

Goods & Services Tax

Educational Series

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Refund of Unutilised Input Tax Credit Under Goods & Services Tax

Section 54(3) of CGST Act, 2017 states that, subject to the provisions of section 54(10), a registered person may claim refund of any unutilised input tax credit at the end of any tax period.

Refund of unutilized input tax credit is allowed in following cases (first proviso)

zero rated supplies made without payment of tax or

where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies other than nil rated or fully exempt supplies, except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council

Refund not allowed (second and third proviso)

goods exported out of India are subjected to export duty

if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.

The refund application shall be accompanied by:

- Documentary evidence to establish that a refund is due to the applicant
- evidence to establish that the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person.

However, amount claimed as refund is less than two lakh rupees, it shall not be necessary for the applicant to furnish any documentary and other evidences but he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.

After receipt of the application/declaration, on satisfaction of the proper officer, he may make an order within **sixty days** from the date of receipt of application and the amount so determined shall be credited to the Consumer Welfare Fund.

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