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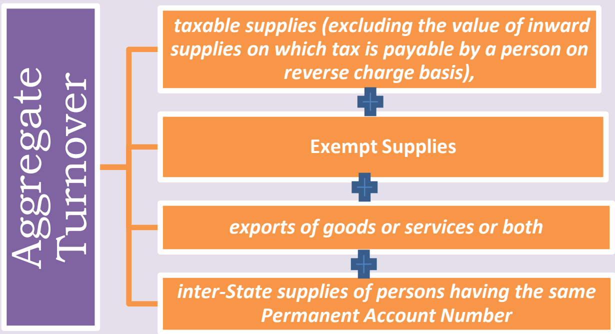
Composition Scheme

Composition Scheme is a scheme which is mainly devised for small taxpayers who find filling of monthly returns both difficult and costly. A registered tax payer under this scheme enjoys benefits like concessional rate of tax and filing of quarterly returns instead of monthly return. To be eligible for registration under Composition scheme it is required that the **aggregate turnover of a registered tax payer should not exceed Rs. 50,00,000** in the preceding financial year.



excludes central tax, State tax, Union territory tax, integrated tax and cess

It is important to note that, registration under this scheme is optional and the registered tax payer whose aggregate turnover is less than Rs. 50,00,000 can opt not to register for the scheme. A quarterly return in form GSTR-4 is required to be filed within eighteen days after the end of each quarter or part thereof.

Conditions & Restrictions

- A Casual tax payer and a non-resident taxable person cannot register under this scheme
- The registered person under composition scheme is not permitted to collect tax and thus cannot issue a taxable invoice
- Input tax credit is not available
- Tax payers making inter- state supplies or making supplies through ecommerce operators who are required to collect tax at source shall not be eligible for composition scheme
- A person should not be engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II, to opt for this scheme
- Supplier of goods which are not taxable under the CGST Act/SGST Act/UTGST Act is not eligible to register under this scheme.

Rate of tax

Tax is to be paid, as calculated at such rate as may be prescribed, but not exceeding,

(a) one per cent of the turnover in State or turnover in Union territory in case of a manufacturer
(b) two and a half per cent of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and
(c) half per cent of the turnover in State or turnover in Union territory in case of other suppliers, subject to such conditions and restrictions as may be prescribed