

Chapter ---

COMPOSITION RULES

1. Intimation for composition levy

(1) Any person who has been granted registration on a provisional basis under sub-rule (1) of rule Registration.17 and who opts to pay tax under section 10, shall electronically file an intimation in **FORM GST CMP-01**, duly signed or verified through electronic verification code (EVC), on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, prior to the appointed day, but not later than thirty days after the said day, or such further period as may be extended by the Commissioner in this behalf:

Provided that where the intimation in **FORM GST CMP-01** is filed after the appointed day, the registered person shall not collect any tax from the appointed day but shall issue bill of supply for supplies made after the said day.

(2) Any person who applies for registration under rule Registration.1 may give an option to pay tax under section 10 in Part B of **FORM GST REG-01**, which shall be considered as an intimation to pay tax under the said section.

(3) Any registered person who opts to pay tax under section 10 shall electronically file an intimation in **FORM GST CMP-02**, duly signed or verified through EVC, on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner prior to the commencement of the financial year for which the option to pay tax under the aforesaid section is exercised and shall furnish the statement in **FORM GST ITC-3** in accordance with the provisions of sub-rule (4) of rule ITC.9 within sixty days from the commencement of the relevant financial year,

(4) Any person who files an intimation under sub-rule (1) to pay tax under section 10 shall furnish the details of stock, including the inward supply of goods received from unregistered persons, held by him on the day preceding the date from which he opts to pay tax under the said section, electronically, in **FORM GST CMP-03**, on the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, within sixty days of the date from which the option for composition levy is exercised or within such further period as may be extended by the Commissioner in this behalf.

(5) Any intimation under sub-rule (1) or sub-rule (3) in respect of any place of business in any State or Union territory shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

2. Effective date for composition levy

(1) The option to pay tax under section 10 shall be effective from the beginning of the financial year, where the intimation is filed under sub-rule (3) of rule 1 and the appointed day where intimation is filed under sub-rule (1) of the said rule.

(2) The intimation under sub-rule (2) of rule 1 shall be considered only after grant of registration to the applicant and his option to pay tax under section 10 shall be effective from the date fixed under sub-rule (2) or (3) of rule Registration.3.

3. Conditions and restrictions for composition levy

(1) The person exercising the option to pay tax under section 10 shall comply with the following conditions:

(a) he is neither a casual taxable person nor a non-resident taxable person;

(b) the goods held in stock by him on the appointed day have not been purchased in the course of inter-State trade or commerce or imported from a place outside India or received from his branch situated outside the State or from his agent or principal outside the State, where the option is exercised under sub-rule (1) of rule 1;

(c) the goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax under sub-section (4) of section 9;

(d) he shall pay tax under sub-section (3) or sub-section (4) of section 9 on inward supply of goods or services or both;

(e) he was not engaged in the manufacture of goods as notified under clause (e) of sub-section (2) of section 10, during the preceding financial year;

(f) 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; and

(g) 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.

(2) The registered person paying tax under section 10 may not file a fresh intimation every year and he may continue to pay tax under the said section subject to the provisions of the Act and these rules.

4 Validity of composition levy

(1) The option exercised by a registered person to pay tax under section 10 shall remain valid so long as he satisfies all the conditions mentioned in the said section and these rules.

(2) The person referred to in sub-rule (1) shall be liable to pay tax under sub-section (1) of section 9 from the day he ceases to satisfy any of the conditions mentioned in section 10 or these 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.

(3) 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.

(4) Where the proper officer has reasons to believe that the registered person was not eligible to pay tax under section 10 or has contravened the provisions of the Act or these rules, he may issue a notice to such person in **FORM GST CMP-05** to show cause within fifteen days of the receipt of such notice as to why option to pay tax under section 10 should not be denied.

(5) Upon receipt of reply to the show cause notice issued under sub-rule (4) from the registered person in **FORM GST CMP-06**, the proper officer shall issue an order in **FORM GST CMP-07** within thirty days of receipt of such reply, either accepting the reply, or denying the option to pay tax under section 10 from the date of option or from the date of the event concerning such contravention, as the case may be.

(6) Every person who has furnished an intimation under sub-rule (2) or filed an application for withdrawal under sub-rule (3) or a person in respect of whom an order of withdrawal of option has been passed in **FORM GST CMP-07** under sub-rule (5), may electronically furnish at the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner, a statement in **FORM GST ITC-01** containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn or denied, within 30 days, from the date from which the option is withdrawn or from the date of order passed in **FORM GST CMP-07**, as the case may be.

(7) Any intimation or application for withdrawal under sub-rule (2) or (3) or denial of the option to pay tax under section 10 in accordance with sub-rule (5) in respect of any place of business in any State or Union territory, shall be deemed to be an intimation in respect of all other places of business registered on the same PAN.

5. Rate of tax of the composition levy

The category of registered persons, eligible for composition levy under section 10 and these rules, specified in column (2) of the Table below shall pay tax under section 10 at the rate specified in column (3) of the said Table:

Sl No.	Category of registered persons	Rate of tax
(1)	(2)	(3)
1	Manufacturers, other than manufacturers of such goods as may be notified by the Government	one per cent.
2	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	two and a half per cent.

3	Any other supplier eligible for composition levy under section 10 and these rules	half per cent.
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GOODS AND SERVICES TAX RULES, 2017

COMPOSITION FORMS

List of Composition Formats

Sr. No.	Form No.	Description
1.	GST CMP-01	Intimation to pay tax under section 10 (composition levy) (Only for persons registered under the existing law migrating on the appointed day)
2.	GST CMP-02	Intimation to pay tax under section 10 (composition levy) (For persons registered under the Act)
3.	GST CMP-03	Intimation of details of stock on date of opting for composition levy (Only for persons registered under the existing law migrating on the appointed day)
4.	GST CMP-04	Intimation/Application for withdrawal from composition Levy
5.	GST CMP-05	Notice for denial of option to pay tax under section 10
6.	GST CMP-06	Reply to the notice to show cause
7.	GST CMP-07	Order for acceptance / rejection of reply to show cause notice

Form GST CMP -01*[See Rule -----]***Intimation to pay tax under section 10 (composition levy)**

(Only for persons registered under the existing law migrating on the appointed day)

1. GSTIN / Provisional ID		
2. Legal name		
3. Trade name, if any		
4. Address of Principal Place of Business		
5. Category of Registered Person < Select from drop down>		
(i)	Manufacturers, other than manufacturers of such goods as notified by the Government	<input type="checkbox"/>
(ii)	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	<input type="checkbox"/>
(iii)	Any other supplier eligible for composition levy.	<input type="checkbox"/>
6. Financial Year from which composition scheme is opted		2017-18
7. Jurisdiction	Centre	State
8. Declaration – I hereby declare that the aforesaid business shall abide by the conditions and restrictions specified for payment of tax under section 10.		
9. Verification I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom. Signature of Authorized Signatory Name Place Date Designation / Status		

Form GST CMP -02

[See Rule----]

Intimation to pay tax under section 10 (composition levy)

(For persons registered under the Act)

1. GSTIN		
2. Legal name		
3. Trade name, if any		
4. Address of Principal Place of Business		
5. Category of Registered Person < Select from drop down>.		
(i)	Manufacturers, other than manufacturers of such goods as may be notified by the Government	<input type="checkbox"/>
(ii)	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	<input type="checkbox"/>
(iii)	Any other supplier eligible for composition levy.	<input type="checkbox"/>
6. Financial Year from which composition scheme is opted		
7. Jurisdiction	Centre	State
8. Declaration – I hereby declare that the aforesaid business shall abide by the conditions and restrictions specified for paying tax under section 10.		
9. Verification I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom. Signature of Authorized Signatory Name Place Date Designation / Status		

Form GST –CMP-03

[See Rule----]

Intimation of details of stock on date of opting for composition levy

(Only for persons registered under the existing law migrating on the appointed day)

1. GSTIN		
2. Legal name		
3. Trade name, if any		
4. Address of Principal Place of Business		
5. Details of application filed to pay tax under section 10	(i) Application reference number (ARN)	
	(ii) Date of filing	
6. Jurisdiction	Centre	State

7. Stock of purchases made from registered person under the existing law

Sr. No	GSTIN/TIN	Name of the supplier	Bill/ Invoice No.	Date	Value of Stock	VAT	Central Excise	Service Tax (if applicable)	Total
1	2	3	4	5	6	7	8	9	10
1									
2									
Total									

8. Stock of purchases made from unregistered person under the existing law

Sr. No	Name of the unregistered person	Address	Bill/ Invoice No	Date	Value of Stock	VAT	Central Excise	Service Tax (if applicable)	Total
1	2	3	4	5	6	7	8	9	
1									
2									
Total									

9. Details of tax paid	Description	Central Tax	State Tax / UT Tax
	Amount		
	Debit entry no.		

10. Verification

I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory

Name

Place

Date

Designation / Status

Form GST – CMP-04

[See Rule -----]

Intimation/Application for Withdrawal from Composition Levy

1. GSTIN			
2. Legal name			
3. Trade name, if any			
4. Address of Principal Place of business			
5. Category of Registered Person			
(iv)	Manufacturers, other than manufacturers of such goods as may be notified by the Government	<input type="checkbox"/>	
(v)	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II	<input type="checkbox"/>	
(vi)	Any other supplier eligible for composition levy.	<input type="checkbox"/>	
6. Nature of Business			
7. Date from which withdrawal from composition scheme is sought		DD	MM YYYY
8. Jurisdiction	Centre	State	
9. Reasons for withdrawal from composition scheme			
10. Verification			
I _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.			
Signature of Authorized Signatory			
Name			
Place			
Date	Designation / Status		

Note – Stock statement may be furnished separately for availing input tax credit on the stock available on the date preceding the date from which composition option is withdrawn in **FORM GST ITC -01**.

Form GST CMP- 05

[See Rule -----]

Reference No. << ... >>

<< Date >>

To

GSTIN

Name

Address

Notice for denial of option to pay tax under section 10

Whereas on the basis of information which has come to my notice, it appears that you have violated the conditions and restrictions necessary for availing of the composition scheme under section 10 of the Act. I therefore propose to deny the option to you to pay tax under the said section for the following reasons: -

1

2

3

....

ϕ You are hereby directed to furnish a reply to this notice within fifteen working days from the date of service of this notice.

ϕ You are hereby directed to appear before the undersigned on DD/MM/YYYY at HH/MM.

If you fail to furnish a reply within the stipulated date or fail to appear for personal hearing on the appointed date and time, the case will be decided ex parte on the basis of available records and on merits

Signature

Name of Proper Officer

Designation

Jurisdiction

Place

Date

Form GST CMP - 06*[See Rule ----]***Reply to the notice to show cause**

1.	GSTIN	
2.	Details of the show cause notice	Reference no.
		Date
3.	Legal name	
4.	Trade name, if any	
5.	Address of the Principal Place of Business	
6.	Reply to the notice	
7.	List of documents uploaded	
8.	Verification	<p>I _____ hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.</p> <p style="text-align: right;">Signature of the Authorized</p> <p>Signatory</p> <p>Date</p> <p>Place</p>

Note –

1. The reply should not be more than 500 characters. In case the same is more than 500 characters, then it should be uploaded separately.
2. Supporting documents, if any, may be uploaded in PDF format.

Form GST CMP-07

[See Rule -----]

Reference No. << >>

Date-

To

GSTIN
Name
Address

Application Reference No. (ARN)

Date –

Order for acceptance / rejection of reply to show cause notice

This has reference to your reply dated ----- filed in response to the show cause notice issued vide reference no. ----- dated ----- . Your reply has been examined and the same has been found to be satisfactory and, therefore, your option to pay tax under composition scheme shall continue. The said show cause notice stands vacated.

or

This has reference to your reply dated ----- filed in response to the show cause notice issued vide reference no. ----- dated ----- . Your reply has been examined and the same has not been found to be satisfactory and, therefore, your option to pay tax under composition scheme is hereby denied with effect from << >>> for the following reasons:

<< text >>

or

- You have not filed any reply to the show cause notice; or
- You did not appear on the day fixed for hearing.

Therefore, your option to pay tax under composition scheme is hereby denied with effect from << date >> for the following reasons:

<< Text >>

Date
Place

Signature
Name of Proper Officer
Designation
Jurisdiction