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## **THE CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS PROVIDES CLARIFICATIONS ON REFUND-RELATED ISSUES**

### **Background:**

Due to varying interpretation of certain refund related issues, registered taxpayers filed various representations before the Central Board of Indirect Taxes (the '**Board**'). Taking cognizance of such representations, the Board vide Circular No.135/05/2020 – GST dated 31.03.2020 issued clarifications under the Central Goods and Services Tax Act, 2017 ('**CGST Act**').

In terms of the Circular dt. 31.03.2020, among other clarifications, it was provided that any claim for refund of ITC under Section 54(3) of the CGST Act would be restricted only to those invoices appearing in Form GSTR-2A of the applicant. Previously, copies of invoices not visible in Form GSTR-2A could be uploaded in applying for refund of ITC against such invoices. This change was introduced in light of insertion of sub-rule (4) to rule 36 of the CGST Rules effective from 09.10.2019.

Pursuant to the Circular dt. 31.03.2020, refund sanctioning authorities rejected refunds of accumulated ITC in respect of ITC availed on Imports, Input Service Distributor ('**ISD**') invoices; Reverse Charge ('**RCM**') etc. on the basis that the details of the said invoices/ documents were not reflecting in FORM GSTR-2A of the applicant. Such acts of the refund sanctioning authorities caused unnecessary hardship to the registered persons thereby compelling them to file representations before the Board seeking specific clarification on restriction, if any for seeking refund on account of ITC availed on the invoices / documents relating to imports, ISD invoices and the inward supplies liable to RCM.

### **Overview of Amendments:**

In order to address the concerns raised by registered taxpayers through representations, the Board issued Circular No. 139/09/2020-GST dt. 10.06.2020, whereby it explicitly clarified the issue of refund on account of ITC availed on the invoices / documents relating to imports, ISD invoices and the inward supplies liable to RCM. The Circular dt. 10.06.2020, specifically provides that restriction of refund of ITC to the extent of only those invoices, the details of which are uploaded by the supplier in FORM GSTR-1 and reflected in the FORM GSTR-2A of the applicant does not apply to cases of refund of ITC on the invoices / documents relating to imports, ISD invoices and the inward supplies liable to RCM.

### **VA Comments:**

- The aforesaid circular clarifies that refund of ITC on account of imports, ISD invoices and the inward supplies liable to Reverse Charge shall be available irrespective of whether the invoices are reflected in FORM GSTR-2A.
- The circular provides clarity to the refund sanctioning authorities, who previously without application of mind and on the basis of literal interpretation of the Circular dt. 31.03.2020, consistently rejected refund claims.
- Additionally, the Circular will shield registered taxpayers from rejection of eligible refund claims on unreasonable and illogical interpretation of GST Authorities.

### **For any further information/ clarification, please feel free to write to:**

- Mr. Shammi Kapoor, Partner - [shammi@vaishlaw.com](mailto:shammi@vaishlaw.com)
- Ms. Riddhi Vasistha, Associate – [riddhi@vaishlaw.com](mailto:riddhi@vaishlaw.com)
- Ms. Kritika Kapoor, Junior Associate – [kritika@vaishlaw.com](mailto:kritika@vaishlaw.com)

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