

CHAPTER X

REFUND

Rule 89: Application for refund of tax, interest, penalty, fees or any other amount

- (1) Any person, except the persons covered under notification issued under section 55, claiming refund of any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file an application electronically in **FORM GST RFD-01** through the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that any claim for refund relating to balance in the electronic cash ledger in accordance with the provisions of sub-section (6) of section 49 may be made through the return furnished for the relevant tax period in **FORM GSTR-3** or **FORM GSTR-4** or **FORM GSTR-7**, as the case may be:

Provided further that in respect of supplies to a Special Economic Zone unit or a Special Economic Zone developer, the application for refund shall be filed by the

- (a) supplier of goods after such goods have been admitted in full in the Special Economic Zone for authorized operations, as endorsed by the specified officer of the Zone:
- (b) supplier of services along with such evidence regarding receipt of services for authorized operations as endorsed by the specified officer of the Zone:

¹**Provided also** that in respect of supplies regarded as deemed exports, the application may be filed by,

- (a) the recipient of deemed export supplies; or
- (b) the supplier of deemed export supplies in cases where the recipient does not avail input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund.]

Provided also that refund of any amount, after adjusting the tax payable by the applicant out of the advance tax deposited by him under section 27 at the time of registration, shall be claimed in the last return required to be furnished by him.

- (2) The application under sub-rule (1) shall be accompanied by any of the

1. Substituted vide Notification No. 47/2017- State Tax dt 18/10/2018 w.e.f. 18/10/2017. Prior to substitution it read as under:

Provided also that in respect of supplies regarded as deemed exports, the application shall be filed by the recipient of deemed export supplies:

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following documentary evidences, in Annexure 1 in **FORM GST RFD-01** as applicable, to establish that a refund is due to the applicant, namely:-

- (a) the reference number of the order and a copy of the order passed by the proper officer or an appellate authority or Appellate Tribunal or court resulting in such refund or reference number of the payment of the amount specified in sub-section (6) of section 107 and sub-section (8) of section 112 claimed as refund;
- (b) a statement containing the number and date of shipping bills or bills of export and the number and date of the relevant export invoices, in a case where the refund is on account of export of goods;
- (c) a statement containing the number and date of invoices and the relevant Bank Realization Certificates or Foreign Inward Remittance Certificates, as the case may be, in a case where the refund is on account of export of services;
- (d) a statement containing the number and date of invoices as provided in rule 46 along with the evidence regarding endorsement specified in the second proviso to sub-rule (1) in case of supply of goods made to a Special Economic Zone unit or a Special Economic Zone developer;
- (e) a statement containing the number and date of invoices, the evidence regarding endorsement specified in the second proviso to sub-rule (1) and the details of payment, along with proof thereof, made by the recipient to the supplier for authorized operations as defined under the Special Economic Zone Act, 2005, in a case where the refund is on account of supply of services made to a Special Economic Zone unit or a Special Economic Zone developer;
- ⁷[(f) a declaration to the effect that tax has not been collected from the Special Economic Zone unit or the Special Economic Zone developer, in a case where the refund is on account of supply of goods or services or both made to a Special Economic Zone unit or a Special Economic Zone developer;]
- (g) a statement containing the number and date of invoices along with such other evidence as may be notified in this behalf, in a case where the refund is on account of deemed exports;
- (h) a statement containing the number and date of invoices received and issued during a tax period in a case where the claim pertains to refund of any unutilized input tax credit under sub-section (3) of section 54 where the credit has accumulated on account of rate of tax on the inputs being higher than the rate of tax on output supplies, other than nil-rated or fully exempt supplies;
- (i) the reference number of the final assessment order and a copy of the said order in a case where the refund arises on account of finalisation of provisional assessment;
- (j) a statement showing the details of transactions considered as intra-State supply but which is subsequently held to be inter-State supply;

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(k) a statement showing the details of the amount of claim on account of excess payment of tax;

(l) a declaration to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed does not exceed two lakh rupees:

Provided that a declaration is not required to be furnished in respect of cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;

(m) a Certificate in Annexure 2 of **FORM GST RFD-01** issued by a chartered accountant or a cost accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed exceeds two lakh rupees:

Provided that a certificate is not required to be furnished in respect of cases covered under clause (a) or clause (b) or clause (c) or clause (d) or clause (f) of sub-section (8) of section 54;

Explanation.- For the purposes of this rule,

(i) in case of refunds referred to in clause (c) of sub-section (8) of section 54, "invoice" means invoice conforming to the provisions contained in section 31 ;

(ii) where the amount of tax has been recovered from the recipient, it shall be deemed that the incidence of tax has been passed on to the ultimate consumer.

(3) Where the application relates to refund of input tax credit, the electronic credit ledger shall be debited by the applicant in an amount equal to the refund so claimed.

²[(4) In case of zero-rated supply of goods or services or both without payment

2. Substituted vide Notification No. 75/2017- State Tax dt 29/12/2017 w.e.f. 23/10/2017. Prior to substitution it read as under:

(4) In case of zero-rated supply of goods or services or both without payment of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017) refund of input tax credit shall be granted as per the following formula:

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated

supply of services) x Net ITC ÷ Adjusted Total Turnover

Where,-

(A) "Refund amount" means the maximum refund that is admissible;

(B) "Net ITC" means input tax credit availed on inputs and input services

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of tax under bond or letter of undertaking in accordance with the provisions of sub-section (3) of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017) refund of input tax credit shall be granted as per the following formula:

$$\text{Refund Amount} = (\text{Turnover of zero-rated supply of goods} + \text{Turnover of zero-rated supply of services}) \times \text{Net ITC} \div \text{Adjusted Total Turnover}$$

Where,-

- (A) "Refund amount" means the maximum refund that is admissible;
- (B) "Net ITC" means input tax credit availed on inputs and input services during the relevant period other than input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both;
- ⁸[(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, whichever is less, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;]
- (D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-
- Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed

during the relevant period;

- (C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking;
- (D) "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or letter of undertaking, calculated in the following manner, namely:-
- Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;
- (E) "Adjusted Total turnover" means the turnover in a State or a Union territory, as defined under ²clause (112) of section 2, excluding the value of exempt supplies other than zero-rated supplies, during the relevant period;
- (F) "Relevant period" means the period for which the claim has been filed.

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for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;

(E) ³["Adjusted Total Turnover" means the sum total of the value of -

- (a) the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services; and
- (b) the turnover of zero-rated supply of services determined in terms of clause (D) above and non-zero rated supply of services, excluding -
 - (i) the value of exempt supplies other than zero-rated supplies; and
 - (ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any,

during the relevant period;]

⁴[(4A) In the case of supplies received on which the supplier has availed the

3 Substituted vide Notification No. 39/2018- State Tax dt. 04/09/2018 w.e.f. 04/09/2018.

Prior to substitution it read as under:

“(E) Adjusted Total turnover” means the turnover in a State or a Union territory,

as defined under ³clause (112) of section 2, excluding-

- (a) the value of exempt supplies other than zero-rated supplies and
- (b) the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both, if any, during the relevant period;”

4 Substituted vide Notification No. 3/2018 – State Tax dt. 24/01/2018 w.e.f. 23/10/2017.

Prior to substitution it read as under:

(4A) In the case of supplies received on which the supplier has availed the benefit of notification No. 48/2017-Central Tax dated 18th October, 2017, refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted.

(4B) In the case of supplies received on which the supplier has availed the benefit of notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017 or Notification No. 41/2017 -Integrated Tax (Rate) dated 23rd October, 2017, or both , refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and input tax credit availed in respect of other inputs or input services used to the extent of such exports of goods, shall be granted.

5 Substituted vide Notification No. 21/2018- State Tax dt 18/04/2018 w.e.f. 18/04/2018.

Prior to substitution it read as under:

(5) In case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula:

Maximum Refund Amount = {(Turnover of inverted rated supply of goods) x Net ITC ÷ Adjusted Total Turnover} - tax payable on such inverted rated

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benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated 18th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 1305 (E) dated the 18th October, 2017, refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be

supply of goods

Explanation.- For the purposes of this sub rule, the expressions "Net ITC" and "Adjusted Total turnover" shall have the same meaning as assigned to them in sub-rule (4).

6. Substituted vide Notification No. 26/2018- State Tax dt. 14/06/2018 w.e.f 01/07/2018. Prior to substitution it read as under:

⁵[(5) In case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula:

$$\text{Maximum Refund Amount} = \{(\text{Turnover of inverted rated supply of goods}) \times \text{Net ITC} \div \text{Adjusted Total Turnover}\} - \text{tax payable on such inverted rated supply of goods}$$

Explanation.- For the purposes of this sub rule, the expressions -

- (a) "Net ITC" shall mean input tax credit availed during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both; and
- (b) "Adjusted Total turnover" shall have the same meaning as assigned to them in sub-rule (4).

7. Substituted vide Notification No. 03/2019-State Tax dated 29-01-2019 before it was read as

"(f) a declaration to the effect that the Special Economic Zone unit or the Special Economic Zone developer has not availed the input tax credit of the tax paid by the supplier of goods or services or both, in a case where the refund is on account of supply of goods or services made to a Special Economic Zone unit or a Special Economic Zone developer;"

8. Substituted vide Notification No. 16/2020 -State Tax dated 31-03-2020 before it was read as

"(C) "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or letter of undertaking, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;"

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granted.

(4B) In the case of supplies received on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide G.S.R 1320 (E) dated 23rd October, 2017 or Notification No. 41/2017 - Integrated Tax (Rate) dated 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide G.S.R 1321 (E) dated 23rd October, 2017, or notification No. 78/2017- Customs dated 13th October, 2017 published in the Gazette of India, Extra-ordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 1272(E) dated 13th October, 2017 or notification No. 79/2017- Customs dated 13th October, 2017 published in the Gazette of India, Extra-ordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 1299(E) dated 13th October, 2017 or all of them, refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and input tax credit availed in respect of other inputs or input services to the extent used in making such exports of goods, shall be granted.]

⁶**(5)** In case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula:

$$\text{Maximum Refund Amount} = \{(\text{Turnover of inverted rated supply of goods}) \times \text{Net ITC} \div \text{Adjusted Total Turnover}\} - \text{tax payable on such inverted rated supply of goods}$$

Explanation.- For the purposes of this sub rule, the expressions -

- (a)** "Net ITC" shall mean input tax credit availed during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both; and
- (b)** "Adjusted Total turnover" shall have the same meaning as assigned to it in sub-rule (4).