

GST Composition Scheme:

- To help the small businesses, a composition scheme has been introduced under GST Act where the assessee has to pay tax at a minimum rate based on his turnover.
- Getting registered under composition scheme is optional and voluntary.
- Under the scheme, person with annual turnover up to Rs. 1.5 crore (Rs. 75 lakhs in States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) needs to pay tax @1% to 5% on his turnover.
- Composition scheme has been made available for suppliers of services with a tax rate of 6% (3% CGST +3% SGST) having an annual turnover in the preceding FY up to Rs. 50 lakhs.
- This has been made effective from 01.04.2019.
- A taxpayer registered under composition levy scheme has to pay an amount equal to certain fixed percentage of his annual turnover as tax to the government.
- This tax has to be paid on quarterly basis.
- Such taxpayer does not have to maintain elaborate accounts and records.
- Upon opting for this scheme, taxpayer cannot issue taxable invoice under GST law and can neither collect GST from his customers nor can claim Input Tax credit on his purchases.
- Taxpayers under Composition scheme have been allowed to pay 'self-assessed tax' on a quarterly basis till 18th of the month succeeding such quarter.
- A taxpayer who wants to opt for Composition Scheme for a financial year or during the middle of a financial year has to inform the government about his choice by filing FORM GST CMP-02.
- Composition scheme shall not be available to inter-State suppliers and specified category of manufacturer.

- A person having a single PAN and registered in more than one State under GST can opt for the scheme, provided he meets all the conditions of the scheme, only if all such registered persons opt for the Composition scheme.
- A registered person cannot choose to opt for the Composition scheme in one state and not in other states.

Persons who cannot opt for the composition scheme:

- A casual taxable person i.e. a person who occasionally undertakes supplies in a State or Union Territory where he has no fixed place of business.
- A non-resident Taxable person i.e. a person who occasionally undertakes supplies but has no fixed place of business or residence in India.
- A person engaged in providing inter-state supply of goods.
- A person engaged in supply of non-taxable goods i.e. goods which are not taxable under GST law.
- A person engaged in manufacturing of Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes.

Method to calculate Aggregate Turnover:

Aggregate turnover is computed on all India basis for a person having same Permanent Account Number (PAN).

It is sum of value of all outward supplies falling in the following four categories:

- Taxable supplies
- Exempt supplies
- Exports of goods or services or both
- Inter-state supplies

But excludes

- Value of inward supplies on which tax is payable by a person on reverse charge basis &
- Taxes including cess paid under GST law

Rate of Tax under the scheme:

- For goods manufacturers and traders: 1% GST, divided as 0.5% CGST and 0.5% SGST
- For restaurants not serving alcohol: 5% GST, divided as 2.5% CGST and 2.5% SGST
- For service providers: 6% GST, divided as 3% CGST and 3% SGST

Bill of Supply:

- ✚ A taxable person opting for the scheme has to issue bill of supply as he is not eligible to issue taxable invoice under GST.
- ✚ He has to mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of every bill of supply issued by him.

Returns to be filed by a composition dealer:

- quarterly return will be uploaded under GSTR-4 by:
 - ✚ 18th July – 1st quarter
 - ✚ 18th October – 2nd quarter
 - ✚ 18th January – 3rd quarter
 - ✚ 18th April – 4th quarter
- an annual return GSTR-9A has to be filed by 31st December of next financial year.