



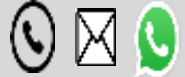
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Rule 96, Rule 96A & Rule 96B

Rule 96: Refund of integrated tax paid on goods or services exported out of India

Rule 96(1) to
96(9)

- (1) The shipping bill filed by an exporter of goods shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India and such application shall be deemed to have been filed only when:
 - (a) the person in charge of the conveyance carrying the export goods duly files a departure manifest or an export manifest or an export report covering the number and the date of shipping bills or bills of export; and
 - (b) the applicant has furnished a valid return in FORM GSTR-3B:

Provided that if there is any mismatch between the data furnished by the exporter of goods in Shipping Bill and those furnished in statement of outward supplies in FORM GSTR-1, such application for refund of integrated tax paid on the goods exported out of India shall be deemed to have been filed on such date when such mismatch in respect of the said shipping bill is rectified by the exporter;

- (c) the applicant has undergone Aadhaar authentication in the manner provided in rule 10B;

- (2) The details of the relevant export invoices in respect of export of goods contained in FORM GSTR-1 shall be transmitted electronically by the common portal to the system designated by the Customs and the said system shall electronically transmit to the common portal, a confirmation that the goods covered by the said invoices have been exported out of India.

Provided that where the date for furnishing the details of outward supplies in FORM GSTR-1 for a tax period has been extended in exercise of the powers conferred under section 37 of the Act, the supplier shall furnish the information relating to exports as specified in Table 6A of FORM GSTR-1 after the return in FORM GSTR-3B has been furnished and the same shall be transmitted electronically by the common portal to the system designated by the Customs:

Provided further that the information in Table 6A furnished under the first proviso shall be auto-drafted in FORM GSTR-1 for the said tax period.

- (3) Upon the receipt of the information regarding the furnishing of a valid return in FORM GSTR-3B, from the common portal, the system designated by the Customs or the proper officer of Customs, as the case may be, shall process the claim of refund in respect of export of goods 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.
- (4) The claim for refund shall be withheld where, -
 - (a) a request has been received from the jurisdictional Commissioner of central tax, State tax or Union territory tax to withhold the payment of refund due to the person claiming refund in accordance with the provisions of sub-section (10) or sub-section (11) of section 54; or
 - (b) the proper officer of Customs determines that the goods were exported in violation of the provisions of the Customs Act, 1962, or

	<p>(c) the Commissioner in the Board or an officer authorised by the Board, on the basis of data analysis and risk parameters, is of the opinion that verification of credentials of the exporter, including the availment of ITC by the exporter, is considered essential before grant of refund, in order to safeguard the interest of revenue.</p> <p>(5) Omitted</p> <p>(5A) Where refund is withheld in accordance with the provisions of clause (a) or clause (c) of sub-rule (4), such claim shall be transmitted to the proper officer of Central tax, State tax or Union territory tax, as the case may be, electronically through the common portal in a system generated FORM GST RFD-01 and the intimation of such transmission shall also be sent to the exporter electronically through the common portal, and notwithstanding anything to the contrary contained in any other rule, the said system generated form shall be deemed to be the application for refund in such cases and shall be deemed to have been filed on the date of such transmission.</p> <p>(5B) Where refund is withheld in accordance with the provisions of clause (b) of sub-rule (4) and the proper officer of the Customs passes an order that the goods have been exported in violation of the provisions of the Customs Act, 1962 (52 of 1962), then, such claim shall be transmitted to the proper officer of Central tax, State tax or Union territory tax, as the case may be, electronically through the common portal in a system generated FORM GST RFD-01 and the intimation of such transmission shall also be sent to the exporter electronically through the common portal, and notwithstanding anything to the contrary contained in any other rule, the said system generated form shall be deemed to be the application for refund in such cases and shall be deemed to have been filed on the date of such transmission.</p> <p>(5C) The application for refund in FORM GST RFD-01 transmitted electronically through the common portal in terms of sub-rules (5A) and (5B) shall be dealt in accordance with the provisions of rule 89.</p> <p>(6) Omitted</p> <p>(7) Omitted</p> <p>(8) The Central Government may pay refund of the integrated tax to the Government of Bhutan on the exports to Bhutan for such class of goods as may be notified in this behalf and where such refund is paid to the Government of Bhutan, the exporter shall not be paid any refund of the integrated tax.</p> <p>(9) The application for refund of integrated tax paid on the services exported out of India shall be filed in FORM GST RFD-01 and shall be dealt with in accordance with provisions of rule 89.</p>
<p>Rule 96</p> <p>Interpretation</p>	<p><u>Refund of IGST paid on goods or services exported out of India</u></p> <p>There lies a difference in the manner of applying refund, in case of <u>export of goods</u> or <u>export of services</u>.</p> <p><u>Refund in case of Export of Goods with payment of IGST</u></p> <p>As per Rule 96, the details of shipping bill filed by dealer shall be considered as Refund application, if the following details are filed:</p> <ol style="list-style-type: none"> (i) Person in charge (PIC) say, driver or pilot or ship-incharge, files the departure manifest or Export General Manifest (EGM) or an Export Report (ER) having shipping bill details in it (ii) Exporter must have filed GSTR-1 & GSTR-3B on the common portal. (iii) The Exporter had filed all exports details in full in GSTR-1 on the common portal. (iv) The exporter has duly complied with the Aadhar Authentication on the GST Portal. (v) The details so filed in GSTR-1 on common portal shall be transmitted to Custom for confirmation of transaction in custom records. (vi) The Custom Officer, who is assigned for grant of refunds, shall verify all contents and after being fully satisfied shall pass a Refund Order in RFD-06 and the refund amount shall be credited directly to the Exporter's Bank Account. <p>The claim for refund may be withheld for the following reasons:</p> <ol style="list-style-type: none"> (a) On request of the jurisdictional Commissioner of central tax, State tax or Union territory tax to withhold the payment of refund; or (b) If the proper officer of Customs determines that the goods were exported in violation of the provisions of the Customs Act, 1962, or (c) The verification of credentials of the exporter, including the availment of ITC by the exporter, is considered essential before grant of refund, in order to safeguard the interest of revenue. (Exporter being categorised as risky).

	<p><u>Treatment of such withheld amount on above mentioned grounds:</u></p> <p>Transmission of such IGST refunds to the jurisdictional proper officers shall be done on the portal electronically in a system generated RFD-01 and the intimation of such transmission shall also be sent to the exporter electronically through the common portal.</p> <p>On receipt of such refunds, the jurisdictional proper officer shall immediately process such refund claim in a manner similar to other RFD-01 refunds filed under the provisions of Rule 89 of the CGST Rules, 2017.</p> <p>The proper officer shall ascertain the genuineness of the exporter & verify the correctness of availment and utilisation of ITC by the exporter and exercise due diligence in processing the said refund claims to safeguard interest of revenue. The proper officer may conduct the physical verification of places of business of the exporter, if required, to ensure that the exporter is existing at his declared place of business and is functional/active.</p> <p>Refer <u>Instruction No. 04/2022-GST dated 28.11.2022</u> issued by the CBIC for processing and sanction of IGST refunds withheld on ground of exporter being risky and transmitted to the jurisdictional GST authorities under Rule 96(5A).</p> <p><u>Refund of IGST paid on goods or services exported to Bhutan</u></p> <p>This is an exceptional case wherein exporter shall charge IGST from the Bhutan importer. After the completion of transaction, The Bhutan Government shall claim the IGST Refund from Indian government on certain notified Goods (not yet notified for this purpose) and then, the Bhutan Government shall reimburse the same to Bhutan importer as per the procedure. In this case, where such refund is paid to the Government of Bhutan, the exporter shall not be paid any refund of the integrated tax.</p> <p><u>Refund in case of Exports of Services with payment of IGST</u></p> <p>As per Rule 96(9), Refund of IGST paid on Export of services can be claimed by an exporter by filing RFD-01 on the common portal. The exporter has to submit all documents and evidence to establish Exports of Services such as the BRC/FIRC. The jurisdictional officer shall verify the transactions and shall issue RFD-06 after being fully satisfied and the refund amount would be credited electronically to Exporter's Bank Account.</p>
Rule 96(10)	<p>The persons claiming refund of integrated tax paid on exports of goods or services should not have-</p> <p>(a) received supplies on which the benefit of the Government of India, Ministry of Finance notification No. 48/2017-Central Tax, dated the 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 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme or notification No. 40/2017-Central Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E), dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate), dated the 23rd October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E), dated the 23rd October, 2017 has been availed; or</p> <p>(b) availed the benefit under notification No. 78/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E), dated the 13th October, 2017 or notification No. 79/2017-Customs, dated the 13th October, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E), dated the 13th October, 2017 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme.</p> <p>Explanation. - For the purpose of this sub-rule, the benefit of the notifications mentioned therein shall not be considered to have been availed only where the registered person has paid Integrated Goods and Services Tax and Compensation Cess on inputs and has availed exemption of only Basic Customs Duty (BCD) under the said notifications.</p>
Rule 96(10) Interpretation	<p>This sub-rule disallows refund of IGST paid on exports by an exporter, who has received supplies on which the supplier has availed the benefit of the following notifications –</p> <p>- <u>Notification No. 48/2017-Central Tax, dated 18.10.2017</u> –</p> <p>Notifying certain supplies as deemed exports under Section 147 of the CGST Act.</p>

- Notification No. 40/2017- Central Tax (Rate), dated 23.10.2017 –

Notification prescribing CGST rate of 0.05% on intra-State supply of goods by a registered supplier for export subject to specified conditions.

- Notification No. 41/2017- Integrated Tax (Rate), dated 23.10.2017 –

Notification prescribing IGST rate of 0.1% on inter-State supply of goods by a registered supplier for export subject to specified conditions.

Therefore, where an exporter pays IGST on exports and seeks to claim refund of the same, the refund is not permitted if his supplier had availed benefits under any of the aforesaid notifications and paid nil/negligible taxes on the inputs procured by him. The intention of the law seems to be to provide benefit of non-payment of tax only on one leg of the transaction, either on the inputs side or on the outputs side, that is to say, that where the supplier supplying the goods to the exporter does not avail any benefit under the above referred notifications, the exporter can claim refund of IGST paid by him on exports.

Further, with specific reference to Notification No. 78/2017-Customs and Notification No. 79/2017-Customs, it is relevant to note that only certain specified category of persons (such as Export Oriented Units (EOU), Advanced Authorisation License Holder, EPCG License Holder, etc.) are allowed to import goods without payment of specified duties, including IGST and compensation cess, subject to the fulfilment of conditions prescribed in this regard. In this context, it can be said that Rule 96(10) envisages a scenario where the supplier referred therein is an EOU (or AA License Holder, EPCG License Holder, etc.) who has availed the benefit under Notification No. 78/2017-Customs (or Notification No. 79/2017-Customs, as the case may be) on supplies made to another EOU, and accordingly, such EOU exporter shall not be able to claim refund of IGST paid on the goods exported out of India.

Though the benefit of exemption from payment of IGST and compensation cess under Notification No. 78/2017-Customs applies only till 31.03.2018, the term 'benefit' used in Rule 96(10) can be read broadly to mean benefit of exemption from both duties of customs and IGST and compensation cess. Consequently, the refund under Rule 96 would not be available to the exporter where his supplier avails the benefit of the said Notification even after 31.03.2018, for the purpose of claiming exemption from custom duties leviable.

Rule 96(10) implies that even if the exporter has received a single supply of the inputs on which the benefit of the abovementioned notifications has been availed by the supplier, then the exporter would be disqualified from claiming refund of the IGST paid on the exported goods, leaving him with only one option of exporting goods without payment of IGST under bond/LUT and claiming refund of unutilized input tax credit therein.

Rule 96A: Export of goods or services under bond or Letter of Undertaking

Rule 96A(1)

Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in FORM GST RFD-11 to the jurisdictional Commissioner, binding himself to pay the tax due along with the interest specified under sub-section (1) of section 50 within a period of:

- (a) fifteen days after the expiry of three months, or such further period as may be allowed by the Commissioner, from the date of issue of the invoice for export, if the goods are not exported out of India; or
- (b) fifteen days after the expiry of one year, or such further period as may be allowed by the Commissioner, from the date of issue of the invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange or in Indian rupees, wherever permitted by the Reserve Bank of India.

Rule 96A(1)
Interpretation

Exporter who is availing the option to supply goods or services for export without payment of IGST shall furnish a bond or a Letter of Undertaking (LUT) in RFD-11 to the jurisdictional Commissioner, prior to export.

Exporter making Export of Goods or services under bond or Letter of Undertaking must ensure that:

- (a) In case of Goods, the Goods must be exported within 3 months (or extended period by the Commissioner) from the date of issue of the invoice for export.
- (b) In case of Services, the remittance in convertible foreign exchange for the services must be received within 1 year (or extended period by the Commissioner) from the date of issue of the invoice for export.

	Otherwise, in both the above situations, the Exporter is liable for payment of IGST due along with interest @ 18% within 15 days on the expiry of validity period.
Rule 96A(2)	<p>The details of the export invoices contained in FORM GSTR-1 furnished on the common portal shall be electronically transmitted to the system designated by Customs and a confirmation that the goods covered by the said invoices have been exported out of India shall be electronically transmitted to the common portal from the said system.</p> <p>Provided that where the date for furnishing the details of outward supplies in FORM GSTR-1 for a tax period has been extended in exercise of the powers conferred under section 37 of the Act, the supplier shall furnish the information relating to exports as specified in Table 6A of FORM GSTR-1 after the return in FORM GSTR-3B has been furnished and the same shall be transmitted electronically by the common portal to the system designated by the Customs:</p> <p>Provided further that the information in Table 6A furnished under the first proviso shall be auto-drafted in FORM GSTR-1 for the said tax period.</p>
Rule 96A(2) Interpretation	Exporter is required to furnish all the details pertaining to the export invoices, shipping bill details in Table 6A of GSTR-1 which shall be transmitted to the system designated by Customs for verification.
Rule 96A(3)	Where the goods are not exported within the time specified in sub-rule (1) and the registered person fails to pay the amount mentioned in the said sub-rule, the export as allowed under bond or Letter of Undertaking shall be withdrawn forthwith and the said amount shall be recovered from the registered person in accordance with the provisions of section 79.
Rule 96A(3) Interpretation	In case Exporter fails to export the Goods within stipulated time i.e., 3 months from the date of issuance of the export invoice and even fails to pay IGST alongwith interest @ 18 % within next 15 days, then the bond/ LUT would be deemed as forfeited and the said amount shall be recovered u/s 79 of the Act.
Rule 96A(4)	The export as allowed under bond or Letter of Undertaking withdrawn in terms of sub-rule (3) shall be restored immediately when the registered person pays the amount due.
Rule 96A(4) Interpretation	The facility of Bond or LUT shall be restored once the previous tax dues are cleared by the exporter.
Rule 96A(5)	The Board, by way of notification, may specify the conditions and safeguards under which a Letter of Undertaking may be furnished in place of a bond.
Rule 96A(5) Interpretation	<p>Notification No. 16/2017-CT dated 07.07.2017 has been issued by CBIC to specify the conditions and safeguards under which a Letter of Undertaking may be furnished in place of a bond.</p> <p>Kindly Refer Circular No.4/4/2017-GST dated 07.07.2017 for the clarity.</p>
Rule 96A(6)	The provisions of sub-rule (1) shall apply, mutatis mutandis, in respect of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit without payment of integrated tax.
Rule 96A(6) Interpretation	The Provisions of Rule 96A(1) as discussed above, shall also apply in case of “ zero-rated supply of goods /services to a SEZ developer or a SEZ unit without payment of IGST ”.
<p style="text-align: center;">Rule 96B: <u>Recovery of refund of unutilized input tax credit or integrated tax paid on export of goods where export proceeds not realised.</u></p>	
Rule 96B(1)	<p>Where any refund of unutilised input tax credit on account of export of goods or of integrated tax paid on export of goods has been paid to an applicant but the sale proceeds in respect of such export goods have not been realised, in full or in part, in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), including any extension of such period, the person to whom the refund has been made shall deposit the amount so refunded, to the extent of non-realisation of sale proceeds, along with applicable interest within thirty days of the expiry of the said period or, as the case may be, the extended period, failing which the amount refunded shall be recovered in accordance with the provisions of section 73 or 74 of the Act, as the case may be, as is applicable for recovery of erroneous refund, along with interest under section 50:</p> <p>Provided that where sale proceeds, or any part thereof, in respect of such export goods are not realised by the applicant within the period allowed under the Foreign Exchange Management Act, 1999 (42 of</p>

	1999), but the Reserve Bank of India writes off the requirement of realisation of sale proceeds on merits, the refund paid to the applicant shall not be recovered.
Rule 96B(1) Interpretation	<p>Vide Notification No. 16/2020 – Central Tax dated 23.03.2020, if any refund of ITC granted to an applicant on account of export of goods or of any Integrated tax paid on such goods, against which realization is not made in India in full, or in part, then the applicant shall deposit the amount so refunded along with the applicable interest under section 50 to the extent of unrealized export revenue.</p> <p>Further timeline for the realization from the export will be applicable as given in the FEMA Act. It is obligatory for exporters to realize and repatriate full value of goods into India within 9 months from the date of exports. RBI has allowed to extend the period for export realization beyond stipulated timelines for up to a period of 6 months at a time.</p> <p>Failure to comply with the above-mentioned provision will result in recovery as per section 73 & 74 considering the erroneous claim of refund by the applicant and recovery will be made including the interest applicable as per section 50.</p> <p>It has been provided that if the Reserve Bank of India writes off the requirement of realization of sale proceeds on merits, the refund paid to the applicant shall not be recovered.</p>
Rule 96B(2)	Where the sale proceeds are realised by the applicant, in full or part, after the amount of refund has been recovered from him under sub-rule (1) and the applicant produces evidence about such realisation within a period of three months from the date of realisation of sale proceeds, the amount so recovered shall be refunded by the proper officer, to the applicant to the extent of realisation of sale proceeds, provided the sale proceeds have been realised within such extended period as permitted by the Reserve Bank of India.
Rule 96B(2) Interpretation	If the sale proceeds are realized by the applicant after the recovery of the refund amount, and the applicant produces the evidence about such realization within a period of 3 months from the date of realization of such proceeds , the amount so recovered shall be refunded by the proper officer to the applicant to the extent of realization <u>provided</u> the sale proceeds have been realized within such extended period as permitted by the Reserve Bank of India.

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