



08 April 2019

**Circular No.03/GST No.01/2019-20**

**To: Members of the Committee**

**All Members**

**Re: Service providers can opt for GST composition scheme  
by April 30, 2019 : CBIC**

**Dear Sir,**

- The GST composition scheme was so far available to traders and manufacturers of goods with an annual turnover of up to Rs 1 crore. This threshold has been increased to Rs 1.5 crore from April 1, 2019. Under the scheme, traders and manufacturers are required to pay only one p.c. GST on goods which otherwise attract a higher levy of either 5, 12 or 18 p.c.. Such dealers are also not permitted to charge GST from the purchaser.
- Central Board of Indirect Taxes and Customs has given time to service providers with turnover of up to Rs 50 lakh till April 30 to opt for the composition scheme and pay six p.c. GST. In a circular, CBIC said suppliers who want to opt for composition scheme would have to file Form GST CMP-02 by selecting 'Any other supplier eligible for composition levy' latest by April 30, 2019.
- Businesses which apply for new registration may avail the said benefit in Form GST REG-01 at the time of filing application for registration.
- The option to pay GST at reduced rate of 6 p.c. would be effective from the beginning of the financial year or from the date of obtaining new registration during the financial year.
- Service providers opting for the composition scheme can charge a lower tax rate of six p.c. from customers, as against the higher rates of 12 and 18 p.c. for most services under GST.
- The GST Council, headed by Finance Minister and comprising State Ministers, in its meeting on January 10 had permitted service providers and those dealing in both goods and services with a turnover of up to Rs 50 lakh to opt for composition scheme with effect from April 1, 2019.

This is for your kind information.

Thanking you,

*M. C. Das*  
Yours faithfully,

**(M. C. Das)**

**Dy. Director General**