

# CHAPTER 8

## REGISTRATION

### 1. ICAI STUDY MATERIAL QUESTIONS

#### Concept Problem 1

Examine, with reason, whether registration is required, under CGST Act, in the following independent cases:

- i) Aadhav Computers of Gujarat is providing computer maintenance service. Aggregate turnover of Aadhav Computers is ₹ 15 lakh which comprises both inter-State and intra-State supply.
- ii) Soft Wings of West Bengal, exclusively trading in garments, supplies its taxable goods in various States of India from its outlet in West Bengal. Aggregate turnover of Soft Wings is ₹ 35 lakh.

#### Solution

- i) Registration is compulsory for suppliers engaged in inter-State supply. However, as per Notification No. 10/2017 IT, threshold exemption of ₹ 20 lakh [₹ 10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland] is available in case of inter-State supply of taxable services.

Therefore, Aadhav Computers (aggregate turnover ₹ 15 lakh) is not required to obtain registration even though it is engaged in inter-State supply of taxable services.

- ii) The threshold limit for registration in the State of West Bengal for the persons engaged exclusively in supply of goods, is ₹ 40 lakh. However, registration is compulsory if the supplier is engaged in inter-State supply of goods irrespective of the quantum of aggregate turnover. The threshold exemption is not available in case of inter-State supply of taxable goods. Thus, Soft Wings is required to obtain registration.

#### Concept Problem 2

Examine whether liability to register compulsorily u/s 24 arises in each of the independent cases mentioned below:

- (1) Meenu, a supplier in Maharashtra, is exclusively engaged in supply of potatoes produced out of cultivation of her own land, within Maharashtra and also outside Maharashtra.
- (2) Jinu Oils, Gujarat, is engaged in supplying machine oil as well as petrol. Further, it provides services of refining of oil to customers. Total turnover of supply of machine oil is ₹ 10 lakh, supply of petrol is ₹ 5 lakh and supply of services is ₹ 6 lakh.
- (3) Tilu is working as an agent, he is supplying taxable goods as an agent of Tiku (who is registered taxable person) and its aggregate turnover does not exceed ₹ 20 lakh during the financial year.

#### Solution

- (1) Section 24 provides that persons making any inter-State taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

However, as per section 23, an agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration.

Meenu is exclusively engaged in cultivation and supply of potatoes. Thus, she is not liable to registration irrespective of the fact that she is engaged in making inter-State supply of goods. Further, Meenu will not be liable to registration, in the given case, even if her turnover exceeds the threshold limit.

- (2) Section 24 specifies the categories of persons who are required to be mandatorily registered under GST irrespective of the quantum of their aggregate turnover.

In the given case, Jinu Oils does not fall in any of the specified categories. Therefore, it is not required to obtain registration compulsorily under GST.

However, as per section 22 read with Notification No. 10/2019 CT, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making supply of both goods and services is 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland and ₹ 20 lakh for the rest of India. Thus, the applicable threshold limit for the State of Gujarat is ₹ 20 lakh for supply of both goods and services. Further, aggregate turnover includes exempted turnover of goods or services.

Accordingly, Jinu Oils is liable obtain registration since its aggregate turnover [₹ 21 lakh (including turnover of exempt supply of petrol)] exceeds the threshold limit of ₹ 20 lakh.

- (3) Section 24 provides that persons who make taxable supply of goods and/or services on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Therefore, Tilu will be mandatorily required to obtain registration.

### Concept Problem 3

Determine effective date of registration under CGST Act in respect of the following cases with proper explanation:

- i) The aggregate turnover of Varun Industries of Mumbai has exceeded ₹ 40 lakh on 1<sup>st</sup> August. Varun Industries manufactures LED TVs in Mumbai and sells them in Pune. It submits the application for registration on 20 August. Registration certificate granted on 25 August.
- ii) Sweta InfoTech Services is the provider of internet services in Pune. Its aggregate turnover exceeds ₹ 20 lakh on 25<sup>th</sup> September. It submits the application for registration on 27<sup>th</sup> October. Registration certificate is granted on 5<sup>th</sup> November.

### Solution

As per section 22 read with Notification No. 10/2019 CT, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a FY exceeds the threshold limit. Threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India.

However, higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

Threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

As per rule 10, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

In the light of the above provisions, in the given cases, the applicable turnover limit for registration will be ₹ 40 lakh and ₹ 20 lakh respectively in case (i) and (ii).

- (i) Since Varun Industries applied for registration within 30 days of becoming liable to registration, the effective date of registration is 1<sup>st</sup> August.

- (ii) Since Sweta InfoTech Services applied for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5<sup>th</sup> November.

**Concept Problem 4**

Determine the effective date of registration in following cases:

- a) The aggregate turnover of Dhampur Footwear Industries of Delhi has exceeded the applicable threshold limit of 40 lakh on 1<sup>st</sup> September. It submits the application for registration on 20<sup>th</sup> September. Registration certificate is granted to it on 25<sup>th</sup> September.
- b) Mehta Teleservices is an architect in Lucknow. Its aggregate turnover exceeds 20 lakh on 25<sup>th</sup> October. It submits the application for registration on 27<sup>th</sup> November. Registration certificate is granted to it on 5<sup>th</sup> Dec.

**Solution**

- a) Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit [40 lakh in this case] in a financial year [Section 22 read with Notification No. 10/2019 CT dated 07.03.2019]. Since in the given case, the turnover of Dhampur Industries exceeded 40 lakh on 1<sup>st</sup> September, it becomes liable to registration on said date.

Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration [Section 25 read with rule 10]. Therefore, the effective date of registration is 1<sup>st</sup> September.

- b) Since in the given case, the turnover of Mehta Teleservices exceeds the applicable threshold limit [20 lakh] on 25<sup>th</sup> October, it becomes liable to registration on said date.

Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration. Therefore, the effective date of registration is 5<sup>th</sup> December.

**Concept Problem 5**

In order to be eligible for grant of registration, a person must have a Permanent Account Number issued under the Income- tax Act, 1961. State one exception to it.

**Solution**

A Permanent Account Number is mandatory to be eligible for grant of registration. One exception to this is a non-resident taxable person. A non- resident taxable person may be granted registration on the basis of other prescribed documents instead of PAN. He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN and application will be submitted in a different prescribed form [Section 25(6) & (7)].

**Concept Problem 6**

State which of the following suppliers are liable to be registered:

- a) Agent supplying taxable goods on behalf of some other taxable person and its aggregate turnover does not exceed the applicable threshold limit during the financial year.
- b) An agriculturist who is only engaged in supply of produce out of cultivation of land and its aggregate turnover exceeds the applicable threshold limit during the financial year.

**Solution**

- a) Section 22 stipulates that every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit in a financial year. However, as per section 24, a person making taxable supply of goods/ services or both on behalf of other taxable persons whether as an agent or not is liable to be compulsorily registered even if its aggregate turnover does not exceed applicable threshold limit during the financial year.

- b) As per section 23, an agriculturist who is only engaged in supply of produce out of cultivation of land is not required to obtain registration even if his turnover exceeded the applicable threshold limit for registration.

### Concept Problem 7

Pure Oils, Delhi has supplied machine oil and high-speed diesel in the month of April as per the details given in table below. Pure Oils is not yet registered.

S No.	Particulars	Amount
(i)	Supply of machine oil in Delhi	15,00,000
(ii)	Supply of high-speed diesel in Delhi	10,00,000
(iii)	Supply of machine oil made in Punjab by Pure Oils from its branch located in Punjab	10,00,000

\*excluding GST

Determine whether Pure Oils is liable for registration.

### Solution

As per section 22 read with Notification No. 10/2019 CT, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a FY exceeds the threshold limit. Threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:

- INR 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- INR 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- INR 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

Threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:

- INR 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- INR 20 lakh for the rest of India.

As per section 2(6), aggregate turnover includes the aggregate value of:

- all taxable supplies,
- all exempt supplies,
- exports of goods and/or services and
- all inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

Section 9(2) provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. As per section 2(47), exempt supply includes non-taxable supply. Thus, supply of high-speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

In the backdrop of above-mentioned discussion, aggregate turnover of Pure Oils for month of April is as below:

S No.	Particulars	Amount
(i)	Supply of machine oil in Delhi	15,00,000
(ii)	Supply of high-speed diesel in Delhi	10,00,000
(iii)	Supply of machine oil made in Punjab by Pure Oils from its branch located in Punjab	10,00,000

	<b>Aggregate Turnover</b>	35,00,000
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Pure Oils is making exclusive supply of good sand hence the threshold limit for registration would be INR 40,00,000. Since the aggregate turnover does not exceed 40,00,000, Pure Oils is not liable for registration.

### Concept Problem 8

What will be your Solution if in Concept Problem 7 above, in S.No. (ii), Pure Oils supplies the high speed diesel in Delhi in the capacity of an agent of Mixed Oils Ltd.?

### Solution

In case Pure Oils makes the supply in capacity of an agent of Mixed Oils Ltd.:

Section 24 provides that an agent who is engaged in making taxable supplying of goods on behalf of other taxable persons, shall be liable to obtain registration irrespective of the threshold turnover limit. However, in the present case, if Pure Oils supply high speed diesel on behalf of Mixed Oil Ltd. in Delhi as its agent, it shall still not be liable to obtain registration in Delhi since section 24 comes into play only when agent is making taxable supply of goods on behalf of principal whereas in the given case, Pure Oils is supplying non-taxable goods on behalf of Mixed Oils Ltd.

### Concept Problem 9

Examine whether the supplier is liable to get registered in the following independent cases:

- Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is INR 28 lakh. He has another showroom in Tripura with a turnover of INR 11 lakh in the current FY.
- Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is INR 22 lakh.
- Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is INR 24 lakh.

### Solution

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra - State taxable supplies of goods is as under:

- INR 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- INR 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- INR 40 lakh for rest of India. However, the higher threshold limit of INR 40 lakh is not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

Threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:

- INR 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- INR 20 lakh for the rest of India.

In the light of the afore-mentioned provisions, the Solution to the independent cases is as under:

- Raghav is eligible for higher threshold limit of turnover for registration, i.e. INR 40 lakhs as he is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments from a Special Category State i.e. Tripura, the threshold limit gets reduced to INR 10 lakh.

Thus, Raghav is liable to get registered under GST as his turnover exceeds INR 10 lakh. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.



- ii) The applicable threshold limit for registration for Pulkit in the given case is INR 40 lakh as he is exclusively engaged in intra-State taxable supply of goods. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.
- iii) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of INR 40 lakh. The applicable threshold limit for registration in this case is INR 20 lakh. Thus, Harshit is liable to get registered under GST.

**Concept Problem 10**

- i) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is INR 25 lakh.
- ii) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is INR 30 lakh.
- iii) Mr. Ahmad of Jammu engaged in the business of supplying tobacco-based Pan Masala with an aggregate turnover of INR 24 lacs.
- iv) Mr. Lepcha of Mizoram is engaged in the supply of papers with an aggregate turnover of INR 13 lacs. Will your Solution be different if Mr. Lepcha is located in Meghalaya?
- v) Heera, a supplier in Haryana, is exclusively engaged in supply of potatoes produced out of civilization of his own land, within Haryana and also outside Haryana.

**Solution**

- i) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is INR 20 lakh and hence, Ankit is liable to get registered under GST.
- ii) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is INR 20 lakh. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.
- iii) A person is eligible for enhanced threshold limit of INR 40 lakh in the State of Jammu and Kashmir if he is engaged exclusively in intra-State supply of goods.

However, the enhanced threshold limit is not applicable if the person is engaged, inter alia, in the supply of pan masala and all goods of chapter 24 i.e. Tobacco and manufactured tobacco substitutes. In that case, the normal threshold limit of INR 20 lakh will be applicable.

In view of said provisions, in the given case, Mr. Ahmad is liable to register since his aggregate turnover (INR 24 lakh) exceeds the applicable threshold limit for registration of INR 20 lakh.

- iv) The enhanced threshold limit of INR 40 lakh as applicable to a person engaged exclusively in intra-State supply of goods, is not applicable to Mizoram [a specified Special Category State]. Instead, a lower threshold limit of INR 10 lakh for registration is applicable for Mizoram.

Thus, in the given case, Mr. Lepcha of Mizoram is liable to register since his aggregate turnover (INR 13 lakh) exceeds the applicable threshold limit for registration of INR 10 lakh.

The enhanced threshold limit of INR 40 lakh is also specifically not applicable in the State of Meghalaya. Instead, the normal threshold limit of INR 20 lakh for registration is applicable to it.

Therefore, if Mr. Lepcha is located in Meghalaya, he is not liable to register since his aggregate turnover (INR 13 lakh) does not exceed the applicable threshold limit for registration of INR 20 lakh.

- v) Section 24 of the CGST Act, 2017 provides that persons making any inter-state taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

However, as per section 23 of the CGST Act, 2017, an agriculturist, to the extent of supply of products out of civilization of land, is not liable to registration.

Heera is exclusively in cultivation and supply of potatoes. Thus, he is not liable to registration irrespective of the fact that he is engaged in making inter-state supply of goods. Further, Heera will not be liable to registration, in the given case, even if his turnover exceeds the threshold limit.

### Concept Problem 11

What are the advantage of taking registration in GST?

#### Solution

Registration will confer following advantages to the business:

- Legally recognized as supplier of goods or services.
- Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business.
- Legally authorized to collect tax from his purchasers and pass on the credit of the taxes paid on the goods or services supplied to purchasers or recipients.
- Become eligible to avail various other benefits and privileges rendered under the GST laws.

### Concept Problem 12

Can a person without GST registration collect GST and claim ITC?

#### Solution

No, a person without GST registration can neither collect GST from his customers nor can claim any input tax credit of GST paid by him.

### Concept Problem 13

If a person is making taxable supplies from different States, with the same PAN number, can he operate with a single registration?

#### Solution

No. 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 making taxable supplies) provided his aggregate turnover exceeds applicable threshold limit.

### Concept Problem 14

Can a person having multiple places of business in a State obtain separate registrations for each place of business?

#### Solution

Yes. In terms of the proviso to sub-section (2) of section 25, a person having multiple places of business in a State may obtain a separate registration for each place of business, subject to such conditions as may be prescribed.

### Concept Problem 15

Is there a provision for a person to get himself voluntarily registered though he may not be liable to pay GST?

#### Solution

Yes. As per section 25(3), a person, though not liable to be registered u/s 22 or 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.

### Concept Problem 16

Can the Department, through the proper officer, suo-moto proceed to register a person under GST?

*This Question Bank is meant for Nov 2022 exams and must be read with our Lectures (Regular or Fast Track) as many additional concepts are covered in class. We do lots of written practice in class & Kishan Sir personally evaluates grand Mock Test. Must cover GST Chalisa Handwritten Notes as well.*

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**Solution**

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Yes. As per section 25(8), where a person who is liable to be registered under GST law fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under CGST Act, or under any other law for the time being in force, proceed to register such person in the manner as is prescribed in the CGST Rules.

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**Concept Problem 17**

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Whether the registration granted to any person is permanent?

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**Solution**

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Yes, the registration certificate once granted is permanent unless surrendered, cancelled, suspended or revoked.

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**Concept Problem 18**

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Is it necessary for the UN bodies to get registration under GST?

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**Solution**

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In terms of section 25(9), all notified UN bodies, Consulate or Embassy of foreign countries and any other class of persons so notified would be required to obtain a unique identification number (UIN) from the GST portal.

The structure of the said ID would be uniform across the States in conformity with GSTIN structure and the same will be common for the Centre and the States. This UIN will be needed for claiming refund of taxes paid on notified supplies of goods and services received by them, and for any other purpose as may be notified.

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**Concept Problem 19**

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What is the responsibility of the taxable person making supplies to UN bodies?

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**Solution**

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The taxable supplier making supplies to UN bodies is expected to mention the UIN on the invoices and treat such supplies as supplies to another registered person (B2B).

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**Concept Problem 20**

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What is the validity period of the registration certificate issued to a casual taxable person and non-resident taxable person?

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**Solution**

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In terms of section 27(1) read with proviso thereto, 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 90 days from the effective date of registration, whichever is earlier. However, the proper officer, at the request of the said taxable person, may extend the validity of the aforesaid period of 90 days by a further period not exceeding 90 days.

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**Concept Problem 21**

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What happens when the registration is obtained by means of willful mis-statement, fraud or suppression of facts?

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**Solution**

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In such cases, the registration may be cancelled with retrospective effect by the proper officer [Section 29(2)(e)].

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**Concept Problem 22**

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Is there an option to take centralized registration for services under GST Law?

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**Solution**

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No, the tax payer has to take separate registration in every State from where he makes taxable supply of services.

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**Concept Problem 23**

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What could be the liabilities (in so far as registration is concerned) on transfer of a business?

### Solution

The transferee or the successor shall be liable to be registered with effect from such transfer or succession and he will have to obtain a fresh registration with effect from the date of such transfer or succession [Section 22(3)].

### Concept Problem 24

At the time of registration, will the assessee have to declare all his places of business?

### Solution

Yes. The principal place of business and place of business have been separately defined under section 2(89) & 2(85) respectively. The taxpayer will have to declare the principal place of business as well as the details of additional places of business in the registration form.

### Concept Problem 25

Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled?

### Solution

Yes, as per section 29(5), every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the 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.

## 2. ICAI RTPs, MTPs AND PAST YEAR QUESTIONS

### Concept Problem 26

A business carried on by a taxable person R who is registered under the CGST Act/SGST Act is transferred to G as a going concern by way of a gift. Is G required to take a fresh registration? If yes, when?

### Solution

In this case, the transferee i.e. G shall be liable to take registration under the CGST Act/SGST Act with effect from the date of such transfer.

### Concept Problem 27 [RTP May 2020]

M/s Siya Ram is a trader of decorative items in Hauz Khas, Delhi. His aggregate turnover exceeded INR 20 lakh in the month of October, 20XX. He applied for registration on GST portal, but missed to submit the details of his bank account. His tax consultant advised him that prior submission of bank details is mandatory to obtain registration. Examine whether the advice of Mr. Siya Ram's tax consultant is correct.

### Solution

The advice of Mr. Siya Ram's consultant that prior submission of bank details is mandatory to obtain registration is no more valid in law.

A new rule 10A has been inserted in the CGST Rules, 2017 vide Notification No. 31/2019 CT which allows the registered person to 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, soon after obtaining certificate of registration and a GSTIN, but not later than 45 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.

This relaxation is however not available for those who have been granted registration as TDS deductor/ TCS collector under rule 12 or who have obtained suo-motu registration under rule 16.

### Concept Problem 28

Mr. Allan, a non-resident person, wishes to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advice on the following aspects, relating to CGST Act, 2017:

- a) When shall he apply for registration?
- b) Is PAN mandatory for his registration?
- c) What is the period of validity of RC granted to him?
- d) Will he be able to extend the validity of his registration? If yes, what will be the period of extension?

### Solution

- a) Mr. Allan, being a non-resident person, should apply for registration, irrespective of the threshold limit, at least 5 days prior to the commencement of business.

- b) No, PAN is not mandatory for his registration.

He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN.

However, in 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 PAN, if available.

- c) Registration Certificate granted to Mr. Allan will be valid for:

- a) Period specified in the registration application, or
- b) 90 days from the effective date of registration whichever is earlier.

- d) Yes, Mr. Allan can get the validity of his registration extended. Registration can be extended further by a period not exceeding 90 days.

### Concept Problem 29

Solution the following Concept Problems with respect to casual taxable person under the CGST Act, 2017:

- a. Who is a casual taxable person?
- b. Can a casual taxable person opt for the composition scheme?
- c. When is the casual taxable person liable to get registered?
- d. What is the validity period of the registration certificate issued to a casual taxable person?
- e. Can the validity of registration certificate issued to a casual taxable person be extended? If yes, what will be the period of extension.

### Solution

- a) Casual taxable person means a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State/UT where he has no fixed place of business.

- b) No, a casual taxable person cannot opt for the composition scheme.

- c) A casual taxable person (CTP) is liable to obtain registration compulsorily under GST laws, at least 5 days prior to commencement of business.

However, threshold limit of INR 20 lakh (INR 10 lakh in case of specified Special Category States) is available in case of CTP making taxable supplies of specified handicraft goods.

- d) The registration certificate issued to a casual taxable person will be valid for:

- i) the period specified in the registration application, or

- ii) 90 days from the effective date of registration whichever is earlier.
- e) Yes, the validity of registration certificate issued to a casual taxable person can be extended. It can be extended by a further period not exceeding 90 days

**Concept Problem 30**

State the persons who are not liable for registration as per provisions of Section 23 of CGST Act, 2017.

**Solution**

As per provisions of Section 23 of CGST Act, 2017, the persons who are not liable for registration are as under–

- i) Person engaged exclusively in supplying goods/services/both that are wholly exempt from tax.
- ii) Person engaged exclusively in supplying goods/services/both that are not liable to tax.
- iii) Agriculturist to the extent of supply of produce out of cultivation of land.
- iv) Persons only engaged in making supplies of taxable goods or services or both liable to reverse charge.
- v) Persons making inter-State supplies of taxable services up to an aggregate turnover of INR 20 lakh (INR 10 lakh in case of eight special category States).
- vi) Casual Taxable Persons making taxable supplies of specified handicraft goods up to an aggregate turnover of INR 20 lakh (INR 10 lakh in case of specified special category States) subject to specified conditions.
- vii) Persons making inter-State supplies of specified handicraft goods up to an aggregate turnover of INR 20 lakh (INR 10 lakh in case of specified special category States) subject to specified conditions.
- viii) Job workers making inter-State supply of services to a registered person up to an aggregate turnover of INR 20 lakh (INR 10 lakh in case of specified special category States) subject to specified conditions.
- ix) Persons making supplies of services through an electronic commerce operator (other than supplies specified under section 9(5) of the CGST Act) up to an aggregate turnover of INR 20 lakh (INR 10 lakh in case of specified special category States).

[Note Any 5 points may be mentioned]

**Concept Problem 31**

Under the provision of section 29(1) of CGST Act, 2017 read with rule 21A of CGST Rules, 2017 related to suspension of registration if the registered person has applied for cancellation of registration, what is the period and manner of suspension of registration?

**Solution**

Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from:

- a. the date of submission of the application or
- b. the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.

Such person shall not make any taxable supply during the period of suspension and shall not be required to furnish any return.

The expression “shall not make any taxable supply” mean that the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the suspension period.

**Concept Problem 32**

Explain the circumstances under which proper officer can cancel the registration on his own of a registered person under CGST Act, 2017.

**Solution**

Circumstances under which proper officer can cancel registration on his own of a registered person under CGST Act, 2017 are as under:-

- i) A registered person has contravened any of the following prescribed provisions of the GST law:
  - a. he does not conduct any business from the declared place of business.
  - b. he issues invoice/bill without supply of goods/services in violation of the provisions of GST law.
  - c. he violates the provisions of anti-profiteering.
  - d. he violates the provisions relating to furnishing of bank details.
- ii) A person paying tax under composition levy has not furnished returns for 3 consecutive tax periods.
- iii) A registered person paying tax under regular scheme has not furnished returns for continuous period of 6 months.
- iv) Voluntarily registered person has not commenced the business within 6 months from the date of registration.
- v) Registration was obtained by means of fraud, wilful misstatement or suppression of facts.

[Note: Any 5 points out of the above 8 points may be mentioned]

**Concept Problem 33 [ICAI Nov 2020]**

BBD Pvt. Ltd. of Gujarat exclusively manufactures and sells product 'Z' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'Z' only within Gujarat and is not registered under GST laws. The turnover of the company in the preceding previous year 2021-22 was 50 lakh. The company expects the sales to grow by 10% in the current year 2022-23.

However, effective 01.01.2023, exemption available on 'Z' was withdrawn by the Central Government and GST @ 5% was imposed thereon. The turnover of the company for the nine months ended on 31.12.2022 was 42 lakh.

BBD Pvt. Ltd. is of the opinion that it is not required to get registered under GST for current FY 2022-23.

Examine the above scenario and advise BBD Pvt. Ltd. whether it needs to get registered under GST or not.

**Solution**

For a supplier exclusively engaged in intra-State supply of goods, the threshold limit of turnover to obtain registration in the State of Gujarat is 40 lakh. However, a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration.

Therefore, since BBD Pvt. Ltd. was engaged exclusively in supplying exempted goods till 31.12.2022, it was not required to be registered till that day; though voluntary registration was allowed.

The position, however, will change from 01.01.2023 as the supply of goods become taxable from that day and the turnover of BBD Pvt. Ltd. is more than 40 lakh. Since the aggregate turnover limit of 40 lakh includes exempt turnover also, turnover of 'Z' till 31.12.2022 will be considered for determining the threshold limit even though the same was exempt from GST. Therefore, BBD Pvt. Ltd. needs to register within 30 days from 01.01.2023.