

# Goods and Service Tax

## Unit 3

### Registration Under GST:

The provision of GST registration has been prescribed under **chapter VI** of the **CGST Act, 2017** and **Section 22 to Section 30** of the CGST Act, deals with the registration by every supplier of goods and services.

### Advantages of Registration:

- Registration is a basic requirement to run the network of GST.
- Registration is an Authority available to the Registered Person to collect tax on behalf of the Government.
- Registration is a source by which the Registered Person can claim input Tax Credit.
- Seamless flow of Input Tax Credit among the Registered Persons in national level is happened due to this Registration.
- Registration is a tool for the Government. By this Tool the Government analysis the economy through data available in accounts of Registered Persons.

### Liability to Register

According to **Section 22 (1) of the CGST Act, 2017:**

If the Supplier makes a **taxable supply** from his State or Union territory and his **aggregate turnover** in a financial year **exceeds twenty lakh rupees**, he shall be liable to be registered.

**Section 2 (6) of the Act for Aggregate Turnover** – “**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.

Thus, Aggregate Turnover is a total of turnover of all branches all over of India of the Supplier having same PAN.

In case of eleven special category states: 1. Arunachal Pradesh; 2. Assam; 3. Manipur; 4. Meghalaya; 5. Mizoram; 6. Nagaland; 7. Tripura; 8. Sikkim; 9. Jammu and Kashmir; 10. Himachal Pradesh; 11. Uttarakhand (as mentioned in Art. 279A (4) (g) of the Constitution of India), this threshold limit for registration liability is 10 lakh rupees.

### Important Points

- Every person who is registered under an earlier law will take registration under GST too.
- Where a business which is registered has been transferred to someone, the transferee shall take registration with effect from the date of transfer.
- Registration is mandatory for anyone who makes interstate supply of goods and or services.

### Compulsory Registration:

The following categories of persons are required to be registered compulsorily irrespective of the threshold limit:

- Persons making any inter-state taxable supply, except persons making inter-state supply of certain handicraft goods, and services;
- Casual taxable persons except persons making supply of certain handicraft goods;
- Persons who are required to pay tax under reverse charge;
- non-resident taxable persons making taxable supply;
- persons who make taxable supply of goods or services on behalf of other registered taxable persons whether as an agent or otherwise;
- Input service distributor (whether or not separately registered under the Act);
- Every electronic commerce operator;
- Every person supplying online information and database retrieval services from a place outside India to a person in India, other than a registered person.

Time limit is within 30 days from the date on which he becomes liable to registration.

**Casual Taxable Person-** A casual taxable person is a person who occasionally undertakes transactions involving the supply of goods or services or both in the course of business, where as principal, agent or any other capacity, in a state or a union territory where the entity has no fixed place of business.

### **Exemption from GST Registration**

The following shall not be required to obtain registration and will be allotted a UIN (Unique Identification Number) instead. They can receive refund of taxes on notified supplies of goods or services received by them:

1. Any specialised agency of UNO (United Nations Organisation) or any multilateral financial institution and organisation notified under the United Nations Act, 1947.
2. Consulate or Embassy of foreign countries
3. Any other person notified by the Board/Commissioner, The central government or state government may be based on the recommendation of the GST council, notify exemption from registration to specific persons.

### **Process of GST Registration**

Any person can perform the process of registration online through a portal maintained by Central Govt. of India. According to GSTN, the registration process is as follows:

- The applicant will need to submit his PAN, mobile number and email address in part A of form GST REG-01 on the GSTN portal or through facilitation centre (notified by the board or commissioner).
- The PAN is verified in this portal. Email address and mobile numbers are verified with a one-time password (OTP). Once the verification is complete the applicant will receive an application reference number on the registered mobile number and via email. An acknowledgement is issued to the applicant in FORM GST REG-02 electronically.
- Applicant needs to fill part-B of Form GST REG-01 and specify the application reference number. After attaching the required documents, you can submit the form.
- If additional information is required, Form GST REG-03 is issued. Applicant needs to respond in form GST REG-04 with required information within 7 working days from the date of receipt of Form GST REG-03.

- If you have provided all the required information via Form GST REG-01 or Form GSTREG-04, the registration certificate in Form GST REG-06 for the principal place of business as well as for every additional place of business will be issued to the applicant. Suppose the person has multiple business verticals within a state he can file a separate application for the registration in Form GST REG-01 for each business verticals. If the details submitted are not satisfactory, the registration application is rejected using Form GST REG-05. The applicant who is required to deduct TDS or collect TCS shall submit an application in Form GST REG-07 for registration. If he is no longer liable to deduct/collect tax at source then the officer may cancel and communicate the cancel of registration.

## **Composition Scheme**

### **Section 10, CGST Act, 2017**

Composition scheme or composition levy was introduced with the aim to make GST process simple for the “small taxpayers”. The small taxpayer can now get relaxation from high rate of GST and unnecessary procedural formalities.

“Small taxpayers” are the registered supplier under GST who satisfies the eligibility criteria for composition levy as stated below:

1. The aggregate turnover of registered supplier in the preceding financial year did not exceed 1.5 Cr (from 1.04.2019, earlier the limit was 1 Cr) and 75 Lakh in case if registered (under Section 25, CGST Act) person belongs to Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand.

#### **Important points to be noted while calculating aggregate turnover:-**

- A. Aggregate turnover for the above condition includes
    - a. All taxable supplies of goods and services
    - b. The exempted Supplies
    - c. Export of Goods and services
    - d. Inter- state supplies
  - B. Aggregate turnover should take into consideration supplies for all units/ Branches of the registered person having same permanent account number (PAN).
  - C. Aggregate turnover excludes reverse charge mechanism and any type of GST amount such as IGST, CGST, SGST/UTGST.
  - D. Composition person can also supply service other than restaurant services to the extent of 10% of turnover in preceding year or 5,00,000 Rs whichever is higher.
2. If Registered person is involved in supply value above the amount as mentioned in point D) above then he cannot opt for composition scheme.

#### **Suppliers who cannot opt for a composition scheme are:**

1. If a registered person is engaged in inter-state outward supplies of goods
2. Registered Supplier manufactures Ice- cream, pan masala, aerated water and tobacco products
3. Registered supplier supply goods through e-commerce operator
4. Registered person is casual taxable person or non- resident person
5. If dealer supply GST exempted goods then he cannot opt for the scheme

## **Documentation**

### **Tax Invoice**

Section 2(66) defines invoice as “invoice” or “tax invoice” means tax invoice referred to it in section 31.

In common parlance, invoice is a document issued to the addressee specifying the nature of taxable supply made and also the value of taxable supply in addition to other information. It indicates the amount receivable by the person issuing the invoice from the person to whom the invoice is issued. It is normally issued after the completion of supply of goods or services.

### **Importance of Tax Invoice**

- Under GST, a tax invoice is an essential document for the recipient to avail Input Tax Credit (ITC).
- A registered person cannot avail Input Tax Credit unless he is in possession of a tax invoice or a debit note.
- GST is chargeable at the time of supply. Invoice is an important indicator of the time of supply.

### **Contents of Tax Invoice**

- a) Name, address and GSTIN of the supplier
- b) A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters like hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year
- c) Date of its issue
- d) Name, address and GSTIN or UIN, if registered, of the recipient.
- e) Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more
- f) HSN code of goods or Accounting Code of Services
- g) Description of goods or services
- h) Quantity in case of goods and unit or Unique Quantity Code there of
- i) Total value of supply of goods or services or both
- j) Taxable value of supply of goods or services or both, taking into account the discount or abatement, if any
- k) Rate of tax (Central tax, State tax, Integrated tax, union territory tax or cess)
- l) Amount of tax charged in respect of taxable goods or services (Central tax, State tax, Integrated tax, union territory tax or cess)
- m) Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce
- n) Address of delivery where the same is different from the place of supply
- o) Whether the tax is payable on reverse charge basis
- p) Signature or digital signature of the supplier or his authorized representative

### **Bill of Supply [Section 31(3)(c) of the CGST Act, 2017]**

A bill of supply is similar to a GST invoice except that bill of supply does not contain any tax amount as the seller cannot charge GST to the buyer.

A bill of supply is issued in cases where tax cannot be charged:

- Registered person is selling exempted goods/services,
- Registered person has opted for composition scheme.

### **Contents of Bill of supply:**

A bill of supply shall be issued by the supplier containing the following details:

- a) Name, address and GSTIN of the supplier
- b) A consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters like hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination there of, unique for a financial year
- c) Date of its issue
- d) Name, address and GSTIN or UIN, if registered, of the recipient
- e) HSN Code of goods or Accounting Code for Services
- f) Description of goods or services or both
- g) Value of supply of goods or services or both taking into account discount or abatement, if any
- h) Signature or digital signature of the supplier or his authorized representative

### **Manner of Issuing Invoice [Rule 48 of the CGST Act, 2017]**

- 1) The invoice shall be prepared in triplicate, in the case of supply of goods, in the following manner, namely,- by marking on face of the invoice
  - a) Original for Recipient;
  - b) Duplicate for Transporter; and
  - c) Triplicate for Supplier.
- 2) The invoice shall be prepared in duplicate, in the case of the supply of services, in the following manner, namely,-
  - a) Original for recipient; and
  - b) Duplicate for supplier.
- 3) The serial number of invoices issued during a tax period shall be furnished electronically through the common portal in FORM GSTR-1.

### **Receipt Voucher on Receipt of Advance Payment [section 31(3)(d) of the CGST Act, 2017]**

Whenever a registered person receives an advance payment with respect to any supply of goods or services or both, he has to issue a receipt voucher or any other document, containing such particulars as per Rule 50 of the CGST Rules, 2017 evidencing the receipt of such payment.

Proviso to Rule 50 of the CGST Rules, 2017, if at the time of receipt of advance,

- i. The rate of tax is not determinable, the tax may be paid@18%;
- ii. The nature of supply is not determinable, the same shall be treated as inter-State supply.

### **Invoice and Payment Voucher by a Person liable to pay Tax under Reverse Charge [section 31(3)(f)&(g) of the CGST Act, 2017]:**

A registered person liable to pay tax under reverse charge (both for supplies on which the tax is payable under reverse charge mechanism and “supplies received from unregistered persons suspended till 31st March 2018”) has to issue an invoice in respect of goods or service or both received by him. Such a registered person in respect of such supplies also has to issue a payment voucher at the time of making payment to the supplier.

### **Refund Voucher [section 31(3)(e) of the CGST Act, 2017]:**

Where any such receipt voucher is issued, but subsequently no supply is made and no tax invoice is issued, the registered person who has received the advance payment can issue a refund voucher against such payment as per Rule 51 of the CGST Rules, 2017.

### **Credit Note**

In cases where tax invoice has been issued for a supply and subsequently it is found that the value or tax charged in that invoice is more than what is actually payable/ chargeable or where the recipient has returned the goods, the supplier can issue a credit note to the recipient.

A registered person who issues such a credit note has to declare details of such credit note in the return for the month during which such credit note has been issued but not later than

- September following the end of the financial year in which such supply was made
- or**
- The date of furnishing of the relevant annual return, whichever is earlier.

The tax liability of the registered person will be adjusted in accordance with the credit note issued, however no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

### **Debit Note**

In cases where tax invoice has been issued for a supply and subsequently it is found that the value or tax charged in that invoice is less than what is actually payable/ chargeable, the supplier can issue a debit note to the recipient. Any registered person who issues a debit note in relation to a supply of goods or services or both, shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.

### **GST Return**

A GST return is a document containing details of all income/sales and/or expenses/purchases that a GST-registered taxpayer (every GSTIN) is required to file with the tax administrative authorities. This is used by tax authorities to calculate net tax liability.

Under GST, a registered dealer has to file GST returns that broadly include:

- Purchases
- Sales
- Output GST (On sales)
- Input tax credit (GST paid on purchases)

To meet the concept of digital India, the Government of India made it mandatory to file all returns electronically.

Moreover, one of the basic features of the returns mechanism in GST include electronic filing of returns, uploading of invoice level information and auto-population of information relating to Input Tax Credit (ITC) from returns of supplier to that of recipient, invoice-level information matching and auto reversal of Input Tax Credit in case of mismatch.

The returns mechanism is designed to assist the taxpayer to file returns and avail ITC.

Under GST, a regular taxpayer needs to furnish monthly returns and one annual return. There are separate returns for a taxpayer registered under the composition scheme, non-resident taxpayer, taxpayer registered as an Input Service Distributor, a person liable to deduct or collect the tax (TDS/TCS) and a person granted Unique Identification Number.

It is important to note that a taxpayer is NOT required to file all types of returns. In fact, taxpayers are required to file returns depending on the activities they undertake.

Returns can be filed using any of the following methods:

1. GSTN portal ([www.gst.gov.in](http://www.gst.gov.in))
2. Offline utilities provided by GSTN
3. GST Suvidha Providers (GSPs)

Following table lists the various types of returns under GST Law:

<b>Return Form</b>	<b>Particulars</b>	<b>Frequency</b>	<b>Due Date</b>
GSTR- 1	Details of outward supplies of taxable goods and/or services effected (Section 37 of the CGST Act, 2017).	Monthly	10th of the next month
GSTR- 2	Details of inward supplies of taxable goods and/or services effected claiming input tax credit (Section 38 of the CGST Act, 2017).	Monthly	15th of the next month
GSTR- 3	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax (Section 39(1) of the CGST Act, 2017).	Monthly	20th of the next month
GSTR- 3B	Simple return for Jul 2017- Mar 2018	Monthly	20th of the next month
GSTR- 4	Return for compounding taxable person (Section 39(2) of the CGST Act, 2017)	Quarterly	18th of the month succeeding quarter
GSTR- 5	Return for Non-Resident foreign taxable person (Section 39(5) of the CGST Act, 2017)	Monthly	20th of the next month or within 7 days after the last day of the period of registration specified u/s 27(1), whichever is earlier
GSTR- 6	Return for Input Service Distributor (Section 39(4) of the CGST Act, 2017)	Monthly	13th of the next month

GSTR- 7	Return for authorities deducting tax at source (Section 39(3) of the CGST Act, 2017)	Monthly	10th of the next month
GSTR- 8	Details of supplies effected through e-commerce operator and the amount of tax collected	Monthly	10th of the next month
GSTR- 9	Annual Return (section 44 of the CGST Act,217) a) Who Files: Registered Person other than an ISD, TDS/TCS Taxpayer, Casual Taxable Person and Non-resident Taxpayer. b) In this return, the taxpayer needs to furnish details of expenditure and details of income for the entire Financial Year.	Annually	31st December of next financial year
GSTR- 10	Final Return (Section 45 of the CGST Act, 2017)	Once. When registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR- 11	Details of inward supplies to be furnished by a person having UIN and claiming refund.	Monthly	28th of the month following the month for which statement is filed

There are 13 returns under GST. They are the GSTR-1, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR-7, GSTR-8, GSTR-9, GSTR-10, GSTR-11, CMP-08, and ITC-04. However, all returns do not apply to all taxpayers. Taxpayers file returns based on the type of taxpayer/type of registration obtained.

Eligible taxpayers, i.e. with a turnover exceeding Rs.5 crore are also required to also file a self-certified reconciliation statement in Form GSTR-9C.

Besides the GST returns that are required to be filed, there are statements of input tax credit available to taxpayers, namely GSTR-2A (dynamic) and GSTR-2B (static). There is also an Invoice Furnishing Facility (IFF) available to small taxpayers who are registered under the QRMP scheme to furnish their Business to Business (B2B) sales for the first two months of the quarter. These small taxpayers will still need to pay taxes on a monthly basis using Form PMT-06.

### **First Return**

As per section 40 of the CGST Act, 2017 every registered person who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in the first return furnished by him after grant of registration.

### **Revision Of Returns**

The mechanism of filing revised returns for any correction of errors/ omissions has been done away with. The rectification of errors/ omissions is allowed in the subsequent returns.

However, no rectification is allowed after furnishing the return for the month of September following the end of the financial year to which, such details pertain, or furnishing of the relevant annual return, whichever is earlier.



## **Penalty / Late Fee**

Penalty for delay in filing GSTR

₹100 or CGST and ₹100 for SGST per day  
**Or**  
₹5,000 each CGST & SGST whichever is less.

Maximum penalty is  
₹5,000 for CGST &  
SGST each.

Note: If the GSTR is not filed for a given quarter/month, then the taxpayer cannot file the next quarter's/month's return either.

If there is no issue regarding the tax payment and person is missed out the GSTR filing due dates, in this case, the person is again liable to pay penalty, which is ₹100 for CGST and ₹100 for SGST per day. The maximum amount in the case of missing the filing is ₹5,000.