♦VAT♦TIN♦

- A dealer who is liable to pay tax and whose turnover exceeds the threshold limits as specified, has to apply for VAT registration and after being registered, he will be issued **VAT TIN.**

- VAT registration is required for any business that is into sales either by way of trading, manufacturing, whether individuals, partnerships, Companies, or other forms of businesses.

VAT ♦ Tax Identification Number

- It will be **11-digit NUMERICAL CODE**.
- **First two digits** will indicate **State Code**
- Each dealer is given 11-digit Tax Identification Number (TIN)

In detail:

- The Tax Payer's Identification Number or **TIN** is **new unique registration number** that is used for **IDENTIFICATION OF DEALERS** registered under VAT.
- TIN is unique number, which is allotted by Commercial tax department of respective State.
- It consists of 11 digit numerals and will be unique throughout the country
- First TWO CHARACTERS will represent the **State Code** as used by the **Union Ministry of Home Affairs**
- The set-up of the next nine characters may, however, be different in different States.
- TIN is being used for identification of dealers in the same way like PAN is used for identification of assesses under Income Tax Act.
- It is to be mentioned in all VAT transactions and correspondence.
- TIN is used to identify dealers registered under VAT.
- TIN is applied for both sales done within a state or between two or more states.
- TIN registration is **MUST** for Manufacture/Traders /Exporters/Dealers.

Understanding of 11 digit TIN

- The **FIRST 2** digit represent the **State Code**.
- The remaining **9 DIGIT** are reserved to represent **Area and District** to which dealer belongs.
  - **Third and Forth digit** represent **District Code**
  - **Fifth & Sixth digit represent Taluka / City code** to which the dealer belongs
  - **Seventh to Eleventh** SR number **00001 to 99999**
- Gujarat allocates separate TINs to dealers for registration under CST and VAT.

Here are FIRST TWO DIGIT of TIN allotted to states

First Two Digits	State	First Two Digits	State
Jammu & Kashmir	01	Assam	18
Himachal Pradesh	02	West Bengal	19
Punjab	03	Jharkhand	20
Chandigarh	04	Orissa	21
Uttaranchal	05	Chhattisgarh	22
Haryana	06	Madhya Pradesh	23
Delhi	07	**Gujarat**	**24**
Rajasthan	08	Daman &Diu	25
Utter Pradesh	09	Dadra &Nagar Haveli	26
Bihar	10	Maharashtra	27
Sikkim	11	Andhra Pradesh	28
Arunachal Pradesh	12	Karnataka	29
Nagaland	13	Goa	30
Manipur	14	Lakshadweep	31
Mizoram	15	Kerala	32
Tripura	16	Tamil Nadu	33
Meghalaya	17	Pondicherry	34
Andaman &Nicobar Island			**35**

BENEFITS of VAT Registration or having VAT -TIN

- After VAT registration, you get your TIN.
- Tax invoices can be issued to other parties, as without TIN, you cannot issue tax invoices.
- Get the benefit of **Input Tax Credit** i.e. the difference between purchase tax and output tax, which will be set-off against the net tax payable if your sales tax arises in transaction.
  - Being VAT registered means that you can **reclaim the tax** you have been charged when buying goods for your organization.
- The **Tax Status** of your business can be seen on **VAT WEBSITES** by just putting your TIN number wherein you get all the details.
- Cost of a registered dealer is **lower than** an unregistered dealer
- **Increases credibility** as some businesses prefer dealing with suppliers that are VAT-registered
  - Being VAT registered creates **more credibility** to your business, making it appear larger than it is, as well as creating a more **professional image**.
  - Registered dealers are preferred while awarding the government contracts.

DISADVANTAGES of Non-Registration:

- Unregistered dealer is liable to pay tax on the purchases effected by him but he cannot collect tax on sales.
- He cannot claim any set off or refund of the tax paid by him.
- He cannot issue forms or declarations like Form C etc.
- **No authenticity** in the market as majority of dealers purchases goods from registered dealers only.
- Possibilities of Non-consideration for awarding the government contracts
- Imposition of penalty and prosecution for **REMAINING UNREGISTERED**

Gujarat Value Added Tax Act, 2003

- Tax on sale of goods within the State is a State subject.

What is VAT?

- Value Added Tax (VAT) is a form of sales tax.
- It is collected in stages on transactions Involving sales of goods.
- Tax paid on purchases (input tax) is rebated against tax payable on sales (output tax).
- VAT is levied on sales of all taxable goods.

WHO SHOULD PAY VAT?

- An individual, partnership, company etc., who sells goods in the course of business and who is registered or is required to register for VAT should pay VAT.

Applicability

VAT **Applies to**

- all types of business segments
- including
    - Importers
    - Exporters,
    - Wholesalers,
    - Retailers,
    - Works contractors,
    - Lessors

WHAT IS OUTPUT TAX?

- It is the VAT chargeable on all the taxable sales made by a VAT dealer.

WHAT IS INPUT TAX?

- It is VAT charged on your purchases of goods.
- If you are registered for VAT, you can normally claim a credit for the VAT charged on most business purchases.

What is Taxable Turnover?

- Taxable turnover is the aggregate total of sale prices of all taxable goods including goods taxable at zero rated.
- Sale price of goods and transactions exempted and VAT charged on taxable sales do not form part of Taxable Turnover.

VAT REGISTRATION i.e. VAT TIN
Threshold limits for registration under VAT:

- **Threshold Limit** of turnover is "**Total Turnover of Rs. 5 Lakh** and **Taxable Turnover of Rs.10, 000" in a year**
- A dealer is liable to pay tax if thresholds exceed in a **previous year** or if threshold exceeds in a **current year**.
- **Two types of Registration**, viz. compulsory and voluntary, are contemplated under the Act.

Compulsory Registration

- A dealer who is liable to pay tax and whose turnover exceeds the threshold limits specified above, has to apply for registration **within 30 days of liability**.

Voluntary Registration

- Where a dealer having fixed or regular place of business in the state, and **who is not required** to obtain registration can apply for Voluntary Registration at any time.

Regardless of TAXABLE TURNOVER, the following dealers must register for VAT at the commencement of their business:

- Every dealer **importing goods** in the course of business from outside the territory of India;
- Every person **residing outside the State** but carrying on business within the State;
- Every dealer registered or liable to be registered under the **Central Sales Tax Act 1956**, or any dealer making purchases or sales in the course of inter-state trade or commerce or dispatches any goods to a place outside the State otherwise than by way of sale;
- Every dealer liable to pay tax at **Special rates specified**
- Every commission agent, broker, auctioneer or any other mercantile agent by whatever name called, who carries on the **business of buying, selling, supplying or distributing goods** on behalf of his **Non-Resident Principal**;
- Every dealer executing any works contract exceeding Rs 5 lakhs for the State Govt. or a local authority and any dealer executing works contracts and opting to pay tax by **way of composition.**

PROCEDURE FOR REGISTRATION UNDER GVAT ACT, 2003

- The dealer has to apply for registration **in Form No. 101** to the registering authority having jurisdiction over his chief place of business.
- Where the dealer has more than one place of business, application is required to be made with the registering authority having jurisdiction over **chief place of business**.
- Only one Registration No. is issued for **all the places** of business within the State.
- The dealer can choose chief place of business from amongst his all the places.
- In case of compulsory registration, if the application is within prescribed time limit of 30 days, the dealer shall get registration from the date, he became liable to pay tax.
- In case of belated application, registration shall be effective from the date of application.
- In case of voluntary registration, it shall be effective from the date of application.

The following information are required to be furnished to the registering authority in **Form No. 101**

Full Name	Address	Date of Birth	PAN	IEC Code No
Central Excise Registration No	Electrical Energy Supply Service No	Enrolment and Registration Certificate Nos. under Gujarat Professional Tax Act	Registration Certificate No. under CST Act	Telephone No, Fax No, Email-id and web-site if any
Status of business	Nature of business activities	Name of the commodities relating to business	Details of bank accounts duly certified by the banker along with date on which threshold turnover limit is crossed	

Form 101	**Application** For VAT Registration
Form 101A	Details of **Additional Places of Business in** the State of Gujarat
Form 101B	Address of **Branches and Godowns** located **outside** Gujarat State
Form 101C	**Specimen signature** of Authorized person is to be furnished.
Form 101D	Details of **Partners / Directors/ Persons** responsible to be furnished
Form 101E	**Addition information of Business** ▪ Details of Licensed Capacity, ▪ Installed Capacity, ▪ Production, ▪ No. of persons employed, ▪ Electricity Consumer No., ▪ Annual consumption of Electricity etc, are to be furnished.
Form 102	**Certification of VAT Registration**
Form No. 106	A declaration in respect of appointment of manager of the business is to be furnished

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