



कुलसचिव का कार्यालय

OFFICE OF THE REGISTRAR

No.NITJSR/REG/CD/2021-22/...575

Date: -16.08.2021

NOTICE - 220/2021

Ref:- (i) The CGST Act, 2017.

(ii) Letter No. F.No.23011/10/2017/IF.I dated 02/03/2021 from MoE regarding implementation of Treasury Single Account (TSA) system in ABs.

This has been observed that the bills being presented before the authorities by various vendors/ officials for payment are being issued in contravention of the CGST Act, 2017 thus leading possibility of evasion of taxes and loss to the govt. at large.

2. The matter has been discussed many times in the meeting with the Deans/ HODs. It is reiterated once again that all officials must ensure that the bills presented before the Institute authorities for payment are in accordance of the CGST Act, 2017. A copy of the relevant extract issued by the CBEC w.r.t. issue of GST tax Invoice is attached herewith for ready reference.

3. If any situation arises to procure goods or services from unregistered parties, such matter shall be decided purely on the merit/ exigency of the matter and decision for payment shall be taken by the competent authority.

4. This is issued with approval of the Competent Authority.

Col (Dr) N.K. Rai (Retd)
Registrar

Enclosure:- GST Tax Invoice dossier issued by the CBEC (07 Pages).

Copy to (through Email):-

1. Office of the Director for kind information.
2. All Deans/HODs/ HOSs/ HOCs/ PIs/ FICs etc.
3. P/I Website for uploading on the website.
4. Guard File.



GST

Tax Invoice and other such instruments GST

Introduction

Generally speaking, an invoice is a commercial instrument issued by a seller to a buyer. It identifies both the trading parties and lists, describes, and quantifies the items sold, shows the date of shipment and mode of transport, prices and discounts, if any, and delivery and payment terms.

In certain cases, (especially when it is signed by the seller or seller's agent), an invoice serves as a demand for payment and becomes a document of title when paid in full. Types of invoice include commercial invoice, consular invoice, customs invoice, and proforma invoice. It is also called a bill of sale or contract of sale.

Introduction Invoice under GST

Under the GST regime, an "invoice" or "tax invoice" means the tax invoice referred to in section 31 of the CGST Act, 2017. This section mandates issuance of invoice or a bill of supply for every supply of goods or services. It is not necessary that only a person supplying goods or services need to issue invoice. The GST law mandates that any registered person buying goods or services from an unregistered person needs to issue a payment voucher as well as a tax invoice. The type of invoice to be issued depends upon the category of registered person making the supply. For example, if a registered person is making or receiving supplies (from unregistered persons), then a tax invoice needs to be issued by such registered person. However, if a registered person is dealing only in exempted supplies or is availing of composition scheme (composition dealer), then such a registered person needs to issue a bill of supply in lieu of invoice. The invoice should contain description, quantity and value & such other prescribed particulars (in case of supply of goods) and the description and value & such other prescribed particulars (in case of supply of services). An invoice or a bill of supply need not be issued if the value of the supply is less than Rs. 200/- subject to specified conditions.

Importance of tax invoice under GST

Under GST a tax invoice is an important document. It not only evidences supply of goods or services, but is also an essential document for the recipient to avail Input Tax Credit (ITC). A registered person cannot avail input tax credit unless he is in possession of a tax invoice or a debit note.

GST is chargeable at the time of supply. Invoice is an important indicator of the time of supply. Broadly speaking, the time of supply of goods or services is the date of issuance of invoice or receipt of

payment whichever is earlier. However, a special procedure for payment of tax has been prescribed for registered persons (other than composition dealers) supplying goods. Such category of persons (suppliers of goods other than composition dealers) need to pay GST only at the time of issue of invoice irrespective of when they receive payment.

Thus the importance of invoice under GST cannot be over-emphasised. Suffice it to say, the tax invoice is the primary document evidencing the supply and vital for availing input tax credit.

When a tax invoice or a bill of supply should be issued by a registered person

Goods

The time for issuing invoice would depend on the nature of supply viz whether it is a supply of goods or services. A registered person supplying taxable goods shall, before or at the time of removal of goods (where supply involves movement of goods) or delivery or making available thereof to the recipient, issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars has been prescribed in the Invoice Rules.

The Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.

Contents of invoice

There is no format prescribed for an invoice, however, Invoice rules makes it mandatory for an invoice to have following fields (only applicable field are to be filled):

- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and GSTIN or UIN, if registered, of the recipient;
- (e) name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand



Directorate General of Taxpayer Services

CENTRAL BOARD OF EXCISE & CUSTOMS

www.cbec.gov.in



GST

Tax Invoice and other such instruments GST

- rupees or more;
- (f) HSN code of goods or Accounting Code of services;
- (g) description of goods or services;
- (h) quantity in case of goods and unit or Unique Quantity Code thereof;
- (i) total value of supply of goods or services or both;
- (j) taxable value of supply of goods or services or both taking into account discount or abatement, if any;
- (k) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (l) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (m) place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
- (n) address of delivery where the same is different from the place of supply;
- (o) whether the tax is payable on reverse charge basis; and
- (p) signature or digital signature of the supplier or his authorized representative

Contents of Bill of Supply

A bill of supply shall be issued by the supplier containing the following details:-

- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue
- (d) name, address and GSTIN or UIN, if registered, of the recipient;
- (e) HSN Code of goods or Accounting Code for services;
- (f) description of goods or services or both;
- (g) value of supply of goods or services or both taking into account discount or abatement, if any; and
- (h) signature or digital signature of the supplier or his authorized representative

Services

A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as has been prescribed in the Invoice Rules.

The Government may, on the recommendations of the Council, by notification and subject to such conditions as may be mentioned therein, specify the categories of services in respect of which—

- (a) any other document issued in relation to the supply shall be deemed to be a tax invoice; or
- (b) tax invoice may not be issued.

Thus it can be seen that in case of goods, an invoice has to be issued before or at the time of supply. In case of services, however, invoice has to be issued before or after provision of services. If the invoice is issued after provision of service, it has to be done within the specified

period of 30 days from the date of supply of service, as per invoice rules.

Revised Invoice

A registered person may, within one month from the date of issuance of certificate of registration and in such manner as has been prescribed in the Invoice Rules, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him. This provision is necessary as a person who becomes liable for registration has to apply for registration within 30 days of becoming liable for registration. When such an application is made within the time period and registration is granted, the effective date of registration is the date on which the person became liable for registration. Thus there would be a time lag between the date of grant of certificate of registration and the effective date of registration. For supplies made by such person during this intervening period, the law enables issuance of a revised invoice, so that ITC can be availed by the recipient on such supplies.

Receipt Voucher/ Refund voucher on receipt of advance payment

Whenever a registered person receives an advance payment with respect to any supply of goods or services or both, he has to issue a receipt voucher or any other document, containing such particulars as has been prescribed in the Invoice Rules, evidencing receipt of such payment.

Where any such receipt voucher is issued, but subsequently no supply is made and no tax invoice issued, the registered person who has received the advance payment can issue a refund voucher against such payment.

A receipt voucher needs to contain the following particulars:

- (a) name, address and GSTIN of the supplier;
- (b) a consecutive serial number containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
- (c) date of its issue;
- (d) name, address and GSTIN or UIN, if registered, of the recipient;
- (e) description of goods or services;
- (f) amount of advance taken;
- (g) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (h) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (i) place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce;
- (j) Whether the tax is payable on reverse charge basis; and
- (k) Signature or digital signature of the supplier or his authorized representative.

It has also been provided in the Invoice Rules that if at the time of receipt of advance,

- (i) The rate of tax is not determinable; the tax may be paid @18%;

Follow us on:



@CBEC_India
@askGST_GoI



cbecindia



GST

Tax Invoice and other such instruments GST

(ii) The nature of supply is not determinable, the same shall be treated as inter-State supply.

Invoice and payment voucher by a person liable to pay tax under reverse charge

A registered person liable to pay tax under reverse charge (both for supplies on which tax is payable under reverse charge mechanism and supplies received from unregistered persons) has to issue an invoice in respect of goods or service or both received by him. Such a registered person in respect of such supplies also has to issue a payment voucher at the time of making payment to the supplier.

Invoice in case of continuous supply of goods

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

Invoice in case of continuous supply of services

In case of continuous supply of services, where,

- the due date of payment is ascertainable from the contract; the invoice shall be issued on or before the due date of payment;
- the due date of payment is not ascertainable from the contract; the invoice shall be issued before or at the time when the supplier of service receives the payment;
- the payment is linked to the completion of an event; the invoice shall be issued on or before the date of completion of that event.

Issue of invoice in case, where supply of service ceases under a contract before completion of supply

In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.

Sale on approval basis

Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.

Amount of tax to be indicated in invoice

Where any supply is made for a consideration, every person who is liable to pay tax for such supply has to prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

Credit and Debit Notes

In cases where tax invoice has been issued for a supply and subsequently it is found that the value or tax charged in that invoice is more than what is actually payable/chargeable or where the recipient has returned the goods, the supplier can issue a credit note to the recipient. A registered person who issues such a credit note has to declare details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made or date of furnishing of the relevant annual

return whichever is earlier. The tax liability of the registered person will be adjusted in accordance with the credit note issued, however no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

In cases where tax invoice has been issued for a supply and subsequently it is found that the value or tax charged in that invoice is less than what is actually payable/chargeable, the supplier can issue a debit note to the recipient.

Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.

A revised tax invoice and credit or debit note has to contain the following particulars -

- the word "Revised Invoice", wherever applicable, indicated prominently;
- name, address and GSTIN of the supplier;
- nature of the document;
- a consecutive serial number containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year;
- date of issue of the document;
- name, address and GSTIN or UIN, if registered, of the recipient;
- name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
- serial number and date of the corresponding tax invoice or, as the case may be, bill of supply;
- value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
- signature or digital signature of the supplier or his authorized representative.

Manner of issuing invoice

The invoice shall be prepared in triplicate, in case of supply of goods, in the following manner:-

- the original copy being marked as ORIGINAL FOR RECIPIENT;
- the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
- the triplicate copy being marked as TRIPLICATE FOR SUPPLIER.

The invoice shall be prepared in duplicate, in case of supply of services, in the following manner:-

- the original copy being marked as ORIGINAL FOR RECIPIENT; and
 - the duplicate copy being marked as DUPLICATE FOR SUPPLIER.
- The serial number of invoices issued during a tax period shall be furnished electronically through the Common Portal in FORM GSTR-1.

Follow us on:



@CBEC_India
@askGST_GoI



cbecindia



GST

Tax Invoice and other such instruments GST

Tax invoice in Special Cases

An ISD invoice or, as the case may be, an ISD credit note issued by an Input Service Distributor shall contain the following details:

- name, address and GSTIN of the Input Service Distributor;
- a consecutive serial number containing alphabets or numerals or special characters hyphen or dash and slash symbolised as , “-”, “/”, respectively, and any combination thereof, unique for a financial year;
- date of its issue;
- name, address and GSTIN of the recipient to whom the credit is distributed;
- amount of the credit distributed; and
- signature or digital signature of the Input Service Distributor or his authorized representative.

Tax Invoice in special cases

Where the Input Service Distributor is an office of a banking company or a financial institution, including a non-banking financial company, a tax invoice shall include any document in lieu thereof, by whatever name called, whether or not serially numbered but containing the prescribed information.

Where the supplier of taxable service is an insurer or a banking company or a financial institution, including a non-banking financial company, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, whether or not serially numbered, and whether or not containing the address of the recipient of taxable service but containing other information as prescribed under rule 1 of Invoice Rules.

Where the supplier of taxable service is a goods transport agency supplying services in relation to transportation of goods by road in a goods carriage, the said supplier shall issue a tax invoice or any other document in lieu thereof, by whatever name called, containing the gross weight of the consignment, name of the consignor and the consignee, registration number of goods carriage in which the goods are transported, details of goods transported, details of place of origin and destination, GSTIN of the person liable for paying tax whether as consignor, consignee or goods transport agency, and also containing other information as prescribed under rule 1 of Invoice Rules.

Where the supplier of taxable service is supplying passenger transportation service, a tax invoice shall include ticket in any form, by whatever name called, whether or not serially numbered, and whether or not containing the address of the recipient of service but containing other information as prescribed under rule 1 of Invoice Rules.

Transportation of goods without an invoice

In the following cases it is permissible for the consignor to issue a delivery challan in lieu of invoice at the time of removal of goods:

- supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
- transportation of goods for job work,
- transportation of goods for reasons other than by way of supply, or
- such other supplies as may be notified by the Board.

The delivery challan, serially numbered not exceeding 16 characters, in one or multiple series, shall contain the following details:

- date and number of the delivery challan,

- name, address and GSTIN of the consignor, if registered,
- name, address and GSTIN or UIN of the consignee, if registered,
- HSN code and description of goods,
- quantity (provisional, where the exact quantity being supplied is not known),
- taxable value,
- tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee,
- place of supply, in case of inter-State movement, and
- signature.

The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner:-

- the original copy being marked as ORIGINAL FOR CONSIGNEE;
- the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
- the triplicate copy being marked as TRIPLICATE FOR CONSIGNER.

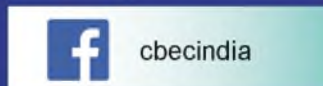
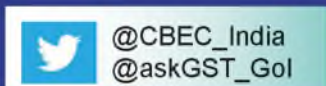
Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in FORM [WAYBILL].

Where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.

Where the goods are being transported in a semi knocked down or completely knocked down condition,

- the supplier shall issue the complete invoice before dispatch of the first consignment;
- the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- each consignment shall be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
- the original copy of the invoice shall be sent along with the last consignment.

Follow us on:





GST (Goods & Services Tax)

Composition Levy Scheme in GST

Introduction

The 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 elaborate accounts and 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. One crores (Rs. 75 lakhs for special category States except J & K and Utrakhand) 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 fixed percentage of his annual turnover as tax to the government. This tax has to be paid on quarterly basis. Such taxpayer does not have to maintain elaborate accounts and records and instead of two monthly statements and a return (which a normal taxpayer has to file under GST), he has to file a simple quarterly return in FORM GSTR-04. The time limit for GSTR-4 for the quarter July to September, 2017 has been extended to 24th December, 2017 vide Notification No. 59/2017-CGST.

However, upon opting for this scheme, he cannot issue taxable invoice under GST law and can neither collect GST from his customers nor can claim Input Tax credit on his purchases

Method to calculate Aggregate Turnover

Aggregate turnover is computed on all India basis for a person having same Permanent Account Number (PAN). It is sum of value of all outward supplies falling in the following four categories:

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

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

CBEC vide Order No. 01/2017-Central Tax dated 13th October, 2017 has clarified that a person supplying any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be ineligible for the composition scheme. In computing his aggregate turnover in order to determine his eligibility for composition scheme, value of supply of the exempt services including services by way of extending deposits, loans or advances shall not be taken into account.

Registration and intimation under the scheme.

Registration under GST law is compulsory for opting for the Composition 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 came into force 01/07/2017) or within 30 days (or as extended by the commissioner) of the appointed day (01/07/2017), (which was later extended up to 16/08/2017).

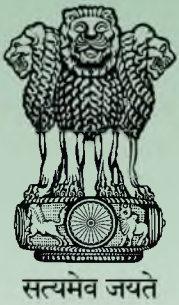
If he intimates after the appointed day, he shall not collect GST and issue bill of supply from the appointed day. Further such person has to furnish a statement containing details of stock including the inward supply of goods received from unregistered persons, held by him on the day preceding the date 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. As per Order No. 11/2017-GST dated 21.12.2017, the period for intimation of details of stock in FORM GST CMP-03 is extended till 31st January, 2018

A person who is not registered under existing law but applies for fresh registration under Rule 8 of the CGST Rules, 2017 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



Directorate General of Taxpayer Services
CENTRAL BOARD OF EXCISE & CUSTOMS
www.cbec.gov.in



GST (Goods & Services Tax)

Composition Levy Scheme in GST

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 44 of CGST Rules, 2017, within 90 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, provided he meets all the conditions of the scheme, only if all such registered persons opt for the Composition scheme. A registered person cannot choose to opt for the Composition scheme in one state and not in other states. Further, an intimation for withdrawal from the scheme; or denial of the scheme with respect to any one registered person under the same PAN will be applicable for all such registered persons.

Effective Date for composition levy

Effective date for the taxpayers who are already registered under the existing laws and obtained provisional registration under GST law and intimates about opting for the scheme either before the appointed day (01/07/2017) or within 30 days (or as extended) of the appointed day, shall be the appointed date.

Effective date for registered taxpayer who intimates about opting for the scheme under FORM GST CMP-02, shall be the beginning of the financial year

Effective date for a person who applies for fresh registration under Rule 8 of the CGST Rules, 2017 by providing necessary information under part B of FORM GST REG-01, shall be the effective date of registration as per sub rule 2 or 3 of Rule 10 of CGST Rules, 2017.

Persons who are not eligible for the scheme.

Barring few exceptions, all registered taxable persons whose aggregate turnover has not exceeded Rs. One crore (Rs. 75 lakhs for special category states except J & K and Uttarakhand) in the financial year 2016-17 are eligible to opt for this scheme. List of taxable persons who are not eligible for the scheme is as below:

- A casual taxable person i.e. a person who occasionally undertakes supplies in a State or Union Territory where he has no fixed place of business.
- A non-resident Taxable person i.e. a person who occasionally undertakes supplies but has no fixed place of business or residence in India.
- A supplier of services except a person engaged in supply of restaurant service.
- A person engaged in providing inter-state supply of goods.
- A person engaged in supply of non-taxable goods i.e. goods which

are not taxable under GST law

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. 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 registration under the Composition Scheme has been taken.

viii. The goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax under the reverse charge mechanism.

ix. 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. Following goods have been notified for which composition scheme is not available.

S.No.	Classification(Tariff item/Chapter)	Description
1	2105 00 00	Ice cream and other edible ice, whether or not containing cocoa
2	2106 90 20	Pan masala
3	24	Tobacco and manufactured tobacco substitutes

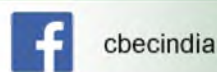
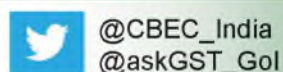
Rate of Tax under the scheme

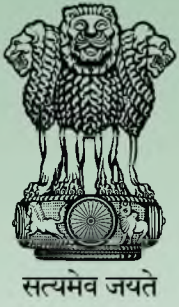
There are three rates prescribed for three different categories of suppliers.

- 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 (supplier 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

Prepared by: National Academy of Customs, Indirect Taxes & Narcotics

Follow us on:





GST (Goods & Services Tax)

Composition Levy Scheme in GST

Territory, as the case may be.

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.

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 notice board or signboard displayed at the prominent place at his every place of business.
- Where ever a person, registered under any of the existing laws, and who has been given provisional registration, gives an intimation for the composition scheme, he shall not be allowed the composition scheme in case the goods held in stock by him on the appointed day 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.
- Withdraw from the scheme if not eligible

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 and do not require to file a fresh application every year. But, such a person shall be liable to pay tax under sub-section (1) of section 9 of the CGST Act, 2017 from the day he ceases to satisfy any of the conditions and shall issue tax invoice for every taxable supply made thereafter and he shall also file an intimation for withdrawal from the scheme.

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. One crore (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. 75 Lakhs in the preceding financial year)

- He contravenes eligibility criteria or any of the conditions of the scheme

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.

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.

Prepared by: National Academy of Customs, Indirect Taxes & Narcotics

Follow us on:



@CBEC_India
@askGST_Gol



cbecindia