

GST Registration – Advance Planning Issues To Consider

GST or Goods and Services Tax is aimed at simplifying Indian tax structure by subsuming all indirect taxes under one head. GST will see a monumental shift from the existing tax regime as it will create a common Indian market and reduce the cascading effect of tax on the cost of goods and services. It will impact the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilization and reporting, leading to a complete overhaul of the current indirect tax system.

Model GST Law stipulates that every supplier of goods and services, shall be liable to be registered under the Act, in the state from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds twenty lakhs rupees (ten lakhs in case of specified states). However, certain persons are required to obtain registration irrespective of the prescribed threshold. Every such person has to apply for registration within thirty days of becoming liable to registration. The following issues need to be considered before obtaining registration under the Act:

- Model GST Law prescribes that a person needs to obtain registration in the state from where he makes a taxable supply of goods and/or services;
- Concept of place of supply and location of supplier of services needs to be considered in this regard;
- Concept of fixed establishment also needs to be examined for determining liability to obtain registration;
- An agriculturist and any person engaged exclusively in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax are not liable to registration;
- Specific provisions regarding registration have been prescribed with respect to casual taxable person and a non-resident taxable person; and
- Whether the liability to obtain registration arises in case of on-site delivery of services – this needs to be examined on the facts of each case.

GST will have a far-reaching impact on almost all the aspects of the business operations in the country, for instance, pricing of products and services, supply chain optimization, IT, accounting, and tax compliance systems. That is why its implementation should be a well thought out exercise for ensuring smooth transition to a new tax regime. Process to obtain provisional registration under GST has already started and it is imperative for businesses to move swiftly in order to avoid complexities going forward.

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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