***FAQs On Goods & Services Tax***

1. ***Overview of Goods and Services Tax (GST)***

Q 23. What is the scope of composition scheme under GST?

Ans. Small taxpayers with an aggregate turnover in a financial year up to [Rs. 50 lakhs] shall be eligible for composition levy. Under the scheme, a taxpayer shall pay tax as a percentage of his turnover during the year without the benefit of ITC. The floor rate of tax for CGST and SGST shall not be less than [1%]. A tax payer opting for composition levy shall not collect any tax from his customers. Tax payers making inter- state supplies or paying tax on reverse charge basis shall not be eligible for composition scheme.

Q 24. Whether the composition scheme will be optional or compulsory?

Ans. Optional.

Q 25. What is GSTN and its role in the GST regime?

Ans. GSTN stands for Goods and Service Tax Network (GSTN). A Special Purpose Vehicle called the GSTN has been set up to cater to the needs of GST. The GSTN shall provide a shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders for implementation of GST. The functions of the GSTN would, inter alia, include:

1. facilitating registration;
2. forwarding the returns to Central and State authorities;
3. computation and settlement of IGST;
4. matching of tax payment details with banking network;
5. providing various MIS reports to the Central and the State Governments based on the tax payer return information;
6. providing analysis of tax payers’ profile; and
7. running the matching engine for matching, reversal and reclaim of input tax credit.

The GSTN is developing a common GST portal and applications for registration, payment, return and MIS/ reports. The GSTN would also be integrating the common GST portal with the existing tax administration IT systems and would be building interfaces for tax payers. Further, the GSTN is developing back-end modules like assessment, audit, refund, appeal etc. for 19 States and UTs (Model II States). The CBEC and Model I States (15 States) are themselves developing their GST back-end systems. Integration of GST front-end system with back-end systems will have to be completed and tested well in advance for making the transition smooth.

*Source:http://cbec.gov.in/resources//htdocscbec/deptt\_offcr/faqongst.pdf;jsessionid=825C7C194F0FC0652FFE5A809FE81F69*

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