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Taxable Person under GST and It's Registration

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A) Abstract :-

GST which stands for Goods and Services Tax, is a revolutionary tax reform undertaken by the Govt. of India which came into effect from 1 July 2017. The numerous indirect taxes (like service tax, central excise, VAT, Entry Tax) are subsumed into one single tax, avoiding cascading tax effect (tax on tax) which is expected to be a win – win situation for all from manufacturer to consumer. Though years of fierce negotiations between the center, states and other stakeholders have diluted the original intent of the act, it is a good beginning towards one nation, one tax, one market.

Taxable person under GST is anyone who is registered under GST or required to be registered under GST. Various criteria's like turnover, business activity or transaction have been specified in GST Act, which details persons liable to be registered under GST. Further, any person having registration under Service Tax, VAT or Central Excise on the date of GST coming into force will automatically be considered a taxable person under GST.

B) Objective of Research Paper:-

- I. Studying taxable persons in GST System.
- II. Understands the rules regarding registration in GST.
- III. Studying the impact of GST on Taxpayer

C) Research Methodology :-

The present study aims to find out Taxable Person under GST on various sectors and challenges to be faced by way of registration in GST. The necessary data were collected from opinions given by financial experts that were stated in the various finance related websites. Secondary data have been used for analyzing and interpreting the results

D) GST Definition of Taxable Person

The term “person” has been defined in Section 2(73) of the GST Act as follows:

- An Individual
- A Hindu Undivided Family
- A Company
- A Partnership Firm
- A Limited Liability Partnership
- An Association of Persons or a Body of Individuals, whether incorporated or not, in India or outside India

- Any Corporation Established by or under any Central, State or Provincial Act, or a Government Company
- Anybody corporate incorporated by or under the laws of a country outside India
- A co-operative society registered under any law relating to cooperative societies
- A local authority
- Government
- Society as defined under the Societies Act, 1860
- Trusts Artificial judicial person, not falling within any of the above categories

The definition for taxable person under GST is similar to the definition in the existing Service Tax law. It's important to note that the definition for taxable person includes all kinds of judicial persons (artificial persons) also and not only natural persons.

E) Who needs GST Registration?

The criteria for persons who should be registered under GST is provided under Chapter 6 of the GST Act. As per the GST Act, the following persons are required to obtain GST registration:

1) Aggregate Turnover Criteria

Any supplier of goods and/or services who makes a taxable supply with an aggregate turnover of over Rs.20 lakhs in a financial year is required to obtain GST registration. In special category states, the aggregate turnover criterion is set at Rs.10 lakhs.

2) Special Category States under GST

Currently, Assam, Nagaland, Jammu & Kashmir, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Uttarakhand, Tripura, Himachal Pradesh, and Sikkim are considered special category states. The National Development Council composed of the Prime Minister, Union Ministers, Chief Ministers and members of the Planning Commission determines the list of special category states in India. Also, the decision to accord special status to a State is based on factors like: hilly and difficult terrain; low population density and or sizeable share of tribal population; strategic location along borders with neighboring countries; economic and infrastructure backwardness and non-viable nature of state finances.

3) Mandatory GST Registration Criteria

Some taxable persons who do not qualify for GST registration under the aggregate turnover criteria are required to mandatorily obtain GST registration, if they satisfy any of the following criteria:

4) Persons making any inter-state taxable supply

Inter-state supply is supplying goods or services from one state to another. Hence, any taxable person who is involved in supplying goods or services to persons outside of the State, is required to mandatorily obtain GST registration.

5) Casual taxable persons making taxable supply

Casual taxable person is a person who occasionally undertakes supply of goods and/or services and has no fixed place of business. An example of a casual taxable person would be a fireworks shops setup during Diwali festival time, selling fireworks temporarily.

6) Persons who are required to pay tax under reverse charge

Under GST, for most goods and/or services, the liability for payment of tax rests with the supplier. However, in some cases, the liability to pay tax (GST) would rests with the recipient of the goods or services, instead of the supplier. Such transactions are called reverse charge. Hence, any person (recipient of goods or service) who is required to pay tax under reverse charge must mandatorily obtain GST registration.

7) Non-resident taxable persons making taxable supply

Non-resident taxable person is any person who occasionally supplies goods or services to recipients in India, but who has no fixed place of business or residence in India. All non-resident taxable persons are mandatorily required to obtain GST registration, irrespective of aggregate turnover criteria.

8) Persons who are required to deduct tax under GST

According to Section 51 of the GST Act, the Government may mandate a department or establishment of the Central Government or State Government or local authority or Governmental agencies or a category of persons to deduct tax at the rate of 1% from the payment made or credited to the supplier, where the total value under a contract, exceeds Rs.2.5 lakhs. Such persons are required to mandatorily obtain GST registration and are referred to as “deductor”.

9) Persons who make taxable supply of goods or services on behalf of other persons

Any person who makes a taxable supply of goods or services on behalf of other persons would include agents, brokers, dealers, etc., Such persons are required to mandatorily obtain GST registration.

10) Input Service Distributor

Input Service Distributor means a supplier of goods or services which receives tax invoices for the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services.

11) Electronic Commerce Operator

Electronic commerce is the supply of goods or service, including digital products over digital or electronic network. An electronic commerce operator is any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. All electronic commerce operators are mandatorily required to obtain GST registration, irrespective of turnover.

12) Person supplying online information and database access or retrieval services (OIDAR)

Any person supplying online information and database access or retrieval services from a place outside India to a person in India is required to obtain GST registration. Online information and database access or retrieval means providing data or information, retrievable or otherwise, to any person, in electric form through a computer network.

13) Persons who supply goods or services through electronic commerce operators

Some persons who supply goods or services through electronic commerce operators, other than supplies where the electronic commerce operator is required to collect tax at source on behalf of the supplier is mandatorily required to obtain GST registration. Under GST, The Government has the power to specify categories where the tax would be liable to be paid by the electronic commerce operator if the services are supplied through it.

14) Persons Having Service Tax or VAT or Central Excise Registration

All person who, on the day immediately preceding the appointed day is having a service tax or VAT or central excise license under an existing law is required to be registered under GST. Hence, migration to GST is mandatory for all taxable persons having an existing registration.

15) Transferee or Successor of a Business

Any person who is a transferee or a successor of a business, that was carried on by a persons registered under GST is required to be registered under GST with effect from the date of such transfer or succession.

F) Who is NOT Required to Obtain GST Registration

Any person who is engaged exclusively in the business of supplying goods or services that are not liable to tax under GST or wholly exempt from tax under GST is exempt from obtaining GST registration. Also, an agriculturist, to the extent of supply of produce out of cultivation of land is exempt from obtaining GST registration. Under GST, agriculturist means an individual or a Hindu Undivided Family who undertakes cultivation of land:

- By own labour, or
- By the labour of family, or
- 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;

G) Conclusion :-

All sectors of the economy have benefits and impact with GST whether individual, industry, trade, government departments, service sector, professionals, importers etc. It is a simple mechanism yet can boost economy compared to the previous system also having uniform and transparent system to all players than existing complexities. It is ready to integrate state economies and boost the overall GDP as it reduces the tax burden making single unified Indian market with growth dynamics and strong economy. More important, from the

businessman and consumer perspective, this change is going to have substantial impact on the business as well cost to consumers depending upon the structure of the business and location of business and consumer.

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