Monograph
On
Composition Scheme
under the GST Law

prepared by
Capacity Building Committee
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Summary Sheet

Category of Registered Person: Composition Taxable Person

1. Relevant Legal Provisions:

   - **Section 2 of the CGST Act, 2017: Relevant Definitions**
     - Aggregate Turnover: Section 2(6) of CGST Act, 2017;
     - Turnover in state or turnover in UT: Section 2 (112) of CGST Act, 2017
     - Reverse Charge: Section 2 (98) of the CGST Act, 2017
     - Exempt Supply: Section 2 (47) of the CGST Act, 2017
     - Non-taxable supply: Section 2 (78) of the CGST Act, 2017.

   - Section 10 of the CGST Act, 2017 - Composition Levy

   - Section 39 (2) of CGST Act, 2017 - Furnishing of Return by Taxable Person under Composition levy.


   - Notification No. 8/2017-Central Tax, dated 27.6.2017 [It enhances aggregate turnover limit for availing composition Scheme from Rs. 50 lakhs to Rs. 75 lakhs except for few notified states; and prohibits manufacturer of icecream, pan masala and tobacco & manufactured tobacco substituted from availing composition scheme].

   [Also refer to the corresponding (identical) provisions in the State/UT GST Act of the State/UT in which the taxable person is registered]

2. Applicable Rates of Tax:

   As per Rule 7 of CGST Rules, 2017 read with Section 10(1) of the CGST Act, 2017, rates fixed for composition levy (to be paid as CGST) for different classes of persons taxable person registered in composition levy scheme are as follows:

   - Manufacturer = 1% of turnover (in a state/UT)
   - Supplier of food/drinks = 2.5 of turnover (in a state/UT)
   - Other suppliers (i.e. trader) = 0.5% of turnover (in a state/UT)

   [Note: There will be equal amount of SGST/UTGST tax payable under respective SGST/UTGST Act of the State/UT in which taxable person is registered. Thus, total tax payable will be @ double of the aforesaid rates. In other words, the overall rate of tax payable will be 2%, 5%, and 1% for manufacturer, supply of food/drink and other supplier respectively].

   - The composition taxable person will be required to pay CGST and SGST/UTGST as the rate prescribed as percentage of turnover in a State/UT as prescribed under respective CGST/SGST/UTGST Act, 2017.

   - If a composition taxable person has taxable (not being inter-state supplies) supplies in more than one state or UT, then tax liability has to be discharged by him in each State/UT (separate state-wise/UT-wise Registration is required) in which he is making supplies.

3. Other tax liability to be discharged:

   - Any supply of goods/services on which tax is to be paid on reverse charge
basis by the recipient (Ref: Section 9(3) of the CGST Act, 2017 read with Rule 5(d) of the CGST Rules, 2017)

- Any supply of goods/services received from non-registered supplier (Ref: Section 9(4) of the CGST Act, 2017 read with Rule 5(d) of the CGST Rules, 2017)

4. Eligibility Condition:

Aggregate turnover >Rs. 10 lakhs*/ 20 lakhs, but ≤ Rs. 75 lakhs**[ being turnover of all establishments in one or more states/UT taken together].

Note:
* means that the limit of Rs. 10 lakhs has been prescribed for the taxable person registered in the state of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim, Uttarakhand, and Himachal Pradesh.

** indicate that the limit of Rs. 75 lakhs has been fixed vide notification No. 8/2017-Central Tax, dated 27.6.2017. However, for the states of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Himachal Pradesh, the limit is restricted to Rs. 50 lakhs.

4.1 Aggregate Turnover: total value of (Taxable supplies + exempt supplies + export of goods and services + inter-state supplies) in a Financial Year. Since Composition Taxable person cannot make inter-state supply, value of inter-state supply has to be Zero in case of such Taxable person. Further, for determination of aggregate turnover, the tax paid under GST law is not to be included.

4.2 Exempt supplies means Nil rated supplies or fully exempted supplies or non-taxable supplies.

5. Other Key Conditions and restrictions for Composition Levy:

- The taxable person should neither be a casual taxable person nor a non-resident taxable person; (Ref: Rule 5(1)(a) of the CGST Rules, 2017)

- If migrating from existing scheme, the goods held in stock by him on the appointed day should not have been purchased in the course of inter-State trade/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. (Ref: Rule 5(1)(b) of the CGST Rules, 2017)

- The goods held in stock by him should not have been purchased from an unregistered person and where purchased, he pays the tax under reverse charge.(Ref: Rule 5(1)(c) of the CGST Rules, 2017)

- He shall mention the words "composition taxable person" on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business. (Ref: Rule 5(1)(g) of the CGST Rules, 2017)

- He is not entitled to any Input tax credit (Ref: Section 10(4) of the CGST Act, 2017)

- He cannot collect any tax from the recipient on supplies made by him (Ref: Section 10(4) of the CGST Act, 2017)
6. Non-eligibility for Composition Scheme [Ref: Section 10 of CGST Act, 2017]:

Any taxable person is not eligible for composition levy if he is,-

- engaged in supplies of services other than supply of goods, being food or any other article of human consumption or any drink (other than alcoholic liquor) [Ref: Clause (b) of Paragraph 6 of Schedule II of CGST Act, 2017 read with Section 10(2)(a) of the CGST Act, 2017];
- making supply of goods not leviable to GST [Ref: Section 10(2)(b) of the CGST Act, 2017];
- making inter-state supplies of goods [Ref: Section 10(2)(c) of the CGST Act, 2017];
- making supplies through electronic commerce operator [Ref: Section 10(2)(d) of the CGST Act, 2017];
- being manufacturer of any notified goods (as may be notified by Government by issuing notification) [Ref: Section 10(2)(e) of the CGST Act, 2017];
- Video notification No. 8/2017-Central Tax, dated 27.6.2017, the Central Government has notified manufacturer of ice-cream, pan masala and tobacco & manufactured tobacco substitute from availing composition levy scheme.

7. Filing of Return:

- Return to be filed on Quarterly basis in Format GSTR-4 [Ref: Section 39 (2) of CGST Act, 2017 and Rule 4 of GST Return Rules].
- Return to be filed by 18th day after the end of each quarter [by 18th April, 18th July, 18th Oct., and 18th January] [Ref: Section 39 (2) of CGST Act, 2017].
- Annual Return to be filed in Format GSTR-9A [Ref: Section 44(1) of the CGST Act, 2017 and Rule 21 of GST Return Rules]
- Fee to be paid in case of late filing of Quarter Return @ one hundred rupees for every day subject to maximum amount of Rs. 5,000/- [Ref: Section 47 (1) of the CGST Act, 2017].
- Fees to be paid in case of late filing of annual return @ one hundred rupees for every day subject to maximum amount calculated at 0.25% of his turnover in a State/UT [Ref: Section 47 (2) of the CGST Act, 2017].

8. Issue of Bill of Supply:

- Bill of supply to be issued instead of tax invoice [Ref: section 31(3)(c) of the CGST Act, 2017 read with Rule 4 of Invoice Rules].
- Bill of supply to carry words, namely, “composition taxable person, not eligible to collect tax on supplies” on the top. [Ref: Rule 5 (f) of CGSTRules, 2017].

9. Payment of Tax:

- Tax payable for each quarter to be paid by 18th day from the end of quarter [Ref: Section 39(7) of the CGST Act, 2017].
- Self-assessed tax can be paid after due date (late payment allowed upto 30 days) on payment of interest.
• Late payment of self-assessed tax by more than 30 days will result in imposition of penalty of 10% of tax amount (Ref: Section 73(11) of the CGST Act, 2017).
• Interest to be paid in case of late payment of self-assessed tax or short payment of tax. (Ref: Section 50 of the CGST Act, 2017).
• Rate of interest to be notified by the Government (Ref: Section 50 of the CGST Act, 2017).
• Details of outward supplies and inward supplies mandated under Section 37 and 38 of the CGST Act, 2017 are required to be filed by Composition taxable person.

10. Exit from Composition Scheme:

• Taxable person availing composition scheme can anytime exit out of this scheme and opt for normal tax scheme with benefit of input tax credit subject to following the procedure prescribed in this regard (Ref: Rule 6(3) of the CGST rules, 2017).
• Not furnishing returns for three consecutive tax periods may result in cancellation of registration by proper officer (Ref: Section 29 (2) (b) of CGST Act, 2017).

11. Time of Exercising of option for Availing Composition Scheme (Ref: Rule 3 of the CGST Rules, 2017)

• Option to avail scheme prior to appointed day or within 30 days from the appointed day (or)
• At the time of first registration. (or)
• Prior to the beginning of financial year

12. Comparison of Composition GST levy vs. Normal GST levy at a Glance

<table>
<thead>
<tr>
<th>Subject area</th>
<th>Composition scheme</th>
<th>Normal scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility for Input tax credit</td>
<td>Not eligible</td>
<td>Eligible</td>
</tr>
<tr>
<td>Filing of return</td>
<td>Quarterly</td>
<td>Monthly</td>
</tr>
<tr>
<td>Collection of taxes from buyers</td>
<td>Not allowed to collect tax paid or to be paid from buyers.</td>
<td>Allowed to collect tax paid or to be paid from buyers.</td>
</tr>
<tr>
<td>Input tax credit by recipient of Supply</td>
<td>Not allowed</td>
<td>Allowed</td>
</tr>
<tr>
<td>Compliance Burden</td>
<td>5 returns to be filed in a year. [4 quarterly returns + one annual return].</td>
<td>13 returns to be filed in a year. [12 monthly returns under Section 39* + one annual return under Section 44*].</td>
</tr>
<tr>
<td>*denotes CGST Act, 2017.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-state supplies</td>
<td>Not allowed</td>
<td>Allowed</td>
</tr>
<tr>
<td>Supply of services</td>
<td>Not allowed except supply of food/drinks (other than alcoholic drinks)i.e. only restaurant, caterer service allowed.</td>
<td>No such restriction</td>
</tr>
</tbody>
</table>
13. Other important Points:

- Government is empowered to increase Rs. 50 lakhs limit to Rs. 1 crores on the recommendation of GST Council (Ref: Proviso to Section 10 (1) of CGST Act, 2017). Vide notification No. 8/2017-Central Tax, dated 27.6.2017, the limit of Rs. 50 lakhs has been raised to Rs. 75 lakhs for all states except for taxable person in the north eastern states and Himachal Pradesh.

- Government is empowered to notified goods, the manufacturer of which shall not be eligible for composition levy scheme (Ref: Proviso to Section 10 (2)(e) of CGST Act, 2017).

- In case of establishment being in more than one State/UT, all such establishments are required to avail composition scheme or to be under normal taxpaying scheme (Ref: Proviso to Section 10 (2) of CGST Act, 2017).

- On “aggregate turnover” exceeding Rs. 75 lakh/ Rs. 50 lakhs (in case of north-east states and Himachal Pradesh) at any day in Financial Year, the taxpayer becomes ineligible for composition levy scheme on such day and on that day onwards, the taxable person is required to pay taxes under normal GST regime (Ref: Section 10 (3) of CGST Act, 2017 read with notification No. 8/2017-Central Tax, dated 27.6.2017).

14. Procedure for Opting for Composition Scheme

- Procedure for opting for composition scheme provided in rule 3 and rule 4of the CGST Rules, 2017.

- The assesses can be divided into following 3 categories:

  o Person registered under existing laws exercising the option with effect from appointed date.
  o Person taking new registration by filing Form GST REG-1.
  o Registered person opting for composition at the beginning of financial year.

(A). Taxable Person registered (under existing law) exercising Option with effect from Appointed Date: (Ref: Rule 3(1) of CGST Rules, 2017).

- As per rule 3(1) of the Composition Rules, the person who has been granted registration on provisional basis and who opts to pay tax under section 10 shall electronically file intimation in form GST CMP-01 on common portal prior to the appointed day or within 30 days.

(B). Newly Registered Person (not registered under Existing law) exercising option at the time of obtaining registration (Ref: Rule 3(2) of CGST Rules, 2017).

- Any person who is not registered under the existing law, but intends to register either from appointed date or subsequent to that will have to make application in form GST-REG-1. He shall indicate the option of availing benefit of section 10 of the CGST Act, 2017. Such exercising of option in
form GST REG-1 shall be considered as intimation to pay tax under the said section as provided in rule 3(2) of GST Composition Rules.

(C). Registered Person opting u/s 10 after obtaining registration (Ref: Rule 3(3) of CGST Rules, 2017).

- Any other registered person who wants to opt for payment of tax under section 10 shall electronically file intimation in form GST CMP-02 duly signed in common portal prior to commencement of the financial year for which the option to pay tax under section is exercised.

[The term “existing law” has been defined under Section 2(48) of the CGST Act, 2017]

15. Text of Legal Provisions

15.1: Section 2 of the CGST Act, 2017: Relevant Definitions

15.1.1: Section 2(6) of CGST Act, 2017: Definition of Term “Aggregate Turnover”

Section 2 (6): “aggregate turnover” means 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 or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess;

15.1.2: Section 2 (112) of CGST Act, 2017: Definition of Term “Turnover in state or turnover in UT”

Section 2 (112): “turnover in State” or “turnover in Union territory” means 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) and exempt supplies made within a State or Union territory by a taxable person, exports of goods or services or both and inter-State supplies of goods or services or both made from the State or Union territory by the said taxable person but excludes central tax, State tax, Union territory tax, integrated tax and cess;

15.1.3: Section 2 (98) of the CGST Act, 2017: Definition of Term “Reverse Charge”

Section 2 (98): “reverse charge” means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both under sub-section (3) or sub-section (4) of section 9, or under sub-section (3) or subsection (4) of section 5 of the Integrated Goods and Services Tax Act;

15.1.4: Section 2 (47) of the CGST Act, 2017: Definition of Term “Exempt Supply”

Section 2(47): “exempt supply” means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;
15.1.5: **Section 2 (78) of the CGST Act, 2017: Definition of Term “Non-taxable supply”**

Section 2 (78): “non-taxable supply” means a supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services Tax Act;

15.2: **Section 10 of the CGST Act, 2017: Composition Levy**

**Section 10.**(1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, 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) one per cent. of the turnover in State or turnover in Union territory in case of a manufacturer,
(b) two and a half per cent. of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and
(c) half per cent. of the turnover in State or turnover in Union territory in case of other suppliers,

subject to such conditions and restrictions as may be prescribed:

Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding one crore rupees, as may be recommended by the Council.

(2) The registered person shall be eligible to opt under 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 collect tax at source under section 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 Permanent Account Number (issued under the Income-tax Act, 1961), 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.

(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 under sub-section (1).

(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.
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.

15.3: Section 39 (2) of CGST Act, 2017- Furnishing of Return by Taxable Person under Composition levy.

Section 39(2): A registered person paying tax under the provisions of section 10 shall, for each quarter or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, of turnover in the State or Union territory, inward supplies of goods or services or both, tax payable and tax paid within eighteen days after the end of such quarter.


Rule 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 under section 10, shall electronically file an intimation in FORM 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 thirty 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.

(3) Any registered person who opts to pay tax under section 10 shall electronically file an intimation in FORM 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 financial year for which the option to pay tax under the aforesaid section is exercised and shall furnish the statement in FORM GST ITC-03 in accordance with the provisions of sub-rule (4) of rule 44 within a period of sixty days from the commencement of the relevant financial year.

(4) Any person who files an intimation under sub-rule (1) to pay tax under section 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, either directly or through a Facilitation Centre notified by the Commissioner, within a period of sixty days from the
date on which the option for 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 sub-rule (3) 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.

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 sub-rule (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.

5. Conditions and restrictions for composition levy.-

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

(a) he is neither a casual taxable person 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 under sub-section (4) of section 9;
(d) he shall pay tax under sub-section (3) or sub-section (4) of section 9 on inward supply of goods or services or both;
(e) he was not engaged in the manufacture of goods as notified under clause (e) of sub-section (2) of section 10, during the preceding financial year;
(f) he 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; and
(g) he shall mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

(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 under section 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 seven 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.

(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.

(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.

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:-

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category of registered persons</th>
<th>Rate of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Manufacturers, other than manufacturers of such goods as may be notified by the Government</td>
<td>one per cent.</td>
</tr>
<tr>
<td>2.</td>
<td>Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II</td>
<td>two and a half per cent.</td>
</tr>
<tr>
<td>3.</td>
<td>Any other supplier eligible for composition levy under section 10 and the provisions of this Chapter.</td>
<td>half per cent.</td>
</tr>
</tbody>
</table>
FAQ- Frequently Asked Questions

Q1: My turnover for the preceding year is Rs. 60 Lacs. Can I opt for the composition levy scheme?

A: Yes, you are eligible for the composition levy. However, if you are registered in any of the following nine states namely Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Himachal Pradesh then you are not eligible for the composition levy scheme as the upper threshold limit in these states is Rs. 50 Lacs.

Q2: I am making some supplies which are exempt from payment of GST. Will these be included for calculation of my turnover for the purpose of this scheme?

A: Yes. The exempt supplies made within a state or a union territory have to be included for calculation of the turnover.

Q3: How to compute ‘aggregate turnover’ to determine eligibility for composition scheme?

A: The methodology to compute aggregate turnover is given in Section 2(6). Accordingly, ‘aggregate turnover’ means ‘Value of all supplies (taxable and non-taxable supplies + Exempt supplies + Exports) and it excludes Taxes levied under CGST Act, SGST Act and IGST Act, Value of inward supplies + Value of supplies taxable under reverse charge of a person having the same PAN.

Q4: Is the value adopted for calculating the turnover inclusive of the taxes or not?

A: The value does not include the CGST, SGST, UTGST, IGST, & CESS.

Q5: I am a supplier of services, am I covered by the composition levy scheme?

A: No, suppliers of services are outside the purview of the composition levy scheme; however, a service provider engaged in supply of food or drink (other than liquor) is eligible for the scheme.

Q6: Can composition scheme be availed if the taxable person effects inter-State supplies?

A: No, composition scheme is applicable subject to the condition that the taxable person does not affect interstate supplies.

Q7: I am making supply of goods some of which are taxable while others are not leviable to GST. Am I eligible for the composition levy scheme?

A: No, a registered person engaged in making supply of goods, which are not leviable to tax under the CGST Act is not eligible to opt under the scheme.

Q8: Is a person making supplies through an electronic commerce operator eligible to opt for the composition levy scheme?
Q9: Has the government notified any class of manufacturers of goods who are not eligible to opt for the composition levy scheme?

A: Yes, vide notification no. 8/2017-Central Tax dated 27.06.2017, the central government has notified that manufacturers of ice-cream, pan masala, tobacco and manufactured tobacco substitutes are barred from availing the composition levy scheme.

Q10. Will a taxable person be eligible to opt for composition scheme only for one out of 3 business verticals?

A: No, composition scheme would become applicable for all the business verticals/registrations which are separately held by the person with same PAN.

Q11: What happens if I cross the threshold turnover during the financial year?

A: The option availed for the composition levy shall lapse w.e.f. the date on which the aggregate turnover exceeds the limits.

Q12: What are the rates on which tax has to be paid by me in case I opt for the composition levy scheme?

A: The combined rates of composition levy (Central GST+ State GST) are as follows:

(i) Traders- 1%
(ii) Manufacturers- 2%
(iii) Restaurants- 5%

The percentage refers to the turnover in the State/ UT.

Q13: Can the taxable person under composition scheme claim input tax credit?

A: No, taxable person under composition scheme is not eligible to claim input tax credit.

Q14: Can composition tax be collected from customers?

A: No, the taxable person under composition scheme is restricted from collecting tax. It means that a composition scheme supplier cannot issue a tax invoice.

Q15: Can I opt for the composition levy during the middle of the financial year?

A: No, the scheme has to be opted either w.e.f. 1st July, 2017 or from the beginning of any other financial year.
Q16: If a person opting for the composition levy scheme purchases any goods or services from an unregistered person, will he be required to pay the tax on reverse charge basis on such purchases under Section 9(4)?

A: Yes, a person under the composition levy scheme shall be liable to pay the tax on reverse charge basis for supplies procured from unregistered persons. He shall also be liable to pay tax on receipt of those services by him which are notified under the reverse charge scheme.

Q17: Can a registered person who has opted for the composition of levy scheme withdraw from the scheme?

A: Yes, a composition taxable person can withdraw from the scheme by filing an application in FORM GST CMP-04.

Q18: Is a composition taxable person exempt from following provision relating to tax invoice as provided in Section 31(1)?

A: Yes, a composition taxable person supplying exempted goods or services or both has to issue a bill of supply containing the prescribed particulars instead of tax invoice. Further, the bill of supplies may not be issued in case the value of goods or services or both is less than Rs 200. A composition taxable person is also required to mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him.

Q19: Is there any relaxation in filing the monthly returns for those who opt for the composition scheme?

A: Yes, only one quarterly return in Form GSTR-4 is required to be filed by the composition taxable person.

Q20: What are the conditions and restrictions for composition levy scheme?

A: Please refer to Section 10(2) of the CGST Act and Rule 3 of the Composition Rules, 2017 for this purpose.

Q21. Can the customer who buys from a taxable person who is under the composition scheme claim composition tax as input tax credit?

A: No, customer who buys goods from taxable person who is under composition scheme is not eligible for composition input tax credit because a composition scheme supplier cannot issue a tax invoice

Q22. What are the penal consequences if a taxable person violates the condition and is not eligible for payment of tax under the Composition scheme?

A: Taxable person who was not eligible for the composition scheme would be liable to pay tax, interest and in addition he shall also be liable to a penalty equivalent to the amount of tax payable.
FAQ-Twitter

Q1: Suppose I am in composition scheme in GST, If I purchase goods from unregistered person, then GST will be paid to Government by me or not?

A: Yes, you will be liable to pay tax on reverse charge basis for supplies from unregistered person.
Composition Levy Scheme in GST

1. **Composition Levy Scheme under GST law.**

   Composition levy scheme is a very simple, hassle free compliance scheme for small taxpayers. It is a voluntary and optional scheme.

   **Benefits of composition scheme**
   
   - Easy compliance as no elaborated records to be maintained
   - Simple Quarterly Return
   - Quarterly payment of tax

   Provisions related to composition levy have been provided under section 10 of the Central GST Act, 2017 and Chapter 2 of the CGST Rules, 2017. Under this scheme, a registered taxable person, whose aggregate turnover does not exceed Rs. 75 lakhs (Rs. 50 lakhs for special category States) in the financial year 2016-17 may opt for this scheme.

   A taxpayer registered under composition levy scheme has to pay an amount equal to certain 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 records and instead of three monthly returns, which a normal taxpayer has to file under GST, he has to file a simple quarterly return in FORM GSTR-04. However upon opting for this scheme, he cannot issue taxable invoice under GST law and cannot collect GST from his customers nor can claim Input Tax credit on his purchases.

2. **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/services
   - Inter-state supplies.

   but excludes

   - the value of inward supplies on which tax is payable by a person on reverse charge basis &
   - taxes including cess paid under GST law.
3. **Registration and intimation under the scheme.**

- Registration under GST law is compulsory for opting the scheme.
- A person who is registered under existing laws and has obtained a provisional registration under GST has to file an electronic intimation in the FORM GST CMP-01 on the common portal (www.gstn.gov.in). He can file this intimation either before the appointed day (i.e. day on which GST will come into force) or within 30 days (or as extended by the commissioner) of the appointed day. However, if he intimates after the appointed day, he shall not collect GST from the appointed day. Further, such a person has to furnish a statement containing 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 for the scheme, in FORM GST CMP-03, within 60 days (or as extended by the commissioner) of the date from which the option for composition levy is exercised.
- A person who is not registered under existing law but applies for fresh registration under Registration Rule 8 may opt for the scheme by providing necessary information under part B of FORM GST REG-01.
- Any registered person who wants to opt for composition levy has to file an electronic intimation in the FORM GST CMP-02 prior to the commencement of financial year for which the option to pay tax under composition levy is exercised and also has to furnish a statement in FORM GST ITC-03 in accordance with the sub rule (4) of Rule 9 of ITC Rules, 2017, within 60 days from the commencement of the relevant financial year.
- **A person having a single PAN and registered in more than one State under GST can opt for the scheme**
  - Yes, the person can opt for the scheme provided he meets all the conditions of the scheme. However, all such registered persons have to opt for the scheme. A single registered person cannot opt for the scheme.
  - Further, an intimation for withdrawal or denial of the scheme with respect to any registered person will be applicable for all such registered persons.

4. **Effective Date for composition levy**

- Effective date is the appointed date for the taxpayers who are already registered under the existing laws and obtain provisional registration under GST law and intimates about opting for the scheme either before the appointed day or within 30 days of the appointed day.
- Effective date is the beginning of the financial year for registered taxpayers who intimates about opting for the scheme under FORM GST CMP-02.
- Effective date is the date of registration for a person who applies for fresh registration under Registration Rule 8 of the CGST Rules, 2017 by providing necessary information under part B of FORM GST REG-01.

5. **Persons who are not eligible for the scheme.**
Barring few exceptions, all registered taxable persons whose aggregate turnover has not exceeded Rs.75 lakhs in the financial year 2016-17 are eligible opt for this scheme. List of taxable persons who are not eligible for the scheme is as below:

i. 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.

ii. A non-resident Taxable person i.e. a person who occasionally undertakes supplies but has no fixed place of business or residence in India.

iii. A supplier of services except a person engaged in supply of restaurant service.

iv. A person engaged in providing inter-state supply of goods.

v. A person engaged in supply of non-taxable goods i.e. goods which are not taxable under GST law.

vi. A person engaged in supply of goods through an Electronic Commerce Operator (ECO) who is required to collect Tax at source under section 52 of the CGST Act.

vii. A person engaged in manufacturing of goods notified under sec 10 (2) (e) of the CGST Act either in the year 2016-17 or later.

6. Rate of Tax under the scheme

There are three rates prescribed for three different category of suppliers.

- An eligible Manufacturer has to pay 2% (1% CGST and 1% SGST/UTGST) of turnover in a state or Union Territory, as the case may be.
- An eligible person engaged in making supplies mentioned in clause (b) of para 6 of Schedule II of the CGST Act (provider of restaurant Service) has to pay 5% (2.5% CGST and 2.5% SGST/UTGST) of turnover in a state or Union Territory, as the case may be.
- An eligible person engaged in any other supply has to pay 1% (0.5% CGST and 0.5% SGST/UTGST) of turnover in a state or Union Territory, as the case may be.

7. 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.

8. Conditions & Restrictions under the scheme

A person opting for the scheme has to adhere to the following conditions:

- Issue bill of supply in the prescribed manner
- Pay all taxes on purchases including taxes to be paid on reverse charge basis
- Don’t claim input tax credit of purchases
• Mention the words “composition taxable person” on every noticeboard or signboard displayed at the prominent place at his every place of business.

• Condition 5(1)(b) of the CGST Rules, 2017: 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 Rule 8(1) of the CGST Rules, 2017

• Withdraw from the scheme if not eligible

9. **Validity of the composition levy scheme**

A person opting for the composition levy scheme can continue to pay tax under the said scheme as long as he satisfies the eligibility criteria and conditions related to the scheme.

10. **Conditions which may render a person in-eligible for the scheme**

A person is in-eligible for the scheme, if

• he wrongly opts for the scheme.

• his turnover exceeds Rs. 75 lakhs (In the case of 9 North East and special category states, namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh, the limit of turnover is Rs.50 Lakhs in the preceding financial year)

• he contravenes eligibility criteria or any of the conditions of the scheme

11. **Withdrawal from the composition levy scheme and procedure thereafter**.

• A registered person who intends to withdraw from the scheme has to file an intimation for withdrawal from the scheme in the FORM GST CMP-04, before the date of such withdrawal.

• A registered person who ceases to satisfy any provision of the scheme has to file an intimation for withdrawal from the scheme in the FORM GST CMP-04, within 7 days of occurrence of such event.

• After opting out of the scheme, he has to pay tax as normal tax payer and issue tax invoice for every taxable supply made thereafter

• Subsequently he has to forward a statement in FORM GST ITC-01 containing details of the stock of the inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn. The said statement has to be submitted on the common portal within 30 days from the date of withdrawal.

• He shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax as normal taxpayer under section 9 of the CGST Act, 2017.
12. **Action for wrongly opting the scheme or for contravention of any provision of the scheme**

- In the scenario, when the proper officer has reason to believe that the registered person has wrongly opted for the scheme or he has contravened the provisions of the scheme, then he will seek a reply by issuing a show cause notice to such person in the FORM GST CMP-05. This notice is to be replied within 15 days of receipt of the same. Thereafter within 30 days of receipt of reply, officer has to issue an order in FORM GST CMP-07, either accepting the reply or denying the option to pay tax under the scheme.

- Subsequently the registered person who has been denied the option to pay tax under the scheme has to forward a statement in FORM GST ITC-01 containing details of the stock of the inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is denied. The said statement has to be submitted on the common portal within 30 days from the date of denial order passed in the FORM GST CMP-07.

- The delinquent taxpayer will be liable to pay the due tax and penalty. However no adverse action will be taken without following the principles of natural justice.
Dos and Don’ts under Composition Levy

**DOs**

1. **Check your eligibility**
   
a. Calculate your aggregate turnover in the previous financial year. It should be less than Rs. 75,00,000/- (in case of North Eastern States and Himachal Pradesh, this limit is Rs. 50 lakhs)

b. Whether you are making inter-state outward supplies of goods? If yes, you are not eligible for the composition scheme.

c. Whether you are making supplies of any service other than restaurant services? If yes, you are not eligible for the composition scheme.

d. Whether you are having multiple registrations in different states with the same PAN (Distinct persons)? If yes, all other entities registered with the same PAN must also opt for composition scheme.

e. Whether you are casual taxable person or non-resident taxable person? If yes, you are not eligible for the composition scheme.

f. Whether you are making any supply of goods through electronic commerce operator who is required to collect tax at source on such supply? If yes, you are not eligible for the composition scheme.

g. Whether you are making any supply of goods which are not subject to GST? If yes, you are not eligible for the composition scheme.

h. Whether you are manufacturer of such goods as notified by the Government (ice cream, other edible ice, pan masala, tobacco and manufactured tobacco substitutes)? If yes, you are not eligible for the composition scheme.

2. **Once you decide to opt for the composition scheme**

a. File intimation in Form GST CMP 01 before 31st July 2017, if already registered and migrated to GST.

b. In case you apply for composition scheme at the time of applying for registration by virtue of crossing the threshold limit of Rs 20 lakhs or 10 lakhs as the case may be, you may give an option to pay tax under the scheme in Part B of FORM GST REG-01, which shall be considered as an intimation to pay tax under the composition scheme.

c. If already registered under GST and wish to opt for the scheme, file intimation under Form GST CMP-02 on the common portal prior to the commencement of the financial year.

d. Intimation in respect of any one State or Union territory shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.
e. In case you are migrating to GST from earlier tax regime, furnish the stock details in Form GST CMP-03 with in sixty days from the date when option for composition scheme was exercised.

f. No need to file fresh intimation every year. The option exercised by a person for the composition scheme shall be valid as long as the conditions specified for the scheme are satisfied.

g. Furnish Statement in Form GST ITC-03 on GST common portal within sixty days from the commencement of the year; It is an application for intimation of ITC reversal on inputs, inputs contained in semi-finished and finished goods and capital goods in stock in case of opting for composition levy.

3. While continuing under the scheme

a. Issue Bill of supply for every supply in lieu of tax invoice.

b. Mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of every bill of supply issued by you.

c. Mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

d. Pay tax on inward supplies received from unregistered persons.

e. File quarterly returns in GSTR 4 (before 18th of the month immediately following the end of quarter)

f. Pay tax on quarterly basis on or before 18th of the last month of the quarter.

g. In case your turnover during the year exceeds Rs.75,00,000/-, stop paying composition levy and become a normal taxpayer by filing form GST CMP-04.

4. In case you decide to opt out of the scheme

a. File FORM GST CMP-04 on the common portal within seven days of occurrence of any such event warranting exit from the scheme.

b. On withdrawal from the composition, take Credit of tax paid on the stock lying with you by filing Form GST ITC-01 within 30 days from the date when the option for withdrawal was exercised, on the common portal, containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock.
DON’Ts

In case you are a composition dealer,
a) Don’t Issue a tax invoice. (Composition dealers need to issue a bill of supply)

b) Don’t avail Input Tax Credit on inward supplies. (Composition dealer cannot avail ITC)

c) Don’t collect any tax from the recipient of your supplies.

d) Don’t continue paying tax under composition scheme in case your turnover during the year exceeds Rs.75,00,000/-

e) Don’t continue paying tax under composition scheme in case you make inter-state supplies.

f) Don’t continue paying tax under composition scheme in case you happen to be a casual taxable person or non-resident taxable person.
Assessee User Manual (AUM-03)
Composition Scheme

Composition levy is an alternative method of levy of tax designed for small taxpayers whose turnover is up to Rs. 75 lakhs. The basic objective is to bring simplicity and reduce cost of compliance for the small taxpayers. The scheme is only for registered persons. Any unregistered person, wanting to opt for the scheme needs to first register. A person desiring to apply for the scheme should go through the following steps:

1. **Eligibility for composition scheme**: Please check your eligibility under the composition scheme along with the applicable rate
   1.1. Whether your aggregate turnover in the previous financial year is less than Rs. 75 lakhs (in case of North Eastern States and Himachal Pradesh, this limit is Rs. 50 lakhs)
   1.2. Whether you are providing any service other than restaurant services? If yes, you are not eligible for the scheme
   1.3. Whether you are making any inter-state supply? If yes, you are not eligible for the scheme
   1.4. Whether you are manufacturer of such goods as notified by the Government (ice cream, other edible ice, pan masala, tobacco and manufactured tobacco substitutes)? If yes, you are not eligible for the scheme
   1.5. Whether you are engaged in making any supply of goods which are not leviable to tax under GST? If yes, you are not eligible for the scheme.
   1.6. Whether you are registered persons in more than one state under the same PAN? If yes, you shall not be eligible to opt for the composition, unless all such registered persons opt to pay tax under the scheme
   1.7. Whether you are making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52? If yes, you are not eligible for the scheme

2. Conditions and restrictions:
   2.1. Any tax paid under the composition levy is not considered as input tax and is specifically excluded from the definition of “input tax”.
   2.2. A person opting to pay under this scheme can neither take credit of taxes paid on inputs nor it can collect any tax from the recipient.
   2.3. He should neither be a casual taxable person nor a non-resident taxable person;
   2.4. 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 by intimation in FORM GST CMP-01 by a person who is granted registration on a provisional basis;
   2.5. The goods held in stock by him have not been purchased from an unregistered person and where purchased, he pays the tax on reverse charge basis;
2.6. He shall pay tax on inward supply of goods or services or both received from un-registered persons;

2.7. He was not engaged in the manufacture of goods as notified under clause (e) of sub-section (2) of section 10 (ice cream, other edible ice, pan masala, tobacco and manufactured tobacco substitutes), during the preceding financial year;

2.8. He 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; and

2.9. He shall mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

3. Intimation for composition levy

For persons registered under existing Law, and migrating on the appointed day
3.1. Intimation form GST CMP-01 required to be filled
3.2. Intimation to be filed before 31st July, 2017

3.3. A person may give an option to pay tax under the scheme in Part B of FORM GST REG-01, which shall be considered as an intimation to pay tax under the composition scheme

3.4. Any intimation for the composition levy 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 PAN.

3.5. Furnish the details of stock, including the inward supply of goods received from unregistered persons, held on the day preceding the date from which he opts to pay tax under the scheme in Form GST CMP-03 with in sixty days

For persons registered under the CGST Act, 2017,
3.6. Intimation under Form GST CMP-02 is to be filled;

3.7. Intimation should be filed prior to the commencement of the financial year for which the option to pay tax under the scheme is exercised;

3.8. No need to file fresh intimation every year;

3.9. Statement in Form GST ITC-03 to be furnished with in sixty days from the commencement of the year; It is an Application for intimation of ITC reversal on inputs, inputs contained in semi-finished and finished goods and capital goods in stock in case of opting for composition levy

3.10. The option to pay tax under the scheme shall be effective from the beginning of the financial year

4. Instructions for filling the forms GST CMP-01/02 are:
4.1. The scheme is to be applied Financial Year wise

4.2. Jurisdiction is to be mentioned for Centre as well as State

5. The rates for different class of registered persons are as under:
<table>
<thead>
<tr>
<th>S/ No.</th>
<th>Category of Registered person</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturers, other than manufacturers of such goods as may be notified by the Government in accordance with the notification issued by the Government.</td>
<td>2% (1% CGST plus 1% SGST) of turnover in the State.</td>
</tr>
<tr>
<td>2</td>
<td>Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II viz. Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.</td>
<td>5% (2.5% CGST plus 2.5% SGST) of turnover in the State.</td>
</tr>
<tr>
<td>3</td>
<td>Any other supplier eligible for composition levy under the composition scheme (Section 10) and the composition rules.</td>
<td>1% (0.5% CGST plus 0.5% SGST) of turnover in the State.</td>
</tr>
</tbody>
</table>

**6. Validity of the Composition Levy:** The option exercised by a person for the composition scheme shall be valid as long as the conditions specified for the scheme are satisfied.

**6.1.** Intimation for withdrawal from the scheme shall be filed in FORM GST CMP-04 within seven days of occurrence of any such event warranting exit from the scheme.

**6.2.** On withdrawal from the composition, Form GST ITC-01 shall be filed, containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him.
Government of India / State.
Department of..............

**Form GST CMP-01**

[See Rule ——-]

**Application to Opt for Composition Levy**
(Only for persons registered under existing Law, migrating on the appointed day)

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<tbody>
<tr>
<td>1. GSTIN / Provision ID</td>
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<tr>
<td>2. Name of Business (Legal)</td>
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<td>3. Trade name, if any</td>
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<td>4. Address of Principal Place of Business</td>
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<td>5. Category of Registered Person</td>
<td>&lt;Select from drop down&gt;</td>
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<td>(i) Manufacturers, other than manufacturers of such goods as notified by the Government</td>
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<td>(ii) Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II</td>
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<tr>
<td>(iii) Any other supplier eligible for composition levy.</td>
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<tr>
<th>6. Financial Year for which composition scheme is opted</th>
<th>2017-18</th>
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<tr>
<td>7. Jurisdiction</td>
<td>Centre</td>
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<td></td>
<td>State</td>
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8. Declaration —–
I hereby declare that aforesaid business shall abide by the conditions and restrictions specified for opting composition.

9. Verification
I ______________________________ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory

Name

Designation / Status

Place

Date
Government of India / State…..  
Department of………………  

Form GST CMP -02  
[See Rule----]  

Application to Opt for Composition Levy  
(For persons registered under the GST)  

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<td>State</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>8. Declaration —</td>
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<td></td>
</tr>
<tr>
<td>I hereby declare that aforesaid business shall abide by the conditions and restrictions specified for opting composition.</td>
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<td>9. Verification</td>
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<tr>
<td>I hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.</td>
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<td>Place</td>
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<td>Date</td>
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</table>

Signature of Authorized Signatory  
Name  
Designation / Status
# Intimation of Stock details as on date of Opting for Composition Levy

(Only for persons registered under existing Law, migrating on the appointed day)

| 1. GSTIN |  |
| 2. Name of Business (Legal) |  |
| 3. Trade name, if any |  |
| 4. Address of Principal Place of Business |  |

<table>
<thead>
<tr>
<th>5. Details of application filed to opt for composition scheme</th>
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</thead>
<tbody>
<tr>
<td>(i) Application reference number (ARN)</td>
</tr>
<tr>
<td>(ii) Date of filing</td>
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</table>

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<th>6. Jurisdiction</th>
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</thead>
</table>

<p>| 7(a). Input Tax Credit on Opening Stock purchased from registered persons, lying on the day preceding the date from which the person opts to pay tax as composition levy |</p>
<table>
<thead>
<tr>
<th>Description</th>
<th>Value (Rs.)</th>
<th>Amount of input tax credit taken (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Trading / finished products</td>
<td></td>
<td>VAT</td>
</tr>
<tr>
<td>(ii) Semi-finished goods</td>
<td></td>
<td>CX</td>
</tr>
<tr>
<td>(iii) Packaging Material</td>
<td></td>
<td>ST (if applicable)</td>
</tr>
<tr>
<td>(iv) Raw Material</td>
<td></td>
<td>Total</td>
</tr>
</tbody>
</table>

<p>| 7(b). Tax payable on Opening Stock purchased from the unregistered persons, lying on the day preceding the date from which the person opts to pay tax as composition levy |</p>
<table>
<thead>
<tr>
<th>Description</th>
<th>Value (Rs.)</th>
<th>Amount of tax payable (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Trading Stock</td>
<td></td>
<td>CGST</td>
</tr>
<tr>
<td>(ii) Packaging Material</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) Raw material</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sub Total

<table>
<thead>
<tr>
<th>7(c). Detail of tax paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
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</tbody>
</table>

Debit entry no.
8. Stock of purchases made from registered taxpayer

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>GSTIN/TIN</th>
<th>Name of the supplier</th>
<th>Bill/Invoice No.</th>
<th>Date</th>
<th>Taxable Value (Rs)</th>
<th>VAT</th>
<th>CX</th>
<th>ST (if applicable)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>1</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

9. Stock of purchases made from unregistered taxpayer

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name of the Unregistered Taxpayer</th>
<th>Address</th>
<th>Bill/Invoice No.</th>
<th>Date</th>
<th>Taxable Value (Rs)</th>
<th>CGST</th>
<th>SGST / UTGST</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td>9</td>
</tr>
<tr>
<td>1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Verification

I hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory

Name

Designation / Status
Government of India / State...
Department of.............

Form GST – CMP-04
(See Rule ------)

Application for Withdrawal from Composition Levy

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. GSTIN / Provision ID</td>
<td></td>
</tr>
<tr>
<td>2. Name of Business (Legal)</td>
<td></td>
</tr>
<tr>
<td>3. Trade name, if any</td>
<td></td>
</tr>
<tr>
<td>4. Address of Principal Place of business</td>
<td></td>
</tr>
<tr>
<td>5. Category of Registered Person</td>
<td></td>
</tr>
<tr>
<td>(i) Manufacturers, other than manufacturers of such goods as may be notified by the Government</td>
<td></td>
</tr>
<tr>
<td>(ii) Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II</td>
<td></td>
</tr>
<tr>
<td>(iii) Any other supplier eligible for composition levy.</td>
<td></td>
</tr>
<tr>
<td>6. Nature of Business</td>
<td></td>
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<tr>
<td>7. Date from which withdrawal from composition scheme is sought</td>
<td>DD MM YYYY</td>
</tr>
<tr>
<td>8. Jurisdiction</td>
<td>Centre State</td>
</tr>
<tr>
<td>9. Reasons for withdrawal from Composition scheme</td>
<td></td>
</tr>
<tr>
<td>10. Verification</td>
<td></td>
</tr>
</tbody>
</table>

I hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory

Name

Place

Date

Designation / Status

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