

ATHENA NEWSLETTER



GST 10-point Series

A quick and efficient mode to understand important aspects of the biggest tax reform in India

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01

COMPULSORY REGISTRATION

Schedule III of the CGST Act/ SGST Act list out the person who are compulsorily required to get themselves registered. In the following paragraphs we are analysing the said list.

02

Every **supplier** is liable to be registered in the state from where he makes a taxable supply of goods and/or services if his **aggregate turnover** in a financial year exceeds Rs 9 lakh (Rs 4 Lakh in case of business in North East India).

03

“Aggregate turnover” means the aggregate value of all:

- ☑ taxable supplies, non-taxable supplies, exempt supplies and exports of goods and/or services
- ☑ 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.
- ☑ Aggregate turnover does not include the value of supplies on which tax is levied on reverse charge basis and the value of inward supplies
- ☑ For the purpose of registration “aggregate turnover” shall include all supplies made by taxable person, whether on his own account or made on behalf of all his principles

04

Thus If a person’s aggregate turnover is Rs.10 Lakh out of which Rs. 8 Lakh is non taxable and 2 lakh is taxable then also he is required to obtain registration. However he is required to obtain registration only in those states from where taxable supplies are made.

05

Further if a person’s aggregate turnover is Rs.11 Lakh and whole turnover is on account of supply of goods exempted vide notification issued under Section 10 then in such a case although the aggregate turnover exceed Rs. 9 lakh rupees but he is not required to take registration as there is no state from where he is making taxable supplies.

06

Furthermore if a person deals exclusively in Goods/ services that are **not liable to tax** under this Act then he is not required to apply for registration. “Not liable to tax” means that the supplies are outside the levy itself. This phrase will not cover the supplies, which are otherwise taxable but declared as exempt by way of schedule or exemption notification issued under Section 10 of SGST Act/ CGST Act.

07

Every person who, on the day immediately preceding appointed day, is registered or holds a license under an earlier law, then he is liable to obtain registration with effect from appointed date. In the draft Act, definition of earlier law is left blank.

08

Where a business carried on by a taxable person registered under this Act is transferred, to another person as a going concern **Transferee/ successor** is be liable to be registered with effect from the date of such transfer.

09

Following persons are liable obtain registration irrespective of the threshold limit specified above:

- ☑ persons making any inter-State taxable supply;
- ☑ casual taxable persons (“**casual taxable person**” means a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business whether as principal, agent or in any other capacity, in a taxable territory where he has no fixed place of business);
- ☑ persons who are required to pay tax under **reverse charge**; In case of reverse charge a person is required to take registration in each state where he is receiving goods/ services on which reverse charge apply
- ☑ **non-resident taxable persons**;
- ☑ persons who supply goods and/or services on behalf of other registered taxable persons whether as an **agent** or otherwise;
- ☑ persons who supply goods and/or services, other than branded services, through electronic commerce operator; however people selling goods on OLX or on similar ECO may not be required to obtain registrations as they are not selling in course of furtherance of business.
- ☑ every electronic commerce operator such as flipkart, amazon, food panda, etc. ;
- ☑ an aggregator who supplies services under his brand name or his trade name such as Ola, Airbnb;
- ☑ persons who are required to deduct tax under Section 37
- ☑ input service distributor (“ISD”)

10 Once a person is registered, he is required to undertake various compliances such as filing of returns and statements, maintaining of records etc as prescribed in the Act.

ABOUT THIS PUBLICATION

This publication forms part of 10-point series by Athena Law Associates, to help readers quickly understand key provisions of the Model Goods & Services Tax (GST) law proposed to be implemented in India, starting April 2017.

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Contact Us

Athena Law Associates
Puneet AgrawalCA, LLB
Partner, Athena Law Associates
puneet@athenalawassociates.com
+91 9891898911
<http://athena.org.in/>

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