

Northern India Textile Mills' Association

PHD House, Sector 31 A, Chandigarh-160 031

Contact Nos.: +91 172 2637 573, +91 81466 77291, +91 81464 00264



27th December 2018

**Shri. Arun Jaitley,
The Hon'ble Minister of Finance,
Govt. of India, North Block,
New Delhi – 110 001.**

Subject: Refund of GST on input services and capital goods.

Respected Sir,

The Northern India Textile Mills Association, popularly known as NITMA is an apex association serving the interest of textile units. All the large textile mills in the Northern part of India are associated with NITMA and the combined turnover of its members is approx 50,000 crores (USD 8 Billion). It was formed in 1958 and represents industry for all policy matters and disseminates information apart from conducting conferences, exhibitions, seminars & workshops.

As per the GST Act, for refund of taxes as defined under rule 89 para (4), Net ITC means Input Tax Credit availed on inputs and input services during the relevant period.

But the definition of Net ITC was redefined vide notification no 26/2018 Central tax dated 13th June'2018, which defined that Net ITC shall mean input tax credit availed on inputs (and not services) during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both.

To give a boost to the Textile industry the ministry of finance vide notification no 20/2018 central tax dated 26th July'2018, allowed the refund of ITC accumulated on supplies received on or after 1st day of August'2018 for the Textile industry.

Because of changes of definition of Net ITC vide notification no 26/2018 central tax dated 13th June'2018, the Textile industry has been barred from refund of input services. This increases the cost of production in the Textile industry.

Also the GST paid on capital goods is not refundable. Because of the inverted duty structure the GST paid on capital goods can never be utilized. This surly increases the capital investment in the Textile industry by 18% which is considerably high.

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We request that for making the Textile industry more competitive and for the growth of the textile industry,

1. Refund of GST on input of services should be allowed.
2. Allow refund of GST on Capital investment in the Textile Industry.

Thank You.

With kind regards

Rajiv Garg
President

Copy to:

1. Shri. Upender Gupta, Commissioner, Central Board of Excise & Customs, North Block, New Delhi – 110 001