARN and debit entry number generated originally.</li> <li>• If the application is not filed afresh within thirty days of the communication of the deficiency memo, the proper officer shall pass an order in <b>FORM GST PMT-03</b> and re-credit the amount claimed as refund through <b>FORM GST RFD-01B</b>.</li> </ul> |                                     |
| <p>Issue acknowledgement manually within 15 days in <b>FORM GST RFD-02</b></p> | <ul style="list-style-type: none"> <li>• The date of submission of application for which acknowledgement has been given will be considered as the date for ensuring whether the refund application has been sanctioned within the stipulated time period.</li> </ul>   | <p>Rule 90(2) - Acknowledgement</p> |



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| <p>Grant of provisional refund within seven days of issue of acknowledgement</p>  | <ul style="list-style-type: none"> <li>• The amount of provisional refund shall be calculated taking into account the total input tax credit, without making any reduction for credit being provisionally accepted.</li> <li>• Provisional refund shall be granted separately for each head CT / ST / UT / IT/ Cess within 7 days of acknowledgement in <b>FORM GST RFD-04</b>.</li> <li>• Before sanction of the refund a declaration shall be obtained that the applicant has not contravened rule 91(1).</li> <li>• Payment advice to be issued in <b>FORM GST RFD-05</b>.</li> <li>• Refund would be made directly in the bank account mentioned in the registration.</li> </ul> | <p>Rule 91(1) – Requirement of no prosecution for last 5 years</p> <p>Rule 91(2) – Prima facie satisfaction, seven day requirement</p> <p>Rule 91(3) – Payment advice, electronic credit to bank account</p> |
| <p>Detailed scrutiny of the refund application along with submitted documents</p> | <ul style="list-style-type: none"> <li>• The officer shall validate refund statement details with details in <b>FORM GSTR 1</b> (or Table 6A of <b>FORM GSTR-1</b>) available on the common portal.</li> <li>• The Shipping bill details shall be checked by officer through ICEGATE SITE (<a href="http://www.icegate.gov.in">www.icegate.gov.in</a>) wherein the officer would be able to check details of EGM and shipping bill by keying in port name, Shipping bill number and date.</li> <li>• Further, details of IGST paid also needs to be</li> </ul>   | <p>Rule 89(4) – Refund Amount Calculation</p> <p>Rule 92(1) – Any adjustments made in the amount against existing demands</p> <p>Rule 92(2) – reasons for withholding of refunds</p>                         |

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|  | <p>verified from <b>FORM GSTR- 3</b> or <b>FORM GSTR- 3B</b>, as the case may be, filed by the applicant and it needs to be verified that the refund amount claimed shall be less than the tax paid on account of zero rated supplies as per <b>FORM GSTR-3</b> or <b>FORM GSTR- 3B</b>, as the case may be.</p> <ul style="list-style-type: none"> <li>• Ascertain what amount may be sanctioned finally and see whether any adjustments against any outstanding liability is required (<b>FORM GST RFD-07</b> – Part A).</li> <li>• Ascertain what amount of the input tax credit is sanction-able, and amount of refund, if any, liable to be withheld.</li> <li>• Order needs to be passed in <b>FORM GST RFD-07</b> – Part B.</li> </ul> |   |
| <p>If the sanction-able amount is less than the applied amount</p> | <ul style="list-style-type: none"> <li>• Notice has to be issued to the applicant in <b>FORM GST RFD-08</b>.</li> <li>• The applicant has to reply within 15 days of receipt of the notice in <b>FORM GST RFD-09</b>.</li> <li>• Principles of natural justice to be followed before making the final decision.</li> <li>• Final order to be made in <b>FORM GST RFD-06</b>.</li> </ul>   | <p>Rule 92(3) – Notice for refund not admissible / payable</p> <p>Rule 92(3) – Requirement of reply to the notice within 15 days</p> <p>Rule 92(3), 92(4), 92(5) – Sanction of Refund order</p> |
| <p>Pre-Audit</p>   | <ul style="list-style-type: none"> <li>• Pre-audit of the manually processed refund applications is not required to be</li> </ul>   |   |

|                            |  |  |
|----------------------------|--|--|
|                            | <p>carried out, irrespective of the amount involved, till separate detailed guidelines are issued.</p> <ul style="list-style-type: none"> <li>• Post-audit of the orders may however continue on the basis of extant guidelines.</li> </ul>  |  |
| Final sanction of refund   | <ul style="list-style-type: none"> <li>• The proper officer shall issue the refund order manually for each head i.e. CT / ST / UT / IT/ Cess.</li> <li>• Amount paid provisionally needs to be adjusted accordingly.</li> <li>• Payment advice is to be made in <b>FORM GST RFD-05</b>.</li> <li>• The amount of credit rejected has to be re-credited to the credit ledger by an order in <b>FORM GST PMT- 03</b> and shall be intimated to the common portal in <b>FORM GST RFD-01B</b>.</li> <li>• Refund, if any, will be paid by an order with payment advice in <b>FORM GST RFD-05</b>.</li> <li>• The details of the refund along with taxpayer bank account details shall be manually submitted in PFMS/[States'] system by the jurisdictional Division's DDO and a signed copy of the sanction order shall be sent to PAO office for release of payment.</li> </ul> | <p>Rule 92(3), 92(4), 92(5) – Sanction of Refund order</p> <p>Rule 92(4), 92(5) – Payment advice issue</p> |
| Payment of interest if any | <ul style="list-style-type: none"> <li>• Amount, if any, will be paid by an order with</li> </ul>  | Rule 94  |

|  |  |  |
|--|--|--|
|  | payment advice in<br><b>FORM GST RFD-05.</b> |  |
|--|--|--|

4. The refund application for various taxes i.e. CT / ST / UT / IT/ Cess can be filed with any one of the tax authorities and shall be processed by the said authority, however the payment of the sanctioned refund amount shall be made only by the respective tax authority of the Centre or State government. In other words, the payment of the sanctioned refund amount in relation to CT / IT / Cess shall be made by the Central tax authority while payment of the sanctioned refund amount in relation to ST / UT would be made by the State tax/Union territory tax authority. It therefore becomes necessary that the refund order issued either by the Central tax authority or the State tax/UT tax authority is communicated to the concerned counter-part tax authority within three days for the purpose of payment of the relevant sanctioned refund amount of tax or cess, as the case may be.

5. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

6. Difficulty, if any, in implementation of the above instructions may please be brought to the notice of the Board. Hindi version would follow.

(Upender Gupta)  
Commissioner (GST)