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Ref.No.MAIT/PY/2462

April 13, 2022

Shri Sanjay Mangal
Principal Commissioner
Ministry of Finance

Subject:- Issuance of Clarification on Authorized Officer endorsement for the purpose of GST refund

Respected Sir,

Greetings from MAIT!

This bears reference to an issue faced by many of our industry members where the GST refund application filed for unutilized ITC by industry on account of supplies made to SEZ units is being issued "Deficiency Notices" which states the following:-

"The Taxpayer has not furnished Endorsement by the Specified Officer of the SEZ regarding receipt of goods/services for authorised operations as required under Rule 89(1) of CGST Rules, 2017"

The officers are stating that the endorsements uploaded by industry are from the '**authorized officer**' of the SEZ unit, however the GST law requires endorsement from the '**specified officer**'.

Sir, as you will agree that the **SEZ Rules only allows endorsement by the authorized officer and also that the specified officer is authorized to delegate his powers under the SEZ law.**

To augment the industry case, attached is a RTI response by the Office of the Development Commissioner, MEPZ – Special Economic Zone Chennai where it is was answered that the endorsement for the purpose of GST refund will be issued only by the Authorized officer and SEZ law overrides any other law. Below is the extract of the RTI referred above:-

6. Endorsement for receipt of Goods and Services:-

Endorsement for receipt of Goods and Services for authorised operations is necessary for DTA supplier of goods and services or both to SEZ in order get GST refund. No pendency of such requests was informed by the AOs. After deliberations, it was decided by the Development Commissioner that for both supply of 'Goods' as well as 'Services', endorsement by AO is sufficient and the same will be put into practice in uniformity in all the SEZs under MEPZ-SEZ. A circular in this regard will be issued soon. In case GST authorities insist for such endorsements by the Specified Officer of the zone, appropriate decision can be taken then.

JDC also instructed all the AOs to maintain a register containing the details of receipt and disposal of requests for endorsement for receipt of 'Services' to ensure transparency and timely disposal of works. He also instructed Specified Officer, MEPZ-SEZ to issue a circular for the same. [Action: AOs and SO]

Due to the above administrative difficulty arising out of disconnect in SEZ and GST laws, refunds worth several crores of rupees have been stuck without any fault of the industry. An endorsement issued by the authorized officer of the SEZ (who is so authorized by the Specified officer) is also an evidence of admission of goods for use in authorised operations and hence should be sufficient for refund purposes, as the benefit of refund is based on the fact of zero rated supplies made to SEZ units, which is not in dispute. This dispute directly also impacts the SEZ units as if the DTA supplier is denied the benefit of refund, no supplier

will be willing to make zero rated supplies to the SEZ units. We request if a clarification be issued that the endorsement for the purpose of GST refund issued by the Authorized officer will be sufficient for the purpose of refund. This clarification will help in ensuring the uniform practice of accepting endorsed invoices by AO in granting refund.

Look forward to your support. We shall be happy to clarify this further over a call / meeting at your earliest convenience.

With regards,

A handwritten signature in black ink, appearing to read "George Paul". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

George Paul
Chief Executive Officer

CC: Shri Vivek Johri, Chairman-CBIC, Ministry of Finance

CC: Shri Nagendra Kumar, Member-CBIC, Ministry of Finance