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**CONSULTANTS:**

GST, CUSTOMS,

FOREIGN TRADE LAWS,

FOREIGN EXCHANGE MANAGEMENT ACT.

## OPINION

1. **Queriest :**

M/s. GHCL Limited,  
Paravai, Samayanallur Post,  
Madurai – 625 402.

2. **Facts :**

2.1 Queriest is having various divisions which are as follows:

1. Soda ash – Veraval – Gujarat
2. Fabric – Vapi – Gujarat
3. Consumer product – Chennai- Tamilnadu
4. Yarn (Spinning) – Madurai, Tamilnadu.

Every division has separate GST registration.

2.2 In their yarn division, queriest is having two branches, one at Madurai – 100% cotton yarn and another one at Manaparai (Trichy Dist.) – 100% polyester cotton / blended yarn.

2.3 Before GST, queriest had Central Excise registration separately for Madurai and Manaparai. After GST, queriest got one GST registration for both units.

3. **Query :**

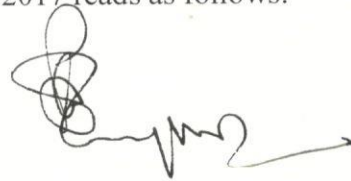
3.1 Since Cotton attracts 5% and Yarn also 5%, the input and output rates are same. Whereas in Manaparai unit, Polyester fibre attracts 18% and Yarn only 12%. Hence their GST credit is accumulating. When the queriest applied inverted credit as per rule, the queriest company as a whole was unable to bifurcate or quantify the inverted credit value.

3.2 Hence queriest wants to know whether it is possible to get separate GST registration for cotton yarn business (Madurai Unit) and polyester cotton yarn or blended yarn business (for Manaparai Unit).

4. **Opinion :**

4.1 In the normal course, for one legal entity having one PAN, only a single registration is possible within the same State. However, there are exceptions to this condition. Section 25(2) of CGST Act 2017 reads as follows:

...2



“(2) A person seeking registration under this Act shall be granted a single registration in a State or Union territory:

**Provided** that a person having multiple place of business in a State or Union territory may be granted a separate registration for each such place of business, subject to such conditions as may be prescribed.”

Thus it is possible for the same legal entity to obtain more than one registration, in case it has multiple places of business within the State.

4.2 In this connection, Rule 11 of CGST Rules 2017 reads as follows:

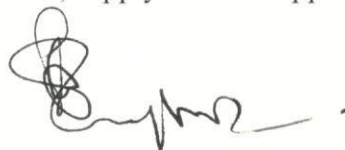
**“RULE 11. Separate registration for multiple place of business within a State or a Union territory.** — (1) Any person having multiple places of business within a State or a Union territory, requiring a separate registration for any such place of business under sub-section (2) of section 25 shall be granted separate registration in respect of each such place of business subject to the following conditions, namely :-

- (a) such person has more than one place of business as defined in clause (85) of section 2;
- (b) such person shall not pay tax under section 10 for any of his places of business if he is paying tax under section 9 for any other place of business;
- (c) all separately registered places of business of such person shall pay tax under the Act on supply of goods or services or both made to another registered place of business of such person and issue a tax invoice or a bill of supply, as the case may be, for such supply.

**Explanation..-** For the purposes of clause (b), it is hereby clarified that where any place of business of a registered person that has been granted a separate registration becomes ineligible to pay tax under section 10, all other registered places of business of the said person shall become ineligible to pay tax under the said section.

(2) A registered person opting to obtain separate registration for a place of business shall submit a separate application in **FORM GST REG-01** in respect of such place of business.

(3) The provisions of rule 9 and rule 10 relating to the verification and the grant of registration shall, *mutatis mutandis*, apply to an application submitted under this rule.”



- 4.3 In the case of the queriest, it is very clear that the unit at Madurai is engaged in production of cotton yarn and the other unit at Manaparai is handling 100% polyester cotton / blended yarn. The product mix is different and locations are different and it has been explained that in respect of Manaparai unit the input GST rate is high (18%), whereas the output tax on yarn is 12%. These will be sufficient justifications for claiming multiple registrations as per Rule 11 mentioned above.
- 4.4 Once a registration is obtained for the units separately, then in terms of Rule 41A of CGST Rules 2017 the queriest can transfer the credit that is relevant to the other unit. Rule 41A reads as follows:

**“Rule 41A. Transfer of credit on obtaining separate registration for multiple places of business within a State or Union territory. — (1)** A registered person who has obtained separate registration for multiple places of business in accordance with the provisions of rule 11 and who intends to transfer, either wholly or partly, the unutilised input tax credit lying in his electronic credit ledger to any or all of the newly registered place of business, shall furnish within a period of thirty days from obtaining such separate registrations, the details in **FORM GST ITC-02A** electronically on the common portal, either directly or through a Facilitation Centre notified in this behalf by the Commissioner :

**Provided** that the input tax credit shall be transferred to the newly registered entities in the ratio of the value of assets held by them at the time of registration.

**Explanation.** - For the purposes of this sub-rule, it is hereby clarified that the ‘value of assets’ means the value of the entire assets of the business whether or not input tax credit has been availed thereon.”

Therefore, the queriest can proceed to apply for separate registration in the prescribed form.



**S. MURUGAPPAN**

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**Disclaimer:-** The above opinion is provided based on the information and documents made available to us by the queriest and further based on the laws and rules prevalent as on date and the understanding of such provisions by the author and is meant for the private use of the person to whom it is provided without assuming any liability for any consequential action taken based on the views expressed here.