

Refund under  
the option of  
with payment of  
IGST



# Evaluation of refund under the option of with payment of IGST :

## Requirement for change in refund mechanism:

- Refund of accumulated ITC on account of the following is not permissible under section 54 (i.e. refund under the option of exports made under LUT):



TRAN Credit



GST paid on procurement of Capital Goods.



GST accumulated in ITC ledger as a consequence of rejection of earlier filed refund applications for reasons other than ineligible credit under section 17.



ITC restricted as refund under section 54 to extent of proportion to domestic turnover.

# Restriction

S :



Rule 96(10) provides for restriction on the persons claiming refund of the IGST paid on export of goods or services when they have claimed either of the benefits listed below:

Notification no. 78/2017-

Customs

Procurements made under Notification no. 78/2017-Customs dated 13 October 2017 and/ or (STP/ EOU Units are allowed to import goods without payment of BCD and IGST\*)

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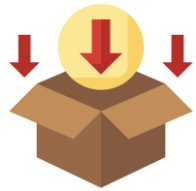
79/2017-Customs dated 13 October 2017

Under 79/2017-Customs dated 13 October 2017 except so far it relates to receipt of capital goods by such person against Export Promotion Capital Goods Scheme.

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→ The benefit of the notifications mentioned therein shall not be considered to have been availed only where the registered person has paid Integrated Goods and Services Tax and Compensation Cess on inputs and has availed exemption of only Basic Customs Duty (BCD).

# Viabile Alternatives



Option A

Import of Capital Goods as EOU/ STP Unit by claim of BCD exemption only (i.e. without claim of IGST exemption):

- We can claim EOU exemption to the extent of BCD and not claim exemption of the IGST to be paid on the procurements made.
- The IGST paid on such capital goods is allowed as ITC for the Company, thereby there shall not be any cost to the Company (except for the cost of working capital)



Option B

Import of Capital Goods under an EPCG license:

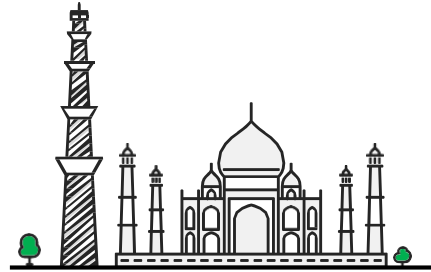
- We can source the capital goods under an EPCG license without payment of duties of customs (BCD and IGST)
- There shall not be any additional tax cost to the Company.

# Contact us



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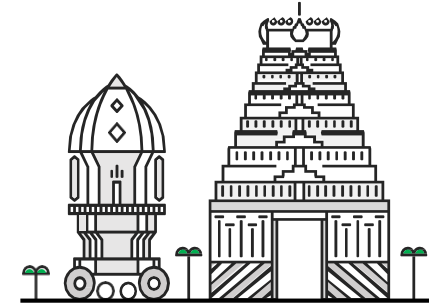
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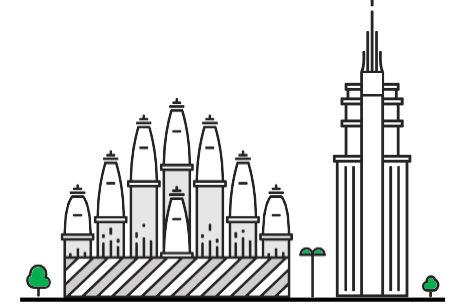
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# Thank You



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