



# Goods and Services Tax

Update – 1 of 5

## Abstract

The new law is still in Rajya Sabha for approval. In meantime the government is pushing hard to get the rules and regulations to be prepared for the deadline of 1st April 2016. 5 draft rules have been published for exposure, Registration is one of them. A factual look at the proposed registration process is given in this document

# Contents

- Update—GST Registration process ..... 2
- Registration ..... 3
  - Assumptions ..... 3
  - Process of registration ..... 3
    - New registration ..... 3
    - Existing Registration (VAT/EXCISE/Service Tax)..... 5
    - Registration of Compounding Dealers..... 5
- Amendments to Registration ..... 5
- Cancellation or surrender of the registration..... 6

K.C. Mehta & Co. CA

## Update—GST Registration process

The committee of GST on registration process has come out with first draft of process. The report is divided in several sections. The major ones are:

1. Assumptions. This is the base for recommending the registration process.
2. Registration
  - 2.1. Online—New
  - 2.2. Online—Existing migration
  - 2.3. Online—Compounding Dealers
3. Amendments
4. Cancellation/ Surrender

The assumptions also relate to each section and therefore in this update we will cover each assumption with the respective section. The assumptions for registration are in 3 subsections of the report and hence it is easier to relate to them if these are covered in those sections.

K. C. Mehta & Co. CA

## Registration

### Assumptions

1. Registration is compulsory for collection of tax and claim of credit
2. Threshold will be decided based on Gross annual turnover. This will be all India turnover of the entity including exports and exempted goods/services
3. Effective date of registration will be the date of application
4. Common portal called GST Common Portal (GSCP) will be used for registration
5. PAN based registration. For GST registration PAN will be required even if the entity is not taxable under income tax
6. 15 digit GSTIN or GST Identification Number will be allotted. The template will be common for all states and Centre.
7. Entity wishing to do business in any state will have to register in that state.
8. In addition to 7 above entity can register multiple business verticals in one state.
9. Where the entity has not reached the turnover threshold, it can register voluntarily to claim input credit.
10. All other entities can register under compounding (presently composition) scheme but no credit will be allowed to them.
11. PAN, CIN, Bank account number, UIDAI AADHAR number will be verified online in a separate process on peer to peer basis

### Process of registration

#### New registration

1. Application will be submitted to GSCP online
2. Application to be made within 30 days from the date of reaching the threshold or even voluntary registration is permitted
3. Documents and details mandatory are:
  - a. Constitution of Business
  - b. Permanent Account Number (north eastern states are exempt from Income tax but those entities residing in these states will have to obtain PAN to be registered with GSCP.)
  - c. Any one of Electricity Bill, Municipal Tax receipt, AADHAR by UIDAI, Lease Deed, consent letter from owner, customer ID of electricity company is preferred
  - d. Bank Account number and details. First page of Pass book is required
  - e. Resolution of the board of directors or letter of authority from the entity, authorizing individual to make the application

- f. Photograph of Proprietor, Partner, Managing Director/WTD/Authorised signatory, Trustee, Managing committee member of Association, CEO or equivalent of local body/statutory body
    - g. Incorporation certificate
    - h. Digital signature for signing the application
    - i. The above documents will be scanned and uploaded with the application.
4. Once the application is uploaded and submitted, the GSCP will generate an acknowledgement number which will be sent to the entity by SMS and email. this number will be required in all communications till registration is approved.
5. All applications must be digitally signed. Physical signature option is available as alternative. In case the entity submits the application online and then submits all documents physical with a signed copy of application (mentioning acknowledgment number), it has to do this within 30 days from the date of application. After the end of 30 days an automatic reminder will be sent on SMS/Email of the authorized signatory. 30 days from the reminder the system will flag this application for cancellation. The application will then be cancelled.
6. The new portal has workflow designed to ensure that the application will be processed within 3 working days. Considering that Centre and state authorities have to jointly approve and possibilities that both may have different holiday list, the proposal is to provide for 3 common working days as the limit for processing.
7. The jurisdiction of the applicant will be determined with help of longitude and latitude data. The applicant is advised to add this to the data requirement to speed up the approval process.
8. The draft workflow is as under:
  - a. Uploaded documents, together with the state specific data and details of registrations in other states, PAN, acknowledgement number, longitude and latitude of the entity will be forwarded to the jurisdictional authority(JA).
  - b. GST compliance rating (new concept) and black listing (new concept) rejection details will be attached to the application sent for approval.
  - c. Any query in application will be sent by email to entity. On submission of the clarification a revised assessment will be done and response will be given within 7 common working days by the JA.
  - d. The JA can reject the application for which reasons will be recorded in writing and an order will be issued to the applicant.
  - e. Rejection by one JA will automatically mean rejection by all JA irrespective of their status on the day of rejection by a particular JA.
  - f. Approval will be communicated to the entity by email/sms

- g. Registration Certificate (RC) will be automatically generated which can be downloaded from GSCP
  - h. RC will be displayed at principal place of business
9. GSCP will host a risk profile of each registered entity and this data will be used in determination of the approval by JA.

#### Existing Registration (VAT/EXCISE/Service Tax)

1. All existing registered entities, either in VAT/Excise or Service tax
2. Automatic GSTIN will be allotted.
3. GSTIN with password will be sent to the respective authorities in state
4. State authority will require to fill all missing data in GSCP before giving the GSTIN
5. Service Tax department will send emails to all entities to collect the missing data by email
6. There are data cleansing and validating requirement when the registration data is migrated from CAT/Excise/Service tax servers. The number of fields in GST and VAT/Excise is also divergent. In GST there are 120 fields and in Vat/Excise it is 50/107.
7. Once the data is updated, the entity will be required to do verification through mobile or email. till such time as the verification is completed the GSTIN will remain suspended.

#### Registration of Compounding Dealers

1. This registration is envisaged as a temporary phase.
2. Dealers who do not cross threshold can register under Compounding scheme.
3. A separate threshold will be prescribed for dealers to register under this scheme
4. Dealers above threshold will have options of registering as compounding dealers.
5. For exercising this option, a separate format is prescribed which will have to be submitted at the time of application
6. When this option is exercised a flag will appear in data of the dealer.
7. Once the dealer crosses the limit of the Annual Gross Turnover he become normal dealer and this will be unflagged automatically by the system. Similarly, he can opt out of the compounding scheme voluntarily which will also result in the flag being removed and he becomes a normal dealer.
8. All formalities will remain the same.

#### Amendments to Registration

Changes can be done at any time to the data on GSCP. This is to be done by entity on the portal. The changes to verification flag and details like changing from compounding to normal or actually confirming the registration cannot be done by the entity and this has to be followed as

described in paragraphs above. Any change which is sought by the authority and is made in the registration static data will be subject to approval and the authority may require submission and reason for allowing a change. All data will be retained in the GSCP and will be visible to all the tac authorities.

### Cancellation or surrender of the registration

This activity is required or can be undertaken in following circumstances:

1. Closure of business
2. Gross Annual Turnover falls below threshold including exports and exempted goods/services
3. Transfer of business to another owner in proprietorship
4. Amalgamation of taxable person with other legal entities or demerger.
5. Non-commencement of business within stipulated time period as prescribed in GST laws

In case of surrender the system will send a SMS and email to the applicant and the address, phone number other contact details will be updated till on dues are cleared. System will keep this status update requirement live. Once the refunds/dues are cleared the flag will be removed.

Format for application for registration, surrender, amendments etc. are annexed to the draft registration process.

Contd...next update on returns and filings.