

INTRODUCTION TO GST

REGISTRATION

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Week 02

Lecture 07

So friends, after getting a registration, we can start our business without any problem. And if during the process of business or after some time, we feel that registration need to be amended further for some other reasons, you can go to the department through portal and get your registration certificate amended. So accordingly, you can run your business. There is no issue. You can have multiple GST numbers within state, outside the state based on PAN number. So, if at any point of time, though you started your business with your full force and all, but you feel that you are not in a position to carry the business because it is a loss-making venture now for you, you may discontinue with the business at any point of time. And if you decided that you are going to wind up your business, you are supposed to surrender your GST number also. So, when you have decided for closure of business, you may surrender your GST number and for that there is a set procedure under the law and you have to follow that procedure. Otherwise, there will be non-compliance with the provisions and interest and penalty may be forced on you.

Application for cancellation of registration

-Rule-20

- Registered person may file application in GST REG-16 giving details of:

- **inputs held in stock or**
- **inputs contained in semi-finished or**
- **finished goods held in stock and**
- **of capital goods held in stock**

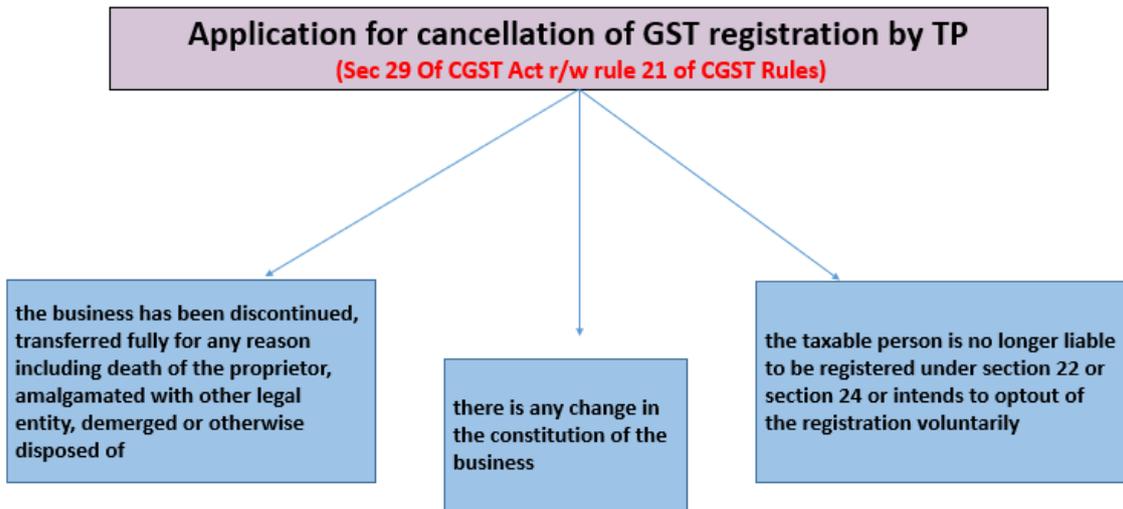
on the date from which the cancellation of registration is sought, liability thereon, the details of the payment, if any, made against such liability and may furnish, along with the application, relevant documents in support thereof, at the common portal within a period of **thirty days** of the occurrence of the event warranting the cancellation

- Proper Officer may also initiate process of cancellation of registration

So, Rule 20 deals with cancellation of registration. And friends, registration can be cancelled either by the taxpayer or by the department. So, whenever you are thinking of that, law says a registered person may file application in GST REG 16 form and in this FORM you need to give some details of your business. And what are the details? Details of the input held in stock; means how much stock you are having with you? If you are a trader, how much stock you are having with you and how much tax you have paid on that when you purchase those goods.

Then inputs contained in semi-finished form; means if you are a manufacturer there may be some raw material in process, which is known as WIP (work in progress). How much is that? Then if you have some finished product with you, how much is that finished product/finished goods with you? And capital goods held in stock. If you have some sort of these things, you are supposed to declare these things in this form along with other details of your business within 30 days from the date when you decided to close your business. So, accordingly, Proper officer will proceed your case, will ask more details if he think so and your registration will be cancelled.

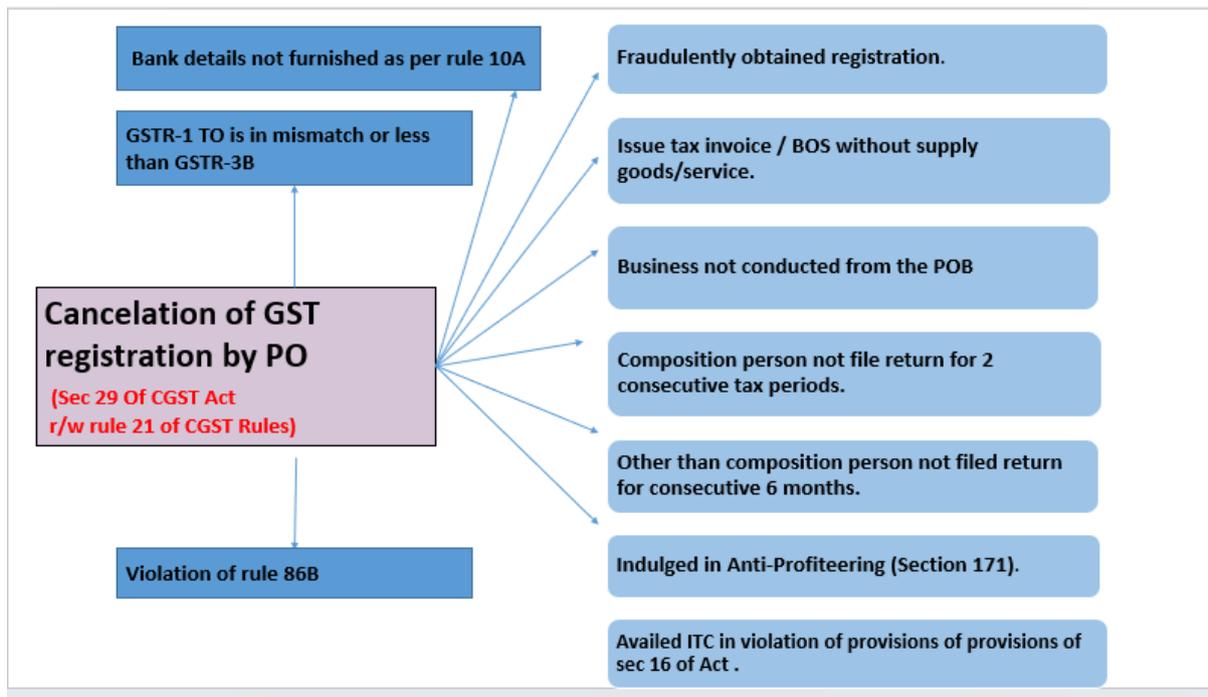
Or on the other side, department also can take a step to cancel your registration because of some violation under the law by you. If you have violated some provisions, definitely department will take action against you and your registration can be cancelled. So, friends, if registration is supposed to be cancelled on the initiative, on the step of taxable person, means if taxable person has initiated the process of cancellation, there may be various reasons for cancellation of registration.



Business closure is one of them. So, if business has been discontinued or transferred to some other person, some or the other reasons; or maybe because if it is a proprietorship firm, then because of the death of the proprietor; or your business or the company has amalgamated with some other company or merger or demerger of the companies. Any reason can be there.

And out of that, one new entity is emerged. So, your original entity, original GST number will be cancelled. If there is any change in the constitution of your business, suppose earlier you were working, you are doing business as a proprietorship, but now your family member, your brother, your sister, your wife has joined hand with you and you have formed a partnership firm. So, for partnership firm, we need new PAN number and once your PAN number is new, but obviously your GST number will also change. So, your original number will be surrendered and new GST number will be applied.

And third one is the taxable person is no longer liable to be registered under section 22 or 24. There may be some reasons that you are now not in the category of having GST number and you decided to withdraw, you have decided to surrender your GST number. So, these reasons are there when you need to surrender your GST number from taxpayer side.



On the other side, if department thinks so, that you are not doing business as per the provisions of the law, and your registration number should be cancelled. So, they also have some reasons for that. And what these are? It says, your bank details have not been furnished. As I told you in previous slides, that when you are going for a registration number, and at that point of time, you are not having bank account, GST law permits you to submit bank details later on within 30 days or within 45 days. Currently, it is within 30 days. If you do not furnish bank details within 30 days from the issue of registration number, your registration is liable to be cancelled. Then GSTR 1 turnover is a mismatch or less than GSTR 3B. When you are filing your monthly returns, GSTR 1 and GSTR 3B. GSTR 1 return is for your outward supplies, whatever you have supplied, whatever goods you have sold.

So, if your turnover in GSTR 1, what you have declared is not matching with GSTR 3B. In 3B, we are paying tax for the turnover declared in GSTR 1. So, if there is a mismatch beyond certain limit, your registration is liable to be cancelled. Then, violation of Rule 86B, there is some criteria for availing ITC. If you are violating that criterion, your registration is supposed to be cancelled. So, compliances are very, very important and harsh in GST. If you will not comply with the provisions of the law, you will be penalized.

Apart from that, if while obtaining registration, you have submitted fraudulent documents, fake documents to get registration. And later on, if it is found that your rent deed is fictitious, rent

deed is not proper, your property documents are not proper, or you have forced with the documents to obtain GST registration, your registration will be cancelled by department. Next; if it is found that you are supplying, you are issuing invoices without supply of goods, it is a crime under GST. You cannot issue invoices unless you supply goods. If you are doing so, your registration will be cancelled 100% and you will be penalized like anything. It is a serious offence under GST. Next; business not conducted from place of business.

You have obtained registration from a particular place of business. But you are not doing your business actually from there. And you are doing business from somewhere else. Your registration is supposed to be cancelled. Next; composition person not filed return for two consecutive tax periods. Means the person who is registered as a composite dealer, he is supposed to file returns, but if he does not file returns for two tax periods consecutively, means over a period of six months, quarterly returns are supposed to be filed, his decision will be cancelled. Other than composition dealer, if a person is, means regular dealer, if he is not filing a return monthly basis for a continuous period of six months, his decision will be cancelled. If any businessman indulges in anti-profiteering clause under section 171 of CGST Act; means if any business house generating undue profit from the transactions, his registration is supposed to be cancelled.

Lastly, if a person is availing ITC under Section 16, in violation of the provisions of the law, his registration is supposed to be cancelled by the department. So, these are the reasons when department can take action against the business house and can cancel their registration with fine and penalty. As an individual, as a business owner, as a business house, you can also get your registration cancelled, but you have to follow a certain procedure by providing relevant documents and all. Or as a department also, if you are violating provision, you can be fined and penalized along with the cancellation of registration. So, registration number under GST, you may get easily, but cancellation is not so easy unless you get your accounts audited thoroughly, assessed thoroughly by department.

And finally, when department find that your tax liability is now met and you have paid all liabilities and whatever inputs you have taken, it has been utilized for your output supplies, your registration cannot be cancelled. So, only after going through the set procedure, department will allow you to surrender your registration.

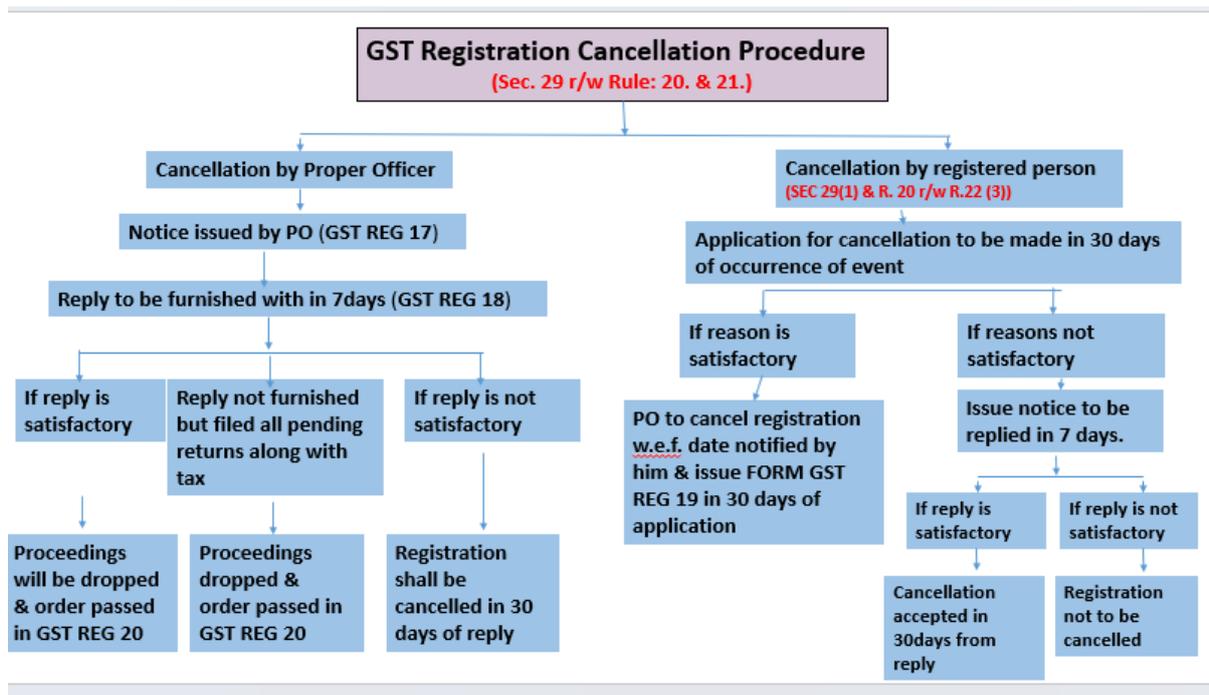
Suspension of registration -Rule21A

- Where a registered person has applied for cancellation of registration under rule 20, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later
- Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under section 29 or under rule 21, he may, suspend the registration of such person with effect from a date to be determined by him
- There are anomalies found while comparing returns filed by TP and significant difference is noticed or provisions of rule 10A i.e Bank Details not submitted with in 30 days (45days) violated,

So, friends, once you have applied for cancellation of registration, it has some impact with immediate effect. Your registration number will be suspended and you will not be in a position to take or undertake business transactions from the date of suspension of your registration. business transactions from the date of suspension of your rescission.

So, provision says where a registered person has applied for cancellation of registration under Rule 20 of CGST Act, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later. Where the proper officer has reasons to believe that registration of person is liable to be cancelled under section 29 or under Rule 21, he may suspend the registration of such person with effect from the date as determined by him. If there are anomalies found while comparing return filed by taxable person and significant difference is their, notice shall be issued. Means I told you whenever you are going for cancellation of your registration, your registration will be suspended. Your all returns filed so far will be scrutinized.

Your tax liability will be worked out. And if it is found that you have paid all taxes at appropriate time without any delay and there is no fine or penalties pending in your account, you will be allowed to get cancelled your registration. Otherwise, you are supposed to pay everything with interest and only then you will be allowed. So, impact of your cancellation application is your registration will be suspended and you cannot raise invoices from that day.



You are not allowed to do any business during suspension.

So, after suspension, you have filed your application and now your account is suspended so far. Account is suspended so far. What will be the course of action in department when application will be there in department at the table of officer? What he will do? So, if the cancellation procedure is initiated by the proper officer, means the department, how they will proceed?

They will send you a notice under form GST REG 17. They will ask you why your registration number should not be cancelled because of these and these reasons. They will mention the reasons also why they want to cancel your registration. And you are supposed to reply within seven days. Because whenever they are issuing you such a notice of cancelation of registration, they might be having something on record in their custody which will establish that you are violating the provisions, violating the cases as we have already discussed in previous slides, why, how and when proper officer can pursue the cancellation of registration.

So, if your reply is satisfactory to the extent officer wants, cancellation proceedings by the department will be dropped. So, your cancellation will not be there because it was initiated by department and you want to do business, but as per their feelings, as per their record, you are violating some laws, but when they raise question, you replied them, you satisfied them, they will not proceed further for cancellation and they will drop the proceedings. But if your reply is not satisfactory or if your returns are pending and you have filed returns, if your cancellation

is because of non-filing of returns, and during pendency of this notice you have filed all returns, cancellation proceeding will be dropped. Because there was a reason and you have complied with that, with late fee and all. If your reply is not satisfactory at all, registration will be cancelled and then you don't have any excuse for that. And if cancellation by a registered person, means if businessman himself has approached department for cancellation of registration, then he has to make application within 30 days from the date of closure of business when he has decided to close the business.

And the reason given by you are satisfactory to the extent what proper officer wants; your restriction will be cancelled. And it is presumed that you have made all your liabilities. And if reason given by you is not satisfactory, they will issue you a notice and you are supposed to reply within 7 days. And if reply whatever you have given is again satisfactory to the extent, your registration will be cancelled. But if reply is not satisfactory and you want your registration to be cancelled, but your reply given, your reasons given are not satisfactory, the Department will not allow you to cancel your registration. You are supposed to carry with that registration and you are supposed to comply with all provisions of the law, whether you are in business or not. Means you have decided to close your business. You are not doing any purchase. You are not doing any sale. You are not doing any process.

You apply to the department for cancellation of registration, but your registration has not been cancelled and it has been rejected by the department. Even then, you are supposed to file your returns on monthly basis or quarterly basis as the case may be. Till your registration is cancelled finally by giving an order by the department, you are supposed to comply with the law for nil returns also. This is the beauty of the law and this is the requirement of the law also. Even if you have obtained registration voluntarily, but you could not do your business to the level you were expecting and for regular 3-4 months your returns are zero, your turnover is zero. You have not purchased anything; you have not sold anything. You are supposed to comply with the law. You are supposed to file each and every return even then. You cannot say that my turnover was zero, my purchase was zero, that is why I have not filed returns.

No. Even for zero figure, you are supposed to file your monthly return, quarterly return, annual returns. If you will not file, then later on you are supposed to file, you will be filing the return with late fee. So, it will be another penalty on you. So, once you have taken GST number, voluntarily or otherwise, comply with each and every provision of the law. There is no excuse for anything if you have a GST number.