



Q 1. What is exactly the concept of composition scheme under GST?

Ans. A registered taxable person (as specified) having aggregate turnover in preceding financial year less than or equal to Rs 75 Lakhs (50 Lakhs for specified states) will have option to pay taxes at reduced rates without availing benefit of Input tax credit. A tax payer opting for composition levy shall not collect any tax from his customers.

Q 2. Whether the composition scheme is optional or compulsory?

Ans. Optional.

Q 3. Can a vendor opt for composition scheme for one business vertical/one state and continue with normal scheme for GST for other verticals/other states?

Ans. A vendor has to opt for composition scheme for all business verticals across all states. Option for availing composition scheme for one business vertical/one state & normal scheme for other vertical/other states is not available.

Q 4. Whether the taxable person registered under the composition scheme can avail the benefit of Input Tax Credit ?

Ans. Taxable person registered under the composition scheme can't avail any input tax credit as he is not entitled for any tax credit under the scheme.

Q 5. Whether input tax credit of goods purchased from a vendor registered under composition scheme is available to recipient of goods?

Ans. No, Input tax credit of goods purchased from a vendor registered under composition scheme is not available.

Q 6. What are the conditions for opting the composition levy scheme?

Ans. The registered person shall not be eligible to opt for composition levy if he

- ❖ Makes supply of Non-taxable goods
- ❖ Makes Inter-State outward supplies
- ❖ is a manufacturer of such goods as may be notified. Notified goods are ice cream, Pan masala, Tobacco.
- ❖ Makes supply through E-commerce
- ❖ Makes supply of services other than supply of food or drinks in a restaurants

Q 7. What is the Tax Rate under the composition scheme?

Ans. Tax Rate in case of trader is 1% (0.5%-CGST & 0.5%-SGST) and for manufacturer it is 2% (1%-CGST & 1%-SGST). If he is engaged in supply of food or drinks (other than alcoholic liquor for human consumption), the tax rate is 5% (2.5%-CGST & 2.5%-SGST).

Q 8. Can a Composition Dealer issue Tax Invoice?

Ans. No. Since a Composition Dealer is not allowed to avail input tax credit, such a dealer cannot issue a tax invoice as well. A buyer from composition dealer will not be able to claim input tax on such goods.

Q 9. Which returns are required to be filed by a taxable person registered under Composite Scheme?

Ans. The taxable person is required to furnish only one return i.e. GSTR-4 on a quarterly basis and an annual return in FORM GSTR-9A. Quarterly return needs to be furnished by the 18th of the month succeeding the quarter. For example return in respect of supplies made during July, 2017 to September, 2017 is required to be filed by 18th October, 2017.

Q 10. Can a Composition Dealer collect composition tax separately?

Ans. No, a Composition Dealer is not allowed to collect composition tax from the buyer.

Q 11. When will a person opting for composition levy pay tax?

Ans. A person opting for composition levy will have to pay tax on quarterly basis before 18th of the month succeeding the quarter during which the supplies were made.

Q 12. Can a person making application for fresh registration under GST opt for composition levy at the time of making application for registration?

Ans. Yes. Such persons can give the option to pay tax under the composition scheme in Part B of FORM GST REG-01. This will be considered as an intimation to pay tax under the composition scheme.