COMPULSORY REGISTRATIONS IN GOODS & SERVICE TAX

Prepared by:-
Pradeep Goyal
Chartered Accountant
pradeepgoyal@kcsassociates.in

COMPULSORY REGISTRATIONS

Exceeds below aggregate turnover limit

(Section 22(1) of CGST/SGST Act/Section 20 of IGST Act/ Section 21 of UTGST Act)

AGGREAGTE TURNOVER (of a person under same PAN on all India Basis)

- ✓ Value of all taxable supplies
- ✗ Value of inward supplies under RCM
- ✓ Exempt supplies
- ✓ Exports of goods or services or both
- ✓ Inter-State supplies
- ✗ GST Taxes & Cesses

STATES

(Other Than Special Category states & includes a Union territory with Legislature- DELHI & PUNDUCHERRY

INR 20 Lakhs

SPECIAL CATEGORY STATES

1. Arunachal Pradesh
2. Assam
3. Jammu & Kashmir
4. Manipur
5. Meghalaya
6. Mizoram
7. Nagaland
8. Sikkim
9. Tripura
10. Himachal Pradesh
11. Uttarakhand

INR 10 Lakhs

UNION TERROTRIES

- The Andaman and Nicobar Islands
- Lakshadweep
- Dadra and Nagar Haveli
- Daman and Diu
- Chandigarh;
- Other Territory

INR 20 Lakhs

Specified Cases

(Section 24 of CGST/SGST Act/Section 20 of IGST Act/ Section 21 of UTGST Act)

In each state/UT, if make taxable supply of goods or services or both from following:-

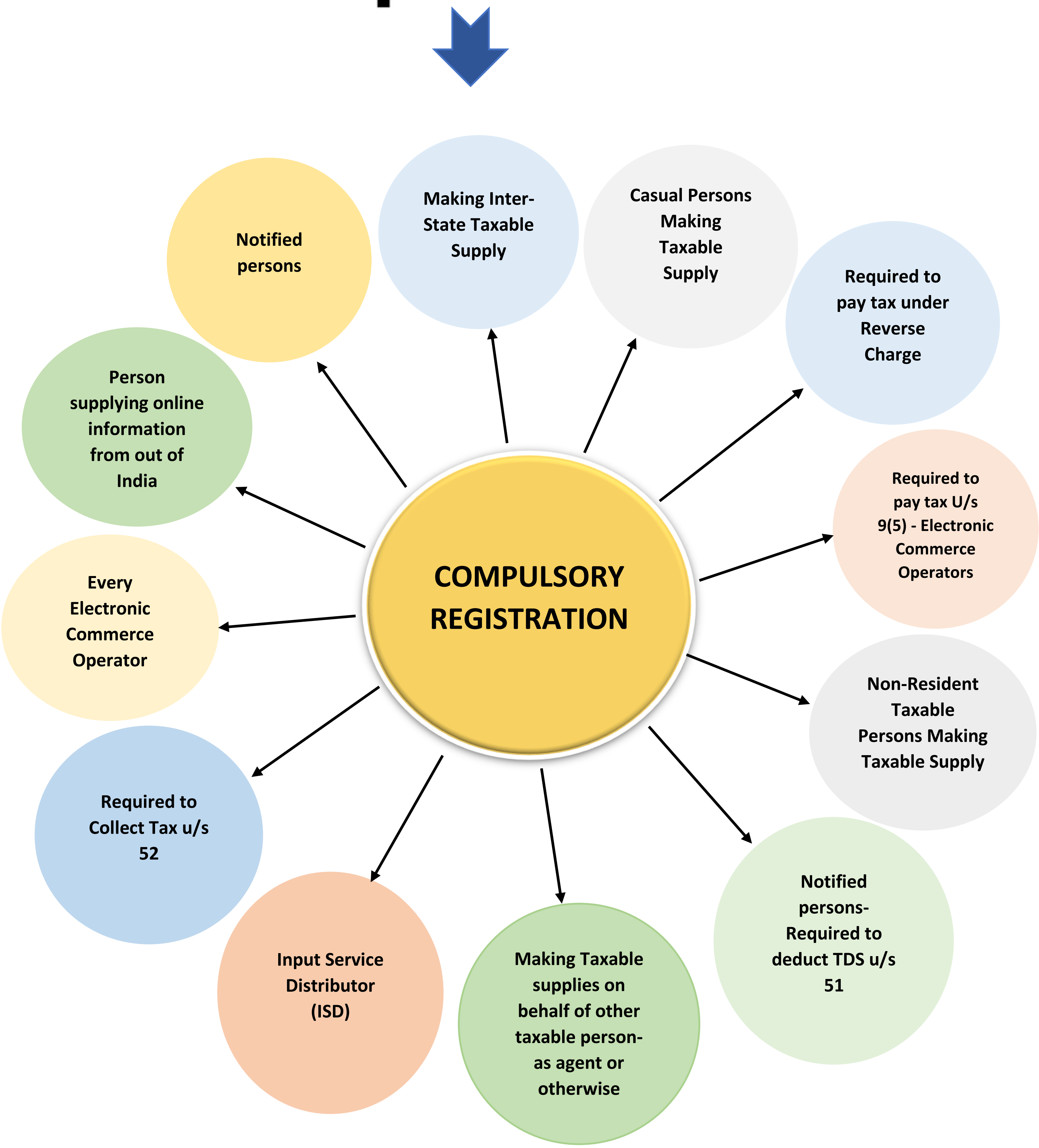
a) Branch Office
b) Agency
c) Representative Office
d) Depot
e) Warehouse
f) Job worker
g) Fixed Establishment
h) Project Office
i) Marketing Office
j) Business Vertical

In case making taxable supply from:-

a) From a state- than apply in that state.
b) From a Union Territory- Than apply in that UT

And will be registered under CGST Act, SGST Act/UTSGT Act & IGST Act under a single GST Registration Number.

Specified


COMPULSORY REGISTRATION
Notified persons
Making Inter-State Taxable Supply
Casual Persons Making Taxable Supply
Required to pay tax under Reverse Charge
Required to pay tax U/s 9(5) - Electronic Commerce Operators
Non-Resident Taxable Persons Making Taxable Supply
Notified persons- Required to deduct TDS u/s 51
Making Taxable supplies on behalf of other taxable person- as agent or otherwise
Input Service Distributor (ISD)
Required to Collect Tax u/s 52
Every Electronic Commerce Operator
Person supplying online information from out of India

❖ **Section 22 of CGST Act, 2017: Persons liable for registration**

NEW CASES

(1) Every **supplier** shall be liable to be registered under **this Act** **in the** **State** or **Union territory**, other than **special category States**, **from where** he **makes** a **taxable supply** of goods or services or both, if his **aggregate turnover** in ***a financial year exceeds twenty lakh rupees***.

Provided that where such person makes taxable supplies of goods or services or both from any of the special category States, he shall be liable to be registered if his aggregate turnover in a financial year ***exceeds ten lakh rupees***.

MIGRATED CASES

(2) Every person who, on the day immediately preceding the appointed day, is **registered or holds a licence under an existing law**, shall be liable to be registered under this Act with effect from the appointed day.

BUSINESS TRANSFER CASES

(3) Where a business carried on by a taxable person registered under this Act is transferred, whether **on account of succession or otherwise**, to another person as a going concern, the transferee or the successor, as the case may be, shall be liable to be registered with effect from the date of such transfer or succession.

(4) Notwithstanding anything contained in sub-sections (*1*) and (*3*), in a case of transfer pursuant to sanction of a scheme or an arrangement for **amalgamation or, as the case may be, demerger** of two or more companies pursuant to an order of a High Court, Tribunal or otherwise, the transferee shall be liable to be registered, with effect from the date on which the Registrar of Companies issues a certificate of incorporation giving effect to such order of the High Court or Tribunal.

EXPLANATIONS TO SECTION

For the purposes of this section:-

(*i*) The expression “aggregate turnover” shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals;

(*ii*) The supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;

(*iii*) The expression “special category States” shall mean the States as specified in sub clause (*g*) of clause (*4*) of article 279A of the Constitution.

❖ Section 2(*105*) of CGST Act: **Supplier**

In relation to any goods or services or both, shall mean the ***person supplying*** the said goods or services or both and shall **include** an ***agent*** **acting as such** **on behalf of such supplier** in relation to the goods or services or both **supplied.**

Section 2(84) of CGST Act: *Person* includes:-

(a) An individual;
(b) A Hindu Undivided Family;
(c) A company;
(d) A firm;
(e) A Limited Liability Partnership;
(f) An association of persons or a body of individuals, whether incorporated or not, in India or outside India;
(g) Any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013;
(h) Anybody corporate incorporated by or under the laws of a country outside India;
(i) A co-operative society registered under any law relating to co-operative Societies;
(j) A local authority;
(k) Central Government or a State Government;
(l) Society as defined under the Societies Registration Act, 1860;
(m) Trust; and
(n) Every artificial juridical person, not falling within any of the above.

❖ **Explanations to Section 8 of IGST Act, 2017**

Explanation 1
For the purposes of this Act, where a person has:-

(i) An establishment in India and any other establishment outside India;
(ii) An establishment in a State or Union territory and any other establishment outside that State or Union territory; or
(iii) An establishment in a State or Union territory and any other establishment being a business vertical registered within that State or Union territory,

Then such establishments shall be treated as establishments of distinct persons.

Explanation 2

A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.

❖ Fixed establishment

Section 2(*7*) of IGST Act, 2017/ Section 2(50) of CGST/SGST Act, 2017/ Section 2(10) of UTGST Act, 2017

Means a place (other than the registered place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services or to receive and use services for its own needs.

❖ Section 2(*18*) of CGST Act, 2017

Business Vertical

Means a distinguishable component of an enterprise that is engaged in the supply of individual goods or services or a group of related goods or services which is subject to risks and returns that are different from those of the other business verticals.

Explanation:-

For the purposes of this clause, factors that should be considered in determining whether goods or services are related include:-

(a) The nature of the goods or services;

(b) The nature of the production processes;

(c) The type or class of customers for the goods or services;

(d) The methods used to distribute the goods or supply of services; and

(e) The nature of regulatory environment (wherever applicable), including banking, insurance, or public utilities;

❖ SECTION 25 OF CGST ACT

(*2*) A person seeking registration under this Act shall be granted a single registration in a State or Union territory:

Provided that a person having multiple business verticals in a State or Union territory may be granted a separate registration for each business vertical, subject to such conditions as may be prescribed.

(*4*) A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be **treated as distinct persons** for the purposes of this Act.

(*5*) Where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be **treated as establishments of distinct persons** for the purposes of this Act.

❖ Section 2(*21*) of IGST Act: Supply

Shall have the same meaning as assigned to it in section 7 of the Central Goods and Services Tax Act;

❖ Section 7 of CGST Act- Defines supply

(*1*) For the purposes of this Act, the expression "supply" includes:-

(*a*) All forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

(*b*) Import of services for a consideration whether or not in the course or furtherance of business;

(*c*) The activities specified in Schedule I, made or agreed to be made without a consideration; and

(*d*) The activities to be treated as supply of goods or supply of services as referred to in Schedule II.

(*2*) Notwithstanding anything contained in sub-section (*1*):-

(*a*) Activities or transactions specified in Schedule III; or

(*b*) Such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

Shall be treated neither as a supply of goods nor a supply of services.

Notification no. 14/2017 (Central Tax-Rate), 11/2017 (Integrated Tax-Rate) & 14/2017 (UT Tax-Rate) all dated 28.06.2017 w.e.f. 01.07.2017

Ffollowing activities or transactions undertaken by the Central Government or State Government or any local authority in which they are engaged as public authority, shall be treated neither as a supply of goods nor a supply of service, namely **"Services by way of any activity in relation to a function entrusted to a Panchayat under article 243G of the Constitution.**" w.e.f. 01.07.2017

(*3*) Subject to the provisions of sub-sections (*1*) and (*2*), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—

(*a*) A supply of goods and not as a supply of services; or

(*b*) A supply of services and not as a supply of goods.

❖ **<u>Section 2(*5*):</u>** ***Agent***

Means a person, including a factor, broker, commission agent, *arhatia*, *del credere* agent, an auctioneer or any other mercantile agent, **by whatever name called**, who **carries on the business of <u>supply</u>** or **<u>receipt</u>** of goods or services or both **<u>on behalf of another.</u> (COVER BOTH BUYING & SELLING AGENTS)**

❖ Section 1(*1*) of CGST Act, 2017: **<u>This Act</u>**

This Act may be called the Central Goods and Services Tax Act, 2017.

❖ Section 2(*103*): **<u>State</u>**

Includes a Union territory with Legislature

❖ Section 2(*114*) of CGST Act: **<u>Union territory</u>**

Means the territory of:-

(a) The Andaman and Nicobar Islands;
(b) Lakshadweep;
(c) Dadra and Nagar Haveli;
(d) Daman and Diu;
(e) Chandigarh; and
(f) Other territory.

Explanation.—For the purposes of this Act, each of the territories specified in sub-clauses (*a*) to (*f*) shall be considered to be a *<u>separate Union territory</u>*.

❖ Explanation (iii) with Section 22: **<u>Special Category States</u>**

The expression "special category States" shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution.

- <u>States specified in Clause 4(g) of Article 279A of COI</u>

  (Inserted after article 279 by THE CONSTITUTION (ONE HUNDRED AND FIRST AMENDMENT) ACT, 2016

  1. Arunachal Pradesh,
  2. Assam,
  3. Jammu and Kashmir,
  4. Manipur,
  5. Meghalaya,
  6. Mizoram,
  7. Nagaland,
  8. Sikkim,
  9. Tripura,
  10. Himachal Pradesh and
  11. Uttarakhand

❖ Section 2(108) of CGST Act: **<u>Taxable Supply</u>**

Means a supply of goods or services or both which is leviable to tax under this Act;

❖ Section 2(6) of CGST Act, 2017: **<u>Aggregate turnover</u>**

Means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of <u>persons having the same Permanent Account Number, to be computed on all India basis</u> but excludes central tax, State tax, Union territory tax, integrated tax and cess.

- Explanation to section 22:-

  For the purposes of this section:-

  i) The expression “aggregate turnover” shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals;

  ii) The supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;

This disquisition is made available by Pradeep Goyal, Fellow Member of The Institute of Chartered Accountants of India for educational purposes only as well as to give you general information and general understanding of the GST law not to provide professional advice. By using this presentation, you understand that there is no professional-client relationship between you and the writer.

This presentation should not be used as a substitute for competent professional advice from a licensed professional who is expert in the field of taxation.