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.

Create Company

Company Information

Name	Puneet Confectionary	Address	Shop No.398, Pocket B-9
Print Name	Puneet Confectionary		Sector-8, Dwarka
Short Name			Delhi
Country	India		
		CIN	
State	Delhi		
		IT PAN	Ward
F.Y. Beginning from	01-04-2018	Tel.No.	Fax
Books Commencing from	01-04-2018	E - Mail	

Additional Information

Currency Information

Currency Symbol	Rs.	(Rs., $ etc.)
Currency String	Rupees	(Rupees, Dollar etc.)
Currency Sub-String	Paisa	(Paisa, Cent etc.)
Currency Font	Rupee Foradian	
Currency Character	`	₹

GST/VAT Information

Enable GST/VAT	Y	Type	GST
Enable Cess	N	Caption	
Enable Add. Cess		Caption	
GSTIN	07AERFD1243A1ZA		
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 Masters, Config and Users

[Save] [Quit]

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

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.

Note: 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.

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.

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.

GSTIN	: 07AERFD1243A1ZA					Original Copy

BILL OF SUPPLY

Puneet Confectionary
Shop No.398, Pocket 8-9, Sector-8, Dwarka
Delhi

Invoice No.	: 1	Place of Supply	: Delhi (07)
Date of Invoice	: 07-04-2018	Reverse Charge	: N

Billed to :	Shipped to :
Cash	Cash
GSTIN / UIN :	GSTIN / UIN :

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.

To check RCM Liability go to *Transactions → GST Misc. Utilities → 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.

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* → *GST Reports* → Select the required report. Given below is the screenshot of *GST Summary*.

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 → GST Reports → GST Returns → GSTR-4* option. Given below is the screenshot of *GSTR-4* screen report.

Press enter on each section to verify data and correct invalid data appearing in red color

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 - UnRegister		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		

B2B Invoices - 4A : Inward supplies received from a registered supplier (other than supplies attracting reverse charge).

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 →
GST Reports → GST Returns → 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.

<<< ☺ Thank You ☺ >>>