

## PROMISES TO EXPEDITE REFUND CLAIMS

# GST rule changes to help but execution key, say exporters

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A RAFT OF changes announced by the Goods and Services Tax (GST) Council last week, including the one to expedite refunds to those categorised as "risky exporters", will certainly help but much depends on their implementations, exporters told FE.

The council has suggested that rule 96 of the Central GST Rules be amended to provide for transmission of Integrated GST refund claims on the portal in a system generated FORM GST RFD-01 to the jurisdictional GST authorities for processing.

Prior to this, the refund claims were suspended or withheld where the exporter is identified as risky and authorities will conduct lengthy verifications before deciding to release the amount. The rule change promises to expedite such IGST refund claims.

The Council decided that supplies from duty-free shops at international terminal to outgoing international passengers will be considered as exports by such shops.

Consequently, refund benefits will be available to them on such supplies. Relevant sections of the extant CGST rules will be scrapped to facilitate this.

Suranjan Gupta, executive director at engineering



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exporters' body EEPIC India, said: "Conceptually, it (move on 'risky' exporters) promises great relief to exporters. But we have to see actual implementation to gauge whether the intended benefits are finally coming the exporters' way or not."

Raja Shanmugham, president of the Tirupur Exporters Association that represents the country's largest garment cluster, said exporters should not be classified as "risky" arbitrarily by tax authorities, as has been the practice. "Of course, the latest GST council decision will help. But the bigger issue is whether the taxmen should be allowed to brand an exporter 'risky' without giving him the opportunity to present his case. They should stop this practice altogether," he added.

While the move to treat supplies from duty-free shops at international terminal to outgoing international

passengers as exports, too, is a good decision. However, given the limited volumes, it's unlikely to have substantial beneficial impact on exports, said exporters.

The rule change will come in handy at a time when strong external headwinds have threatened to disrupt the robust momentum in the country's exports.

Given the tangled global supply chains in the aftermath of the Russia-Ukraine war and consequent surge in international shipping costs, Indian exporters will find it difficult to ship out products on time and honour supply commitments in the coming months.

Moreover, the country's key markets, such as the US and the EU, are facing risks of recession. Against this backdrop, the move to expedite refunds for even "risky" exporters will help improve their cash flow.

Top GST slab 28% to stay, other three can be reduced to two, says Bajaj

**FE BUREAU**  
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WITH THE GOODS and Services Tax (GST) slab rejig on the cards, revenue secretary Tarun Bajaj on Monday said the government may continue with the highest GST slab of 28% on luxury/sin goods while exploring the possibility of reducing the remaining three major slabs — 5%, 12% and 18% — to two.

"I think we will have to continue with 28% as in a developing economy where there is so much income disparity, there would be some luxury items and sin items, which should attract a higher rate of taxation," Bajaj said at an event organised by industry body Assocham here.

"But, whether on 5%, 12% and 18%, we can bring down to 2 rates to start with and then see how the country grows and whether there is a capacity to bring it to one rate or not is something to be seen.

"It is a very difficult challenge," Bajaj said.

The official said a concept paper on slab rejig could be presented to the GST Council with industry inputs.