

PR.CCA/CBEC/GST/e-PAO-(Refunds)/33/2017-18/1076  
O/o Principal Chief Controller of Accounts  
Central Board of Excise and Customs  
AGCR Building, I.P Estate  
New Delhi – 110 002

Dated 29/03/2018

To

**Shri Upendra Gupta**  
Commissioner (GST)  
Department of Revenue  
Ministry of Finance  
North Block, New Delhi

**Sub: Processing of refund applications for UIN entities**

Sir,

Reference is invited to Circular No 36/10/2018-GST dated 13/03/2018 regarding the processing of refund application for UIN entities.

2. It has been informed vide the above circular that the UIN entities can have a single Centralized UIN in place of their existing multiple UINs. The UIN entity is eligible for GST refund on inward supply of Goods and Services. As the UIN entity will be having a Centralized Single UIN, the inward supplies of goods and services are likely to pertain to suppliers from different States. The Supplies are thus likely to contain CGST, IGST, CESS and SGST component of different States.

3. The circular states that the refund payments to UIN entities will be processed by the Central authorities irrespective of tax type (CGST, IGST, SGST or Cess). Though the refund sanctions can be processed by the Central authorities in respect of SGST, the said head cannot be operated/ accounted by the Central Authorities. Therefore, in order to make the refund in respect of SGST, the amount will be initially booked under a Suspense Head and it will be recovered from the concerned State through Settlement process on the pattern of IGST Settlement by issuing a Sanction order by the Department of Revenue.

4. In order to process the refund payments of UIN entities in a centralized manner, it would be imperative to have a Single Centralized DDO and Single Centralized PAO. A detailed procedure to be followed for manual processing of the refund applications for UIN entities (as an immediate solution); and processing of refunds in electronic environment (as a medium-term solution) is given in Annexure 'A'.

5. It is requested that the comments/suggestions on the draft process may be provided at the earliest so that the procedure can be got approved from Revenue Secretary before sending to the O/o CGA for their approval and opening of new Minor Heads/ sub heads under 8658-Suspense Account. Rules may also be framed under Section 55 of CGST Act 2017 after the payment process is approved.

This issues with the approval of Pr.CCA CBEC

Yours faithfully

sd/-

(Manoj Sethi)

Chief Controller of Accounts

Copy to:

**Shri Sandeep Bhatnagar,**  
Director General,  
Directorate General of Systems and Data Management,  
Samrat Hotel, Chanakya Puri, New Delhi

  
(Chief Controller of Accounts) 29/2/18



**(Short Term/Immediate solution)****I. Process Flow of Manual Processing of Payment in respect of GST Refunds to UIN entities**

1. The UIN entity has the option of having either a single Centralized UIN or more than one UIN registrations. The UIN entity will file details of inward supplies in form GSTR-11 and apply for refund through RFD – 10 on quarterly basis.
2. As a Centralized UIN is issued to the UIN entity, the GSTR-11 filed by the UIN entity may contain Inward supplies from Suppliers of various States, and thus the SGST paid by the entity may also pertain to different States.
3. On filing of GSTR – 11 by the UIN Registrant, the GSTN should furnish State-wise details of Supplies/Services received, and Refund amount claimed by the UIN entity. The GSTN will be able to collate the State-wise SGST based on the returns filed by the UIN entity.
4. The UIN entity will submit the duly filled in print out of the Form RFD-10 to the Jurisdictional Central Tax Commissionerate.
5. The Refund Sanction order in form RFD – 06, will be issued by the Central jurisdiction officers for all types of taxes CGST, IGST, Cess and SGST. (Sanctions will be issued separately - Head-wise on PFMS). **However, SGST being a State Tax Head, therefore, refund of it cannot be made from the SGST head.**
6. In the existing procedure, whenever a payment is made on behalf of another Government, the amount is initially debited to 8658 – Suspense Account – PAO Suspense. The account of the same will be sent to the Accounts Officer of the concerned Government for reimbursement of the same. On receipt of the Cheque from the said Govt. the booking under 8658-PAO suspense is cleared. In the electronic environment, the reimbursement claim may be substituted by the recovery of refund amounts from States/UTs Governments by issuing Inter Govt. Adjustment Advices (IGAA) to RBI for debiting the State/UT Government Account and crediting the Central Govt. Account.
7. In the GST regime, the IGST Settlements are being made by the Centre where in the amount is being either credited or debited to the State depending on the IGST Apportionment and ITC cross utilization. In a similar pattern the refund payments made on behalf of the State (SGST) may be recovered from the concerned State by issuing a consolidated sanction by the Department of Revenue for claiming the Refund payments of SGST from States through RBI. However, for the sake of clarity and to avoid multiple accounting entries (both by the Central Government and by the State Government) the recovery of SGST Refunds from States may be done through a separate process and not along with the IGST Settlement.
8. To ensure that the Refund Payments made by the Centre towards SGST is recovered from the States and Suspense Heads are cleared promptly, all refund payments to the UIN entities will be processed through a single DDO and single PAO, i.e e-PAO GST Refunds.
9. The refund under the SGST/UTGST head should initially be made by booking under 8658 – Suspense head. This Suspense Head will be cleared after recovery of such Refund Amount from concerned States/UTS through RBI.



10. For reimbursement of SGST/UTGST to UIN entities, a new minor head will be opened under 8658 and the State name is captured at sub – minor head.

8658 xxx- Refund Payment of SGST/UTGST Suspense

yy- Refund Payment of SGST in respect of <State Name>  
(State/UT code to be captured in sub-minor head)

11. The Refund Order (RFD -06) issued by the Jurisdictional proper officer for refund under SGST should mention the State-wise details of SGST to be refunded (which will be booked under the respective Suspense Head).
12. The Payment Advice (RFD-05) will be addressed to the PAO (CBEC) for each Sanction/Refund Order. And necessary entries made in the PFMS by the PD and DDO
13. It is preferred that the Refund payments are made through a complete electronic mode. However, till an electronic mode of applying and processing of refund claims is in place, the refund payment may be processed manually. However, the payments will be made only through a single DDO (to be designated by the Department) and single PAO (e-PAO, GST, Refunds) through PFMS portal.
14. The Refund sanctioning authority (in his capacity as Program Division – PD) will issue the refund order (RFD-06) and forward the same to the single designated DDO along with the State-wise details of SGST as provided by GSTN. Parallely, the PD shall also enter the details in PFMS and issue RFD 05 – Payment Advice. The DDO will generate the bill on the PFMS , take a printout and forward the same along with RFD 06 (in original), with the State-wise details of SGST (duly verified by the nodal officer of the State) to the e-PAO GST-Refunds.
15. The PAO will make the payment through PFMS on receipt of RFD 06 and RFD 05 from the Jurisdictional Officer in physical form from the DDO.
16. The recovery/settlement of funds from States/UTs with regard to the refunds payable on account of SGST/UTGST will be done on monthly basis. The refund payments made on behalf of a State for a given month will be recovered from the State by way of separate sanction of Department of Revenue issued along with the sanction of IGST Settlement.
17. The e-PAO, GST Refunds will prepare a draft sanction giving details of the settlement/recoveries to be made from the State along with the voucher details through which the refund payments have been made. The draft Sanction Order will contain details of the State from which the amount is to be recovered. The Suspense Head which has to be cleared will be clearly stated in the Sanction order. On the basis of the Sanction order issued by the Department of Revenue to recover the amount of SGST Refund made by Central Government; IGAA will be issued to RBI by e-PAO/Pr.AO CBEC to effect the recovery.
18. The Suspense Heads will be cleared from the books of PAO/DDO on receipt of Clearance Memo from RBI.
19. Monthly Reports may be generated by e-PAO (GST)/Pr.AO for the payments of Refunds made on behalf of States/UTs and its recovery and the closing balance.

(Medium Term/Final solution)

**II. Process Flow of Payment in respect of GST Refunds to UIN entities in electronic environment**

1. On filing of GSTR – 11 by the UIN Registrant, the GSTN should furnish State-wise details of Supplies/Services received, and Refund amount claimed by the UIN entity to the ACES-GST. The GSTN will be able to collate the State-wise SGST based on the returns filed by the UIN entity.
2. The UIN entity will submit its application for refund electronically through the Form RFD-10 on the GSTN Portal. The GSTN shall forward the electronic file to the ACES-GST.
3. The jurisdictional officers shall access the ACES-GST under their respective login ID and issue the Head-wise Refund Sanction order in form RFD – 06.
4. The server-level digitally signed electronic file containing GSTR-11 and RFD-06 shall be pushed to the login access of central DDO. The DDO shall generate RFD-05, affix his digital signatures and push the same to the login access of e-PAO, GST-Refunds on PFMS. The e-PAO shall process the same for payment on PFMS.
5. The e-PAO shall collate the State-wise refunds made on account of SGST on monthly basis. The e-PAO shall prepare a draft sanction and forward the same to the Department of Revenue. The draft Sanction Order will contain details of the State from which the amount is to be recovered along with the Suspense Head. The DOR shall issue the sanction order based on which the e-PAO/ Pr. A.O shall issue the IGAA to RBI for recovery of SGST refunds from States/UTs.
6. The Suspense Heads will be cleared from the books of PAO/DDO on receipt of Clearance Memo from RBI.
7. Monthly Reports may be generated by e-PAO (GST)/Pr.AO for the payments of Refunds made on behalf of States/UTs and its recovery and the closing balance.