

FAQs > Refund of ITC accumulated due to Inverted Tax Structure

1. What is Inverted Tax Structure in the GST regime?

The term '**Inverted Tax Structure**' refers to a situation where the rate of tax on inputs is more than the rate of tax on output supplies. As a result, the higher tax paid on inputs gets accumulated in the Electronic Credit Ledger of the taxpayer. The taxpayer can claim the refund of ITC accumulated on account of Inverted Tax structure by filing the refund application form RFD-01.

2. What is needed to file for refund of accumulated ITC of IGST / CGST / SGST on account of Inverted Tax Structure?

You can file for refund of IGST / CGST / SGST on account of ITC accumulated due to Inverted Tax Structure, if you have filed Form GSTR1 and GSTR-3B returns for the relevant tax period, for which refund is to be claimed.

3. Is there any time limit to file for refund of ITC accumulated due to Inverted Tax Structure?

Yes, the refund application in form RFD-01 needs to be filed within 2 years from the due date for furnishing of return for the period in which such claim for refund arises.

4. What are the relied upon documents which I have to upload with refund application of ITC accumulated due to Inverted Tax Structure?

You have to upload documents as are required to be filed along with Form RFD-01, as notified under CGST Rules or Circulars issued in the matter and other such documents the refund sanctioning authority may require. Statement 1A need to be uploaded mandatorily with the details of inward and outward documents for which refund is to be claimed. Taxpayers have an option to upload upto 10 supporting documents with the refund application, of size up to 5MB each.

5. To whom should I file my refund application with?

The taxpayer shall file the refund application in Form RFD-01 on GST portal. Taxpayer shall choose ground of refund as "**Refund on account of ITC accumulated due to Inverted Tax Structure**" for claiming refund. After filing, refund application shall be assigned to Refund Processing Officer for refund processing and refund applicant can track the status of refund application.

6. Can I file for multiple tax periods from two different financial years in one refund application?

Yes, you can file for multiple tax periods from two different financial years in one refund application.

For Example:

- You can file separate refund applications in Form GST RFD-01 for the month of Mar 2019, April 2020 and May 2020.

- You can club all three months in a single refund application in Form GST RFD-01 for Mar 2019 to May 2020.

7. Can I file nil refund for multiple tax period in one refund application?

Yes, you can file for nil refund for multiple tax period in one refund application.

E.g. If taxpayer doesn't has any claim of refund of Apr 2018, May 2018 and June 2018 as he doesn't have any supply or purchase documents for this period, then taxpayer can choose the period from Apr 2018 to June 2018 and file a nil refund application for that period. After filing nil refund application, taxpayer won't be able to file refund application for that period in future.

8. Can nil period of refund be combined with the period in which there is refund in one application?

Yes, nil period of refund can be combined with the period in which there is refund in one application.

Let us suppose you want to file tax refund from Apr-Sep month, where you want to file nil refund for May-Jun month. There are two ways in which you can file your refund application.

- a. You can select Tax Period as Apr-Apr and file normal refund application. You can then select May-Jun and file Nil refund application. And, then select Jul-Sep and file normal refund application.
- b. You can select Tax Period as Apr-Sep and file normal refund application.

However, if the taxpayer has made any purchase(s) in a tax period and claimed input tax credit (ITC) on them, he need to file refund application including that period. Only then the credit availed in that tax period will get added to the net ITC availed in the whole period (based on which the max refund amount is computed)

9. Can I save the application for refund?

Application for refund can be saved at any stage of completion for a maximum time period of 15 days from the date of creation of refund application. If the same is not filed within 15 days, the saved draft will be purged from the GST database.

Note: To view your saved application, navigate to **Services > Refunds > My Saved/Filed Applications** option.

10. Whether I would be able to file refund application without uploading statement of documents?

No. Statement 1A for details of inward and outward documents is mandatory for filing refund application.

The statement uploaded by taxpayer would be validated with the data already declared by the taxpayer while filing Form GSTR-1 for outward supplies and details of inward supplies would be validated from supplier's database. Only after the data is validated, the taxpayer would be able to file the refund application.

11. From where can I download the offline utility to upload the statement?

Offline utility can be downloaded from the refund application page itself.

Navigate to **Services > Refunds > Application for Refund > Select the refund type as "Refund on account of ITC accumulated due to Inverted Tax Structure" > Refund Application > Download Offline Utility** link.

12. What is the purpose of Download Offline Utility to upload the statement?

Download Offline Utility (Statement 1A) is provided to enter and upload details of inward and outward documents for which refund is being claimed.

13. Details of which documents are to be entered in the Statement 1A available as Download Offline utility?

Download Offline Utility is provided to enter and upload document details in Statement 1A. Under the column Document Type applicant has to select as Invoice/Debit Note/Credit Note and details of these are to be provided in the Statement 1A. Multiple Debit note or Credit note issued against invoices can also be entered in this statement.

14. What type of Inward Supplies can be provided in the statement?

Below types of Inward Supplies can be provided in the statement:

1. Import of Goods/ Supplies of goods from SEZ to DTA
2. Import of Services/ Supplies of services from SEZ to DTA
3. Inward supplies liable to reverse charge
4. Inward supplies from ISD
5. Inward supply from Registered Person

15. What type of Outward Supplies can be provided in the statement?

Below types of Outward Supplies can be provided in the statement:

1. B2B (Business to Business)
2. B2C (Business to Consumers)

16. What is the significance of VALIDATE STATEMENT button?

Validate Statement button is used to validate documents data provided by the taxpayer. The details of outward documents would be validated from the details provided by taxpayer while filing GSTR-1 and details of inward supplies would be validated from supplier's database.

17. Can I update/ edit data after clicking the VALIDATE STATEMENT button?

Yes, you can update/ edit data even after you have validated the uploaded statement. If you want to update/delete the statement, then you would have to first delete the whole statement by clicking the **DELETE STATEMENT** button and upload a new statement again if needed.

18. What is the purpose of Download Unique Documents?

To download the documents that have been uploaded successfully on the GST Portal, you can click on the hyperlink "Download Unique Documents".

19. What is the purpose of Download Invalid Documents?

To download the documents that have not been uploaded due to some error while uploading document details on the GST Portal, you can click on the hyperlink "Download Invalid Documents".

20. I am getting a message "validated with error" while uploading statement on the GST Portal. What do I do?

In case any statement is validated with error, click the **Download Invalid Document** link. Open the invalid document excel sheet. Error details are displayed. You can rectify the errors details in excel and prepare the JSON file and upload on the GST Portal again by clicking the **CLICK HERE TO UPLOAD** button.

21. I am getting a message "The uploaded JSON file which was created via offline utility has invalid data format" while uploading statement on the GST Portal. What do I do?

For B2C supplies, taxpayer need not to provide document level details, rather a consolidated value is to be provided, for all the documents covered in B2C category. In case such error message is shown on upload of any statement, you can rectify the errors details in excel, by providing a single consolidated detail for Type of Outward Supply as **B2C**.

22. I have uploaded statement which has been validated on the GST Portal. I need to upload a new statement of documents again. What do I do?

If you don't have any error and statement has been validated, and then you want to update/delete the statement, then you would have to first delete the whole statement by clicking the **DELETE STATEMENT** button and upload a new statement of documents again if needed.

23. I need to add new documents which were not part of earlier documents but all the earlier documents are validated. What do I do?

In that case, you do not need to delete the earlier uploaded documents. You need to upload a new statement with new document details.

24. Can I preview the refund application before filing?

Yes, you can preview the refund application in PDF format to check for any inconsistency or discrepancy before filing on the GST Portal.

25. In which bank account will the refund amount be credited? Is it one of the accounts that I registered in GST Portal?

Yes, the refund amount will be credited to one of the bank accounts that you have added while filing your registration application on the GST Portal. At the time of filling out form RFD-01, you will be required to select a bank account from the list of your linked / registered accounts in the GST Portal for crediting refund to that account, from the dropdown available in refund application. In case you want refund in another preferred bank account which is not appearing in the drop down list, you will have to add that bank account by filing amendment of registered (non-core) form. The bank account added by amendment form will get added to the drop-down list.

26. How can I track the status of application for refund?

To track your filed application, navigate to **Services > Refunds > Track Application Status** option.

27. What is ARN?

Once the refund application is filed, Application Reference Number (ARN) receipt would be generated and ARN would be sent to your registered e-mail address and mobile number.

28. Where can I download my filed refund application?

Navigate to **Services > User Services > My Applications** link to download your filed refund application.

29. What happens when refund application is filed?

- GST Portal generates an ARN and displays it in a confirmation message, indicating that the refund application has been successfully filed.
- GST Portal sends the ARN to registered e-mail ID and mobile number of the registered taxpayer.

30. Whether there is any ledger entry on filing refund application?

On click of "File" button, ARN is generated on filing of the refund application and a debit entry will be made in the Electronic Credit Ledger for the amount claimed as Refund on filing of refund application form.

31. When / how will the refund Form RFD-01 be processed?

Once the ARN is generated on filing of refund application in Form RFD-01, the refund application along with the documents attached while filing the form would be assigned to Refund Processing Officer for processing the refund. Taxpayer can track the status of refund application using track status functionality.

The application will be processed and refund will be disbursed by the Jurisdictional Authority after scrutiny.