

**Government of Karnataka
(Department of Commercial Taxes)**

No. KSA/GST/CR-108/2017-18

Office of the Commissioner of Commercial Taxes
Vanijya Terige Karyalaya, Gandhinagar,
Bengaluru-560009, Dated: 29-10-2018

COMMISSIONER OF COMMERCIAL TAXES CIRCULAR No. (GST) 08/2018-19

Subject: Clarification on certain issues related to refund – Reg.

This office is in receipt of representations seeking clarification on certain issues relating to refund. In order to ensure uniformity in the implementation of the provisions of law across the field formations, in exercise of the powers conferred by section 168 (1) of the Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as the “KGST Act”), the issues are hereby clarified as detailed hereunder:

2. Status of refund claim after issuance of deficiency memo and re-credit of electronic credit ledger:

2.1 Para 7.1 of circular No. 59/33/2018-GST dated the 4th September, 2018, issued by the Central Board of Indirect Taxes and Customs, clarifies the intent of law in cases where a deficiency memo is issued in respect of a refund claim. In para 7.2 of the said circular, the practise being followed in the field formations was elaborated and it was clarified that show cause notices are not required to be issued (and consequently no orders are required to be issued in **FORM GST RFD-04/06**) in cases where refund application is not re-submitted after the issuance of a deficiency memo (in **FORM GST RFD-03**). Considering the clarification, issued in the said circular, that once a deficiency memo has been issued against an application for refund, by the proper officer under the KGST Act, amount of Input Tax Credit debited under sub-rule (3) of rule 89 of the Karnataka Goods and Services Tax Rules, 2017 (hereinafter referred to as the “KGST Rules”) is required to be re-credited to the electronic credit ledger of the applicant by using **FORM GST RFD-01B** and the taxpayer is expected to file a fresh application for refund.

2.2 The issue has been re-examined and it has been observed that presently the common portal does not allow a taxpayer to file a fresh application for refund once a deficiency memo has been issued against an earlier refund application for the same period. Therefore, it is clarified that till the time such facility is developed, taxpayers would be required to submit the rectified refund application under the earlier Application Reference Number (ARN) only. Thus, it is reiterated that when a deficiency memo in **FORM GST RFD-03** is issued to taxpayers, re-credit in the electronic credit ledger (using **FORM GST RFD-01B**) is not required to be carried out and the rectified refund application would be accepted by the jurisdictional tax authorities with the earlier ARN itself. It is further clarified that a suitable clarification would be issued separately for cases in which such re-credit has already been carried out.

