Module 6 · Zero-rated supplies and deemed exports P19 · topic 6

SM pp. 687–700. Past: **J23 Q3(c)** deemed exports by a manufacturer and by a main / sub-contractor (6 marks — that list is the **FTP** one, see Module 26 notes); **J26 MCQ** which supply is a notified deemed export (→ against Advance Authorisation); PTP MCQ supply to SEZ under LUT (→ zero-rated). Refund mechanics and sums are in Module 9. Expected ~1.1 marks.

ZERO-RATED SUPPLY · S.16 IGST

- (a) **Export** of goods or services; (b) supply to an **SEZ developer or SEZ unit**. Zero rate is still a taxable supply — ITC allowed even if the goods are otherwise exempt; value counts with taxable supplies when apportioning ITC; issue a normal tax invoice. SEZ units need no e-invoice. [SM 688, SM 693]

Without IGST (LUT / bond, rule 96A)	With IGST
Refund of unutilised ITC by the rule 89(4) formula, application RFD-01	Refund of IGST paid (rule 96) — shipping bill / export manifest is the application

[SM 688–689]

Zero-rated	Exempt / nil
export, SEZ supplies	nil rate, wholly exempt u/s 11, non-taxable
ITC allowed, refund available	no ITC on inputs used
tax invoice	bill of supply

[SM 693]

- **Provisional refund** s.54(6): **90%**, balance after verification; not for an applicant prosecuted in the past five years for evasion above the limit. From **01.10.2025** granted on the system's risk score (rule 91(2)); IDS refunds also get it as interim relief; not for non-Aadhaar-authenticated persons or suppliers of areca nuts, pan masala, tobacco (24), essential oils (3301) (N. 14/2025). [SM 689–693, SM 697–698]
- **Unjust enrichment does not apply** to zero-rated refunds (s.54(8)). [SM 689]
- Withholding u/s 54(10) (return default / unpaid tax) extends to **all** refunds from 01-10-2022. International tourists can claim IGST refund on leaving India (s.15 IGST). [SM 694]

SEZ SUPPLIES

- Supplies to or by an SEZ unit / developer are **inter-State** (s.7(5), s.8(1) proviso) — even SEZ to SEZ. From 01.10.2023 suppliers to an SEZ for **authorised operations** may pay IGST and claim its refund for **all** goods / services **except** pan masala, tobacco, gutkha etc. listed in N. 1/2023-IT. [SM 695]
- SEZ to DTA goods: **customs duty** (rule 47, SEZ Rules); SEZ is outside the customs territory for authorised operations (s.53 SEZ Act). [SM 695]

DEEMED EXPORTS · S.147 CGST, N. 48/2017-CT

- Notified supplies of **goods manufactured in India** (not services) that **do not leave India**, paid in rupees or foreign exchange. [SM 696]
- **Notified list** (J26 MCQ): (1) goods against **Advance Authorisation**; (2) capital goods against **EPCG**; (3) goods to an **EOU**; (4) **gold** by a bank / PSU against AA. High-sea sales and SEZ supplies are **not** deemed exports. [SM 697]
- Tax **is charged**; refund to the **supplier or the recipient** (supplier may file if the recipient does not take ITC). AA supplies must go into taxable goods, not nil / exempt (CA certificate). Relevant date = date of the return for the deemed exports. [SM 694, SM 697]
- Export v deemed export v merchant export: AP manufacturer → EOU in Maharashtra = deemed export; EOU → USA = export. [SM 696]

⚠ DON'T MIX THE TWO LISTS

J23 Q3(c) asks deemed exports "by a manufacturer" and "by a main / sub-contractor" — that is the FTP chapter 7 list (Module 26 notes; SM 1281), not the four GST notified categories above. Write the FTP list for that question; use the GST list for refund questions.

PROBLEMS BOX · PROVISIONAL REFUND (RECOMPUTED BY SCRIPT m06_patterns.py)

SM example: XYZ Exports, claim ₹10,00,000 acknowledged 05-09-2025 → provisional ₹9,00,000 in RFD-04 within 7 days, ₹1,00,000 under rule 92; high-risk case → ₹0 provisional. ₹90 lakh paid provisionally, final eligible ₹80 lakh → SCN in RFD-08 for ₹10 lakh u/s 73 / 74 / 74A. IDS claim ₹50 lakh, low risk → ₹45 lakh. [SM 691–692, SM 698–699]

Practise: J23 Q3(c) · J26 Q1(viii) · PTP Q1(viii) · Module 9 sums · **ICMAI Practice Workbook Ch9 illus. 6** (export of services partly performed by a foreign partner) · MCQ bank Q120–Q121.

MEMORY HOOK

"Zero-rated leaves India or enters an SEZ; deemed export stays home but is AA, EPCG, EOU or gold." Zero-rated = ITC kept + refund; exempt = ITC lost.