

Pr. Chief Controller of Accounts

Central Board of Indirect Taxes & Customs
Department of Revenue, Min of Finance,
AGCR Building, I.P. Estate, New Delhi

Date: 04.06.2018

OFFICE MEMORANDUM

Subject: GST Refunds: Advisory—reg.

Reference:

(i) O.M. No Pr. CCA/CBEC/GST-IT/e-PAO Refunds/33/2017-18/788 dtd. 05.12.2017

(ii) O.M. No Pr. CCA/CBEC/GST-IT/e-PAO Refunds/33/2017-18/880 dtd. 29.01.2018

Payment of GST Refunds for the refund claims filed and processed manually is being done by the field PAOs of CBIC through the PFMS portal. Various issues and problems are being faced in this regard due to which payments are not being made on time. Special audit/inspection of the process followed for the payments of GST refund claims was conducted at some locations with the intent to streamline and improve the refund payment system.

2. Based on the findings of the audit/Inspection and various inputs received, the undersigned has been directed to issue the following advisory to all concerned (*including Refund sanctioning authorities, DDOs, Nodal officers, Zonal Heads of the Accounting organization and the Pay & Accounts officers of CBIC*) to ensure smooth and timely processing of payment of refunds to the tax payers and also minimize the risk of dual or multiple payments.

I. Refund Sanctioning Authority to be the PD in PFMS:

The respective Refund Sanctioning Authority (in the Central Government) in the Commissionerates should act as the Programme Division (PD) in the PFMS portal. On sanction of a refund (RFD 04 or RFD 06), the Refund sanctioning authority should immediately enter the sanction details as a PD in the PFMS portal. It has been noticed that in many cases the sanctioning authority and the PD in PFMS are two different persons which is not proper and may lead to error and possible fraud.

II. Capture of correct details in PFMS:

It has also been observed that the details in the refund sanction like (i) Beneficiary details, (ii) sanction number, (iii) sanction date (iv) classification of Head of Account etc varies with the details entered in the PFMS. It is the responsibility of the refund sanctioning authorities to ensure correctness of the sanction details entries in the PFMS and not to deviate from the details provided in RFD 04/06. PAOs are advised to match the sanction details given in the PFMS with the physical copy of the RFD 04/06 received by them and return the refund bills for correction whenever such differences are noted by them.

III. Distinction between Refund bills and other Expenditure bills:

In order to identify the refund bills amongst others, it is advised that the Sanction numbers are prefixed with RFD (like RFD CGST01, RFD IGST02, RFD CESS02 etc.) both in the physical copy and in PFMS. The sanction number and date will be the index key identify the sanction and its payment.

IV. Submission of Original Ink signed Sanction/Refund Order:

The Sanction Order should be provided to the PAO in original for all refund sanctions issued by the Central Tax Authorities. The RFD 04/06 and RFD 05 should also be signed by the "Proper Officer" in terms of Rule 91(2) of CGST Rules 2017. It should be ink signed and stamped (in blue) as original sanction (GFR 29).

V. Submission of Refund bills for sanctions issued by State Tax Authorities:

- i. In terms of Para 6 of Circular No 24/24/2017 –GST, the Sanction/refund orders issued by the State Tax Authorities should be routed through the Nodal Officer. The Nodal officer shall authenticate the same with his signature and stamp. The proper officer of the Central Tax Authority shall provide the Payment Advice (RFD -05) in original only to the PAO irrespective of the fact that the Sanction is issued by the Central Tax Authority or State Tax Authority. **It will be ensured by the 'Proper Officer' that multiple Payment Advices (RFD 05) are not signed by him against one sanction.**
- ii. It was noticed that same refund order was received by a PAO with payment advice from two different DDOs. Due to the vigilant scrutiny of the PAO the same was identified and double payment was avoided. In some cases, the Payment Advice (RFD- 05) was also issued by the State Tax Authority in favour of PAO and it was converted into Bill by the DDO of the Commissionerate without noticing and verifying the same. **It is hence advisable that all refund orders issued by the State Tax Authorities for payment by the Centre should be routed only through the Nodal officer with his/her attestation.** The Nodal officer will also ensure while routing the Sanctions issued by the State Tax authorities that it carries his signatures and stamp and the same sanction is not endorsed twice.

VI. Validity of Refund order:

The O/o CGA vide its ID note 3(2)(2)/RoSL/TA-II/2017/70 dated 20.04.2018 has clarified that the Refund order /Sanction order issued is valid only for a period of 3 months from the date of issue irrespective of the financial year as per the terms of Rule 145 of Receipts and Payments Rules, 1983. It may hence be ensured that the bills/ payment advice(s) are sent to the PAO well in time for payment to avoid lapse of sanction.

VII. Alterations and Corrections in Refund sanction order:

It has been noticed that corrections are being made in the Sanction Orders/ Payment Advice by using correction fluids. No alterations or corrections should be made in the original Refund order. The Bill will be returned by the PAO if such corrections are noticed.

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VIII. Details in Payment Advice and PFMS bill should be the same as in the Refund Sanction order:

The Payment Advice should contain the sanction number and sanction date as given in the original order. All relevant data like GSTIN, Tax Payer's (Beneficiary's) Name, Bank Account details, Heads of Account under which refund is being made and the Amount should be the same as given in the Sanction Order. Any variance will lead to avoidable return of the bills by the PAO. Instances have been noticed during the special audit that the Beneficiary name and Bank details given in the Payment advice is in variance with the name and details given in Sanction Order.

IX. Payment Advice number and date to be provided

It has been noticed that in some cases the Payment advice (RFD-05) do not bear any number and date. In some cases that the date of the payment advice has been shown prior to the date of sanction order which is incorrect. **The RFD 05 should bear the correct Payment advice number and date.**

X. Review of Sanction:

The CGA O.M No. 1(4)/2017/TA-II/77 dated 22.01.2018 read with the O.M. No. Admn./1(10)/KW/Delegation/2017-18/1537 dated 15.02.2018, all refund sanction above ₹ 50 lakhs should be sent for review by the competent authority. The scanned copies (clear copies) of the sanctions and bills may be sent by mail to the reviewing authority to ensure that there is no delay in review of sanction. It is advised that the PAO and Zonal officers should take utmost care in getting the sanctions reviewed on priority.

XI. Specimen Signatures of Tax Authorities to be shared to PAOs:

- i. The Specimen signatures of the Central Tax Authorities who are authorized for sanctioning Refund are advised to be sent to the PAO to minimize the risk of any potential fraudulent payments. The PAO will maintain a register/file of these specimen signatures. Scanned copy of the signature may also be maintained for easy access.
- ii. The Commissionerates may provide the name(s) and designation of the Nodal officer to the PAO through whom the Sanction Orders issued by the State, will be routed through.

XII. Maintenance of Bill diary:

- i. A separate bill diary is advised to be maintained by both the PAO and the DDO for easy reference. The date on which the DDO furnishes the physical copy of the bill may also be noted by the PAO.
- ii. It has been noticed that the same sanction has been sent to the PAOs for payment multiple times. The Sanctioning Authority and DDOs may ensure that there are no multiple payments against the same sanction.

XIII. Reconciliation of Refund payments:

- i. The DDOs should check the status of the Refund bills regularly on PFMS through his login access.

- ii. Whenever PAOs return the Refund bill it should be done both physically and in PFMS.
- iii. The DDOs should collect the bills from the PAOs whenever they are returned for shortcomings and re-submit the rectified bill.
- iv. The DDOs are advised to reconcile the refund payments made on monthly basis to ensure that there is no discrepancy between the sanctioned amount and the refund payments made against it.

XIV. Cases of "Failed after success":

Some cases of refund payments being shown as "failed after success" have been noted. Detailed procedures to be followed for such case has been provided vide this office O.M No. Pr. CCA/CBEC/GST-IT/32/e-PAO-Refunds/2017-18/56 dated 26.04.2018.

XV. Delay in submission of refund bills and payments thereof

- i. Undue delays have been noticed between the actual date of sanction of refund and date of entry of sanction by the PD in PFMS. Delay has also been noticed in creation of bill by the DDO and in submission of bill to the PAO. These delays are to be avoided by DDOs to ensure Refund payments to the tax payer within a reasonable time limit.
 - ii. PAOs have to give priority to the Refund bills and should either pass the bills or return the same with specific reasons (if any) **preferably within three working days' time.**
3. All the Officers concerned are requested to follow the advisory.

This issues with the approval of Pr. CCA CBIC, New Delhi


(Manoj Sethi) 4.6.2018
Chief Controller of Accounts
Email: manoj.sethi@nic.in

To

1. All Pr. Chief Commissioners/Chief Commissioners of CGST
2. All Commissioners of CGST
3. Controller of Accounts (WZ), Dy. CA(EZ), Dy. CA(SZ), Dy. CA(NZ)
4. All Pay & Accounts Offices (CGST)

Copy for information to:

1. Chairman, CBIC
2. Member (GST)/ Member (Customs)/ Member (IT), CBIC
3. Special Secretary (Revenue)
4. Addl. CGA, O/o CGA, New Delhi.
5. J.S (Revenue)
6. Commissioner (GST Policy), CBIC
7. OSD to Finance Secretary/ Revenue Secretary