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# GST Refund on Exports



# Introduction to GST & Exports

- Under **GST law**, exports are treated as Zero-Rated Supplies
- Exporters can claim refund of:
  - **Unutilized Input Tax Credit (ITC)**
  - **IGST paid on exports**
- Objective:
  - Ensure **no tax** burden on exports
  - Improve **liquidity & competitiveness** of exporters



# What is Zero-Rated Supply?

- Supply of **goods or services** exported **outside India**
- Supply to **SEZ units** or developers

## ➤ Key Benefit:

- GST paid on inputs is fully refundable



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# Modes of Export under GST



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## Option 1



## Option 2



- Export with **payment of IGST**
- Claim refund of **IGST paid**

- Export without **payment of IGST**
- Under **LUT / Bond**

➤ **Key Benefit:** GST paid on inputs is  **fully refundable**

# Option 1: Export with Payment of IGST

## Process:



► **Best For:** Regular exporters with sufficient cash flow

# Option 2: Export under LUT / Bond

## Process:



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➤ **Best For:** Regular exporters who want to avoid upfront IGST costs

# LUT: Meaning, Validity & Conditions



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## Meaning:

- LUT (Letter of Undertaking) allows exporters to export without payment of IGST

## Validity:

- LUT is valid for one financial year

## Conditions:

- Exporter must not have been prosecuted for tax evasion of ₹2.5 crore or more
- Exporter must furnish an LUT on GST Portal
- Exporter must fulfill export obligations within prescribed time

► **Best For:**  Regular exporters who want to avoid upfront IGST costs

# Documents Required for GST Refund



## Key Documents Required:



### Export Invoice:

Copy of shipping bill similar to GST Invoice



### Shipping Bill:

Proof that goods have been exported



### E-BRC:

(Electronic Bank Realization Certificate)  
issued by the bank as proof of payment received



### GST Return Forms:

**GSTR-1 & GSTR-3B** filed correctly



**Tip:** Maintain meticulous records to ensure smooth GST refund process

# GST Refund Process Flow: Export of Goods



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**Note:** Refund is processed directly to bank account after due verification.

# GST Refund for Export of Services



**Note:** Refund is processed only to bank account receiving foreign currency.

# Time Limit for Claiming GST Refund



## Important Points:

- ✓ GST refund claim must be filed **within 2 years\*** from relevant date
- ✓ Relevant date differs based on the nature of export / scenario
- ✓ After 2 years, refund application will be **time-barred**



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**Summary:** File GST refund claim **within 2 years** to avoid rejection

# Common Errors Causing GST Refund Delay



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## Avoid these common mistakes:

- ! Incorrect or mismatched **invoice details**
- ! Delay in filing **GSTR-1, GSTR-3B** returns
- ! Mistakes in shipping bill details & validation
- ! Errors in E-BRC issued by bank
- ! Incorrect LUT / Bond information or validity



**Tip:** Double-check **all** documents and filings to avoid refund delays.

# Deficiency Memo & Rejection Handling



## Meaning:

RFD-03 notice issued by GST authorities indicating discrepancies or missing information in refund application

## Rejection Handling Steps:

- Receive Deficiency Memo (RFD-03)
- Rectify the deficiencies mentioned
- File new refund application (RFD-01)
- Respond within 30 days to avoid rejection

## Rejection Handling Steps:

- Receive Deficiency Memo (RFD-03)
- File new refund application (RFD-01)

# Interest on Delayed GST Refund

## Key Points:

- ✓ Refunds delayed beyond 60 days from refund application date are eligible for interest
- ✓ Interest @ **6% per annum** is payable from the day after 60 days
- ✓ Interest payments are made along with the refund



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**Tip:** Ensure refund application is complete and accurate to avoid delays.

# Best Practices for Faster GST Refund

## Key Points:

- ✓ Have all documents in order before applying
- ✓ File **GSTR-1 & GSTR-3B** on time without errors
- ✓ Ensure accuracy between export invoice & shipping bill
- ✓ Regularly track status of refund application
- ✓ Respond promptly to any queries or deficiency notices

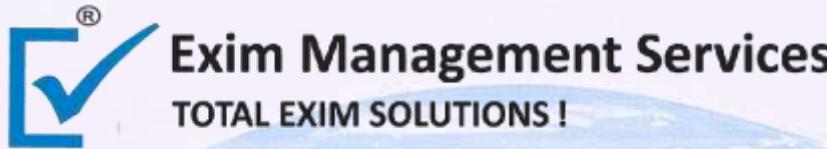


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**Tip:** Maintain proper records and **follow up regularly** to ensure timely processing.

# Role of CHA / Consultant in GST Refund



## Key Support Areas:

- ✓ Documentation Preparation & Filing
- ✓ Checking compliance & accuracy
- ✓ Tracking refund application status
- ✓ Addressing discrepancies & handling notices
- ✓ Follow-up for faster refunds



**Tip:** Engage a knowledgeable CHA / Consultant to navigate the complex GST refund process.

# Summary & Key Takeaways



## Key Support Areas:

- Understand required documents
- File GSTR-1 & GSTR-3B on time
- Maintain export-invoice accuracy
- Avoid common errors causing delay
- Respond promptly to notices



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