



नमस्तै

[Nah-mas-tay] sanskrit;

My soul recognizes your soul, I honor the light, love, beauty, truth and kindness within you because it is also within me, in sharing these things there is no distance and no difference between us, we are the same, we are one.

Intensive Study Course II on GST

***Time of Supply including provisions relating to invoice,
Value of Taxable supply, GST Valuation Rules, Composition
Scheme , Job Work***

By

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Organized by

NAGPUR BRANCH OF ICAI

Areas Covered [In this Session]

- Time of Supply of Goods & Services (including Change in Rate of Tax)
- Value of Supply of Goods & Services (including draft valuation Rules issued on 31.3.17)
- Composition Scheme
- Job Work

Note: * The presentation is based on the *CGST, IGST & UTGST Bills introduced in the Parliament on 27.3.2017 and the draft Rules placed in the public domain by CBEC on 31.03.2017*

** sections referred to in the presentation pertain to CGST Bill*

TIME OF SUPPLY (TOS)

TIME OF SUPPLY

(“TOS”)

Relevance

- **Liability to pay CT / ST / IT - Time of supply – [S.12(1) & S.13(1)]**
- **For ascertaining the supplies made during a tax period for payment of tax and filing of returns before the due date**

POINT OF TAXATION

- **EXCISE** : Incidence of Excise Duty arises on manufacture of goods and liability to pay Excise duty arises at the time of removal of excisable goods from factory.

- **SERVICE TAX** : Payment of tax , earliest of the following
 - 1. Receipt of payment
 - 2. Issue of invoice,if invoice raised within stipulated time period otherwise , completion of service

- **VAT /CST** : Incidence of VAT arises on transfer of property in goods

Time of Supply – (TOS)

Time of supply of Goods

- **Time of supply of goods [S.12(2)]– Earliest of the following**
 - Date of issue of Invoice / due date for issue of invoice [*deemed-supply to the extent of invoice*]
 - Date of receipt of payment (earliest of credit in books /bank) [*deemed-supply to the extent of payment*]

- **Receipts upto Rs. 1,000/- in excess of the amount indicated in the invoice – TOS (at option of supplier) to be date of issue of invoice in respect of such excess amounts.**

Time of Supply – (TOS) RCM (Scenario)

➤ Time of supply of goods [S.12(3)] – Earliest of the following

- Date of receipt of goods by recipient
- Date of payment (earliest of debit in his Books / Bank)
- Date following expiry of 30 days from issue of supplier's invoice / any other document in lieu of invoice

N.B: In case TOS not determinable on the above basis, TOS is date of entry in recipient's books.

Time of Supply – (TOS) SUPPLY OF VOUCHERS

➤ **Time of supply [S.12(4)] –**

- If supply identifiable - Date of issuance of voucher
- If supply not identifiable – Date of redemption of voucher

Time of Supply – (TOS)

RESIDUAL CASES

➤ *Determining TOS of goods not possible under previous provisions, TOS to be [S.12(5)]-*

- Date on which periodical return has to be filed
- Date of payment of CT / ST / IT

Time of Supply – (TOS)

Addition in value of Supply by way of

- Interest
 - Late fee
 - Penalty
- } Is it Supply ?

TOS – date of receipt of addition in value

TIME OF SUPPLY OF SERVICES

Time of Supply – (TOS) Time of Supply of services [S.13(2)(a)]



- If invoice issued within prescribed time –
Earliest of the following
 - Date of issue of Invoice [*deemed-supply to the extent of invoice*]
 - Date of receipt of payment (earliest of credit in his books/ bank) [*deemed- supply to the extent of payment*]

Time of Supply – (TOS)

Time of supply of services [S.13(2)(b)]

- *If invoice not issued within prescribed time – Earliest of the following*
- Date of provision of service
 - Date of receipt of payment (earliest of credit in his books / bank) [**deemed- supply to the extent of payment**]

Time of Supply – (TOS) Time of supply of services [S.13(2)(c)]

➤ *If all three dates unknown viz.,*

- Date of issue of invoice
- Date of receipt of payment
- Date of provision of service

TOS to be *date of receipt of supply* as recorded in books of accounts of recipient.

Time of Supply – (TOS)

Time of supply of services [Proviso to S.13(2)]

Receipt upto Rs. 1,000/- excess of the amount in indicated in the invoice – TOS (at the option of supplier) to be date of invoice in respect of issue such excess amount

Time of Supply – (TOS) RCM (Scenario) – [S.13(3)]

➤ Time of supply of services – Earliest of the following

- Date of payment (earliest of debit in his Books / Bank)
- Date following expiry of 60 days from issue of supplier's invoice or any other document in lieu of invoice

N.B: In case not determinable on the above basis, TOS is date of entry in recipient's books.

➤ 'Associated Enterprises' - Supplier located outside India- Earliest of -

- Date of entry in recipient's books.
- Date of payment

Time of Supply – (TOS) SUPPLY OF VOUCHERS

Time of supply [S 13(4)] –

- If supply identifiable - Date of issuance of voucher
- If supply not identifiable – Date of redemption of voucher

Time of Supply – (TOS) RESIDUAL CASES

- *Determining TOS of services not possible under previous provisions , TOS to be [S.13(5)]*
 - *Date on which periodical return has to be filed*
 - *Date of payment of CT/ ST/ IT*

Time of Supply – (TOS)

Addition in value of supply by way of

- *Interest*
- *Late fee*
- *Penalty*

TOS – date of receipt of addition in value

....CHANGE IN RATE OF TAX

Supply of Goods/Service	Invoice Issued	Payment Received	TOS of Services/Goods	Rate Applicable
Before	After	After	Date of Invoice/ receipt whichever is earlier.	New
Before	Before	After	Date of Invoice	Old
Before	After	Before	Date of receipt of payment	Old
After	Before	After	Date of receipt of payment	New
After	Before	Before	Date of Invoice/receipt whichever is earlier.	Old
After	After	Before	Date of Invoice	New

TIME OF SUPPLY in CASE OF	
GOODS [12(2)]	SERVICE [13(2)]
<p><u>Earliest of the following :</u></p> <ul style="list-style-type: none"> * Date of issue of Invoice / due date for issue of Invoice * Date of receipt of payment (earliest of credit in books/ bank) 	<p><u>If Invoice issued within prescribed time- earliest of the following :</u></p> <ul style="list-style-type: none"> * Date of issue of Invoice * Date of Receipt of payment (earliest of credit in books/ bank) <p><u>If Invoice not issued within prescribed time- Earliest of the following :</u></p> <ul style="list-style-type: none"> * Date of provision of service * Date of receipt of payment (earliest of credit in books/ bank) <p><u>If all the 3 dates unknown viz.,</u></p> <ul style="list-style-type: none"> * <i>Date of issue of invoice</i> * <i>Date of Receipt of payment</i> * <i>Date of provision of service</i> <p><u>TOS =>></u></p> <p style="text-align: center;"><i>Date of receipt of supply as recorded in books of accounts of recipient</i></p>

TIME OF SUPPLY in CASE OF REVERSE CHARGE	
GOODS [12(3)]	SERVICE [13(3)]
<u>Earliest of the following :</u>	<u>Earliest of the following :</u>
* Date of receipt of goods by recipient	XXXXXX
* Date of payment (earliest of credit in books/ bank)	* Date of payment (earliest of credit in books/ bank)
* Date following expiry of 30 days from issue of Supplier's invoice/any other document in lieu of invoice	* Date following expiry of 60 days from issue of Supplier's invoice/any other document in lieu of invoice
In case TOS not determinable on the basis of above =>	In case TOS not determinable on the basis of above =>
Date of entry in recipient's books	Date of entry in recipient's books

VALUE OF TAXABLE SUPPLY

VALUE OF TAXABLE SUPPLY

➤ Relevant Provisions

- Section 15 of CGST / SGST Act.
- Draft Rules on Determination of Value of Supply

Value of Taxable Supply

- CT /ST /IT to be levied on supply of goods / services on value determined u/s. 15 at notified rates (not exceeding 20%) and collected in prescribed manner by Taxable person [S.9(1)]
- Value of Supply = Transaction Value (TV)= Price Paid / Payable for Supply

Subject to 2 Conditions

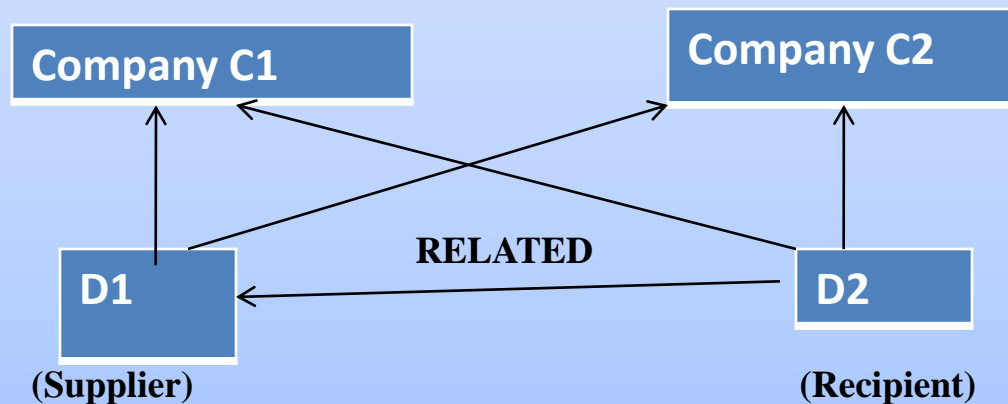
- Supplier & recipient not related
- Price is sole consideration for supply
- TV *subject* to **inclusions** and **exclusions**

RELATED PERSONS

[Explanation to S. 15]

Supplier and recipient related if

- they are *officers* or *directors* of one another's businesses
 - Relationship should be reciprocal
 - Makes Directors / officers related not businesses



- **Director/Officer not Defined.**

RELATED PERSONS

- they are legally recognized partners in business
 - Supply between Partners is a related party transaction
- they are employer and employee
 - Employees' services to Employer – no GST
 - Employee supplies goods / services to employer – related party transaction
 - Employer supplies goods / services to employee
 - ✓ as consideration for employees' services-may not be liable
 - ✓ as separate transaction

RELATED PERSONS

- any person directly or indirectly owns, controls or holds > 25% of the outstanding voting stock/shares of supplier and recipient
 - Third Party (TP) must hold outstanding voting stock / shares Non – voting stock not counted
 - Supplier holding 25% of voting stock of recipient not sufficient. TP holding 25% in Supplier and Recipient is relevant

RELATED PERSONS

- one of them directly or indirectly controls the other $[X \overset{c}{\text{c}} Y]$
- both of them are directly or indirectly controlled by a third person
— $[Z \rightarrow \text{controls} \Rightarrow X \& Y]$
- together they directly or indirectly control a third person

$[X \& Y \xrightarrow{c} Z]$

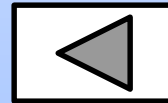
‘Control’ –

- In all the above 3 scenarios, X & Y are related
- No requirement of reciprocity
- A person can be said to ‘control’ the other if he is legally or operationally in a position to exercise restraint or direction over the other [Interpretative Note to rule 2(2)(v) of Customs Valuation Rules 2007]

RELATED PERSONS

- they (X & Y) are members of the same family
(spouse , children) (parents ,grand parents , brothers,sisters
if wholly dependent)
- one (X or Y) is the sole agent / distributor /
concessionaire of the other (X or Y).

‘Person’ includes legal person



Inclusions in Transaction Value

- Taxes, duties, fees and charges levied under any statute other than CT / ST / IT / UT Act if charged separately by supplier –

- Any amount in relation to supply, where supplier liable to pay but incurred by recipient to the extent not included in price
 - Door delivery sale but freight paid by buyer?

 - Interior contractor using electricity and water of client?

 - Auditor using cabin space of client

 - Customized tiles provided by the buyer of flat?

Inclusions in Transaction Value

- Incidental expenses such as Commission, packing or any other amount **charged** by supplier to recipient of supply
- Interest / late fee / penalty for delayed payment of consideration for supply
- Subsidies directly *linked* to the price
 - Included in value of supply of the supplier who receives the Subsidy
 - Subsidy provided by Central Government and State Government excluded

Exclusions from Transaction Value

- Post supply discount to be excluded from Trans. Value if –
 - Established as per agreement entered into *at or before* time of supply and specifically linked to relevant invoices
 - Input tax credit attributable to the discount has been reversed by recipient

E.g. Volume discount
- Discounts given before or at time of supply excludible if same is duly recorded in invoice

Valuation as per Rules

- Value to be determined as per Rules in cases *where* –
 - transaction *value not determinable*;
 - Notified Supplies

DETERMINATION OF VALUE OF SUPPLY RULES

Value of supply

- Where Consideration not wholly in money
- Where supply is between establishments of same persons considered as distinct u/s 25(4) and 25(5) – Inter-branch supplies
- Where supply is made/received through agent
- Based on cost
- Residual cases
- Specified supplies
- In case of pure agent
- Rate of exchange for determination of value

VALUE OF SUPPLY WHERE CONSIDERATION NOT WHOLLY IN MONEY TO BE

Open market value of such supply



If above value not available
Consideration in money + amount equivalent to consideration not in money if known at time of supply



If not determinable by above methods
Value of 'supply of like kind and quality'



If not determinable by above methods
Consideration in money + amount equivalent to consideration not in money determined by cost method/Residual method of valuation

- Open market value (“OMV”) = value in money (excluding CT / ST /IT) payable in a transaction where
 - Supplier and recipient are unrelated persons
 - Price is sole consideration

- Supply of goods / services of like kind and quality – supply made under similar circumstance that characteristics, quality, quantity, functional component, materials and reputation of goods and services resemble to that of supply.

VALUE OF SUPPLY IN CASE INTER-BRANCH OR UNIT SUPPLIES CONSIDERED AS DISTINCT TAXABLE PERSONS

Open market value of supply



If above value not available
Value of supply of like kind and quality



If not determinable by above methods
Value determined by cost method / residual method
of valuation

VALUE OF SUPPLY OF GOODS BETWEEN PRINCIPAL AND AGENT

- At option of supplier
 - Open market value of goods
 - 90% of price charged for goods of same kind and quality on sale to unrelated buyer, where goods are further supplied by Recipient (i.e. principal or agent).
- If value not determinable by above method, to determine
 - By cost based valuation
 - Residual method of valuation

COST BASED VALUATION METHOD

- If value not determinable by any of the preceding Rules
Value = [Cost of production/ Manufacturing / Acquisition of goods / cost of provision of services] X 110%

Residual Valuation method

- If value not determinable by any of the preceding Rules - Value to be determined using reasonable means consistent with principles of Section 15 and these rules
- Supplier of service can opt for valuation under this rule instead of valuation under cost based valuation Rule

Valuation in case of Specified Supplies

Rules for valuing Money Changer Services

- If FX exchanged for INR,
 - Value = (RBI Ref. Rate – Buy/Sell Rate) x total units of currency
 - If RBI rate not available, Value = 1% of INR paid / received
- If Fx exchanged for Fx , say USD for GBP

Value = 1% of (INR value at RBI reference rate of USD or GBP whichever is less)

Optional method for money changers

Fixed for a financial year

GROSS AMOUNT OF CURRENCY EXCHANGED	Value of Supply shall be
Upto Rs. 1,00,000/-	1% of gross amount of currency exchanged subject to min. of Rs.250/-
Rs.1,00,001/- to Rs.10,00,000/-	Rs.1000/- plus 0.5% of gross amount of currency exchanged
Rs.10,00,001/- and above	Rs.5000/- plus 0.10% of Gross Amount of currency exchanged subject to max of Rs.60,000/-

Value of supply – Air Travel agent

•Supply by way of Booking	Value of supply
•Domestic air tickets	5% of Basic Fare
International Air Tickets	10% of Basic Fare

Basic Fare = part of airfare on which commission paid by airline to air travel agent

Value of supply – Life insurance business

Type of insurance policy	Value of Supply
Part of Premium amount is allocable for Investment/saving on behalf of Policy Holder.	Gross premium charged minus amount allocable for investment/savings
Single premium annuity policy	10% of single premium charged.
Other cases <ul style="list-style-type: none">•First year•Subsequent year	25% of the premium charged 12.5% of the premium charged

N.B. Specified valuation Rules not applicable where Entire premium is towards risk cover

Value of Supply – other cases

Nature of supply	Value of Supply
▪Supply by way of buying and selling of second hand goods/used goods as such or after doing minor processing nature of goods not changed and no ITC claimed on purchase.	Selling price – purchase price <ul style="list-style-type: none">• Negative values to be ignored
Redeemable token coupons vouchers against goods/service	Money value of redeemable goods/ services
Notified services between NIL deemed distinct persons / establishments except where the service are not eligible as input credit	

Pure Agent for services

Recovery of reimbursements by SP excludible if incurred as a *pure agent* & **all** other conditions satisfied:

- SP pays as a pure agent of recipient, when he makes payment to third party for services procured as the contract for supply made by third party is between third party and the recipient of supply
- SR uses the services so procured by the supplier SP in his capacity as pure agent of the recipient of supply
- SR liable to pay to TP
- SR authorizes SP to make payment
- SR knows that services shall be provided by TP to recipient of services
- SP indicates payment separately in his invoice
- No profit – exact amount recovered
- Payments towards services procured from TP in addition to own supplies [C+R]

[SP =Supplier; SR = Supply recipient]



“Pure agent” means an agent who -

- Contracts with SR for incurring expenditure as pure agent
- Holds no title to the goods / services procured
- Does not use such goods / services
- Receives only actual amount incurred to procure such goods / services



Tax Invoice

[Section 31 to 34]

Tax invoices /Bills

- Registered taxable person to issue '**Tax Invoice**' in prescribed format
 - ✓ for supply of goods – before or at time of
 - ❖ Removal of goods where movement of goods involved
 - ❖ Delivery of goods or making goods available to recipient in other cases
 - ❖ At any other prescribed time in respect of specified category of goods notified
 - ✓ for supply of services – within prescribed time
- Revised invoices maybe issued for supply made between effective date of registration & issuance of RC
- Value of supply < Rs. 200/- Registered Taxable person RTP may not issue invoice as prescribed

Tax invoices /Bills

- Registered Taxable Person (RTP) making exempted/ composition supplier to issue '**Bill of supply**' in prescribed format instead of 'Tax invoice'
- Tax invoice also includes revised invoice
- RTP to issue receipt voucher containing prescribed details on receipt of advance payment & refund voucher in case no supply is made against such advance payment
- RCM Cases -
 - ✓ Recipient who is RP to issue invoice on date of receipt of goods services where supplier not registered at time of supply
 - ✓ Payment voucher to be issued at time of payment in all cases

Continuous Supply

[Provisions moved from TOS to
issuance of Invoices]

Continuous Supply of Goods

Continuous Supply of goods –

- Supply of goods on continuous / recurrent basis under a contract;
- Whether / not by means of wire, cable, pipeline or other conduit; &
- For such supply Supplier invoices the recipient on regular or periodic basis
- Any other notified supply of goods

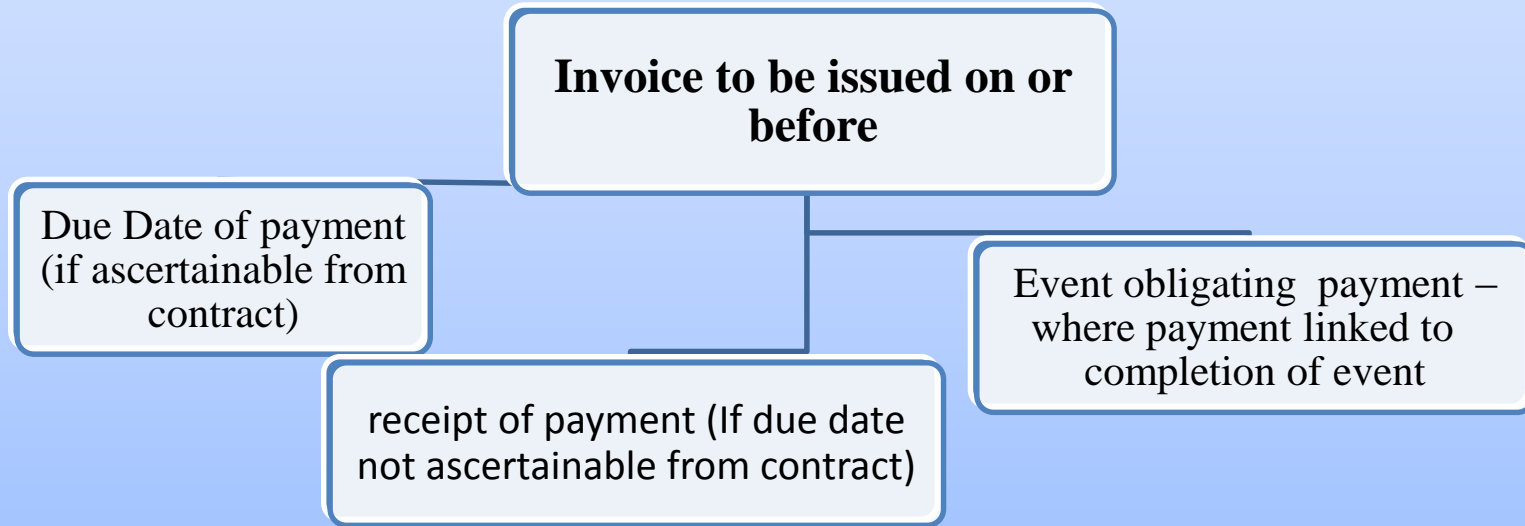
Time of Issue of invoice

- **Where successive statements of accounts / payments involved - Invoice to be issued before or at each time statement issued/ payment received**
- **No provision where no successive statements of accounts / payments involved**

Continuous Supply of Services

- **Continuous Supply of service -**

Supply of services on continuous / recurrent basis under a contract for a period exceeding 3 months with obligation to make periodic payments and includes services notified by the Central / State Govt. as continuous supply



- Where supply of services ceases under a contract before completion of supply– invoice to be issued at time at when supply ceases and to the extent supply effected before cessation

- Removal of goods sent on approval for sale/return before supply takes place – Invoice to be issued earliest of
 - Time of supply; or

 - Six months from date of removal.

Credit Notes/ Debit Notes

- Credit note may be issued for – excess billing; goods returned; goods / services deficient
- Debit note to be issued – for shortfall in billed amount
- Person issuing /receiving Credit note / Debit note to disclose same in return for month in which note issued / received or any subsequent returns subject to outer time limit for credit note
- Outer Time limit for issuance - Earliest of
 - ✓ 30th Sept following end of F.Y. to which it pertains
 - ✓ Date of filing annual return (last date 31st December)
- Reduction in output tax liability on a/c. of Cr. Note permissible only if incidence of tax and interest not passed on to any person
- Debit note to include supplementary invoice

Time limit for issue of invoices for services supplied

- Time limit for issuance of invoice –
 - by insurance cos., banking cos., NBFCs– 45 days from date of supply of service
 - Others – 30 days from date of supply of service
- Inter-branch supplies by insurance cos., banking cos., FIs, NBFCs, telecom operators, other notified suppliers of service – invoice to be issued before or at time such supplier records in his books or before expiry of quarter during which supply made

DRAFT RULES

- Contents in Invoice
- Manner of issuing invoice
- Contents of Bill of supply
- Contents of Receipt of Voucher
- Contents of suppliers tax invoice Credit / Debit
- Contents of ISD invoices / ISD credit note
- Issue of invoice in special cases
- Transportation of goods without invoice in certain Cases

Job Work

What is job work?

- *Job work means undertaking any treatment or process by a person on goods belonging to another registered person. And “Job Worker” shall be construed accordingly*

Whether goods sent by a taxable person to a job worker will be treated as supply and liable to GST? Why?

*Yes. However, the registered taxable person (the principal), under intimation and subject to such conditions as may be prescribed send any inputs and/or capital goods, **without payment of tax**, to a job worker for job work and from there subsequently to another job worker(s) and shall either bring back such inputs/capital goods after completion of job work or otherwise within 1 year/3years of their being sent out or **supply such inputs/capital goods after completion of job work or otherwise within 1 year / 3 years of their being sent out, from the place of business of a job worker on payment of tax within India or with or without payment of tax for export.***

Is a job worker required to take registration?

Yes, as job work is a service, the job worker would be required to obtain registration if his aggregate turnover exceeds the prescribed threshold.

Whether the goods of principal directly supplied from the job worker's premises will be included in the aggregate turnover of the job worker?

➤ *No. It will be included in the aggregate turnover of the principal. However, the value of goods or services used by the job worker for carrying out the job work will be included in the value of services supplied by the job worker.*

Can a principal send inputs and capital goods directly to the premises of job worker without bringing it to his premises?

- *Yes, the principal is allowed to do so. The input tax credit of tax paid on inputs or capital goods can also be availed by the principal in such a scenario. The inputs or capital goods must be received back within one year or three years respectively failing which the original transaction would be treated as supply and the principal would be liable to pay tax accordingly.*

Can the principal supply the goods directly from the premises of the job worker without bringing it back to his own premises?

➤ *Yes. But the principal should have declared the premises of an unregistered job worker as his additional place of business. If the job worker is a registered person then goods can be supplied directly from the premises of the job worker.*

Under what circumstances can the principal directly supply goods from the premises of job worker without declaring the premises of job worker as his additional place of business?

➤ *In two circumstances namely where the job worker is a registered taxable person or where the principal is engaged in supply of such goods as may be notified by the Commissioner.*

What are the provisions concerning taking of ITC in respect of inputs/capital goods sent to a job worker?

- *Principal shall be entitled to take credit of taxes paid on inputs or capital goods sent to a job worker whether sent after receiving them at his place of business or even when such the inputs or capital goods are directly sent to a job worker without their being first brought to his place of business. However (1/3 years condition apply)*

What happens when the inputs or capital goods are not received back or supplied from the place of business of job worker within prescribed time period?

- *It would be deemed that such inputs or capital goods had been supplied by the principal to the job worker on the day when the said inputs or capital goods were sent out by the principal (or on the date of receipt by the job worker where the inputs or capital goods were sent directly to the place of business of job worker). Thus the principal would be liable to pay tax accordingly.*

Some capital goods like jigs and fixtures are non-usable after their use and normally sold as scrap. What is the treatment of such items in job work provisions?

➤ *The condition of bringing back capital goods within three years is not applicable to moulds, dies, jigs and fixtures or tools.*

What would be treatment of the waste and scrap generated during the job work?

The waste and scrap generated during the job work can be supplied by the job worker directly from his place of business, on payment of tax, if he is registered. If he is not registered, the same would be supplied by the principal on payment of tax.

Whether intermediate goods can also be sent for job work?

- *Yes. The term inputs, for the purpose of job work, includes intermediate goods arising from any treatment or process carried out on the inputs by the principal or job worker.*

Who is responsible for the maintenance of proper accounts related to job work?

- *It is completely the responsibility of the principal to maintain proper accounts of job work related inputs and capital goods.*

Are the provisions of job work applicable to all categories of goods?

- *No. The provisions relating to job work are applicable only when registered taxable person intends to send taxable goods. In other words, these provisions are not applicable to exempted or non-taxable goods or when the sender is a person other than registered taxable person.*

Is it compulsory that job work provisions should be followed by the principal?

- *No. The principal can send the inputs or capital goods after payment of GST without following the special procedure. In such a case, the job-worker would take the input tax credit and supply back the processed goods (after completion of job-work) on payment of GST.*

Should job worker and principal be located in same State or Union territory?

- *No this is not necessary as provisions relating to job work have been adopted in the IGST Act as well as in UTGST Act and therefore job-worker and principal can be located either in same State or in same Union Territory or in different States or Union Territories*

Composition Levy under Goods & Services Tax (GST)

Composition Levy under Goods & Services Tax (GST)

- Composition Scheme is a feature of **Indirect Tax laws** wherein small taxable persons can remain out of tax net and heavy compliances.
- This is also administratively expedient – revenue generation – administrative cost

Meaning of “Aggregate turnover”

- The aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods and /or services and inter-state supplies of a person having the same PAN, to be computed on all india basis and excludes GST

Composition Levy under Goods & Services Tax (GST)

- The Indian GST Law provides for the option of availing the benefit of the Composition Levy to small business houses. The provision related to Composition levy is contained under Section 10 of the CGST Bill, 2017. The said Section provides for option of availing Composition scheme to a 'Registered person' whose 'aggregate turnover' during the preceding FY did not exceed fifty lakh rupees.

Rates under Composition Scheme

The exact rates of Composition Levy are yet to be prescribed, however the maximum rates are classified under the following three categories:

- **Manufacturer:** Maximum one per cent of the turnover in State or turnover in Union territory
- **Specific Service providers:** Only such service providers who are supplier of food related services (restaurant services) which are kept under composition levy at a maximum two and a half per
- **Other suppliers:** Half per cent of the turnover in State or turnover in Union

(Point to be noted is that the above rates are provided in CGST Bill, 2017. Therefore, the actual pay out of composition rate will be double of the above rates i.e. either 1%, 2% or 5% bifurcated into CGST and SGST/UTGST.)

Covered Persons

The Composition scheme can be availed by the following categories of registered persons:

- **The registered person is not engaged in the supply of service other than supplies referred to in clause (b) of paragraph 6 of Schedule II.(Only Restaurant Services)**
- **The registered person is not engaged in making any supply of goods which are not leviable to tax under GST Laws. (then he is not liable to pay GST at all)**

Covered Persons

- The registered person is not engaged in making any inter- State outward supplies of goods. The bar is only on outward supplies while it is permitted for the registered person to procure inter-state supplies under Composition Levy.

Covered Persons

- **The registered person should not be engaged in making any supply of goods through an electronic commerce operator.**

Covered Persons

- The taxable person should not be a manufacturer of such goods as may be notified by the Government on the recommendations of the Council. (some items like Pan Masala may be excluded)

Conditions and Restrictions

- The person should neither be a casual taxable person nor a non-resident taxable person.

Conditions and Restrictions

- **The goods held in stock on the appointed day had 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 1 of Composition Rules.**

Conditions and Restrictions

- The goods held in stock by him have not been purchased from an unregistered person and where purchased, he pays the tax under reverse charge basis in compliance of sub-section (4) of section 9

Conditions and Restrictions

- **The person shall pay tax under sub-section (3) or sub-section (4) of section 9 on inward supply of goods or services or both received from un-registered persons;(Reverse Charge)**

Conditions and Restrictions

- The person shall mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him.

Conditions and Restrictions

- The person shall mention the words “composition taxable person” on every notice or sign board displayed at a prominent place at his principal place of business and at every additional place or places of business.

Conditions and Restrictions

- **The taxable person who has paid tax under composition scheme even when not being eligible will be liable to a penalty and the provisions of Section 73 or Section 74 shall, mutatis mutandis, apply for determination of tax and penalty.**

Conditions and Restrictions

- The option exercised by the registered person to pay tax under the Composition scheme shall remain valid so long as he satisfies all the conditions.

Conditions and Restrictions

- **Registered person can withdraw from composition scheme at his option by filing an application.**

Payments and Returns

- The Registered person paying tax under composition scheme is required to pay tax on quarterly basis.
- **The Registered person is also required to file a quarterly return in Form GSTR-4 by the 18th of the month following the end of the quarter instead of any statement of outward or inward supplies**

Points to be noted

- Composition scheme will be available only when all the registered entities under a single Permanent Account Number opts for such scheme

Points to be noted

- **The person registered under Composition scheme is neither permitted to collect any tax from the recipient of supplies made by him nor can he avail any credit of input tax paid.**

Points to be noted

- The option availed by a registered person shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds fifty lakh rupees.

Transition to GST

- **Registered persons have to file option within 30 day from the transition date to avail the option of paying tax as per composition scheme.**

Transition to GST

- Goods in stock on transition date must not have 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.

GST

- **Good Day !**
- **Sweet Dreams !!**
- **Thanks a lot !!!**

