

Ref: SEPT/GST/11

Date 12/09/2017

To,  
GST CELL,  
HQ, FA&CAO Office  
G.M. Building  
West Central Railway,  
Jabalpur (M.P.)

Subject :- FAQ relating to Composition Dealer  
Ref:- CGST act 2017 and CGST rule 2017.

Sir,

This has reference to Section 10, Section 31 CGST Act and Rule 5 of CGST Rules, provisions dealing with Composition Dealer:-

1. Whether supplier registered under composition scheme is eligible to collect tax from recipient of supply?

**Composition supplier means a registered person, who opts to pay tax according to section 10 sub section (1) of the CGST Act 2017.**

As per Section 10 sub section (4), "A taxable person to whom the provisions of sub-section (1) 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."


***Hence it can be construed that a supplier registered under composition scheme is not eligible to collect GST from recipient of the supply through tax invoice or any other mode.***

2. What document shall be issued by a dealer registered under Composition Scheme for each Supply made by him?

As per section 31 sub section 3 clause (c), " a registered person supplying exempted goods or services or both or paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed."

***Hence, a supplier registered under composition scheme shall issue a bill of supply for each supply instead of issuing tax invoice. As per rule 5 of CGST rule 2017 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.***

Thanks and regards  
For Rahul & Co.  
Chartered Accountant



Dhawal Shrivastava