

Exporters facing GST refund issues as govt makes invoice matching compulsory for input tax credit

Many exporters are facing a working capital crunch as they have run into refund problems after a recent government circular said exporters would not be eligible for input tax credit refunds in cases where they are unable to match invoices from the vendors.

This situation is a result of the government waiving off late fees for companies and suppliers to upload certain forms under the goods and service tax, tax experts said. That led to several cases where these forms were not uploaded, and exporters were unable to take input tax credit running into crores.

As per the GST framework, tax credit cannot be availed until and unless a corresponding invoice is reflected on the government portal. Now, exporters are having to deal with queries from tax officials while seeking refunds.

The government circular specifically mentioned that input tax credit refunds should not be granted on invoices that are not reflected in GSTR-2A—a form that reflects outward supply invoices uploaded by suppliers.

Now, GSTR 2A is auto-created information based on GSTR 1—a monthly statement of outward supplies of goods or services filed by a company.

The government has waived late fee for filing forms such as GSTR-1 due to Covid-19 situation. While this was a step in the right direction, due to this the corresponding invoices—which exporters submit to claim refunds—are not reflected in GSTR-2A.

Hence, exporters are unable to avail tax credits, experts said.

Source: Economic Times