

GOODS AND SERVICE TAX (GST)

Goods & Service Tax (GST) is an indirect tax throughout India to replace taxes levied by the central and state Governments.

NEW TURNOVER LIMIT FOR GST

GST will be apply when turnover of the business exceeds Rs.20 lakhs (Limit is Rs. 10lakhs for the North Eastern States).

CASUAL REGISTRATION

A person who occasionally supplies goods and/or services in a territory where GST is applicable but he does not have a fixed place of business. Such a person will be treated as a casual taxable person as per GST.

Example: A person who has a place of business in Bangalore supplies taxable consulting services in Pune where he has no place of business would be treated as a casual taxable person in Pune.

Composition Dealer

This is an option available to small businesses and taxpayers having a turnover less than Rs. 75 lakhs. They can opt for Composition scheme where they will tax at a nominal rate of 1% or 2.50% (for manufacturers) CGST and SGST each (rates will be notified later).

They will be required to maintain much less detailed records and file only 1 quarterly return instead of three monthly returns. However, they cannot issue taxable invoices, i.e., collect tax from customers, but are required to pay the tax out of their own pocket. They cannot also claim any input tax credit.

Composition levy is available to only small businesses. It is not available to interstate sellers, e-commerce traders, and operators.

Migration To GST

All existing Central Excise and Service Tax assesseees and VAT dealers will be migrated to GST. To migrate to GST, assesseees would be provided a Provisional ID and Password by CBEC/State Commercial Tax Departments.

Provisional IDs would be issued to only those assesseees who have a valid PAN associated with their registration. An assessee may not be provided a Provisional ID in the following cases:

1. The PAN associated with the registration is not valid
2. The PAN is registered with a State Tax authority and Provisional ID has been supplied by the said State Tax authority.
3. There are multiple CE/ST registrations on the same PAN in a State. In this case, only 1 Provisional ID would be issued for the 1st registration in the alphabetical order provided any of the above 2 conditions are not met.

The assessee need to use this Provisional ID and Password to login to the GST Common Portal (<https://www.gst.gov.in>) where they would be required to fill and submit the Form 20 along with necessary supporting documents.

Multiple Registrations Under GST

A person with multiple business verticals in a state may obtain a separate registration for each business vertical.

PAN is mandatory to apply for GST registration (except for a non-resident person who can get GST registration on the basis of other documents).

A registration which has been rejected under CGST Act/SGST Act shall also stand rejected for the purpose of SGST/CGST act.

Penalties For Not Registering Under GST

An offender not paying tax or making short payments has to pay a penalty of 10% of the tax amount due subject to a minimum of Rs.10,000. The penalty will be high at 100% of the tax amount when the offender has evaded i.e., where there is a deliberate fraud.

However, for other genuine errors, the penalty is 10% of the tax due.