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Refund The purpose of the formula in Rule 89(5) is to give effect to Section 54(3)(ii) which makes a distinction between input goods and input services for grant of refund. Once the principle behind Section 54(3)(ii) of the CGST Act is upheld, the formula cannot be struck down merely for giving effect to the same. The Division Bench of the Gujarat High Court in VKC Footsteps India Pvt. Ltd Vs. Union of India & 2 Others (S) having examined the provisions of Section 54(3) and Rule 89(5) held that the latter was ultra vires. In its decision in VKC Footsteps India Pvt. Ltd, the Gujarat High Court held that by prescribing a formula in sub- Rule (5) of Rule 89 of the CGST Rules to execute refund of unutilized ITC accumulated on account of input services, the delegate of the legislature had acted contrary to the provisions of sub- Section (3) of Section 54 of the CGST Act which provides for a claim of ref.....