



CHAPTER - 4

COMPOSITION SCHEME

INDEX

S.No.	Description	Pg.No.	No. Illus.
1	Aggregate Turnove	18	2
2	Sec 10 (1) Eligible criteria for Composition scheme	18	4
3	Proviso 2 to sec 10(1) marginal services & Sec 10(2) - condition for composition Scheme & Rule 5	18	5
4	Sec 10(2A) : Eligibility criteria for Composition Scheme	19	1
5	Proviso to sec 10(2) and 10(2A)	20	1
6	Sec 10(3) Eligibility criteria to remain in composition scheme	20	1
7	Sec 10(4) : Cannot collect tax & no ITC available	20	2
8	Rule 62 & Rule 80	20	1
9	Numerical : Calculation of Tax Under composition Scheme	21	1
	Total No. of Illustrations		19

S.No.		Chap No.	Que. No.	No. Illus.
1	Study Mat	04	Q. 01.01/02.03/ 02.04/ 02.05/ 03.09/ 03.11.01/ 05.13/ 06.14/ 07.15/ 07.16/	10
2	RTP/ MTP	04	Q. 01.02/ 03.10/ 03.11/ 09.17	4
3	Examination	04	-	-
4	Others	04	Q.02.06/ 03.07/ 03.08/04.12/08.16.01	5
	Total Illustrations			19

01. Aggregate turnover

Students, let's try to solve it



MCQ.04.01.01.00 Which of the following will be excluded from the computation of 'aggregate turnover'? [Study Mat]

- (a) Value of Taxable supplies
- (b) Value of Exempt Supplies
- (c) Non-taxable supplies
- (d) Value of inward supplies on which tax is paid on reverse charge basis

[Hint: Refer Sec 2(6)]

MCQ.04.01.02.00 Rama Ltd. has provided following information for the month of September:

- (i) Intra-State outward supply ₹ 8,00,000/-
 - (ii) Inter-State exempt outward supply ₹ 5,00,000/-
 - (iii) Turnover of exported goods ₹ 10,00,000/-
 - (iv) Payment made for availing GTA services ₹ 80,000/-
- Calculate the aggregate turnover of Rama Ltd. [CA Inter Mar 19, MTP Nov 21]

- (a) ₹ 8,00,000/- (b) ₹ 23,80,000/-
- (c) ₹ 23,00,000/- (d) ₹ 18,00,000/-

[Hint: Refer Sec 2(6), (800000+500000+1000000)]

02. Sec 10(1): Eligibility Criteria for Composition Scheme

MCQ.04.02.03.00 What is the threshold limit of turnover in the preceding financial year for opting to pay tax under composition scheme under section 10? [Study Mat]

- (a) ₹ 20 lacs (b) ₹ 10 lacs

- (c) ₹ 1.5 cr (d) None of the above

[Hint: Refer Sec 10(1)]

MCQ.04.02.04.00 X & Co., a supplier registered under GST in Meghalaya, wants to opt for composition levy. The aggregate turnover limit for composition levy is- [Study Mat]

- (a) ₹ 50 lakh (b) ₹ 75 lakh
- (c) ₹ 1.5 crore (d) none of the above

[Hint:- Out of 11 Special category states, threshold for Assam, Himachal Pradesh & J&K = `1.5 Cr but for remaining sp. Category states is `75 lakhs)

MCQ.04.02.05.00 Harish Trading Company situated in Haryana, is a dealer of seeds (exempt by exemption notification) & chemical fertilizers (taxable). He is about to cross the threshold limit of registration under GST and wants to opt for Composition Scheme under section 10(1) and 10(2) of the CGST Act. His entire supply is made exclusively within the State of Haryana. You being his Chartered Accountant, advise whether he can do so or not? [Study Mat]

- (a) Yes, since aggregate turnover is less than ₹ 1.5 crore.
- (b) No, a person effecting supply exempted by way of exemption notification cannot opt for composition scheme under section 10(1) and 10(2) of the CGST Act.
- (c) No, a trader cannot opt for composition scheme.
- (d) No, a supplier of chemical fertilizer cannot opt for composition scheme.

[Hints: Refer Sec 10(1) & 10(2)]

MCQ.04.02.06.00 Mr. P, a taxable person under GST, is carrying on business from different states such as Punjab, Maharashtra, Haryana & Assam. All the business premises are separately registered. The turnover in different states in P.F.Y. was as follows:

Punjab - 5 lakhs, Maharashtra- 8 lakhs, Haryana - 10 lakhs, Assam - 76 lakhs. Which of the following statement is incorrect?

- (a) Mr. P can opt for Composition Scheme as the aggregate turnover on all India basis is below ₹ 1.5 Cr.
- (b) Mr. P cannot opt for composition scheme as turnover in Assam being special category state exceeds ₹ 75 lakhs
- (c) Both a & b above
- (d) None of the above

[Hint:- 1. Agg. T/o = 5 lakhs + 8 lakhs + 10 lakhs + 76 lakhs = 99 lakhs which is less than 1.5 Cr threshold as limit for Assam is 1.5 Cr]

03. Proviso 2 to Sec 10(1) - Marginal Services & Sec 10(2): Conditions for Composition Scheme & Rule 5

MCQ.04.03.07.00 Alladin Electronics is engaged in intra-State supply of air- conditioners and has an aggregate turnover of ₹ 90 lakh in the preceding financial year. In the current financial year, it wishes to opt for composition scheme under section 10(1) and 10(2). It will start providing services of repairing of air conditioners also from



[Hint: Refer Sec 10(2A), No restriction on RCM supplies]

05. Proviso to Sec 10(2) and 10(2A)

MCQ.04.05.13.00 Can a registered person opt for composition scheme only for one out of his 3 business verticals having same Permanent Account Number? [Study Mat]

- (a) Yes (b) No
 (c) Yes, subject to prior approval of the Central Government
 (d) Yes, subject to prior approval of the concerned State Government

[Hint: Refer proviso to Sec 10(2) & 10(2A)]

06. Sec 10(3): Eligibility Criteria to remain in Composition Scheme

MCQ.04.06.14.00 What will happen if the turnover of a registered person opting to pay taxes under composition scheme during the year 20XX-XY crosses ₹ 1.5 cr? [Study Mat]

- (a) He can continue under composition scheme till the end of the financial year
 (b) He will be liable to pay tax at normal rates of GST on the entire turnover for the financial year 20XX-20XY
 (c) He will cease to remain under the composition scheme with immediate effect
 (d) He will cease to remain under the composition scheme from the quarter following the quarter in

which the aggregate turnover exceeds ₹ 1.5 cr.

[Hint: Refer Sec 10(3)]

07. Sec 10(4): Cannot collect tax & no ITC available

MCQ.04.07.15.00 Can a registered person under Composition Scheme claim input tax credit? [Study Mat]

- (a) Yes (b) No
 (c) Input tax credit on inward supply of goods only can be claimed
 (d) Input tax credit on inward supply of services only can be claimed

[Hint: Refer Sec 10(4)]

MCQ.04.07.16.00 Can a registered person opting for composition scheme collect GST on his outward supplies? [Study Mat]

- (a) Yes, in all cases
 (b) Yes, only on such goods as may be notified by the Central Government
 (c) Yes, only on such services as may be notified by the Central Government
 (d) No

[Hint: Refer Sec 10(4)]

08. Rule 62 & Rule 80

MCQ.04.08.16.01 Due date of filing GSTR 4 is:

- a. 18th day of April following the end of such FY
 b. 20th day of the succeeding quarter
 c. 30th day of April following the end of such FY

d. 30th day of June following the end of such FY

[Hint-Refer rule 62(1)(ii) & Rule 80, GSTR-4 & GSTR-9A Both has to be furnished Annually]

09. Numerical: Calculation of Tax under Composition Scheme

MCQ.04.09.17.00 C & Co., a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for ₹ 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 18%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for ₹ 9,55,000 on which Ramesh & Co. had charged CGST of ₹ 85,950 and SGST of ₹ 85,950. C & Co. had also purchased goods from E & Co., registered in Haryana, for ₹ 2,46,000 on which E & Co. had charged IGST of ₹ 44,280. GST liability of C & Co. for the fourth quarter of the financial year is (CA Inter RTP Nov 2020, Study Mat)

- (a) CGST ₹ 7,500 & SGST ₹ 7,500
 (b) CGST ₹ 4,770 & SGST ₹ 49,050
 (c) CGST ₹ 49,050 & SGST ₹ 4,770
 (d) Nil

[Hint: Refer point no.3 of Rule 7 (₹15,00,000*0.5% each = ₹7,500)]

Answer:-

04.01.01	d
04.01.02	c
04.02.03	c
04.02.04	b
04.02.05	a
04.02.06	b
04.03.07	d
04.03.08	c
04.03.09	d
04.03.10	b

04.03.11	d
04.03.11.01	b
04.04.12	a
04.05.13	b
04.06.14	c
04.07.15	b
04.07.16	d
04.08.16.01	d
04.09.17	a

