



THE COTTON TEXTILES EXPORT PROMOTION COUNCIL

(Sponsored By Government of India)

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Sub : CBIC Issues Instructions regarding manner of processing and sanction of IGST refunds

Dear Member,

CBIC has issued instructions regarding the manner of processing and sanctioning IGST refunds withheld in terms of Rule 96(4)(c), which were transmitted to the jurisdictional GST authorities under Rule 96(5) of the CGST Rules.

The Standing Operating Procedures (SOPs) for verification of risky exporters and their suppliers, dated 23rd January, 2020 were issued to CGST, Customs formations and the Directorate General of Analytics and Risk Management (DGARM), and SOP dated 20th May, 2020 was issued to CGST formations and DGARM. The SOP provided for the procedure to be followed for the verification of risky exporters and their suppliers.

According to the SOPs, DGARM would identify exporters and their suppliers based on risk parameters approved by the competent authority and forward the list to the Risk Management Centre for Customs (RMCC) for alerting the system.

Customs field formations were required to conduct detailed examinations of identified exporters' export goods. The jurisdictional CGST formations were required to conduct detailed verification of such identified exporters and their suppliers and to report the results to DGARM.

DGARM was required to make a decision on whether or not to issue a NOC after receiving verification reports from CGST formations. In cases where DGARM issued a NOC, it was communicated to customs authorities at the port of export for the release of withheld IGST refunds to the exporter. DGARM was also tasked with determining whether the exporters should be removed from the list of identified exporters.

CBIC has now informed officers of DGARM that a new role for putting an all-India suspension, either on the exporter's IEC or GSTIN, to withhold IGST refunds has been developed. DGARM officers now have the option to revoke the alert. DG Systems has also issued instructions to Customs field formation regarding the procedure to be followed in respect of IGST refunds withheld due to DGARM alerts on risky exporters.

The refund claims will be available to the jurisdictional proper officer on the back-office system under the category "Any other (GST paid on export of goods)" with the annotation "Refund of IGST paid on export of goods (Refund not processed by ICEGATE)".

The proper officer shall ascertain the genuineness of the exporter, verify the correctness of the exporter's availment and utilization of ITC, and exercise due diligence in processing the said refund claims to protect the revenue's interest. If necessary, the proper officer may conduct physical verification of the exporter's places of business to ensure that the exporter is present and functionally active at his declared place of business.

The Zonal Principal Chief Commissioners and Chief Commissioners shall closely monitor the progress of disposal of such transmitted refund claims to ensure that due verification has been conducted before sanction and the refunds have been processed in a timely manner.

A Copy of Instruction No. 4/2022-GST dated 28th November, 2022 is enclosed ([click here](#)).

Members may please take a note of the above.

Regards,

**Dr. Siddhartha Rajagopal**  
Executive Director

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