

**YOU NEED TO GET REGISTRATION DONE**

**CASE A.** Under the four situations of Section 22.

**CASE B.** Under Compulsory Registration of Section 24.

Now let us understand these two CASES one by one.

## CASE A. REGISTRATION UNDER SECTION 22

Section 22 of the CGST Act 2017, states that every supplier shall get himself registered if he falls under any of the below given FOUR SITUATIONS:

1. Aggregate Turnover Criteria
2. Migration of existing payers
3. Succession or Transfer
4. Order of High Court or Tribunal

These four situations have been discussed in detail below :

### SITUATION 1. Aggregate Turnover Criteria [U/s 22(1)]

The liability to register under GST arises when you are a supplier [within the meaning of the term supplier under the CGST Act] of taxable supplies only and your aggregate turnover in the financial year exceeds the threshold limit of ₹ 20 lakh [or ₹ 10 lakh in special category states].

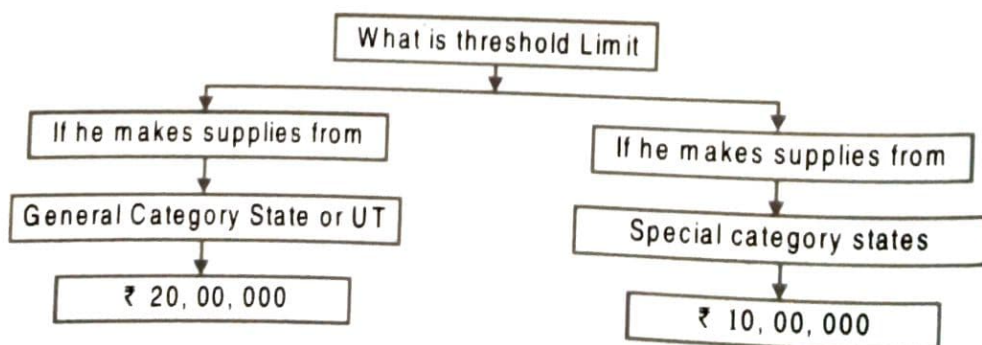
This means in simple words:

- A taxable supplier;
- who makes taxable supplies ;
- only Intra state or Intra UT
- and his Aggregate Turnover (of all places from where he does business) exceeds threshold limit

**Has to Register Himself U/s 22.**

We need to find answers to two questions for understanding in detail.

### QUESTION 1. WHAT IS THRESHOLD LIMIT ?



## REGISTRATION

# GOODS AND SERVICES TAX

Under GST, if the supplier (of goods or services or both) makes supplies from a state or UT [which is **NOT special category state**] and his aggregate turnover of a financial year exceeds Rupees Twenty lakhs, he must get registered. But for a special category state, this limit is Rupees Ten lakhs.

**Special Category States:** Special category states mean states as specified in Article 279A (4)(c) of the Constitution of India.

These are :

- Meghalaya
- Mizoram
- Arunachal Pradesh
- Tripura
- Manipur
- Assam
- Nagaland
- Sikkim
- Uttarakhand
- Jammu & Kashmir
- Himachal Pradesh

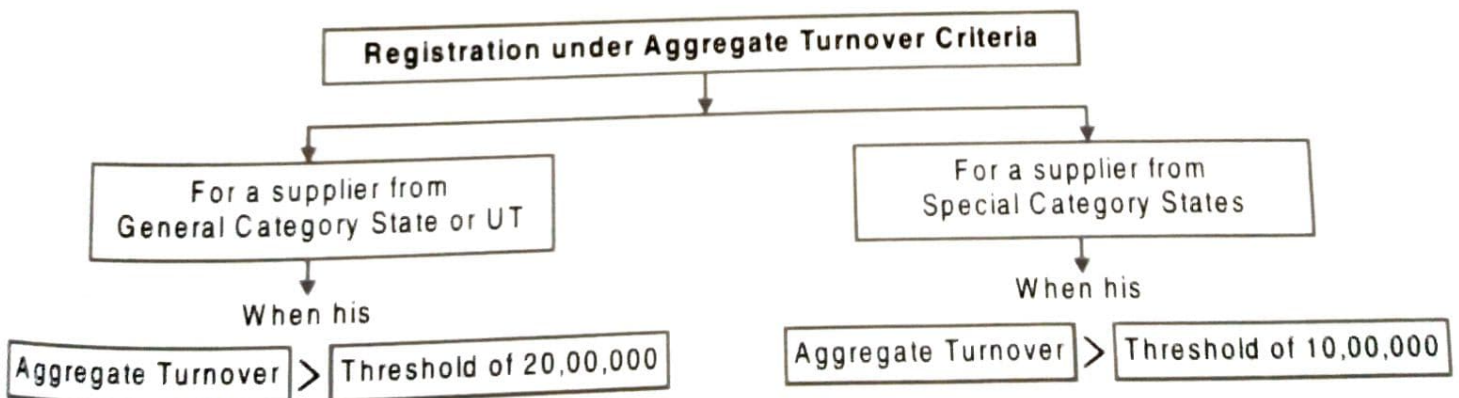
**Hint for Students:** Learn this abbreviation to learn the list of special category states.

**Abbreviation** = M<sup>2</sup> AT – MAN + SUJH (सूझ)

**where :**

- M<sup>2</sup> = Meghalaya & Mizoram
- A = Arunachal Pradesh
- T = Tripura
- M = Manipur
- A = Assam
- N = Nagaland
- (+) SUJH (सूझ)
- S = Sikkim
- U = Uttarakhand
- J = J & K
- H = Himachal Pradesh

### Registration under Aggregate Turnover Criteria





# GOODS AND SERVICES TAX

# GOODS AND SERVICES TAX

**NEW EXEMPTION FROM REGISTRATION ONLY FOR GOODS - AGG TO LESS THAN 40 LACS.**

To give exemption from registration for any person engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed ₹ 40 lacs [W.e.f. 1-4-2019].

Notification No. 10/2019-Central Tax dated March 7, 2019

G.S.R 190 (E)- In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereafter in this notification referred to as the said Act), the Central Government, on the recommendations of the Council, hereby specifies the following category of persons, as the category of persons exempt from obtaining registration under the said Act, namely:

Any person, who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed forty lakh rupees, except:

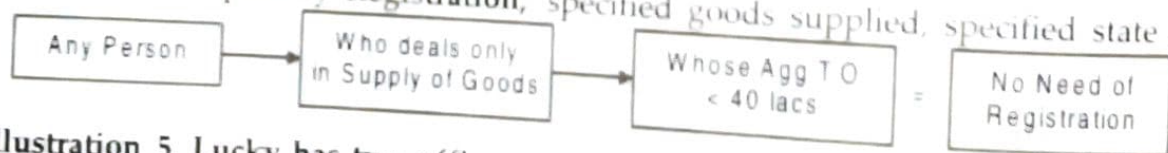
- (a) persons required to take compulsory registration under section 24 of the said Act.
- (b) persons engaged in making supplies of the goods, description of which is specified in column (3) of the table below and falling under the tariff item sub-heading, heading or Chapter, as case may be as specified in the corresponding entry in column (2) of the said Table;
- (c) persons engaged in making intra-State supplies in the State of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand, and
- (d) persons exercising option under the provisions of sub-section (3) of section 25, or such registered persons who intend to continue with their registration under the said Act.

Table

Sl. No. (1)	Tariff item, sub-heading, or Chapter (2)	Description (3)
1.	21050000	Ice cream and other edible ice, whether or not containing cocoa.
2.	21069020	Pan masala
3.	24	All goods, <i>viz.</i> Tobacco and manufactured tobacco substitutes

This notification shall come into force on the 1st day of April, 2019.

(\*)Except - Compulsory Registration, specified goods supplied, specified state supplier



**Illustration 5.** Lucky has two offices one in Rajasthan and other in Delhi. The turnover of these offices is ₹ 15 lacs and ₹ 10 lacs respectively. Is Lucky required to obtain registration under GST?

**Solution.** To determine the liability for obtaining registration under GST for Lucky turnover of both the offices is to be considered while checking aggregate turnover criteria. The sum-total of turnover for both the offices is ₹ 25 lacs which exceeds the threshold limit of ₹ 20 lacs for states other than special category states (and Lucky is in Delhi and Rajasthan, which are ordinary states). As such Lucky is required to obtain GST registration for both the offices.

**QUESTION 2. WHAT IS AGGREGATE TURNOVER ?**

**Aggregate Turnover [U/s 2(6)].** Aggregate Turnover means the aggregate value of all available 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.

The analysis of definition for computing aggregate turnover is discussed below:

(a) **Aggregate turnover to include total turnover of all branches with same PAN.** Lets understand this with an example. Say a dealer Jatin has two offices - one in Gujarat and another in Haryana. In order to determine whether Jatin is liable for registration, turnover of both the offices would be taken into account and only if the same exceeds ₹ 20 lakh, Jatin is liable for registration.

**ONE BRANCH IN SPECIAL STATE.** If a person having place of business in different States across India has one branch in any of the Special Category States, the threshold limit for GST registration will be reduced to ₹ 10 lakh, and the person need to get registered in special category state, if total turnover is more than 10 lakhs but less than 20 lakhs.

Illustration 6. Joy has following turnover :

- (i) In Delhi - 5,00,000
- (ii) In Haryana - 4,00,000
- (iii) In Punjab - 6,00,000
- (iv) In Himachal Pradesh - 2,50,000

Is she liable for Registration ? If yes, why ?

**Solution.** Total (Aggregate Turnover) = 17,50,000

But one state (HP) is a special category state. Hence threshold limit is 10,00,000 for H.P. So Joy must get registered in H.P. alone because her aggregate turnover is more than 10,00,000.

- **If one unit in Special State and Other in Non-Special State with same PAN**
  - As soon as the aggregate turnover (T.O.) at All India level exceeds ₹ 10 lakhs, the tax payer will be out of the exemption limit [no matter that his individual T.O. in special state is below 10 lakhs or his total T.O. (on all India basis) is below ₹ 20 lakhs]
  - As soon as his T.O. at all India level (including T.O. A special state) exceeds ₹ 20 lakhs, he would have to start paying tax in non-special state also.

Let us understand this in Illustration 7.

**Illustration 7.** Ascertain whether registration is required in following given case?

In Haryana	Turnover		
	In Punjab	In Rajasthan	In H.P.
(i) 6,00,000	4,00,000	7,00,000	-
(ii) 6,00,000	6,00,000	5,00,000	3,00,000
(iii) 6,00,000	6,00,000	6,00,000	4,00,000
(iv) 6,00,000	9,00,000	6,00,000	-
(v) 5,00,000	4,00,000	6,00,000	2,50,000
(vi) 2,00,000	4,00,000	3,00,000	2,00,000



## SOLUTION.

In Haryana	Turnover				Registration Required or Not	Reason
	In Punjab	In Rajasthan	In H.P.	Aggregate Turnover		
(i) 6,00,000	4,00,000	7,00,000	-	17,00,000	Not Required	Aggregate Turnover is less than 20,00,000, and no turnover exists in H.P., although T.O. in HP is 3 lakhs
(ii) 6,00,000	6,00,000	5,00,000	3,00,000	20,00,000	Yes in all states	Aggregate Turnover is equal to 20,00,000, although T.O. in HP is 3 lakhs
(iii) 6,00,000	6,00,000	6,00,000	4,00,000	22,00,000	Yes in all states	Aggregate Turnover is more than 20,00,000
(iv) 6,00,000	9,00,000	6,00,000	-	21,00,000	Yes in all 3 states the except H.P. from where no supplies where made	Aggregate Turnover is more than 20 lakhs so registration is must but not in H.P. from where no supplies were made.
(v) 5,00,000	4,00,000	6,00,000	2,50,000	17,50,000	Only in H.P. Registration is required	Aggregate Turnover is less than 20 lakh but for special state H.P. turnover exceeds 10 lakhs. so only registration in H.P.
(vi) 2,00,000	4,00,000	3,00,000	2,00,000	11,00,000	Only in H.P. Registration is required	Aggregate Turnover is less than 20 lakh but for special state H.P. turnover exceeds 10 lakhs. so only registration in H.P.

(b) Aggregate Turnover includes values of exported goods or services, exempted goods or inter state supplies between distinct persons having same PAN:

- **Taxable Supplies.** The taxable supplies mean supply of goods or services on which tax is levied
- **Exempt Supplies.** The Government has the power u/s 11 of the GST Act to provide exemption from payment of GST either partially or wholly, subject to such conditions as may be specified in the notification. The goods/services which are wholly exempt from payment of GST will be considered as an exempted supplies.

**But if your turnover consists of supplies of exempted goods or services only, then registration is exempted.**

- **Exports.** The supplies of export of goods and services will also be aggregated to compute the turnover of ₹ 20 Lacs or ₹ 10 Lacs.

**Illustration 8.** Joy Lubricants, Punjab, is engaged in supplying machine oil as well as petrol. Supply of petrol is not taxable to GST, but supply of machine oil is taxable. In order to determine whether Joy Lubricants is liable for registration, turnover of both the supplies - non-taxable as well as taxable - would be taken into account and if the same exceeds ₹20 lakh, Joy Lubricants is liable for registration.

(c) Aggregate turnover to include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals

Ramesh Enterprises has appointed M/s Dimple & Associates as its agent. All the supplies of goods made by M/s Dimple & Associates as agent of Ramesh Enterprises will also be included in the aggregate turnover of M/s Dimple & Associates.

In computing the aggregate turnover of supplies made by taxable person, whether on his own account or on behalf of principal needs to be computed. **A person can make supply of goods on his own account and as an agent of principal also.** The value of both the supplies will be aggregated for the purpose of computing ₹ 20 Lacs or ₹ 10 Lacs.

For example, say a person M/s Joy from Punjab is trading on her own account and also acting as an agent of M/s Kalyani (also from Punjab) for receiving and selling the goods. Further assumed that M/s Joy has made a turnover of ₹ 12 Lacs in her own account and ₹ 10 Lacs on behalf of principal. In computing the total turnover, both the value of supply on her own account that is ₹ 12 Lacs and on behalf of principal ₹ 10 Lacs will be aggregated. Hence the aggregate turnover will be ₹ 22 Lacs, so registration required.

(d) Value of turnover will not include the CGST SGST and IGST charged on such supply. It is also provided in definition of aggregate turnover that the value of turnover will not include the CGST, SGST and IGST charged on such supply. Thus only transaction value of all supply will be aggregated to compute the limit.

(e) **Reverse Charge.** Reverse charge is a tax paid by the recipient of goods or services or both. The taxable person may also be liable to pay the tax on reverse charge basis. The aggregate turnover will not include the value of supply on which tax is paid on reverse charge basis and the value of inward supplies. However, person will have to obtain registration, if he is liable to pay tax on reverse charge basis.