

Chapter 6

Registration

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Statutory Provisions

22. Persons liable for registration

- (1) *Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees:*

Provided that where such person makes taxable supplies of goods or services or both from any of the special category States, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ten lakh rupees.

¹*[Provided further that the Government may, at the request of a special category State and on the recommendations of the Council, enhance the aggregate turnover referred to in the first proviso from ten lakh rupees to such amount, not exceeding twenty lakh rupees and subject to such conditions and limitations, as may be so notified]*

²*[Provided also that the Government may, at the request of a State and on the recommendations of the Council, enhance the aggregate turnover from twenty lakh rupees to such amount not exceeding forty lakh rupees in case of supplier who is engaged exclusively in the supply of goods, subject to such conditions and limitations, as may be notified.*

Explanation.—For the purposes of this sub-section, a person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.]

¹ Inserted vide The Central Goods & Services Tax Amendment Act, 2018 w.e.f 01.02.2019

² Inserted vide Finance (No. 2) Act, 2019 w.e.f. dt.01.01.2020

- (2) Every person who, on the day immediately preceding the appointed day, is registered or holds a licence under an existing law, shall be liable to be registered under this Act with effect from the appointed day.
- (3) Where a business carried on by a taxable person registered under this Act is transferred, whether on account of succession or otherwise, to another person as a going concern, the transferee or the successor, as the case may be, shall be liable to be registered with effect from the date of such transfer or succession.
- (4) Notwithstanding anything contained in sub-sections (1) and (3), in a case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may be, demerger of two or more companies pursuant to an order of a High Court, Tribunal or otherwise, the transferee shall be liable to be registered, 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 or Tribunal.

Explanation. For the purposes of this section, —

- (i) the expression “aggregate turnover” shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals;
- (ii) the supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker;
- (iii) the expression “special category States” shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution except the State of Jammu & Kashmir ³[and States of Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand].

Extract of the CGST Rules, 2017

18. Display of registration certificate and Goods and Services Tax Identification Number on the name board.

- (1) Every registered person shall display his certificate of registration in a prominent location at his principal place of business and at every additional place or places of business.
- (2) Every registered person shall display his Goods and Services Tax Identification Number on the name board exhibited at the entry of his principal place of business and at every additional place or places of business.

³ Inserted vide The Central Goods & Services Tax Amendment Act, 2018 w.e.f 01.02.2019

Related provisions of the Statute:

Section or Rule	Description
Section 2(6)	Definition of “aggregate turnover”
Section 24	Compulsory registration
Section 25	Procedure for registration

22.1 Introduction

This section provides for registration of every supplier effecting taxable supplies, subject to a threshold limit. Registration of a business with the tax authorities implies obtaining a unique identification code (i.e. GSTIN) from the concerned tax authorities so that all the operations of, and data relating to the business can be agglomerated and correlated. In any tax system, this is the most fundamental requirement for identification of the business for tax purposes and for having any compliance verification mechanism. A registration from the concerned tax authorities will confer, among others, the following advantages to the registrant.

- Legally recognised as a supplier of goods and/or services;
- Proper accounting of taxes paid on the input goods and/ or services;
- Utilisation of input taxes for payment of GST due on supply of goods and/ or services;
- Pass on the credit of the taxes paid on the goods and/ or services supplied to purchasers or recipients.

22.2 Analysis

- Every supplier shall be liable to be registered under the Act in the State from which he makes a taxable supply of goods or services or both. **It is important to note that registration is required ‘in’ the State ‘from which’ taxable supplies are made.** Registration is not required ‘in’ the State ‘to’ which taxable supplies are made, even though this is a destination-based tax. This greatly reduces the burden of the taxable person from having to seek registration in every State ‘to’ which taxable supplies are made. If the supplies are ‘to’ another State, then the nature of tax will not be CGST-SGST but IGST and is paid to the Centre who will ensure that the same reaches the appropriate ‘destination’ State. Therefore, for purposes of obtaining registration, it is important to identify the ‘origin’ of supply even though GST is a ‘destination’ based tax. Tax goes to the destination-State but registration is in the origin-State. Place of Supply (as determined from IGST Act) provides the ‘destination’ and this is not relevant for registration. The location of Supplier is relevant for registration.

The State “from” where taxable supply is made is a question of fact and that must be determined based on the requirement of law. In the case of services, location of Supplier of services is defined in section 2(71) of CGST Act but in the case of goods, location of Supplier of goods is not defined. And this is not an oversight but deliberate.

Services leave no trail as to the location 'from' where they are supplied and for that reason, a definition is required. Whereas goods leave a trail, that is, where the goods are actually 'located'. This can be seen from the definition of Place of Business [Section 2(85)] of CGST Act. **Place of Business** is where business is 'ordinarily carried on' – this would be the location 'from' where taxable supplies are made, whether for goods or for services. But, if this is not (in case of goods), this definition goes on to include 'place where goods are stored'. Hence, location of Supplier of goods is where business is ordinarily carried on or where the goods themselves are located, if that were more accurate. *For example*, a company incorporated outside India purchases goods from a manufacturer and instructs that the goods be deposited with a warehouse-keeper in India. And then after some time, supplies the goods from the warehouse to a customer also within India. By being incorporated outside India, the place where business is ordinarily carried on is not in India but the location where goods are stored being within India, attracts the requirement to register at the warehouse. Care should be taken to correctly identify where registration ought to be obtained so as not to end up with a serious misapplication of the requirements of law.

At this point, it would also be relevant to note the difference in sections 22(1) of CGST Act when compared with sections 22(1) of any State GST Act:

Section 22(1) of the CGST Act	Section 22(1) of any SGST Act
<i>Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees</i>	<i>Every supplier making a taxable supply of goods or services or both in the State shall be liable to be registered under this Act if his aggregate turnover in a financial year exceeds twenty lakh rupees</i>

Comparison of the provisions:

Point of Difference	CGST Act	SGST Act
Applicable to	<i>Every supplier</i>	<i>Every supplier</i>
Responsibility	<i>shall be liable to be registered under this Act</i>	<i>shall be liable to be registered under this Act</i>
Jurisdiction	<i>in the State or Union territory <u>from where</u></i>	<i>in the State</i>
Exception	<i>other than special category States</i>	

Activity	<i>makes a taxable supply of goods or services or both</i>	<i>making a taxable supply of goods or services or both in the State</i>
Criteria	<i>if his aggregate turnover in a financial year exceeds twenty lakh rupees</i>	<i>if his aggregate turnover in a financial year exceeds twenty lakh rupees</i>

Given the difference in sections 22(1) of CGST and in SGST Act, one may argue that based on the provisions of SGST Act, the registration is required “in the State from where” taxable supplies are made and NOT State “where supplier is located”. Care must be taken to identify the *situs* for registration carefully. Very often it is seen that ‘place of supply’ is interchanged with ‘place of business’. It is the ‘place of business’ that guides *situs* and not ‘place of supply’. Refer discussion in the context of section 2(85) and the illustrations provided.

Section 22(1) prescribes an ‘exemption threshold’ from obtaining registration. In other words, even if a person makes taxable supplies attracting levy of tax under section 9(1), such person will neither be required to obtain registration nor pay any GST. That is the effect of exemption threshold that will exempt payment of GST indirectly instead of an direct exemption being available under section 11. Refer discussion under section 11 for understanding operation of that exemption to supply after exemption to threshold has been exhausted.

Registration is required if the aggregate turnover in a financial year exceeds rupees twenty lakhs. This threshold limit will be rupees ten lakhs if a taxable person conducts his business in any of the special category States as specified in sub-clause (g) of clause (4) of Article 279A of the Constitution.

Effect of this ‘reduced exemption threshold’ on ‘exemption threshold’ in other non-special category States will have to be understood. And this merges from the observation that this *first proviso* to section 22(1) also appears in SGST Act. Now, it is important to understand whether this *proviso* will affect registration only of special category States or all States. Say that a person in, say, Karnataka has a branch in any of special category States, say, Mizoram, then the threshold for registration in Mizoram which is Rs.10 lacs should not normally affect the threshold for registration of Karnataka branch. But existence of this proviso in Karnataka GST Act makes the threshold (for requirement to obtain registration) stand revised to Rs.10 lacs in Karnataka too. If that were not the case, why would Karnataka GST Act have to touch upon presence of branch in Mizoram (belonging to same person). So, a person in any non-special category State must be very careful while considering ‘exemption threshold’ based on the presence (or absence) of branch in any special category State (liable to obtain registration due to ‘place of business’ ‘in’ such State). Shifting of ‘exemption thresholds’ is discussed later.

CGST Amendment Act, 2018 inserted *second proviso* to section 22(1) to provide that Government may, at the request of a special category State and on the recommendations of the Council, enhance aggregate turnover referred to in the *first proviso* from Rs.10 lakh to such amount, not exceeding Rs.20 lakh and subject to such conditions and limitations, as may be so notified. Accordingly, 'reduced exemption threshold' has been revised and 'enhanced' to Rs.20 lacs in respect of States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand w.e.f. 1-April-2019.

Further, in case of a person engaged exclusively in supply of goods, as per the *third proviso* to section 22(1) inserted by Finance (No. 2) Act, 2019 w.e.f. 1st January 2020, the Central Government may enhance the aggregate turnover from 20 lakh to 40 lakh, subject to certain conditions and restrictions as may be prescribed. Similar to the *second proviso*, this benefit is granted at the request of the State after the same is duly recommended by the GST Council.

Going back to the 'enhanced exemption threshold' will apply if the person is exclusively engaged in supply of "goods". That is, this 'enhanced exemption threshold' will NOT apply if "goods and services" both are supplied by such person.

Now the moot question arises - whether the value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall be included in calculating the aggregate turnover of 40 lakhs as per this Notification. In the said Notification, there is no provision allowing the supplier to also be engaged in exempt supply of services (unlike in the case of Section 22(1) notified w.e.f. 01-01-2020). Hence, if such persons provide any services, then such exemption will not be applicable.

However, there is another school of thought connected to the limit of ` 40 Lakhs prescribed in the above referred Exemption Notification. Few experts are of the view that the person who is engaged in supply of goods can also engage in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discounts. This analogy is drawn on the fact that the Government has, through various Notifications⁵ and Removal of Difficulty Orders⁶, for the purpose of calculating the turnover for Composition Scheme and for calculation of reversal of input tax credit under Rule 42 and Rule 43, specifically stated to exclude such income from aggregate turnover. The proviso inserted in Section 22(1) also provides such exclusion. Thus, they are of the view that the intention of the lawmakers is thus not to consider such income. However, one must exercise caution while availing the exemption from registration under this Notification based on such analogy.

It is pertinent to mention that for the purpose the entire section 22(1), a person would be considered to be 'exclusively supplying goods' even if he is engaged in exempted supply of services by way of extending deposits, loans or advances where consideration is in form of interest or discount. Further, with the explanation substituted on 23 Jan 2018 at the end of rule 43 (made applicable to rule 42 and 43) 'interest on accepting deposits or extending loans or advances' will NOT be considered as 'exempt supplies'.

Based on options exercised and corresponding State notifications, please refer table below for persons in various States/UTs and their respective 'exemption threshold' in case outwards supplies are 'exclusively goods' (subject to relaxation of interest income) and 'goods and services':

Type of Supply	Upto 31st Jan 2019		w.e.f 01st Feb 2019		w.e.f 01st Jan 2020	
	Normal States/ UT	Special Category State	Normal States/ UT	Special Category State (SCS)	Normal States/ UT	Special Category State
Only Goods	20 lakhs	10 lakhs	20 lakhs	Amount not exceeding 20 lakhs, if opted by the SCS	Amount not exceeding 40 lakhs if opted by the States*	Amount not exceeding 20 lakhs, if opted by the SCS
Services/ Goods & Services	20 lakhs	10 lakhs	20 lakhs	Amount not exceeding 20 lakhs if opted by the SCS	20 lakhs	Amount not exceeding 20 lakhs if opted by the SCS

Mistake in identifying correct 'exemption threshold' or eligibility to 'enhanced exemption threshold' must be carefully considered while making a determination whether requirement to register has been triggered or not.

How the Aggregate Turnover is calculated?

The expression "aggregate turnover" has been discussed in detail under section 2(6) of the CGST Act which may please be referred for the scope and coverage of the term "aggregate turnover". Aggregate Turnover is PAN based and not State/ Union Territory based.

In the below table, illustrations have been provided to understand how aggregate turnover is calculated and what will be the requirement of registration in each of these illustrations-

Illustration 1

State	Turnover	Registration Requirement
Maharashtra	15,00,000	Since the turnover of the entire entity exceeds ₹ 20,00,000, (15,00,000+7,00,000) registration will be required in both the States
Tamil Nadu	7,00,000	

Illustration 2

State	Turnover	Registration Requirement
Maharashtra	9,00,000	Since the entity has presence in special category State, the threshold limit is only Rs.10, 00,000. Since the entity crosses such limit, registration will be required in both the States*
Manipur Tripura	2,00,000	

* Please note that the *proviso* to section 22(1) appearing in CGST Act also appears in SGST Act(s). As a result, for a taxable person in a non-Special Category State, who has a branch in Special Category State, the threshold becomes 10 lacs and not 20 lacs.

- Registration requirements under the pre-GST Laws-

Statute	Registration Requirement	Registration Level
Excise	For each factory	Unit Level
VAT	Per State (branches in the State were considered as additional places of business)	State Level
Service Tax	One centralized registration (option for de-centralized registration was also available)	National Level

- GST has adopted VAT model for registration. Hence, the supplier will be liable to obtain registration for each of the locations spread across various States/ Union territories, though he operates as a single person for the purpose of other statutes like Companies Act, 2013, Income Tax Act, 1961 etc.
- A proper reading of section 22 read with section 25 helps us to understand that a State is the smallest registrable unit in GST – and multiple places of registrations can also be taken separately in one particular State if the conditions specified in rule 11 are satisfied.
- For calculating the threshold limit, the turnover shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals. Further, supply of goods by a registered job worker, after completion of job work, shall be treated as the supply of goods by the “principal” referred to in section 143 (i.e. Job work procedure) of this Act. The value of such goods shall not be included in the aggregate turnover of the registered job worker.

- It is necessary to appreciate the difference between 'person' and 'taxable person'. Person is defined in section 2(84) of CGST Act to include various types of business structures and association of persons whereas taxable person is defined in section 2(107) to mean a person who is registered or is under obligation to get register under GST.

Exemption Limit vs. Registration Limit

In the erstwhile law, the facility of SSI/ SSP exemptions were provided wherein even though assessee has taken the registration it was not required to collect and pay tax unless they crossed the threshold limit. However, in GST regime no such exemption is provided under the law. Once registration is taken the taxpayer is mandatorily required to collect and pay tax to the Government irrespective of threshold. As per sections 2(107) of the CGST Act, 2017 *"taxable person" means a person who is registered or liable to be registered under section 22 or section 24*; this means a registered person is a taxable person. It is important to note that section 9 of CGST Act, 2017 imposes leviability to taxable person and, therefore, once registration is obtained the concept of taxable person gets triggered.

Other persons requiring registration under this provision – irrespective of threshold limit

- Every person who, on the day immediately preceding the appointed day, is registered or holds a license under an earlier law, shall be liable to be registered under this Act with effect from the appointed day.

Based on this provision, all the persons registered under the pre-GST law were mandatorily required to migrate to GST and then the option for cancellation of registration was provided.

- Transfer of business – Detailed below.

Transfer of Business and Registration

If a registered taxable person transfers business on account of succession or otherwise, to another person as a going concern, the transferee, or the successor, as the case may be, shall be liable to be registered with effect from the date of such transfer or succession. This means that the Registration Certificate issued under sections 22 of the Act is not transferable to any other person. In a case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may be, de-merger of two or more companies by an Order of a High Court, the transferee shall be liable to be registered 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.

Obligations after registration

- As per rule 18, every registered person shall display his Certificate of Registration in a prominent location at his principal place of business and at every additional place or places of business.

- Every registered person shall display his Goods and Services Tax Identification Number on the name board exhibited at the entry of his principal place of business and at every additional place or places of business.

22.2 Issues/ Concerns

- (a) Requirement of registration in respect of construction works undertaken outside the State: Works contractors, having a principal place of business in one State may undertake execution of works across India in many States. It may so happen that the contractor procures and or stores his goods at the site (in another state) and thereafter carries on the construction work at the site. Alternatively, it may also happen that the contractor does not keep any of his goods at the site and merely

Now, as per section 2(85), a “place of business” is defined “...to include any other place, where a taxable person stores his goods or receives goods or services...” Hence, in case the taxable person stores his goods at the construction site, it will be considered as his place of business and he will be liable to take registration at the construction site.

Statutory provisions

23. Persons not liable for registration

- (1) *The following persons shall not be liable to registration, namely: —*
- (a) *any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;*
 - (b) *an agriculturist, to the extent of supply of produce out of cultivation of land.*
- (2) *The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.*

Related provisions of the Statute

Section or Rule	Description
Section 2(7)	Definition of ‘agriculturist’
Section 2(47)	Definition of “exempt supply”
Section 25	Procedure for registration

23.1 Analysis

Section 23 provides relaxation from the requirement of obtaining registration to two categories of persons

- (a) Agriculturist;
- (b) Persons engaged exclusively in the supply of exempted goods or services or both.

Thus, the aforementioned persons would not be required to obtain registration even if their turnover exceeds ₹ 20 Lakhs. To this extent, section 23 overrides the provisions of section 22.

Agriculturist

As per section 2(7), agriculturist means an individual or HUF who undertakes cultivation of land:

- (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.

Thus, an agriculturist is not liable for registration only to the extent of supply of produce out of cultivation of land. If an agriculturist undertakes supplies which are not linked to the cultivation of land, he will fall within the provisions of sections 22 and may have to take registration in respect of such supplies. It is important to consider the nature of activities undertaken by the agriculturist. If the process deviates from 'cultivation' it will travel outside the scope of this exclusion from registration. The exclusion states – to the extent of supply of 'produce out of cultivation' of land – any further processing of the primary produce from cultivation will continue not to avail this exclusion.

Cultivation of land does not include pisciculture on inland water body or cattle rearing that graze the produce of land. The produce that emerges from land is 'cultivation of land'. For example, harvesting paddy is cultivation but production of rice is not.

Please note that the exclusion from the requirement to be registered does not result in non-collection of tax on agricultural produce. Section 9(3) of the CGST Act and sections 5(3) of the IGST Act notifies certain commodities (like cashew nuts) on which tax is required to be discharged under reverse charge basis by the recipient of goods when such commodities are purchased from an agriculturist. Thus, the exemption from registration is dependent on status of the supplier and not based on the commodity involved. Needless to say, if the supplier of goods is not an agriculturist, then he will have to obtain registration under the regular provisions i.e. section 22 if his aggregate turnover exceeds 'exemption threshold' and its variations (discussed earlier). Also, refer discussion under section 2(7) on the various facets of 'agriculturist' and the scope of inapplicability to exemption from registration under section 23(1) (b).

Exclusively engaged in Exempt Supplies

The term exclusive indicates engaging in only those supplies which are exempted. Therefore, if a supplier is supplying both exempted and taxable goods and/or services, then this provision is not applicable, and he is required to obtain registration under section 22.

It essentially permits any person whose 'entire' supply consists of 'exempt supplies', to be excluded from obtaining registration. Care should be taken to validate the premise of (a) entire

supply and (b) it being exempt. Even if small value of supplies is taxable, then exempt supplies will be included to determine if aggregate turnover has exceeded the exemption threshold under section 22 for attracting registration.

Now, a question may arise as to whether registration is required in case a person is engaged exclusively in supplying exempted goods or services and also incurs certain expenses which are listed in section 9(3) for payment of tax on reverse charge basis. These aspects are discussed in detail in section 24.

Care must be taken to look through notifications issued under section 7(2) where Government will notify persons who are specifically granted exemption from registration, namely:

- (a) Persons engaged in rendering taxable services which are liable to GST under reverse charges are not required to take registration - (*Notification No. 5/2017–Central Tax, dated 19.06.2017*)
- (b) Job-workers engaged in making inter-State supply of services to a registered person except those who are liable to be registered under section 22(1) of the CGST Act, 2017 or persons opting for voluntary registration or persons engaged in making supply of services in relation to jewellery, goldsmiths' and silversmiths' wares and other articles (w.e.f. 14.09.2017) - *Notification No. 7/2017–Integrated Tax, dated 14.09.2017* as amended vide Notification No. 2/2019-Integrated Tax, dated 29-Jan-2019, w.e.f. 1-Feb-2019.
- (c) Persons effecting inter-State supplies of taxable services – where the aggregate value of supplies on PAN-India basis does not exceed ₹ 20 Lakhs in a year (₹ 10 Lakhs for special category States- Manipur, Mizoram, Nagaland and Tripura) (w.e.f. 13.10.2017) - *Notification No. 10/2017–Integrated Tax, dated 13.10.2017* as amended vide Notification No. 3/2019-Integrated Tax, dated 29-Jan-2019, w.e.f. 1-Feb-2019.
- (d) Categories of persons effecting inter-State taxable supplies of handicraft goods – where the aggregate value of supplies on PAN-India basis does not exceed ₹ 20 Lakhs in a year (₹ 10 Lakhs for special category States- Manipur, Mizoram, Nagaland and Tripura) - (w.e.f. 22.10.2018) - *Notification No. 3/2018–Integrated Tax dated 22.10.2018*. This notification has superseded Notification No. 8/ 2017-Integrated Tax, dated 14.09.2017
- (e) Persons providing services through an e-commerce who is required to collect tax at source, provided their aggregate turnover does not exceed ₹ 20 lakh (₹ 10 lakh in special category States-Manipur, Mizoram, Nagaland and Tripura) (w.e.f. 15.11.2017). - *Notification No. 65/2017–Central Tax, dated 15.11.2017* as amended vide Notification No. 6/2019-Central Tax, dated 29-Jan-2019, w.e.f. 1-Feb-2019
- (f) Categories of casual taxable persons making taxable supplies of handicraft goods-where the aggregate value of supplies on PAN-India basis does not exceed ₹ 20 Lakhs in a year (₹ 10 Lakhs for special category States-Manipur, Mizoram, Nagaland and Tripura) - (w.e.f. 23.10.2018) – *Notification No. 56/2018-Central Tax, dated 23.10.2018*.

This notification has superseded Notification No. 32/ 2017-Central Tax, dated 15.09.2017.

- (g) **W.e.f. 01.04.2019** – the basic limit beyond which obtaining registration becomes mandatory is increased from ₹ 20 lakhs to ₹ 40 lakhs for certain categories of persons vide notification No. 10/2019-Central Tax, dated 07.03.2019 (discussed earlier).

As per the said notification, 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 following goods,

Sl. No.	Tariff item, sub heading, heading or Chapter	Description
1	2105 00 00	Ice cream and other edible ice, whether or not containing cocoa
2	2106 90 20	Pan masala
3	24	All goods, i.e. Tobacco and manufactured tobacco substitutes

- (c) persons engaged in making intra-State supplies in the States 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 [voluntary registration], or such registered persons who intend to continue with their registration under the said Act.

23.2 Issues/ Concerns:

- (a) The new 'extended exemption threshold' for registration (from 1 Apr 2019) to Rs.40 lakhs is applicable only for those taxable persons, who are engaged in exclusive supply of goods. Therefore, in case a person in supplying goods but also earns a nominal amount of service income (*whether taxable or not*) such as commission income, or interest income say from bank (*which is exempt*), then he shall be liable to obtain registration on cross the exemption threshold of Rs.20 lakhs and not Rs.40 lakhs.
- (b) Exemption to Charitable Organizations: Pursuant to Notification No. 12/2017-CT(R), dated 28 Jun 2017, Government has exempted services by way of charitable activities, provided by charitable organisations from the levy of GST. Thus, charitable organizations engaged exclusively in charitable activities are exempted from obtaining registration. However, charitable organisations are compelled to register where they

have receipts on account of ancillary activities like providing a premises on rent to operate ATM or a shop to supplement their income sources, charitable hospitals collecting fixed rent or revenue share from pharmacy operator inside premises or from sale of medicines in self-run pharmacy as these are not exempt activities and along with healthcare income, may be well over the exemption threshold and be liable for registration.

- (c) Separate Registration for ISD to discharge tax on RCM basis: Under the erstwhile Service Tax laws, an ISD was allowed to discharge tax liability under reverse charge mechanism without seeking a separate registration. However, under GST regime, the ISD is required to obtain a separate GSTIN other than the ISD registration for discharging such taxes. But, an ISD is not one who will have any taxable outward supplies except distribution of credit. When an ISD attracts RCM or other liability of its own, then it is more likely that the ISD will become a regular taxable person because of these taxable inward supplies cannot be received without creating an 'outward supply event'. This is adding to the multiplicity of registrations and complexity in documentation and compliance and impacting the matrix of 'ease of doing business'. Co-existence of ISD along with regular registration in the same State may soon fall into disuse once trade comes to understand the dissimilarity between ISD (in service tax) and ISD (in GST). Experts hold the view that ISD (GST) can rightfully exist when the person (legal entity) DOES NOT have a regular registration at any place in the same State. There are some voices to the contrary but the two may come into harmony once the benefits of ISD registration in GST are discovered to be easily available via the regular registration (already obtained in the same State).
- (d) Inclusion of non-operational income for threshold limit: The inclusion of non-operational income like interest income as 'exempt supplies' for the purpose of determining the aggregate turnover for registration would bring into the focus large number of persons who are otherwise undertaking only a minimal amount of supply. In case a person is earning interest income from Fixed Deposit Receipts (FDR) of ₹ 15 Lakhs and a rental income from renting of immovable property of ₹ 6 Lakhs, he would need to take registration and collect GST on such supply of rental services. Care must be taken to identify whether such non-operational income are really NOT connected with the business of the person. For eg. FD income of proprietor from funds (held in savings account) may be separate from the business of the proprietor. But FD of a firm from funds (held in current account) may be part of the business. Perfect demarcation is not possible and not required also, to leave room for examining based on trail of funds (source for deposit) and to support conclusions one way or other.

Statutory Provisions**24. Compulsory registration in certain cases**

- (1) *Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act, —*
- (i) *persons making any inter-State taxable supply;*
 - (ii) *casual taxable persons making taxable supply;*
 - (iii) *persons who are required to pay tax under reverse charge;*
 - (iv) *person who are required to pay tax under sub-section (5) of section 9;*
 - (v) *non-resident taxable persons making taxable supply;*
 - (vi) *persons who are required to deduct tax under section 51, whether or not separately registered under this Act;*
 - (vii) *persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;*
 - (viii) *Input Service Distributor, whether or not separately registered under this Act;*
 - (ix) *persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;*
 - (x) *every electronic commerce operator ⁴[who is required to collect tax at source under section 52];*
 - (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 person; and*
 - (xii) *such other person or class of persons as may be notified by the Government on the recommendations of the Council.*

Related provisions of the Statute:

Section or Rule	Description
Section 2(20)	Definition of “casual taxable person”
Section 2(47)	Definition of “exempt supply”
Section 9(5)	Tax on reverse charge basis to be paid by e-commerce operator
Section 22	Persons liable for registration
Section 25	Procedure for registration
Section 51	Tax Deduction at source
Section 52	Collection of tax at source

⁴ Inserted vide The Central Goods and Services Tax Amendment Act, 2018 w.e.f. 01.02.2019

24.1 Analysis

Section 24 starts with a 'non obstante' clause which is limited to section 22(1) and NOT to 'subject to' section 23. This has surprised many professionals (discussed 'why' shortly). Section 24 dictates that in the 'twelve' situations listed, even though 'exemption threshold' may still be available to the person, GST registration WILL BE applicable to such person. Registration is always under section 22 and once registration is obtained, then such person will forfeit the 'exemption threshold'. Registration is 'unqualified' whether it is due to exceeding exemption threshold under section 22(1) or voluntarily registered under section 25(1) or compulsorily registered under section 24. Once registered, all supplies will be subject to tax 'as if' generally liable to be registered. Person whose entire turnover is comprised of exempt turnover; such person may still be liable to be registered if any of the situations listed in section 24 are applicable.

Categories of persons who shall be required to be registered under this Act irrespective of the threshold limit:

The following categories of persons are required to obtain registration compulsorily under this Act:

- Persons making any inter-State taxable supply;
- Casual taxable persons making taxable supply;
- Persons who are required to pay tax under reverse charge;
- Persons who are required to pay tax under sub-section (5) of section 9 (electronic commerce operator)
- Non-resident taxable persons making taxable supply;
- Persons who are required to deduct tax under section 51 (Tax Deduction at Source);
- Persons who supply goods or services or both on behalf of other registered taxable persons whether as an agent or otherwise;
- input service distributor;
- persons who supply goods and/or services, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52,
- Every electronic commerce operator **who is required to collect tax at source under section 52;**
- 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
- 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.

It may be noted that *vide* Notification No. 10/2017–Integrated Tax, dated 13th October 2017, persons making inter-State supply of services and having turnover not exceeding Rs. 20 lakhs have been exempted (*u/s. 23 as discussed in the above paragraphs*) from obtaining registration. Accordingly, only persons who make inter-State supply of goods have to compulsorily obtain registration irrespective of the aggregate turnover. Please refer the variations in ‘exemption threshold’, ‘extended exemption threshold’ and ‘reduced exemption threshold’ to special category States (and its effect in non-special category States) including deviations from 1 Apr 2019. Refer detailed tables discussed under section 22.

The Government has issued notifications under section 23(2) to provide exemption from registration to certain category of persons who are mentioned in the aforementioned list. Details of such exemption are provided under sections 23(2) and implications of such exemption to those persons requiring compulsory registration is tabulated below:

Category of Persons	Exemption Granted
i) Persons making any inter-State taxable supply	Inter State supplies of taxable services (<i>Notification No. 10/2017–Integrated Tax, dated 13.10.2017 amended vide Notification No. 3/2019–Integrated Tax, dated 29-Jan-2019, w.e.f. 1-Feb-2019</i>) and handicraft goods except when their turnover exceeds threshold limit (<i>Notification No.3/2018–Integrated Tax, dated 22.10.2018 which superseded Notification No. 8/ 2017–Integrated Tax, dated 14.9.2017</i>)
ii) Casual taxable persons making taxable supply	Casual taxable persons making taxable supplies of handicraft goods if the aggregate turnover does not exceed ₹ 20 lakhs (<i>Notification No. 56/2018–Central Tax, dated 23.10.2018 which superseded Notification No. 32/ 2017–Central Tax, dated 15.9.2017</i>)
iii) Persons who are required to pay tax under reverse charge	Note that ‘reverse charge’ is defined to include sections 9(3) and 9(4) in section 2(98). Person eligible to ‘exemption threshold’ under section 22(1) may forfeit benefit if even one payment made attracts RCM.
iv) Persons who are required to pay tax under sub-section (5) of section 9 (electronic commerce operator)	Experts advise that Suppliers (in respect of whose turnover ECO would pay tax under 9(5)) would NOT be required to pay tax. And hence, they would NOT be required to be

	registered (if there were no other turnover liable to tax payment). Note also exclusion of such Suppliers under clause (ix).
v) Non-resident taxable persons making taxable supply	
vi) Persons who are required to deduct tax under section 51 (Tax Deduction at Source)	Refer relaxation provided under RCM notification (entries 1 and 14 of Notification No. 13/2017-CT(R) dated 28 Jun 2017) who have 'nil' taxable supplies and are registered only to comply with section 51 and hence, section 24.
vii) Persons who supply goods or services or both on behalf of other registered taxable persons whether as an agent or otherwise	Although not expressly stated, 'agents' will become liable to compulsory registration only if their transactions attract schedule I.
viii) Input Service Distributors	Remember, ISD registration is voluntary option and its mention in section 24 only makes 'facility' of ISD available on the condition of obtaining registered.
ix) Persons who supply goods and/or services, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52	Supplier providing services through an e-commerce operator if the aggregate turnover does not exceed ₹ 20 Lakhs (<i>Notification No. 65/2017-Central Tax, dated 15.11.2017 amended vide Notification No. 6/2019-Central Tax, dated 29-Jan-2019, w.e.f. 1-Feb-2019</i>)
x) Every electronic commerce operator who is required to collect tax at source under section 52	No 'exemption threshold' to ECO for own outward supplies if liable to TCS under 52.
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	Exempt from filing Annual Return and Reconciliation Statement prescribed in section 44(1) and 44(2).
xii) 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	Not yet notified

Inter-State supplies

Exports are inter-State supplies under section 7 of IGST Act. Hence, persons NOT liable to payment of tax on their outward supplies on account of exports, would STILL be required to obtain GST registration and make all compliance. Trade has objected to the seemingly unnecessary compliance burden on exporters, especially, freelance journalists working as international correspondents, IT professionals retained by foreign technology companies, international musicians, international insurance loss surveyors, visiting faculty to foreign universities, etc., who operate from home-office and their services are not location-dependent. But the requirement to register allows opportunity for Government to examine the correctness of the claim to zero-rated exemption from tax on their turnover. All exporters, regardless of turnover limit, MUST obtain registration, file LUT, file returns, repatriate forex (not INR) and demonstrate correctness of their claim to zero-rated benefits.

Casual Taxable Person

Traders (especially Jewellers) registered in one State carry goods to another State and upon receipt of approval from the customers, sell the goods to such customers. The issue that arises for consideration is whether such jewellers are required to register as casual taxable persons in the State of the buyer. In this context, Circular No.10/10/2017-GST, dated 18.10.2017 has been issued to clarify that in the given case, Supplier is not able to ascertain the actual supplies beforehand and ascertainment of tax liability is a mandatory requirement for registration as a casual taxable person and hence, he is not required to get registered as a casual taxable person. Refer detailed discussion on the concept and application of casual taxable person under section 27.

Agent

Section 24 clause (vii) provides that an agent who makes taxable supply of goods or services on behalf of other person, is compulsorily required to obtain registration independent of the aggregate turnover threshold limit provided under section 22. The term “agent” here refers to the “agent” who supplies goods to the customers under his invoice on behalf of the principal (linked to Para 3 of Schedule I of the CGST Act which refers to deemed supply of goods by principal to agent where the agent undertakes to supply goods on behalf of the principal) and it does not cover within its ambit, all types of agents like those who act as intermediary. This matter has also been clarified in the Circular No. 57/31/2018-GST dated September 4, 2018 and also Circular No. 73/47/2018-GST, dated November 5, 2018.

Refer detailed discussion under section 2(13) of IGST Act and under schedule I regarding extent of this fictional treatment of ‘agency’ in GST.

24.2 Issues / Concerns:

- a. Section 23 v. Section 24: Section 24 overrides sections 22(1) and accordingly persons enumerated under sections 24 are required to obtain compulsory registration

irrespective of whether their turnover exceeds the threshold limit specified under sections 22(1). However, section 24 does not specifically override sections 23. In case there is a conflict between sections 23 and sections 24, the issue is which provision will prevail. Consider a scenario where a hospital is providing health care services which are exempt from GST. The turnover of the hospital is ₹ 10 Crores. The hospital has imported certain services from outside India worth ₹ 5 Lakhs. The impact of sections 22, 23 and 24 are provided below:

Provision	Impact
Section 22	Not Liable to register since they are NOT providing any taxable supply and it is a pre-requisite u/s. 22(1) to take registration in that State from where a person makes TAXABLE SUPPLY of goods or services, provided aggregate turnover exceeds ₹ 20/10 lakhs.
Section 23	Not required to register since they deal exclusively in exempt supplies
Section 24	Mandates registration since liable to pay tax under reverse charge on import of services.

Further, since section 24 only overrides section 22(1) and not section 23, a logical view enumerates that registration is not required in the above case. However, in the absence of any clarification on the issue by the department, there are possibilities of department litigating the matter but the same needs to be defended based on merits.

In this context, it would be interesting to note that section 23(2) of the CGST Act empowers the Government to issue notification exempting category of persons from obtaining registration. The Central Government has issued various notifications under the said provision to exempt persons who were otherwise required to register based on section 24.

Statutory Provisions

25. Procedure for registration

- (1) *Every person who is liable to be registered under section 22 or section 24 shall apply for registration in every such State or Union territory in which he is so liable within thirty days from the date on which he becomes liable to registration, in such manner and subject to such conditions as may be prescribed:*

Provided that a casual taxable person or a non-resident taxable person shall apply for registration at least five days prior to the commencement of business.

⁵ *[Provided further that a person having a unit, as defined in the Special Economic Zones Act, 2005, in a Special Economic Zone or being a Special Economic Zone*

⁵ Inserted vide The Central Goods & Services Tax Amendment Act, 2018 w.e.f 01.02.2019

developer shall have to apply for a separate registration, as distinct from his place of business located outside the Special Economic Zone in the same State or Union territory].

Explanation. - Every person who makes a supply from the territorial waters of India shall obtain registration in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

- (2) A person seeking registration under this Act shall be granted a single registration in a State or Union territory:

⁶[Provided that a person having multiple places of business in a State or Union territory may be granted a separate registration for each such place of business, subject to such conditions as may be prescribed].

- (3) A person, though not liable to be registered under section 22 or section 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered person, shall apply to such person.

- (4) A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

- (5) Where a person who has obtained, or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

- (6) Every person shall have a Permanent Account Number issued under the Income Tax Act, 1961 (43 of 1961) in order to be eligible for grant of registration:

Provided that a person required to deduct tax under section 51 may have, in lieu of a Permanent Account Number, a Tax Deduction and Collection Account Number issued under the said Act in order to be eligible for grant of registration.

- (6A) ⁷[Every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in such form and manner and within such time as may be prescribed:

Provided that if an Aadhaar number is not assigned to the registered person, such person shall be offered alternate and viable means of identification in such manner as Government may, on the recommendations of the Council, prescribe:

Provided further that in case of failure to undergo authentication or furnish proof of

⁶ Substituted vide The Central Goods & Services Tax Amendment Act, 2018 w.e.f 01.02.2019

⁷ Inserted vide The Finance (No. 2) Act, 2019 w.e.f. 01.01.2020

possession of Aadhaar number or furnish alternate and viable means of identification, registration allotted to such person shall be deemed to be invalid and the other provisions of this Act shall apply as if such person does not have a registration.

- (6B) ⁸[On and from the date of notification, every individual shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number, in such manner as the Government may, on the recommendations of the Council, specify in the said notification]:

Provided that if an Aadhaar number is not assigned to an individual, such individual shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

- (6C) ⁹[On and from the date of notification, every person, other than an individual, shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number of the Karta, Managing Director, whole time Director, such number of partners, Members of Managing Committee of Association, Board of Trustees, authorised representative, authorised signatory and such other class of persons, in such manner, as the Government may, on the recommendation of the Council, specify in the said notification]:

Provided that where such person or class of persons have not been assigned the Aadhaar Number, such person or class of persons shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification

- (6D) ¹⁰[The provisions of sub-section (6A) or sub-section (6B) or sub-section (6C) shall not apply to such person or class of persons or any State or Union territory or part thereof, as the Government may, on the recommendations of the Council, specify by notification].

Explanation. —For the purposes of this section, the expression “Aadhaar number” shall have the same meaning as assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016]

- (7) *Notwithstanding anything contained in sub-section (6), a non-resident taxable person may be granted registration under sub-section (1) on the basis of such other documents as may be prescribed.*

⁸ Notified vide Notf No 18/2020-CT dt. 23.03.2020 w.e.f. 01.04.2020

⁹ Notified vide Notf No.19/2020-CT dt. 23.03.2020 w.e.f. 01.04.2020

¹⁰ Notified vide Notf No.17/2020-CT dt.23.03.2020 w.e.f. 01.04.2020

- (8) *Where a person who is liable to be registered under this Act fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under this Act or under any other law for the time being in force, proceed to register such person in such manner as may be prescribed.*
- (9) *Notwithstanding anything contained in sub-section (1), —*
- (a) *any specialised agency of the United Nations Organisation or any Multilateral Financial Institution and Organisation notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries; and*
 - (b) *any other person or class of persons, as may be notified by the Commissioner, shall be granted a Unique Identity Number in such manner and for such purposes, including refund of taxes on the notified supplies of goods or services or both received by them, as may be prescribed.*
- (10) *The registration or the Unique Identity Number shall be granted or rejected after due verification in such manner and within such period as may be prescribed.*
- (11) *A certificate of registration shall be issued in such form and with effect from such date as may be prescribed.*
- (12) *A registration or a Unique Identity Number shall be deemed to have been granted after the expiry of the period prescribed under sub-section (10), if no deficiency has been communicated to the applicant within that period.*

Extract of the CGST Rules, 2017**8. Application for registration**

- (1) *Every person, other than a non-resident taxable person, a person required to deduct tax at source under section 51, a person required to collect tax at source under section 52 and a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017) who is liable to be registered under sub-section (1) of section 25 and every person seeking registration under sub-section (3) of section 25 (hereafter in this Chapter referred to as “the applicant”) shall, before applying for registration, declare his Permanent Account Number, mobile number, e-mail address, State or Union territory in Part A of FORM GST REG-01 on the common portal, either directly or through a Facilitation Centre notified by the Commissioner:*

~~¹¹[Provided that a person having a unit(s) in a Special Economic Zone or being a Special Economic Zone developer shall make a separate application for registration]~~

¹¹ Omitted vide Notf no. 03/2019-CT dt. 29.01.2019 wef 01.02.2019

~~as a business vertical distinct from his other units located outside the Special Economic Zone:]~~

Provided ¹²[~~further~~] that every person being an Input Service Distributor shall make a separate application for registration as such Input Service Distributor.

- (2) (a) The Permanent Account Number shall be validated online by the common portal from the database maintained by the Central Board of Direct Taxes.
- (b) The mobile number declared under sub-rule (1) shall be verified through a one-time password sent to the said mobile number; and
- (c) The e-mail address declared under sub-rule (1) shall be verified through a separate one-time password sent to the said e-mail address.
- (3) On successful verification of the Permanent Account Number, mobile number and e-mail address, a temporary reference number shall be generated and communicated to the applicant on the said mobile number and e-mail address.
- (4) Using the reference number generated under sub-rule (3), the applicant shall electronically submit an application in Part B of FORM GST REG-01, duly signed or verified through electronic verification code, along with the documents specified in the said Form at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.
- ¹³[(4A) The applicant shall, while submitting an application under sub-rule (4), with effect from 01.04.2020, undergo authentication of Aadhaar number for grant of registration.]
- (5) On receipt of an application under sub-rule (4), an acknowledgement shall be issued electronically to the applicant in FORM GST REG-02.
- (6) A person applying for registration as a casual taxable person shall be given a temporary reference number by the common portal for making advance deposit of tax in accordance with the provisions of section 27 and the acknowledgement under sub-rule (5) shall be issued electronically only after the said deposit.

9. Verification of the application and approval

- (1) The application shall be forwarded to the proper officer who shall examine the application and the accompanying documents and if the same are found to be in order, approve the grant of registration to the applicant within a period of three working days from the date of submission of the application.

¹⁴[Provided that where a person, other than those notified under sub-section (6D) of

¹² Omitted vide Notf no. 03/2019-CT dt. 29.01.2019 wef 01.02.2019

¹³ Inserted vide Notf no 16/2020-CT dt. 23.03.2020 w.e.f. 01.04.2020

¹⁴ Inserted vide Notf No 16/2020-CT dt 23.03.2020 w.e.f. 01.04.2020

section 25 fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8, then the registration shall be granted only after physical verification of the principle place of application, in the manner provided under rule 25 and the provisions of sub-rule (5) shall not be applicable in such cases].

- (2) Where the application submitted under rule 8 is found to be deficient, either in terms of any information or any document required to be furnished under the said rule, or where the proper officer requires any clarification with regard to any information provided in the application or documents furnished therewith, he may issue a notice to the applicant electronically in FORM GST REG-03 within a period of three working days from the date of submission of the application and the applicant shall furnish such clarification, information or documents electronically, in FORM GST REG-04, within a period of seven working days from the date of the receipt of such notice.

Explanation- For the purposes of this sub-rule, the expression ““clarification”” includes modification or correction of particulars declared in the application for registration, other than Permanent Account Number, State, mobile number and e-mail address declared in Part A of FORM GST REG-01.

- (3) Where the proper officer is satisfied with the clarification, information or documents furnished by the applicant, he may approve the grant of registration to the applicant within a period of seven working days from the date of the receipt of such clarification or information or documents.
- (4) Where no reply is furnished by the applicant in response to the notice issued under sub-rule (2) or where the proper officer is not satisfied with the clarification, information or documents furnished, he shall, for reasons to be recorded in writing, reject such application and inform the applicant electronically in FORM GST REG-05.
- (5) If the proper officer fails to take any action, -
- (a) within a period of three working days from the date of submission of the application; or
 - (b) within a period of seven working days from the date of the receipt of the clarification, information or documents furnished by the applicant under sub-rule (2), the application for grant of registration shall be deemed to have been approved.

10. Issue of registration certificate

- (1) Subject to the provisions of sub-section (12) of section 25, where the application for grant of registration has been approved under rule 9, a certificate of registration in FORM GST REG-06 showing the principal place of business and additional place or places of business shall be made available to the applicant on the common portal and a Goods and Services Tax Identification Number shall be assigned subject to the following characters, namely: -

- (a) *two characters for the State code;*
 - (b) *ten characters for the Permanent Account Number or the Tax Deduction and Collection Account Number;*
 - (c) *two characters for the entity code; and*
 - (d) *one checksum character.*
 - (2) *The registration shall be effective from the date on which the person becomes liable to registration where the application for registration has been submitted within a period of thirty days from such date.*
 - (3) *Where an application for registration has been submitted by the applicant after the expiry of thirty days from the date of his becoming liable to registration, the effective date of registration shall be the date of the grant of registration under sub-rule (1) or sub-rule (3) or sub-rule (5) of rule 9.*
 - (4) *Every certificate of registration shall be ¹⁵[duly signed or verified through electronic verification code] by the proper officer under the Act.*
 - (5) *Where the registration has been granted under sub-rule (5) of rule 9, the applicant shall be communicated the registration number, and the certificate of registration under sub-rule (1), duly signed or verified through electronic verification code, shall be made available to him on the common portal, within a period of three days after the expiry of the period specified in sub-rule (5) of rule 9.*
- ¹⁶**10A. Furnishing of Bank Account Details.** — *After a certificate of registration in FORM GST REG-06 has been made available on the common portal and a Goods and Services Tax Identification Number has been assigned, the registered person, except those who have been granted registration under rule 12 or, as the case may be rule 16, shall as soon as may be, but not later than forty five days from the date of grant of registration or the date on which the return required under section 39 is due to be furnished, whichever is earlier, furnish information with respect to details of bank account, or any other information, as may be required on the common portal in order to comply with any other provision.”]*
- 11. ¹⁷[Separate registration for multiple places of business within a State or a Union territory]**
- (1) *Any person having multiple places of business within a State or a Union territory, requiring a separate registration for any such place of business under sub-section (2)*

¹⁵ Substituted vide Notf no. 7/2017-CT dt. 27.06.2017 for the words —digitally signed||

¹⁶ Inserted vide Notf no. 31/2019 – CT dt. 28.06.2019

¹⁷ Substituted vide Notf no. 03/2019-CT dt. 29.01.2019 wef 01.02.2019

of section 25 shall be granted separate registration in respect of each such place of business subject to the following conditions, namely: —

- (a) such person has more than one place of business as defined in clause (85) of section 2;
- (b) such person shall not pay tax under section 10 for any of his places of business if he is paying tax under section 9 for any other place of business;
- (c) all separately registered places of business of such person shall pay tax under the Act on supply of goods or services or both made to another registered place of business of such person and issue a tax invoice or a bill of supply, as the case may be, for such supply.

Explanation. —For the purposes of clause (b), it is hereby clarified that where any place of business of a registered person that has been granted a separate registration becomes ineligible to pay tax under section 10, all other registered places of business of the said person shall become ineligible to pay tax under the said section.

- (2) A registered person opting to obtain separate registration for a place of business shall submit a separate application in FORM GST REG-01 in respect of such place of business.
- (3) The provisions of rule 9 and rule 10 relating to the verification and the grant of registration shall, *mutatis mutandis*, apply to an application submitted under this rule].

12. Grant of registration to persons required to deduct tax at source or to collect tax at source

- (1) Any person required to deduct tax in accordance with the provisions of section 51 or a person required to collect tax at source in accordance with the provisions of section 52 shall electronically submit an application, duly signed or verified through electronic verification code, in FORM GST REG-07 for the grant of registration through the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

¹⁸ [(1A) A person applying for registration to ¹⁹[deduct or] collect tax in accordance with the provisions of ²⁰[section 51, or, as the case may be], section 52, in a State or Union territory where he does not have a physical presence, shall mention the name of the State or Union territory in PART A of the application in FORM GST REG-07 and mention the name of the State or Union territory in PART B thereof in which the principal place of business is located which may be different from the State or Union territory mentioned in PART A].

¹⁸ Inserted vide Notf no. 74/2018-CT dt. 31.12.2018

¹⁹ Inserted vide Notf no. 33/2019-CT dt. 18.07.2019

²⁰ Inserted vide Notf no. 33/2019-CT dt. 18.07.2019

(2) *The proper officer may grant registration after due verification and issue a certificate of registration in FORM GST REG-06 within a period of three working days from the date of submission of the application.*

(3) *Where, upon an enquiry or pursuant to any other proceeding under the Act, the proper officer is satisfied that a person to whom a certificate of registration in FORM GST REG-06 has been issued is no longer liable to deduct tax at source under section 51 or collect tax at source under section 52, the said officer may cancel the registration issued under sub-rule (2) and such cancellation shall be communicated to the said person electronically in FORM GST REG-08:*

Provided that the proper officer shall follow the procedure as provided in rule 22 for the cancellation of registration.

13. Grant of registration to non-resident taxable person

(1) *A non-resident taxable person shall electronically submit an application, along with a self-attested copy of his valid passport, for registration, duly signed or verified through electronic verification code, in FORM GST REG-09, at least five days prior to the commencement of business at the common portal either directly or through a Facilitation Centre notified by the Commissioner:*

Provided that in the case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its Permanent Account Number, if available.

(2) *A person applying for registration as a non-resident taxable person shall be given a temporary reference number by the common portal for making an advance deposit of tax in accordance with the provisions of section 27 and the acknowledgement under sub-rule (5) of rule 8 shall be issued electronically only after the said deposit in his electronic cash ledger.*

(3) *The provisions of rule 9 and rule 10 relating to the verification and the grant of registration shall, mutatis mutandis, apply to an application submitted under this rule.*

(4) *The application for registration made by a non-resident taxable person shall be ²¹[duly signed or verified through electronic verification code] by his authorised signatory who shall be a person resident in India having a valid Permanent Account Number.*

14. Grant of registration to a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient

²¹ Substituted vide Notf no. 7/2017-CT dt. 27.06.2017 for —signed

- (1) Any person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient shall electronically submit an application for registration, duly signed or verified through electronic verification code, in FORM GST REG-10, at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.
- (2) The applicant referred to in sub-rule (1) shall be granted registration, in FORM GST REG-06, subject to such conditions and restrictions and by such officer as may be notified by the Central Government on the recommendations of the Council.

15. Extension in period of operation by casual taxable person and non-resident taxable person

- (1) Where a registered casual taxable person or a non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in FORM GST REG-11 shall be submitted electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner, by such person before the end of the validity of registration granted to him.
- (2) The application under sub-rule (1) shall be acknowledged only on payment of the amount specified in sub-section (2) of section 27

16. Suo moto registration

- (1) Where, pursuant to any survey, enquiry, inspection, search or any other proceedings under the Act, the proper officer finds that a person liable to registration under the Act has failed to apply for such registration, such officer may register the said person on a temporary basis and issue an order in FORM GST REG-12.
- (2) The registration granted under sub-rule (1) shall be effective from the date of such order granting registration.
- (3) Every person to whom a temporary registration has been granted under sub-rule (1) shall, within a period of ninety days from the date of the grant of such registration, submit an application for registration in the form and manner provided in rule 8 or rule 12:

Provided that where the said person has filed an appeal against the grant of temporary registration, in such case, the application for registration shall be submitted within a period of thirty days from the date of the issuance of the order upholding the liability to registration by the Appellate Authority.

- (4) The provisions of rule 9 and rule 10 relating to verification and the issue of the certificate of registration shall, mutatis mutandis, apply to an application submitted under sub-rule (3).

- (5) The Goods and Services Tax Identification Number assigned, pursuant to the verification under sub-rule (4), shall be effective from the date of the order granting registration under sub-rule (1).

17. Assignment of Unique Identity Number to certain special entities

- (1) Every person required to be granted a Unique Identity Number in accordance with the provisions of sub-section (9) of section 25 may submit an application electronically in FORM GST REG-13, duly signed or verified through electronic verification code, in the manner specified in rule 8 at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

²²[(1A) The Unique Identity Number granted under sub-rule (1) to a person under clause (a) of sub-section (9) of section 25 shall be applicable to the territory of India.]

- (2) The proper officer may, upon submission of an application in FORM GST REG-13 or after filling up the said form or after receiving a recommendation from the ²³Ministry of External Affairs, Government of India, assign a Unique Identity Number to the said person and issue a certificate in FORM GST REG-06 within a period of three working days from the date of the submission of the application.

25. Physical verification of business premises in certain cases.

~~Where the proper officer is satisfied that the physical verification of the place of business of a registered person is required after the grant of registration, he may get such verification done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of fifteen working days following the date of such verification.~~

²⁴[Where the proper officer is satisfied that the physical verification of the place of business of a person is required due to failure of Aadhaar authentication before the grant of registration, or due to any other reason after the grant of registration, he may get such verification of the place of business, in the presence of the said person, done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of fifteen working days following the date of such verification.]

²² Inserted vide Notf no. 75/2017 – CT dt. 29.12.2017

²³ Inserted vide Notf no. 22/2017 – CT dt. 17.08.2017

²⁴ Substituted vide Notf no. 16/2020-CT dt. 23.03.2020

Related provisions of the Statute

Section or Rule	Description
Section 22	Persons liable for registration
Section 24	Compulsory registration in certain cases
Section 51	Tax deduction at source
Section 52	Collection of tax at source

25.1 Analysis

Every registered person is considered a 'distinct person' for the limited purposes of GST. This is a very important fiction supplied by law so as to overcome the deficiency to constitute a 'supply' between one branch to another of the same person (legal entity). But for this fiction, imputing 'supply' in respect of supply-like transactions between branches of the same entity or person would have been impossible, in spite of existence of Schedule I. In fact, the fiction of 'distinct persons' flows from section 25 into Schedule I and supports the levy of tax on branch-transfers. While branch transfer involving goods is understandable, branch transfers involving services too are taxable, but that is discussed under supply which may be referred.

Section 25 read with rules 8 to 26 of the CGST Rules related to registration provides a detailed road map on the procedural aspects of the registration. The time limit for application is within 30 days (for persons other than casual taxable person or a non-resident taxable person) and casual taxable person or a non-resident taxable person shall have to obtain the registration at least 5 days prior to the commencement.

Single registration will be granted from one State or Union Territory and in case of persons having business across different States, then multiple registrations are granted. Now, as per CGST (Amendment) Act, 2018 with effect from 1-Feb-2019, even in a single State, multiple registrations are possible wherever a person has multiple places of business in the same one State.

Concept of Aadhar Authentication implemented by Finance (No. 2) Act, 2019

1. Concept of Aadhar Authentication at the time of seeking registration has been introduced in the GST Act by inserting subsection 6A to 6D in section 25.
2. Section 25(6A) has been introduced to mandates a registered person to undergo Aadhar authentication or furnish proof of possession of Aadhar number and empower the government to make rules related to the same. Sub rule 4A has been inserted in Rule 8 w.e.f. 01.04.2020 vide Notification no. 16/2020 dt. 23/03/2020 in this regard. Further, if Aadhar Number has not been assigned to such person, alternate and viable means of identification shall be provided through rules and correspondingly a proviso in Rule 9(1) has been inserted vide Notification no. 16/2020 dt. 23/03/2020 which requires physical verification of principle

place of business in the presence of said person who has failed to undergo Aadhar authentication. Verification shall be done within 60 days from the date of application in the manner provided in Section 25. As per the 2nd proviso in Section 25(6A), if a registered person fails to undergo Aadhar authentication or furnish proof of possession of Aadhar number as per rule 8 or fails to furnish alternate and viable means of identification, then such person shall be deemed to be an Unregistered person.

3. Section 25(6B) and Section 25(6C) have been inserted to mandate Aadhar Authentication or furnish proof of possession of Aadhar number at the time of grant of registration to an individual and any person other than an individual. Also, if Aadhar number has not been assigned to the person, then an alternate and viable means of identification will be specified by way of a notification. Notification no. 18/2020 dt. 23/03/2020 has been issued pursuant to Section 25(6B) to specify 01/04/2020 as the date from which an individual shall undergo Aadhar authentication as per rule 8 in order to be eligible for registration. Alternate and viable means of identification has been offered in the manner specified in Rule 9.

4. Similarly, Notification no. 19/2020 dt. 23/03/2020 has been issued pursuant to Section 25(6C) for persons other than individuals, notifying 01/04/2020 as the date from which the authorised signatory of all type, Managing and Authorised partners in a partnership firm and Karta of an HUF shall undergo Aadhar authentication as per Rule 8 in order to be eligible for grant of registration. Alternate and viable means of identification has been offered in the manner specified in Rule 9.

5. Newly inserted Section 25(6D) empowers the Government on the recommendation of the council to specify persons or such class of persons or any state or Union territory or part thereof, on whom provisions of Subsection 6A, 6B and 6C shall not apply. Notification no. 17/2020 dt. 23/03/2020 w.e.f. 01/04/2020, specifies a person who is not a citizen of India or a class of person other than following class – Individual, authorised signatory of all type, managing and authorised partner, Karta of a HUF, on whom provision of Section 25(6B) and 25(6C) shall not apply.

²⁵Separate registration within the State in the same line of business has been allowed by removing the concept of business vertical

6. Concept of business vertical has been removed from GST (Business vertical meant different lines of businesses which carry different risk and reward);

Taxpayers can now opt for separate registrations in a State based on location for each of the business (though they are in similar line of business)

²⁵ Amendment made by The Central Goods and Services Tax Amendment Act, 2018 w.e.f 01.02.2019

Illustration

Situation	Pre-Amendment	Post-Amendment
Business 1 – IT Software Services Business 2 – Employee Training Services Location – Common Office	Separate registration possible since the tax payer has separate business vertical	Separate registration not possible since the businesses are operating from a common location
Business 1 – Hotel Business 2 – Hotel Location – Separate Locations	Separate registration not possible since the tax payer has single business vertical	Separate registration possible since businesses are located at different locations

Further, as per *second proviso* to section 25, a Special Economic Zone unit or Special Economic Zone developer shall make a separate application for registration as distinct place of business from its other units located outside the Special Economic Zone. Rule 8 provides detailed procedure for application of registration by a person desirous of seeking registration under GST. All SEZ (developer or unit) within one State may operate with one GST registration and there is no requirement for separate registration for developer, unit or multiple units in (same or different) zones in same State.

Every person being an Input Service Distributor shall make a separate application for registration as such Input Service Distributor. Regular registration DOES not permit credit-distribution. Refer discussion under section 2(61) and under section 23 (Issues and Concerns, point (c) above) regarding the scope for ISD to fall into disuse over time.

Where a person who is liable to be registered under this Act fails to obtain registration, the proper officer can proceed to register such person in the manner as may be prescribed.

A person not liable to registration (i) may opt for voluntary registration and (ii) then will be liable to 'all' compliance 'as if' such person was liable for registration. Unlike service tax where registration could be obtained even when threshold was below Rs.10 lacs but tax was to be paid only after turnover crossed Rs.10 lacs. GST makes a shift in this understanding and this must be taken note of.

The registration shall be effective from the date on which the person becomes liable to registration where the application for registration has been submitted within a period of thirty days from such date. Where an application for registration has been submitted by the applicant after the expiry of thirty days from the date of his becoming liable to registration, the effective date of registration shall be the date of the grant of registration.

Registration Certificate is issued in **FORM GST REG-06**.

The registration rules prescribe 30 different forms in respect of registration matters. The application for registration should be disposed off in a time bound manner and detailed time limits have been prescribed under the rules for various purposes.

Sl. No	Form No.	Title of the Form
1	²⁶ GSTREG-01	Application for registration
2	GSTREG-02	Acknowledgement
3	GSTREG-03	Notice for seeking additional information/ clarification/ documents relating to application for registration/ amendment/ cancellation
4	GSTREG-04	Clarification/ additional information/ document for registration/ amendment/ cancellation
5	GSTREG-05	Order of rejection of application for registration/ amendment/ cancellation
6	GSTREG-06	Registration Certificate
7	GSTREG-07	Application for Registration as Tax Deductor at source u/s 51 or Tax Collector at source u/s 52
8	GSTREG-08	Order of cancellation of registration as Tax deductor at source or Tax collector at source
9	GSTREG-09	Application for Registration of Non-Resident Taxable Person
10	GSTREG-10	Application for registration of person supplying online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person
11	GSTREG-11	Application for extension of registration period by causal taxable person or non-resident taxable person
12	GSTREG-12	Order of Grant of Temporary registration/ <i>Suo Moto</i> Registration
13	GSTREG-13	Application/ Form for grant of Unique Identity Number (UIN) to UN Bodies/ Embassies/ others
14	GSTREG-14	Application for Amendment in Registration Particulars (For all types of registered persons)
15	GSTREG-15	Order of Amendment
16	GSTREG-16	Application for Cancellation of Registration
17	GSTREG-17	Show Cause Notice for Cancellation of Registration

²⁶ Amended vide Notf No. 02/2020 dt. 01-Jan-2020.

18	GSTREG-18	Reply to the Show Cause Notice issued for cancellation for registration
19	GSTREG-19	Order for Cancellation of Registration
20	GSTREG-20	Order for dropping the proceedings for cancellation of registration
21	GSTREG-21	Application for Revocation of Cancellation of Registration
22	GSTREG-22	Order for revocation of cancellation of registration
23	GSTREG-23	Show Cause Notice for rejection of application for revocation of cancellation of registration
24	GSTREG-24	Reply to the notice for rejection of application for revocation of cancellation of registration
25	GSTREG-25	Certificate of Provisional Registration
26	GSTREG-26	Application for Enrolment of Existing Taxpayer
27	GSTREG-27	Show Cause Notice for cancellation of provisional registration
28	GSTREG-28	Order for cancellation of provisional registration
29	GSTREG-29	Application for cancellation of registration of migrated taxpayers
30	GSTREG-30	Form for Field Visit Report

Requirement of a Permanent Account Number or Tax Deduction and Collection Account Number

Every person who is liable to obtain registration or wants to obtain voluntary registration is required to have a Permanent Account Number (PAN).

Every person required to deduct tax under section 51 may have, in lieu of a Permanent Account Number, a Tax Deduction and Collection Account Number (TAN)

A non-resident taxable person can obtain registration on the basis of any other document as may be prescribed.

Registration for United Nations or Consulate or Embassy:

Any specialized agency of the United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), Consulate or Embassy of foreign countries and any other person or class of persons as may be notified by the Commissioner, shall obtain a Unique Identity Number. The registration shall be for the purpose(s) notified, including seeking to claim refund of taxes paid by them, on the notified supplies of goods and/or services received by them. The supplier supplying to these organization is expected to mention the UID on the invoices and treat such supplies as business to business (B2B) supplies.

Grant of Registration by Proper Officer

The registration or Unique Identity Number, (UID) is granted/ issued with effective dates. The registration or UID is granted or rejected after due verification. A certificate of registration shall also be issued in prescribed form with effective date as may be prescribed. The Unique Identity Number granted to any person shall be applicable to the territory of whole India. (Reference Notification No. 75/2017 - Central Tax, Dated 29th December 2017)

A registration or a UID shall be deemed to have been granted after the period prescribed under sub-section (10) of section 25 of the Act] if no deficiency has been communicated to the applicant within that period. Also, the grant of registration or the Unique Identity Number under the CGST Act/ SGST Act shall be deemed to be a grant of registration or the Unique Identity Number under the SGST/CGST Act provided that the application for registration or the UID has not been rejected/no deficiency has been communicated to applicant by the proper officer under SGST/CGST Act within the time specified. As per rule 17 of CGST Rules the proper officer may upon submission of FORM GST REG-13 assign UID to these persons and issue a certificate in FORM GST REG-06 within a period of 3 working days from the date of submission of application.

Physical Verification of place of business:

Prior to amendment by Notification 16/2020 dt. 23/03/2020 -Where the proper officer is satisfied that the physical verification of the place of business of a registered person is required after the grant of registration, he may get such verification done. The verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of 15 working days following the date of such verification.

After amendment by Notification 16/2020 dt. 23/03/2020, - Where the proper officer is satisfied that the physical verification of the place of business of a person is required due to failure of Aadhaar authentication before the grant of registration, or due to any other reason after the grant of registration, he may get such verification of the place of business, in the presence of the said person, done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of 15 working days following the date of such verification.

25.2 Issues/ Concerns:

- (a) Relaxation of time-limit for effective date of registration: There are numerous ground level issues faced by the tax payers w.r.t. IT infrastructure glitches, plethora of notifications/ circulars, corrigendum, amendments, interpretation of laws etc. on account of which the industry has been grappling with various issues including registration procedures. In this background, in cases where the application for registration has been belatedly made, it would be unfair to the tax payer if the effective date of registration is not considered from the date of liability itself.

Statutory Provisions**26. Deemed registration**

- (1) *The grant of registration or the Unique Identity Number under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act shall be deemed to be a grant of registration or the Unique Identity Number under this Act subject to the condition that the application for registration or the Unique Identity Number has not been rejected under this Act within the time specified in sub-section (10) of section 25.*
- (2) *Notwithstanding anything contained in sub-section (10) of section 25, any rejection of application for registration or the Unique Identity Number under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act shall be deemed to be a rejection of application for registration under this Act.*

Related provisions of the Statute:

Section or Rule	Description
Section 22	Persons liable for registration
Section 25	Procedure for registration

26.1 Analysis

These are the linking provisions between the Central Goods and Services Tax and State/Union Territory Goods and Services Tax Act. By enabling these provisions, the burden of taking registrations under various Acts has been removed. Thus, if a supplier takes a registration under one Act it shall be deemed that the registration has also been obtained under the other Act and *vice-versa*. Even otherwise the registration must be taken on the common portal and is based on the PAN hence the registration will remain common across various Acts.

However, if the registration is rejected under the Central Goods and Services Tax Act, then such rejection will be treated as if the registration has not been obtained under the Central Goods and Services Tax Act even though it has been obtained in State/Union Territory Goods and Services Tax Act.

If an application for registration has been rejected under State/Union Territory Goods and Services Tax Act then it shall be deemed that the same has been rejected under the Central Goods and Services Tax Act.

Rejection of Application for Registration:

The proper officer shall not reject the application for registration or the Unique Identification Number (UID) without giving a notice to show cause and without giving the person a reasonable opportunity of being heard.

This implies that the decision to reject an application under this section shall be only after following the principles of natural justice and after a due process of law by issuance of an order. It should also be noted that any rejection of application for registration or the Unique Identity Number under the CGST Act/ SGST Act shall be deemed to be a rejection of application for registration under the SGST Act/ CGST Act respectively as the case may be.

Statutory Provisions

27. Special provisions relating to casual taxable person and non-resident taxable person

- (1) *The certificate of registration issued to a casual taxable person or a non-resident taxable person shall be valid for a period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier and such person shall make taxable supplies only after the issuance of the certificate of registration:*

Provided that the proper officer may, on sufficient cause being shown by the said taxable person, extend the said period of ninety days by a further period not exceeding ninety days.

- (2) *A casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration under sub-section (1) of section 25, make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought:*

Provided that where any extension of time is sought under sub-section (1), such taxable person shall deposit an additional amount of tax equivalent to the estimated tax liability of such person for the period for which the extension is sought.

- (3) *The amount deposited under sub-section (2) shall be credited to the electronic cash ledger of such person and shall be utilized in the manner provided under section 49.*

Extract of the CGST Rules, 2017

15. Extension in period of operation by casual taxable person and non-resident taxable person

- (1) *Where a registered casual taxable person or a non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in FORM GST REG-11 shall be submitted electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner, by such person before the end of the validity of registration granted to him.*
- (2) *The application under sub-rule (1) shall be acknowledged only on payment of the amount specified in sub-section (2) of section 27.*

Related provisions of the Statute:

Section or Rule	Description
Section 2(20)	Definition of “casual taxable person”
Section 2(77)	Definition of “non-resident taxable person”
Section 22	Persons liable for registration
Section 24	Compulsory registration in certain cases
Section 25	Procedure for registration

27.1 Analysis

Casual taxable person (‘CTP’) is defined in section 2(20) to be a ‘person’ and not ‘registered person’ who occasionally undertakes transactions involving supply, etc. This definition in CGST Act is also present in SGST/UTGST Act. So, there are ‘two States’ that come in for consideration, that is, one State where the said person is ‘regularly’ undertaking transactions involving supply and another State where the said person is ‘occasionally’ undertaking transactions involving supply. This two-State premise is explained by the fact that if the said person is only present in one State, then in that State whether the transactions undertaken are ‘regular’ or ‘occasional’ are not relevant because the said person cannot be denied the ‘exemption threshold’ (available in section 22) in that State. So, the two-State premise identifies the State where the said person is ‘regularly’ undertaking transactions of supply (home-State) and the other where the said is ‘occasionally’ undertaking transactions of supply (host-State).

As such, whether a person is CTP or not in host-State must be examined independent of ‘registration status’ in home-State. A person may enjoy exemption threshold in home-State and (therefore) not registered but when such person undertakes transactions of supply in host-State, then such person will be liable to register in host-State and by virtue of taxable supplies in two States, registration in home-State may be triggered under section 24(i) in respect of inter-State taxable supplies of either (i) goods that may be carried to host-State for onward sales in host-State or (ii) services of supervision and management oversight that may be availed by distinct person in host-State from the owner/proprietor in home-State (where salaries are incurred).

‘Occasional’ means non-recurring and does not mean ‘intermittent’. First-time application to register as CTP may not be questioned about the ‘occasional’ nature of transactions involving supply in host-State but a second-time application (after deregistration on completion of said occasional project) may not be readily accepted. Second and subsequent occasion of CTP registration may actually call for an inquiry into possibility of ‘regular registration’ in said host-State. So, there are multiple ways in which one could go wrong with CTP and experts caution that CTP should not be interchanged with regular registration.

Contrasted with CTP, non-resident taxable person (‘NRTP’) may be examined by its definition in 2(77) which appears to be identical to the definition of CTP in 2(20) except for:

Characteristics	CTP 2(20)	NRTP 2(77)
Occasional transactions of supply	✓	✓
Goods or services or both	✓	✓
In the course or furtherance of business	✓	-
Principal or as Agent or otherwise	✓	✓
Without a fixed place of business	In a State/UT	In India
Without a residence	-	✓

From the above comparison, the following aspects may be noted:

- CTP must have a pre-existing 'business' except that there is no POB in host-State but the question of pre-existing business is irrelevant for NRTP. But when supply in section 7(1) is attracted only when there is a 'business', whether NRTP could be come within the scope of supply in the absence of a business. Answer may be found in section 7(1)(b) where 'business' is NOT a criterion to come within the definition of 'supply'. Also, please note that vide entry 10(b) to 9/2017-Int. (R) dated 28 Jun 2017, 'non business purposes' have been exempted from GST. So, 'business' does become relevant factor even for NRTPs. Care must be taken to come within the IGST exemption and not presume that non-business activities by NRTPs will be exempt because this entry 10(b) found in IGST exemption is NOT available in CGST exemption notification (12/2017-CT(R) dated 28 Jun 2017). So, pre-existing business is relevant for CTP and NRTP but on different basis;
- CTP in one who does not have a POB in host-State but NRTP should neither have POB or Residence in the whole of India. Please take care to avoid erroneous classification of Project Offices and Branch Offices as NRTP. They do have a POB as stated in their RBI approval. So, PO and BO (of foreign companies) are NOT CTPs or NRTPs but liable to regular registration even though they may undertake only one project (esp. PO). Now, Liaison Office or Representative Office (of foreign companies) are barred from undertaking any 'business-like' activities and hence are neither CTP nor NRTP. Reference may be had to Raj. AAR in HABUFA MEUBELEN B.V. 2018 (14) G.S.T.L. 596 (AAR) wherein LO was held not to be liable to registration under GST. Care must be taken to investigate if LOs attract registration under section 24(iii) for making payments attracting GST on reverse charge basis.

The certificate of registration issued to a "casual taxable person" or a "non-resident taxable person" shall be valid for a period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier, extendable by proper officer for further period of maximum 90 days at the request of taxable person.

A casual taxable person or a non-resident taxable person, while seeking registration, shall make an advance deposit of tax in an amount equivalent to the estimated tax liability. Where any extension of time is sought, such taxable person shall deposit an additional amount of tax equal to the estimated tax liability for the period for which the extension is sought.

Such deposit shall be credited to the electronic cash ledger of casual taxable person or non-resident taxable person and utilized in the manner provided under section 49 (Payment of tax, interest, penalty and other amounts) of the Act.

Since the nature of the activity carried out by a casual taxable person and non-resident taxable person are temporary as compared to a regular taxable person, additional safeguards have been placed to ensure that the registration is granted for a limited period and the tax liability is recovered in advance.

Rule 13 of the CGST Rules, 2017, provides for the detailed process of grant of registration to non-resident taxable person and rule 15 provides for the process of extension in period of operation by casual taxable person and non-resident taxable person.

A non-resident taxable person shall electronically submit an application, along with a self-attested copy of his valid passport, for registration, duly signed or verified through electronic verification code, in FORM GST REG-09, at least five days prior to the commencement of business. In the case of business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its Permanent Account Number.

A person applying for registration as a non-resident taxable person shall be given a temporary reference number by the common portal for making an advance deposit of tax in accordance with the provisions of section 27 and the acknowledgement under sub-rule 5 of rule 8 shall be issued electronically only after the said deposit in his electronic cash ledger.

Rule 9 and rule 10 of the CGST Rules, 2017 shall also apply to an application submitted under this rule. The application for registration made by a non-resident taxable person shall be duly signed or verified through electronic verification code by his authorized signatory who shall be a person resident in India having a valid Permanent Account Number.

Where a registered casual taxable person or a non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in FORM GST REG-11 shall be submitted electronically, by such person before the end of the validity of registration granted to him. Such application shall be acknowledged only on payment of the amount specified in sub-section (2) of section 27.

Circular No. 71/45/2018-GST dated October 26, 2018, clarified that in case of long running exhibitions (for a period more than 180 days), the taxable person cannot be treated as a casual taxable person and thus, such person would be required to obtain registration as a normal taxable person. In such cases he would not be required to pay advance tax for the purpose of registration.

Deposit of tax

There was lack of clarity on whether the term 'tax liability' refers to output tax liability before adjustment of input tax or after adjustment of input tax. Having to make an advance deposit of tax on the output tax liability (without adjustment of input tax) would be unfair to the taxpayers

and cause undue financial hardships. In this regard, Circular No. 71/45/2018-GST dated October 26, 2018 has been issued to clarify that tax to be deposited by the casual taxable person will be “estimated net tax liability” after considering ITC available to such taxable person.

Statutory Provisions

28. Amendment of Registration

- (1) *Every registered person and a person to whom a Unique Identity Number has been assigned shall inform the proper officer of any changes in the information furnished at the time of registration or subsequent thereto, in such form and manner and within such period as may be prescribed.*
- (2) *The proper officer may, on the basis of information furnished under sub-section (1) or as ascertained by him, approve or reject amendments in the registration particulars in such manner and within such period as may be prescribed:*

Provided that approval of the proper officer shall not be required in respect of amendment of such particulars as may be prescribed:

Provided further that the proper officer shall not reject the application for amendment in the registration particulars without giving the person an opportunity of being heard.
- (3) *Any rejection or approval of amendments under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a rejection or approval under this Act.*

Extract of the CGST Rules, 2017

19. Amendment of registration

- (1) *Where there is any change in any of the particulars furnished in the application for registration in FORM GST REG-01 or FORM GST REG-07 or FORM GST REG-09 or FORM GST REG-10 or for Unique Identity Number in FORM GSTREG-13, either at the time of obtaining registration or Unique Identity Number or as amended from time to time, the registered person shall, within a period of fifteen days of such change, submit an application, duly signed or verified through electronic verification code, electronically in FORM GST REG-14, along with the documents relating to such change at the common portal, either directly or through a Facilitation Centre notified by the Commissioner:*

Provided that – (a) where the change relates to,-
 - (i) *legal name of business;*
 - (ii) *address of the principal place of business or any additional place(s) of business; or*

(iii) addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for the day to day affairs of the business,-

which does not warrant cancellation of registration under section 29, the proper officer shall, after due verification, approve the amendment within a period of fifteen working days from the date of the receipt of the application in FORM GST REG-14 and issue an order in FORM GST REG-15 electronically and such amendment shall take effect from the date of the occurrence of the event warranting such amendment;

(b) the change relating to sub-clause (i) and sub-clause (iii) of clause (a) in any State or Union territory shall be applicable for all registrations of the registered person obtained under the provisions of this Chapter on the same Permanent Account Number;

(c) where the change relates to any particulars other than those specified in clause (a), the certificate of registration shall stand amended upon submission of the application in FORM GST REG-14 on the common portal;

(d) where a change in the constitution of any business results in the change of the Permanent Account Number of a registered person, the said person shall apply for fresh registration in FORM GST REG-01:

Provided further that any change in the mobile number or e-mail address of the authorised signatory submitted under this rule, as amended from time to time, shall be carried out only after online verification through the common portal in the manner provided under ²⁷[sub-rule (2) of rule 8.]

²⁸[(1A) Notwithstanding anything contained in sub-rule (1), any particular of the application for registration shall not stand amended with effect from a date earlier than the date of submission of the application in FORM GST REG-14 on the common portal except with the order of the Commissioner for reasons to be recorded in writing and subject to such conditions as the Commissioner may, in the said order, specify.]

(2) Where the proper officer is of the opinion that the amendment sought under sub-rule (1) is either not warranted or the documents furnished therewith are incomplete or incorrect, he may, within a period of fifteen working days from the date of the receipt of the application in FORM GST REG-14, serve a notice in FORM GST REG-03, requiring the registered person to show cause, within a period of seven working days of the service of the said notice, as to why the application submitted under sub-rule (1) shall not be rejected.

²⁷ Substituted vide Notf no. 7/2017-CT dt. 27.06.2017 for —the said rule

²⁸ Inserted vide Notf no. 75/2017-CT dt. 29.12.2017

- (3) *The registered person shall furnish a reply to the notice to show cause, issued under sub-rule (2), in FORM GST REG-04, within a period of seven working days from the date of the service of the said notice.*
- (4) *Where the reply furnished under sub-rule (3) is found to be not satisfactory or where no reply is furnished in response to the notice issued under sub-rule (2) within the period prescribed in sub-rule (3), the proper officer shall reject the application submitted under sub-rule (1) and pass an order in FORM GST REG-05.*
- (5) *If the proper officer fails to take any action,-*
- (a) *within a period of fifteen working days from the date of submission of the application, or*
- (b) *within a period of seven working days from the date of the receipt of the reply to the notice to show cause under sub-rule (3),*
- the certificate of registration shall stand amended to the extent applied for and the amended certificate shall be made available to the registered person on the common portal.*

Related provisions of the Statute

Section or Rule	Description
Section 22	Persons liable for registration
Section 25	Procedure for registration

28.1 Analysis

There are various situations in which the Registration Certificate issued by the competent authority requires amendment in line with real time situations. Under these circumstances, every registered taxable person shall inform any changes in the information furnished at the time of registration.

The proper officer shall not reject the request for amendment without affording a reasonable opportunity of being heard by following the principles of natural justice. Any rejection or, approval of amendments under the State Goods and Services Tax Act or Union Territory Goods and Services Act shall be deemed to be a rejection or approval of amendments under the Central Goods and Services Tax Act.

Rule 19 of the CGST Rules, 2017 provide for the detailed process of amendment of registration under GST.

Important Points

- Any change in registration particulars has to be informed **within 15 days of change**
- Proper officer may approve/ reject amendment

- No rejection without giving an opportunity of being heard
- Rejection of amendment under CGST will be a deemed rejection under SGST and vice-versa

As per Notification No. 75/2017-Central Tax, dated 29th December, 2017, it may be noted that amendment in Registration Certificate (in FORM GST REG-14) will stand amended only from the date of application for amendment and not earlier than the date of submission of application except with the order of Commissioner.

Statutory Provisions

29. Cancellation ²⁹[or Suspension] of registration

- (1) *The proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where, —*
 - (a) *the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or*
 - (b) *there is any change in the constitution of the business; or*
 - (c) ³⁰*[the taxable person is no longer liable to be registered under section 22 or section 24 or intends to opt out of the registration voluntarily made under sub-section (3) of section 25];*

³¹*[Provided that during pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended for such period and in such manner as may be prescribed].*
- (2) *The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where, —*
 - (a) *a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or*
 - (b) *a person paying tax under section 10 has not furnished returns for three consecutive tax periods; or*
 - (c) *any registered person, other than a person specified in clause (b), has not furnished returns for a continuous period of six months; or*

²⁹ Inserted vide The Central Goods & Services Tax Amendment Act, 2018 w.e.f 01.02.2019

³⁰ Substituted vide The Central Goods & Services Tax Amendment Act, 2020 w.e.f date to be notified

³¹ Inserted vide The Central Goods & Services Tax Amendment Act, 2018 w.e.f 01.02.2019

- (d) any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business within six months from the date of registration; or
- (e) registration has been obtained by means of fraud, wilful misstatement or suppression of facts:

Provided that the proper officer shall not cancel the registration without giving the person an opportunity of being heard:

³²*[Provided further that during pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration for such period and in such manner as may be prescribed].*

- (3) *The cancellation of registration under this section shall not affect the liability of the person to pay tax and other dues under this Act or to discharge any obligation under this Act or the rules made thereunder- 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.*
- (4) *The cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a cancellation of registration under this Act.*
- (5) *Every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic 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 or capital goods or plant and machinery 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:*

Provided that in case of capital goods or plant and machinery, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery, reduced by such percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery under section 15, whichever is higher.
- (6) *The amount payable under sub-section (5) shall be calculated in such manner as may be prescribed.*

³² Inserted vide The Central Goods & Services Tax Amendment Act, 2018 w.e.f 01.02.2019

Extract of the CGST Rules, 2017

20. Application for cancellation of registration

A registered person, other than a person to whom a registration has been granted under rule 12 or a person to whom a Unique Identity Number has been granted under rule 17, seeking cancellation of his registration under sub-section (1) of section 29 shall electronically submit an application in FORM GST REG-16, including therein the details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock and of capital goods held in stock on the date from which the cancellation of registration is sought, liability thereon, the details of the payment, if any, made against such liability and may furnish, along with the application, relevant documents in support thereof, at the common portal within a period of thirty days of the occurrence of the event warranting the cancellation, either directly or through a Facilitation Centre notified by the Commissioner.

³³~~*[Provided that no application for the cancellation of registration shall be considered in case of a taxable person, who has registered voluntarily, before the expiry of a period of one year from the effective date of registration.]*~~

21. Registration to be cancelled in certain cases

The registration granted to a person is liable to be cancelled, if the said person,-

- (a) does not conduct any business from the declared place of business; or*
- (b) issues invoice or bill without supply of goods or services in violation of the provisions of this Act, or the rules made thereunder; or*
- ³⁴*[(c) violates the provisions of section 171 of the Act or the rules made thereunder.]*
- ³⁵*[(d) violates the provision of rule 10A.]*

³⁶ **[21A. Suspension of registration.**

- (1) Where a registered person has applied for cancellation of registration under rule 20, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration under rule 22.*
- (2) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under section 29 or under rule 21, he may, after affording the said person a reasonable opportunity of being heard, suspend the registration of such*

³³ Omitted vide Notf no. 03/2018-CT dt. 23.01.2018

³⁴ Inserted vide Notf no. 07/2017-CT dt. 27.06.2017

³⁵ Inserted vide Notf no. 31/2019 – CT dt. 28.06.2019

³⁶ Inserted vide Notf no. 03/2019-CT dt. 29.01.2019 wef 01.02.2019

person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration under rule 22.

- (3) A registered person, whose registration has been suspended under sub-rule (1) or sub-rule (2), shall not make any taxable supply during the period of suspension and shall not be required to furnish any return under section 39.

³⁷[Explanation.-For the purposes of this sub-rule, the expression "shall not make any taxable supply" shall mean that the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the period of suspension].

- (4) The suspension of registration under sub-rule (1) or sub-rule (2) shall be deemed to be revoked upon completion of the proceedings by the proper officer under rule 22 and such revocation shall be effective from the date on which the suspension had come into effect.]

- [(5) ³⁸Where any order having the effect of revocation of suspension of registration has been passed, the provisions of clause (a) of sub-section (3) of section 31 and section 40 in respect of the supplies made during the period of suspension and the procedure specified therein shall apply].

22. Cancellation of registration.

- (1) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under section 29, he shall issue a notice to such person in FORM GST REG-17, requiring him to show cause, within a period of seven working days from the date of the service of such notice, as to why his registration shall not be cancelled.
- (2) The reply to the show cause notice issued under sub-rule (1) shall be furnished in FORM GST REG-18 within the period specified in the said sub-rule.
- (3) Where a person who has submitted an application for cancellation of his registration is no longer liable to be registered or his registration is liable to be cancelled, the proper officer shall issue an order in FORM GST REG-19, within a period of thirty days from the date of application submitted under ³⁹~~sub-rule (1) of~~ rule 20 or, as the case may be, the date of the reply to the show cause issued under sub-rule (1), cancel the registration, with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty including the amount liable to be paid under sub-section (5) of section 29.

³⁷ Inserted vide Notf no. 49/2019-CT dt. 09.10.2019

³⁸ Inserted vide Notf no. 49/2019-CT dt. 09.10.2019

³⁹ Omitted vide Notf no. 7/2017-CT dt. 27.06.2017

- (4) Where the reply furnished under sub-rule (2) is found to be satisfactory, the proper officer shall drop the proceedings and pass an order in FORM GST REG-20:
- ⁴⁰[Provided that where the person instead of replying to the notice served under sub-rule (1) for contravention of the provisions contained in clause (b) or clause (c) of sub-section (2) of section 29, furnishes all the pending returns and makes full payment of the tax dues along with applicable interest and late fee, the proper officer shall drop the proceedings and pass an order in FORM GST-REG-20.]
- (5) The provisions of sub-rule (3) shall, mutatis mutandis, apply to the legal heirs of a deceased proprietor, as if the application had been submitted by the proprietor himself.

Related provisions of the Statute:

Section or Rule	Description
Section 10	Composition Levy
Section 22	Persons liable for registration
Section 24	Compulsory registration in certain cases
Section 25	Procedure for registration
Rule 44	Manner of reversal of credit under special circumstances

29.1 Analysis

Any registration granted under this Act may be cancelled by the Proper Officer. The various circumstances and the provisions of the law on this subject have been outlined under this section.

A registration granted can be cancelled by the proper officer, either on his own or on application by the registered person when –

- the business is discontinued, transferred fully for any reason including death of proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or
- there is any change in the constitution of the business; or
- the taxable person is no longer liable to be registered under sections 22 or section 24 or intends to opt out of the registration voluntarily.

Further, the proper officer may cancel the registration from a date, including any retrospective date, in case when –

- the registered taxable person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or

⁴⁰ Inserted vide Notf no. 39/2018-CT dt. 04.09.2018

- a person paying tax under Composition Scheme has not furnished returns for three consecutive tax periods; or
- any registered person who has not furnished returns for a continuous period of six months; or
- any person who has taken voluntary registration and has not commenced business within six months from the date of registration; or
- where registration has been obtained by means of fraud, wilful misstatement or suppression of facts.

This is possible only after the person is afforded an opportunity of being heard.

CGST (Amendment) Act, 2018 notified with effect from 1-Feb-2019, provided that during the pendency of the proceedings relating to cancellation of registration filed by the registered person, the registration may be suspended for such period and in such manner as may be prescribed.

As such, 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. The cancellation of registration under State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act shall be deemed to be a cancellation of registration under the Central Goods and Service Tax Act.

Where the registration is cancelled, the registered taxable person shall pay an amount 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. The payment can be made by way of debit in the electronic credit or electronic cash ledger.

In case of capital goods, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods reduced by the prescribed percentage points or the tax on the transaction value of such capital goods [under sub-section (1) of section 15 (Value of taxable supply) of Act], whichever is higher. The amount payable under these provisions shall be calculated in accordance with rule 44 of CGST Rules. The supplier who intends to cancel his registration will be required to file his Final Return in FORM GSTR-10 so as to complete cancellation of registration effectively. (Reference may be made to Notification No. 21/2018-Central Tax, dated 18th April, 2018).

As per ruler 20 of the CGST Rules, 2017, application for cancellation of registration by a registered person other than persons required to deduct TDS/ TCS or person to whom UID is granted needs to be made in FORM GST REG-16 along with requisite details. In case of a person whose turnover does not exceed the threshold limit but has obtained registration voluntarily may also cancel registration any time during the year. This provision has been

introduced *vide* Notification 3/2018–Central Tax, date dt 23 January 2018. Earlier, such person could not apply for cancellation before expiry of one year from the effective date of registration.

Rule 21 of the CGST Rules, 2017, provides for cases of cancellation of registration and includes the following:

- a) does not conduct any business from the declared place of business, or
- b) issues invoice or bill without supply of goods or services in violation of the provisions of Act or Rules made thereunder,
- c) violates the provisions of section 171 of the Act or the rules made thereunder.
- d) violates the provisions of Rule 10A

Reasons for Cancellation

- Transfer of business or discontinuation of business
- Change in the constitution of business. (Partnership Firm may be changed to Sole Proprietorship due to death of one of the two partners, leading to change in PAN)
- Persons no longer liable to be registered under sections 22 or 24 or intend to opt out of voluntary registration.
- Where registered taxable person has contravened provisions of the Act as may be prescribed
- A composition supplier has not furnished returns for 3 consecutive tax periods/ any other person has not furnished returns for a continuous period of 6 months
- Non-commencement of business within 6 months from date of registration by a person who has registered voluntarily
- Where registration has been obtained by means of fraud, willful misstatement or suppression of facts, the registration may be cancelled with retrospective effect.

Rule 21A of the CGST Rules, 2017, provides for suspension of registration in the following manner-

- Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration under rule 22.
- Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled, he may, after affording the said person a reasonable opportunity of being heard, suspend the registration of such person with effect from a date to be

determined by him, pending the completion of the proceedings for cancellation of registration under rule 22.

- A registered person, whose registration has been suspended, shall not make any taxable supply during the period of suspension and shall not be required to furnish any return under section 39.
- The suspension of registration shall be deemed to be revoked upon completion of the proceedings by the proper officer under rule 22 and such revocation shall be effective from the date on which the suspension had come into effect.

The registration of a tax payer is cancelled only upon passing of the cancellation order by the Jurisdictional Officer. In the interim, tax payer is required to file Nil returns else daily penalties will accrue to him. In order to ensure that the tax payer who have applied for cancellation of registration are not burdened with return filing, amendments have been made to section 29 of the CGST Act to change the status of registration to “suspended”. Once the officer changes the status of the registration to “suspended”, the tax payer would not be required to file the GST returns till the order for cancellation has been passed and once the order for cancellation is passed, the tax payer can file the final return and complete the de-registration formalities.

Rule 22 of the CGST Rules, 2017, provides for process of cancellation of registration and includes the following:

- Cancellation can be done by Proper Officer *suo moto* or on application made by the registered person;
- Retrospective cancellation in case of fraud, wilful misstatement or suppression of fact;
- Liability to pay tax before the date of cancellation will not be affected;
- Cancellation under CGST Act will be deemed cancellation under SGST Act and *vice-versa*;
- Substantial penalty in case of registration obtained with fraudulent intentions;
- Notice of hearing and opportunity of being heard is a must before cancellation.

Further, Government has issued Circular No. 69/43/2018-GST, dated October 26, 2018 amended vide Circular No. 88/07/2019-GST, dated 1-Feb-2019 on standard operating procedure for processing of applications for cancellation of registration submitted in FORM GST REG-16.

Final Return u/s. 45: As per section 45, “every registered person who is required to furnish a return under sub-section (1) of section 39 and whose registration has been cancelled shall furnish online on the GST Portal, a final return “within three months” of the date of cancellation or date of order of cancellation, whichever is later, in GST FORM GSTR-10 as specified in Rule 81”

Issues/ Concerns:

- a. Cancellation of registration from an earlier date: If cancellation of registration is permitted from anterior (earlier) date, it would lead to disruption of whole credit chain and difficulties will be faced by persons who have already availed credit.
- b. Commencement of business: In some cases, persons who have obtained voluntary registration may not be able to commence business within 6 months for want of clearance of registration norms, permissions and requirements etc. from other laws. Cancellation of such registration without having considered the facts of the case would be unfair.

Statutory Provisions**30. Revocation of cancellation of registration**

- (1) *Subject to such conditions as may be prescribed, any registered 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.*

⁴¹*["Provided that such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended,—*

(a) by the Additional Commissioner or the Joint Commissioner, as the case may be, for a period not exceeding thirty days;

(b) by the Commissioner, for a further period not exceeding thirty days, beyond the period specified in clause (a)."]

- (2) *The proper officer may, in the manner and within such period as may be prescribed, by order, either revoke cancellation of the registration or reject the application:*

Provided that the application for revocation of cancellation of registration shall not be rejected unless the applicant has been given an opportunity of being heard.

- (3) *The revocation of cancellation of registration under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under this Act.*

Extract of the CGST Rules, 2017**23. Revocation of cancellation of registration**

- (1) *A registered person, whose registration is cancelled by the proper officer on his own motion, may submit an application for revocation of cancellation of registration, in*

⁴¹ Substituted vide The Central Goods and Services Amendment Act, 2020 w.e.f. date to be notified

FORM GST REG-21, to such proper officer, within a period of thirty days from the date of the service of the order of cancellation of registration at the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

Provided that no application for revocation shall be filed, if the registration has been cancelled for the failure of the registered person to furnish returns, unless such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.

⁴²*[Provided further that all returns due for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration shall be furnished by the said person within a period of thirty days from the date of order of revocation of cancellation of registration :*

Provided also that where the registration has been cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within a period of thirty days from the date of order of revocation of cancellation of registration]

- (2)
 - (a) *Where the proper officer is satisfied, for reasons to be recorded in writing, that there are sufficient grounds for revocation of cancellation of registration, he shall revoke the cancellation of registration by an order in FORM GST REG-22 within a period of thirty days from the date of the receipt of the application and communicate the same to the applicant.*
 - (b) *The proper officer may, for reasons to be recorded in writing, under circumstances other than those specified in clause (a), by an order in FORM GST REG-05, reject the application for revocation of cancellation of registration and communicate the same to the applicant.*
- (3) *The proper officer shall, before passing the order referred to in clause (b) of sub-rule (2), issue a notice in FORM GST REG-23 requiring the applicant to show cause as to why the application submitted for revocation under sub-rule (1) should not be rejected and the applicant shall furnish the reply within a period of seven working days from the date of the service of the notice in FORM GST REG-24.*
- (4) *Upon receipt of the information or clarification in FORM GST REG-24, the proper officer shall proceed to dispose of the application in the manner specified in sub-rule (2) within a period of thirty days from the date of the receipt of such information or clarification from the applicant.*

⁴² Inserted vide Notf no. 20/2019 – CT dt. 23.04.2019

Related provisions of the Statute:

Section or Rule	Description
Section 22	Persons liable for registration
Section 24	Compulsory registration in certain cases
Section 25	Procedure for registration
Section 29	Cancellation of registration

30.1 Analysis

Any registered taxable person, whose registration is cancelled, subject to prescribed conditions and circumstances, may apply to proper officer for revocation of cancellation of the registration within 30 days from the date of service of the cancellation order. The proper officer may in prescribed manner and within prescribed period, by an order, either revoke cancellation of the registration, or reject the application for revocation for good and sufficient reasons.

The proper officer shall not reject the application for revocation of cancellation of registration without giving a show cause notice and without giving the person a reasonable opportunity of being heard.

Revocation of cancellation of registration under State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act shall be deemed to be a revocation of cancellation of registration under the Central Goods and Services Tax Act.

Rule 23 of the CGST Rules, 2017, provides for process of revocation of cancellation of registration and includes the following:

- Application for revocation or cancellation of registration shall be made within 30 days of date of service of cancellation order.
- No application for revocation shall be filed, if the registration has been cancelled for the failure to furnish returns, unless such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.
- Revocation of cancellation under CGST will be a deemed revocation under SGST and *vice-versa*.
- Upon receipt of the information or clarification, the proper officer shall proceed to dispose of the application within a period of thirty days from the date of the receipt of such information of clarification from the applicant.

Government has issued a Removal of Difficulty Order No. 05/2019-Central Tax, dated 23rd April, 2019, wherein persons whose registrations were cancelled under sub-section (2) of section 29 of the said Act after they were served notice in the manner provided in section clause (c) and clause (d) of sub-section (1) of section 169 of the said Act and who could not

reply to the said notice and for whom cancellation order was passed up to 31st March, 2019, were given one time opportunity to apply for revocation of cancellation of registration on or before the 22nd July, 2019. Further, vide notification No. 20/2019-Central Tax, dated the 23rd April 2019, two provisos have been inserted in sub-rule (1) of rule 23 of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as "the said Rules").

CBIC further issued clarification vide Circular No. 99/18/2019 dated 23rd April 2019 clarifying the procedure and time limit for revocation of cancellation of registration as per Removal of Difficulty Order No. 05/2019-Central Tax, dated 23rd April, 2019.

Rule 26 of the CGST Rules, 2017, provides for the method of authentication:

1. All applications, including reply, if any, to the notices, returns including the details of outward and inward supplies, appeals or any other document required to be submitted under the provisions of these rules shall be so submitted electronically with digital signature certificate or through e-signature as specified under the provisions of the Information Technology Act, 2000 or verified by any other mode of signature or verification as notified by the Board in this behalf. Provided that a registered person registered under the provisions of the Companies Act, 2013 shall furnish the documents or application verified through digital signature certificate.
2. Each document including the return furnished online shall be signed or verified through electronic verification code-
 - (a) in the case of an individual, by the individual himself or where he is absent from India, by some other person duly authorized by him in this behalf, and where the individual is mentally incapacitated from attending to his affairs, by his guardian or by any other person competent to act on his behalf;
 - (b) in the case of a HUF, by a Karta and where the Karta is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family or by the authorized signatory of such Karta;
 - (c) in the case of a Company, by the chief executive officer or authorized signatory thereof;
 - (d) in the case of a Government or any Governmental agency or local authority, by an officer authorized in this behalf;
 - (e) in the case of a firm, by any partner thereof, not being a minor or authorized signatory thereof;
 - (f) in the case of any other association, by any member of the association or persons or authorized signatory thereof;
 - (g) in the case of a trust, by the trustee or any trustee or authorized signatory thereof; or

- (h) in the case of any other person, by some person competent to act on his behalf, or by a person authorized in accordance with the provisions of section 48.

It is also provided that all notices, certificates and orders under the provisions of this Chapter shall be issued electronically by the proper officer or any other officer authorised to issue such notices or certificates or orders, through digital signature certificate or through E-signature as specified under the provisions of the Information Technology Act, 2000 (21 of 2000) or verified by any other mode of signature or verification as notified by the Board in this behalf.

30.2 Comparative Review

Under erstwhile law, the threshold limit for registration under Central Excise was ₹ 1.5 crore (this is optional), under service tax was ₹ 10 lacs and under many State VAT laws between ₹ 5 – 10 lacs.

Section in CGST Act	Title	Corresponding Section in Central Excise Act, 1944	Corresponding Section in Finance Act, 1994	VAT/New Provision
22	Registrations	Section 6 of CEA, 1944 read with Rule 9 of Central Excise Rules, 2002	Section 69 of the Finance Act, 1994 read with Rule 4 of Service Tax Rules, 1994	Different States have different provisions under their Acts.

30.3 FAQs

- Q1. Who is the person liable to take a registration under the GST Law?
- Ans. In terms of sub-sections (1) of sections 22 of the CGST Act, every supplier making taxable supplies is liable for registration if his aggregate turnover in a financial year exceeds ₹ 20 lakhs.
- Q2. What is the time limit for taking a registration under GST Law?
- Ans. Every person should take registration, within 30 days from the date on which he becomes liable for registration, in such manner and subject to such conditions as may be prescribed. Provided casual taxable person or a non-resident taxable person shall apply for registration at least five days prior to the commencement of business.
- Q3. If a person is operating in different States, with the same PAN, whether he can operate with a single registration?
- Ans. Every person who is liable to take a registration will have to get registered separately for each of the States where he has a business operation and is liable to pay GST in terms of sub-section (1) of sections 25 of CGST Act.
- Q4. Whether a person having multiple places of place of business in a State can obtain different registrations?

- Ans. In terms of sub-sections (2) of sections 25, a person having multiple places of business in a State may obtain a separate registration for each such place of business, subject to such conditions as may be prescribed.
- Q5. Is there a provision for a person to get himself registered voluntarily though he may not be liable to pay GST?
- Ans. In terms of sub-section (3) of section 25 a person, though not liable to be registered under section 22, may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.
- Q6. Is possession of a Permanent Account Number (PAN) mandatory for obtaining a registration?
- Ans. Every person shall have a Permanent Account Number issued under the Income Tax Act, 1961 (43 of 1961) in order to be eligible for grant of registration under section 22 of the Act.
- Q7. Whether the department through the proper officer, *suo-moto* proceeds with registration of a person under this Act?
- Ans. In terms of sub-sections 8 of sections 25, where a person who is liable to be registered under this Act fails to obtain registration, the proper officer may, without prejudice to any action that is, or may be taken under this Act, or under any other law for the time being in force, proceed to register such person in the manner as may be prescribed.
- Q8. When the proper officer can grant a certificate for registration?
- Ans. In terms of sub-sections 10 of sections 25, the registration certificate, shall be granted or rejected after due verification in the manner and within such period as may be prescribed.
- Q9. Whether the registration granted to any person is permanent?
- Ans. Yes, the registration certificate once granted is permanent unless surrendered or cancelled.
- Q10. What is the validity period of the registration certificate issued to casual taxable person and non-resident taxable person?
- Ans. The certificate of registration issued to a "casual taxable person" or a "non-resident taxable person" shall be valid for a period of 90 days from the effective date of registration. A discretionary power has been made available with the proper officer, who may at the request of the said taxable person, extend the validity of the aforesaid period of 90 days by a further period not exceeding 90 days.
- Q.11. Is there any advance tax to be paid by casual taxable person and non-resident taxable person at the time of obtaining registration under this special category?
- Ans. Yes, it has been made mandatory in the Act, that a casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration under sub-section (2) of section 27, make an advance deposit of tax in an amount

equivalent to the estimated tax liability of such person for the period for which the registration is sought. This provision of depositing advance additional amount of tax equivalent to the estimated tax liability of such person is applicable for the period for which the extension beyond 90 days is being sought.

Q12. Whether an amendment to the Registration Certificates issued by the proper officer is permissible?

Ans. In terms of sections 28, the proper officer may, on the basis of such information furnished either by the registrant or as ascertained by him, approve or reject amendments in the registration particulars in the manner and within such period as may be prescribed.

Q13. Whether cancellation of registration certificate is permissible?

Ans. Any registration granted under this Act may be cancelled by the proper officer, on various circumstances and the provisions of the law on this subject have been outlined under sections 29 of the Act. The proper officer may, either on his own motion or on an application filed, in the prescribed manner, by the registered taxable person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed.

Q14. Whether cancellation of registration under CGST Act means cancellation under SGST Act also?

Ans. The cancellation of registration under the CGST Act /SGST Act shall be deemed to be a cancellation of registration under the SGST Act / CGST Act respectively.

Q.15. Can the proper officer cancel the registration on his own?

Ans. Yes, the proper officer can cancel the registration once issued on his own volition. However, such officer must follow the principles of natural justice by issuing a notice and providing an opportunity of being heard.

Q.16. Is registration mandatory for a person making inter-State supplies?

Ans. Registration is mandatory only for persons making inter-State supply of goods; irrespective of the fact that the aggregate turnover computed on all India basis does not exceed ₹ 20 lakhs. Persons making inter-State supply of services whose aggregate turnover on all India basis does not exceed ₹ 20 lakhs is exempted from registration *vide* Notification No. 10/ 2017 – Integrated Tax, dated 13 October 2017 as amended *vide* Notification No. 3/2019-Integrated Tax, dated 29-Jan-2019, w.e.f. 1-Feb-2019. However, in respect of persons making supplies from special category States as mentioned in Article 279A (4)(g) of the Constitution of India, except the State of Jammu and Kashmir, Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand, amount of aggregate turnover shall not exceed ₹ 10 lakhs.