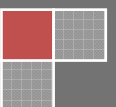


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Composition Tax under Revised GST Law

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Composition Tax under Revised GST Law

Revised GST Law under Section -9 provides that small taxpayer can opt for the scheme of composition tax instead of opting for paying tax under the regular supply of goods. Here this should be noted that this option is not available to registered taxable person who is providing only service. By opting the composition tax scheme, one can save himself from all the hassle of exhaustive provision of GST Law. Before we switch over to related provision of this section it is mandatory to understand the definition of Aggregate Turnover.

As per Section 2(6), "Aggregate Turnover" means the aggregate value of all taxable supplies, exempt supplies, export of goods and /or services and interstate supplies of person having the same PAN, to be computed on all India basis and excludes taxes, if any, charged under the head CGST Act, SGST Act and the IGST Act, as the case may be;

Explanation: Aggregate Turnover does not include the value of inward supplies on which tax is payable on reverse charges basis u/s 8(3) and the value of inward supplies.

As per Section -9 this scheme is available to RTP only.

Provision of Composition Tax

1. The proper officer allow registered taxable person, whose aggregate turnover does not exceed Fifty Lakh in the proceeding financial year, to pay, in lieu of tax payable by him, an amount calculated at such rate as may be prescribed but not less than two and half percent in case of manufacturer and one percent in other case, of the turnover in the state during the year.

Composition scheme can not be allowed to the following taxable person;

- ✓ Who is engaged in the supply of services
- ✓ Person who make supply of goods those are not leviable to tax.
- ✓ Who make interstate outward supply of goods
- ✓ Who make supply of any goods through electronic commerce operator who is required to collect tax at source u/s 56
- ✓ Who is manufacturer of such goods notified by the council.

This provision will be allowed to RTP only when all registered taxable person under the same PAN opt to follow the same scheme.

2. Permission granted to RTP shall be withdrawn on the day when his turnover exceeds Rs. 50 lacs during financial year.
3. Person opted under sub section-1 , can not collect the composition tax from recipient on supplies and can not take input tax credit.
4. Proper officer if noticed that RTP is not eligible for composition tax under sub section -1 , ask such person to pay penalty in addition to tax due and may apply the provision of sec. 66 and 67 .

Taxable person here means person registered or liable to be registered as per Schedule –V of this act.

Return

Quarterly Return – GSTR-4 will be filed within 18 days from the end of Quarter
Annual Return - GSTR-9A

FAQ on the Composition Tax

Q. Can the Non registered Taxable person can opt for the scheme?
Ans. No.

Q. If the RTP has registered in two states under Same PAN . Can One state opt for the scheme.
Ans. No. Both the business place to opt for the scheme at same time.

Q. Can the RTP charged the Composition tax in Bill.
Ans. No. as per the provision of Section 9(3).

Q. Can the RTP take input tax credit.
Ans. No.

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