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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?



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- Supply of **goods or services** exported **outside** India
 - Supply to **SEZ units** or developers
- **Key Benefit:**
- GST paid on inputs is fully refundable



Modes of Export under GST



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Option 1



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

Option 2



- 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:



➤ **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



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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



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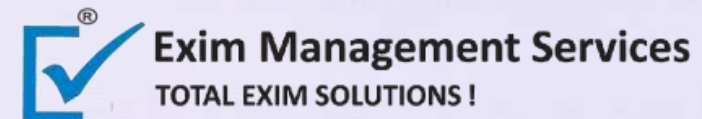
Note: Refund is processed only to bank account receiving foreign currency.


Time Limit for Claiming GST Refund



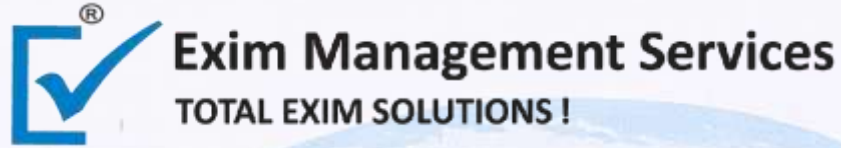
Important Points:

- ✓ 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**



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

Common Errors Causing GST Refund Delay



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



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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



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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

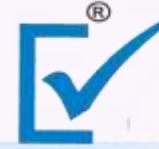


Tip: Ensure refund application is complete and accurate to avoid delays.

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

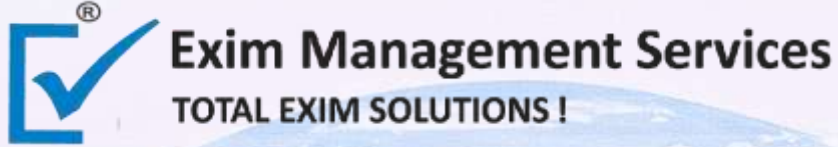


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Tip: Maintain proper records and **follow up regularly** to ensure timely processing.

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



EXPORT GST REFUND

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

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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