

Order NO. F.3(433)/GST/policy/2022/1407-13, Dated 20th July, 2022**Sub: Disposal of refunds within stipulated time framework and payment of interest amount on delayed refunds.**

1. In a recent matter, Hon'ble Delhi High Court issued directions, dated 20-5-2022 in the matter of WP(C) 7110/2022 (Lord Krishna Traders Private Limited V/s Commissioner of Delhi Goods & Services Tax), that the Commissioner, DGST, will convene a formal meeting with Petitioner's counsel and other practitioners, so that a robust mechanism is put in place for timely disposal of refund claims. The minutes 1 of meeting held on 16.06.2022 in compliance to aforesaid directions, has already been issued and circulated to all stakeholders.

2 The disposal of refund applications in a time bound manner is an integral part of the VAT/GST mechanism. In this regard, attention is drawn to Section-38 of Delhi Value Added Tax Act. 2004 and Section 56 of the DGST Act as per which, if any tax is to be refunded under sub-section 5 of Section 54 but is not refunded within 60 days from the receipt of application under sub-section (1) of that section, interest at such rates not exceeding six percent as may be specified in the notification issued by the Government, shall be payable in respect of such refunds from the next day of the sixtieth day of the receipt of application. Similarly, under Section-42 of Delhi Value Added Tax Act, 2004. interest is liable to be paid on delayed refunds Therefore, it becomes imperative upon the concerned refund sanctioning authority/proper officer that all refund applications are processed and decided within the prescribed time frame in order to avoid undue interest liability on the department.

3. In this regard, departmental instructions/orders/circulars were issued from time to time and a grievance redressal mechanism has already been circulated vide Circular No. F. 3(433)/GST/Policy/2022/1268-77, dated 13-5-2022.

3. All Ward Incharges/Proper Officers/Zonal Incharges are hereby directed to adhere to departmental guidelines issued by the department for timely disposal of all types of refunds and take utmost care to dispose off the refund application within stipulated time period.

4. Non-compliance will invite stringent action

(Dr. S. B. Deepak Kumar)

Commissioner (State Tax)