

# *Provisions under GST* **REGISTRATION**

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# REGISTRATION (Section 19)

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- Section 19(1) has to be read with Schedule III which provides for liability to be registered:
  - Paragraph 1 of Schedule III makes every supplier 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 twenty lakh, or
    - in cases of taxable person conducting business in any of the NE states including Sikkim, his aggregate turnover in a financial year exceeds Rs ten lakh.
  - Paragraph 2 of Schedule III makes every such person liable to be registered with effect from the appointed day, who was registered or held a license on the day immediately preceding appointed day under an earlier law.
    - Paragraph 5 also provides that persons who are required to deduct tax under Section 37 and input service distributor are also required to be registered.

# REGISTRATION ( Section 19)

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- Proviso to Section 19(1) provides that a person who is already registered under an earlier law will not be required to apply for fresh registration under this section. However, Input Service Distributor will have to apply for fresh registration.
- It provides that having a PAN is a precondition to be registered under 19(1), 19(2) and 19(3). [Section 19(4)]
- It is not necessary for a non-resident taxable person to have a PAN to be able to get registration. He can be registered on the basis of any other prescribed document. [Section 19(4A)]
- It provides that any rejection of application for registration or the Unique Identity Number under the CGST Act shall be deemed to be a rejection of application for registration under the SGST Act and vice-versa. [Section 19(10)]
- It provides that the grant of registration or the Unique Identity Number under the CGST Act shall be deemed to be a grant of registration or the Unique Identity Number under the SGST Act provided that the application for registration or the Unique Identity Number has not been rejected under SGST Act and vice-versa. [Section 19(11) ]

# Compulsory Registration

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- As per paragraph 5 in Schedule III of MGL, the following categories of persons shall be required to be registered compulsorily irrespective of the threshold limit :
  - a) *persons making any inter-State taxable supply;*
  - b) *casual taxable persons;*
  - c) *persons who are required to pay tax under reverse charge;*
  - d) *non-resident taxable persons;*
  - e) *persons who are required to deduct tax under section 37;*
  - f) *persons who supply goods and/or services on behalf of other registered taxable persons whether as an agent or otherwise;*
  - g) *input service distributor;*
  - h) *persons who supply goods and/or services, other than branded services, through electronic commerce operator;*
  - i) *every electronic commerce operator;*
  - j) *an aggregator who supplies services under his brand name or his trade name; and*
  - k) *such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council.*

# Advantages of getting registered

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- Legally recognized as a *supplier* of goods or services
- Ease of accounting
- Ease of passing credit

## **Athena Comment:**

- *A person without GST registration can neither collect GST from his customers nor claim any input tax credit of GST paid by him.*

# Assumptions

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- The GST model proceeds on the following assumptions, thereby increasing the significance of registration:
  - Non-registered person cannot claim credit, or collect GST from customers
  - Below the prescribed threshold, no need to take registration
  - Though, voluntarily a person may get registered; and be entitled to credit
  - Threshold to opt for Compounding scheme, under which a lump sum tax may be paid but will not be allowed to take credit
  - Irrespectively, in case of inter-state supplies or GST payment under reverse charge, compulsory registration; not eligible for compounding or exemption threshold
  - Existing registered dealers will be allotted a GSTIN

# Registration Number

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- PAN-based 15-digit unique GSTIN
- First 2 digits are the State Code (as per Indian Census, 2011); 13<sup>th</sup> digit is an alphanumeric business - specific; 14<sup>th</sup> digit to be kept blank for future use
- Multiple registrations for a business within a state may be allowed, on the following conditions:
  - Credit across business verticals allowed only where actual supplies made
  - For the purpose of recovery of dues, all verticals to be treated as a single entity



# Tax Return Preparer & Facilitation Centre

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- For taxpayers not well versed with technology, facility of a tax return preparer (TRP) given
- TRPs would be approved by the tax authorities (pending approval of the Law Drafting Committee)
- TRP would proceed with registration formalities for such taxpayers; though responsibility of all documents submitted will be solely of the taxpayer
- Facilitation Centres (FCs) would be responsible for digitization of all documents, forms etc; uploading the same on the common portal; a copy of acknowledgment in this regard will be given to the taxpayer

# Procedure for Registration

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- All interactions of dealers with the tax officials vide the common portal set up by GSTN; back end integration with the Centre's & respective State's IT systems
- Migration for existing dealers
- Application to be submitted with relevant records, for new applicants; verification of PAN mandatory without which dealer will not be registered
- For ease of communication, taxpayer must keep all information in their respect fully updated

# Procedure for Registration – New Applicants

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- All applications to be made to the common portal, either directly or through the FCs
- Documents (scanned) and forms, will be required to be filled out for the purpose of registration
- Details as to username & password will be provided to the taxpayers by SMS or email; in case of applications through FCs, on the email ids furnished
- Transaction charge payable at the GSTN
- Processing of application to be done by the common portal, including all verifications and validations
- Application will then be passed on from the common portal to that of the respective States', for validation by the State's IT systems within 3 working days

# Procedure for Registration – New Applicants

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- If all uploads in order – registration certificate will be automatically generated
- In case any authority raises any query, the same shall be communicated to the applicant, and steps taken to rectify the same within the prescribed time period (3 working days)
- In case either Centre or State rejects the application, registration will be refused; deeming provision in this regard may be incorporated in the law
- Reasons for such rejection will be given by way of a speaking order; taxpayer would have a right to appeal
- Communications as to status of application may be given through e-mail or SMS

# Procedure for Registration – Existing Registrants

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- Migration would be available for existing registrants
- All existing data will be migrated to the common portal electronically
- The same would be done in advance for ease in transition
- Under the GST regime, state wise registration will be required to be taken; while under the current regime, registration with both the States as well as Centre is required
- This approach will be adopted to minimize disruption in business for the existing registrants

## Registration – Compounding Dealers

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- Dealers falling within the Compounding threshold may opt for the compounding scheme, whereby tax will be required to be paid at a compounded rate
- Dealers must indicate if they are opting for the compounding scheme, such that the common portal would flag them separately as compounding dealers
- In case he opts out, or crosses the threshold, the flag would be removed though the dealer will be allowed to function under the same registration number

# Amendment of registration

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- Every registered person shall inform the proper officer of any changes in the information furnished at the time of registration or that furnished subsequently in the manner and within the period as prescribed.
- The proper officer may approve or reject amendments in the registration particulars on the basis of information furnished in the manner and within the period as prescribed.
- No rejection on the request for amendment shall be done by the proper officer without giving a show cause notice and a reasonable opportunity of being heard.
- Any rejection or approval of amendments under CGST Act/SGST Act shall be deemed to be a rejection or approval of amendments under SGST Act/CGST Act.

# Cancellation of registration

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- The proper officer may, on the following circumstances, either on his own motion or on an application filed by the registered taxable person or by his legal heirs, in case of death of such person, cancel the registration:
  - the business has been discontinued, transferred fully for any reason including death of proprietor, amalgamated with other legal entity, demerged or otherwise disposed of ;
  - there is any change in the constitution of business;
- The proper officer may, cancel the registration of taxable person from such date including any anterior date, as he may deem fit, where-
  - the registered person has contravened such provisions of the Act or rules made thereunder as may be prescribed;
  - Person paying tax under section 8 has not furnished returns for three consecutive tax periods;
  - Any taxable person, other than the person specified above , has not furnished returns for a continuous period of six months;
  - Any person who has taken voluntary registration under sub-section (3) of section 19 has not commenced business within six months from the date of registration.



# Cancellation of registration

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- In case of registration obtained by fraud, willful misstatement or suppression of facts, the proper officer may cancel the registration retrospectively.
- The proper officer shall not cancel registration without giving show cause notice or an opportunity of being heard.
- The cancellation of registration shall not affect the liability of the taxable person to pay tax and other dues under the Act for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.
- Every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit or cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher, calculated in such manner as may be prescribed;
- The amount payable shall be calculated in accordance with generally accepted accounting principles in such manner as may be prescribed.

# Revocation of cancellation of registration

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- Any registered taxable person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in the prescribed manner within thirty days from the date of service of the cancellation order.
- The proper officer may either revoke cancellation of the registration or reject the application for revocation for good and sufficient reasons and shall do the same following the principles of natural justice.

# Cancellation/ Surrender of Registration Certificate

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- Registration Certificates may be cancelled or surrendered in the following situations:
  - Closure of business
  - Turnover falling below the threshold for registration
  - Transfer of business for any reason
  - Amalgamation of taxable person with other legal entity
  - Non-commencement of business within stipulated time
- Acknowledgment of surrender will be given to the taxpayer by SMS or email

# Cancellation/ Surrender of Registration Certificate

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- Cancellation may be done by the authorities in the following situations:
  - Non-submission of application form even after a reminder
  - contravention of law
  - Non filing of returns for any period
- Dealer may get the cancellation/ surrender revoked subsequently

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# THANK YOU

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