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Registration under the Goods and Service Tax Law

Through this article the Author tries to list out the provisions relating to registration as per the Revised Model of Goods and Service Tax Law issued by the Ministry of Finance, Government of India.

The provisions relating to Registration are covered under Section 23 of the CGST/SGST Act, and Schedule V thereof. These provisions are briefly discussed hereunder:

Persons who are required to be registered only when their Aggregate Turnover in a Financial Year exceeds threshold limit - Section 23 (1) read with Schedule V

- As per the provisions of Section 23 (1) Every person who is liable to be registered under Schedule V of this Act shall apply for registration in every such state in which he is so liable within 30 days from the date on which he becomes liable for registration subject to the procedure prescribed in GST Registration Rules.
- The key words used are “in every such state in which he is so liable” “within 30 days of becoming liable for registration”.
- As per the said schedule, Every supplier shall be liable to be registered under this act in the state from where he makes taxable supply of goods or services if his aggregate turnover in a financial year exceeds Rs. 20,00,000 (Rs. 10,00,000 in case of north eastern states)
- Aggregate Turnover has been defined to mean the aggregate value of all taxable supplies, exempt supplies, exports of goods and/or services and inter-State supplies of a person having the same PAN, to be computed on all India basis and excludes taxes, if any, charged under the CGST Act, SGST Act and the IGST Act, as the case may be.
- Therefore a person’s turnover in a financial year from all his branches, factories, depots or other places of business located across the country should not exceed Rs. 20 Lacs in order not to attract the provisions of the GST. In other words if his turnover on PAN India basis exceeds Rs. 20 Lacs in a Financial year he shall be liable to be registered as per the Schedule V.
- From the above it can be inferred that if a person’s PAN India turnover exceeds Rs. 20 lacs then he should register in every state in which he has a place of business from where he is making taxable supplies. For example Mr A is carrying on business of selling shoes and having showrooms in 20 states then he should get himself registered in all 20 states for the purpose of GST.
- If a person is having a marketing office in a particular state which does not make any taxable supplies, it is not required to be registered separately in that state. Registration is

required in a particular state only when the place of business situated therein is making supply of goods or services.

- Please note here that the turnover includes taxable, exempted, exports and inter-state sales of goods or provision of services all put together. Let us take an example where Mr. X is engaged in provided exempted services of 17 lacs and taxable services of 5 lacs his aggregate turnover would be Rs. 22 lacs and he shall be covered by the provisions of the GST and he is required to register and comply with the GST Law.
- Another important point to be noted here is that as per Section 23(1) the person who is required to be registered as per Schedule V shall be liable to be registered within 30 days of him becoming liable for registration. Similar provisions appear even under the current indirect tax laws also. But what is the significance of this time limit of 30 days in GST?

As per the provisions of Section 18, a person who has applied for registration under the Act within 30 days from the date on which he becomes liable for registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock or contained in Semi-Finished Goods or Finished Goods.

This implies that if the person who is liable to be registered is not applied and obtained registration within 30 days of becoming liable for registration shall be denied the benefit of carry forward of input tax credit with respect to stocks held immediately before registration. This seems to be harsh and punishment for not obtaining registration within the time limit.

Persons who are required to be registered even if the aggregate turnover does not exceed the prescribed threshold limit – Para 6 of Schedule V

So far we have discussed the provisions as to who is liable to be registered under the GST law when their Aggregate Turnover in a financial year exceeds Rs. 20 lacs. Now let us discuss the provisions which require a person to be registered and comply with law irrespective of their turnover being in excess of Rs. 20 lacs in a financial year.

Schedule V Para 6 categorically states that the following person are required to be registered irrespective of the threshold limit of Rs. 20 lacs:

- I. persons making any inter-State taxable supply,
- II. casual taxable persons,
- III. persons who are required to pay tax under reverse charge,
- IV. persons who are required to pay tax under sub-section (4) of section 8 (tax on specified services provided through ECO),
- V. non-resident taxable persons,
- VI. persons who are required to deduct tax under section 46, whether or not separately registered under this Act;
- VII. persons who are required to collect tax under 56,

- VIII. persons who supply goods and/or services on behalf of other taxable persons whether as an agent or otherwise;
- IX. input service distributor, whether or not separately registered under the Act;
- X. persons who supply goods and/or services, other than supplies specified under sub-section (4) of section 8 , through such electronic commerce operator who is required to collect tax at source under section 56,
- XI. every electronic commerce operator,
- XII. every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered taxable person – refer Section 12, Section 10 IGST

Therefore the above mentioned persons shall get themselves registered and pay GST whether or not their Aggregate Turnover in a financial year exceeds Rs. 20 lacs.

Persons who are not required to be registered under the GST Law – Para 2 of Schedule V

The following are the two categories of persons who are absolutely excluded from the responsibility of obtaining registration – Schedule V Para 2:

- I. Persons who are exclusively engaged in the business of supplying good are or services which are wholly exempted from GST;
- II. An Agriculturist.

Persons having multiple business verticals

If a company is having more than one business vertical they they have an option to take separate registration for each such business vertical. For example a company is engaged in manufacture of cement, fertilizers and sugar. In such a case they may obtain 3 registration numbers for each such vertical. It is not mandatory to register each business vertical separately. But if separate registrations are obtained for each such business vertical then they shall be treated as separate persons and any transaction between these verticals will be taxable.

Conclusion

From the above provisions of the Revised Model GST Law pertaining to registration requirements, it is not only for the persons whose aggregate turnover in a financial year exceeds Rs. 20 lacs required to be registered rather any person covered under the list of persons as enumerated in Schedule V is required to be registered and thereby comply with the provisions of the Goods and Service Tax Law. Failure to register in time would disentitle the input tax credit of stocks lying immediately before the date of registration.