

CBEC addresses issues in sanctioning IGST refund

Summary

Central Board of Excise and Customs ('CBEC' or the 'Board') - now renamed as Central Board of Indirect Taxes and Customs) - has addressed the issues encountered by the exporters in claiming IGST refund in its recent circular¹. CBEC has also issued instructions² to address problems on account of non-transmission of data from GSTN portal to Customs EDI system.

Highlights of the circular & instructions

- The facility of officer interface route is extended to resolve invoice mismatch issues related to shipping bills filed up to February 28, 2018. This was earlier available to shipping bills filed up to December 31, 2017.
- As a one-time exception, refund of IGST has been allowed for shipments where exporter has made a wrong declaration that the 'shipment is not under payment of IGST' despite the fact that they have paid the IGST.
- Resolution of issues pertaining to declaration of cess amount:
 - In few cases, exporters declared total of IGST and Cess amount in Form GSTR 1 instead of only the IGST amount, thereby leading to mismatch in such figures vis-a-vis figures of Form GSTR 3B.
 - This matter has been taken up with GSTN and Principal Chief Controller of Accounts (CCA) for resorting to system based solution.
- Resolution of 'export supplies' being declared as 'domestic supplies' in GSTR 3B

¹ Circular No. 08/2018 – Customs dated 23 March, 2018;

² Instructions dated 28 March 2018 issued by CBEC

- In some cases, export supplies were wrongly declared as domestic supplies in Form GSTR 3B.
- For the above cases, the GST field officers need to be deputed in the Customs House to scrutinise the returns and seek necessary clarification from the exporters wherever necessary. The officers would reconcile the data submitted by exporters in Form GSTR 1 and GSTR 3B so as to enable those cases to be processed further.
- The officers would compare the aggregate data of inter-state supplies declared in different tables along with amendments if any of GSTR 1 duly filed by the exporter. If the aggregate values get matched, then the officer would calculate the notional value of export supplies on the basis of reconciliation.
- The notional value as calculated above should be equal to or greater than IGST amount declared in Form GSTR 1. The purposes of above check is to ascertain whether details pertaining to export supplies are actually filed under domestic supplies or not.
- Only in cases where the mistake is on account of data entry, the officer may send the reconciled data to Customs System for further processing
- Resolution of other errors
 - In cases, where the errors are on account of 'non-disclosure', a letter from exporter explaining the error and the correction to be made in GST return shall be obtained. In these cases, the exporter is required to present a certificate from Chartered Accountant that the IGST has been paid on export of goods for which IGST refund is being claimed

Our comments

The government has identified system glitches and errors that were delaying issue of IGST refund to taxpayers and has taken steps to expedite issue of refunds. This demonstrates the government's continued focus on resolving GST-related issues and facilitate compliances.



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