

Commissionerate of CT and GST, Odisha (At Cuttack)  
(Finance Department, Government of Odisha)

No 12015 /CT  
To POL-56/3/2017-Policy

Dated 13 / 08 /2018

**Head of CT & GST Circle  
Jajpur Circle, Jajpur Road**

Sub: Clarification on refund of GST compensation cess paid on coal

Ref: Your office letter No.2584 dated 03.08.2018

Sir,

In inviting a reference to the letter referred to above, the issues raised therein are clarified below.

**1. Whether coal purchased by M/s. Jindal Stainless Limited and used in power generation for captive use in manufacturing steel will qualify as input?**

Coal purchased and used in power generation for captive use in manufacturing of steel or any other commodity can be held as purchased in the course or furtherance of business. Accordingly, coal so purchased will qualify as 'input' in terms of the definition in Section 2 (59) of the OGST/CGST Act. Tax paid including compensation cess paid on purchase of such coal will qualify for input tax credit as well as per the provisions of Section 16 (1) of the OGST Act and CGST Act read with Section 11 (1) of the GST (Compensation to States Act) 2017.

**2. Whether compensation cess paid on purchase of coal as aforesaid will qualify for refund to the extent relatable to export of the goods manufactured by the purchaser?**

As per provisions of Section 9 (2) of the GST (Compensation to States) Act, 2017, the provisions of the CGST Act and the rules made there under will apply in relation to refund claims of compensation cess. Section 54 (3) of the CGST Act (clause (i) of 1<sup>st</sup> of the Proviso) permits claim of refund of any unutilized input tax credit at the end of any tax period relatable to zero rated supplies made without payment of tax. Thus, a taxpayer can claim refund of any unutilized ITC including ITC of compensation cess relatable to zero rated supplies made without payment of tax.

In the case under consideration, if goods manufactured by the applicant

have been exported without payment of tax and the refund application is otherwise in order, the amount of ITC (of compensation cess) to the extent relatable to the goods exported without payment of tax can be claimed for refund and the refund amount can be determined by following the procedure prescribed in rule 89 (4) of the CGST rules.

Yours faithfully,

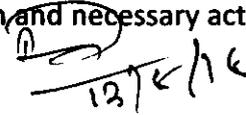


Commissioner of CT & GST  
Odisha, Cuttack

Memo No 12016 /C.T

Dated 13 / 08 /2018

Copy forwarded to CT & GST Range Heads (All Territorial Ranges) and Circle & Assessment Unit Heads (All Circles and AUs) for information and necessary action.



Addl. Commissioner of CT & GST  
(Policy)