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THE GST INSIDER

CBIC IMPORTANT INSTRUCTIONS SIMPLIFIED
PROCEDURE FOR NEW GST REGISTRATION

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CBIC'S INSTRUCTION NO. 03/2025-GST: SIMPLIFYING GST REGISTRATION WITHOUT COMPROMISING VIGILANCE

On 17th April 2025, the Central Board of Indirect Taxes and Customs (CBIC) issued Instruction No. 03/2025-GST, introducing comprehensive and standardized procedures for processing GST registration applications. This initiative is a welcome step in response to rising complaints of undue delays and inconsistent practices across field formations. It aims to eliminate harassment of genuine taxpayers while ensuring checks remain intact to prevent the misuse of GST registration for fraudulent Input Tax Credit (ITC) claims.

Context and Rationale

Over time, multiple grievances have been raised regarding:

- Unnecessary clarifications sought by tax officers,
- Demand for documents not prescribed under Form GST REG-01,
- Subjective assumptions affecting registration decisions,
- Delays in registration processing, often leading to rejection or deemed approvals.

The earlier instruction (No. 03/2023-GST dated 14th June 2023) was proving insufficient in addressing these issues. Therefore, CBIC has now replaced it with a comprehensive and updated guideline, aligned with the revised back-end IT system and risk management framework.

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Major Components of the Instruction

◆ 1. Document Verification: Structured and Streamlined

CBIC has emphasized that officers must restrict their scrutiny to documents prescribed under the GST law and the indicative list appended to Form GST REG-01. The document requirements have been categorized as follows:

A. Principal Place of Business (PPOB)

A) OWNED PREMISES:

Only **one** of the following is needed:

- Property Tax Receipt
- Municipal Khata Copy
- Electricity Bill
- Water Bill or similar document as per local/state laws.

➡ *Important: No officer shall demand a physical copy or any additional document beyond the above.*

B) RENTED/LEASED PREMISES:

- Mandatory: Valid Rent/Lease Agreement.
- Plus one ownership proof from the same list as above.
- Registered Agreement: Identity proof of the lessor not required.

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- Unregistered Agreement: Identity proof of the lessor required.
- ➔ *Additional documents like PAN, Aadhaar, or photographs of the lessor should not be sought.*

C) PREMISES OWNED BY RELATIVE/SPOUSE:

- Consent letter on plain paper from the owner,
- One ownership document as listed above,
- Identity proof of the consenter.

D) SHARED PREMISES:

- With Rent Agreement: Follow same procedure as above.
- Without Agreement: Consent letter + ID proof + ownership document.

E) NO AGREEMENT CASES:

An affidavit (executed before a Notary or Magistrate) with utility bill in applicant's name will suffice.

F) SEZ UNITS/DEVELOPERS:

Upload Government-issued documents/certificates relevant to SEZ approval.

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B. Constitution of Business

- **PARTNERSHIP FIRM:** PARTNERSHIP DEED IS SUFFICIENT.
- **SOCIETY/TRUST/CLUB/GOVT BODY:** ONLY REGISTRATION CERTIFICATE IS REQUIRED.

➔ *No need to submit:*

- *Udyam Certificate*
- *MSME Certificate*
- *Trade License*
- *Shop Establishment Certificate, etc.*

2. Unwarranted or Presumptive Queries: Strictly Prohibited

CBIC has strictly directed officers **not to raise queries based** on assumptions, such as:

- Why is the business location different from the applicant's residence?
- How can the listed goods/services be offered at that address?
- The applicant's HSN codes involve banned/prohibited goods.

Only **objective queries**, directly related to the documents submitted, are allowed.

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3. Registration Processing Timelines and Risk Classification

◆ A) LOW-RISK CASES:

Where the application:

- Is not flagged as risky, and
- All documents are proper and complete,

➔ *Officer must approve within **7 working days** of application submission.*

◆ B) FLAGGED/RISKY CASES:

Registration may take **up to 30 days**, but only if:

- Aadhaar authentication was not done or failed, or
- Applicant is flagged by data analytics, or
- Officer deems physical verification necessary (with approval from Assistant Commissioner or above).

In such cases:

- Physical verification under Rule 25 of CGST Rules is mandatory.
- FORM GST REG-30 must be uploaded with:
 - GPS-tagged site photos,
 - Status of premises (existing/non-existing),
 - Proof of verification,
 - Reassignment to correct jurisdiction if needed.

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4. Clarification Mechanism (Form GST REG-03 & REG-04)

Officers may raise queries only if:

- **Uploaded documents are illegible/incomplete,**
- **Address mismatches or appears vague,**
- **PAN-linked GSTIN is cancelled/suspended.**

PROCESS:

- Notice (REG-03) to be issued **within 7 or 30 days** (based on risk flag).
- Reply (REG-04) to be furnished **within 7 working days**.
- On receipt of REG-04:
 - Officer must decide within 7 working days,
 - Approve registration or reject (through REG-05) with reasons in writing.

➔ *No application should lapse for want of officer's action.*

Conclusion: Toward a More Efficient GST Ecosystem

CBIC's 2025 directive marks a clear move toward uniform, transparent, and accountable GST registration. It upholds ease of doing business while curbing misuse, setting a new benchmark for taxpayer facilitation.

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The GST Insider: Stay Informed, Stay Compliant

As we conclude this edition of **The GST Insider**, we hope the insights and updates have provided valuable knowledge to our readers. Our commitment remains steadfast in delivering timely, accurate, and relevant information to help you navigate the complexities of the GST landscape. We have explored significant developments and shared expert opinions to help you stay compliant and maximize benefits.

We are grateful for your continued support and engagement. Your feedback and suggestions are invaluable as we strive to make "The GST Insider" a trusted resource for all your GST-related needs.

Until the next issue, stay informed, stay compliant, and keep thriving in your business endeavors.

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