
	<p>केंद्रीय शुल्क, केंद्रीय उत्पाद शुल्क व सेवा कर के आयुक्त का कार्यालय OFFICE OF THE COMMISSIONER OF CENTRAL TAX, CENTRAL EXCISE & SERVICE TAX मेडचल आयुक्तालय MEDCHAL COMMISSIONERATE मेडचल जीएसटी भवन, 11-4-649/B, लकड़ी-का-पूल, MEDCHAL GST BHAVAN, 11-4-649/B, Lakdikapul, हैदराबाद-500 004 HYDERABAD – 500 004 Email: cgst.mdclcommr@gov.in Ph:-040-24303013</p>	 <p>भारतीय मानक ब्यूरो IS 15700 BUREAU OF INDIAN STANDARDS IS 15700 : 2005 Certified Commissionerate</p>
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प.संख्या C.No.IV/16/01/2019-Tech

दिनांक Date: 17.05.2019

Trade Notice No. 11/2019-GST

Sub: GST – Refunds – Clarification on refund related issues - reg.

The Board (GST Policy Wing) vide Circular No.59/33/2018-GST dated 04.09.2018 issued from F.No.349/21/2016-GST, *inter alia*, communicated the method of calculating the refund amount. The same is reproduced hereunder:

3. System validations in calculating refund amount

3.1. Currently, in case of refund of unutilized input tax credit (ITC for short), the common portal calculates the refundable amount as the least of the following amounts:

a) The maximum refund amount as per the formula in rule 89(4) or rule 89(5) of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the "CGST Rules") [formula is applied on the consolidated amount of ITC, i.e. Central tax + State tax/Union Territory tax + Integrated tax + Cess (wherever applicable)];

b) The balance in the electronic credit ledger of the claimant at the end of the tax period for which the refund claim is being filed after the return for the said period has been filed; and

c) The balance in the electronic credit ledger of the claimant at the time of filing the refund application.

3.2. After calculating the least of the three amounts, as detailed above, the equivalent amount is to be debited from the electronic credit ledger of the claimant in the following order:

a) Integrated tax, to the extent of balance available;

b) Central tax and State tax/Union Territory tax, equally to the extent of balance available and in the event of a shortfall in the balance available in a particular electronic credit ledger (say, Central tax), the differential amount is to be debited from the other electronic credit ledger (i.e., State tax/Union Territory tax, in this case).

3.3. The procedure described in para 3.2 above, however, is not presently available on the common portal. Till the time such facility is made available on the common portal, the taxpayers are

advised to follow the order as explained above for all refund applications filed after the date of issue of this Circular. However, for applications already filed and pending with the tax authorities, where this order is not adhered to by the claimant, no adverse view may be taken by the tax authorities.

3.4. The above system validations are being clarified so that there is no ambiguity in relation to the process through which an application in FORM GST RFD-01A is generated.

3.5. Further, it may be noted that the refund application can be filed only after the electronic credit ledger has been debited in the manner specified in para 3.2 (read with para 3.3) above, and the ARN is generated on the common portal.

2. As the procedure described is not presently available in common portal, the tax payers is required to enter the eligible refund amounts manually i.e., the least of the amount derived vide Para 3.1 (a) or (b) or (c) of the above referred circular. After calculating the least of three amounts, the equivalent amount is to be debited from the electronic credit ledger of the claimant in the following order:

a) Integrated tax, to the extent of balance available;

b) Central tax and State tax/Union Territory tax, equally to the extent of balance available and in the event of a shortfall in the balance available in a particular electronic credit ledger (say, Central tax), the differential amount is to be debited from the other electronic credit ledger (i.e., State tax/Union Territory tax, in this case).

3. However, while verifying the post audit of refund claims which were filed after issuance of ibid circular i.e., after **04.09.2018**, it is observed that certain tax payers had not followed the sequence of the debiting the eligible refund amount as narrated under Para 3.2 of the ibid circular. The Refund Sanctioning Authorities had also not advised such claimants nor taken into cognizance the intent of the circular while sanctioning the eligible refund amount. To avoid such lapses in future, the following illustrations are given hereunder in terms of Para 3.2 of the ibid circular. For brevity say the Maximum refund amount to be claimed in terms of Para 3.1 of the ibid circular is **Rs.3,00,000/-**. Column (2) & (3) are auto populated by system. In such a case the eligible refund under different tax heads is as under:

Situation 1:

	Balance in Electronic Credit Ledger at the end of tax period for which refund is claimed (Balance remaining after return for the period is filed)	Balance in Electronic Credit Ledger at the time of filing of refund application	Refund to be claimed as per Para 3.2 of ibid circular
(1)	(2)	(3)	(4)

NOTE: Please call the toll free number: 1800 599 5399 or mail to gstqueries.mech@icgic.gov.in to seek clarifications regarding GST issues, if any. (Initiatives of Central GST, Hyderabad Zone)

IGST	320000	350000	300000
CGST	100000	90000	0
SGST	110000	88000	0
Total	530000	528000	300000

Situation 2:

(1)	(2)	(3)	(4)
IGST	150000	0	0
CGST	300000	160000	150000
SGST	160000	165000	150000
Total	610000	325000	300000

Situation 3:

(1)	(2)	(3)	(4)
IGST	150000	0	0
CGST	300000	60000	60000
SGST	290000	280000	240000
Total	740000	340000	300000

Situation 4:

(1)	(2)	(3)	(4)
IGST	160000	150000	150000
CGST	300000	80000	75000
SGST	290000	280000	75000
Total	750000	510000	300000

4. All the Trade Associations are requested to bring the contents of the Trade Notice to all concerned.

Encl: As above.

Sd/-
(M.SRINIVAS)
PRINCIPAL COMMISSIONER


Copy submitted to:
The Principal Chief Commissioner of Customs, Central Tax, Central Excise and Service Tax, Hyderabad Zone.

NOTE: Please call the toll free number: 1800 599 5399 or mail to gstqueries.medchal@gmail.com to seek clarifications regarding GST issues, if any. (Initiatives of Central GST, Hyderabad Zone)

Copy to:

1. The Federation of Telangana & Andhra Pradesh Chamber of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500004.
2. The Joint Commissioner, CCO, with a request to get the details updated on the Zonal Website as per the above details.
3. The Deputy/Assistant Commissioner, Medchal, Malkajgiri, Jeedimetla, Kukatpally, Sangareddy, Karimnagar, Nizamabad, Mancherial Divisions.
4. Superintendent (Computers) for uploading on official website <http://cexhyd1.nic.in/>
5. As per Distribution list.

//Attested//



(D.SRINIVASULU)

ASSISTANT COMMISSIONER (Tech)