Introduction
Timely refund mechanism is essential in tax administration, as it facilitates trade through the release of blocked funds for working capital, expansion and modernisation of existing business.

The provisions pertaining to refund contained in the GST law aim to streamline and standardise the refund procedures under GST regime. Thus, under the GST regime, there will be a standardised form for making any claim for refunds. The claim and sanctioning procedure will be completely online and time bound, which is a marked departure from the existing time consuming and cumbersome procedure.

Situations Leading to Refund Claims
The relevant date provision embodied in Section 54 of the CGST Act, 2017, provision contained in Section 77 of the CGST Act, 2017 and the requirement of submission of relevant documents as listed in Rule (2) of Refund Rules is an indicator of the various situations that may necessitate a refund claim. A claim for refund may arise on account of:

1. Export of goods or services
2. Supplies to SEZs units and developers
3. Deemed exports
4. Refund of taxes on purchase made by UN or embassies etc.
5. Refund arising on account of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court
6. Refund of accumulated Input Tax Credit on account of inverted duty structure
7. Finalisation of provisional assessment
8. Refund of pre-deposit
9. Excess payment due to mistake
10. Refunds to international tourists of GST paid on goods in India and carried abroad at the time of their departure from India
11. Refund on account of issuance of refund vouchers for taxes paid on advances against which, goods or services have not been supplied
12. Refund of CGST & SGST paid by treating the supply as intra-State supply which is subsequently held as inter-State supply and vice versa

Thus, practically every situation is covered. The GST law requires that every claim for refund is to be filed within 2 years from the relevant date.

Credit Notes
Further, Section 34 of the CGST Act, 2017 provides for issuance of credit notes for post supply discounts or if goods are returned back within a stipulated time. When such credit notes are issued, obviously it would call for reduction in output liability of the supplier. Hence, the taxes paid initially on the supply would be higher than what is actually payable. In such a scenario, the excess tax paid by the supplier needs to be refunded. However, instead of refunding it outright, it is sought to be adjusted after verifying the corresponding reduction in the input tax credit availed by the recipient. Section 43 of the CGST Act, 2017 provides for procedure for reduction in output liability on account of issuance of such credit notes. This is another form of refund by adjustments in the output tax liability. Such refund is not governed under the general refund provisions contained in Section 54 of the CGST Act, 2017.
Claim by a Person who has Borne the Incidence of Tax
Any tax collected by the taxpayer more than the tax due on such supplies must be credited to the Government account. The law makes explicit provision for the person who has borne the incidence of tax to file refund claim in accordance with the provisions of Section 54 of the CGST Act, 2017.

Refunds to Casual/Non-Resident Taxable Persons
Casual/Non resident taxable persons has to pay tax in advance at the time of registration. Refund may become due to such persons at the end of the registration period because the tax paid in advance may be more than the actual tax liability on the supplies made by them during the registration period. The tax authorities may also give a refund to such categories of taxable persons also. But the amount of excess advance tax shall not be refunded unless such person has made all the required payments during the period of registration. It is effective. It is only after such compliance that refund will be granted.

Refunds to UN Bodies and Other Notified Agencies
Supplies made to UN bodies and embassies may be exempted from payment of GST as per international obligations. However, this exemption is being operationalized by way of a refund mechanism. So, a taxable person making supplies to such bodies would have to deduct the tax due and remit the same to government account. However, the UN bodies and other entities notified under Section 55 of the IGST Act, 2017 can claim refund of the taxes paid by them towards their purchases. The claim has to be made before the expiry of six months from the last day of the quarter in which such supply was received.

Refund to International Tourist
An enabling mechanism has been introduced in Section 15 of the IGST Act, 2017 whereby an international tourist procuring goods in India for personal consumption, while leaving the country seek refund of integrated tax paid by them. The term, “tourist” has been defined and refers to any person who is not normally a resident of India and who enters for a period not more than 6 months for legitimate non-immigrant purposes.

Payment of Wrong Tax
Under GST it might happen that the taxable person may pay integrated tax instead of central tax plus state tax and vice versa because of incorrect application of the place of supply provisions. In such cases, while making the appropriate payment of tax, interest will not be charged and the refund of the wrong tax paid earlier will be entertained without subjecting it to the provision of unjust enrichment.

Unjust Enrichment
Talking about unjust enrichment, a presumption is always drawn that the businessman will shift the incidence of tax to the final consumer. This is true, GST is an indirect tax whose incidence is to be borne by the consumer. It is for this reason that every claim of refund (barring specified exceptions) needs to pass the test of unjust enrichment. And every such claim is sanctioned only by the department after a thorough scrutiny and in such cases the claim will be sent back to the applicant along with the reasons to be conveyed in writing.

Documentation
The applicant needs to file elaborate documents along with the relevant returns. The list of such documents prescribed is a statement of relevant invoices (NOT THE INVOICES ITSELF) pertaining to the claim. In case refund is on account of export of services, apart from the statement of invoices, the relevant bank realization certificates evidencing receipt of payment in foreign currency is also required to be submitted. If it is a claim made under the SEZ law, an endorsement from the Proper Officer evidencing receipt of such goods/services in the SEZ also needs to be submitted. Further, a declaration is also required from the SEZ to the effect that the amount of IGST is part of the tax collected from the supplier.

Conclusion
In sum, the law envisages a simplified, time bound and technology driven refund procedure with minimal human interface between the taxpayer and tax authorities.