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Ministry of Finance

Committed to help GST taxpayers in COVID-19 situations: CBIC

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The Central Board of Indirect Taxes and Customs (CBIC) said that it is fully committed to help the GST taxpayers in the present COVID-19 situation.

Since 30th March 2020, CBIC has processed 12,923 refund applications involving claims worth Rs 5,575 Crore, while in the last week itself, CBIC has processed 7,873 claims worth Rs 3854 Crore.

The CBIC said that a trade and business friendly measure taken by CBIC vide its Circular No. 133 dated 31.03.2020 to help GST returns filers to facilitate early ITC refunds and to ensure that the wrong ITC claims are not processed in the absence of relevant information, is misconstrued in certain section of social media and other media as troubling the taxpayers in COVID -19 like situation.

The CBIC said that this measure was taken into effect with GST Council's approval in its 39th Meeting held on 14.03.2020 to mitigate delays in ITC refunds faced by the taxpayers besides ensuring that fake ITC claims are not processed. It had been brought to the notice of GSTC by various stakeholders including the taxpayers. It was noticed that lot of time is spent in verification of whether the credit was availed on services and/or Capital Goods in certain categories for the refund claims.

The CBIC said that in order to address the difficulty faced by trade in providing this data at the time of processing of claim leading to delays and increase in compliance cost, it was decided in the GST Council to make declaration of classification codes a part of the application itself. The GST Council in the same meeting has also decided to allow bunching of tax periods across financial years to facilitate claim of refund by exporters. This would apply to applications filed after 31.03.2020. It may also be noted that the due date of all such applications which were due during 20th March 2020 and 29th June 2020 has been extended to 30.06.2020.

The CBIC explained that the Circular No. 133 (dated 31.03.2020) is with regard to the requirement to give HSN/SAC code along with the refund application. The GST Law doesn't allow refund of credit availed on services and/or Capital Goods in certain categories. For example, Capital Goods ITC refund is not permissible for refund of ITC on account of exports and other zero-rated supplies. Further, ITC availed on services and capital goods are not allowed to be refunded in Inverted Structure Refund category.

RM/KMN

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