



Levy and Collection of Tax

Chapter III of the CGST Act

- By Prakhar Jain

THE ONE GST PORTAL

GSTINATION

SIMPLIFYING GST FOR THE NATION

Section 7: Scope of Supply

1) Supply Includes -

- All forms of supply... for consideration, for business
- Import of Services – for consideration, for any purpose
- Activities in **Schedule I** – Without Consideration
- Activity to be treated as supply of goods or services? – See **Schedule II**

2) NWA, following treated as neither supply of goods, nor services (thus outside GST) –

- Activities/Transactions specified in **Schedule III**
- Activities/Transactions by CG/ SG/ LA, where engaged as public authorities, and notified by government

3) Subject to SS (1) & (2), Govt may notify, transactions to be treated as goods or services

For detailed discussion of Schedules I, II, and III, search for separate videos on these topics

SECTION 8: TAX LIABILITY ON COMPOSITE & MIXED SUPPLIES

Applicability of the concept

It is vital to understand that this concept shall only be applicable when 2 or more supplies of goods/ services/ both are combined, and the consideration is not distinguishable. In such cases-

- If such supplies are **usually** bundled together as a package, and one of the supply is the major or 'principal' supply , Then it is called Composite Supply → Whole supply = Supply of PRINCIPAL Supply (Ex- Airplane + Snacks in plane = Airplane Service)
- If such supplies are **not generally given together** in business , Then it is called Mixed Supply → Whole supply = Supply of 'highest tax rate supply'



SEC 9: LEVY AND COLLECTION

1) (Subject to SS 2) There shall be levied	Tax called 'Central Goods and Services Tax'	On all Intra-State Supplies	Of goods/ services or both	Except on the supply of alcoholic liquor for human consumption
On value determined u/s 15 (Valuation)	At such rates notified (not exceeding 20%)	Collected in such manner as may be prescribed		& shall be paid by the taxable person
2) Tax on Petrol, Diesel, Natural Gas, Aviation Turbine Fuel, Crude oil			Shall be Levied from notified date	
3) Govt. may notify categories of goods/ services – Tax applicable on REVERSE CHARGE All provisions of this act apply on recipient of such goods/ services/ both, as if he is liable to pay				
4) Supply by unregistered Dealer to registered dealer – Reverse Charge on recipient (similar to Purchase Tax)				
5) Govt. may notify services, which if supplied through E-Commerce Operator, tax to be paid by it (Provided if no physical presence in taxable territory (TT) then person representing in TT is liable) (Provided if no physical presence & no representative , then appoint a person in TT for paying tax)				



SEC 10: COMPOSITION LEVY

NWA in Act, but subject to Sec 9(3) & 9(4), if a supplier fulfils conditions in RHS →

Then has a SPECIAL OPTION for payment of tax.

CONDITIONS

- Aggregate t/o in preceding FY → Upto **75 lakhs** (Normal States); Upto **50 lakhs** (Special Category States - Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh)
- Does not supply → any **service (except restaurant/ catering)**, any **exempt** supply, any supply outside state (**inter-state** supply), any supply through **e-commerce** operator
- Not a manufacturer of → **Ice cream/** other edible ice, **Pan masala, Tobacco/** manufactured tobacco substitutes either now or during the preceding FY
- Not a Casual taxable person/ Non-resident Taxable Person
- For Migrators – Stock as on 1st July 2017 should not contain any inter-state purchase/ import

SPECIAL OPTION

Pay Lump Sum tax as a percent of turnover (Below is aggregate of half CGST & half SGST) -

<u>Trader</u>	1%
<u>Manufacturer</u>	2%
<u>Restaurant/ Catering</u>	5%

Note: If opt for one branch, applies to all registered businesses under same PAN

HOW TO OPT

- If Migrating taxpayer – File Form GST CMP-01 within time limit (was extended till 30th September)
- If New GST Registration – Indicate in Part B of registration application (Form GST REG-01) that want to opt for composition
- If Existing GST Registration – File GST CMP-02 before start of FY for which want to opt composition; also furnish Form GST ITC-03, as per Rule 44(4) [If any ITC had been taken on stock], option continues automatically for further FYs
- For all 3, if stock on transition day contains purchases from unregistered person, then pay tax on it under RCM in Form GST CMP-03.

COMPLIANCES

- Not eligible to take any type of input tax credit
- Cannot charge tax on bill to customers
- Must pay tax under RCM as applicable to normal taxpayers u/s 9(3) & 9(4)
- Issue 'Bill of supply' & Mention the words "composition taxable person, not eligible to collect tax on supplies" at the top
- Mention the words "composition taxable person" on every signboard displayed at a prominent place at his principal place of business and at every additional place(s) of business
- Need to file quarterly return in Form GSTR-4 & Annual Return in Form GSTR-9A. (Pay tax before filing GSTR-4)

Miscellaneous

VALIDITY & MOVING OUT

- So long as taxpayer satisfies all the conditions, valid
- As soon as cease to satisfy any condition (like crossing of turnover limit), then goes to normal scheme from the very next day. (start issuing tax invoice, collecting and paying GST at normal rate, start getting ITC)
- Can withdraw from composition scheme and go to normal scheme voluntarily anytime during FY
- When go out of composition scheme, file Form GST CMP-04 within 7 days of ineligibility/ withdrawal

PENALTY

- If ineligible person opted for composition scheme, liable to pay tax & penalty, Sec 73/ 74 apply
- Proper officer may issue a show cause notice to such person in **FORM GST CMP-05** as to why the option to pay tax under section 10 shall not be denied, and assessee must reply in Form GST CMP-06 within 15 days, officer will issue order in Form GST CMP-07 within 30 days.

SEC 11: POWER TO GRANT EXEMPTION

1) The Govt. may by notification	exempt GENERALLY	Goods/ services/ both of any specified description	From whole or any part of tax leviable	w.e.f. date specified
Either Absolutely, or subject to some conditions specified		Where it is satisfied that it is necessary in the public interest so to do		
2) The Govt. may by special order in each case	Exempt from payment of tax on goods/ services/ both		Where it is satisfied that it is necessary in the public interest so to do	
But only under exceptional circumstances, to be states on such order				
3) The govt. may insert an notification/ order, by notification	EXPLANATION in such		At any time within 1 year of their issue	For the purpose of clarifying the scope or applicability
And every such explanation shall have effect as if it had always been its part (retrospective effect)				



END OF PRESENTATION

We learned Chapter III of the CGST ACT, covering sections 7 - 11

THE ONE GST PORTAL

GSTINATION

SIMPLIFYING GST FOR THE NATION

Click Here!

Subscribe to our

You  **Channel**



THE ONE GST PORTAL
GSTINATION
SIMPLIFYING GST FOR THE NATION

presents

THE GST ACADEMY

WITH ULTRA SIMPLIFIED SECTION AND TOPIC WISE PRESENTATIONS

COMPLETE GST LAW IN LESS THAN 18 HOURS OF VIDEO

#GSTINATION GSTINATION.COM/THE-GST-ACADEMY  Find us on Facebook

The banner features a dark background with a starry pattern. On the left, there is an illustration of a man sitting on the floor with a laptop and books. On the right, there is an illustration of people working at computers. The text is primarily in yellow and white.



LIKE US ON 

 **facebook**[®]

A blue-bordered button with a white background. It contains the Facebook logo and the text 'LIKE US ON' followed by a thumbs-up icon and the word 'facebook' in its signature font.



THE ONE GST PORTAL

GSTINATION

SIMPLIFYING GST FOR THE NATION

The logo consists of three horizontal orange bars. The top bar contains the text 'THE ONE GST PORTAL'. The middle bar contains the word 'GSTINATION' in a large, blue, stylized font. The bottom bar contains the text 'SIMPLIFYING GST FOR THE NATION'.