

No. Pr.CCA/CBEC/GST-IT/e-PAO Refund/33/2017-18 | 656  
Office of the Principal Chief Controller of Accounts  
Central Board of Indirect Taxes & Customs  
Ministry of Finance, Deptt. of Revenue  
DGACR Building, 1<sup>st</sup> Floor, P Estate, New Delhi

No.GST/ Refunds /33/2018-19/

Date: 28.12.2018

**OFFICE MEMORANDUM**

**Subject: Comprehensive Advisory No. 3 regarding payment of GST Refunds in Central Government**

**Reference:**

Sl. No.	OM No.	Dated
i.	Pr.CCA/CBEC/GST-IT/e-PAO(Refunds)/33/16-17/788	05.12.2017
ii.	Pr.CCA/CBEC/GST-IT/e-PAO(Refunds)/33/16-17/880	29.01.2018
iii.	Pr.CCA/CCA/CBEC GST-IT/e-PAO Refund/33/2017-18 [Advisory # 1]	04.06.2018
iv.	Pr.CCA/CCA/CBEC GST-IT/e-PAO Refund/33/2017-18 [Advisory#2]	19.07.2018

In supersession of the GST Refund Advisory # 1 & Advisory # 2 issued vide Office Memorandums as referred hereinabove, a comprehensive Advisory # 3 is now being issued in consultation with GST Policy Wing of CBIC incorporating all points of the earlier issued Advisories with suitable modifications, along with some new points.

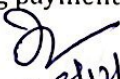
2. The present Advisory # 3 is being issued for the following purposes:

- To bring standardization and uniformity in the issuance of Refund Sanction Order (RFD 04/06), and also of Payment Advice (RFD 05)(issued by the Central Tax officer either on the basis of his own order or on the basis of the sanction order in RFD 04/ RFD 06 issued by State Tax authority)
- To reduce the time being taken from the date of issuance of Sanction Order (RFD 04/06) till payment is made in the Bank Accounts of tax payer by the PAO.
- To simplify the existing manual procedure to the extent possible till an automated procedure is in place.

3. The points of the Comprehensive Advisory # 3 are as follows:

**I. Central Tax Officer to be the PD in PFMS**

The Central Tax Officer, (the Divisional Officer in CGST Commissionerate), acts as the Programme Division (PD) in the PFMS Portal. After issuing the Refund Sanction order

  
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(RFD-04/06), and Payment Advice (RFD-05) the Central Tax Officer will **immediately** enter the sanction/payment advice details as a PD in the PFMS Portal.

## II. RFD-05 should be issued only for Central Taxes

- (i) The Central Tax Officer may issue RFD-04/06 under one or many Major Heads like CGST, IGST, and GST Comp Cess and also for SGST/UTGST (as the case may be). However, RFD-05 (Payment Advice) should be issued only in respect of CGST, IGST and CESS and not for SGST/UTGST. In no case the amount of SGST/UTGST should be mentioned in RFD 05 by the Central Tax Officer.
- (ii) In some cases the RFD 06 may have a negative amount under one/many Major Head due to recovery against the provisional refund sanction order (RFD 04). In such cases RFD 05 should not be issued for the negative amount because when there is no payment to be made, then there is no need to issue the Payment Advice (RFD 05).

## III. Issuance of one RFD 05 for CGST, IGST and Comp. Cess

One RFD-05 may be issued by the Central Tax Officer for all the three Central Taxes (CGST, IGST, Comp Cess) against the RFD-04/06 issued by himself or by the State Tax Officer. However, it will be required to enter head wise details in PFMS Portal to generate head wise Sanction ID. So, if in one RFD 05 there are all the three heads of CGST, IGST and Comp Cess then Sanction ID in PFMS will be required separately for each of the three heads.

*(The provision of issuance of RFD 05 as earlier mentioned in Para 3(iv) of OM No. Pr. CCA/CBEC/GST-IT/e-PAO (Refunds)/33/16-17/788 dated 5.12.2017 issued by O/o Pr.CCA, CBIC, stands amended to that extent).*

## IV. Submission of original RFD-04/06 and original RFD-05 along with printout of head-wise Sanction ID generated by DDO in one bunch.

(i) The procedure presently being followed is partially manual as the RFD 04/06 and RFD 05 are issued manually, and partially electronic because the details of sanction/Payment Advice are captured in PFMS and then payment is made electronically (till the time the fully automated procedure is in place). Therefore the submission of manually issued original RFD-04/06 and RFD-05 are required in terms of Rule 29 of GFR, 2017 along with electronic Sanction ID in PFMS which is generated by entering details of RFD-04/06 and RFD-05.

(ii) The original RFD-04/06 and RFD 05 issued manually by the Central Tax Officer should be sent by DDO along with separate Head wise Sanction ID generated from PFMS in one bunch. These three documents should be submitted in physical form by DDO to PAO.

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**Example:** RFD-04/06 and RFD-05 has been issued by Central Tax Officer and contain all three heads viz. CGST, IGST & Comp Cess. The sanction ID will be generated by the DDO in PFMS System for each of these three heads separately. The print out of all three Sanction IDs will be taken and will be bunched with original RFD 04/06 & RFD 05 for submission in physical form to the concerned PAO.

**V. Submission of RFD-05 on the basis of RFD-04/06 issued by State/UT Tax Authorities**

- (i) Para 6 of the CBIC Circular No. 24/24/2017 –GST dated 21/12/2017 provides as follows:

*“In order to facilitate sanction of Refund amount of Central Tax & State Tax by the respective tax authorities, it has been decided that both the Central & State Tax Authority shall nominate Nodal Officer(s) for the purpose of liaisoning through a dedicated e-mail id.”*
- (ii) After getting such sanctions (RFD-04/06) through the Nodal Officer, the concerned Central Tax Officer will first ensure that the refund pertains to his jurisdiction. While issuing a payment advice (RFD-05) against this order, the Central Tax Officer will also sign on the Refund Sanction Order (RFD 04/06) with the remarks **“RFD 05 dated--- issued against this sanction”**. RFD-05 along with the duly remarked and signed RFD-04/06 (issued by State Authority) will be sent in original to the concerned Pay & accounts Office through DDO.
- (iii) The signature by the Central Tax officer on the Refund Sanction Order (RFD 04/ 06) issued by State Tax Officer does not, in any way, mean that the refund has been sanctioned by him.
- (iv) It has been observed that there are number of cases in which RFD- 05 have been issued more than once by the Central Tax Officer against the same RFD- 04/06 issued by the State Authority. In some cases, duplicate payments have also been made. The Central Tax Officer, therefore, should ensure before issuing RFD-05 that the RFD-04/06 pertains to his jurisdiction (Division) only and has not been issued earlier.
- (v) A Record is advised to be maintained by the Central Tax Officer in respect of RFD-05 issued by him against RFD-04/06 to minimise the risk of re-issuance.

**VI. RFD-05 should have the same details as given in RFD-04/06.**

- (i) It has been observed at times, that the details of RFD 04/06 like (i) Beneficiary details, (ii) sanction number, (iii) sanction date (iv) classification of Head of Account etc do not match with the details of Payment Advice [RFD 05].
- (ii) The Payment Advice (RFD 05) should invariably contain RFD 04/06 number and the date of its issuance. All relevant data like GSTIN, Tax Payer's (Beneficiary's) Name, Bank Account details, Heads of Account under which refund is being made as mentioned in RFD05 should be same as given in the RFD 04/06. It may be noted

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that the amount in RFD-05 can be less than the Gross amount sanctioned as per RFD 06 as the Tax officer is required to recover the amount of outstanding arrears, if any. However, in such cases the amount as per RFD05 should be equal to the amount mentioned against 'Net amount to be paid' in RFD 06. In other words, in no case, the amount in RFD-05 can be more than the Net amount mentioned in RFD-04/06.

- (iii) PAOs should ensure that the details of the RFD 05 (Payment Advice) should match with the details of RFD 04/06 and get it corrected wherever there is any mismatch. The details of RFD 04/06 and RFD 05 should also match with the entries made by PD in the PFMS. PAO may return the refund bills for getting correction whenever differences are noted by him.
- (iv) In cases, where the RFD-04/06 and RFD-05 are issued by Central tax Officer then both should contain the **Legal name** of the tax payer. Further, the following details should be same in between RFD-04/06 and RFD-05 :
- GSTIN
  - Bank Account Number & IFSC Code
  - Legal Name (Trade name should not be mentioned)
  - Sanction order Number.
- (v) For cases, where RFD-04/06 is issued by the State Tax Officer, the Central Tax Officer should enter **Legal Name in RFD-05** (Even if the RFD-04/06 as issued by State Tax Officer has Trade name only). However, the Central Tax officer while issuing RFD 05 may also mention the Trade Name along with the Legal Name to match it with the RFD 04/06 so issued by the State Tax Officer. Further, the following details should be same in RFD-04/06 (issued by State Tax Officer) and RFD-05 (issued by Central Tax Officer)
- GSTIN
  - Bank Account number & IFSC Code
  - Sanction Order Number
- (vi) The details which are entered in PFMS by the Central Tax Officer should not be in deviation and different from the details given in RFD-04/06 and RFD-05. (Except only in the case of Legal name being given against GSTIN in RFD-05 whereas the RFD-04/06 issued by State Tax Officer carries Trade Name of Tax Payer).
- (vii) RFD-05 should invariably contain the issuance number and date of issue i.e. the date on which it has been signed by the Central Tax Officer. This date cannot be prior to the date of RFD 04/06.
- (viii) No alterations and corrections by overwriting and/or using correction fluid should be made in the RFD-04/06 and RFD-05 by the Central Tax officer.

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- (ix) It is understood that the width of the 'name' field in PFMS is 100 characters. However, if the name of the taxpayer contains more than 100 letters, only first 100 characters of the name may be filled in by the PD.

**VII. Mis-match of Bank Account details between PFMS database and as mentioned in RFD-04/06/05**

Once the Account name and Account number details of a beneficiary are entered in PFMS for the first time, the two fields get mapped with each other and the system cannot take another name for the same Bank Account number. There is a defined procedure to make amendment in case of any change in name (due to amalgamation/merger or some mistake etc.). The name of the beneficiary ("vendor details" as described in PFMS) can only be modified by the PD who has created the same in PFMS. In such cases the amount can be disbursed only after necessary changes in the Bank Account Details are made in PFMS.

**VIII. Distinction between Bills of GST Refund and Bills of regular Expenditure against Budget**

- (i) The payment of GST Refund is different from the payment of other Bills against the Budgeted Head of Expenditure. The bills pertaining to the Budgeted Head are checked/scrutinized by the Pay & Accounts Officers in terms of GFR, Receipt & Payment Rules, 1993, DFPR Civil Accounts Manual, Govt. Accounting Rules, and other Codal Provisions, whereas the payment for GST Refund will not require such scrutiny as the sanction has been issued by the Refund Sanctioning authority in terms of the GST Law. PAO will only verify the details of the bills available on the PFMS Portal and compare it with the physical copy of the sanction/bill received from the DDO and point out discrepancy, if any, in the functional head or in other parameters as mentioned in Para VI. PAO will not look into the appropriateness of the Refund Order which is the responsibility of the Refund Sanctioning Authority.
- (ii) In order to identify the bills of GST Refund amongst others, it is advised that the Refund Sanction numbers are prefixed with RFD (like RFD GST01, RFD GST01, RFD CESS02 etc.) both in the manual copy and also in PFMS. By doing so, the sanction number and date will become the index key to identify the sanction and its payment. However, PAO will not return any bill on account of it.

**IX. Validity of Refund Sanction Order (RFD-04/06) and Payment Advice (RFD-05)**

- (i) As per Rule 145 of Receipt and Payment Rules, 1983, Refund Sanction order is valid for a period of 3 months from the date of issue irrespective of the financial year.
- (ii) Therefore, RFD-05 should be issued within 3 months of issuance of RFD-04/06. If it is not issued within this period, then RFD-04/06 should need to be revalidated.

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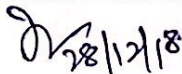
- (iii) Once RFD-05 is issued within 3 months of issuance of RFD-04/06, the Refund bill may be passed by PAO within the same financial year of RFD-05. It is therefore, imperative for the DDO to submit and the PAO to pass all Refund bills for which RFD-05 has been generated in the same financial year. The DDOs may hence submit the bill well in advance especially in the month of March to ensure that the bills are passed before the close of the Financial year.
- (iv) In case any RFD-05 issued in a particular financial year remains unpassed, then in the next financial year a new RFD-05(Revalidated) will be required because all unpaid Payment Advice and Bills get lapsed at the close of the financial year. If in case, the revalidated RFD-05 in the new financial year is not issued within 3 months of the issuance of RFD-04/06, then a revalidation of the sanction order(RFD-04/06) will also be required.

#### **X. Review of Sanctions**

- (i) PAO should send the Refund Sanctions(Above Rs. 50 Lakh)for review by the competent authority in terms of policy of Sanction Review issued by the Controller General of Accounts, Department of Expenditure vide OM dated 22.1.2018 &15.2.2018. The scanned copies (clear copies) of the sanctions and bills are required to be sent by e-mail to the reviewing authority.
- (ii) However, delay has been noticed in sending the sanctions for review and also in communication of the duly reviewed sanctions back to the Pay & Accounts Office. **It is therefore, advised that the process of review of sanction should be completed on the same day or at the most by next day.** For this purpose, the proposal should be communicated through exchange of dedicated e-mail from PAO to Zonal Officers to Headquarter and vice versa.
- (iii) The Zonal Officers of the O/o Pr.CCA CBIC located at New Delhi, Mumbai, Kolkata and Chennai will ensure adherence to the timelines in the sanction review process in respect of the Pay & Accounts Offices of their respective zone.

#### **XI. Specimen Signatures of Central Tax Officer**

- (i) The Specimen signatures of the Central Tax Officers who are authorized for sanctioning Refund should be provided to PAO as one-time exercise and the same would be updated in case of any transfer. The PAO will maintain a record of these specimen signatures both in physical and electronic (scanned) form.
- (ii) In respect of RFD-04/06 issued by the State/UT Tax officer, the Central nodal officer will ensure the genuineness of RFD- 04/06 by using due diligence after it is received by him from State Nodal officer.

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- (iii) The specimen signature of the State/UT Tax officers should not be required by PAO as the RFD-04/06 are forwarded by the Central nodal officer to Central Tax officer after applying due diligence against which RFD-05 is issued by the Central Tax officer.

## **XII. Maintaining a separate Refund Bill diary by DDO and PAO**

A separate Refund bill diary may be maintained by DDO and by the PAO for easy reference. The date on which the DDO submits the physical copy of the bill may also be noted by the PAO.

## **XIII. Reconciliation of Refund payments**

- (i) The DDOs should check the status of the Refund bills from Report '**PAY 01: Sanctions Status details**' of PFMS and take up the pendency (if any) with the PAO.
- (ii) Whenever PAOs note the discrepancies and shortcomings in the Refund bill, it should be returned to DDO both physically and electronically in PFMS by specifying the discrepancy/shortcoming clearly giving reference to prescribed procedure.
- (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 should reconcile on Monthly basis with PAO the refund payments to find out the difference (if any) between the sanctioned amount and the actual payment. The difference, if any, should be resolved between the two at the earliest failing which it should be escalated to higher authorities.

## **XIV. Cases of "Failed after success":**

- (i) When a payment made by the PAO towards GST Refund is not successfully credited in the Bank Account of beneficiary due to rejection by the beneficiary's Bank, for some reasons like "Account closed", "Account Inactive", "Account frozen" etc., it is termed as 'Failed After Success transaction'.
- (ii) Such transaction may be checked from the Report '**PAY-02: Sanctioned payment status details**' in PFMS every day by the Central Tax officer, DDO and by PAO.
- (iii) Some cases of refund payments being shown as "failed after success" have been noted. A Detailed procedure to reinitiate the refund payment in such cases has been prescribed

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in the O.M. No. Pr. CCA/CBEC/GST-IT/32/e-PAO Refunds/2017-18/56 dated 26.04.2018 (Copy enclosed as Annexure).

- (iv) In some instance of "failed after success", it has been noticed that the DDO has submitted a fresh bill instead of rectifying the existing one, which is a violation of the procedure and may lead to double payment of Refund. Therefore in case of "failed after success" transaction only the rectification should be done.

**XV. Instances of Delay and corrective measure thereof:**

- (i) The following instances of delay in the refund payment process have been observed due to manual cum electronic system:
- (a) between date of RFD-04/06 and the date of RFD-05. (Responsibility Centre: Central Tax Officer)
  - (b) between date of RFD04/06 & RFD-05 and date of entry of sanction by the PD in PFMS. (Responsibility Centre: Central Tax Officer)
  - (c) between date of entry in PFMS by the PD and the date of creation of bill/sanction ID by the DDO (Responsibility Centre: DDO)
  - (d) between the date of creation of bill/sanction ID in PFMS by DDO and the date of submission of physical copy of the bill to the PAO. (Responsibility Centre: DDO)
  - (e) between the date of generation of token number by PAO and the date of payment by PAO. (Responsibility Centre: PAO, Reviewing Officer)
- (ii) The instances of delay as mentioned in the preceding para can be minimized by following this Comprehensive Advisory #3..
- (iii) PAOs should give priority to the Refund bills and should either pass the bills, or return the same with specific reasons within three working days' time.
- (iv) To ensure smooth flow of the refund payments the DDO should avoid bunching of sanctions & bills and should submit the bills to the PAO as and when sanctions are received.
- (v) The logistics issues of sending sanction & bill by DDO to PAO from the Division/Commissionerate to the office of PAO should be taken care of by the respective Commissionerate of CGST by providing dedicated manpower to commute between these offices.

**XI. Payment to UIN Agencies:**

The Gol Gazette Notification No. 16/2017 – Central Tax (Rate) dated 28<sup>th</sup> June 2018 issued by the Department of Revenue, Ministry of Finance specifies that that the UN or specified international organizations including Foreign diplomatic mission or consular post in India would be granted a Centralized Unique Identification Number (UIN) and that these *shall be entitled to claim refunds of central tax paid on supplies of goods or services or both received by them*, subject to certain

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conditions specified in the Notification. The procedure of filing of tax return is governed by the Rule 95 of the CGST Rules, 2017. These refunds (including the refund of SGST/UTGST amount on behalf of the State/UT Govt.) are sanctioned through the Nodal Officer of the Central Govt. nominated in respect of each State/UTs and are processed for payment through central e-PAO (Refunds), Mumbai of the O/o Pr. CCA, CBIC. It is reiterated that refund of all taxes i.e. CGST/SGST of all States/ UTGST of all UTs/ IGST/ Compensation Cess of these agencies is to be disbursed only by the Central e-PAO (refunds), Mumbai and should not be entertained/accepted for disbursal by any field PAO. If any such bill is sent wrongly by the sanctioning authority, the field PAOs are advised to return it to the concerned Division/ Nodal Officer.

**This Advisory along with the OMs referred to at the top can also be accessed by the Sanctioning Authorities, Nodal Officers and the PAOs at [www.arpit.gov.in](http://www.arpit.gov.in).**

Encl. Annexure [OM dated 26/04/2018 in terms of Para XIV(iii)]

  
28.12.18  
(Manoj Sethi)

Chief Controller of Accounts, CBIC.

To

1. All Pr. Chief Commissioners/Chief Commissioners of CGST
2. All Commissioners of CGST
3. Chief 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, North Block, New Delhi.
2. Special Secretary (Rev.), DoR, New Delhi.
3. Member (GST)/Member(Customs)/Member(IT), CBIC
4. Addl. CGA, O/o CGA, New Delhi.
5. JS (Revenue), DoR, New Delhi.
6. Commissioner(GST Policy), CBIC
7. OSD to Revenue Secretary