

Persons who are liable to obtain registration (Section 22 and 24)

- 1** Section 22 and Section 24 of the CGST/ SGST Act lists out the persons who are required to get themselves registered.

- 2** Every **supplier** is liable to be registered
 - i. in *the State or Union territory*
 - ii. from where *he makes a taxable supply* of goods or services or both
 - iii. if his **aggregate turnover** in a financial year exceeds Rs. 20 lakh [Rs. 10 Lakh in case where such person makes taxable supplies of goods or services or both from any of the States specified in sub-clause (g) of clause (4) of Article 279A¹],

- 3** “Aggregate turnover” means
 - i. the aggregate value of all
 - a. taxable supplies (excludes the value of inward supplies on which tax is payable by a person on reverse charge basis),
 - b. exempt supplies,
 - c. exports of goods and/or services,
 - d. and inter-State supplies
 - ii. of a person having the same PAN, to be computed on all India basis
 - iii. Aggregate value to **excludes** taxes, if any, charged under the CGST Act, SGST Act and the IGST Act, as the case may be;
 - iv. For the purpose of registration, aggregate turnover would include all supplies made by the taxable person, whether made on his own behalf or made on behalf of all his principals.

¹ Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand

4 **Example 1** - A person's aggregate turnover is Rs. 21 Lakh out of which Rs. 15 Lakh is Delhi (taxable), 2 lakh in Haryana (exempt) and Rs. 4 Lakh in Rajasthan (taxable). He is required to obtain registration. Further, he is required to obtain registration only in Delhi and Rajasthan, states from where taxable supplies are made.

Example 2 – A person is supplying services, on which tax is payable under reverse charge basis, and has an aggregate turnover of Rs. 50 lakh in a financial year. As per the current provisions it seems he is liable to obtain registration even though he is not liable to pay any tax under the Act.

5 Following persons shall not be liable to registration –

- i. any person engaged *exclusively* in the business of supplying goods or services or both that are *not liable to tax* under CGST Act or IGST Act;
- ii. any person engaged *exclusively* in the business of supplying goods or services or both that are *wholly exempt* from tax under CGST Act or IGST Act
- iii. an *agriculturist*, to the extent of supply of produce out of cultivation of land –

Agriculturist means an individual or HUF who undertakes cultivation of land (defined in Section 2(7) of the CGST Act) as

- a* *by own labour, or*
- b* *by the labour of family, or*
- c* *by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family*

6 Every person who, on the day immediately preceding **appointed day**², is registered or holds a license under an **existing law**, then he is liable to obtain registration under the CGST Act with effect from appointed day. “Existing law” means any law, notification, order, rule or regulation relating to levy and collection of duty or tax on goods or services or both passed or made before the commencement of this Act by Parliament or any Authority or person having the power to make such law, notification, order, rule or regulation [Section 2(48) of the CGST Act].

7 Where a business carried on by a taxable registered person under the CGST/ SGST Act is transferred to another person as a going concern, **transferee/ succesor** shall be liable to be registered with effect from the date of such transfer/ succession.

² Means the date on which Section 1 of CGST/ SGST Act comes into force

- 8 In a case of transfer pursuant to amalgamation or de-merger of two or more companies by an order of a High Court, the transferee shall be liable to be registered, where required, 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.
- 9 Following persons are liable to obtain registration irrespective of the threshold limit of Rs. 20 lakh/ 10 Lakh as the case may be. This means that a person is required to get himself registered as soon as he falls in any of the category of the list below even if his aggregate turnover is less than Rs.20 lakh/ 10 lakh. (Section 24 of the CGST Act):
- i. persons making any ***inter-State taxable supply***;
 - ii. ***casual taxable persons*** making taxable supplies;
 - iii. 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 or Union territory where he is receiving goods or services on which reverse charge apply
 - iv. ***non-resident taxable persons***;
 - v. ***input service distributor*** (“ISD”), whether or not separately registered;
 - vi. persons who make taxable supply goods or services or both on behalf of other taxable persons whether as an ***agent*** or otherwise;
 - vii. persons who are required to ***deduct tax under section 51***, whether or not separately registered under this Act; (*even though a person liable to deduct tax under section 51 is already registered under CGST/SGST Act as supplier for goods or services, he is required to take a separate registrations as tax deductor/collector*);
 - viii. persons who supply goods and/or services, other than services specified under Section 9(5), through such electronic commerce operator who is required to collect tax at source under Section 52 (*Illustration - In terms of this, it seems supplier of goods and/or services via ECO is required to obtain registration*);
 - ix. every ***electronic commerce operator*** (*such as flipkart, amazon, foodpanda*).;
 - x. person who is required to pay tax under Section 9(5) of the CGST/ SGST Act (*Specified categories of services the tax on which shall be paid by ECO if such services are supplied by it*)
 - xi. every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered taxable person; and
 - xii. such other notified person(s)

- 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 CGST/ SGST Act.