

## PRESS NOTE

That the department, has issued a press note dated 11-07-2025 regarding the traders who have done business through the digital payment gateways. Subsequently, various reports have been published in various electronic and press media on this issue and it is learnt that this has caused confusion amongst the trade community.

In this background, the department provides the following supplementary information.

As per section 22 of the Goods and Services Tax Act, 2017, every person who carries on a business activity and receives payment by way of cash, UPI, POS Machine, Bank Payments or by any other means exceeding Rs. 40 Lakhs annually in case of a person dealing only in goods and exceeding Rs. 20 Lakhs annually in case of persons dealing in services have to obtain GST registration mandatorily. The aggregate turnover, in case of a person who has obtained GST registration under the regular scheme, would include the taxable and tax exempted goods and services. If the person has obtained registration under regular scheme, the tax is leviable only on the taxable goods and taxable services only. The registered person shall have to pay the net tax on the supplies made by him after adjusting the input tax credit on the goods and services procured. Hence, the amount of tax payable on the value addition will be very less.

In continuation, any person whose annual turnover is less than Rs. 1.5 Crores can opt for composition tax scheme after obtaining GST registration and can pay SGST at 0.5% and CGST at 0.5%. But, the composition tax scheme is not applicable on the turnover made without obtaining registration.


In view of the above, the traders are advised, not to get confused and to submit explanation with relevant documents after visiting the office from where they have received notice and the officers would verify them and suitably inform the relevant provisions of the GST and also their remedies and would levy tax at the applicable rates only on the taxable turnovers after excluding the tax exempted goods and services.

All the officers have been instructed to provide suitable guidance and co-operation and create awareness amongst the traders in this regard. Further, it has also been instructed to provide new registrations smoothly without causing any kind of inconvenience to the tax payers.

Presently, 98,915 tax payers have registered themselves and are paying taxes under the composition scheme. The process of issuing notices to the persons who have not obtained registration but have an annual turnover of more than Rs. 40 lakhs (in case of suppliers of goods) and Rs. 20 lakhs (in case of supplier of services). In future, it would not be difficult for the registered persons to pay tax at 1% under the composition scheme. The number of persons to whom notices or intimations are issued recently are less than 10% of the already registered taxpayers under composition scheme. So, majority of such dealers are already paying taxes as per law.

Further, it has come to the knowledge of the department that certain traders have stopped receiving payment through UPI and are receiving consideration in the form of Cash subsequent to the issue of notice. The GST is applicable on the consideration received for the supplies in any form and UPI is only a method of receiving such consideration. The department will take suitable action to collect the applicable tax under the GST Act from the traders who have received consideration in any form.

(Approved by The Commissioner of Commercial Taxes)

  
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