

Dear Taxpayer:

In this series, we will deal with the concepts of:

1. Taxable Person
2. Business
3. Composition Scheme

Taxable Person (TP):

Briefly, taxable person is one from whom tax is collectible.

Meaning under Model Law – Section 9 (1):

Taxable Person means a person who carries on any business at any place in India/State of _____ and who is registered or required to be registered under schedule III of this Act:

So essentially, it means:

- i. A person
- ii. Carrying on business at any place in India/ State of _____
- iii. Registered or required to be registered under law

1. Person is defined under section 2(74) to include:

- a) An Individual;
- b) A Hindu undivided family;
- c) A company;
- d) A firm;
- e) A Limited Liability Partnership;
- f) An association of persons or a body of individuals, whether incorporated or not, in India or outside India;
- g) Any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 2(45) of the Companies Act, 2013 (18 of 2013);
- h) Any body corporate incorporated by or under the laws of a country outside India;
- i) A co-operative society registered under any law relating to cooperative societies;
- j) A local authority;
- k) Government;
- l) Society as defined under the Societies Registration Act, 1860 (21 of 1860);
- m) Trust; and

n) Every artificial juridical person, not falling within any of the preceding sub-clauses.

Thus all forms of entities (through which business is being carried on) are covered. Notably, Government, if carrying on business is also covered.

2. Carrying on "Business":

"Business" is inclusively defined as: Section 2(17):

- a) Any trade, commerce, manufacture, profession, vocation or any other similar activity, whether or not it is for a pecuniary benefit;*
- b) Any transaction in connection with or incidental or ancillary to (a) above;*
- c) Any transaction in the nature of (a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;*
- d) Supply or acquisition of goods including capital assets and services in connection with commencement or closure of business;*
- e) Provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members, as the case may be;*
- f) Admission, for a consideration, of persons to any premises; and*
- g) Services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation.*

From above, following transpires:

1. To constitute an activity as business, following are irrelevant:

- a) Accrual of pecuniary benefit
- b) Volume, frequency, continuity or regularity

So it follows that:

Any person, carrying on any activity of trade, commerce, profession etc. (including a transaction in connection with above), irrespective of its volume, or frequency or continuity or regularity, who is registered or required to be registered, is Taxable Person. Taxable Person (further takes into ambit) club, society etc. Providing facilities to members and such other entities.

Thus coverage by the term "taxable person" is extremely wide.

Following expressly excluded:

1. Employee under an employment rendering service to employer

2. Any person engaged in business of supplying goods or services that are not liable to tax under the Act.

Similarly, Model law has given an indicative list of services rendered by Central Government or a State Government or any local authority, which would not be subject to tax (Schedule IV).

Composition Scheme Section – 8

To save taxable persons having small turnover, from so called hassel of GST, scheme of composition is being provided.

Salient Features:

1. *Aggregate turnover in a financial year of the taxable person of his all establishments, having common PAN, should not exceed 50 lakhs*
2. *There should not be interstate supply of goods or services*
3. *The concerned taxable person shall not be eligible for input tax credit*
4. *He shall not collect tax*

The rate of composition will not be less than 1%

Hope you are enjoying this journey of GST Info!

Your feedback is requested.

See you soon!

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