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Section 24 of CGST Act, 2017

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24. Compulsory registration in certain cases.

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;
- (ii) casual taxable persons making taxable supply;
- (iii) persons who are required to pay tax under reverse charge;
- (iv) person who are required to pay tax under sub-section (5) of section 9;
- (v) non-resident taxable persons making taxable supply;
- (vi) persons who are required to deduct tax under section 51, whether or not separately registered under this Act;
- (vii) persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
- (viii) Input Service Distributor, whether or not separately registered under this Act;
- (ix) persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;
- (x) every electronic commerce operator who is required to collect tax at source under section 52;
- (xi) every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person; and
- (xii) such other person or class of persons as may be notified by the Government on the recommendations of the Council.

Our Interpretation

Section
24

Compulsory Registration in certain cases

This section mainly deals with categories of persons who are required to take compulsory registration in GST despite their aggregate turnover is less than the applicable exemption limit. Such persons are;

1. Inter-state supplier
2. Casual taxable person
3. Taxpayer under reverse charge mechanism
4. E-commerce operator
5. Person supplying through such E-commerce operator who is liable to collect TCS u/s 52
6. Non-resident taxable person

7. TDS Deductor
8. Any person who is engaged in supplies on behalf of another taxable person whether as an agent or otherwise.
9. Input service distributor
10. Every person supplying online information and database access or retrieval services (OIDAR services) from a place outside India to an unregistered person in India
11. Other persons may be notified by the government

There are certain exceptions to compulsory registration criteria as Section 23 exempts certain categories of persons from taking registration and Clause 131 of the Finance Bill, 2023 dated 01.02.2023 has proposed substitution of Section 23, with effect from the 1st July, 2017, so as to provide overriding effect to section 23 over sub-section (1) of section 22(Registration based on threshold of turnover) and section 24 (Compulsory Registration) of the Act.

1. Inter-state supply

Inter-state supply means the location of the supplier and the place of supply are in different states or different territories. Persons engaged in such supplies shall be covered under compulsory registration criteria and they have to take GST number before making inter-state supplies.

Subject to **few Exceptions** as under:

1	Job Worker doing Job Work for principal on Inter-state supply. However, not available for Jeweller, Goldsmiths, Silversmiths wares, etc.	14.09.2017	NN-07/2017-IT dated 14.09.2017
2	Person making inter-state supply of handicraft goods having annual turnover upto Rs.20 lakhs and Rs. 10 Lakhs in case of special category States of Mizoram, Tripura, Manipur and Nagaland.	14.09.2017	NN-08/2017-IT dated 14.09.2017
3	Person making interstate supplies of taxable services upto Rs.20 Lakhs and Rs. 10 Lakhs in case of special category States of Mizoram, Tripura, Manipur and Nagaland.	13.10.2017	NN-10/2017-IT dated 13.10.2017

2. Casual taxable person

Casual taxable person is defined under section 2(20) of CGST Act, 2017. As per GST law, "casual taxable person means a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business."

GST registration is compulsory under section 24 for a casual taxable person (CTP) before supplying goods or services in the taxable territory. However, CTP is exempted from this requirement if he is engaged in the supply of hand-craft goods and the aggregate turnover of such supplies does not cross the GST threshold.

1	Casual taxable person making taxable supply of handicraft goods having annual turnover upto Rs.20 lakhs and Rs.10 Lakhs in case of special category States of Mizoram, Tripura, Manipur and Nagaland.	15.09.2017	NN-32/2017-CT dated 15.09.2017
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3. Taxpayer under reverse charge mechanism

Under the reverse charge mechanism (RCM), the recipient of goods or services is liable to pay tax and all provisions of GST law shall be applicable to him as he is a person who is liable to pay tax. It is compulsory to get registered under GST provisions for a person, who is liable to pay tax under the reverse charge

mechanism (RCM). Though as per NN-12/2017-CT dated 28.06.2017 has exempted the tax to be paid on RCM basis by the business entities having turnover upto threshold limit, so that the small businesses need not get the registration for the payment of tax on RCM basis.

It is relevant to note that a supplier who is making only reverse charge supplies is not required to registration under GST vide:

The person making exclusive supplies covered under RCM u/s 9(3) like GTA, Advocate.	22.06.2017	NN-05/2017-CT dated 19.06.2017
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However, if the supplier has any other taxable income and aggregate turnover exceeds Rs. 20 lakhs/10 lakhs, then it is required to take registration in GST.

4. E-commerce operator

“Electronic commerce” and “electronic operator” is defined under section 2(44) and 2(45) of CGST Act. As per section 2(44) of the CGST Act, “Electronic commerce means the supply of goods or services or both, including digital products over a digital or electronic network” and as per section 2(45) of CGST Act, “Electronic commerce operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce”. **It is mandatory to take GST registration for an e-commerce operator who is required to collect tax at source under section 52.**

Also, RCM liability on E-commerce operator

E-commerce operator is merely a person who own, operates or manages the e-platform for e-commerce purpose between the suppliers and customers. Neither he is a supplier nor he is recipient of services from the supplier but is liable to RCM under GST due to this specific provision.

Section 9(5) provides that tax is paid by the e-commerce operator irrespective of the fact that billing is directly done from supplier to customer or otherwise. RCM provisions shall attract and e-commerce operator is liable to pay tax under RCM on the transaction. Section 9(5) deals with taxability of supply of services –output tax of which shall be paid by e-commerce operator even though e-commerce operator is not the actual supplier.

It is mandatory for the e-commerce operator to hold a physical presence in the taxable territory either by himself or through any of his representative. In case he does not have a representative then he has to appoint a person for the purpose of paying tax and comply the provisions of the Act.

Government has already notified certain Services (Goods not covered under this provision) vide **Notification No. 17/2017-Central Tax (Rate) Dated 28.06.2017** and these services are:

1. **Passenger Transport Service-** Services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle. With effect from 01.01.2022, the scope of Passenger Transport Service expanded to include service provided through Omnibus and any other motor vehicle. (N/N 17/2021 dated 18.11.2021). **For example – Ola, Uber.**
2. **Accommodation Services-** Services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes. **For example – Oyo and MakeMyTrip.**
3. **Housekeeping Services-** Services by way of house-keeping, such as plumbing, carpentering etc. **For example, Urban Company** provides the services of plumbers, electricians, teachers, beauticians etc. In this case, Urban Company is liable to pay GST and collect it from the customers instead of the registered service providers. This was inserted vide **Notification No. 23/2017-Central Tax (Rate) Dated 22.08.2017.**
4. **Restaurant Services (Cloud Kitchen)-** W.e.f. 01.01.2022, the e-commerce operators (**Zomato and Swiggy**) are liable to pay tax under RCM. It has to be paid via the electronic cash ledger at a rate

of 5% whether or not the restaurant (actual supplier) is registered under GST or not. Moreover, there can be no claim for Input Tax Credit in this case.

5. Person supplying through such E-commerce operator who is liable to collect TCS u/s 52

Any person, who engaged in the supply of goods or services through such an e-commerce operator, is also required to obtain compulsory registration under GST.

Exception:

However, supplies through e-commerce operator in the following cases shall not be covered under compulsory registration criteria.

1. Supplies notified under section 9(5) of CGST Act as discussed above.
2. Any person who provides services and the aggregate value of such services does not exceed the threshold limit.

Person making supply of services other than supplies specified under Section 9(5) through e-commerce operator who is required to collect TCS under section 52 having annual turnover upto Rs.20 lakhs and Rs. 10 Lakhs in case of special category States of Mizoram, Tripura, Manipur and Nagaland.	15.11.2017	NN-65/2017-CT dated 15.11.2017
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6. Non-resident taxable person

“Non-resident taxable person” is defined under section 2(77) of the CGST Act 2017. Non-resident taxable person means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India”. Registration under GST is compulsory for the non-resident taxable person if he is engaged in any kind of taxable supply in the taxable territory. Every NRI individual or company making taxable supply has to register under the GST regime irrespective of frequency and amount of transaction.

- 7. Person who is required to deduct tax under Section 51 of CGST Act** such as Local authority, a department or an establishment of the Central Government or State government, Government Agencies and Such persons or categories of persons may be notified by the government, are liable for compulsory registration.

8. Input service distributor

Input Service Distributor (ISD) is an office of the supplier which receives the invoice of its branches and distributes the ITC to such branches proportionately by raising an ISD invoice. ISD is required to obtain compulsory registration under GST irrespective of the amount of turnover in a year.

9. OIDAR services from a place outside India to an unregistered person in India

OIDAR services refer to services provided through the medium of the internet without the physical interaction of the supplier and recipient of services. For example - advertising on the internet, providing cloud services, online supplies of digital content, digital data storage, online gaming, etc.

Every non-resident service provider providing OIDAR services to the unregistered person in India is required to obtain GST registration compulsorily. Further, such service providers have to appoint an authorised signatory (Indian) in India possessing a valid PAN.

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