

Casual Taxable Person under GST

In line with the concept of casual trader under VAT, the concept of casual taxable person has been introduced in Model GST Law. Casual Taxable Person has been defined under Section 2(20) of the revised Model GST Law as “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 taxable territory where he has no fixed place of business”.

The definition intends to cover those persons in its ambit who come for a temporary period at a place, carry out supply of goods and/or services in the course or furtherance of business and then leave the place. Some of the examples of the persons covered under the said definition would be persons coming in exhibitions from outside the taxable territory for the purpose of supplying of goods or persons coming from outside the taxable territory for the purpose of execution of a works contract and then leaving the territory.

Casual Taxable Persons have been treated differently from other taxpayers under the Model GST Law and specific compliances have been prescribed with respect to them. As per Schedule V of Model GST Law, a casual taxable person is liable to be registered under GST irrespective of the turnover threshold. Also, they are liable to apply for registration at least five days prior to the commencement of business.

The certificate of registration issued to a casual taxable person shall be valid for a period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier and such person shall make taxable supplies only after the issuance of the certificate of registration. This period of 90 days can further be extended by the proper officer but not beyond another 90 days.

While a normal taxable person does not have to make any deposit of money to obtain registration, a casual taxable person will need to make an advance deposit of tax, of an amount equivalent to the estimated tax liability of such person for the period for which registration is sought, at the time of submission of application for registration.

The concept of casual taxable person creates many challenges for traders, service providers and other taxable persons who occasionally undertake transactions outside of their taxable territory. Also, what constitutes a fixed place of business is open to interpretation by assesses as well as the Authorities, which could lead to increased litigation and compliance burden for such persons. When will a taxable person be considered as a casual taxable person and when will they be required to obtain registration as a casual taxable person, are some pertinent issues which need to be examined under the imminent GST regime.

Amicus Tax Team

The information contained in this newsletter is solely intended to provide general guidance on matters of interest. Nothing herein constitutes professional or legal advice, nor does any information herein constitute a comprehensive or complete statement of the issues discussed. It is recommended that you seek a professional advice to confirm your understanding on the issues dealt above.

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