

File No.: CBIC-20006/4/2025-GST  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board Indirect Taxes & Customs  
GST Policy Wing  
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New Delhi, dated 3<sup>rd</sup> October, 2025

To,

All the Principal Chief Commissioners / Chief Commissioners of Central Tax

Madam/Sir,

**Subject: Provisional sanction of refund claims on the basis of identification and evaluation of risk by the system - reg.**

The 56th meeting of the Goods and Services Tax Council held on 3<sup>rd</sup> September 2025, recommended amendment in rule 91(2) of CGST Rules, 2017 to provide for sanction of 90% of refund claimed on provisional basis by the proper officer on the basis of identification and evaluation of risk by the system. In addition, a proviso has been inserted in rule 91(2) to provide that, on case-by-case basis, where the proper officer is of the opinion that in a particular case, provisional refund should not be granted, he can, for reasons to be recorded in writing, instead of grant of refund on provisional basis, proceed with detailed examination of the application. Further, vide notification No. 14/2025-Central Tax dated 17.09.2025, category of registered persons has been notified under section 54(6) of the CGST Act, 2017, who shall not be allowed refund on provisional basis for zero rated supplies.

2. In order to ensure uniformity in the implementation of the provisions of the Act across field formations and to streamline the process of GST refunds, the Board, hereby issues the following instructions with respect to processing of refund claims, filed with the proper officer, on account of zero rated supply of goods or services or both.

### 3. **Manner of processing refund applications:**

#### 3.1 While processing refund applications, the following may be ensured:

- a. The refund application, consequent to its filing, shall continue to be processed as per extant guidelines till the issuance of FORM GST RFD-02 or FORM GST RFD-03, as the case may be. The extant timeline prescribed for the issuance of FORM GST RFD-02 or FORM GST RFD-03, as the case may be, should be strictly adhered to.
- b. Categorization of refund applications as “low-risk” on the basis of risk score provided by the system shall be taken into account and 90% of the refund amount claimed shall be sanctioned on provisional basis in such cases.
- c. It may be noted that once an acknowledgment has been issued in FORM GST RFD-02, scrutiny is not required to be done for low risk refund applications for sanctioning of refund on provisional basis unless the said refund application is covered under the first proviso to rule 91(2) of the CGST Rules, 2017, whereby the officer, for reasons to be recorded in writing, may proceed with the examination of the application in accordance with the provisions of rule 92, instead of grant of refund on provisional basis.
- d. For refund applications, which are not categorised as “low-risk” by the system, refund shall not be sanctioned on provisional basis and in such cases, the proper officer shall proceed with detailed scrutiny of refund application and further action as per the extant guidelines.

3.2 The statutory conditions prescribed for grant of provisional refund, including non-eligibility of the notified category of registered persons under section 54(6) vide notification No. 14/2025-Central Tax dated 17.09.2025, the requirement under rule 91(1) regarding non-prosecution, shall continue to be applicable in these cases. Further, as no adjustment or withholding of refund, as provided under sub-sections (10) and (11) of section 54 of the CGST Act, can be done in respect of the provisionally sanctioned amount, therefore, in such cases, the proper officer, instead of granting refund on provisional basis, may process and sanction refund on final basis at the earliest and recover the amount from the amount so sanctioned. Also, provisional refund may not be sanctioned where, in respect of any previous refund application filed by the claimant, the issue involved is pending in an appellate forum, or where a show cause notice is issued or where an order has been passed but matter has not attained finality.

3.3 It is clarified that as the said amendment has been made for trade facilitation, therefore the said proviso to rule 91(2) of the CGST Rules, 2017 may be used sparingly and on case-to-case basis, so that the provisional refund is not denied merely on the basis of presumptive reason(s), initiation of routine proceedings such as scrutiny etc.

3.4 It also needs to be noted that if, on detailed examination, it appears to the proper officer that the refund amount sanctioned provisionally is more than the refund amount finally found admissible, in such case, the proper officer shall issue a show cause notice to the applicant, in FORM GST RFD-08, under section 54 of the CGST Act, read with section 73 or 74 or 74A of the CGST Act, as is presently being done.

**4. As the amendment in rule 91(2) of CGST Rules, 2017 has been notified vide notification No. 13/2025-Central Tax dated 17.09.2025 to come into effect from 01.10.2025, therefore the provisions related to risk-based sanction of provisional refund shall be applicable for all refund applications filed on or after 01.10.2025.**

5. It is worthwhile to note that the GST Council, in its 56th meeting, has also recommended amending Section 54(6) of the CGST Act, 2017, to provide for sanction of 90% of the refund amount claimed on provisional basis, in case of refund claims filed on account of inverted duty structure (IDS), similar to the provisions in place for zero-rated supplies. However, the said amendment to the Act will be incorporated through the forthcoming Finance Act and States will also be required to pass the corresponding amendments in their respective legislations, which will take time.

5.1. Therefore, as an interim measure of trade facilitation, it has been decided by the Central Government that till this amendment in the Act is effected, in case of refund applications filed on account of IDS, **on or after 01.10.2025**, 90% of the refund amount so claimed may be sanctioned on provisional basis in similar manner as is being sanctioned provisionally for refund claims filed on account of zero-rated supplies.

5.2. The manner for processing such refund applications shall be the same as specified in para 3.1 to para 3.4 above. Further, the statutory conditions prescribed for grant of provisional refund in case of zero rated supplies shall equally apply in these cases.

5.3 It is further stated that the functionality for issuance of provisional refund in such cases has been made available by GSTN, on lines similar to the provisional refund processing for refund applications filed on account of zero rated supply of goods or services or both.

6. The implementation of this instruction may be supervised by the jurisdictional Principal Commissioner/ Commissioner and a report in this regard may be sent to the jurisdictional Principal Chief Commissioner/ Chief Commissioner. Principal Chief Commissioner/ Chief Commissioner should ensure that the trade facilitation measures decided upon by the Government are implemented in letter and spirit and there is proper monitoring regarding the same.

7. Difficulty, if any, in implementation of this instruction may please be brought to the notice of the Board.

Yours faithfully,

(Gaurav Singh)  
Commissioner (GST)

Copy to: **Additional Secretary**, GST Council Secretariat with a request to circulate to State GST formations, which may, if deemed appropriate, issue similar instructions within their jurisdictions to ensure uniformity and effective implementation.