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Registration of GST with practical issues

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Every one know that GST registration is required the moment you cross threshold limit of Rs. 20 lacs and Rs. 10 lacs in NE States. But the most important is the GST registration is mandatory from the day one without any threshold limit.

1. Registration as per Threshold limit. How to compute this threshold limit

Every supplier required to be registered if the above threshold limit has been crossed for the supply of goods or services or both. Except when the supplier deals only in exempted goods or services exclusively. Major problem is how to compute the aggregate turnover so that it can be determine that registration under GST is required or not . when the aggregate turnover of the person exceed the threshold limit , one need to take registration . What is aggregate turnover what its include is very significant here.

"Aggregate turnover" 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 persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;

To understand the aggregate turnover in detail it is mandatory to understand the exempt supplies. Without knowing the exempted supplies, aggregate turnover can not be determined.

"exempt supply" means supply of any goods or services or both which attracts *nil* rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;

What is important here is that Non taxable supply on which GST is not applicable.

Like Salary which is neither goods nor services means thereby that salary is not covered in GST as per Schedule-III, hence salary is non taxable supply.

For Example .

1. **Mr. A is doctor doing and his own practice and his yearly income is Rs. 12lacs and he sit in hospital for two hours in day on salary basis and his salary is Rs. 6 lacs per annum. He has income from commercial building rent which is Rs. 4 lacs . Mr. A in this case is having income more than the threshold limit therefore apply for registration under GST and Pay GST on rent.**

If you do not combine the definition of exempt supply , you can not calculate the applicability of threshold limit.

2. So Mr. A is a farmer with an annual turnover of Rs. 25 lakh. Since this income is agriculture-related, the turnover is exempt from GST. However, Mr. A also supplies plastic bags along with his crop and charges separately for this. His turnover from the sale of plastic bags is Rs. 1 lakh and we know that this transaction (sale of plastic bags) is chargeable to GST. In simple words, his taxable turnover is only Rs. 1 lakh. Going by the aggregate turn over Mr. A is required to get the registration.

2. Case Where no registration is required -Section-23.

- Person making interstate supply of taxable services and having aggregate turnover , to be computed on all India basis, not exceeding amount of Rs.20 lacs(Rs. 10 lacs in Special category State). Notification No. 10 dated 13.10.2017.
- Any person engage in making supply of exempted goods or services even though supplies exceeds the threshold limit.
- A agriculturist to the extend of supply of produce out of cultivation of land.

3. **Compulsory Registration is required in the following cases without any threshold limit.**

- Casual Taxable person.
- Person required to pay tax under reverse charge
- Person making any inter-state Supply now exempted vide **Notification no. 10 dated 13.10.2017.**
- Non resident person making taxable supply.
- Input service distributor.
- Person required to deduct TDS under section 51 .
- Every electronic commerce operator.
- Person who supply goods or service other than supplies specifies in Section 9[5], through such electronic commerce operator who is required to collect tax under section 52. [other than supplies specified under subsection (5) of section 9 is allowed to take benefit of threshold limit vide **Notification No. 65/2017 – Central Tax dt. 15/11/2017**].
- Every person supplying online information and data base access or retrieval service from place outside India, other than the registered person.
- Person required to pay tax under section 9[5].
- Person who makes taxable supply of goods or services or both on behalf of other taxable person whether as agent or otherwise.

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