

GOVERNMENT OF KARNATAKA
(Department of Commercial Taxes)

No. KSA/GST.CR-05/2019-20

Office of the Commissioner of
Commercial Taxes
Vanijya Therige Karyalaya, Gandhinagar,
Bengaluru-560009, Dated: 26-03-2021

COMMISSIONER OF COMMERCIAL TAXES CIRCULAR No. GST-20/2020-21

Subject: Clarification on refund related issues – Reg.

Various representations have been received seeking clarification on some of the issues relating to GST refunds. The issues have been examined and to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as “KGST Act”), hereby clarifies the issues detailed hereunder:

2. Clarification in respect of refund claim by recipient of Deemed Export Supply

2.1 Representations have been received in respect of difficulties being faced by the recipients of the deemed export supplies in claiming refund of tax paid in respect of such supplies since the system is not allowing them to file refund claim under the aforesaid category unless the claimed amount is debited in the electronic credit ledger.

2.2 Para 41 of Commissioner of Commercial Taxes Circular No. GST 30/2019-20 dated 02/12/2019 has placed a condition that the recipient of deemed export supplies for obtaining the refund of tax paid on such supplies shall submit an undertaking that he has not availed ITC on invoices for which refund has been claimed. Thus, in terms of the above circular, the recipient of deemed export supplies cannot avail ITC on such supplies but when they proceed to file refund on the portal, the system requires them to debit the amount so claimed from their electronic credit ledger.

2.3 The 3rd proviso to Rule 89(1) of KGST Rules, 2017 allows for refund of tax paid in case of a **deemed export supply to the recipient or the supplier** of deemed export supplies. The said proviso is reproduced as under:

“Provided also that in respect of supplies regarded as deemed Exports, the application may be filed by, -

(a) the recipient of deemed export supplies; or

(b) the supplier of deemed export supplies in cases where the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund”