

REFUNDS

Q1. When does a refund arise under GVAT?

A1. When the input tax credit exceeds the dealer's GVAT (output tax) liability, CST liability, and any applicable interest, penalties, and other amounts due from the dealer, then the dealer is entitled to a refund (however, the dealer may instead try claiming the refund choose to carry forward the excess to be set off against tax payable in a future period),

Additionally, a refund may also arise when the GVAT deposited by the dealer is in excess of his output tax liability.

Q2. Within how much time would the refund be given to the dealer?

A2. Within one financial year of the close of accounting year to which the refunds pertain .For the exporters the refund is done in 90 days of application and that is known as provisional refund.

Q3. Is there any specified format prescribed for the refund claim?

A3. In case of a registered dealer, the return form is also the claim for refund. The claim for refund of any other amount may be made in Form GVAT XXVI along with , Form VAT-III giving the grounds on which the claim is made.

Q4. Is any security required to be furnished along with the refund claim?

A4. On a specific case by case basis the dealer may be required to furnish a bank guarantee pending complete scrutiny and audit of records.

Q5. How would the refund be paid to the dealer?

A5. When a dealer applies for a refund, and all his tax affairs are in order we will send the dealer a refund order in Form GVAT-XII. The refund shall be transferred to the bank account that the dealer has intimated to us.

Q6. What if there is a delay in providing refund to the dealer?

A6. In case there is a delay in providing refund, simple interest at a rate to be notified by the Government would be paid to the dealer.

Q7. From which date is such interest payable?

A7. Interest on GVAT refunds is payable from the later of

- the day after the day the refund was due to be paid; or
- the day after any overpayment is made.

until the date on which the refund is given.

Q8. When can the dealer's refund be withheld by the Department?

A8. A dealer's refund can be withheld in the following situations

- all or a part of the refund can be adjusted against any other amounts the dealer owes under the GVAT Act or the CST Act;

- if the dealer has asked for a cash refund and the department has asked the dealer to furnish security, but the dealer fails to furnish the required security,
- if the affairs of the dealer are being audited at the time;
- if we are not fully satisfied with the completeness and accuracy of the information provided in the dealer's tax returns; or
- additional information is sought from the dealer after inspecting the dealer's records

Q9. Would it be possible to get timely refund from the Government?

A9. Refunds are an essential part of GVAT and in case of any delay in granting of refund, the Department would be liable to pay interest (at the notified rate) on the refund amount.