

Goods and Service Tax



Day 2



By

CA Pawan Kumar Rastogi

9810280322

pr@pawanrastogi.com; www.gsthelpline.net

Goods and Service Tax



Day 2 Session II

Levy and Collection of Tax



Composition Levy – Section 10

(1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of section 9(3) and 9(4), a registered person, whose **aggregate turnover** in the **preceding financial year** did **not exceed Rs. 50 /75 lakh** , may opt to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not exceeding,—

(a) 1% of the turnover in State / UT in case of a manufacturer,

(b) 2.5% of the turnover in State /UT in case of persons engaged in making supplies referred to in paragraph 6(b) of Schedule II, and

(c) 0.5% of the turnover in State/UT in case of other suppliers,

subject to such conditions and restrictions as may be prescribed:

Provided that the Govt may, by notification, increase the said limit of Rs. 50 / 75 lakh to such higher amount, not exceeding Rs. 1 crore rupees, as may be recommended by the Council.

Composition Levy – Section 10

(2) The registered person shall be eligible to opt u/sub-section (1), if:—

(a) he is not engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II;

(b) he is not engaged in making any supply of goods which are not leviable to tax under this Act;

(c) he is not engaged in making any inter-State outward supplies of goods;

(d) he is not engaged in making any supply of goods through an electronic commerce operator who is required to TCS u/s 52; and

(e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council:

Provided that where more than one registered persons are having the same PAN, the registered person shall not be eligible to opt for the scheme under sub-section (1) unless all such registered persons opt to pay tax under that sub-section.

Composition Levy – Section 10

(3) The option availed of by a registered person under sub-section (1) shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified. **T/o only upto 75 Lakh**

(4) A taxable person to whom the provisions of sub-section (1) apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax. **No Tax Invoice No ITC**

(5) If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, mutatis mutandis, apply for determination of tax and penalty. **Non eligible person opt the scheme.**

COMPOSITION RULES - Chapter II

3. Intimation for composition levy.-

(1) Any person who has been granted registration on a provisional basis under clause (b) of sub-rule (1) of rule 24 and who opts to pay tax u/s 10, shall electronically file an intimation in GST CMP-01, duly signed or verified through electronic verification code, on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, prior to the appointed day, but not later than 30 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.

(2) Any person who applies for registration under sub-rule (1) of rule 8 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 registration**

COMPOSITION RULES - Chapter II

- (3) Any registered person who opts to pay tax u/s 10 shall electronically file an intimation in GST CMP-02, duly signed or verified through electronic verification code, on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, prior to the commencement of the FY for which the option to pay tax under the aforesaid section is exercised and shall furnish the statement in GST ITC-03 in accordance with the provisions of rule 44(4) within a period of 60 days from the commencement of the relevant FY.
- (4) Any person who files an intimation under sub-rule (1) to pay tax u/s 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, within 60 days from the date on which composition levy is exercised or within such further period as may be extended by the Commissioner in this behalf.
- (5) Any intimation under sub-rule (1) or (3) in respect of any place of business in any State or UT shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

COMPOSITION RULES - Chapter II

4. 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 subrule (3) of rule 3 and the appointed day where the intimation is filed under sub-rule (1) of the said rule.
- (2) The intimation under sub-rule (2) of rule 3, shall be considered only after the grant of registration to the applicant and his option to pay tax under section 10 shall be effective from the date fixed under sub-rule (2) or (3) of rule 10.

Composition Levy – Section 10

5. Conditions and restrictions for composition levy.-

(1) The person exercising the option to pay tax u/s 10 shall comply with the following conditions, namely:-

(a) he is neither a casual taxable 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 3;

(c) the goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax u/s 9(4)

(d) he shall pay tax u/s 9(3) and 9(4) on inward supply;

(e) he was not engaged in the manufacture of goods as notified u/s 10(2)(e), during the preceding FY;

(f) he shall mention the words “composition taxable person, not eligible to collect tax on supplies” at top of the bill of supply issued

(g) he shall mention the words “composition taxable person” on places of business.

Composition Levy – Section 10

- (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.

6. Validity of composition levy.-

- (1) The option exercised by a registered person to pay tax u/s 10 shall remain valid so long as he satisfies all the conditions mentioned in the said section and under 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 the provisions of this Chapter 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 7 days of the occurrence of such event.
- (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 or verified through electronic verification code, electronically on the common portal.

Composition Levy – Section 10

- (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 provisions of this Chapter, 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 the option to pay tax under section 10 shall not be denied.
- (5) Upon receipt of the 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 a period of thirty days of the receipt of such reply, either accepting the reply, or denying the option to pay tax under section 10 from the date of the option or from the date of the event concerning such contravention, as the case may be.

Composition Levy – Section 10

- (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 a period of thirty days from the date from which the option is withdrawn or from the date of the order passed in FORM GST CMP-07, as the case may be.
- (7) Any intimation or application for withdrawal under sub-rule (2) or (3) or denial of the option to pay tax under section 10 in accordance with 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 Permanent Account Number.

Composition Levy – Section 10

- 7. Rate of tax of the composition levy.- The category of registered persons, eligible for composition levy under section 10 and the provisions of this Chapter, 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:-

1. Manufacturers, other than manufacturers of such goods as may be notified by the Government	one per cent.
2. Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	two and a half per cent.
3. Any other supplier eligible for composition levy under section 10 and the provisions of this Chapter	half per cent.
- Category of registered persons Rate of tax

Section 18 (4) ITC on opening inventory Composition Levy

(4) Where **any registered person who has availed of ITC opts to pay tax u/s 10** or, where the goods or services or both supplied by him become wholly exempt,

he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and

on capital goods, reduced by such % points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:

Provided that after payment of such amount, the balance of ITC, if any, lying in his electronic credit ledger shall lapse.

Note – Stock statement may be furnished separately for availing ITC on the stock available on the date preceding the date from which composition option is withdrawn in FORM GST ITC -01.

Form GST CMP -01 [See rule 3(1)]
Intimation to pay tax u/s 10 (composition levy)
(Only for persons registered under the existing law migrating on the
appointed day)

- 1. GSTIN / Provisional ID
- 2. Legal name
- 3. Trade name, if any
- 4. Address of Principal Place of Business
- 5. Category of Registered Person < Select from drop down>
 - (i) Manufacturers, other than manufacturers of such goods as notified by the Govt
 - (ii) Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II
 - (iii) Any other supplier eligible for composition levy.
- 6. Financial Year from which composition scheme is opted 2017-18
- 7. Jurisdiction Centre State
- 8. Declaration –

I hereby declare that the aforesaid business shall abide by the conditions and restrictions specified for payment of tax under section 10.

- 9. Verification

Form GST CMP -02 [See rule 3(2)]
Intimation to pay tax u/s 10 (composition levy)
(for persons registered under the act)

- 1. GSTIN / Provisional ID
- 2. Legal name
- 3. Trade name, if any
- 4. Address of Principal Place of Business
- 5. Category of Registered Person < Select from drop down>
 - (i) Manufacturers, other than manufacturers of such goods as notified by the Govt
 - (ii) Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II
 - (iii) Any other supplier eligible for composition levy.
- 6. Financial Year from which composition scheme is opted 2017-18
- 7. Jurisdiction Centre State
- 8. Declaration –

I hereby declare that the aforesaid business shall abide by the conditions and restrictions specified for payment of tax under section 10.

- 9. Verification

Form GST –CMP-03

[See rule 3(4)]

Intimation of details of stock on date of opting for composition levy
(Only for persons registered under the existing law migrating on the appointed day)

- 8. Stock of purchases made from unregistered person under existing law

Sr. No	Name of unregistered person	Address	Bill/ Invoice No.	Date	Value of Stock	VAT	Central Excise	Service Tax (if applicable)	Total
1	2	3	4	5	6	7	8	9	10
1									
2									
Total									

- 9.

Detail of Tax Paid	Description	Central Tax	State Tax / UT Tax
	Amount		
	Debit entry no.		

- 10. Verification

Form GST – CMP-04

[See rule 6(2)]

Intimation/Application for Withdrawal from Composition Levy

- 1. GSTIN 2. Legal name 3. Trade name, if any 4. Address of Principal Place of business
- 5. Category of Registered Person
 - (iv) Manufacturers, other than manufacturers of such goods as may be notified by the Government
 - (v) Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II
 - (vi) Any other supplier eligible for composition levy.
- 6. Nature of Business
- 7. Date from which withdrawal from composition scheme is sought
DD MM YYYY
- 8. Jurisdiction Centre State
- 9. Reasons for withdrawal from composition scheme
- 10. Verification



Question *n* Answer Session



CA Pawan Kumar Rastogi
98102 80322; pr@pawanrastogi.com



Thank You

CA Pawan Kumar Rastogi
KPMC & Associates

606-607, Sumedha Ansals, RDC Raj Nagar, Ghaziabad

Phone: 0120-6523817 Mobile: 9810280322

E-mail: pr@pawanrastogi.com;

Web: www.kpmc.in; www.gsthelpline.net