



NEWSLETTER

**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)



# NOIDA BRANCH OF CIRC

**For in house Circulation**

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*FROM THE DESK OF THE CHAIRMAN ....*

Respected Professional Colleagues,

***“What people really want is fairness. They want people paying their fair share of taxes.”***

***\_\_Barack Obama***

Yes, the said words are so weighty but true in nature. May this article will help you to prepare for the professional journey in its more objective manner with reference to present or past tax scenarios.

As we all aware, the Central Government of India has introduced Goods and Services Tax “hereinafter referred as GST” on 1<sup>st</sup> July, 2017. GST has increased the compliance and advisory work of tax professionals by issued guidelines to file the GST tax return at the end of every month. I once again would like to congratulate you all for your dedicated efforts in completing your professional assignments on time which made us flabbergasted and glad altogether. Despite to the existing Company Audits, Tax audit, TP Audits, Returns and ROC filing, you all have completed the GST registrations, Form 3B and GSTR-1 on time. There is another relief or opportunity provided by the Government that to Revise the GST return is very favorable tilt for the tax professional like we all.

With the help of your dedication, the clients are effectively able to be equipped themselves to understand about the GST and its related concerns. The challenge which is still in front of professional is that GST is still at the developing stage which may enhance the future queries and advisory. For the reference, as per rules 104 and 106 of the CGST Rules, 2017 (hereinafter

referred to as “the CGST Rules”) the application for obtaining an advance ruling and filing an appeal against an advance ruling shall be made by the applicant on the common portal. However, due to the unavailability of the requisite forms on the common portal, a new rule 107A has been inserted vide **notification No. 55/2017-Central Tax, dated 15.11.2017**, which states that in respect of any process or procedure prescribed in Chapter XII, any reference to electronic filing of an application, intimation, reply, declaration, statement or electronic issuance of a notice, order or certificate on the common portal shall, in respect of that process or procedure, include the manual filing of the said application, intimation, reply, declaration, statement or issuance of the said notice, order or certificate in such Forms as appended to the CGST Rules.

The same view has been taken by the Hon'ble Delhi High Court in the case of “**Sanjeev Sharma Vs. Union of India & Others** [W.P.(C) 7964/2017 & CM APPL. 32853/2017] has stated that where no facility for advance ruling was made available under GST, it was held that Department must accept manually application for advance ruling under GST since web portal would not be ready to accept the same till January 2018. It is suggested to make ourselves updated with the GST guidelines and amendments So, as to able to face the future queries about GST and its related proceedings. After analyzing the recent amendments and notifications, we can have an idea that appointed council under finance ministry is taking initiatives for more fruitful amendments keeping in mind the financial and social interest of taxpayers and business houses. The anticipated move under next proposed council meeting may announce more reliefs by way of more simplification in the new taxation law in certain areas.

Alongside the Tax subject, there are also another subjects and acts like "**the Insolvency and Bankruptcy Code, 2016**" and "**Real Estate Regulation Act, 2017**". These laws are implemented to protect the interest of common man. There is a bright possibility that with the implementation of above mentioned laws, we would be able to safeguard the interest of small investors at large.

Being a part of the prestigious Institution, we have the responsibility to serve the profession with great values and dedication. Hence, at the Branch level also, we are committed for organizing various educational/ training programs in the interest of the members and the profession as well. In the series of such events, we are organizing two days' workshop on 23rd & 24th December 2017 at Auditorium, NOIDA Branch of CIRC of the Institute of Chartered Accountant, at P-19, Sector 12, NOIDA for the all staff associated/ working with Chartered Accountants. In workshop, the learned faculties CA Shashank Shekar Gupta, CA Manoj Goyal, CA Gaurav Agarwal and CA

Archana Jain will talk and brief about the GST including GST Registrations, Filing, On-line form submission, Place of Supply, Valuation of Supply, Time of Supply, Input Credit with matching concepts and its related concerns.

Beside, we are also organizing and celebrating ***“The Sports Meet”*** on 25th December, 2017 at Sports Stadium, Sector-21, NOIDA for the members and students.

We also have a plan to organize a session at the end of January 2018 for Members to learn about ***“How to Appear before the ITAT”*** for the appellate proceedings.

Along above, we are also in process to organize a most desired “Talk on Budget 2018” on the very next date of announcement of Budget i.e. 2nd February 2018. This talk will be taking up by the famous Tax and GST wizard CA Kapil Goyal and CA Bimal Jain.

In the meantime, we shall continue to organize “Saturday workshops on the latest amendments and legal issues” at Branch premises and communication for the same shall be forwarded from time to time.

Looking forward for whole hearted support from you all for making our aim grand successful.

**“Anyone who stops learning is old, whether at twenty or eighty. Anyone who keeps learning stays young.”**

– Henry Ford

***With warm regards....***  
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*Thank you* 



**SECRETARY WRITES.....**

Respected Professional colleagues,

It's always a matter of great privilege for me to interact and communicate with all of you through this newsletter, writing for you is like writing a letter for my own very loved ones.

Friends Year 2018 is Knocking, So, At the very outset, I would like to wish all of you a very **"Happy and Prosperous New Year 2018"**. I promise to all of you, As like this year, Noida Branch will always trying to organise Programme, Seminars and Conferences for the professional development of all of you in Coming Year also.

I am pleased to share that in the month of December, 2017, Noida Branch has hosted National Conference 2017 on 16th and 17th December with Theme **"YEARNING OF LEARNING"** on **CAPACITY BUILDING MEASURES FOR CHARTERED ACCOUNTANTS** being organized by Committee for Capacity Building of Members in Practice (CCBMP) of ICAI. In the order of 300 member attended the National Conference to get professional excellence and Further On 16th December We all have also celebrated New Year in the evening of 16th December. I would like to thanks to all of you for joining the National Conference and to make this successful.

Further Noida Branch has also organised GST Training Programme on 23rd and 24th December for CA Staffs and Sports day on 25th December, 2017 for Member and Students. Both the programme was done in wonderful manner.

I would like to pass on special thanks to CA Atul Agarwal Chairman Noida Branch and all my Managing Committee for their care and support.

We all Committee Members are always trying to serve the best to the profession in your guidance and suggestion. We are requesting to give your valuable suggestion for betterment of the branch activities.

***With Best Wishes & Regards,***  
**CA TANUJ KUMAR GARG**  
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*Thank  
you* 



## **Introduction:-**

The Goods and Service tax (GST) is the biggest and substantial indirect tax reform since 1947. The main idea of GST is to replace existing taxes like value added tax, excise duty, service tax and sales tax. It levied on manufacture sale and consumption of goods and services. GST is addressing the cascading effect of the existing tax structure and result in uniting the country economically. Thus, **“The GST subsumes India’s messy plethora of indirect taxes, duties, surcharges and ceases into a single tax. It is expected to ease cumbersome tax system, help the goods move seamlessly across state borders, curb tax evasion, improve compliance, raise revenues, spur growth, stimulate investment and make investing and doing business n India easier.”**

Currently, in India complicated indirect tax system is followed with imbrications of taxes imposed by union and states separately. GST unify all the indirect taxes under an umbrella and will create a smooth national market. Experts say that GST help the economy to grow in more efficient manner by improving the tax collection as it will disrupt all the tax barriers between states and integrate country via single tax rate.



**“Common man to benefit from GST; states to gain from day 1” –  
Finance Minister Arun Jaitley**

GST was first introduced by France in 1954 and now it is followed by 160 countries. Most of the countries followed unified GST while some countries like Brazil, Canada follow a dual GST system where tax is imposed by central and state both.

**In India also dual system of GST is proposed including CGST and SGST.**

## **Composition Scheme under GST:-**

A composition scheme under GST Law is a scheme which is optional in nature and is provided for small suppliers and manufacturers to pay fixed amount in prescribed %, in lieu of tax payable in normal levy. Section 10 of the Central Goods and Service Tax Act, 2017 (CGST) read with Composition rules contains the provision with respect to registration, levy, rates, etc. under composition scheme.

**Advantages of Composition Scheme:-**

1. **Lesser Compliance:** Under GST Law a normal registered person has to file minimum 3 returns monthly and one annual return. It is difficult for small traders and manufacturers to maintain detailed books of accounts on a daily basis and record every transaction with supporting documents. On the other hand, in composition scheme, only a quarterly return is to be uploaded in Form GSTR-4. This will reduce the compliance burden for small traders and manufacturers, and they can focus more on their business activities rather than getting occupied in compliance management.
2. **Limited Tax Liability:** Under the composition scheme, the tax rate for taxpayer who has opted for composition scheme is only 2%, 5% and 1% (CGST+SGST) of the aggregate turnover for manufacturers, restaurant service providers and others respectively. Small suppliers especially B2C suppliers can get good benefit under composition scheme.
3. **More Liquidity:** In case of normal registered taxpayers, working capital will get blocked in Input Tax credit because he can avail the input only if, his supplier has filed the return. So working capital requirements of normal registered taxpayers may increase. Whereas in composition levy scheme, dealer need not worry about his suppliers filing return as he cannot take any input tax credit and he will pay tax at a nominal rate.
4. **Level Playing Field:** Since the rate of tax under composition scheme is very low and minimum compliances to be made, the profit margin of a supplier in composition scheme may be more than a large normal taxpayer.

**Drawbacks of Composition Scheme:-**

1. **Restricted place for Business:** A taxpayer registered under the composition scheme cannot carry:
  - Inter-state transactions
  - Import-export of goods and services or both
 Therefore, he is forced to carry out only intra-state transactions and this limits the territory of his business and his growth prospects
2. **No Credit of Input Tax:** any dealer registered under Composition Scheme cannot avail the benefit of taking credit of input tax credit on inward supplies (purchases). Also, the buyer including registered buyer of those goods will not get the input tax credit on his purchases.
3. **Pay tax from own pocket:** Though the rate of composition tax is kept very low at 1%, 2% or 5% (CGST + SGST), but a taxpayer under composition scheme is not allowed to recover such tax from his buyer and he is not allowed to raise a tax invoice. Consequently, the burden of such tax is kept on the taxpayer himself and this has to be paid out of his own pocket.
4. **Strict Penal provisions:** Utmost care has to be taken while taking benefit of composition levy under GST Law because the penal provisions are very severe. If by any chance, it is established that the assessee is wrongly registered under composition scheme, not fulfilling the required criteria and thereby avoiding taxes may lead to adverse consequences. The defaulter will be then asked to pay taxes along with penalty, which is equal to 100% of taxes put on him.



## **Eligible persons for composition scheme under GST [sec 10(1) of CGST]:-**

1. A registered person, whose aggregate turnover in the preceding financial year did not exceed 75 lakh rupees, may opt to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed
2. The Government may, by notification, increase the said limit up to one crore rupees, as may be recommended by the Council.

### **Important Points:-**

- Section 10(1) of CGST is subject to the provisions of subsections (3) and (4) of section 9 relating to levy under reverse charge mechanism.
- Getting registered under composition scheme is optional and voluntary.
- For special category states except Uttarakhand, this turnover limit has been reduced to fifty lakh (50 lakhs) rupees. Special Category States where limit is Rs. 50 Lakhs are Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Himachal Pradesh.
- **Registered person:** As per section 2 (94) of CGST Act, “registered person” means a person who is registered under section 25 but does not include a person having a Unique Identity Number.

## **Disqualification for composition scheme [sec 10(2) of CGST]:-**

1. The registered person shall be eligible to opt composition scheme, if:—
  - a) He is not engaged in the supply of services - other than supplies referred to in clause (b) of paragraph 6 of Schedule II;
  - b) He is not engaged in making any supply of goods which are not leviable to tax under CGST Act;
  - c) He is not engaged in making any inter-State outward supplies of goods;
  - d) He is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52 of CGST Act;
  - e) He is not a manufacturer of such goods as may be notified by the Government .on the recommendations of the Council.
  - f) The composition scheme is not available for manufacturers of tobacco and manufactured tobacco substitutes, pan-masala and ice-cream and other edible ice, whether or not containing cocoa.
2. Where more than one registered person is having the same Permanent Account Number, the registered person shall not be eligible to opt for the scheme under Composition Scheme unless all such registered persons opt to pay tax under Composition Scheme.

## **Condition and Restrictions for composition scheme [sec 10(4) CGST Act]:-**

- a) A taxable person to whom the provisions of composition scheme apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.
- b) The person exercising the option to pay tax under section 10 shall comply with the following conditions-
  - He is neither a casual taxable person nor a non-resident taxable person;
  - The goods held in stock by him on the appointed day have not been (i) purchased in the course of inter-State trade or commerce or (ii) imported from a place outside India or (iii) received from his branch situated outside the State or from his agent or principal outside the State, where the option of composition scheme is exercised by way of intimation by persons registered under the existing law migrating on the appointed day.

- The goods held in stock by him have not been purchased from an unregistered supplier and where purchased from unregistered supplier, he pays the tax under section 9(4) of CGST.
- He shall mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.
- He shall mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him

### **Rate of tax of the composition levy:-**

<b><u>SN</u></b>	<b><u>Category of registered Persons</u></b>	<b><u>Rate of tax</u></b>
1	Manufacturers, other than manufacturers of such goods as may be notified by the Government	2 % ( 1 % SGST + 1 % CGST)
2	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	5 % ( 2.5 % SGST + 2.5 % CGST)
3	Any other supplier eligible for composition levy	1% ( 0.5% SGST + 0.5 % CGST)

### **Effective date for composition levy (rule 2 composition rules):-**

<b><u>Rule</u></b>	<b><u>Category of person</u></b>	<b><u>Effective Date to pay tax under composition scheme</u></b>
Rule 1(1)	Intimation is filed by persons registered under the existing law migrates to composition levy	Appointed day
Rule 1(3)	Intimation is filed by registered persons and Opt for Composition in future	Beginning of Financial Year
Rule 1(2)	Intimation is filed by a person newly registering under GST Law	a. The intimation shall be considered only after registration b. effective from the Date on which the person becomes liable to registration where the application for registration Submitted within 30 days, if not, and then date of grant of registration.

### **Validity of composition levy (rule 4 composition rule):-**

- 1) The option exercised by a registered person to pay tax under Composition Scheme shall remain valid so long as he satisfies all the conditions mentioned in the said section and related composition rules.
- 2) Registered person who opted for Composition Scheme shall be liable to pay tax under section 9(1) of CGST Act from the day he ceases to satisfy any of the conditions mentioned in section 10 or related composition rules and shall issue tax invoice for every taxable supply made thereafter and he shall also file an intimation for withdrawal from the scheme in FORM GST CMP-04 within seven days of occurrence of such event.



## **Withdrawal from composition scheme:-**

The registered person who intends to withdraw from the composition scheme shall, before the date of such withdrawal, file an application in FORM GST CMP-04, duly signed or verified through EVC, electronically on the Common Portal.

## **Returns under composition scheme:-**

- 1) Quarterly return [GSTR-4] is required to be filed by composition supplier till 18th of the month succeeding quarter. Composition supplier shall also be required to file annual return in Form GSTR-9A.
- 2) Invoice wise details are not necessary, bill of supply will suffice.
- 3) Composition dealers are not required to give HSN code in their returns and they need not mention HSN Code in Invoice, but description of goods is required to be mentioned in the Invoice.

## **Conclusion:-**

Composition scheme has its own merits and demerits, depending upon type of business, type of transaction, etc. The biggest confusion is for small dealers, whether to opt for composition scheme or not?

- 1) **Business to Business (B2B):** If a taxable person is carrying out business on B2B model, it is tough call for him to opt for the registration as a composition dealer. If he opts for composition Scheme, such a person cannot avail the input tax credit. Further the buyer of goods from composition dealer cannot get any input tax credit, which may result in cost increase due to cascading effect. This may result in a loss of business for a buyer registered as a normal taxpayer and who buys from a person registered under composition scheme. Eventually, such buyers might avoid purchases from a taxpayer under composition levy.
- 2) **Business to Consumer (B2C):** If a taxable person is carrying out business on B2C model, it may be advantageous for him to opt for composition scheme. If the composition rate is low and the net margins are higher, composition scheme may turn out to be a profitable option for the small B2C trader or manufacturer.

Therefore, it is advisable to the suppliers who are planning to opt for composition scheme that they should always do proper cost benefit analysis before taking the decision to register as composition dealer. As our honorable Prime Minister Narendra Modi has quoted –

***“GST is a “Great Step by Team India”, a “Great Step towards Transformation”, and a “Great Step towards Transparency”***

At last I will conclude with the words of great person-

***“Changes is hard at First, Messy in the Middle and Gorgeous at the end” – Robin Sharma***

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*Thank you*

## SNAP DURING INFORMATION TECHNOLOGY GST SEMINAR









## MOTTO



Ya esa suptesu jagarti kamam kamam Puruso nirmimanah |  
Tadeva sukram tad brahma tadevamrtamucyate |  
Tasminloka sritah sarve tad natyeti Kascan | etad vai tat ||

य एष सुप्तेषु जागर्ति कामं कामं पुरुषो निर्मिमाणः ।

तदेव शुक्रं तद् ब्रह्म तदेवामृतमुच्यते ।

तस्मिंल्लोकाः श्रिताः सर्वे तदु नात्येति कश्चन । एतद् वै तत् ॥

*(That person who is awake in those that sleep, shaping desire after desire, that, indeed, is the pure. That is Brahman, that, indeed, is called the immortal. In it all the worlds rest and no one ever goes beyond it. This, verily, is that, kamam kamam : desire after desire, really objects of desire. Even dream objects like objects of waking consciousness are due to the Supreme Person. Even dream consciousness is a proof of the existence of the self.*

*No one ever goes beyond it : cf. Eckhart : 'On reaching God all progress ends.'*)

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