

Single authority for sanctioning, processing GST refunds likely by August

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A single authority for sanctioning and processing GST refunds is in the offing as the Finance Ministry looks to speed up and simplify the process for exporters, an official said.

The current mechanism entails a twin refund sanctioning authority of the central and state tax officers but that could well change by August when the proposed new structure involving a single authority comes in place.

As per the system being worked out by the Revenue Department, the taxpayer will get full refund from his jurisdictional officer once the claim is sanctioned, while at the back-end the Centre and states will apportion the amount to be paid to each other.

Currently, once a taxpayer files refund claim with the jurisdictional tax authority, say the central tax officer, then he would clear 50 per cent of the claims, and the remaining is cleared by the state tax officers after further scrutiny.

A similar system is followed when a taxpayer approaches the state tax officers for Goods and Services Tax (GST) refunds. Thus, the time taken to clear the entire refund amount gets longer, leading to liquidity crunch for exporters -- an issue that the proposed single mechanism for refund clearing intends to fix.

Under the proposed 'single authority mechanism', once a refund claim is filed with a tax officer, whether Centre or state, the officer will check, assess and sanction full tax refund(both Central GST and State GST portion), thereby removing difficulties faced by the taxpayers. This will later get adjusted/settled amongst the two tax authorities through internal account adjustments.

As per the formula for division of GST assesseees decided by the GST Council, state tax officials administer and control 90 per cent of the assesseees below Rs 1.5 crore annual turnover, and the remaining 10 per cent is with the central tax officers.

Source: Business Standard