

## GST and JOHNNY- UPDATE No.62

JOHNNY  
JOHNNY!!



Yes, Papa!



Have the refund for inverted duty structure claimed by you been credited in your bank account?



No, Papa



Why?



### This Papa-

It has been a regular practice adopted by department that while sanctioning refund of inverted duty structure, they issue show cause notice for the month in which und claim filed is higher as compared to the other months.

The department contends that the refund claim is rejected based on the allegation that there was excess stock of inputs in a particular month and the assessee has encashed the maximum credit available with him and hence withhold refund.

In most cases, assessee claims refund claim according to the formula prescribed in Rule 89(5) of CGST Rules, 2017 which grants refund in proportion to turnover of inverted rated supply of goods and services subject to tax paid on inverted supply of goods or services.

Even after applying refund as per the law, unnecessary delay in sanctioning of refund amounts to harassment of assessee.

An instruction should be issued to the departmental officers by the government that if the refund claim satisfies the formula prescribed in Rule 89(5) of the CGST Rules,2017, then refund should not be withhold for longer time.

Due to pandemic, the assessee are already incurring significant losses in their respective business and holding their refund due to baseless reason results in blocking of working capital thereby increasing the problems of taxpayers. It is suggested that if adjudicating authority had found something suspicious in appellant's account such as high use of inputs, separate inquiry proceedings should be initiated.

CA Pradeep Jain