

## TEST 5 COMPOSITION SCHEME

Q -1	<p>Explain the following in accordance with the provisions of GST act, pertaining to composite scheme:-</p> <ol style="list-style-type: none"> <li>i. Can I registered person, who purchases goods from a taxable person paying tax under the composition scheme, avail credit of tax paid on purchases made from the composition dealer?</li> <li>ii. Can a person paying tax under the composition scheme issue a tax invoice under GST?</li> <li>iii. Are monthly returns required to field by the person opting to pay tax under the composition scheme?</li> <li>iv. Can a person who has opted to pay tax under the composition scheme avail the input tax credit on his inward supplies?</li> </ol>
SOLUTION	
Q 2	<p>ABC Ltd. Is a manufacturing company located in Bangalore. During the financial year 2020-21 total value of supplies including inwards supplies tax under reverse charge basis are 1,54,00,000. The breakup of supplies is as follows:-</p> <ol style="list-style-type: none"> <li>1) Intra state supplies to goods chargeable to nil rate of GST - 2500000</li> <li>2) Intra state supplies made under forward charge 8500000</li> <li>3) Intra state supplies of goods exempted under section II of CGST act 1900000</li> <li>4) Inward supplies of goods on which tax is payable under RCM 2500000</li> </ol> <p>Explain whether ABC is eligible to opt for composition scheme in financial year 2020-21.</p>
SOLUTION	
Q-3	<p>Determine whether the supplier in the following cases are eligible for composition levy provided their turnover in preceding year does not exceed 1.5 cr;</p> <ol style="list-style-type: none"> <li>1) Pankaj is engaged in providing legal services in Rajasthan and is registered in the same state.</li> <li>2) Vikas manufacturer has registered offices in Punjab and Haryana and supplies goods in neighbouring states.</li> <li>3) Can supplier of services opt for composition levy?</li> </ol>

	<b>4) Can a person paying tax under composition scheme make supplies of goods to SEZ?</b>
<b>SOLUTION</b>	
<b>Q 4</b>	<p>Ankur Ltd is a manufacturing company located in Karnataka, has been registered under composition scheme furnishes the following information for the financial year 2020-21. It requires you to determine its composition tax liability and total tax liability. In financial year 2020-21 total value of supplies including inward supplies taxed under reverse charge basis are 82,00,000. The breakup of supplies is as follows-</p> <ol style="list-style-type: none"> <li>1) Intra state supplies of auto spares 'v' units chargeable to 12% GST - 24,00,000</li> <li>2) Intra state supplies of auto supplies 'X' unit chargeable to 5% GST- 36,00,000</li> <li>3) Inward supplies on which tax payable under RCM (GST rate 12%) - 6,40,000</li> <li>4) Intra state supplies wholly exempt under section ii of CGST Act - 15,60,000</li> </ol>
<b>Solution</b>	
<b>Q 5</b>	<p>Mr P registered in Hyderabad, who is selling goods for Telangana to Tamil Nadu. Turnover of Mr P is 73 lakhs in the preceding financial year. Whether Mr P is eligible for composition? Whether your answer will change if Mr P is making purchase from Tamil Nadu and selling goods in Telangana .</p>
<b>SOLUTION</b>	
<b>Q 6</b>	<p>Hyundai Service Center registered under GST in the state of Maharashtra provides can servicing to various customers at intra - state level. The turnover of preceding financial year (PFY) 2018 - 2019 was Rs.45 lakhs and turnover of 1<sup>st</sup> quarter of current financial year (CFY) 2019 - 2020 was Rs.48 lakhs which includes Rs.30 lakhs from provision of service and Rs.18</p>

- lakhs from sale of goods such as spare parts.
- State whether Hyundai Service Center can opt for composition scheme in (FY) 2019 - 2020
  - Determine the tax liability under N / M 2 / 2019 (Normal tax rates for goods - 12% and for services - 18%, tax rate under composition scheme - 6%)

**SOLUTION**

**Q 7**

M/s XYZ Pvt. Ltd. a manufacturer having the only registered place of business in the state of Maharashtra. Determine the eligibility to opt for composition scheme and also compute tax liability of M/s XYZ Pvt. Ltd. on the basis of following information assuming that total value of service provided by the company in Preceding Financial Year (PFY) is within the allowed limit of section 10(1) except interest and restaurant service.

	Particulars	PFY 2019 - 20 (Rs.)	1 <sup>st</sup> Qtr 2020 - 21 (Rs.)
1.	Value of taxable supply of goods	90.00 lacs	20.00 lacs
2.	Value of exempt supply of goods	20.00 lacs	5.00 lacs
3.	Value of taxable supply of service	5.00 lacs	1.00 lacs
4.	Value of exempt supply of service	3.00 lacs	0.50 lacs
5.	Value of supply of restaurant service	15.00 lacs	1.50 lacs
6.	Interest on loan / advances / deposits	4.00 lacs	1.20 lacs

Calculate GST payable under composition scheme for 1<sup>st</sup> quarter of CFY 2020 - 2021.

**SOLUTION**

i.