

Composition scheme

- Optional scheme for small tax payers.
- Composition scheme benefit: to reduce compliance burden on small tax payers.
 - Lower rate of GST
 - e.g. goods = 1%
 - Restaurant = 5%
 - Other services = 6%
 - Quarterly file statement CMP-08 & Tax payment → Quarterly
 - Annually → Single GST Return - GSTR-4

Normal scheme

- Normal rates of GST 5% / 12% / 18% / 28%
- Monthly Payment of taxes
- Returns - Monthly / Quarterly.

eg: CHHOTA VYAPARI - shirt deal → c/s opt

1000 shirts purchase @ 500 = 500000

Profit - 100000

selling price 600000

+ GST @ 1%

6000

606000

Badh vyapari

1000 shirts purchase @ 400 = 400000

+ Profit - 150000

selling price 550000

+ GST @ 12%

66000

616000

Small tax payer → Preceding year Aggregate turnover upto 150 lakhs (1.5cr)

150 Lakhs → reduced to ₹5L for special category states

N - Nagaland

U - Uttarakhand

S - Sikkim

T - Tripura

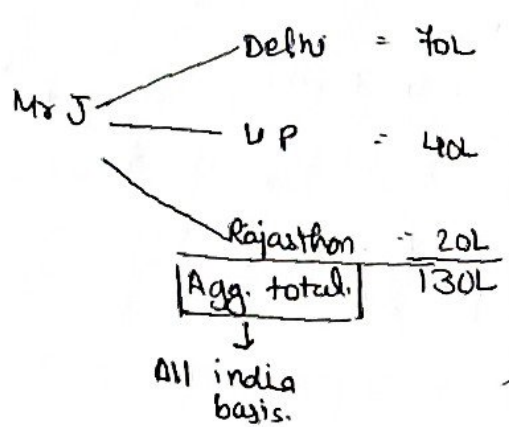
A - Arunachal Pradesh

M - Meghalaya

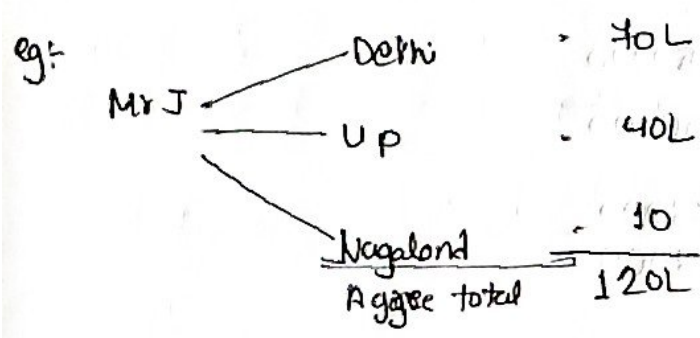
M - Mizoram

M - Manipur

eg: last year - 2023-24



CY 24-25 → Eligible to avail composition scheme.



Threshold for c/s



As Turnover exceed threshold of 75L
∴ Not eligible for c/s.

c/s restriction: Not allowed to make inter-state supply.

ie if c/s opt → only allowed to make [intra-state supply]

eg: Jethalal bai → Electronics PO for current year
(Maharashtra) = 120L.

Q: Opt. cls in current year (2024-25)

whether jethalal is eligible for providing repairing services of electronic goods in current year. If yes, then what is the threshold for same.

Soln: Yes, Jethalal allowed to provide repairing services along with supply of electronic goods as per proviso to S.10. However he is allowed to provide repairing services upto 'highest' of following.

(a) 10% of preceding FY TO in state i.e. $120L \times 10\% = 12L$.

(b) ₹ 5L

∴ He is allowed to provide rep. services of ₹ 12L.

Q: Jethalal Electronics Goods dealer. Provide detail of PFY 2023-24.

P.O details

Mumbai - 75L

Surat - 60L

• whether jethalal is eligible for cls during FY 24-25

• whether Jethalal is allowed to provide repairing services

in FY along with supply of electronic goods if yes

then what is monetary limit?

Sol. Q Agg. P.O of P.F.Y = 120L [i.e. 75L + 45L]

∴ eligible for c/s

Q c/s → allowed to provide service subjected to higher of following

① 10% of P.O in state

10% of T.L = 7.5L

10% × 45L = 4.5L

② threshold 5L

5L

5L

7.5L

5L

Maharashtra limit = 7.5L

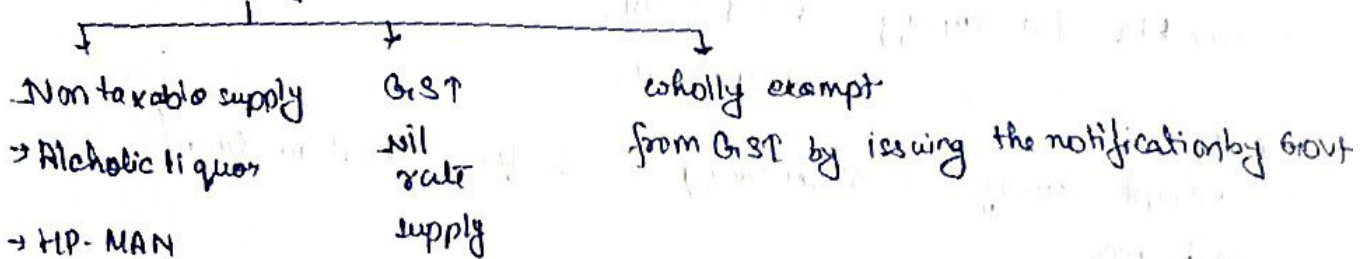
Gujarat limit = 5L

Meaning of Aggregate turnover → All India Basis

Inclusions

1. Taxable outward supply → PCM
→ RCM

2. Exempt supply



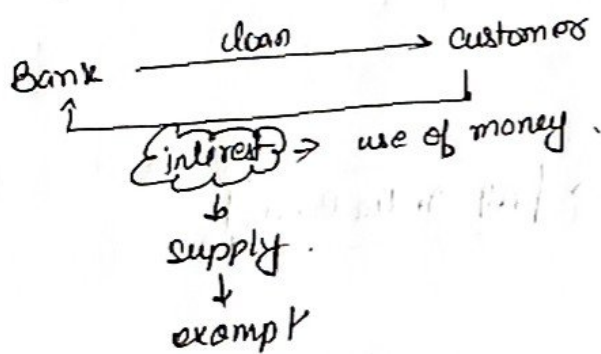
3. Export / supply to SEZ (Special Economic Zone)

4. Intra-state supply to distinct person

↓
Multiple Registration with same PAN

Exclusions

1. Taxes under GST (CGST/SGST/IGST/UTGST/GST Comp. cess)
2. Inward supply liable to pay GST under RCM.
- * 3. Exempt service by way of extending deposits / Advances in so far consideration is represented by way of interest / discount.



eg. Calculate aggregate T.O in following case & decide whether it is available or not?

- Taxable o/w supply • FCM = 70L
- RCM = 5L

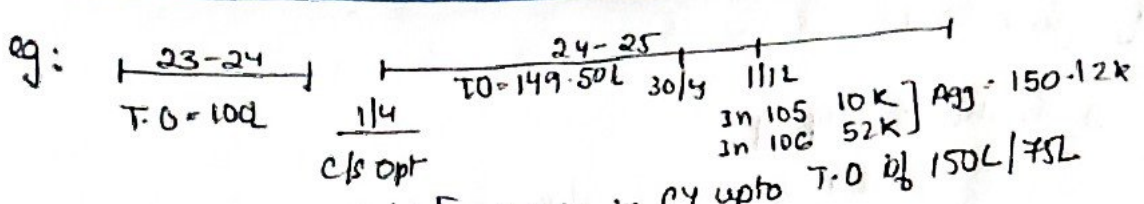
wholly

- Exempt supply ₹ 25 including ₹ 10L for interest on loan/

Advance

- Inward supply covered under RCM = 12L

- Non-taxable supply = 9L



Normal rate - 18%

as the case may be

C/S rate - 1%

[Date on which T.O exceed 150L/75L then shifted to N/S from C/S]

in above case C/S \rightarrow N/S shift on 1/12 i.e supply w.e.f 1/12 - taxed @ Normal rate.

Registration Threshold

goods \Rightarrow T.O $>$ 40L services \Rightarrow T.O $>$ 20L

Business commence on 1/4/23 \Rightarrow shift Business

T.O 1/4/23 - 31/7/23 = 40L

1/8/23 Registration taken under GST - C/S opt as PAY 22-23 T.O \rightarrow

1/8/23 - 31/3/24 T.O = 120L

GST liability for PY 23-24: C/S = 1%
N/S = 12%

23-24 T.O $\left\{ \begin{array}{l} \text{April - July} = 40L \\ \text{Aug - March} = \frac{120L}{160L} \end{array} \right.$

160L T.O

First 40L T.O

↓
Not a taxable person
∴ hence no GST
payable

Bal 120L T.O

Taxable Person
& liable to pay GST

$$C/S = 110L \times 1\% = 110000$$

$$N/S = 10L \times 12\% = \frac{120000}{230000}$$

Q On Above Question → whether Mr J is eligible for CIS in FY 24-25
→ No, Mr J is not eligible for CIS in FY 24-25 as T.O for FY
exceed 150L

CIS Rates

↓
goods

↓
Manufacturer

1% of total T.O
in the state

↓
Trader

1% of taxable
turnover in the
state.

↓
Restaurant

↓
5% of total T.O in the
state

Mfg / Restaurant → Composition Tax apply on both taxable as well
as Exempt supply

Trader of goods → Composition Tax apply on taxable supply

eg - Mr J → Goods Manufacturer - PFY T.O = 105L - CY opt Cls

• Taxable supply = 70L

• Exempt supply = 50L

Tax liability = $(70 + 50) \times 1\% = 120000$

Mr J → Goods trader

Tax liability = $70L \times 1\% = 70000$

P.O in state - meaning

↓

inclusions & exclusions - same as reg. P.O.

eg: Mr J dealer of shirts - PFY T.O 105L

details of CY P.O

Taxable old supply = 75L

Exempt old supply = 55L (including 10L interest for loan extended)

Mr J opted Cls during FY 24-25. Calculate GST payable.

→ GST payable = 1% of Taxable P.O
= $1\% \times 75L$
= 75000

eg: what will be your ans in above question if Mr J is manufacturer of shirt.

→ GST payable = 1% of $(75L + 55L - 10L)$
= 120000

S 10 (2A) → C/S grant to service provider other than Restaurant service

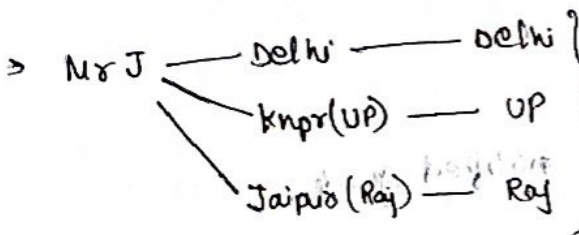
→ C/S eligible if PFY 90 upto 250L

→ C/S Rate = 6%

→ Intra state supply allowed.

Conditions

→ Non tax. supply → NO C/S



Restriction
inter-state old supply

→ Inter-state New supply → Yes

C/S opt - Inter state supply to DP → NO

→ Inter-state old supply → NO

Agg. T.O ⇒ Inter-state supply to DP
↓
last yr. C/S - CY restriction.

* CY T.O = 90L only intra supply

* CY C/S opt → April - Nov → T.O = 100L
1/1/12 ⇒ 20L } T.O = 120L
C/S → N/S }
inter-state supply

- C/S opt
 - goods supply - supply through e-com operator but only intra-state supply
 - service supply - Not allowed to supply services through e-com operator

MUA (Make-up Artist) PFY TO = 25L

↳ CFY ⇒ C/S opt

not allowed to provide service through e-com → Urban Company → Household service

→ C/S not allowed - manufacturing of notified goods:

- PATI ko BRICKS se mano

- Pan masala

- Aerated water

- Tobacco

- Ice cream

Fly ash brick

fly ash bricks

Building bricks

C/S - Nukson

→ Intra-state supply x

→ Service → Ecom x

→ Cannot collect tax from customer - ie supplier has to

bear the tax from their own product

→ Not ~~entitled~~ entitled to input tax credit

Small tax payer

Shirt	
Cost	500
+ Profit	300
SP	600
+ 1% GST	6
	<u>606</u>

↓

if C/S not opted

SP	600
+ 12% GST	72
	<u>672</u>

Big tax payer

Shirt	
Cost	400
Profit	150
SP	550
+ 12% GST	66
	<u>616</u>

if ITC available (C/S not avail)

Cost	400
+ Profit	262
SP	662
+ 12% GST	78
	<u>740</u>

if not available (ITC)

Mr J	Cost	448
Mr J	SP	400
Mr J	+ Profit	252
Mr J	SP	700
Mr J	+ 18% GST	126
Mr J		<u>826</u>

Mr J paid to Govt

Rule 3 Person seeking first compo registration

Reg. apply → option to avail to C/S

C/S effective : Reg apply = 11/124 → X
 Reg grant = 8/124 →

Effective from date from which registration come into effect.

Effective date of Reg → Study Alongwith s.25

Rule 4 Person registered under GST opted for C/S

2023-24 TO upto 15DL 24-25 1 word to avail C/S.

↓
Before completion of 23-24

Govt intimation word to
avail C/S in 2024-25

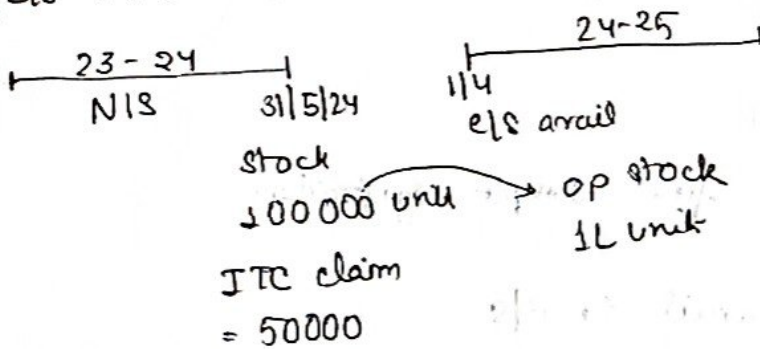
↓
GST common portal.

• C/S effective - 1/4 of Next FY

2023-24 intimation → C/S effective 1/4/24.

↓
25/3/24

• C/S → NO ITC.



within 90 days reverse the ITC availed by filing

ITC -03

Rule 5 Composition scheme → not available to casual taxable person & to Non-resident taxable person.

CTP → Person who is not having fixed place of business in a state & he supply goods & service for a limited period in that state.

[Chomu] → Broad Gujarat → Registered in Gujarat

↳ Printed shirts dealer

Delhi → Pragati Maidan }
Trade fair
1/7/24 - 15/8/24
stall book

↳ 5 days ⇒ CTP Reg.
↓
also always Normal scheme
as per sec. 24
ie compulsory Reg.

[Non-Reg. Taxable Person] s. 24.
John (USA) ————
stall book

Rule 6: Withdrawal from CIS

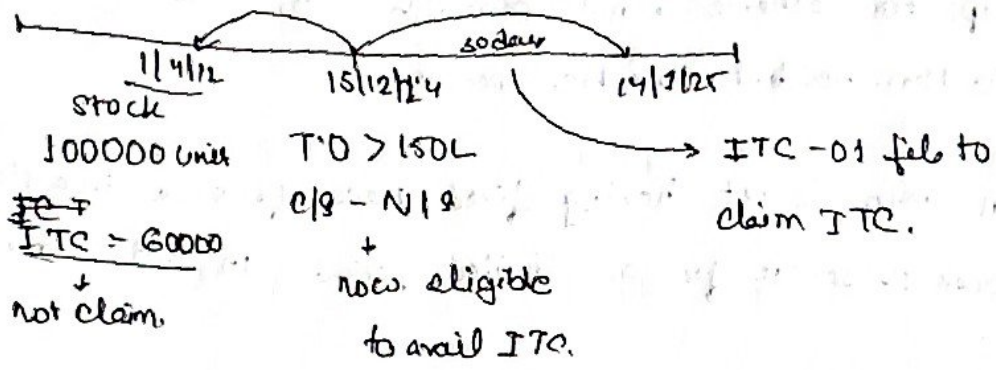
• Compulsory withdrawal . NO exceed 150L / 75L

voluntary withdrawal . @ own will.

2. Intimation to file to Govt regarding withdrawal from CIS

form : CMP - 04

Time limit → ~~30~~ 7 days from date of withdrawal.



NIS → C/S → ITC reversal → ITC 03 → Time limit - 90 days from date of availing C/S.

C/S → NIS → ITC claim → ITC 01 → Time limit - 30 days from date withdrawal of C/S.