5. GST Procedures

Registration

Section 22 provides for registration of every supplier affecting the taxable supplies. Registration of business with the tax authorities implies obtaining a unique identification code from the concerned tax authorities so that all the operations of and data relating to the business can be collected and correlated.

Persons liable for Registration

Provisions under Section 22 of the Central Goods and Services Tax (CGST) Act, 2017 relating to "Persons Liable for Registration"", are as under:

1. Every supplier shall be liable to be registered under the Act in the State from where he makes a taxable supply of Goods or Services or both. Registration is required if his 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 i.e. Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand. (In case of a person, who is engaged in exclusive supply of goods, limit of 20 lakhs has been increased to 40 lakhs WEF 1.4.2019)
2. The application for registration shall be made within 30 days from the date when he becomes liable for registration.
3. Casual taxable person or a non-resident taxable person shall apply for registration at least five days prior to the commencement of business.
4. A person having multiple business verticals in one State may obtain separate registrations for each of the business vertical.
5. 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.
6. 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.

Persons not liable for registration

Provisions under section 23 of CGST Act, 2017 relating to Persons not liable for registration, are as under:

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 those are not liable to tax or wholly exempt from tax under this act or under the IGST 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 exempted from obtaining registration under this Act.

Types of Registration

Compulsory Registration

As per section 22 there are certain conditions subject to the fulfillment of which registration must be taken. Section 24 enlists the types of persons who shall compulsorily obtain the registration even though these persons do not trigger the provisions prescribed in section 22.

Statutory provision:

- Persons making any inter-State taxable supply.
- Casual taxable persons making taxable supply.
- Persons who are required to pay tax under reverse charge.
- Person who are required to pay tax under section 9(5) i.e. E commerce operators.
- Non-resident taxable persons making taxable supply.
- Persons who are required to deduct tax under section 51, whether or not separately registered under this Act.
- Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise.
- Input Service Distributor, whether or not separately registered under this Act.
- Persons who supply goods or services or both, other than supplies specified under section 9(5), through such electronic commerce operator who is required to collect tax at source under section 52.
- Every electronic commerce operator.
- 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.
- Such other person or class of persons as may be notified by the Government on the recommendations of the Council.

Deemed Registration

Provisions under section 26 of CGST Act, 2017 relating to the "Deemed Registration", are as under:

a) 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
b) 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 CGS.

c) If the proper officer fails to take action in 3 working days from the date of submission, the registration is deemed to have been approved.

d) The proper officer is satisfied with the clarification; he may approve the grant of registration to the applicant within 7 working days on receipt of such clarification. When no action is taken in 7 working days on the clarification received from the applicant, the registration is deemed to have been granted.

Cancellation of GST Registration

Cancellation of GST registration can be done by the proper officer or an application filed by the registered person or by his legal heirs. Further, the cancellation of registration under SGST / UTGST Act shall deem to be a cancellation of registration under CGST Act. The cancellation of registration shall not affect the liability of a person to pay tax and other dues under GST.

The registration can be temporarily cancelled under the following situations:

- If the registered person violates the provisions of the Act.
- If the registered person does not conduct the business from the declared place of business.
- If the business has been discontinued.
- If there is any in the constitution of the business.
- If the registered person issues the invoice or bill without supply of goods or services.
- If the taxable person is no longer liable to be registered.

In the following cases, the proper officer shall cancel the registration, only after giving the person an opportunity of being heard:

- If the person covered under the composition scheme has not furnished returns for 3 consecutive tax periods.
- If the registered person has not furnished the returns for the period of 6 months
- If the person, who has taken voluntary registration, has not commenced business within 6 months from the date of registration.
- If the person has obtained the business by means of fraud.

Procedure for cancellation

- If the proper officer has reasons to believe that the registration of a person is liable to be cancelled, he shall issue a notice to such person in form GST REG-17, requiring him to show cause, within a period of 7 working days. If the reply to the notice found to be satisfactory, the proper officer shall drop the proceedings and pass an order in form GST REG-20.
- The registered person may apply for revocation of cancelled registration in form GST REG-21. If the proper officer is satisfied that there are sufficient grounds for revocation of cancellation of

registration, he shall revoke the cancellation of registration by passing an order in the form GST REG-22 within a period of 30 days from the date receipt of application.

- The revocation of cancellation of registration under SGST/UTGST Act shall deemed to be revocation of cancellation of registration under CGST Act.

Tax Invoice (Section 31)

Tax Invoice is a legal document that a seller submits to a customer in which the tax is included or a document from a registered supplier to a registered dealer.

All tax invoice issued by the business under GST must contain the following information:

- Name, address, and also GSTIN of supplier
- A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special '-' and '/' (hyphen or slash) and any other combination thereof , unique for a financial year.
- Date of its issue
- Name, address of the recipient and GSTIN or UIN, if the recipient is registered.
- Name, address of the recipient and address of delivery, along with the name o f state and its code, if such recipient is unregistered and where the value of taxable supply is 50,000 or more.
- HSN code of goods or Accounting Code of services.
- Description of goods or services.
- Quantity in case of goods and unit or Unique Quantity Code thereof.
- The total value of the supply of goods or services or both.
- The taxable value of supply of goods or services or both taking into account discount or abatement, if any.
- Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess).
- Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess).
- Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce.
- Address of delivery where the same is different from the place of supply
- Whether the tax is payable on a reverse charge basis and
- A signature or digital signature of the supplier or his authorized representative,

Debit Note: A debit note is raised in case where the amounts charged in the tax invoice is less than the actual value.

Credit Note: A credit note or credit memorandum (memo) is a commercial document issued by a seller to a buyer. Credit notes act as a Source document for the Sales return journal. In other words, the credit note is evidence of the reduction in sales.

Section 34 of CGST ACT, 2017 Credit and Debit Notes

1. Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to **exceed the taxable value** or tax payable in respect of such supply, or where the **goods supplied are returned by the recipient**, or where goods or services or both supplied are **found to be deficient**, the registered person, who has supplied such goods or services or both, may issue to the recipient a credit note containing such particulars as may be prescribed.
2. Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed. Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.
3. Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is **found to be less than the taxable value** or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient a debit note containing such particulars as may be prescribed.
4. Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.

Rules for Credit Note and Debit Note under GST

a) One must specify the name, address and GSTIN of the supplier.
b) The nature of the document i.e. credit note or debit note.
c) The document shall have consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special '-' and '/' (hyphen or slash) and any other combination thereof , unique for a financial year.
d) The date of issue of the document.
e) One must specify the name, address and GSTIN of the recipient. No need to specify if the recipient is unregistered.

f) Name and address of the recipient and the address of delivery, along with the name of state and its code.
g) A serial number and date of the corresponding tax invoice or as the case may be, the bill of supply.
h) A value of taxable supply of goods or services, rte of tax and the amount of the tax credited or as the case may be, debited to the recipient.
i) A debit note / credit note must have the signature or digital signature of the supplier or his authorized representative

Composition Scheme of GST

1) Composition Scheme is optional. It is available to the Assessee, whose aggregate turnover in the FY does not exceed150 lakhs. In case of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh, this limit is 150 lakhs.
2) To opt for composition scheme, a taxpayer has to file GST CMP-02 with the government. This can be done online by logging into the GST Portal. This intimation should be given at the beginning of every Financial Year by a dealer wanting to opt for Composition Scheme.
3) The following are the advantages of registering under composition scheme:
    a) Lesser compliance (returns, maintaining books of record, Issuance of invoices),
    b) Limited tax liability,
    c) High liquidity as taxes are at a lower rate
4) The person opting for composition scheme is required to file quarterly GST return. Such persons will have to pay tax on his total turnover out of his pocket at the following rates: manufacturer: 1%, restaurant and catering services: 5% and others: 1%.
5) This scheme is not available to the manufacture of ICE creams, Pan masala, Tobacco products.
6) Composite scheme dealer cannot make inter-state supply, supply of services and exports. He is also not allowed to charge GST in his invoice and mention HSN code in tax invoice.
7) No input tax credit available to composition dealers. Moreover, a dealer under this scheme is not eligible to supply goods through an e-commerce portal.
8) The person opting for the scheme must neither be a casual dealer nor a non-resident taxable person. Such dealers are required to display the words "composition taxable person" on every notice and signboard at prominent place
9) If a composition taxable person deals with both taxable as well as exempted goods, tax at fixed rate is payable even on supply of exempted goods (like milk, food grains) etc.

Accounting Record for GST

As per section 35(1) of CGST Act, 2017, each registered taxpayer under GST regime is required to maintain a true and correct accounts and records.

Rules with regards to maintaining Accounts and Records

1) Registered person has more than one place of business: In cases where the taxpayer has more than one place of business specified in the certificate of registration, each place must maintain its own accounts and records. Also, such accounts can be maintained in electronic form in a specified manner.
2) Way to record wrong entries: The taxpayers must ensure that transactions entered in registers or books of accounts shall not be erased or overwritten. Also, all the wrong entries should be replaced with the correct entries. And in case the documents are maintained electronically, log of every deleted or edited entry must be kept.
3) Records maintained at a place other than that mentioned in registration certificate: In addition to this, there can be circumstances where the books of accounts of a registered are found at a premises other than that specified in the certificate of registration. In such a scenario, the books of accounts shall be taken as the ones maintained by the registered to whom such a premise belongs.
4) Records can be maintained in electronic format: Books of accounts under GST can be kept in electronic form. Also, such records shall be validated digital signatures. Furthermore, where records are kept electronically, backup of such records shall be preserved in that such records can be retrieved within a reasonable time period.
5) Producing books of accounts when demanded by law: The registered taxpayers are required to show books of accounts in case law demands them to do so.

Following are the records that need to be maintained by the taxpayers

1. **Accounts of Stock:** The registered taxpayers other than the ones registered under the Composition Scheme must keep accounts of stock with regards to goods received as well as supplied by such taxpayer.

   Further, these stock records would include details such as:

- Opening balance of stock.
- Goods received.
- The goods supplied.
- Goods lost, stolen or damaged.
- The, Goods written off or given in the form of gift or free samples.
- Stock balance including raw materials, finished goods, wastage etc.

2. **Advances Received and Paid:** The taxpayers need to keep separate record of advances received, advances paid and all the relevant adjustments made in this respect.
3. **Tax Liability and ITC:** Registered taxpayers also need to keep a record with regards to the:

- Amount of tax payable
- Tax collected
- The tax paid
- Amount of input tax
- Input tax credit availed
- Register of tax invoice
- Debit notes, credit notes, delivery challan issued or received during the tax period.

4. **Details of Suppliers, Customers and Warehouses**

- Names and addresses of the vendors from whom goods or services are received.
- Addresses and names of customers to whom goods or services are supplied.
- Address of the premises where goods are stored including the goods stored during transit E together with the information of stock stored in such a premise.

5. **Details of Goods Produced:** Registered taxpayers producing goods must maintain accounts in respect of such a production month by month. It should include information in respect of raw materials or services utilized to produce goods and other details such as waste and other by products.
6. **Records of Services Supplied:** Registered taxpayers providing services must maintain accounts in respect of:

a) Goods used to provide such services
b) Input services used
c) Services rendered

7. **Accounts in Respect of Works Contract**

- Name and address of persons on whose behalf such a contract is being implemented
- Amount, quantity as well as other details of goods or services received to implement such a contract.
- Information of the payment received in respect in respect of such a contract
- Names and address of the vendors from whom goods or services were received by such a tax payer.

GST Returns

A tax return is the tax form or forms used to report income and file income taxes with tax authorities such as the Internal Revenue Service (IRS). GST returns are self-assessed by the registered persons. A taxable person can take help of GST practitioner in filing the returns etc. He can file return through GST Suvidha Providers (GSP).

Types of Returns

1) **GSTR 1**

- Return for **Outward supplies** made by the tax payers
- This is a monthly return to be filed by every normal registered person by the **10th of the month**
- The information to be furnished is basic details of taxpayer, period to which the return pertains, final invoice-level supply information pertaining to the tax period separately for goods and services, details regarding advances and payments etc.,

2) **GSTR 2**

- Return for **Inward Supplies** received by taxpayers
- It is a monthly return that summarizes the details of inward purchases of taxable goods and / services.
- It contains details of all the purchases transactions of a registered dealer for a month
- To be filed by a normal registered person by the 15th of the next month furnishing details of inward supplies and Input Tax Credit to be availed. Under this kind of return there are 2 sub-returns i.e. GSTR 2A and GSTR 2B.
- GSTR 2A is an auto populated return prepared by the system by pooling in data from GSTR 1 submitted by the supplier. This return is a view only return and cannot be edited by the dealer. However, if any correction in this return is required the dealer may initiate such correction through GSTR 2B subject to the approval of the respective supplier.

3) **GSTR 3**

- **Monthly Returns**
- It is a monthly return with the summarized details of sales, purchases, sales during the month along with the amount of GST liability.
- This return is auto-generated pulling the information from GSTR 1 and GSTR 2. It contains 2 parts. Part A consists of information furnished through GSTR 1 and Part B consists of information furnished through GSTR 2.
- To be filed by a normal registered person by **20th of the next month**.

4) **GSTR 4**

- Quarterly returns for composition dealer
- It is a return filed by those taxpayers who have opted for composition scheme in the new indirect tax regime.

- Under GST composition scheme, taxpayers will be required to file return in every three months rather than monthly returns
- To be filed by a composite dealer on a quarterly basis by the 18th of the month following the quarter.

5) **GSTR 5**

- Return for **Non-Resident Foreign Taxpayer**
- Non-Resident Foreign Taxpayers are those suppliers who have come for a short period to make supplies in India without having any business establishments here.
- Such taxpayers would be required to file the return in form GSTR 5 for the period for which they have obtained the registration: within 7days after date of expiry of registration or to be filed monthly before **20th of the following month**.

6) **GSTR 6**

- Return for **Input Service Distributor**
- It is a monthly return that has to be filed by Input Service Distributor. It contains details of ITC received by an Input Service Distributor and distribution of ITC.
- There are total of 11 sections in this return
- To be filed by Input Service Distributor (ISD) by the **13th of the next month**.

7) **GSTR 7**

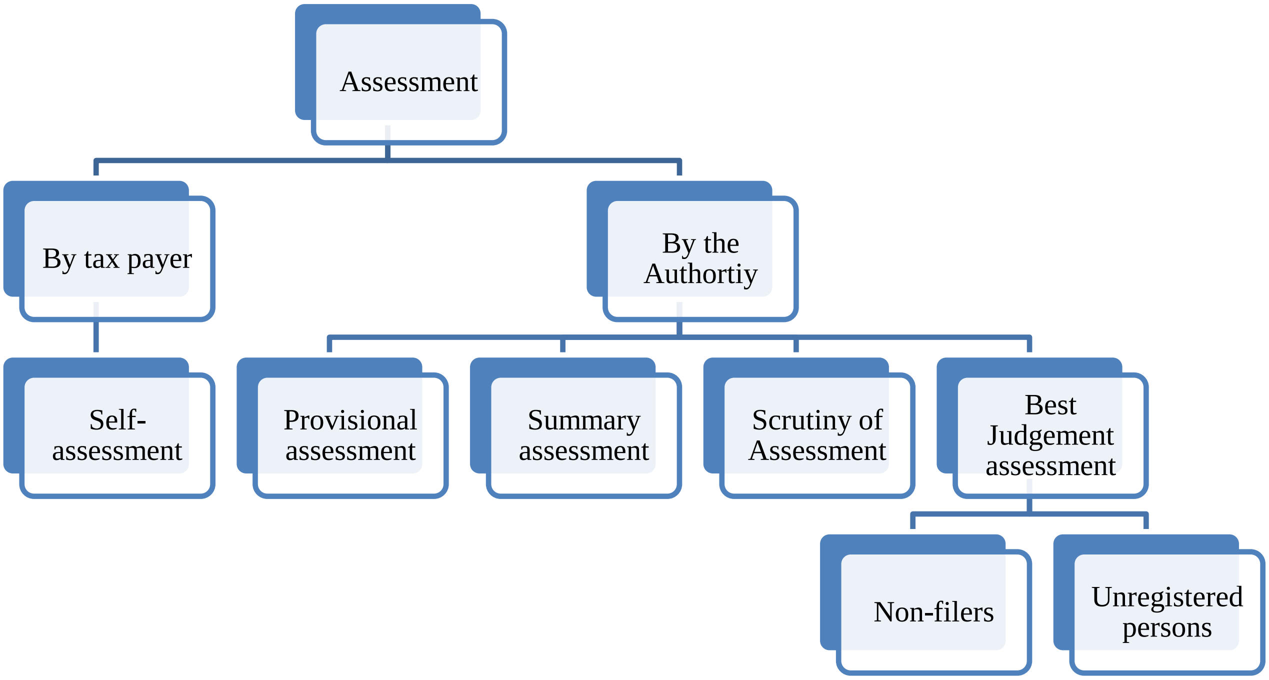
- Return for **Tax Deducted at Source (TDS).**
- It is a return to be filed by the persons who is required to deduct TDS under GST.
- It contains the details of TDS deducted, TDS liability payable and paid, TDS refund claimed etc.
- As per GST department or establishment of central or state government, local authority, government agencies, persons or category or persons notified central or state government.
- To be filed by authorities deducting tax at source by the **10th of the next month.**

8) **GSTR 8**

- **Annual Returns**
- It is a return to be filed by the e-commerce operators who are required to deduct Tax Deducted at Source (TCS) under GST.
- It contains the details of supplies effected through the e-commerce platform and amount of TCS collected on such supplies.
- It is to be filed for month by **10th of the following returns**.

Assessment

As per section 2(11) of CGST Act, 2017 “assessment” means determination of tax liability under this Act and includes self-assessment, re-assessment, provisional assessment, summary assessment and best judgement assessment.



By Taxpayer

1) **Self-assessment:** Every registered taxable person must assess the tax payable by himself or herself and furnish the relevant return for each tax period.

By the Authorities

1) **Provisional Assessment:** If a taxable Person is unable to determine the Value of Supply or the rate of tax may apply for a provisional assessment in execution of a bond and pay the taxes on provisional basis. This provisional assessment should be finalised usually within a period of 6 months. If the tax paid under the provisional assessment is less the, the balance needs to paid along with interest under section 50 and if the tax period under provisional assessment is excess of actual tax liability, the excess shall be refunded along with the interest under section 54.
2) **Summary Assessment:** In certain special cases, an officer may on finding any evidence showing tax liability of a person which comes to his notice, with the permission of the additional or joint commissioner, assess the tax liability of the person to protect interest of revenue and issue an assessment order, if he has sufficient grounds to believe that any delay in doing so will adversely affect the interest of revenue.

3) **Scrutiny of assessment:** In order to verify the accuracy of returns the tax officers may examine returns and seek explanation. If the explanation offered in adequate no further action is taken. However, the explanation offered is not satisfactory in nature the tax officer may take necessary action.
4) **Best judgement assessment:** under best judgement assessment, an officer will assess the tax liability of a person to the best of his/her judgement. The circumstances for this are:
   a) **Assessment of non-filer of returns:** If the return is not furnished even after service of notice, then the tax officer shall assess the liability of tax based on the best judgement assessment.
   b) **Assessment of unregistered person:** the tax officers may in case of unregistered person who are required to be registered but fail to get registered shall assess the tax liability based in the Best judgement (Best Judgement Assessment).

Audit under GST

Audit means examination of records, returns and other documents maintained or furnished by a registered person under the GST law, to verify the correctness of the turnover declared, taxes paid, Input Tax Credit availed refund claimed etc., and to assess the compliance of provision of GST law.

Types of Audit

a) **Audit by Registered dealers:** Every registered dealer whose turnover during the financial year exceeds 2 crore has to get his account audited by CA or CMA.

b) Audit by GST Tax authorities

- **General Audit:** The commissioner or on his orders an officer may conduct an audit of any registered dealer.
- **Special Audit:** The department may conduct a special audit due to the complexity of the case and considering the interest or revenue. The CA or CMA will be appointed to conduct the audit.

Demand and Recovery

Demand and Recovery provisions are applicable when a registered dealer has paid tax incorrectly or not paid the tax at all. It is also applicable when an incorrect refund or ITC is claimed by the dealer.

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