



## GST ALERT XXXVII

### Refund of IGST paid on Exports of Goods

The Government of India have issued Instruction no 15/2017 dated 9th October 2017 for refund to IGST paid on Export of Goods. Summary of the instructions is as under:

- 1) Goods exported on payment of IGST will be eligible for refund of IGST by Custom department on the basis of Shipping Bill or Bill of Exports filed by the Exporter.
- 2) Amount of Refund of IGST will be the IGST indicated in Shipping Bill or Bill of Exports.
- 3) Refund claim will be processed by Custom department based on fulfilment of following conditions:
  - a) Export General Manifest (EGM) or Export report has been filed by the Airline or Shipping lines with relevant Gateway Port.
  - b) In case of Refund for July 2017, Exporters have filed valid return in Form no 3B and GSTR 1 on GST portal.
  - c) In case of Refund for August onwards, exporters have filed GSTR 3B or GSTR 3 and GSTR 1 or Export module (Table 6A) on GST portal for that month.
  - d) Details filled in Table 6A (Details of Exports) or in Form GSTR 1 should match electronically with details available in Custom portal. Details in Custom portal can be viewed in ICEGATE login.
- 4) Tax payer who is seeking refund from custom should ensure that their bank accounts registered for Duty Drawback are active and refund will be credited to such account. It is advisable to update GST portal with such bank account if the same is not updated at the time of registration.
- 5) Refund will be withheld by the custom, if Jurisdictional Commissioner of Central Tax, State Tax or Integrated tax has communicated to Custom about outstanding return or payment (tax, interest or late fees) under GST.

- 6) Goods or Service exported under Letter of Undertaking will not be granted refund of GST under this instruction.

It is advisable to view Export details on ICEGATE portal and match with details filled in GSTR 1 or Table 6A available on GST portal. Tax payer is required to follow up with relevant Custom station for refund of IGST paid on Export of Goods.

For your reference, the full extract of aforesaid Instructions are appended here under.

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Date: 12<sup>th</sup> October, 2017

**Instruction No. 15/2017-Customs F. No. 450/119/2017-Cus IV Dated 9th September, 2017**

To

All Principal Chief Commissioners/Chief Commissioners of Customs / Customs (Preventive).

All Principal Chief Commissioners/Chief Commissioners of Customs and Central Excise.

All Directors General,

All Principal Commissioners/Commissioners of Customs / Customs (Preventive), All Principal Commissioners/ Commissioners of Customs and Central Excise.

Sir/Madam,

Sub: Refund of IGST paid on export of goods under Rule 96 of CGST Rules 2017

As you are aware, Rule 96 of the CGST Rules 2017 deals with refund of Integrated Tax paid on goods exported out of India. It provides that the shipping bill filed by an exporter shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India once export general manifest (EGM) and valid return in Form GSTR-3 or Form GSTR- 3B, as the case may be has been filed. Once these conditions are met, the Customs System shall process the claim for refund and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account of the applicant mentioned in his registration particulars and as intimated to the Customs authorities.

2. The Committee on Exports setup by the GST Council has recommended that IGST refunds for exports made in July 2017 must start by 10.10.2017. This recommendation has been endorsed by GST Council in its meeting on 06-10-2017. Necessary background work is being done by the Directorate General of Systems, GSTN and Controller General of Accounts (PFMS). In order to ensure that refunds start smoothly, following guidelines are issued for the field formations-

**Export General Manifest**

3. Filing of correct EGM is a must for treating shipping bill or bill of export as a refund claim. Commissioners must ensure that the concerned airlines/shipping lines/carriers file EGM/Export report within prescribed time. Cases which remain in EGM error due to any reason should be followed up to ensure that records are updated at the gateway port, especially for ICDs.

6.1 Further, as the refund payments are being routed through the PFMS portal, the bank account details need to be verified and validated by PFMS. The status of validation of bank account with PFMS is available in ICFiS. Exporters may be advised that if the account has not been validated by PFMS, they must get their details corrected in the Customs system so that their bank account gets validated by PFMS. Exporters are also advised not to change their bank account details frequently to avoid delay in refund payment.

#### **Processing of refund claims**

7. Proper officer of each jurisdiction shall generate a payment scroll of eligible IGST refunds in the same manner as RoSL scrolls are generated. The scroll shall be transmitted electronically to PFMS system for onward payment into their bank accounts. Unlike RoSL where paper scrolls are to be sent by field formations, in this case, electronic verification will be done centrally by a DDO appointed in this regard. Detailed EDI procedure for processing of claims and generation of refund scrolls is being circulated by Directorate of Systems, CBEC. DG-Systems is also laying down the procedure for payment and accounting in consultation with Pr. CCA CBEC and CGA of India. Proper officers may be designated in each Commissionerate, who should be in readiness to start generating refund scrolls from 10.10.2017 onwards.

#### **Handling of cases under Rule 96(4)(a)**

8. Sub rule 4a of aforesaid Rule 96 provides that refund is to be withheld if a request has been received from the jurisdictional Commissioner of central tax. State tax or Union territory tax to withhold the payment of refund in accordance with the provisions of subsection (10) or subsection (11) of section 54. In such cases, the proper officer of integrated tax at the Customs station has to intimate withholding of refund to the applicant and the jurisdictional Commissioner of central tax, State tax or Union territory tax, as the case may be, and a copy of such intimation has to be transmitted to the common portal.

8.1 The Commissioners should put in place a mechanism for keeping record of such intimations received from jurisdictional Commissioner of central tax. State tax or Union territory tax and ensuring that refunds are not processed and sanctioned in such cases. Necessary communication to the applicant and the jurisdictional Commissioner of central tax. State tax or Union territory tax, in respect of claims withheld should be promptly sent. Mechanism to communicate the same to Common portal is being worked out and shall be communicated separately.

#### **Exports in violation of the provisions of the Customs Act, 1962**

9. In case where proper officer determines that the goods were exported in violation of the provisions of the Customs Act, 1962, IGST refund has to be withheld in terms sub rule 94(4)(b) of aforesaid Rule 96. Accordingly, necessary action in such cases to ensure that IGST refund is withheld should be taken.

10. Guidelines and procedures for filing and processing of refunds of IGST paid on export goods for exports made under manual (non-EDI) shipping bills shall be communicated separately.

11. Suitable trade notices and standing orders should be issued for guidance of trade and officers respectively. Difficulties, if any, may be brought to the notice of the Board.

Yours faithfully,

(Maninder Kumar) OSD (Cus-IV)