

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

No. KSA/GST.CR-108/2018-19

Office of the Commissioner of Commercial Taxes
Vanijya Therige Karyalaya, Gandhinagar,
Bengaluru-560009, Dated: 30-05-2018

COMMISSIONER OF COMMERCIAL TAXES CIRCULAR No. GST-04/2018-19

Subject: Clarifications on refund related issues – reg.

Vide this office Circulars No. 13/2017-18 dated 9th January 2018, No. 17/2017-18 dated 02nd January 2018 and No. 18/2017-18 dated 17th March, 2018, the procedure for manual filing and processing of different types of refund claims under GST law has been laid down and the exports related refund issues are clarified.

2. Representations have been received seeking clarification on certain refund related issues. In order to clarify these issues and with a view to ensure uniformity in the implementation of the provisions of the law by the proper officers, in exercise of the powers conferred by section 168(1) of the Karnataka Goods and Services Tax Act, 2017 (KGST Act for short) the issues raised are hereby clarified as below:

3. Claim for refund filed by an Input Service Distributor, a person paying tax under section 10 or a non-resident taxable person:

3.1 Doubts have been raised in case of claims for refund filed by an Input Service Distributor (ISD for short), a person paying tax under section 10 of the KGST Act (composition taxpayer for short) or a non-resident taxable person in light of para 2.0 of Circular No. 17/2017-18 dated 02nd January 2018 which mandates that the refund claim for a tax period may be filed only after filing the details in **FORM GSTR-1** for the said tax period and that it is also to be ensured that a valid return in **FORM GSTR-3B** has been filed for the last tax period before the one in which the refund application is being filed.

3.2 In this regard, attention is invited to sub-section (1) of section 37 of the KGST Act read with rule 59 of the Karnataka Goods and Services Tax Rules, 2017 (KGST Rules for short) which mandates that every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52, shall furnish the details of outward supplies of goods or services or both effected during a tax period in **FORM GSTR-1**. Further, as per sub-section (2) of section 39 of the KGST Act read with rule 62 of the KGST Rules, a composition taxpayer is required to furnish the return in **FORM GSTR-4**; as per sub-section (4) of section 39 of the KGST Act read with rule 65 of the KGST Rules, an ISD is required to furnish the return in **FORM GSTR-6** and as per sub-section (5) of section 39 of the KGST Act read with rule 63 of the KGST Rules, a non-resident taxable person is required to furnish the return in **FORM GSTR-5**.

3.3 Thus, it is clarified that in case of a claim for refund of balance in the electronic cash ledger filed by an ISD or a composition taxpayer; and the claim for refund of balance in the electronic cash and/or credit ledger by a non-resident taxable person, the filing of the details in **FORM GSTR-1** and the return in **FORM GSTR-3B** is not mandatory. Instead, the return

