



This papa: -

While filing the refund application the amount of ITC is debited from our electronic credit ledger. However the refund application was rejected due to some reasons for which the application for Re-credit of the ITC was applied with the proper officer and the amount was also re-credited in our ledger.

Even though, the requirement for recredit of unutilised ITC as per Circular 59/33/2018 and Circular 125/44/2019 is that the re-credit shall only be allowed after a receipt of an undertaking from the applicant that he shall not file an appeal against the said rejection order.

It is observed that in cases of refund, the procedure prescribed is not being followed. It is clearly mentioned that the refund processing authority should not grant re-credit of the amount debited by the applicant until an undertaking is given. But re-credits are being granted in every case. This leads to problem when appeal is allowed and consequential refund is filed. The department issues the show cause notice to reject the claim. The poor taxpayer again debits the same amount in DRC-03 and asks for refund. Then the refund is being granted.

A suitable clarification shall be issued so that the practise is discontinued and assesseees are prevented from unnecessary obligations.

STAY AT HOME and STAY SECURE