

GOVERNMENT OF NAGALAND
OFFICE OF THE COMMISSIONER OF STATE TAXES
NAGALAND: DIMAPUR

Dated Dimapur, the 16th November, 2017

CIRCULAR-16/18/2017-GST
Ref-CBIC Circular No.18/18/2017-GST dated 16-11-2017

Subject: Clarification on refund of unutilized input tax credit of GST paid on inputs in respect of exporters of fabrics-regarding.

Doubts have been raised regarding the restrictions 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 headings 5608,5801,5806] under GST.

2.1. The matter has been examined. In this context, sub-section 3 of section 54 of the NGST Act, 2017 provides as under:

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

Provided that no refund of unutilised input tax credit shall be allowed in cases other than-

- (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 the Council:

2.2 Based on the recommendations of the GST Council, Notification F.NO.FIN/REV-3/GST/1/08(Pt-1)'H' dated 30-06-2017 [as amended from time to time] has been issued under clause (ii) of the proviso to sub-section (3) of section 54 of the NGST 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 NGST 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 NGST 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 paid on capital goods] in respect of fabrics manufactured and exported by him.

3. This Circular is clarificatory in nature and not meant for any interpretation of provisions of the Act and Rules.

4. Difficulty, if any, in the implementation of the circular should be brought to the notice of the Commissioner at an early date.

Sd/-

(Y. MHATHUNG MURRY)

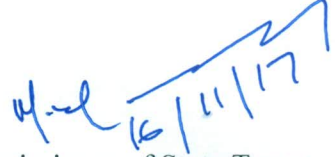
Commissioner of State Taxes

Nagaland: Dimapur

Dated Dimapur, the 16th November, 2017

NO.CT/LEG/CR-GST/36/17/77
Copy to:-

1. The Finance Commissioner to the Government of Nagaland Finance Department (Revenue Branch) for information.
2. All Additional Commissioner of State Taxes/ Joint Commissioner of State Taxes, Nagaland, Dimapur for information and necessary action.
3. All Deputy Commissioner of State Taxes/ Superintendent of State Taxes/Inspectors of State Taxes, Nagaland for information and necessary action.
4. Programme Officer for uploading it in the Official Website for information to all concerned.
5. Guard file.


Commissioner of State Taxes
Nagaland: Dimapur