



सत्यमेव जयते

भारत सरकार / Government of India

वित्त मंत्रालय / Ministry of Finance

सी जी एस टी एवं सेंट्रल एक्साइज आयुक्तालय: सूरत  
CGST & CENTRAL EXCISE COMMISSIONERATE : SURAT  
CENTRAL EXCISE BUILDING, CHOWK BAZAR, SURAT-395001  
(GUJARAT)



F. No. VII/05/2017

Date: 23.11.2017

**TRADE NOTICE: 15/2017**

**Sub: Clarification on refund of unutilized input tax credit of GST paid on inputs in respect of exporters of fabrics-Reg.**

1. Attention of the Trade is invited to Board's Circular No. 18/18/2017-GST dated 16.11.2017 issued from F. No. 354/320/2017-TRU-Pt.1 regarding clarification on refund of unutilized input tax credit of GST paid on inputs in respect of exporters of fabrics. The operative portion of the Circular is produced as under:-

2. *Doubts have been raised regarding the restriction of refund of unutilized input tax credit of GST paid on inputs to manufacturer exporters of fabrics ( falling under chapters 50 to 55 and 60 and heading 5608, 5801, 5806) under GST.*

2.1 *The matter has been examined. In this context, subsection 3 of section 54 of the CGST Act, 2017 provides as under:*

*“(3) Subject to the provisions of sub-section (10), a registered person may claim refund of any unutilized input tax credit at the end of any tax period:*

- (i) zero rated supplies made without payment of tax;*
- (ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of Council.*


2.2 *Based on the recommendation of the GST Council, Notification No. 5/2017-Central Tax (Rate) dated 28.06.2017 (as amended from time to time) has been issued under clause (ii) of the proviso to sub-section (3) of section 54 of the CGST Act, 2017 restricting refund of unutilized input tax credit of GST paid on inputs in respect of certain specified goods, including input tax credit of GST paid on inputs.*

2.3 *However, the aforesaid notification having been issued under clause (ii) of the proviso to sub-section(3) of section 54 of the CGST Act, 2017, restriction on refund of unutilized input tax credit of GST paid on inputs will not be applicable to zero rated supplies, that is (a) exports of goods or services or both; or (b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.*

2.4 *Accordingly, as regards export of fabrics it is clarified that, subject to the provisions of sub-section (10) of the section 54 of the CGST Act, 2017, a manufacturer of such fabrics*

will be eligible for refund of unutilized input tax credit of GST paid on inputs (other than the input tax credit of GST said on capital goods) in respect of fabrics manufactured and exported by him.

3. All the trade Associations, Chambers of Commerce and Members of Regional Advisory Committee are requested to publicize the contents of this Trade Notice among their Members/Constituents. Difficulties, if any faced in this regards may be brought to the notice of this office.

  
(Prashant Kaduskar) 23/11/2019  
Additional Commissioner

Copy to:-

1. Trade Associations & Chambers of Commerce as per Mailing List.
2. The Additional Commissioner (CCO) CGST & Central Excise Zone, Vadodara.
3. All DCs/ACs in Divisions/ HQ, CGST & Central Excise Commissionerate, Surat.
4. The Assistant Commissioner (System) CGST & Central Excise Commissionerate, Surat with a request to scan and upload the Trade notice on Surat Commissionerate's website.
5. Notice Board