

Initiative to issue pending GST, Customs and income tax refunds immediately: A welcome measure by Government

Puneet Agrawal, Partner ALA Legal

Shuchi Agrawal, Manager, ALA LEGAL

Amid the crisis caused by the COVID-19 that has severely affected the whole economy and has left the businesses in an unprecedented situation, Ministry of Finance (hereinafter referred to as MoF), Government of India has announced yet another relief measure to provide immediate respite to the individuals and the business entities of our country. By way of the Press Note issued on 8.04.2020 the MoF has informed that they have decided to:

1. Issue **all pending income-tax refunds up to Rs. 5 lakh**, immediately. This which would benefit around 14 lakh taxpayers.
2. Issue **all pending GST and Custom refunds**. This would provide benefit to around 1 lakh business entities, including MSMEs

It is estimated that the total refund granted will be approximately Rs. 18,000 Crores.

In furtherance to the press Note released by the MoF, CBIC has tweeted that *"It has been decided to issue all pending GST and Custom refunds which would provide benefit to around 1 lakh business entities, including MSME. Thus, the total refund granted will be approximately Rs. 18,000 crore"*. Similarly Income Tax India on its twitter handle has tweeted that *"In context of COVID-19 situation & to grant immediate relief to taxpayers, GOI has decided to issue all pending income-tax refunds upto Rs.5 lakh & GST/Custom refunds with immediate effect"*. Thus, the respective Departments/ Board, being CBIC or Income Tax Department has acknowledged that they would issue all the pending refunds under GST/Customs or income tax to the business entities and individuals.

Here it is pertinent to note that unlike the Income- tax where it is stated that the refund of up to Rs. 5 lakh would be issued immediately, in respect of the GST and Customs refunds no threshold limit is specified, thus it seems that all GST and Customs refunds would be issued to the business entities without any ceiling limit. Further, under the GST, refunds are allowed for various reasons/ situations such as in case of exports, tax wrongly paid, unutilized ITC, etc. as provided under Section 54 of the Central Goods and Services Tax Act, 2017.

The said initiative by the MoF is a welcome and thoughtful step amidst the COVID-19 situation as it would provide much needed liquidity/ working capital to the business entities and would help them in meeting the fixed expenses such as payment of wages, salary. Grant of refund would help businesses to cope with the situation and it would help them to sustain the loss caused to them by COVID-19.

At this stage, no clarification has been issued by the Government that whether all refunds, including the one which are at the stage of investigation/ scrutiny would also be issued and released to the business entities or only those refund claims that has reached the stage of final processing would only be issued. However, it would be great and immensely helpful for the businesses if the refunds even at the stage of investigation are issued to them and the technical or the procedural issues, if any, be taken up later on.

Here, for expedient issuance of the refund and to ensure that the refund claim is not missed, we would like to advise the business entities to send a communication/ reminder letter to their Jurisdictional Office over email or other electronic medium requesting them to issue their refund claims as per the Press Note released by the MoF.