



THE GUJARAT SALES TAX BAR ASSOCIATION

C/4, Multi Storied Building, Lal Darwaja, Ahmedabad,
Gujarat - 380001.

Phone : 079- 25506305

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Date : 4th March 2018

To,

1. Shri Arun Jaitley Ji

Hon. Union Minister of Finance and Corporate Affairs,

Chairman GST Council- India

Government of India.

Respected Sir,

Subject : Technical Problems / Issues and Suggestions to speed up the refund procedures under GST.

With respect to above noted subject, we hereby informing some of the issue / Problem and Suggestions to speed up the refund procedures under GST.

Issue 1 : Mismatch in GSTR3B / GSTR1 and Custom EDI System

Details : It is observed that in the initial period of GST almost all accounting software including huge ones created a common mistake in reporting GSTR3B and all Tax Payers have filed their Export Data (Against Payment of Taxes) in 3.1 (a) in stand of 3.1 (b). These are those ones who have filed correct data in their GSTR1 (in table 6A) but due to the present policy; to match data of table 6A of GSTR1 with Table 3.1(b) of GSTR3B; their data is not proceeded to Custom and they are still not getting refund of IGST Paid in the initial period of GST.

Suggestion : We believe that refund of IGST Payment only to be given to those one who actually exported the goods or services or both and the data which are been field up in Table 6A of GSTR1 should be match with cumulative figures of Table 3.1(a) + 3.1(b) of GSTR3B.

If there is some policy matter involved in restricting cumulative calculation of Table 3.1(a) and 3.1(b) then Government can also think to provide the functionality to revise GSTR3B with the correct DATA.



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Issue2 : **Round off Value.**

Details : At present EDI System of Custom is accepting round of value in Invoice as well as Tax Payment System where as GSTN is accepting exact amount of Tax Figures. And this creates a massive mismatch in the data filed while Export and Data Uploaded in to t5he GST Network

Suggestion : Government can be liberal enough to short out the problem and should provide decimal liberty to the system and match the invoices provided in to GST Network and Bill of Lading provided to Custom EDI System. We understand the decimal liberty in matching will also cause the heavy quantum and if it is not possible because of some policy matter; then GST System should be develop as prescribed in Section 170 of CGST Act.

Issue3 : **Duty Drawback (Before 30th September 2017) – On Stock laying on appointed day.**

Details : Government have permitted stock clearance of Stock laying on Appointment day within 3 months and i.e. before 30th September 2017 and claim duty drawback of eligible duty (as defined in Section 140(10) of CGST Act. But due to some misunderstanding of misinterpretation Departmental Officers are denying Taxpayers claim of Accumulated ITC if they claimed Duty Drawback under earlier scheme; Whereas Law is clear and only denying or restricting claim of Refund of Accumulated ITC when Taxpayers claimed duty drawback of Central Tax. – Sir, It is very much clear that Central Tax as defined in Section 2(21) means the central goods and services tax levied under section 9 and not the taxes defined under eligible duty under section 140(10).

Suggestion : Sir, We humbly ask for the certificatory order or circular ordering departmental officer to release refund of accumulated ITC even if the goods exported form the stock laying on Appointed Day.



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Issue4 : **Claim of Duty Drawback at composite rate**

Details : Government have revised the rate of Duty Drawback scheme after the introduction of GST and which is lower to the earlier rate. As per the revised Customs and Central Excise Duties Drawback Rules, 2017 Duty Drawback means the rebate of duty excluding integrated tax leviable under sub-section (7) and compensation cess leviable under subsection (9) respectively of section 3 of the Customs Tariff Act, 1975 (51 of 1975) chargeable on any imported materials or excisable materials used in the manufacture of such goods but not central tax as defined under Section 2(21) of CGST Act. And hence claim of Tax Payers should be allowed even if they have claimed duty drawback at the lower rate or at composite rate after 1st October 2017.

Suggestion : Sir, We humbly ask for the certificatory order or circular ordering departmental officer to release refund of accumulated ITC even if the goods exported from the inward supply done after appoint day.

Issue5 : **Refund Calculation under Rule 89(4)**

Details : Government have amended the Rule 89(4) w.e.f. Oct. 2017 and now refund can be claimed with on the basis of newly introduced formula i.e. Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover. This formula have serious lacuna of the stock laying on the first day of any month. Because of this formula Taxpayers who are exporting goods; which they have purchased before the first day of month are not able to get the refund of the input used in the export and hence their working capital has been blocked.

Suggestion : We humbly urge your good self to modify the formula or the explanation of NET ITC by including opening balance of credit ledger. This will be the major relief to all those Taxpayers who are asking refund of Accumulated ITC.



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Issue6 : **Re-credit of non-admissible Refund claims.**

Details : At present Departmental officers are not empower to re-credit the rejected refund in to credit ledger of the Tax Payers as prescribed in Rule 92 (3) Because of non-availability of said functionality Taxpayers have to born double burden.

Suggestion : Automated system should be formed base on the differences of RFD01 and RFD05 for re-credit of non-admissible refund.

Issue7 : **GST Returns (Lacking of Purchasers DATA)**

Details : Tax Payers who are claiming refund of accumulated ITC need to produce all the evidences of his inward supply and this is the scope where human interference is disturbing the total environment of Fine regime.

Suggestions : We claim a full proof GST Return system by allowing Both Suppliers and Recipients to upload their data and matching of invoices by system. This will decrease the mismatch data and bind recipients as well as suppliers about their submission. This will create a hazel free system refund claim in future.

Issue8 : **CA Certification (Rule 89(2) (m)**

Details : At present as per Rule 89(2) (m) all taxpayers need to obtain Certificate of Chartered Accountants or Cost Accountant while claiming refund for more than 2 lacks of rupees. This system is increasing cost of tax payers and small tax payers are avoiding claim full refund in the fear of addition of cost. Ultimately this increase the blockage of cash flow.

Suggestions : Self-Certification and / or Bond should be introduce in stand of certification of third party certification. Government may also increase the threshold to 20 lacks from 2 lacks.



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We are highly oblige to have such a humble and responsive audience and we hope all the issues raised by us will be well consider by your good self and dispose in favor of tax payers and in best wise manner.

Thanking You

We remains.

Varis V. Isani
President -GSTBA

CC To,

1.Shri Hasmukh Adhia- Hon. Revenue Finance Secretary
Vice Chairman GST Council.

2.Smt. Poonamben Maadam -Honorable Member of Parliament
Jamnagar – Dev BhoomiDwarka District.

3.Dr. A.B. Pandey- Hon. Chairman –GSTN.

4.Shri Nitinbhai Patel- Hon.Dy.Chief Minister- Finance Minister
Member of GST Council –State of Gujarat

5. Shri Ajay Jain- Hon. Chief Commissioner of State Tax-CGST
State of Gujarat.

6.Dr. P.D Vaghela- Hon. Chief Commissioner of State Tax-SGST
Member of GST Council –State of Gujarat