

Threshold Limits for GST Registration

◆ Meaning

Threshold limit means the **minimum turnover limit** beyond which a person must obtain GST registration.

If turnover is below the prescribed limit → Registration is **not compulsory** (with some exceptions).

◆ Current Threshold Limits

For Supply of Goods:

- ₹40 lakhs – Normal category states
- ₹20 lakhs – Special category states

For Supply of Services:

- ₹20 lakhs – Normal category states
 - ₹10 lakhs – Special category states
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◆ Special Category States

Include certain North-Eastern and hill states (e.g., Manipur, Mizoram, Nagaland, etc.).

◆ When Registration is Compulsory (Even Below Threshold)

Registration is mandatory if a person:

- ✓ Makes **inter-state taxable supply**
 - ✓ Is liable under **Reverse Charge Mechanism (RCM)**
 - ✓ Is an **e-commerce operator**
 - ✓ Is required to deduct or collect TDS/TCS
 - ✓ Supplies through e-commerce platforms
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◆ Importance of Threshold Limit

- ✓ Reduces compliance burden on small businesses
 - ✓ Encourages small traders
 - ✓ Promotes ease of doing business
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2 Composition Scheme

◆ Meaning

The **Composition Scheme** is a simplified tax scheme for small taxpayers to reduce compliance burden.

It allows payment of GST at a **fixed lower rate** on turnover instead of normal GST rates.

◆ Eligibility

- Turnover up to ₹1.5 crore (₹75 lakhs for special category states)
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◆ Tax Rates Under Composition Scheme

Type of Business	GST Rate
Manufacturer & Trader	1%
Restaurant (not serving alcohol)	5%
Service providers (limited)	6%

◆ Features of Composition Scheme

- ✓ Pay tax at lower rate
 - ✓ Quarterly return filing
 - ✓ Simple compliance
 - ✓ No detailed records required
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◆ Restrictions

- Cannot collect GST from customers
 - Cannot claim Input Tax Credit (ITC)
 - Cannot make inter-state supply
 - Cannot supply through e-commerce operators
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◆ Advantages

- ✓ Suitable for small traders
 - ✓ Less paperwork
 - ✓ Lower tax burden
 - ✓ Easy compliance
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3 Zero-Rated Supplies (Section 16 of IGST Act)

◆ Meaning

Zero-rated supply means supply on which **GST rate is 0%**, but **Input Tax Credit (ITC) is allowed**.

It is mainly applicable to **exports and SEZ supplies**.

◆ **Zero-Rated Supplies Include:**

- ✓ Export of goods
 - ✓ Export of services
 - ✓ Supply to SEZ (Special Economic Zone) units/developers
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◆ **Important Feature**

Unlike exempt supplies:

GST rate is 0%

ITC is allowed

Refund of unutilized ITC can be claimed

◆ **Methods for Zero-Rated Supply**

Exporter has two options:

- 1 Export with payment of IGST and claim refund later
 - 2 Export without payment of IGST under Bond/LUT and claim refund of ITC
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■ **Difference Between Zero-Rated and Exempt Supply**

Basis	Zero-Rated Supply	Exempt Supply
GST Rate	0%	No GST
ITC Available	Yes	No
Refund Allowed	Yes	No
Example	Exports	Education, Healthcare