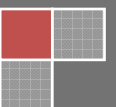


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Composition Tax under CGST Bill, 2017

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Composition Tax under CGST Bill,

CGST Bill, 2017 under Section -10 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 person who is providing only service except supply of service mentioned in clause b of paragraph 6 of Schedule-II. 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 important to understand the definition of Aggregate Turnover.

As per Section 2(6), "Aggregate Turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by person on reverse charge basis), exempt supplies, export of goods or services or both and interstate supplies of persons having the same PAN, to be computed on all India basis but excludes central tax, State Tax, Union territory tax, integrated tax and cess.

As per Section -10 this scheme is available to registered person only.

Provision of Composition Tax

1. Irrespective of anything contrary contained in this Act but subject to the provision of sub section 3 & 4 of section 9, registered person (RP) whose aggregate taxable turnover does not exceed Rs. Fifty Lacs in proceeding financial year, may opt to pay at fixed rate instead of tax payable by him at the rate prescribed but not exceeding

- ✓ One percent of the turnover in the State or Union Territory in case of manufacturer.
- ✓ Two and half percent in case of turnover in State or UT in case of supplies referred to in clause b of paragraph 6 of Schedule-II. **[supply by way of or part of any service in any other manner whatsoever ,of goods, being food or any other article of human consumption or any drink (other than alcoholic liquor for human consumption) where supply of service is for cash , deferred payment or other valuable consideration.]**
- ✓ Half percent of turnover in State or UT in case of other supplies.

The above limit of Rs. 50 lacs may be increased by government by way of notification by such higher amount but not exceeding Rs. 1 crore.

2. RP may opt for this scheme only if

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

- ✓ Not engaged in the supply of services other than mentioned in clause b of para 6 of Schedule-II.
- ✓ Not engaged in supply of goods those are not leviable to tax.
- ✓ Not engaged in interstate outward supply of goods.
- ✓ Not engaged in supply of any goods through electronic commerce operator who is required to collect tax at source u/s 52.
- ✓ Not engaged in the manufacture of such goods notified by the council.

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

3. Permission granted to RP shall be withdrawn on the day when his turnover exceeds Rs. 50 lacs during financial year.
4. Person opted under sub section-1, can not collect the composition tax from recipient on supplies and can not take input tax credit.
5. Proper officer if noticed that RP 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. 73 and 74.

Procedure for Composition

1. Any person who has been given provisional registration may opt to pay tax under section 10, shall file **Form GST CMP-1** on common portal before the appointed day, but not beyond 30 days after the appointed day.
Where the **GST CMP-01** is filed after the appointed day, taxable person can not collect the tax after the appointed day but can issue bill of supplies.
2. RP who decide to pay tax under section-10, may apply on **GST CMP-02** before the start of the financial year.
3. RP who files intimation u/s 10, shall furnish detail of stock including inward supply of goods under reverse charge in **Form GST CMP-03**.
4. Intimation under this rule in state shall be deemed to be intimation to all other State or UT of business under the same PAN.

Restriction and condition for composition levy

Person exercising the option u/s 10 will need to follow the following restriction :

- Neither a casual trader or non resident can opt
- Goods held in stock on appointed day should not have been purchased from inter state trade or imported outside India, transfer from his branch outside the State, where the option is exercised under sub rule 1 of Rule 1.
- Goods held in stock have not been purchased from unregistered person and where purchased , he has paid the tax u/s 9[4].
- He shall pay tax under sub section 3 & 4 of section 9 on inward supply of goods or services from unregistered person.
- On the top of the bill supply he will mentioned “ composition taxable person”
- On every notice or signboard , he shall mention “ composition taxable person” at his principal place of business or additional place of business.
- Registered person need not file intimation every year.

Validity

- Shall be valid till he satisfy all condition
- Can file GST CMP 04 at the time of withdrawal within 7 days from the date of occurrence.

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 person can opt for the scheme?

Ans. No.

Q. If the RP 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 RP charged the Composition tax in Bill.

Ans. No. as per the provision of Section 10(4).

Q. Can the RP take input tax credit.

Ans. No.

Disclaimer :

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