

REVISED THRESHOLD LIMIT FOR COMPOSITION LEVY

[As per discussions in the 16th GST Council Meeting held on 11th June, 2017]

Sub section (1) of section 10 read with sub-section (2) of the same section of the Central Goods and Services Tax Act, 2017 [CGST Act] provides that an eligible registered person, whose aggregate turnover in the preceding financial year did not exceed Rs.50 lakh, may opt to pay, in lieu of the tax payable by him, an amount calculated at the rate of:

1. 1% of turnover in State or turnover in Union Territory in case of a manufacturer;
2. 2.5% of turnover in State or turnover in Union Territory in case of persons engaged in making supplies referred to in Paragraph 6(b) of Schedule II to the CGST Act; and
3. 0.5% of turnover in State or turnover in Union Territory in case of other suppliers.

2. The said sub-section also provides that the said limit may be increased upto Rs.1 crore on the recommendations of the GST Council.

3. The GST Council, in its meeting held on 11th June, 2017, has recommended increase in the aforesaid turnover limit for Composition Levy for CGST and SGST purposes from Rs.50 lakh to Rs.75 lakh in respect of all eligible registered persons, referred to in the aforesaid sub-section. However, whether the same increased turnover limit for Composition levy will apply in case of Special Category States or not will be decided in the next GST Council meeting.
