

CBIC notifies mandatory Aadhaar authentication for claiming GST refund and issues clarification on refund of tax wrongly paid

28 September 2021



Summary

The Central Board of Indirect Taxes and Customs (CBIC) has amended the GST rules in order to provide for mandatory Aadhaar authentication of registration for being eligible for filing refund claim and application for revocation of cancellation of registration. Further, it has also notified restriction in filing GSTR-1 for defaulters of GSTR-3B and issued clarifications for claiming refund of tax wrongfully paid.

Key changes notified¹

- **Mandatory Aadhaar authentication for claiming refund:** A registered person² who has been issued a certificate of registration shall undergo authentication of the Aadhaar number in order to be eligible for following:

- filing of application for revocation of cancellation of registration in FORM GST REG-21 under Rule 23
- filing of refund application in FORM RFD-01 under Rule 89
- refund under Rule 96 of the IGST paid on goods exported out of India

If Aadhaar number is not assigned such person shall furnish Aadhaar enrolment ID slip, bank passbook, Voter ID, assport, driving license, etc. Further, such person shall undergo the authentication of Aadhaar number within a period of thirty days of the allotment of the Aadhaar number.

- **Non-filing of Form GSTR-3B for preceding month: Effective from 1 January 2022,** a registered person shall not be allowed to furnish the details of outward supplies of goods or services, or both in FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for the preceding month.
- **Disbursal of GST refund in PAN-linked bank accounts:** GST refunds shall be

credited to bank account which is in the name of the registered person and obtained on Permanent Account Number of the registered person.

- **Changes in job work provisions: Effective from 1 October 2021,** the time limit for furnishing details of challans in respect of goods dispatched to a job worker or received from a job worker has been substituted from a quarter to a specified period. Further, the specified period has been defined to mean the period of six consecutive months commencing on the 1st day of April and the 1st day of October in respect of a principal whose aggregate turnover during the immediately preceding financial year exceeds five crore rupees and a financial year in any other case.

Key clarifications issued³

Clarification in relation refund of tax wrongfully paid:

Prerequisites	Clarification
Interpretation of the term “subsequently held⁴”	The term “subsequently held” covers both the cases where the inter-state or intra-state supply made by a taxpayer is either subsequently found by taxpayer himself as intra-state or inter-state, respectively, or

¹ Notification No. 35/2021 and 36/2021– Central Tax dated 24 September 2021

² other than a person notified under sub-section (6D) of section 25

³ Circular No. 162/18/2021-GST dated 25 September 2021

⁴ In section 77 of the CGST Act, 2017 or under section 19 of IGST Act, 2017

	where the inter-state or intra-state supply made by a taxpayer is subsequently found/held as intra-state or inter-state, respectively, by the tax officer in any proceeding. Accordingly, the refund claim under the said sections can be claimed by the taxpayer in both the abovementioned situations, provided the taxpayer pays the required amount of tax in the correct head.
Relevant date for claiming refund under⁵	In cases, where the taxpayer has made the payment in the correct head before the date of issuance of notification No.35/2021-Central Tax dated 24 September 2021, the refund application under Section 77 of the CGST Act/Section 19 of the IGST Act can be filed before the expiry of two years from the date of issuance of the said notification. i.e. from 24 September 2021.
Refund not available in cases where tax adjustment has been made through credit notes	Refund under Section 77 of the CGST Act/Section 19 of the IGST Act would not be available where the taxpayer has made tax adjustment through issuance of credit note ⁶ in respect of the said transaction.
Refund applications	Such applications would also be dealt in accordance with

pending or disposed off before issuance of the relevant notification	the provisions of Rule 89 (1A) of the CGST Rules, 2017
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Our comments

As a measure to check anti-evasion and gaps, the CBIC has made Aadhaar authentication mandatory for the purposes of registration and claiming of refund. It has further notified that GST refunds shall be disbursed only in bank accounts which have been linked with the same PAN on which GST registration has been obtained. The changes have been made to ensure reduction in cases of fraudulent refunds and disbursement of refunds to verified taxpayers. Besides, various long-awaited clarifications relating to refund have also been issued by the government to bring more clarity and reduce litigations.

⁵ u/s 77 of the CGST Act/ Section 19 of the IGST Act, 2017

⁶ u/s 34 of the CGST Act, 2017

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