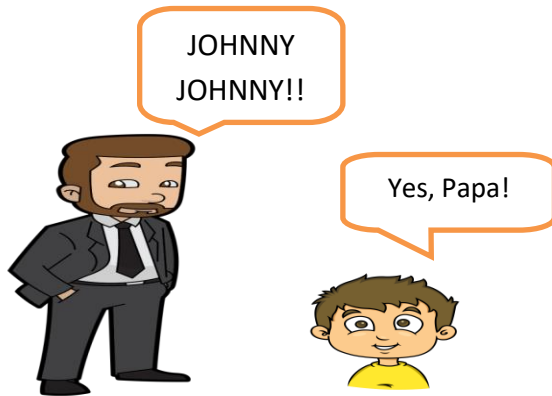


GST and JOHNNY- UPDATE No.55-Part I



I have inadvertently filed incorrect refund of inverted duty structure. Is there any remedy?



Why??



This Papa- The taxpayer is eligible for the refund of accumulated input tax credit (ITC) due to the inverted tax structure. Form RFD-01 has to be filed within two years from the end of the financial year in which such claim for refund arises. Further, a taxpayer can apply GST refund for multiple months in a single refund application.

Maximum Refund Amount that can be claimed= (Turnover of inverted rated supply of goods and services X Net input tax credit / Adjusted total turnover) – Tax payable on such inverted rated supply of goods and services

eg. Mr. A Filed refund application for the month of April 2020.

1. ITC on Inward supplies used for the manufacture of good which is taxed at 18% is 50 lacs.
2. Turnover of inverted rated supply taxed at 5% is 300 lacs and GST liability is 15 lacs.
3. Turnover of other supply taxed at 18% is 200 lacs and GST liability is 36 lacs.

However, while filing return, the formula applied was = $(50 \text{ lacs} * 300 \text{ lacs} / 500 \text{ lacs}) - 10 \text{ lac} = 20 \text{ lacs}$. If the formula was applied correctly, then tax payable should have been deducted to the extent of Rs. 15 lacs and the maximum amount of refund available should have been 15 lacs rather than 20 lacs.

Even after so much struggling to find the correct measure, we discovered that there is no mechanism in the current situation to file revised refund for the April 2020 or file a supplementary refund application for such month.

The only alternative was approaching department officials due to incompetence of Helpdesk to help in this matter.

What solution was provided by Department?
Solution followed in next update...Stay tuned