Lakshmikumaran & Sridharan attorneys

L&S Update

an e-update to clients from
Lakshmikumaran & Sridharan

L&S GST Update No. 17
04th April, 2017

Draft Composition Rules (CGST)

- To effectuate the provisions of the composition option, provided under Clause 10 of the CGST Bill, 2017, the Draft Composition Rules have been released. Some of the major points for consideration are highlighted hereunder.

- **Intimation for opting composition scheme**

Status	Intimation/Statement
Migrated supplier	• Intimation in FORM GST CMP-01 (prior to the appointed date or within 30 days from the appointed date); and • Details of opening stock in FORM GST CMP-03 (within 60 days from the date from which composition scheme opted)
Supplier obtaining fresh registration	• In Part B of FORM GST REG-01 (i.e. registration application form)
Registered supplier (under GST)	• In FORM GST CMP-02 (prior to the commencement of the financial year for which composition scheme to be opted); and • Statement in FORM GST ITC-3 (within 60 days from the commencement of the financial year).

Effective date for composition levy

Status	Effective date
Migrated supplier	• Appointed date
Supplier obtaining fresh registration	• If registration application submitted within 30 days from the date on which the person becomes liable to registration: The date on which the person becomes liable to registration • If registration application submitted after 30 days from the date on which the person becomes liable to registration: The date of grant of registration
Registered supplier (under GST)	• Beginning of the financial year for which composition scheme to be opted)

❑ Conditions and restrictions for composition levy

Person opting the scheme should neither be a casual taxable person nor a non-resident taxable person
Opening stock held on the appointed day have not been (for migrated dealers): • Purchased on inter-State basis • Imported from outside India • Received from his branch situated outside the State • Received from his agent or principal outside the State
Pay tax under reverse charge on the goods held in stock which have been purchased from an unregistered person
Pay tax on the inward supply of goods or services notified for reverse charge or procured from un-registered person
Was not engaged in the manufacture of notified goods in the preceding FY
Mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him
Mention "composition taxable person" on every notice or signboard and at every additional place of business.

Validity of composition levy

Fresh intimation not required every year: Validity to continue so long as all the prescribed conditions satisfied.
Validity expires from the date supplier ceases to satisfy any of the prescribed conditions: File intimation within 7 days in FORM GST CMP-04 from such date.
Voluntary withdrawal from the scheme: File application in FORM GST CMP-04
Withdrawal of scheme by department: By an order in FORM GST CMP-07

Others

Intimation for opting composition scheme for one registered place shall be deemed to be an intimation in respect of all the registered place of business.
Withdrawal of the option in respect of one State shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

❑ Rate of taxes payable in lieu of tax payable under CGST Act

S.No.	Category of registered persons	Rate of tax
1	Manufacturers	1%
2	Supplier making supply of food or any other article for human consumption by way of or as part of any service or in any other manner	2.5%
3	Other suppliers eligible for scheme under Section 10	0.5%

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