

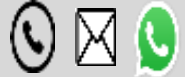


Lawgics

By Nidhi, Advocate



Serial No. 060
Dt.: 04-04-2023



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Section 56 of CGST Act, 2017

56. Interest on delayed refunds.

If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under sub-section (1) of that section, interest at such rate not exceeding six per cent. as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax:

Provided that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent. as may be notified by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund.

Explanation. —For the purposes of this section, where any order of refund is made by an Appellate Authority, Appellate Tribunal or any court against an order of the proper officer under sub-section (5) of section 54, the order passed by the Appellate Authority, Appellate Tribunal or by court shall be deemed to be an order passed under said sub-section (5).

Rule 94 – Order sanctioning interest on delayed refunds

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.

Our Interpretation

Section 56	<p><u>Interest on delayed Refunds</u></p> <p>This section specifies that if tax amount is refundable to the applicant and such amount is not refunded within 60 days from the date of receipt of application, Interest at the rate of 6% p.a. shall be payable on the amount of refund for the period from expiry of 60 days from the date of receipt of application till the actual payment of refund.</p> <p>Where refund arises from an order passed by adjudicating authority / appellate authority or court and has not been paid within 60 days from the date of receipt of application filed consequent to such order, then Interest at the rate of 9% p.a. shall be payable on the amount of refund for the period from expiry of 60 days from the date of receipt of application till the actual payment of refund. The interest will be computed from the date of completion of 60 days from the date of original refund claim made.</p>
Rule 94	<p><u>Order sanctioning Interest on delayed refunds</u></p> <p>Where interest is payable to applicant, then proper officer shall pass an order along with payment order in RFD-05 containing the following details:</p> <ul style="list-style-type: none">▪ Amount of Refund delayed▪ Period of Delay▪ The amount of interest payable <p>And such Interest Amount shall be electronically credited to the bank Account of the applicant.</p>

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