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Section 54(5) to 54(14) read with Rule 90, Rule 91 & Rule 92

Section 54(5)	If, on receipt of any such application, the proper officer is satisfied that the whole or part of the amount claimed as refund is refundable, he may make an order accordingly and the amount so determined shall be credited to the Fund referred to in section 57.
Section 54(7)	The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.
Rule 90	<p><u>Acknowledgement</u></p> <p>(1) Where the application relates to a claim for refund from the electronic cash ledger, an acknowledgement in FORM GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.</p> <p>(2) The application for refund, other than claim for refund from electronic cash ledger, shall be forwarded to the proper officer who shall, within a period of fifteen days of filing of the said application, scrutinize the application for its completeness and where the application is found to be complete in terms of sub-rule (2), (3) and (4) of rule 89, an acknowledgement in FORM GST RFD-02 shall be made available to the applicant through the common portal electronically, clearly indicating the date of filing of the claim for refund and the time period specified in sub-section (7) of section 54 shall be counted from such date of filing.</p> <p>(3) Where any deficiencies are noticed, the proper officer shall communicate the deficiencies to the applicant in FORM GST RFD-03 through the common portal electronically, requiring him to file a fresh refund application after rectification of such deficiencies.</p> <p>Provided that the time period, from the date of filing of the refund claim in FORM GST RFD-01 till the date of communication of the deficiencies in FORM GST RFD-03 by the proper officer, shall be excluded from the period of two years as specified under subsection (1) of Section 54, in respect of any such fresh refund claim filed by the applicant after rectification of the deficiencies.</p> <p>(4) Where deficiencies have been communicated in FORM GST RFD-03 under the State Goods and Service Tax Rules, 2017, the same shall also be deemed to have been communicated under this rule along with the deficiencies communicated under sub-rule (3).</p> <p>(5) The applicant may, at any time before issuance of provisional refund sanction order in FORM GST RFD-04 or final refund sanction order in FORM GST RFD-06 or payment order in FORM GST RFD-05 or refund withhold order in FORM GST RFD-07 or notice in FORM GST RFD-08, in respect of any refund application filed in FORM GST RFD-01, withdraw the said application for refund by filing an application in FORM GST RFD-01W.</p> <p>(6) On submission of application for withdrawal of refund in FORM GST RFD-01W, any amount debited by the applicant from electronic credit ledger or electronic cash ledger, as the case may be, while filing application for refund in FORM GST RFD-01, shall be credited back to the ledger from which such debit was made.</p>
Section 54(5) & 54(7)	<p><u>Processing of Refund Application and Refund to the Applicant</u></p> <p>RFD-01 needs to be filed for claiming Refunds. An acknowledgement in RFD-02 shall be issued by the</p>

<p>read with Rule 90 Interpretation</p>	<p>proper officer.</p> <p>In case proper officer finds any discrepancy, then RFD-03 shall be issued intimating the discrepancy. Once the deficiency is informed, refund claimed shall be re-credited to the electronic credit ledger. A Deficiency Memo shall be issued within 15 days from the date of generation of ARN.</p> <p>Once an acknowledgement has been issued in relation to a refund application, no deficiency memo, on any ground, may be subsequently issued for the said application.</p> <p>A fresh application would be filed after correction/rectification of deficiencies as pointed out. Once an application has been submitted afresh, pursuant to a deficiency memo, the proper officer will not serve another deficiency memo with respect to the application for the same period, unless the deficiencies pointed out in the original deficiency memo remain un-rectified, either wholly or partly, or any other substantive deficiency is noticed subsequently.</p> <p>A rectified refund application, submitted after correction of deficiencies, shall also have to be submitted within 2 years of the relevant date, as defined in the explanation after sub-section (14) of section 54 of the CGST Act.</p> <p>However, once the application has been submitted and the proper officer is satisfied that the application is complete in all respect, then the officer shall process refund within 60 days of receipt of such application.</p>
<p>Section 54(6)</p>	<p>Notwithstanding anything contained in sub-section (5), the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, ninety per cent. of the total amount so claimed, excluding the amount of input tax credit provisionally accepted, in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.</p>
<p>Rule 91</p>	<p><u>Grant of provisional refund</u></p> <p>(1) The provisional refund in accordance with the provisions of sub-section (6) of section 54 shall be granted subject to the condition that the person claiming refund has, during any period of five years immediately preceding the tax period to which the claim for refund relates, not been prosecuted for any offence under the Act or under an existing law where the amount of tax evaded exceeds two hundred and fifty lakh rupees.</p> <p>(2) The proper officer, after scrutiny of the claim and the evidence submitted in support thereof and on being prima facie satisfied that the amount claimed as refund under sub-rule (1) is due to the applicant in accordance with the provisions of subsection (6) of section 54, shall make an order in FORM GST RFD-04, sanctioning the amount of refund due to the said applicant on a provisional basis within a period not exceeding seven days from the date of the acknowledgement under sub-rule (1) or sub-rule (2) of rule 90. Provided that the order issued in FORM GST RFD-04 shall not be required to be revalidated by the proper officer.</p> <p>(3) The proper officer shall issue a payment order in FORM GST RFD-05 for the amount sanctioned under sub-rule (2) and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund on the basis of a consolidated payment advice: Provided that the payment order in FORM GST RFD-05 shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said payment order was issued.</p> <p>(4) The Central Government shall disburse the refund based on the consolidated payment advice issued under sub-rule (3).</p>
<p>Section 54(6) read with Rule 91 Interpretation</p>	<p><u>Refund on provisional basis</u></p> <p>Where refund application is filed on account of export of goods or services, and the proper officer is prima facie satisfied, he may issue an order in RFD-04 for provisional refund of 90% within 7 days of issue of Acknowledgement in RFD-02.</p> <p>The proper officer shall issue payment order in RFD-05 to pay the amount sanctioned on provisional basis and such amount shall be credited to the Bank Account of the dealer electronically.</p>

Section 54(8)	<p>Notwithstanding anything contained in sub-section (5), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to—</p> <p>(a) refund of tax paid on Export of goods or services or both or on inputs or input services used in making such exports;</p> <p>(b) refund of unutilised input tax credit under sub-section (3);</p> <p>(c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;</p> <p>(d) refund of tax in pursuance of section 77;</p> <p>(e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or</p> <p>(f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.</p>
Section 54(8A)	The Government may disburse the refund of the State tax in such manner as may be prescribed.
Section 54(9)	Notwithstanding anything to the contrary contained in any judgment, decree, order or direction of the Appellate Tribunal or any court or in any other provisions of this Act or the rules made thereunder or in any other law for the time being in force, no refund shall be made except in accordance with the provisions of sub-section (8).
<u>Rule 92: Order sanctioning refund</u>	
Rule 92(1)	<p>Where, upon examination of the application, the proper officer is satisfied that a refund under sub-section (5) of section 54 is due and payable to the applicant, he shall make an order in FORM GST RFD-06 sanctioning the amount of refund to which the applicant is entitled, mentioning therein the amount, if any, refunded to him on a provisional basis under sub-section (6) of section 54, amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable:</p> <p>Proviso- Omitted</p>
Rule 92(1A)	Where, upon examination of the application of refund of any amount paid as tax other than the refund of tax paid on zero-rated supplies or deemed export, the proper officer is satisfied that a refund under sub-section (5) of section 54 of the Act is due and payable to the applicant, he shall make an order in FORM RFD-06 sanctioning the amount of refund to be paid, in cash, proportionate to the amount debited in cash against the total amount paid for discharging tax liability for the relevant period, mentioning therein the amount adjusted against any outstanding demand under the Act or under any existing law and the balance amount refundable and for the remaining amount which has been debited from the electronic credit ledger for making payment of such tax, the proper officer shall issue FORM GST PMT-03 re-crediting the said amount as Input Tax Credit in electronic credit ledger.
Rule 92(2)	<p>Where the proper officer or the Commissioner is of the opinion that the amount of refund is liable to be withheld under the provisions of sub-section (10) or, as the case may be, subsection (11) of section 54, he shall pass an order in Part A of FORM GST RFD-07 informing him the reasons for withholding of such refund.</p> <p>Provided that where the proper officer or the Commissioner is satisfied that the refund is no longer liable to be withheld, he may pass an order for release of withheld refund in Part B of FORM GST RFD- 07.</p>
Rule 92(3)	<p>Where the proper officer is satisfied, for reasons to be recorded in writing, that the whole or any part of the amount claimed as refund is not admissible or is not payable to the applicant, he shall issue a notice in FORM GST RFD-08 to the applicant, requiring him to furnish a reply in FORM GST RFD-09 within a period of fifteen days of the receipt of such notice and after considering the reply, make an order in FORM GST RFD-06 sanctioning the amount of refund in whole or part, or rejecting the said refund claim and the said order shall be made available to the applicant electronically and the provisions of sub-rule (1) shall, mutatis mutandis, apply to the extent refund is allowed:</p> <p>Provided that no application for refund shall be rejected without giving the applicant an opportunity of being heard.</p>
Rule 92(4)	Where the proper officer is satisfied that the amount refundable under sub-rule (1) or sub-rule (1A) or sub-rule (2) is payable to the applicant under sub-section (8) of section 54, he shall make an order in FORM GST RFD-06 and issue a payment order in FORM GST RFD-05 for the amount of refund and the same shall be electronically credited to any of the bank accounts of the applicant mentioned in his

	<p>registration particulars and as specified in the application for refund on the basis of a consolidated payment advice.</p> <p>Provided that the order issued in FORM GST RFD-06 shall not be required to be revalidated by the proper officer:</p> <p>Provided further that the payment order in FORM GST RFD-05 shall be required to be revalidated where the refund has not been disbursed within the same financial year in which the said payment order was issued.</p>
Rule 92(4A)	The Central Government shall disburse the refund based on the consolidated payment advice issued under sub-rule (4).
Rule 92(5)	Where the proper officer is satisfied that the amount refundable under sub-rule (1) or sub-rule (1A) or sub-rule (2) is not payable to the applicant under sub-section (8) of section 54, he shall make an order in FORM GST RFD-06 and issue a payment order in FORM GST RFD-05, for the amount of refund to be credited to the Consumer Welfare Fund.
Rule 93	<p><u>Credit of the amount of rejected refund claim</u></p> <p>(1) Where any deficiencies have been communicated under sub-rule (3) of rule 90, the amount debited under sub-rule (3) of rule 89 shall be re-credited to the electronic credit ledger.</p> <p>(2) Where any amount claimed as refund is rejected under rule 92, 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.</p> <p>Explanation. – For the purposes of this rule, a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking in writing to the proper officer that he shall not file an appeal.</p>
Rule 92 Interpretation	<p><u>Refund Order:</u></p> <p>The proper officer shall issue a refund order in RFD-06 and accordingly payment would be credited electronically in dealer's Bank account through Payment Order in RFD-05. In case Refund amount is adjusted against outstanding demand, then an order in RFD-06 shall be passed by the proper officer, giving the details of such adjustments.</p> <p><u>Refund Amount is withheld:</u></p> <p>Where the proper officer is of the opinion that the amount of refund is liable to be withheld under sub-section (10) or sub-section (11) of section 54, he shall pass an order in Part A of RFD-07 informing him the reasons for withholding of such refund.</p> <p>However, where the proper officer is satisfied that the refund is no longer liable to be withheld, he may pass an order for release of withheld refund in Part B of RFD-07.</p> <p><u>Amount is Refundable but not payable to the applicant:</u></p> <p>Where the proper officer is satisfied that any amount is refundable but non payable to the registered person, the proper officer shall make an order in RFD-06 and payment order in RFD-05 to credit such amount of Refund to the Consumer Welfare fund.</p> <p><u>Refund is not admissible or is not payable:</u></p> <p>Where the proper officer is satisfied that whole or any part of refund is not admissible or not payable, he shall record such reason in writing and issue show cause notice in RFD-08 against which tax payer can file his reply in RFD-09 within 15 days.</p> <p>After considering the reply, the proper officer shall issue an order in RFD-06 sanctioning the amount of refund or part thereof, or rejecting the refund claim and such order shall be made available to the applicant electronically.</p> <p>However, no application for refund shall be rejected without giving the applicant an opportunity of being heard.</p> <p><u>Rejection of Refund:</u></p> <p>No refund application shall be rejected without giving an opportunity of being heard. On rejection of refund application, the proper officer is required to issue PMT-03 for re-crediting the amount in the</p>

	electronic credit ledger which was earlier debited while claiming the refund.
Section 54(10)	<p>Where any refund is due to a registered person who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority by the specified date, the proper officer may—</p> <p>(a) withhold payment of refund due until the said person has furnished the return or paid the tax, interest or penalty, as the case may be;</p> <p>(b) deduct from the refund due, any tax, interest, penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law.</p> <p>Explanation. —For the purposes of this sub-section, the expression “specified date” shall mean the last date for filing an appeal under this Act.</p>
Section 54(10) Interpretation	<p>Withholding of Refund under Section 54(10) may be done if registered person has:</p> <ul style="list-style-type: none"> • Defaulted in furnishing any return; • Defaulted in payment of any tax, interest or penalty <p>The Proper Officer is authorised to deduct from the refund due, any tax, interest, penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law.</p>
Section 54(11)	Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending and the Commissioner is of the opinion that grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed, he may, after giving the taxable person an opportunity of being heard, withhold the refund till such time as he may determine.
Section 54(11) Interpretation	If the commissioner is of the view that if Refund is granted, it may adversely affect the revenue on account of fraud or malfeasance committed, he may withhold the refund till such time as he may deem fit. It shall be noted, no refund shall be withheld without giving opportunity of being heard to the applicant.
Section 54(12)	Where a refund is withheld under sub-section (11), the taxable person shall, notwithstanding anything contained in section 56, be entitled to interest at such rate not exceeding six per cent. as may be notified on the recommendations of the Council, if as a result of the appeal or further proceedings he becomes entitled to refund.
Rule 94	<p><u>Order sanctioning interest on delayed refunds.</u></p> <p>Where any interest is due and payable to the applicant under section 56, the proper officer shall make an order along with a payment order in FORM GST RFD-05, specifying therein the amount of refund which is delayed, the period of delay for which interest is payable and the amount of interest payable, and such amount of interest shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund.</p>
Section 54(12) read with Rule 94 Interpretation	<p>If as a result of the appeal or further proceedings, the taxable person becomes entitled to refund for an amount which was earlier withheld under sub-section (11), then such taxable person shall be entitled to interest @ 6%.</p> <p>The refund application assigned to a Central tax officer, both the sanction order (RFD-04/06) and the corresponding payment order (GST RFD-05) for the sanctioned refund amount, under all tax heads, shall be issued by the Central tax officer only. Similarly, for refund applications assigned to a State/UT tax officer, both the sanction order (RFD-04/06) and the corresponding payment order (RFD-05) for the sanctioned refund amount, under all tax heads, shall be issued by the State/UT tax officer only. If the refund amount would have not been credited to the bank account of the Applicant within 60 days from date of receipt of application (ARN), interest @ 6% shall have to be paid on the refund amount starting from the date immediately after the expiry of 60 days from the date of receipt of application (ARN) till the date of refund of such tax.</p> <p>The proper officer shall make an order along with a payment order in RFD-05, specifying therein:</p> <ul style="list-style-type: none"> • the amount of refund which is delayed, • the period of delay for which interest is payable, and • the amount of interest payable,

	and such amount of interest shall be electronically credited to the bank account of the applicant.
Section 54(13)	Notwithstanding anything to the contrary contained in this section, the amount of advance tax deposited by a casual taxable person or a non-resident taxable person under sub-section (2) of section 27, shall not be refunded unless such person has, in respect of the entire period for which the certificate of registration granted to him had remained in force, furnished all the returns required under section 39.
Section 54(13) Interpretation	<u>Refund of Advance tax paid by casual taxable person or non-resident taxable person</u> Casual Taxable persons or Non-Resident Taxable persons are required to deposit estimated advance tax which may result into refund after meeting all liabilities as declared in the returns filed by such persons. Such refund shall be granted to Casual Taxable persons or Non-Resident Taxable persons by the proper officer only if they had filed all the due returns, during the entire period of their registration.
Section 54(14)	Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.
Section 54(14) Interpretation	<u>Minimum amount of Refund</u> This section specifies that amount below Rs. 1,000/- cannot be claimed as Refund.
Section 54 Explanation	Explanation. — For the purposes of this section, — (1) “refund” includes refund of tax paid on zero-rated supplies of goods or services or both or on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilised input tax credit as provided under sub-section (3). (2) “relevant date” means— (a) in the case of goods exported out of India where a refund of tax paid is available in respect of goods themselves or, as the case may be, the inputs or input services used in such goods,- (i) if the goods are exported by sea or air, the date on which the ship or the aircraft in which such goods are loaded, leaves India; or (ii) if the goods are exported by land, the date on which such goods pass the frontier; or (iii) if the goods are exported by post, the date of despatch of goods by the Post Office concerned to a place outside India; (b) in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, the date on which the return relating to such deemed exports is furnished; (ba) in case of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit where a refund of tax paid is available in respect of such supplies themselves, or as the case may be, the inputs or input services used in such supplies, the due date for furnishing of return under section 39 in respect of such supplies; (c) in the case of services exported out of India where a refund of tax paid is available in respect of services themselves or, as the case may be, the inputs or input services used in such services, the date of— (i) receipt of payment in convertible foreign exchange or in Indian rupees wherever permitted by the Reserve Bank of India, where the supply of services had been completed prior to the receipt of such payment; or (ii) issue of invoice, where payment for the services had been received in advance prior to the date of issue of the invoice; (d) in case where the tax becomes refundable as a consequence of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court, the date of communication of such judgment, decree, order or direction; (e) in the case of refund of unutilised input tax credit under clause (ii) of the first proviso to sub-

	<p>section (3), the due date for furnishing of return under section 39 for the period in which such claim for refund arises.</p> <p>(f) in the case where tax is paid provisionally under this Act or the rules made thereunder, the date of adjustment of tax after the final assessment thereof;</p> <p>(g) in the case of a person, other than the supplier, the date of receipt of goods or services or both by such person; and</p> <p>(h) in any other case, the date of payment of tax.</p>
<p>Section 54</p> <p>Explanation</p> <p>Interpretation</p>	<p><u>Relevant Date in case of Refund</u></p> <p>The Relevant Date is very crucial to determine the time within which the refund claim has to be filed. Law permit to make refund application within 2 years from the relevant date.</p> <ul style="list-style-type: none"> ❖ <u>Goods Exported by sea or Air:</u> The date on which the ship or aircraft leaves India, in which such goods are loaded. ❖ <u>Goods Exported by Land:</u> Date on which such goods pass the frontier. ❖ <u>Goods exported by post:</u> Date on which such goods are dispatched by the post office to a place outside India. ❖ <u>Deemed Exports:</u> The date on which return containing details of such deemed exports is furnished by the applicant. ❖ <u>Export of Services where payment received after completion of services:</u> Relevant date shall be the date of receipt of payment in foreign convertible exchange or India Rupees wherever permitted by RBI. As per RBI regulation, the payment in Indian Rupees is permitted in case of Exports to Nepal or Bhutan. ❖ <u>Exports of services where payment received in advance:</u> The relevant date in such cases shall be the date of issue of invoice. ❖ <u>Refund arises out of judgement or court order:</u> The date of communication of such order or judgement. ❖ <u>Refund of unutilized ITC:</u> The Relevant Date shall be the due date for furnishing the return u/s 39 for the period in which such claim for refund arises. ❖ <u>Refund of tax paid on provisional basis:</u> The relevant date shall be the date of adjustment of tax after the final assessment. ❖ <u>Refund by person other than supplier:</u> Relevant Date shall be the date of receipts of such goods or services by recipient as in case of RCM. ❖ <u>Residuary Cases:</u> If claim for refund on account of other than specified above, the relevant date shall be the date of payment of tax.

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