

Frequently Asked Questions on IGST refunds on goods exported out of India

Q.1 What is zero rated supply under GST?

Ans. Under GST, exports and supplies to SEZ are zero rated as per Section 16 of the IGST Act, 2017. By zero rating, it is meant that the entire supply chain of a particular supply is tax free, i.e., there is no burden of tax either on the input side or output side.

Q.2 What are the options for getting refunds for persons making zero rated supplies?

Ans. As per Section 16(3) of the IGST Act, 2017, a registered person making a zero-rated supply is eligible to claim refund in accordance with the provisions of Section 54 of the CGST Act, 2017, under either of the following options, namely:

- (i) He may supply goods or services or both under bond or letter of undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit of CGST, SGST / UTGST and IGST; or
- (ii) He may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied.

Q.3 What is IGST refund?

Ans. The second category, mentioned above, pertains to refund of integrated tax paid for the zero-rated supplies made by suppliers who opt for the route of export on payment of integrated tax and claim refund of such tax paid. There can be two sub-categories of such suppliers namely:

- (i) Exporter of goods
- (ii) Service exporters and persons making supplies to SEZ

Q.4 Who can get IGST refunds from Customs?

Ans. The registered persons who have exported goods out of India on payment of IGST are eligible to get the refund of integrated tax so paid subject to certain conditions related to filing of correct and sufficient information in both GSTN and Customs system.

Q. 5 How to file application for getting IGST refund from Customs?

Ans. As per Rule 96 of the CGST Rules 2017, dealing with refund of IGST paid on goods exported out of India, the shipping bill filed by an exporter shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India, *once both the export general manifest (EGM) and valid return in Form GSTR-3 or Form GSTR-3B, as the case may be, has been filed.* Thus, once the shipping bill and the EGM is filed and a valid return is filed, the application for refund shall be considered to have been

filed and refund shall be processed.

Q. 6 Who would process IGST refund claim?

Ans. The IGST refund module has been designed to have an in-built mechanism to automatically process and grant refund after validating the shipping bill data available in ICES against the GST return data transmitted by GSTN. Manual intervention would be limited to only exceptional cases where automatic validation becomes impossible due to some technical errors. Such exceptional cases would be only those which would be approved by the Board and the procedure in those cases would be separately laid out.

Q. 7 I have filed my GST returns but still my refund is not sanctioned.

Ans. The IGST refund would not be processed if it fails any validation at the level of either GSTN or Customs system. Validation errors occur due to various deficiencies, which are enumerated here-in-after.

Q. 8 What are the reasons for data not being transmitted from GSTN to Customs system?

Ans. It has been observed that a number of records have not been transmitted by GSTN to the Customs system which could be on account of various errors that have occurred in the validation carried out by the GSTN. It is understood that cases where such validations fail are on account of:

- (i) Both GSTR 1/Table 6A and GSTR 3B have not been filed for that supply or there are missing invoices in GSTR 1 for that supply.
- (ii) Invoices provided in Table 6A of GSTR 1/1E are incomplete, e.g., details of shipping bill and port number/code are not mentioned.
- (iii) IGST paid under Table 3.1(b) of GSTR 3B being less than total IGST claimed in Table 6A of GSTR 1/1E of the same period. The claim cannot be more than that of the amount of IGST paid.

Q.9 What steps are to be taken in cases of errors mentioned above and who should be contacted in such cases?

Ans. Correction of errors need to be done in the GST return filed. Table 9A has been provided to carry out those corrections. If the exporter finds that even after the correct filing of return, their shipping bills do not reflect in Customs system (reflected in ICEGATE login of exporter), they may write to GSTN helpdesk.

Q. 10 How can I find whether my refund data has been successfully transmitted by GSTN to Customs or not?

Ans. GSTN is reportedly working on a feedback/message system so as to inform the exporters about such failed validations. At present, the Customs system does not have any information about the reasons for which validation at GSTN has failed. However, for all those records which have been successfully transmitted to Customs system, the

report can be generated at the end of field officers. Even the exporter has the option to check the GST validation status for his shipping bills in his ICEGATE website login for all records transmitted by GSTN.

Q. 11 I have filed correct information in GST return but still my refund is not sanctioned.

Ans. In cases where the exporter has filed correct information in the GST returns and it gets successfully validated by the GSTN, it is thereafter transmitted electronically to the Customs system wherein the GST return data is matched with the shipping bill data. If the matching is successful, ICES processes the claim for refund and the relevant amount of IGST paid with respect to each shipping bill or bill of export is electronically credited to the exporter's bank account as registered with the Customs authorities. But, wherever the matching fails on account of some error, the refund do not get sanctioned.

The matching between the two data sources is done at invoice level and any mis-match of the laid down parameters results in one or more of the following errors/responses:

Code	Meaning
SB000	Successfully validated
SB001	Invalid SB details
SB002	EGM not filed
SB003	GSTIN mismatch
SB004	Record already received and validated
SB005	Invalid invoice number
SB006	Gateway EGM not available

Q. 12 What should be done for error code SB001?

Ans. This may occur due mention of wrong shipping bill number furnished in GSTR 1/Table 6A. The possible reason for such mismatch could be a clerical error made by the exporter at the time of filling of GSTR 1/Table 6A, which can be rectified by making amendments in GSTR 1 by using Form 9A. Form 9A has been made available by GSTN w.e.f. 15.12.2017 in exporter's login at the GST common portal.

Q. 13 What should be done for error code SB002?

Ans. Exporter has to approach their shipping line/airline/carrier to file the EGM

immediately.

Q. 14 What should be done for error code SB003?

Ans. This error occurs when GSTIN declared in the SB does not match with the GSTIN mentioned in the corresponding GST return. In this case too, the exporter has to make necessary changes in GSTR 1 by use of amendment Form 9A. Exporters should note that there is no provision of amendment in the shipping bill once the EGM is filed.

Q. 15 What should be done for error code SB004?

Ans. This error occurs due to duplicate/repeat transmission of shipping bill - invoice record from GSTN. The previous transmission would have already been validated for IGST refund by ICES.

Q. 16 What should be done for error code SB005?

Ans. This is the most common error committed by the exporters, which occurs due to mis-match of invoice number as declared in the invoice table of the shipping bill and that declared in the GSTR 1 for the same supply. This can happen due to:

- (i) Typographical mistake while entering data in GSTR 1 or the SB.
- (ii) The exporter uses two sets of invoices, one invoice for GST and another invoice for exports resulting in mismatch of invoice numbers.

After the implementation of GST, it was explained in the advisories that the details an exporter is required to enter in the "invoice" column while filing the SB pertains to the invoice issued by him compliant to GST Invoice Rules. The invoice number shall be matched with GSTN to validate exports and IGST payment. It was conveyed and reiterated that there should not be any difference between commercial invoice and GST invoice after implementation of GST since as per the GST law, IGST is to be paid on the actual transaction value of the supply between the exporter and the consignee, which should be the same as the one declared in the commercial invoice.

If SB005 is due to a data entry mistake in GSTR 1, it can be amended in Form 9A. But any mistake in the SB cannot be amended once EGM is filed. Also, if the exporter has used a separate invoice in the SB, he cannot include that in his GSTR 1 in lieu of his GST invoice. Thus, SB005 error, as of now, cannot be corrected by

any amendment either in GSTR 1 or in the shipping bill.

For these cases, a mechanism is being considered by the Board to make the requisite corrections manually in line with the recent amendments in Rule 96 of the CGST Rules, 2017. The said mechanism is expected to be available shortly. It may, however, be noted that these interim workarounds shall only be available as a one-time measure for the past SBs. It is advised that the exporters should take care so as not to repeat such mistakes in future and ensure that the same GST compliant export invoice is declared at both ends.

Q. 17 What should be done for error code SB006?

Ans. In case of exports through ICDs, if the gateway EGM is not filed electronically or it contains some error, response code SB006 appears. It is noticed that gateway EGM in case of many ICD shipping bills have been manually filed, leading to such refunds not being processed. While the Customs at gateway ports are pursuing this matter with the shipping lines, the exporters can also approach their shipping line to file the EGMs electronically.

Q.18 What is the exporters' role in case of IGST refunds?

Ans. Exporters have to ensure that only correct as well as sufficient information is filed by them in both the GSTN and the Customs system.

- (i) The exporter has the option to check the GST validation status for his SBs after logging into ICEGATE website. This report shows the response/error code for each of his SBs wherever data has been received from GSTN.
- (ii) The exporter also has the option to view the SB details relevant for IGST validation on the ICEGATE website. The exporter can view this while filing the GST returns and ensure that the details are entered accurately in the returns as well so that no mis-match occurs.
- (iii) In case, the exporter's account is not validated by PFMS, he may approach jurisdictional Customs Commissionerate with correct account details and get it updated in ICES.
- (iv) If the exporter is not getting the refund due to suspension/alert on his IEC, he may clear his dues or submit e-BRC and have the suspension revoked.

Q. 19 The shipping bill has been transmitted by GSTN to Customs and there is no error in the refund claim. But still the refund has not been received in the bank account.

Ans. SB000 (Successfully Validated) is the response code which comes when all the decided parameters like GSTIN, SB number, invoice number etc. match between GSTN and Customs databases. This code implies that the SB is ready for inclusion in the IGST refund scroll. However, it might happen that even with SB000, the SB does not appear in the refund scroll. This could be due to:

- (i) The exports might have been made under bond or LUT, hence not eligible for

refund.

(ii) If a shipping bill covers multiple invoices, few of the invoices might have been successfully validated with code SB000 whereas other invoices might be containing other types of error/s.

(iii) Composite rate of drawback has been claimed for that SB during the transitional period between 01.07.2017 to 30.09.2017, thus making the SB ineligible for IGST refund.

(iv) Where the IGST claimed amount is less than Rs. 1000/-.

In all the above cases, the scroll amount shall automatically become zero and the SBs shall not be included in the refund scroll.

There are two more reasons where the SBs will figure in the temporary IGST scroll but not in the final scroll. This could happen if there is an alert/suspension on the IEC in ICES or if the account of the IEC is not validated by PFMS.

Q. 20 What is the course of action if there are multiple errors in the refund claim?

Ans. Each such error would be required to be corrected individually in order to get refund.

Q. 21 In case of errors, where should I contact for necessary action?

Ans. The following steps could be followed in case of errors in processing of refunds:

- i) When the records have not been transmitted by GSTN to Customs, exporters may contact GSTN helpdesk.
- ii) Wherever the error is SB002/SB006, exporter may approach their shipping line/airline/carrier to file the EGM immediately.
- iii) In cases where the temporary scroll is generated but it's not included in the final scroll, the exporters are advised to furnish correct bank account details to the proper officer (Customs field formation) in order to update the same in ICES.
- iv) As the status of refund claims is available in ICEGATE login, in cases where the corrective action has been already taken by the exporter, he may write to ICEGATE/gateway port Customs for redressal.
- v) In general, any grievance related to the IGST refund claim may be brought to the notice of the Pr. Commissioner or Commissioner of the Customs of the gateway port for necessary action.

Common Errors and Rectification Procedures

Code	Meaning	Rectification
SB000	Successfully validated	
SB001	Invalid SB details	Amend GSTR-1 by using Form 9A and fill correct SB details
SB002	EGM not filed	Approach shipping line for filing of EGM
SB003	GSTIN mismatch	Amend GSTR-1 by using Form 9A
SB004	Record already received and validated	No action required
SB005	Invalid Invoice Number	Amend GSTR-1 by using Form 9A and fill correct

		invoice details
SB006	Gateway EGM not available	Approach shipping line or gateway port Customs
PFMS Validation Errors	Bank Account details of the exporter not validated in PFMS	Approach EDI section at the gateway port Customs with correct account number, bank name and branch address, and IFSC code of the branch