

Brief on refund of Integrated Goods & Services Tax (IGST), Input Tax Credit (ITC) & Rebate of State Levies (RoSL) to Exporters- Interaction of Chief Commissioners of Customs and GST, Mumbai Zone with media persons at 4.30 PM on 11 June, 2018

Members of the trade- especially exporters- have been raising concerns about delays they are facing in the sanction or disbursement of their claims of IGST refunds, refund of Input Tax Credit (ITC) and Rebate of State Levies (RoSL) resulting in blockage of their working capital. The concerns stem from the fact that the procedure for sanction of IGST refunds is designed to be paperless and fully automated with virtually no manual intervention. Since the launch of GST the three Customs Zones at Mumbai have disbursed IGST refunds of Rs. 6467 crore so far. Of this amount, IGST refunds of Rs. 1181 crore were disbursed during a special drive launched in the second week of March 2018 to dispose of refund claims pending up to 31 January, 2018.

As far as ITC refunds are concerned, 6063 refund applications involving Rs.1615 crore have been filed with Central GST offices till date. 5224 claims involving a refund amount of Rs.1425 crore have already been sanctioned and disbursed. The balance is under process and no claim is pending for more than 6 days from the date of its acknowledgment.

IGST refunds are sanctioned based on electronic validation of data declared in the Shipping Bill (which provides proof of export) with that declared in the GST returns (which provides proof of payment of tax) as well as the internal consistency of data submitted in these documents. Exporters have not obtained refunds in cases where data has not been validated successfully because of errors either in the Shipping Bills or the GST returns. From time to time, CBIC and GSTN have analysed the reasons for such invalidations and come up with solutions to overcome them. The following steps have been taken to keep exporters apprised of these solutions so that they may take up their cases for resolution:

- CBIC has issued Circular Nos. 05/2018 dated 23rd February, 2018, 08/2018 dated 23 March, 2018, and 12/2018 dated 29th May, 2018 explaining the various modalities related to IGST refund.
- Public Notices have also been issued to describe the kind of errors that have been noticed and to prescribe the procedure for resolving each. Public Notices can be downloaded from respective Custom House websites.

- More than 20 outreach programs have been organised by the three zones to brief exporters and Export Promotion Councils about the precautions they can take to avoid data errors and invalidations and also how they can be corrected.
- Further, exporters and their representatives have been provided the facility of viewing the status of their refund claims on ICEGATE and GSTN so that they may ascertain if there is an error and take remedial action to rectify it.
- The list of claims where errors have been detected has also been published on the websites of respective Custom Houses for exporters to verify.
- Depending on the nature of error, the exporters are required to submit additional documents to Customs / GST authorities. These can be submitted either electronically or physically to special help desks set up for the purpose.

The Government is committed to ensure that IGST and ITC refunds, including those that are pending, are settled in a time-bound and problem-free manner. In pursuance of this objective, another special fortnight for the disposal of IGST refunds and ITC refunds to exporters has been launched from 31 May 2018. The objective is to dispose of pending refunds pertaining to shipments made till 30 April 2018. Since this drive was launched, IGST refunds totalling Rs. 2090 crore have already been disposed of by the three Customs Zones at Mumbai. Apart from dealing with cases involving SB005 (invoice detail mismatches) and SB006 (Export General Manifest mismatches or mismatches in Container Nos, number of containers or port code) errors, cases where the IGST paid amount shown in the GST returns does not agree with the amount for which refund is claimed are also being settled during the drive. The modalities are explained in CBIC Circular No. 12/2018-Customs dated 29th May, 2018. Information about these refund facilitation camps has already been disseminated through advertisements in national dailies and local newspapers as well as through FIEO and other Export Promotion Councils. Officers are available at these special camps set up within the premises of the three Custom Houses on all working days as also on weekends. Exporters are requested to come forward in large numbers and either e-mail the requisite documents (depending on the type of error) to the respective e-mail addresses of the three zones or to submit them at the facilitation camps so that errors can be addressed and the remaining refunds are disbursed expeditiously.

It is estimated that IGST refunds of Rs. 1382 crore are pending with the three Customs Zones at Mumbai as on 9 June 2018.

On the Central GST side, special camps are running at six locations within Mumbai i.e. at all Commissionerates. During the Special drive, 325 refund claims involving Rs. 35 crore has been processed and sanctioned. The target is to sanction all claims filed before 30 April 2018. Trade Notices have been issued to inform the trade about the “Special Refund Drive” and their details have been published in leading National dailies along with contact details of nodal officers. Advertisements have also been given on FM radio.

Under the Rebate of State Levies (RoSL) scheme, exporters of ready-made garments and textile made-ups are provided rebate of specified State levies such as Vat on fuel used in power generation, duty on electricity generation and charges on purchase of grid power, mandi tax on purchase of cotton, stamp duties on export documents, SGST on inputs used in the production of cotton and embedded SGST on purchases from unregistered dealers. In all three Customs zones, barring cases of errors or alerts by investigation agencies, all claims pertaining to shipments made up to 31 May 2018 have been scrolled out already. Thus, a total amount of Rs. 943 crore has been disbursed towards RoSL claims.