

Voluntary Registration under GST

Ms.Roopa

Asst.Professor –A.V. K First Grade College, Hassan
Corresponding Author: Ms.Roopa

I. Introduction

GST is one of the best indirect tax reformation of the modern times in the history of India post independence. To implement GST 101st Amendment was made in the constitution. The union Govt. introduced Central Goods and Services Bill, Integrated Goods and Services Tax Bill, Union Territory Goods and Services Tax Bill and goods and Services Tax (Compensation to States) Bill 2017, in Lok Sabha on 27th March 2017 after a long discussion in parliament, Lok Sabha passed these bills on 29th March 2017, while Rajya Sabha passed it on 6th April 2017. The President's Assent was received on 12th April 2017. In any system of tax administration, registration is the fundamental requirement for identification of taxable persons, to ensure compliance by them. Registration is a legal evidence of supplier of goods and services.

II. Features

India has chosen one of the most ambitious forms of GST in the entire world. There will be a single common market with goods and services moving seamlessly in the entire country. This is achieved through the levy of integrated GST on inter-State transfers and imports which will be available as tax credits to the recipients of supplies. GST is a dual levy in India and the eligible transactions are subject to levy of both Central Tax and State Tax. Integrated Tax is levied by Centre in the case of inter-State supplies and imports/ exports. Certain goods and services are subjected to a further levy of GST Compensation Cess. Supplies to or from Union Territories are treated as inter-State supplies. Supplies within a Union Territory without legislature are charged to UT Tax. India, at this stage, has chosen a slightly truncated GST keeping certain critical sectors outside GST e.g. Petroleum (5 specified products). Electrical energy is also kept out of GST by providing absolute exemption from whole of tax through Notification..

III. Objectives

One of the main objectives of Goods & Service Tax (GST) would be to eliminate the cascading effects of taxes on production and distribution cost of goods and services. The exclusion of cascading effects i.e. tax on tax will significantly improve the competitiveness of original goods and services in market which leads to a beneficial impact to the GDP growth of the country. It is felt that GST would serve a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects in supply chain till the level of final consumers.

The main aim of GST, which Prime Minister Narendra Modi termed as Good and Simple Tax, is to simplify the taxation process, reduce the burden of taxes (which will eventually happen automatically) and ensure compliance of tax payment.

Increasing national wealth by curbing black money and tax evasion, and distributing the economic benefits to all is the main objective of GST.

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This will curb black money and lead to an increase in national income and reduce the tax burden on people as the number of tax-payers will go up. "Some people are deliberately trying to create apprehension among people over GST. Any reform will cause some trouble initially.

IV. Meaning of Registration

GST law provides for registration of various persons under different situations. Registration implies obtaining a unique identification code called 'Goods and Services Tax Identification Number' (GSTIN) from tax authorities. It is a 15 digit PAN based registration number, by which a person is legally recognized as a supplier of goods and / or services.

Types of Registration:

- Compulsory registration.
- Suo Moto registration.
- Voluntary registration.

Voluntary registration under GST :

Voluntary registration is self registration by the dealers in order to get listed within the GST framework. It is applicable for those who are not within the parameters of registration and are not required to register in the GST. This time the Govt. has been seeking voluntary registrations. This means that the tax payer whose turnover does not exceed Rs. 20 lakh limit (10 Lakh for North East States) can also do registration under GST. From the point of view of ITC, registration is required for both the parties.

Benefits of voluntary registration under GST :

- 1) Shortcomings under composition scheme will be treated well under the voluntary registration.
- 2) The registered dealer can provide the privilege of input tax credit to customers and increase sales.
- 3) Ultimately voluntary registration makes the business profitability point strong.
- 4) It makes inter state transaction with lesser restrictions and more free.
- 5) It will grant better compliance with law and timely return filings and tax payments as for the knowledge sake.

Disadvantages of voluntary registration under GST :

- 1) Follow up hard and fast rules.
- 2) More filing returns and compliance with law becomes very much complicated (Monthly GSTR-1,2,3 and 37 returns per year).
- 3) Penalty provisions are bound to follow and comply with all the regulations and rules issued by the GST council timely.

V. Conclusion

Based on the above study, it is needless to say that if you are willing to opt for voluntary registration under GST, it is not all a bad idea. The good news is that voluntary registration is not permanent. Supplier of the goods or services or both can cancel voluntary registration any time after one year of registration. Registration under GST will surely result in marvelous growth and expansion prospects for small/medium enterprises.

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