

REGULAR AND COMPOSITION LEVY

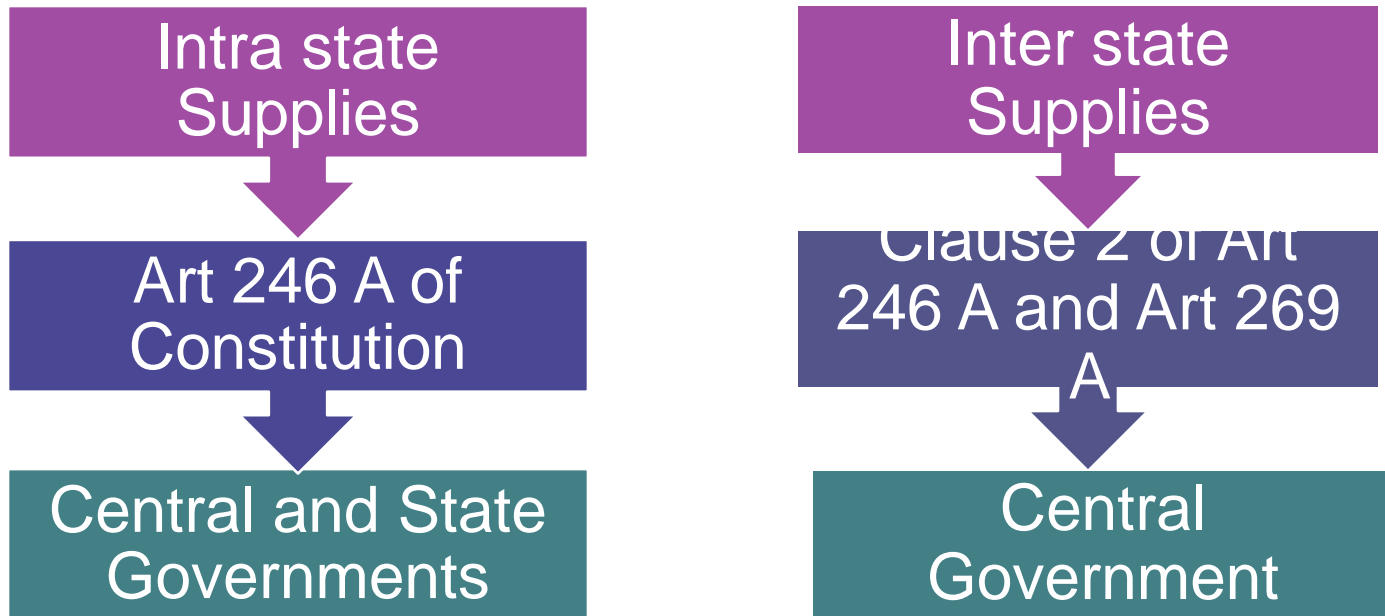
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OVERVIEW

- What is Levy ? Who is empowered to Levy GST ?
- Components of levy under GST
- Different types of Levy
- Concepts of Forward Charge and Reverse Charge
- Reverse Charge – Different Kinds
- Different types of Forward Charging Mechanisms
 - Composition Levy – Important Forms
 - Differences between Composition and Regular Levy
- Exemption from Tax

What is Levy and who can Levy GST ?

- Tax Levy is the imposition of tax



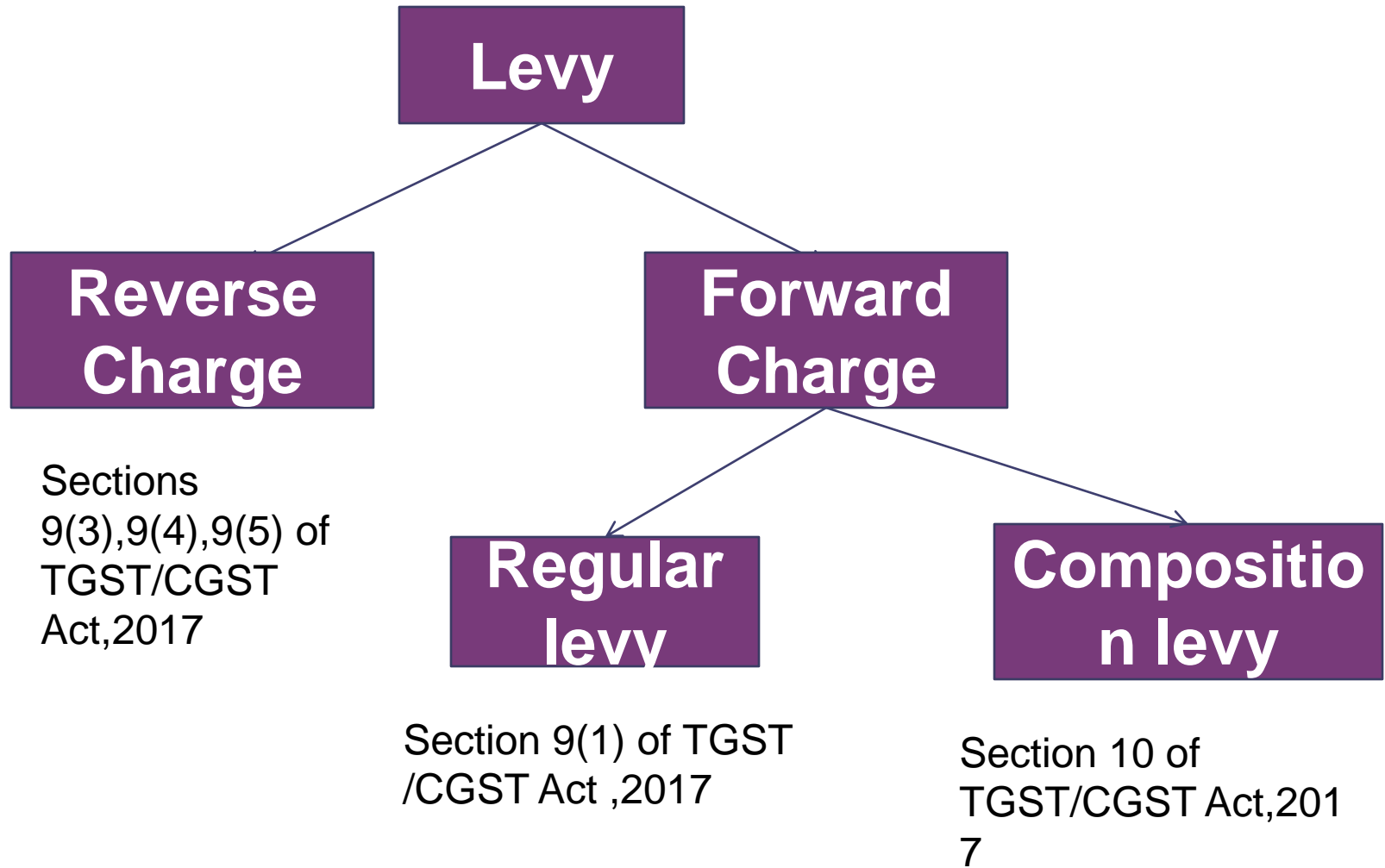
Components of Levy - GST

- Taxable Person: Registered or Liable to be Registered
- Taxable Event: Supply of Goods and Services
- Taxable Measure : Value of Supply as determined under Sec 15 of the CGST Act/TGST Act
- Rate of Tax : Government(State/Central) recommendations of GST Council will notify rate of tax from time to time- Should not exceed 20% under each of the Acts.

Other Important aspects connected with Levy

- ✓ When and Where GST is to be levied : Time of Supply and Place of Supply.
- ✓ Who will Levy GST : Centre/ State Government
- ✓ How the levied tax is to be paid :
 - File Return
 - Electronic Credit Ledger
 - Electronic Cash Ledger
- ✓ GST is levied on : Supply of all goods and services except supply of alcoholic liquor for human consumption.
- ✓ Petrol, Diesel, Crude Petroleum , Natural Gas, ATF - Temporarily out of purview of GST.

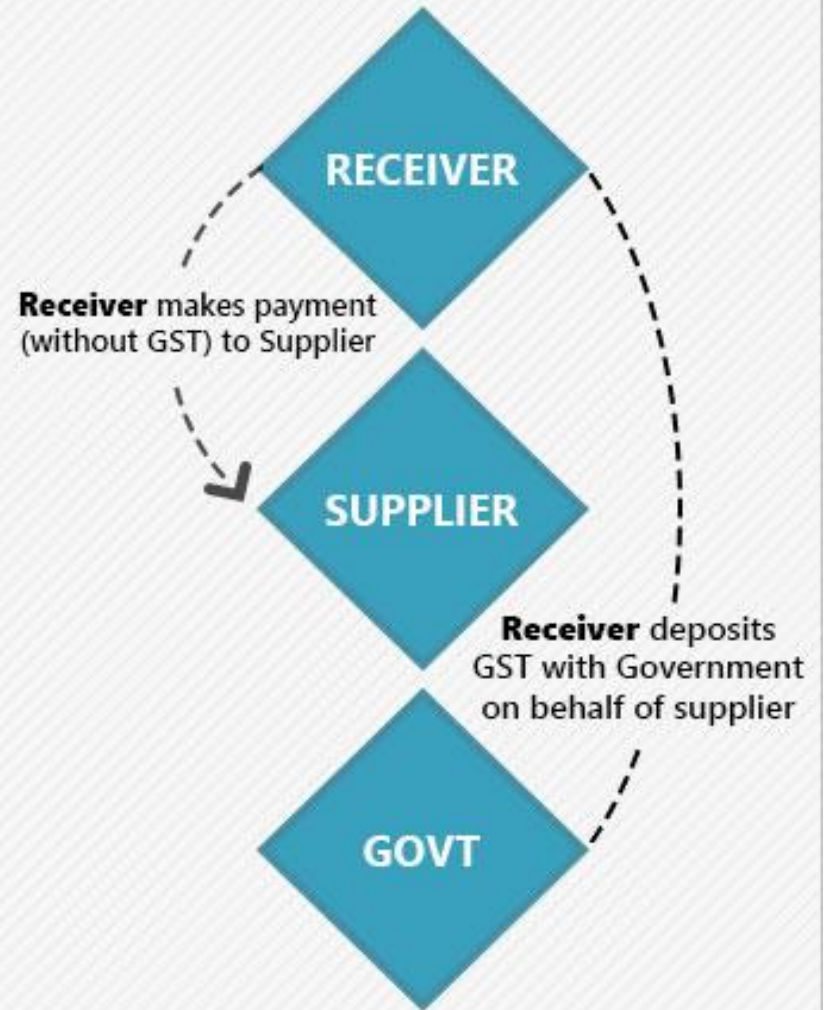
Different Types of Levy



Normal Mechanism Under GST



Reverse Mechanism Under GST



Forward Charge and Reverse

Charge

Particulars	Forward Charge	Reverse Charge
Tax Liability	Supplier of goods/ services is liable to pay tax.	Receiver of the goods/ service will be liable to pay GST to the government.
Registration	Registration is required once the supplier crosses the threshold limit.	Compulsory registration for the recipient irrespective of threshold.
Supplier	A supplier can only be a registered supplier. An unregistered supplier cannot collect tax.	A supplier can also be an unregistered supplier in case of supply of notified goods or services.
Recipient	A recipient can be a registered or an unregistered person.	Recipient should be registered

Reverse Charge – Different kinds

- Supply of notified goods and services : Section 9(3)
- Supply of taxable goods by classes of unregistered persons to registered persons – notified by Government : Section 9(4)

Similar Provisions

- Import of Goods and Services – Tax liability – Importer- Section 5 and Section 21 of IGST Act.
- Intra state Supply of services made through

Reverse Charge on Goods – Section 9(3) - Notification No: 4/

Description of supply of goods	Supplier of goods	Recipient of goods
Cashew nuts, not shelled or peeled	Agriculturist	Any registered person
Bidi wrapper leaves (tendu)	Agriculturist	Any registered person
Tobacco leaves	Agriculturist	Any registered person
Supply of lottery	State Government, Union Territory or any local authority	Lottery distributor or selling agent
Silk yarn	Any person who manufactures silk yarn from raw silk or silk worm cocoons for supply of silk yarn	

**Reverse Charge on Services -Section 9(3) - Notification
No: 13/2017**

Name of Service	Service Provider	Service Receiver
Transport of Goods by Road	Goods Transport Agency	Any person registered under CGST, SGST, UTGST
Advocate/ Legal service	Advocate/ Firm of Advocates	Any business entity
Arbitrary Tribunal	Advocate/ Firm of Advocates	Any business entity
Sponsorship service	Any person	Any body corporate (Company) or Partnership
Service by Director	Director	Any body corporate (Company)

Reverse Charge –Supplies made by Un registered Persons-Section 9(4) - Notification

Category of supply of goods and services

Recipient of goods and services

Transfer of Development Rights

Promoter

Cement

Promoter

**Supplies made to Promoters of Real Estate Projects

List of Specified Services – Sec 9(5) – Payable by E-Com Operator – 17/2017

Description of supply of Service	Supplier of service	Person Liable to Pay GST
Transportation of passengers by a radio-taxi, motorcab etc	Any person	E-commerce operator
Providing accommodation in hotels, inns, guest houses etc	Any person except who is liable for registration under sub-section (1) of section 22 of the said CGST Act	E-commerce operator
Services by way of house-keeping, such as plumbing,	Any person except who is liable for registration under sub-section (1)	E-commerce operator

What is composition scheme and why is it needed

- ✓ Alternative method of levying tax for taxpayers with aggregate turnover < 1.5 Cr.

S. No	Category of Registered Person	Rate of Tax
1	Manufacturers of goods	1% of the turnover
2	Restaurant Services	5% of the turnover
3	Traders	1% of the turnover
4	Mixed Suppliers of Goods and	6% of the

NON AVAILABILITY OF COMPOSITION

Supplier of non-taxable goods

Manufacturer of notified goods like Ice cream, Pan Masala Etc

Supply of goods or services through E-Commerce Operator

Inter state Outward Supply of goods

Casual Taxable Person and Non Resident Taxable Person

Value of Supply Services $>10\%$ of turnover in the state in the prev. FY or Rs.5 lakhs whichever is lesser

Conditions – Opting into composition scheme

- ✓ Not eligible for Input Tax Credit – As per Sec 16
- ✓ Should not collect tax from recipient of Supply.
- ✓ Applies to Intra-state outward supplies
- ✓ Reverse Charge Mechanism – Normal rates of taxes
 - applicable in case the supplies attract reverse charge.
- ✓ Display at Place of Business – “Composition Taxable person”
- ✓ Issue Bill of supply not tax invoice
- ✓ Needs voluntary application
- ✓ Penalty – If found not eligible - can impose a penalty equal to the amount of tax on such person

Composition Levy - Important Forms

Form Number/Name	Purpose of Form
GST CMP-02	To opt for composition scheme (registered persons)
GST CMP-04	To withdraw from GST composition scheme
GST CMP-05	Show cause notice issued by appropriate tax official on contravention of GST Act / rules
GST CMP-06	Reply to show cause notice issued in Form GST CMP-05
GST CMP-07	Order indicating acceptance/rejection of show cause notice reply provided in Form GST CMP-06
GST REG-01	To register under composition scheme
GST CMP - 08	Statement of Self Assessed Tax
GSTR - 4	Quarterly Return for Compounding Taxable

	Composition Levy	Regular Levy
ITC	Not Allowed	Allowed
Tax Rate	Tax Rates(1% , 5%,6%) – Irrespective of the goods or services involved	Bandwidth of Tax rates like 5%,12%,18%,28% – Depends on the goods or services involved
Filing of Return	<ol style="list-style-type: none"> 1. Quarterly/Annual- GSTR-4 2. Statement for Payment - CMP -08 - Quarterly 	<ol style="list-style-type: none"> 1. Return of outward supply-GSTR-1 2. Monthly Returns -GSTR-3B 3. Annual Return-GSTR-9
Restrictions on Supplies	Cannot make inter state outward supplies	No Restrictions
Restrictions on Entry	Only Prior to the Commencement of Financial Year	Registration is allowed any time.

Exemption from Tax

- Sec 11 of CGST /TGST Act
- Public Interest
- On the Recommendations of GST Council
- Government has the power to exempt from levy of tax
- Notification no : 02/2017 – Exemption from levy of tax on goods and amendments made to it from time to time.
- Notification no : 12/2017 –Exemption from levy of tax on Services and amendments made to it from time to time.

Quick Evaluation

1. IGST is levied by both Central and State Governments (True / False).
2. Maximum rate of tax that can be levied under IGST is
 - a. 20%
 - b. 28%
 - c. 40%
 - d. None of the above
3. Which of the following goods are temporarily kept out of purview of GST
 - a. Alcoholic liquor for human consumption
 - b. Electricity
 - c. Petroleum Products
 - d. Food Grains
4. In order to levy tax under reverse charge mechanism the goods and services supplied should be taxable (True / False)
5. The threshold limit to obtain registration for taxable persons liable for reverse charge is 40 lakhs . (True/False)

Quick Evaluation

- 6 . What is the present upper limit for a composition taxable person:
a. 50 Lakhs b. 1 crore c. 1.5 crore d. 2.5 crores
7. A taxable person effecting interstate supplies can opt for composition
(True/False)
8. Which of the following form is used for opting into composition
a. Form CMP 02 b. Form CMP 04 c. Form CMP 06 d. Form Reg 01
9. Payment of tax for a compounding taxable person is to be done on yearly basis (True/False)
- 10 . A taxable person dealing in supply of services cannot opt for composition (True/ False)

Thank You