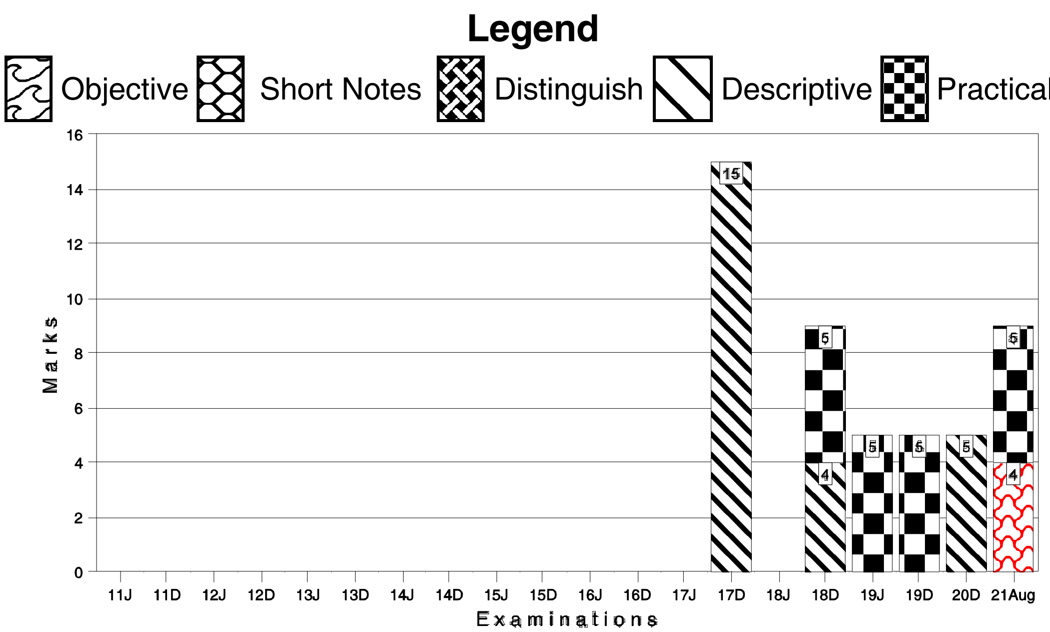
1 AN OVERVIEW ON GOODS AND SERVICES TAX "GST"

THIS CHAPTER INCLUDES

- Introduction
- Legislative Framework of GST
- Genesis of GST in India
- Model of GST In India
- Levy and Collection of GST
- Composition Scheme
- Reverse Charge Mechanism
- Exemptions

Marks of Objective, Short Notes, Distinguish Between, Descriptive & Practical Questions



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CHAPTER AT A GLANCE

GST

GST is an Indirect tax. It is a destination based tax on consumption of goods and services. It is levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer. Following are features of GST.

- Value added tax
- Destination based tax
- Consumption based tax
- Tax on both goods and services
- Tax on supply
- Comprehensive and continuous chain of Input Tax Credit
- Final burden on ultimate Consumer

Under GST supply has been divided into two categories

- Sale within the state (known as Intrastate Supply)
- Sale from one State to another State (known as Interstate Supply)

Electronic Commerce Operators (ECO)

Electronic Commerce Operators (ECO) display products as well as services which are actually supplied by some other person to the consumer, on their electronic portal. The consumers buy such goods/ services through these portals. On placing the order for a particular product/ service, the actual supplier supplies the selected product/ service to the consumer. The price/ consideration for the product/ service is collected by the ECO from the consumer and passed on to the actual supplier after the deduction of commission by the ECO. For Example: OLA, UBER, TRIVAGO etc. are some of ECO working in India.

Composition scheme
Composition scheme gives an option to small businesses under which they can opt to pay a fixed percentage of turnover as TAX in lieu of Normal Tax and be relieved from the detailed compliance of the GST law.
Treatment under Normal Scheme (If Assessee not opted Composition Scheme)
His tax liability to be paid will be as under : **Tax on outward supply-tax on inward supply** (12%*1,80,000) - (12%*1,00,000)= 9,600 Thus dealer has paid tax at normal rate and has availed the benefit of tax paid on input supply.
Treatment under Composition Scheme
Under Composition Scheme dealer is required to pay tax on turnover at specified rate let say 1% only, however he is not allowed to take the benefit of ITC on inward supplies.
Turnover for Composition Scheme
Section 2(6) of CGST Act, 2017 provides that the term "aggregate turnover" means the aggregate value of all taxable supplies **(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),** exempt supplies, exports of goods or services or both and inter-state supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, state tax, union territory tax, integrated tax and cess.
Advantages/ Merits of Composition Scheme and Disadvantages/Demerits
Advantages: • Lesser compliance (returns, maintaining books of record, issuance of invoices) • Limited tax liability

- High liquidity as taxes are at a lower rate
- Single Return, i.e. only one Return is required to be filed instead of three returns as required to be filed by normal tax payer

Disadvantages:

- A limited territory of business. The dealer is barred from carrying out inter-state transactions
- No Input Tax Credit available to composition dealers as well as the person who is purchasing goods from composition dealer.
- The taxpayer will not be eligible to supply exempt goods or goods through an e-commerce portal.

Exempt Supply

Section 2(47) of CGST Act, 2017 provides that "exempt supply" means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11 of Central Goods and Services Tax Act, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;

THUS, Exempt supply includes the supply of following type of goods and services:

(a) Supply attracting nil rate of tax;
(b) Supplies wholly exempt from tax;
(c) Non-taxable supply;

OBJECTIVE QUESTIONS

2021 - Aug [2A] (Or) (i) State with reasons, whether the following statements are true or false under GST law:

(a) The rates for CGST are rates as may be notified by the Government on the recommendations of the GST council. However, maximum rate will be 28%. **(1 mark)**

(b) Natural Gas is taxable @ 12% under GST Act, 2017. **(1 mark)**

(c) Jai Singh has GST registration in two different states in his own Permanent Account Number. He cannot opt. for composition scheme in one state and normal scheme in another state. **(1 mark)**

(e) Mohit, a registered person under GST of U.P. has intra-state sales of Rupees 1.30 crores and purchases from Delhi of Rupees 1.10 crores. He is eligible to opt for composition scheme of GST. **(1 mark)**

DESCRIPTIVE QUESTIONS

2017 - Dec [3] (a) Answer the following independent issues in the context of provisions contained under the GST Act, 2017?

(ii) GST Council.

(iii) Point of Taxation.

(iv) SGST cannot be levied in a Union Territory and to plug this loophole, the GST Council had decided to have which legislature.

(v) Name the Act and the period which provides compensation to the States for the loss of revenue because of implementation of GST.

(4 marks)

Answer:

(ii) **Article 279A** provides for constituting a council called the Goods and Services Tax council within 60 days from date of commencement of **101st Constitution Amendment Act, 2016.** GST Council was constituted by The President of India by Notification on 15-09-16.

A GST Council would be constituted comprising the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers to make recommendations to the Union and the States on (i) the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST; (ii) the goods and services that may be subjected to or exempted from the GST; (iii) the date on which the GST shall be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel; (iv) model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply; (v) the threshold limit of turnover below which the goods and services may be exempted from GST; (vi) the rates including floor rates with bands of GST; (vii)any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster; (viii) special provision with respect to the North- East States, J&K, Himachal Pradesh and Uttarakhand; and (ix) any other matter relating to the GST, as the Council may decide.

(iii) **Point of taxation means** the point in time when the goods or services are deemed to be supplied. The liability to pay GST arises upon the time of supply. That is the rate relevant for taxation of supply depends upon Time of supply. **Section 12 of CGST Act, 2017** deals with the provisions of **Time of Supply** of goods and **Section 13** deals with provisions relating to Time of supply of services.

(iv) **SGST cannot be levied in a Union Territory without legislature:** This applies to following Union Territories of India: Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Chandigarh.

GST Council decided to have Union Territory GST Law (UTGST): Which would be at par with State Goods and Service Tax (SGST). As per Article 246(4) of Constitution, the Parliament has powers to make laws with respect to any matter for any part of the territory of India, which is not included in the State, including the matters enumerated in State List. Therefore, with the approval from the GST Council, the Central Government passed the UTGST Law in the Parliament.

(v) **Goods and Services Tax (Compensation to States) Act, 2017:** Objective of this Act is to provide for compensation to the States for the loss of revenue arising on account of implementation of the goods and services tax in pursuance of the provisions of the **Constitution (One Hundred and First Amendment) Act, 2016**, for next five years.

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2017 - Dec [4] (a) Narrate all those advantages which will be available to Trade because of implementation of GST. **(5 marks)**

Answer:

Advantages of GST to Trade:

(i) Reduction in multiplicity of taxes.

(ii) Mitigation of cascading/double taxation.

(iii) More efficient neutralization of taxes especially for exports.

(iv) Development of common national market.

(v) Simpler tax regime-fewer rates and exemptions.

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2017 - Dec [4A] (Or) (i) Explain the following terms used under the Central Goods and Services Tax Act, 2017:

(i) Causal Taxable Person

(iii) Manufacture **(2 marks each)**

Answer:

(i) "Casual Taxable Person" means a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business **[Section 2(20)]**

(iii) "Manufacture" means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly **[Section 2(72)]**

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2017 - Dec [4A] (Or) (ii) Explain in the context of CGST Act, 2017 the following:

(ii) Composition levy **(2 marks)**

Answer:

Composition levy is an optional alternative method of levy of tax designed for small taxpayers:

(a) Threshold limit viz. aggregate turnover in state of taxable person should not exceed ₹ 1.5 crore (or 75 Lakh in special category states)

(b) Rates of composition levy i.e. 1% of turnover for manufacturers, 1% of turnover for traders, and 5% of turnover for restaurants.

There are other conditions, which need be fulfilled to avail of composition levy and further, there are restrictions as to input tax credit.

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2018 - Dec [3] (e) Briefly explain the following features of GST law in India:

(i) Consumption based tax **(2 marks)**

Answer:

GST is a consumption based tax i.e. tax payment accrue to the state where consumption of supply takes place. Exports are not taxable because place of consumption is outside India whereas imports are taxable as place of consumption is in India.

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2018 - Dec [6] (a) (ii) Is a dealer, who is not required to be registered because he has not crossed the turnover limit, required to pay GST under reverse charge in respect of supplies for which reverse charge is applicable? **(2 marks)**

Answer:

Yes, as per Section 24 of CGST Act, 2017 the taxpayer who is required to pay tax under reverse charge have to compulsorily register under GST and threshold limit of ₹ 20 lakhs shall not be applicable to him.

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2020 - Dec [1] (c) Examine the correctness or otherwise of the following statements in accordance with the provisions of GST Act, 2017 and support your answer by giving brief reasons:

(i) The composition scheme will not be an optional scheme.

(ii) A taxable person having same PAN can opt to pay tax under composition scheme by seeking separate registration for branches.

(iii) A taxable person will be eligible to opt for composition scheme only for one out of the three or more business verticals.

(iv) Composition scheme can be availed, where the taxable person effects inter-state supplies.

(v) Composition tax can be collected from the customers.

(1× 5 = 5 marks)

Answer:

(i) No, it is an Optional scheme provided the eligibility criterion to opt the scheme is being satisfied by the person. [Section 10 CGST Act, 2017].

(ii) No, a registered person shall not be eligible to opt for composition scheme unless all such registered persons (branches having separate registration under a single PAN) opt to pay tax under the composition scheme as per CGST Act, 2017.[Proviso to Section 10(2) CGST Act, 2017].

(iii) No, composition scheme would become applicable for all the business verticals/registrations which are held by the person with same PAN. [Proviso to Section 10(2) CGST Act, 2017].

(iv) No, composition scheme is applicable subject to the condition that the taxable person does not affect inter-state supplies. [Section 10(2)(c) CGST Act, 2017].

(v) No, the taxable person under composition scheme is restricted from collecting tax in any manner. [Section 10(4) CGST Act, 2017].

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PRACTICAL QUESTIONS

2018 - Dec [4] (b) X is a registered trader in Ghaziabad (Uttar Pradesh). In the Financial Year 2020-21 total value of supplies are as follows:

(i)	Intra-state supplies made under forward charge	—	₹ 35 lakh
(ii)	Intra-state supplies made which are chargeable to GST at Nil rate	—	₹ 25 lakh
(iii)	Intra-state supplies of goods which are wholly exempt under section 11 of CGST Act, 2017	—	₹ 30 lakh

(iv) Value of inward supplies on which tax payable under Reverse Charge Basis (RCM) — ₹ 20 lakh

Briefly explain whether X is eligible to opt for Composition Scheme in the financial year 2021-22? **(5 marks)**

Answer:

As per Section 10 of CGST, 2017, a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore may opt for Composition Scheme.

As per Section 2(6) of CGST Act, 2017, "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number.

Computation of Aggregate Turnover in F.Y. 2020-21

	₹ in lakhs
Intra-state supplies made under forward charge	35
Intra-state supplies made which are chargeable to GST at Nil rate	25
Intra-state supplies of goods which are wholly exempt under Section 11 of CGST Act, 2017	30
Value of inward supplies under Reverse Charge Basis (not to be included in computing aggregate turnover)	Nil
Total	90

Since, aggregate turnover does not exceed ₹ 1.5 crore during the financial year 2020-21 Mr. X is entitled for Composition Scheme for F.Y. 2021-22.

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2019 - June [1] (d) Gokhale & Sons is registered in Karnataka and paying GST under composition scheme, provides the following details for the tax period ended on 31st December, 2020:

S.No.	Particulars	(₹)
(i)	Taxable turnover of goods within state	25,00,000
(ii)	Exempted turnover of goods within state	27,00,000

Calculate the total GST without bifurcation between CGST and SGST to be paid by Gokhale & Sons for the tax period ended on 31st December, 2020 in following independent situation on the basis of details of turnover as given:

(i) If Gokhale & Sons is Manufacturer

(ii) If Gokhale & Sons is Trader **(5 marks)**

Answer:

As per Amendment in Notification No. 8/2017 *vide* Notification No. 1/2018 Central Tax dated 01.01.2018, effective rate of tax under composition scheme for manufactures has been reduced from 2% to 1% (CGST + SGST) w.e.f 01.01.2018. Thus, w.e.f. 01.01.2018, uniform rate of 1% is applicable for both manufacturers and traders paying tax under composition scheme.

Further, Notification No. 8/2017 Central Tax dated 27.06.2017 has also been amended to provide that for other categories of composition suppliers (other than manufacturers and restaurants), composition tax would be leviable as percentage of turnover of taxable supplies of goods. Prior to the amendment, the tax was payable as a percentage of the total turnover.

Hence, total tax will be as follow:

(i) ₹ 52,000 (1% of 52,00,000) (if Gokhale & Sons is a Manufacturer)

(ii) ₹ 25,000 (1% of 25,00,000) (if Gokhale & Sons is a trader).

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2019 - Dec [2A] (Or) (ii) Ganga Co. Ltd. commenced business on 01-07-2020. It applied for registration on 05-08-2020. The registration was granted on 07-08-2020. What is the effective date of registration ? Instead of 01-07-2020, if it had commenced business on 20-07-2020, what would be your answer?

Ganga Co. Ltd. is an authorized dealer of two-wheeler vehicles. Its sales turnover was ₹125 lakhs for the year ended 31-03-2021. It also provided after sales service to customers for ₹7 lakhs. Is it eligible for composition levy for the financial year 2020-21? **(5 marks)**

Answer:

Eligibility for composition levy:

As per rule 10(3) of CGST Rules, 2017 if the applicant has submitted an application for registration after the expiry of 30 days from the date of his becoming liable to registration, the effective date of registration shall be the date of the grant of registration.

Ganga Co Ltd commenced business on 01.07.2020 but applied on 05.08.2020 and it was granted on 07.08.2020. Since, the application for registration has been made after the expiry of 30 days from the date when it was liable to obtain registration, the effective date of registration would be the date of grant of registration i.e. 07.08.2020.

If it had commenced business on 20.07.2020, the application for registration submitted within 30 days i.e. 07.08.2020, hence the effective date of registration would be 20.07.2020.

Under section 10 of the CGST Act, a registered person opting to pay tax under composition levy can apart from manufacture/ supply of goods, provide service **not exceeding 10% of total turnover or ₹ 5 lakhs whichever is higher.**

In this case the annual turnover is ₹ 125 lakhs and hence the higher of the two limits is ₹ 12.5 lakhs; the amount received by way of supply of service is ₹ 7 lakhs which is less than 10% of the total turnover.

Hence, Ganga Co. Ltd is eligible for composition levy.

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2021 - Aug [2] (c) (i) X Ltd. availing the composition scheme under GST Act, and paying taxes accordingly had a turnover from the supply of goods of Rupees 150 Lakhs. upto 31st December, 2020. On the 1st of January, 2021 (01.01.2021) another supply of Rupees 1.20 Lakhs was made. Explain whether X Ltd. can continue to avail the composition scheme and the relevant provision of GST Act, 2017 in this regard. **(2 marks)**

(ii) Z Ltd. registered under GST and having opted for simplified composition scheme (as prescribed under Notification No. 2/2019 - CT (Rate) has furnished the following details :

	₹
Supply of services (attracting GST @ 18%)	20,00,000
Supply of goods (attracting GST @ 12%)	20,00,000
Inward supplies (subject to reverse charge under section 9(3) of CGST Act, 2017 attracting GST @ 18%)	5,00,000

Calculate the tax liability of Z Ltd.

(3 marks)

TOPIC NOT YET ASKED BUT EQUALLY IMPORTANT FOR EXAMINATION

DESCRIPTIVE QUESTIONS

Q1. What is Goods and Services Tax (GST)?

Answer:

It is a destination based tax on consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

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Q2. What exactly is the concept of destination based tax on consumption?

Answer:

The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.

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Q3. Which of the existing taxes are proposed to be subsumed under GST?

Answer:

The GST would replace the following taxes:

(i) taxes currently levied and collected by the Centre:
   - (a) Central Excise duty
   - (b) Duties of Excise (Medicinal and Toilet Preparations)
   - (c) Additional Duties of Excise (Goods of Special Importance)
   - (d) Additional Duties of Excise (Textiles and Textile Products)
   - (e) Additional Duties of Customs (commonly known as CVD)
   - (f) Special Additional Duty of Customs (SAD)
   - (g) Service Tax
   - (h) Central Surcharges and Cesses so far as they relate to supply of goods and services.

(ii) State taxes that would be subsumed under the GST are:
   - (a) State VAT
   - (b) Central Sales Tax c. Luxury Tax
   - (c) Entry Tax (all forms)
   - (d) Entertainment and Amusement Tax(except when levied by the local bodies)
   - (e) Taxes on advertisements
   - (f) Purchase Tax
   - (g) Taxes on lotteries, betting and gambling
   - (i) State Surcharge sand Cesses
     So far as they relate to supply of goods and services. The GST Council shall make recommendations to the Union and States on the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed in the GST.

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Q4. What principles were adopted for subsuming the above taxes under GST?

Answer:

The various Central, State and Local levies were examined to identify their possibility of being subsumed under GST. While identifying, the following principles were kept in mind:

(i) Taxes or levies to be subsumed should be primarily in the nature of indirect taxes, either on the supply of goods or on the supply of services.

(ii) Taxes or levies to be subsumed should be part of the transaction chain which commences with import/ manufacture/ production of goods or provision of services at one end and the consumption of goods and services at the other.

(iii) The subsumation should result in free flow of tax credit in intra and inter-State levels. The taxes, levies and fees that are not specifically related to supply of goods & services should not be subsumed under GST.

(iv) Revenue fairness for both the Union and the States individually would need to be attempted.

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Q5. Which are the commodities proposed to be kept outside the purview of GST?

Answer:

Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. So alcohol for human consumption is kept out of GST by way of definition of GST in constitution. Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out and GST Council shall decide the date from which they shall be included in GST.

Furthermore, distribution and transmission of electricity and sale and purchase of real estate will also be kept out by way of exemptions.

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Q6. What type of GST is proposed to be implemented?

Answer:

It would be a dual GST with the Centre and States simultaneously levying it on a common tax base.

The GST to be levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States/ Union territory would be called the State GST (SGST)/ UTGST. Similarly, Integrated GST (IGST) will be levied and administered by Centre on every inter- State supply of goods and services.

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Q7. Why is Dual GST required?

Answer:

India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the Constitutional requirement of fiscal federalism.

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Q8. Which authority will levy and administer GST?

Answer:

Centre will levy and administer CGST & IGST while respective States /UTs will levy and administer SGST/ UTGST.

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Q9. Why was the Constitution of India amended recently in the context of GST?

Answer:

Currently, the fiscal powers between the Centre and the States are clearly demarcated in the Constitution with almost no overlap between the respective domains. The Centre has the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption, opium, narcotics etc.) while the States have the powers to levy tax on the sale of goods. In the case of inter-State sales, the Centre has the power to levy a tax (the Central Sales Tax) but, the tax is collected and retained entirely by the States. As for services, it is the Centre alone that is empowered to levy service tax. Introduction of the GST required amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax. The Constitution of India has been amended by the Constitution (one hundred and first amendment) Act, 2016 for this purpose. Article 246A of the Constitution empowers the Centre and the States to levy and collect the GST.

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Q10. What are the benefits which the Country will accrue from GST?

Answer:

Introduction of GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading and pave the way for a common national market. For the consumers, the biggest gain would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%-30%. Introduction of GST would also make our products competitive in the domestic and international markets. Studies show that this would instantly spur economic growth. There may also be revenue gain for the Centre and the States due to widening of the tax base, increase in trade volumes and improved tax compliance. Last but not the least, this tax, because of its transparent character, would be easier to administer.

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Q11. What would be the role of GST Council?

Answer:

A GST Council would be constituted comprising the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers to make recommendations to the Union and the States on (i) the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST; (ii) the goods and services that may be subjected to or exempted from the GST; (iii) the date on which the GST shall be levied on petroleum crude, high speed diesel, motor sprit (commonly known as petrol), natural gas and aviation turbine fuel; (iv) model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply; (v) the threshold limit of turnover below which the goods and services may be exempted from GST; (vi) the rates including floor rates with bands of GST; (vii)any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster; (viii) special provision with respect to the North-East States, J&K, Himachal Pradesh and Uttarakhand; and (ix) any other matter relating to the GST, as the Council may decide.

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Q12. What is the guiding principle of GST Council?

Answer:

The mechanism of GST Council would ensure harmonization on different aspects of GST between the Centre and the States as well as among States. It has been provided in the Constitution (one hundred and first amendment) Act, 2016 that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized national market for goods and services.

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Q13. How will decisions be taken by GST Council?

Answer:

The Constitution (one hundred and first amendment) Act, 2016 provides that every decision of the GST Council shall be taken at a meeting by a majority of not less than 3/4th of the weighted votes of the Members present and voting. The vote of the Central Government shall have a weightage of 1/3rd of the votes cast and the votes of all the State Governments taken together shall have a weightage of 2/3rd of the total votes cast in that meeting. One half of the total number of members of the GST Council shall constitute the quorum at its meetings.

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Q14. Who are not eligible to opt for composition scheme?

Answer:

Broadly, five categories of registered person are not eligible to opt for the composition scheme. These are:

(i) supplier of services other than supplier of restaurant service;

(ii) supplier of goods which are not taxable under the CGST Act/SGST Act/UTGST Act.

(iii) an inter-State supplier of goods;

(iv) person supplying goods through an electronic commerce operator;

(v) manufacturer of certain notified goods.

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Q15. How to compute 'aggregate turnover' to determine eligibility for composition scheme?

Answer:

The methodology to compute aggregate turnover is given in Section 2(6). Accordingly, 'aggregate turnover' means value of all outward supplies (taxable supplies +exempt supplies +exports + inter-state supplies) of a person having the same PAN and it excludes taxes levied under central tax (CGST), State tax (SGST), Union territory tax (UTGST), integrated tax(IGST) and compensation cess. Also, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

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Q16. What are the rates of tax for composition scheme?

Answer:

Composition Scheme – Applicable GST Rate			
Type of Business	**CGST**	**SGST**	**Total**
Manufacturer and Traders (Goods)	0.5%	0.5%	1%
Restaurants not serving alcohol	2.5%	2.5%	5%
Service Providers are not eligible for Composition Scheme			

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