Goods and Services Tax Network

SINGLE AUTHORITY REFUND DISBURSEMENT PROCESS: CONCEPT DOCUMENT

TRAINING OF MODEL 1 MASTER TRAINERS AND OFFICERS ON REFUND BACK OFFICE

Date: 24th-25th September, 2019
Venue: GSTN, Worldmark 1, Aerocity, New Delhi

Processing of Refunds at the level of GST System and PFMS

1. The taxpayer files refund application on the portal in form RFD-01.

2. On filing of RFD-01 application, common portal shall process the data and generate Taxpayers' (Assessee) Master file. This file contains the details of the taxpayers' bank account.

3. The Assessee Master is then shared with Public Financial Management System (PFMS) of Controller General of Accounts (CGA), Ministry of Finance for validation of bank account details.

4. PFMS maintains its own Taxpayers' (Assessee) Master with Unique Assessee Code (Combination of GSTIN + Bank Account Number) in their Taxpayer (Assessee) Master.

5. PFMS validates the bank account details of the taxpayer claiming refund i.e. whether the bank account is an existing account.

6. Disbursement of amount claimed in each refund application shall happen in respective bank account subject to successful validation by PFMS.

7. GST System will not allow the change in bank account in respect of the refund application, selected at the time of filing of refund application, unless it is rejected by PFMS during validation process.

8. In case, error in validation of bank account details occurs at PFMS level, the refund processing officer shall not be able to issue payment advice in form RFD-05 to the taxpayer. The error at PFMS level shall be transmitted to GST System electronically and the GST System shall make the error message available to the taxpayers and the refund officers at their dashboards. In such cases the taxpayer has the following two options:

(a) rectify the existing bank details through FORM GST REG-14 amendment or add a new bank account through FORM GST REG-14 by way of non-core amendment.

(b) update by selecting the rectified/ newly added or any other bank account from the bank accounts available in the registration details in the refund functionality of the GST Portal. This will update the bank details in the refund application.

9. Having done this, the updated details will be reflected in the drop down available in the refund functionality of the GST Portal from where the taxpayer can choose and update his bank account details.

10. If the bank account is validated successfully by PFMS, refund payment order (RFD05) and disbursement process will start. It means the refund processing officer shall be able to issue payment order in form RFD-05 to the taxpayer.

11. Once the tax officer issues RFD-05, GST System shall generate a consolidated statement comprising all RFD-05 files on End of Day (EoD) basis. In technological terms, this statement is called as R-1. The R-1 file shall be generated State-wise including all the refunds sanctioned and Payment Orders (RFD-05) issued by Central and State Authorities of that State. R-1 file shall also include the Payment Orders, which were returned by PFMS with errors previously and it is subsequently reissued by the proper authorities after rectification of errors.

12. R-1 files will be transmitted to PFMS electronically. PFMS system shall validate the specifications of the file and the bank account details with Taxpayers' (Assessee) Master and in case authentication of any Payment order is failed, they will return the entire file back to GST Common Portal.

The Common Portal in that case shall eliminate those Payment orders, which have errors found by PFMS and re-generate R-1 file again and transmit it to PFMS. The Payment orders, against which errors are communicated by PFMS, shall be sent to the Taxpayers and the Refund officers for rectification of error and re-generation of RFD-05 respectively.

13. On receiving of error report by PFMS, the GST System shall invalidate the original RFD-05 with a view to allow rectification of errors in banks account details by taxpayer, and re-issuance of RFD-05 by the proper officer.

14. Refund officer shall re-issue RFD-05 based on the newly preferred bank account. This RFD-05 shall be issued with new reference number. However, there will be no change in either the original refund application ARN or the sanction order number or the amount details of the previously issued RFD-05. R-1 will be generated by GST Common Portal at the end of the day incorporating such Payment orders and the same shall be transmitted again to PFMS.

15. PFMS shall return the disbursement status as would be sent by the bank. The GST system shall notify the status to taxpayer by email/SMS, and on the status tracking facility at the GST system.

16. In certain cases, banks may return failure message after giving success message initially. The same would be updated to the taxpayer Dashboard, and taxpayer would be required to follow the correction process as specified in Para 7 above.

Processing of Refunds at the level of Central DDO:

Once the records (RFD-05) in R1 form (after bank account validation by PFMS) are received by the DDO, the Bill will be prepared by DDO. The designated DDO will prepare the electronic bill in the PFMS system putting his digital signature before forwarding the same to the e-PAO (Refund) of Pr. CCA (CBIC).

Processing at the level of e-PAO (Refunds)

The e-PAO (Refund) of Pr. CCA (CBIC) will process the Bills for refund payment and its disbursement by issuing Payment authorization to the accredited bank (SBI) of CBIC for putting his digital signature. The Voucher will be sent to SBI by PFMS for payment.

Processing by Accredited Bank of CBIC

SBI which is integrated with PFMS will honour the payment authorization made by e-PAO GST (Refund) and will make payments in the Taxpayers/Applicant Bank account as per the following schedule:

1. If the payment authorization is received by SBI from e-PAO GST Refund during the working hours of the bank, the same will be further pushed to the beneficiary's bank during the same day.
2. If SBI receives the payment/authorization after the close of the working hours during the day, the same will be processed for payment on the next working day. In no case, it will be postponed without any valid reasons which will be communicated to the e-PAO GST (Refund) immediately.

3. The SBI after making the payments in the banks accounts of Taxpayer/Applicant will seek reimbursement from the Govt. account in RBI. The reimbursement will be sought after getting successful confirmation of the transactions from the beneficiary's bank and not before that.

SBI will provide the confirmation/status of the payment transactions to e-PAO GST Refund by one of the following messages:

1. Confirmation of successful credit in the taxpayer's/applicant's bank account,
2. Failure of the transactions at the end of the taxpayer's/applicant's bank along with the specific reasons/failure code.

The unsuccessful/failed transaction at the end of taxpayer's/applicant's bank will be treated as cancelled upon information received from SBI. SBI will not claim reimbursement of such failed transaction from the Govt. Account in RBI.