

GOODS & SERVICE TAX

Composition Scheme

SHUKLA GUPTA & ARORA

B-6/1, GROUND FLOOR CORNER, SAFDARJUNG ENCLAVE EXTENSION, NEW DELHI-110029

WWW.SGAINDIA.CO.IN | INFO@SGAINDIA.CO.IN | 011-460113285

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Lower Tax Rate:

- The tax rate fixed:

Manufacturer	-	2%
Trader	-	1%
Small Restaurant	-	5%

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Increased Threshold Limit:

- Threshold Limit Increased to above Rs. 75 lacs from Initial Limit of Rs. 50 lacs.

(Except for Special Category States – Uttarakhand, Himachal Pradesh, Sikkim and the 7 NE states – for whom the limit stays at Rs. 50 Lacs until next discussion)

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Lesser Compliance Burden:

- One Return per Quarter i.e. four returns
- One Annual Return

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Restrictions – Nature of Goods & Services:

- Cannot engage in certain notified goods.
- Cannot engage in any service other than supply of food & drinks for human consumption.
- Cannot supply goods outside the ambit of GST.

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Restrictions – Mode of Trade:

- Cannot trade on E- Commerce platform.
- Cannot engage in interstate supplies of goods & services.

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Restrictions – No Selective Composition Scheme:

- Composition scheme applicable for all business verticals – within state or interstate – registered with the same PAN.
- A registered person with a single PAN & operations in multiple states, has to either opt for “Composition scheme” for all businesses across the country, or opt for regular dealership.

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Restrictions – No tax collection / No Input Tax Credit:

- Does not have to collect tax on outward supplies of goods & services.
- Also not eligible for input tax credit on inward supplies.
- Will increase the cost of the assessee.

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Compliance Burden:

- Dealer to declare only the aggregate turnover of sales.
- Invoice wise details of inward supply required. (Auto populated based on GSTR -1 filed by the supplier.
- SME under composition scheme to maintain proper accounting & transaction records.

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Opting In / out of Composition Scheme:

- Assessee can opt In / out of this scheme in the next year after applying for the same to respective authority.
- Service Provider are not eligible for composition scheme.

Thank You