Analysis of draft Composition Rules:

Rule No.	Rule Title	Form No.	Provision	Analysis
1	Intimation for composition levy	GST CMP-01	Any person who has been granted registration on a provisional basis under sub-rule (1) of rule Registration.16 and who opts to pay tax under section 10, shall electronically file an intimation in FORM GST CMP-01, duly signed, on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, prior to the appointed day, but not later than thirty days after the said day, or such further period as may be extended by the Commissioner in this behalf: Provided that where the intimation in FORM GST CMP-01 is filed after the appointed day, the registered person shall not collect any tax from the appointed day but shall issue bill of supply for supplies made after the said day.	Person registered under existing law has to file Form GST CMP-01 who has been granted registration on provisional basis and who opts to pay tax under Composition levy under GST regime. The form to be filed prior to the appointed day but not later than 30 days after the appointed day or after such extended period as may be granted. The person has to issue bill of supplies for the supplies made by the said person from the appointed date.
		GST REG-01	2. Any person who applies for registration under rule Registration.1 may give an option to pay tax under section 10 in Part B of FORM GST REG-01, which shall be considered as an intimation to pay tax under the said section.	New applicant has been given option in Part B of Form GST REG-01 to pay tax under composition levy and same will be considered as intimation to pay tax under composition levy.
		GST CMP-02	3. Any registered person who opts to pay tax under section 10 shall electronically file an intimation in FORM GST CMP-02, duly signed, on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner prior to the commencement of the financial year for which the option to pay tax under the aforesaid section is exercised and shall furnish the statement in FORM GST ITC-3 in accordance with the provisions of sub-rule (4)	Any registered person who opts to pay tax under composition levy has to file intimation in Form GST CMP-02 prior to the commencement of the financial year for which the option to pay under composition levy is to be exercised. Also, the person has to furnish statement of input tax credit relating to inputs lying in stock, inputs contained in semi-finished and finished goods lying in stock in Form GST ITC-3 within

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		GST ITC-3	of rule ITC.9 within sixty days from the commencement of the relevant financial year,	60 days from the commencement of the relevant financial year
		GST CMP-03	4. Any person who files an intimation under sub-rule (1) to pay tax under section 10 shall furnish the details of stock, including the inward supply of goods received from unregistered persons, held by him on the day preceding the date from which he opts to pay tax under the said section, electronically, in FORM GST CMP-03, on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, within sixty days of the date from which the option for composition levy is exercised or within such further period as may be extended by the Commissioner in this behalf	Person registered under existing law and who opts to pay tax under Composition levy shall furnish the details of stock, including the inward supply of goods received from unregistered persons, held by him on the day preceding the date from which he opts to pay tax under the said section in Form GST CMP-03.
			5. Any intimation under sub-rule (1) or sub-rule (3) in respect of any place of business in any State or Union territory shall be deemed to be an intimation in respect of all other places of business registered on the same PAN	No need to file separate intimation for other places of business registered on same PAN.
2	Effective date for composition levy		1. The option to pay tax under section 10 shall be effective from the beginning of the financial year, where the intimation is filed under sub-rule (3) of rule 1 and the appointed date where intimation is filed under sub-rule (1) of the said rule	Effective date to pay tax under composition levy would be from beginning of financial year where intimation is filed by a registered person and for the registered person under existing law would be appointed day.
			2.The intimation under sub-rule (2) of rule 1 shall be considered only after grant of registration to the applicant and his option to	

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			pay tax under section 10 shall be effective from the date fixed under sub-rule (2) or (3) of rule Registration.3	
3	Conditions and restrictions for composition levy		1. The person exercising the option to pay tax under section 10 shall comply with the following conditions: (a) he is neither a casual taxable person nor a non-resident taxable person; (b) the goods held in stock by him on the appointed day have not been purchased in the course of inter-State trade or commerce or imported from a place outside India or received from his branch situated outside the State or from his agent or principal outside the State, where the option is exercised under sub-rule (1) of rule 1; (c) the goods held in stock by him have not been purchased from an unregistered person and where purchased, he pays the tax under sub-section (4) of section 9; (d) he shall pay tax under sub-section (3) or sub-section (4) of section 9 on inward supply of goods or services or both received from un-registered persons; (e) he was not engaged in the manufacture of goods as notified under clause (e) of sub-section (2) of section 10, during the preceding financial year; (f) he shall mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him; and (g) he shall mention the words "composition taxable person" on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business. 2.The registered person paying tax under section 10 may not file a fresh intimation every year and he may continue to pay tax under the said section subject to the provisions of the Act and these rules.	**Condition for availing option of payment of tax under composition scheme,** a) Not applicable to causal / non-resident taxable person. b) No stock of interstate / imported / goods received from branch outside the state goods. c) No stock of goods purchased from un-registered person or pay tax on goods held in stock which is purchased from un-registered person. d) Pay tax on purchase of goods from un-registered person e) Not engaged in manufacture of goods notified f) Needs to declare on the invoice specified declaration. g) Other conditions as prescribed.

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4	Validity of composition levy		1. The option exercised by a registered person to pay tax under section 10 shall remain valid so long as he satisfies all the conditions mentioned in the said section and these rules 2.The person referred to in sub-rule (1) shall be liable to pay tax under sub-section (1) of section 9 from the day he ceases to satisfy any of the conditions mentioned in section 10 or these rules and shall issue tax invoice for every taxable supply made thereafter and he shall also file an intimation for withdrawal from the scheme in FORM GST CMP-04 within seven days of occurrence of such event.	Option of composition will be valid till all conditions mentioned this rule are followed. The withdrawal application needs to be filed after cession of the composition scheme.
			3.The registered person who intends to withdraw from the composition scheme shall, before the date of such withdrawal, file an application in FORM GST CMP-04, duly signed, electronically on the Common Portal. 4.Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under section 10 or has contravened the provisions of the Act or these rules, he may issue a notice to such person in FORM GST CMP-05 to show cause within fifteen days of the receipt of such notice as to why option to pay tax under section 10 should not be denied. 5.Upon receipt of reply to the show cause notice issued under sub-rule (4) from the registered person in FORM GST CMP-06, the proper officer shall issue an order in FORM GST CMP-07 within thirty days of receipt of such reply, either accepting the reply, or denying the option to pay tax under section 10 from the date of option or from the date of the event concerning such contravention, as the case may be	In case of voluntary withdrawal from the scheme, details in the prescribed format needs to be submitted. Notice may be issued to the composition dealer in case officer has reason to believe that the dealer is not eligible for composition levy scheme. The procedure as prescribed will be followed by the officer as well as the dealer in this case.

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<tr><th>Rule No.</th><th>Rule Title</th><th>Form No.</th><th>Provision</th><th>Analysis</th></tr>
<tr><td></td><td></td><td></td><td>6. Every person who has furnished an intimation under sub-rule (2) or filed an application for withdrawal under sub-rule (3) or a person in respect of whom an order of withdrawal of option has been passed in FORM GST CMP-07 under sub-rule (5), may electronically furnish at the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, a statement in FORM GST ITC-01 containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn or denied, within 30 days, from the date from which the option is withdrawn or from the date of order passed in FORM GST CMP-07, as the case may be.

7. Any intimation for withdrawal under sub-rule (2) or (3) or denial of the option under sub-rule (5) in respect of any place of business in any State or Union territory, shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.</td><td></td></tr>
<tr><td>5</td><td>Rate of tax of the composition levy</td><td></td><td>The category of registered persons, eligible for composition levy under section 10 and these rules, specified in column (2) of the Table below shall pay tax under section 10 at the rate specified in column (3) of the said Table

<table>
<tr><td>Sl No.</td><td>Category of registered persons</td><td>Rate of tax</td></tr>
<tr><td>1</td><td>Manufacturers, other than manufacturers of such goods as may be notified by the Government</td><td>one per cent</td></tr>
<tr><td>2</td><td>Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II</td><td>two and a half per cent</td></tr>
<tr><td>3</td><td>Any other supplier eligible for composition levy under section 10 and these rules</td><td>half per cent</td></tr>
</table></td><td>The tax rates have been specified for different class of the registered persons.</td></tr>
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