

● GST

Refund rules for units in excise-free zones notified

FE BUREAU

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THE DEPARTMENT OF industrial promotion and policy (DIPP) has notified the guidelines for manufacturing units in excise-free zones to claim budgetary support in the goods and services tax (GST) regime.

According to the notification, these units can claim refund on 58% of the Central tax (CGST) and 29% of the integrated GST paid after using CGST and IGST input tax credit (ITC).

The scheme is available for existing eligible manufacturing units operating in Jammu & Kashmir, Uttarakhand, Himachal Pradesh and North-Eastern states including Sikkim, under different industrial promotion schemes. In August, the Union Cabinet had approved budgetary support of ₹27,413 crore for an estimated 4,284 eligible units in these states.

"The above 58% has been fixed taking into consideration that at present Central government devolves 42% of the taxes on goods and services to the states as per the recommendation of the 14th Finance Com-

mission," the notification said.

Further, DIPP said the refund will be available only on the portion of tax paid in cash after all the accumulated ITC has been utilised to pay Central and integrated GST. If the ITC is not fully utilised, the reimbursement sanctioning officer will reduce the amount of budgetary support payable to the extent credit of Central tax and integrated tax is not utilised for payment of tax, the department said.

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58% of the Central tax component paid in cash after utilising input credits. This is a significant reduction in the benefit as compared to the earlier regime wherein 100% of the excise duty to be paid in cash was exempted or refunded. Also in case of job work arrangements the benefit would be re-

stricted to 58% of the Central tax paid on the job work charges and not on the value of the goods," Abhishek Jain, tax partner, EY said.

Additionally, the notification said if a unit procures supplies from a composition scheme assessee, the percentage value of such input will be deducted from admissible reimbursement.