

Registration Mirror

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By Vijay Kumar

I got a question from a recently retired senior officer trying hard to understand the intricacies of GST.

Question: There is an exemption from registration, to suppliers solely engaged in reverse chargeable services vide [5/2017-CT](#). What is the mirror notification under IGST?

His problem was that there is an exemption Notification for registration under GST vide Notification No. [5/2017 - Central Tax](#), dated 19.06.2017, which reads as:

In exercise of the powers conferred by sub-section (2) of section 23 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government hereby specifies the persons who are only engaged in making supplies of taxable goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods or services or both under sub-section (3) of section 9 of the said Act as the category of persons exempted from obtaining registration under the aforesaid Act.

2. This notification shall come into force on the 22nd day of June, 2017.

Now, effectively this notification exempts suppliers whose tax liability is on reverse charge basis, from registration under CGST. Is there a similar notification under IGST? If so, where is it?

Well, the answer could be something like this:

Government has clarified that

[Registration under GST is not tax specific which means that there is a single registration for all the taxes i.e. CGST, SGST/UTGST, IGST and cesses.](#)

There is only one Application for Registration - FORM GST REG-01, which also mentions IGST in Sl.No. 11 and the application has to be made on the common portal.

As per Section 20(v) of the IGST Act,

"Subject to the provisions of this Act and the rules made thereunder, the provisions of Central Goods and Services Tax Act relating to,-- (v) registration; shall, mutatis mutandis, apply, so far as may be, in relation to integrated tax as they apply in relation to central tax as if they are enacted under this Act: "

So, the exemption under Notification No. [5/2017 - Central Tax](#), is applicable to IGST also, as that category of persons is not required to take registration at all.

But there is a difference in Notification No. [7/2017 - Integrated Tax](#), which exempts a job worker engaged in making inter-State supply.

While the first notification is issued under sub-section (2) of section 23 of the Central Goods and Services Tax Act, the second one is issued under section 20 of the Integrated Goods and Services Tax Act, read with sub-section (2) of section 23 of the Central Goods and Services Tax Act.

Section 23(2) of the CGST Act reads as,

"The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act." And this provision was used to exempt (IGST) registration for job work.

Further, Section 24 of the CGST Act stipulates that:

Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act,-- (i) persons making any inter-State taxable supply;

That is why job workers have been exempted under Notification No. [7/2017 - Integrated Tax](#).

The Government had clarified in [FAQs](#) that:

10. Is an advocate providing interstate supply chargeable under Reverse Charge liable for registration?

Exemption from registration has been provided to such suppliers who are making only those supplies on which recipient is liable to discharge GST under RCM.

17. Is it correct that person dealing exclusively in NIL rated or exempt goods/ services liable to register if turnover > 20/10 Lakh?

There is no liability of registration if the person is dealing with 100% exempt supplies.

Conclusion: Notification No. [5/2017 - Central Tax](#), is applicable for IGST also and there is no need for a mirror notification.

And how complicated is the whole system that is called a good and simple tax. I have not explained the whole series of complications to avoid further confusion, like there is another notification exempting from IGST registration - Notification No. [10/2017 - Integrated Tax](#).

Jest what the Government told us:

Some of the answers given by the Government in the last two days to questions in Parliament will make interesting reading.

GST Compensation to States:

Question

Whether it is a fact that the Ministry proposes to limit GST compensation to States only to collections by way of GST Compensation Cess;

Answer As per Section 7 of the GST (Compensation to States) Act, 2017, the States are required to be compensated for loss of revenue due to implementation of GST (w.e.f. 01.07.2017) for 5 years' period. For the purpose of paying such compensation to States, as per section 8 of GST (Compensation to States) Act, 2017, there is provision for levy of cess on certain luxury items and demerit goods and this cess collected is to be credited into a Public Account known as GST Compensation Fund along with **such other amounts** as may be recommended by the GST Council. As per Section 10(2) of this Act all amounts payable to the States under Section 7 shall be paid out of GST Compensation Fund. As per these provisions, the cess amount is being credited to the Fund and compensation is being paid from it.

Why GST Shortfall

Question The details of reasons for revenue shortfall in the Goods and Services Tax (GST); the details of options available to the States like Tamil Nadu to meet the revenue shortfall in GST collections and the objections from the States for the options;

Answer Total net GST target (for centre, as per receipt budget document) has been pegged at Rs. 6,90,500 crore for 2020-21 in the general Union Budget, 2020-21. The actual net GST collection for the centre till August, 2020 is Rs. 1,81,050 crore, which shows 26.2% achievement (till August, 2020) of BE 2020-21.

Issue of pending GST compensation and future course of action to meet the GST compensation shortfall has been discussed in 41st GST Council meeting on 27.08.2020 wherein States were given two options to meet their GST compensation shortfall for current FY from market borrowing. It was also decided that States will give their preference views thereon.

Thereafter on finalization of scheme, the states can choose either Option 1 or Option 2 and accordingly, their compensation, borrowing, repayment etc. will be dealt as per their individual choice.

GST on sanitisers - data deficiency

Question

- a) the total GST collection on healthcare products such as ventilators, masks, sanitisers, PPE, testing kits, etc that are used in the treatment or prevention of COVID-19 ; and
- b) whether Government has considered reducing the GST on healthcare products used in the treatment and prevention of COVID-19 ?

Answer

- a) A GST taxpayer does not furnish end use wise item details in his returns. Hence, such data is not maintained. (brilliant !)
- b) The GST rates are fixed on the recommendations of the GST Council. At present, there is no such recommendation from the GST Council for reducing GST rates on healthcare products used in the treatment and prevention of COVID-19. In general, health care products attract lower GST rates of 5%/12%.

Why the labourers started walking

Question the reasons why thousands of labourers end up walking home post lockdown

Answer *The migration of large number of migrant workers was triggered by panic created by fake news regarding duration of lockdown, and people, especially migrant labourers, were worried about adequate supply of basic necessities like food, drinking water, health services and shelter. However, Central Government was fully conscious of this, and took all necessary measures to ensure that during the period of the inevitable lockdown, no citizen should be deprived of basic amenities of food, drinking water, medical facilities etc.*

Beware of fake news, now that you know the cause of all your problems.

Until next week