Implementing GST for Composition Dealers

Overview

Under GST regime government has provided a simpler compliance for small dealers known as the Composition Scheme. The Composition Scheme allows qualifying taxpayers — those whose annual turnover is upto Rs 1.5 crore — to pay a percentage of their sales turnover as tax. The tax paid by the composition dealer will be equal to at least 1% of the turnover.

Features of composition scheme:

- Composition dealers are not allowed to collect tax on sales. Due to this reason, 'Bill of Supply' is issued for sales transactions, instead of 'Tax Invoice'.
- Composition dealers are not allowed to take Input Tax Credit (ITC) on purchases.
- The composition rates are different based on the type of business.
 - For traders and manufacturers it's 1%.
 - For restaurant sector it's 5%.
- For transactions under the reverse charge mechanism, the composition dealers will be taxed at the normal GST rate.
- Composition dealers have to file a single quarterly return in place of multiple monthly returns.

Implementation in BUSY

To implement GST in BUSY, composition dealers need to perform the following steps:

- Step 1: Enable GST with Composition Scheme
- Step 2: Create Masters required for transactions
- Step 3: Enter transactions
- Step 4: View/Print GST Reports

We will now discuss these steps in detail.

Step 1: Enable GST

While creating new company; enable GST with '*Type of Dealer*' as '*Composition*' and specify '*Default Tax Rate*'. For '*Default Tax Rate*' specify tax rate as per which tax is to be paid to government. The tax rate specified here will be then used to calculate tax payable. Given here is a screenshot of *Create Company* window.

Crea	ate Company
Company Information Name Puneet Confectionary Print Name Puneet Confectionary Short Name Country India State Delhi	Address Shop No.398, Pocket B-9 Sector-8, Dwarka Delhi CIN IT PAN Ward
F.Y. Beginning from 01-04-2018 Books Commencing from 01-04-2018	Tel.No. Fax E - Mail
Currency Information Currency Symbol Rs. (Rs., \$ etc.) Currency String Rupees (Rupees, Dolar etc.) Currency Sub-String Paisa (Paisa, Cent etc.) Currency Font Rupee Foradian Currency Character *	GST/VAT Information Y Type GST Enable GST/VAT Y Type GST Enable Cess N Caption Enable Add. Cess Caption GSTIN 07AERFD1243A12A Type of Dealer Composition Default Tax Rate-1 1.00
Copy Masters, Configuration and Users from existing Company Not Required Copy Masters and Config Copy M Sav	lasters, Config and Users

If you have not enabled GST or specified other details at the time of company creation then you can enable/change it through Administration \rightarrow Configuration \rightarrow Features/Options \rightarrow GST/VAT tab. On clicking the GST/VAT tab, a GST/VAT window will appear. Given here is a screenshot of GST/VAT window.

	GST/VAT	
Enable GST/VAT Reporting		
lype GST ⊏ Allow switching b/v lype of Dealer Composition fax Rate (%) 1.00	OST/VAT using F12 Create Default	55T Masters Signatory's Details
GST/VAT Details CST No. LBT No. VAT Details TIN	Adjust out;	out CST in Input VAT
Pick VAT Op. Bal. from 'VAT Ledger A/c(s)'		
OST Details GSTIN 07AERFD1243A1ZA	Default Tax Calegory	
Pick VAT Op. Bal. from 'VAT Ledger A/c(s)' GST Details GSTIN 07AERFD1243A1ZA E-Way Bill Required N Add. Tax / Cess Config Enable Cess	Default Tax Category Transport Details in t	.ocal Sales/Purchase N
Pick VAT Op. Bal. from 'VAT Ledger Avc(s)' GST Details GSTIN 07AERFD1243A1ZA E-Way Bill Required N Add. Tax / Cess Config Enable Cess Show Sale / Purchase Amt. as Taxable Amt. Tax Rate Decimal Places 2 (For Item-	Default Tax Calegory Transport Details in I N n GST Reports N vise Tax Only)	.ocal Sales/Purchase N

In the *GST/VAT* window, you can specify/change the type of tax, type of dealer, tax rate (%) and GSTIN No.

Step 2: Create Masters required at the time of entering transactions

To enter transactions, certain masters are required. BUSY will create certain masters automatically as per the details specified by you at the time of company creation. Now let us discuss the following masters which are required at the time of entering transactions:

- Sale/Purchase Type
- Account Master
- Item Master

Sale/Purchase Type

A Sale/Purchase Type is classification of sale/purchase based on the type of sale/purchase (central or local) and the rate of GST charged. Certain Sale/Purchase Types are created automatically as per details specified by you at the time of company creation.

In case of composition dealer '**I/GST-No Tax'** and '**L/GST-No Tax'** Sale Types will be created automatically as composition dealer need not to collect GST on sales. Whereas, Purchase types as per different tax rates will be created as composition dealer has to pay tax on purchase but cannot claim Input GST on it.

Account Master

Create Account masters and enter GST related details such as GSTIN and Type of Dealer for sundry debtors and sundry creditors.

<u>Note</u>: While creating accounts under **Expenses** group, certain GST related details are asked as the same is required for RCM calculation and reporting.

Item Master

Create Item masters as required. Make sure to specify correct 'Tax Category' for each Item as the same is mandatory for GST reporting.

Now that you have created masters in BUSY, you can record transactions using vouchers.

Step 3: Enter transactions

Purchase Voucher

In case of composition dealer *Purchase* voucher will be entered in the same manner as for regular dealer. Only difference is that he cannot claim input on it. Given below is a screenshot of *Purchase* voucher that a composition dealer needs to enter.

rarty FC Eligibility	Main Date Jain Traders Fr. Bal. : Rs. 0.00	05-04-2018) (GSTIN / UIN : 0781	(Th. FRD2341A) Vch No. Mat. Centre IZA)	003 Main Store	Add Purc Type	Purchase Vouche	<u>r</u>
arration		ligibility dat	a fiold	is disabled	as no inni	it is to claime	bd	
.N. Ite	m		aneiu	is disabled			Price (Rs.)	Amount (Rs.)
1 Cac	bury Dairy Milk	-100gms.			50.00	Boxes	420.00	21,000.00
4 5 6 7 8								
9 10 11			2010/22/07		Tax Bill will be a	Sundries wit applied as no	h (ITC-None) input is to cl	suffix aim
ur. Stock =	0.00 Boxes)		Apply T	ax (F4)	50.00)		21,000.00
ST Summar ax Rate	Taxable Amt.	CGST SGST	S.N. 1	Bill Sundry	Z		e	Amount (Rs.)
49%	21,000.00 1	,890.00 1,890.00	10	CGST (ITC-Non	e)		9.000 %	1,890.00
			2 5	SGST (ITC-Non	e)		9.000 %	1,890.00
otals	21,000.00 1,	890.00 1,890.00	4					
Web Data	i Master Detail	Party Dash Boa			1	Hadata Disaau	at Charle Schoo	24,780.00

Sales Voucher

In case of composition dealer *Sale* voucher will be entered with *Sale Type* as '**I/GST-No Tax'** and '**L/GST-No Tax'**. Given below is a screenshot of *Sale* voucher that a composition dealer needs to enter.

				die	and a second second		A	dd Sales Voucher	
ries M	ain D:	ale 07-04-	2018	(5	st) Vch No.	1/2018-19	Sale Typ	e L/GST-No Tax	
arty C (c arration	ash Iur. Bal. : Rs. 0.00) (GSTIN / L	JIN:)		Mat. Cent	e Main Store			,
.N. Item	í.					Qty.	Unit	Price (Rs.)	Amount (Rs.)
1 Cad	oury Dairy Mi	ilk-100 Gn	ns.			1.00	Boxes	490.00	490.00
2									
3									
4							-		
5									
6									
/									
0									
10	ſ						CCT is to b	a ala avera d	
11		NO Tax	BIII SU	unary	is to be ap	phed as no	GST IS LOD	e charged	
Cur. Stock = ().00 Boxes)					1.00			490.00
SST Summary	Tavable 4mt	COST	SCET	S.N.	Bill Sundry			@	Amount (Rs.)
+0%	490.00			1		<u>_\.</u>			
				2		N			
				3				- S - S	
				4					
	490.00	0.00	0.00	E					

In Invoice printing, 'Bill of Supply' will be printed instead of 'Tax Invoice' as no tax is collected on *Sales*. Given below is a screenshot of Invoice Print.

GSTD	e : 07AERFD1243A1ZA Pun Shop I	BILL OF SUPPLY Cet Confection 10.398, Pocket B-9, Sector Delhi	nary onary r-8, Dwark	/		Original Copy
Invoic Date	e No. : 1 of Invoice : 07-04-2018	Place of S Reverse C	Supply Charge	: Delhi (07) : N	(
<i>Billed</i> Cash GSTD	1/UDN :	Shipped Cash GSTIN / U	to : IIN	L.		
S.N.	Description of Goods	HSN/SAC Code	Qty.	Unit	Price	Amount(₹)
1.	Cadbury Dairy Milk-100gms.	0098	1.00	Boxes	490.00	490.00

Payment Voucher

Expenses can be booked either through Payment or Journal voucher. If Expenses are made through unregistered dealer then Composition dealer also needs to pay tax under RCM to the government. Given below is a screenshot of *Payment* voucher.

.No	D/C	Account	Debit (Rs.)	Credit (Rs.)	Short Narration
1	D	Freight & Forwarding Charges	2,400.00		
2	C	Cash	12.	2,400.00	
3					
4					
5			S		
6					
7					
8	-				
9	÷ .				
10	_	~			
11					
12					
13					
14	-				
15	<u></u>		3		
16					
17	_				
1000		5,200,00 Cr)	2 400 00	2 400 00	

To check RCM Liability go to *Transactions* \rightarrow *GST Misc. Utilities* \rightarrow *Check/Post Consolidated RCM Payable* option. On clicking *Check/Post Consolidated RCM Payable* option a RCM Summary window appears. Given below is a screenshot of RCM Summary.

	E (0.11.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	1	e 10	n (n uncil	1007.0	00070			
ate	Exp.(Daily Limit)	Exp. (Service Im	Exp. (Comp. RD)	Exp. (Comp. URD)	IGST Payable	CGST Payable	SGST Payable	Vch. Po	Vch. IGST Amt.
1-04-2018								No	
2-04-2018								No	
3-04-2018								No	
4-04-2018								No	
5-04-2018				2,400.00		60.00	60.00	No	
6-04-2018								No	
7-04-2018								No	
C			m.						
<u>.</u>		c		0 400 55	0.00	60.00	60.00		0.75
	0.00	0.00	0.00	2,400.00	0.00	60.00	60.00		0.00

You can drill down to specific date to post 'Consolidated RCM Payable' Voucher and then by pressing F4 key you can post the voucher.

*For detailed Information on RCM you can view our Help document and video named 'Implementing RCM in BUSY'.

Step 4: View/Print GST Reports

Once you have recorded GST related transactions, you can view GST related reports and returns. To view GST reports, click *Display* \rightarrow *GST Reports* \rightarrow Select the required report. Given below is the screenshot of *GST Summary*.

>		Email - (M)	Print - (P) Refresh -	RJ Export - [E] Sea	erch - F3 [Summary - F5]	Filter - F7 Custon
			GST Summary		From 01	04-2018 to 30-04-20
Details		Taxable Amt.	IGST	CGST	SGST	Total Tax
Purchase Turn	over	21,000.00	0.00	1,890.00	1,890.00	3,780.00
Sales Turnover	r	490.00	0.00	2.45	2.45	4.90
Output GST on	RCM	2,400.00	0.00	60.00	60.00	120.00
Tax Payable w	ith Payment Details	Taxable Turnover	Tax Payable	Payment	Bal. Tax	
CGST @ 0.5 %	220202	490.00	2.45	0.00	2.45	
SGST @ 0.5 %	R	490.00	2.45	0.00	2.45	
Total			4.90	0.00	4.90	
45/25/20	0.5% CGST & SG	ST is calculated on	7			
IGST (RCM)	total sales turno	over as 1% tax rate	0.00	0.00	0.00	
CGST (RCM)	· · · · · · · · · · · · · · · · · · ·		60.00	0.00	60.00	
SGST (RCM)	is specified at th	le time of company	60.00	0.00	60.00	
	configuration					
Total	5	/	120.00	0.00	120.00	
		Tax Payable will	be calculated o	on Sales turno	ver as	
		per the default t	ax rate specifie	ed		

Composition dealer has to file a quarterly return *GSTR-4* which consists of total value of inward and outward supplies made during a specified period. To file *GSTR-4* from BUSY following steps needs to be followed:

Step 1: Check GSTR-4 screen report in BUSY and verify data

To check GSTR-4 screen report go to: *Display* \rightarrow *GST Reports* \rightarrow *GST Returns* \rightarrow *GSTR-4* option. Given below is the screenshot of *GSTR-4* screen report.

			From 1-4-2018 T	o 28-4-2018			
Section Name	No. o	No. o	Total Taxable A	Total Central T	Total State/UT	Total Integrated	Total CESS
B2B Invoices (4A)		1	21,000.00	1,890.00	1,890.00		
B2B - Reverse Charge (4B)	0	0					
B2B - UR (4C)		0					
IMPS (4D)		0					
Credit/Debit Notes - Register		0					
Credit/Debit Notes - UnRegiste	" K	0					
Tax Payable Details (@ 1 %)							
Turnover @ 18 %			49,490.00	247.45	247.45		
Total Turnover/Tax(excluding	0%)		49,490.00	247.45	247.45		
Tax Paid							
Tax Balance				247.45	247.45		
Pre	ess enter on alid data ap	each s pearin	ection to ve g in red colo	rify data and or	d correct		

Step 2: Generate Direct JSON or Excel file as per government template from BUSY

To generate Direct JSON or Excel file as per government template from BUSY go to: Display \rightarrow GST Reports \rightarrow GST Returns \rightarrow GSTR-4eReturn option. On clicking GSTR-4 eReturn option, a GSTR-4 eReturn message box appears. Given below is a screenshot of GSTR-4 eReturn message box.



Select the option as per your requirement and generate JSON file for upload on portal to file GSTR-4.

Please Note:

If you are **BUSY** user of **Standard/Enterprise Edition**, then it is recommended to use **JSON** option to generate eReturn. Other option, **Excel file as per Govt. Template** is to be used only when you are using **BUSY-Basic Edition**.

With this, we complete Implementation of GST in BUSY for Composition Dealers.

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<<< <sup>©</sup> Thank You <sup>©</sup> >>>
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