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L&S GSTtrack

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Business Processes for GST: Registration

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The report of "the Joint Committee on Business Processes for GST" on GST Registration (hereinafter **'the report'**) was put up in the public domain for comments from stakeholders.

The report gives a broad outline *inter alia* of the process to be followed by both new applicants and existing taxpayers to get registered under the Goods & Services Tax or GST regime.

Registration

For each State, the taxable person would have to take a separate registration. No separate registration is required for CGST and IGST. Each taxpayer would be allotted a State wise PAN based 15 digit Goods and Services Taxpayer Identification Number (GSTIN). The registration would be effective from the date of application. The application has to be filed within 30 days from the date of the liability to obtain registration.

Business Verticals

A business entity is allowed to take multiple registrations within a State for each business vertical. Input tax credit across Business Verticals is not allowed except for common inputs and input services.

EXPERT SPEAK

a. There is no indication that a service provider having places of business in more than one State would be able to apply for one centralized registration.

b. The concept of Large Tax Payer Unit is not provided.

c. The proposal for denial of input tax credit after application for registration if the application is not filed within 30 days from the date of liability is contrary to the judicial pronouncements.

Threshold Exemption limit for registration requirements

Any person below the threshold limit will not be required to take registration. Threshold exemption limit will be calculated based on Gross Annual Turnover on an all-India basis. Gross Annual Turnover would include exports and exempted supplies. Any person having turnover below the threshold exemption limit may apply for voluntary registration.

Threshold exemption limit would not apply to persons making inter-state supply and persons importing goods/services Individuals importing goods or services for personal consumption need not take registration.

Compounding Scheme

The registered person can opt to pay GST at a specified percentage of the compounding turnover, without entering the credit chain. Such person can neither claim credit on input nor recover GST from the customers.

A registered person can switch from this scheme to the normal scheme any time during the year. However, a person cannot switch to the compounding scheme in the middle of a financial year. The option for Compounding Scheme needs to be exercised before the beginning of the financial year. However, such dealers need not apply every year to remain in a compounding scheme.

Special Situations

United Nations:

All UN bodies need to obtain a Unique Identification Number (UID) from the GST portal for claiming the refund of GST paid. The supplies made to the UN bodies are treated as B2B supplies. Supplier needs to mention UID and upload the invoice.

Governmental Authorities/PSUs:

The same process referred above for UN bodies will be adopted for Government Authorities/PSU's not making any outward supply of goods.

Casual Dealers:

Casual dealer is one who is not registered on a regular basis in a particular State and desires to conduct business for a limited period in that state. This dealer is required to take registration for that limited period and ascertain the estimated liability of the supply.

Casual dealer is allowed ITC on their inward purchases/supplies. The registration form and return form for casual dealers is different from the normal registration and return forms. The dealers must self-assess their liability and deposit the same as an advance tax with both the Central and State tax authorities.

Non-resident supplier:

A non-resident supplier is one who makes an intra-state supply but is not resident in the State in which he has applied for registration. The procedures are similar to that of a casual dealer. Further, there is no requirement to pay advance tax in this case.

Input Service Distributor (ISD):

The concept of ISD presently being followed in the Centre's Law may continue under the GST regime for distributing the credit of GST paid on services to multiple locations.

EXPERT SPEAK

GST being a destination based consumption tax; the methodology for attribution of GST paid on common services to each location will be tedious process.

Application Processes

GST Common Portal:

The Goods and Services Tax Network (GSTN) will develop and maintain a GST Common Portal which will serve as the online front end for obtaining registration under the GST regime. All documents for registration purposes would be uploaded through this Common Portal.

New Applicants:

New applicants can apply for registration (1) through the GST Common Portal directly; or (2) at the GST Common Portal through the Facilitation Centres. All the documents necessary for obtaining the registration certificate are mentioned in great detail in **Annexure-III** of the report. On successful verification of the documents by the Central and State tax authorities, the applicant will be granted a GSTIN.

Existing Registrants:

For existing registrants, the portal will generate a GSTIN based on the already existing certificates (VAT, Excise and Service Tax) and help transition them into the GST regime. The rest of the documents must be uploaded into the portal by the taxpayers upon generation of the GSTIN.

The procedure has been prescribed for the Amendment/Cancellation/Surrender of the Registration.

Trade Facilitation measures

Tax Return Preparer (TRP):

TRPs would help taxable persons in preparing registration application and return forms in the prescribed format. On the basis of the information and documents provided by the taxable person.

Facilitation Centre (FC):

The FCs will be assist the taxable person in uploading of the forms and documents.

The registration of the TRPs/FCs was recommended by the Joint Committee in its report. This is for better regulation and ensuring compliance.

The report can be downloaded from:
http://dor.gov.in/scgst

In case you require any clarifications, please contact:
mumgst@lakshmisri.com

OUR COMMENTS

This report provides useful guidance and clarity with respect to registration under GST. The taxable person needs to take multiple registrations to conduct business. Whether this process will turn out to be cumbersome and tedious for the taxpayers is completely dependent on how seamlessly the GSTN can function and integrate with the existing backend process.

The possibility of the ISD mechanism being continued under the GST regime is a sigh of relief for the industry.

The registration of business vertical in terms of accounting standard need more clarity.

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