



Lawgics

By Nidhi, Advocate



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Section 10 of CGST Act, 2017

10. Composition Levy

The composition levy is an **alternative method** of levy of tax designed for small taxpayers whose turnover is up to Rs. 75 lakhs (Rs. 50 lakhs in case of few States). The objective of composition scheme is to bring simplicity and to reduce the compliance cost for the small taxpayers. The entire scheme along with relevant rules and forms shall be presented separately.

Section 11 of CGST Act, 2017

11. Power to grant exemption from tax

(1) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by notification, exempt generally, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification.

(2) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by special order in each case, under circumstances of an exceptional nature to be stated in such order, exempt from payment of tax any goods or services or both on which tax is leviable.

(3) The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.

Explanation. —For the purposes of this section, where an exemption in respect of any goods or services or both from the whole or part of the tax leviable thereon has been granted absolutely, the registered person supplying such goods or services or both shall not collect the tax, in excess of the effective rate, on such supply of goods or services or both.

Our Interpretation

Section 11(1)

Power to Grant Exemption by way of Notification

Under this section, the Government holds the power to issue Notification, if it is satisfied that it is necessary in the public interest to do so, for giving exemption from tax absolutely or conditionally in respect of any goods or services or both, with effect from any date specified in the notification.

	<p>Government has exempted supplies supply specified services under the CGST Act vide Notification No. 12/2017 Central Tax (Rate) dt. 28.06.2017 which was further amended vide:</p> <table><tr><td>N. No. 21/2017 CT (Rate) dated 22.08.2017</td><td>N. No. 28/2017 CT (Rate) dated 22.09.2017</td></tr><tr><td>N. No. 25/2017 CT (Rate) dated 21.09.2017</td><td>N. No. 35/2017 CT (Rate) dated 13.10.2017</td></tr><tr><td>N. No. 32/2017 CT (Rate) dated 13.10.2017</td><td>N. No. 42/2017 CT (Rate) dated 14.11.2017</td></tr><tr><td>N. No. 02/2018 CT (Rate) dated 25.01.2018</td><td>N. No. 07/2018 CT (Rate) dated 25.01.2018</td></tr><tr><td>N. No. 14/2018 CT (Rate) dated 26.07.2018</td><td>N. No. 19/2018 CT (Rate) dated 26.07.2018</td></tr><tr><td>N. No. 28/2018-CT (Rate) dated 31.12.2018</td><td>N. No. 25/2018-CT (Rate) dated 31.12.2018</td></tr><tr><td>N. No. 04/2019-CT (Rate) dated 29.03.2019</td><td>N. No. 09/2021-CT (Rate) dated 30.09.2021</td></tr><tr><td>N. No. 13/2019 CT (Rate) dated 31.07.2019</td><td>N. No. 19/2021-CT (Rate) dated 28.12.2021</td></tr><tr><td>N. No. 21/2019-CT (Rate) dated 30.09.2019</td><td>N. No. 07/2022-CT (Rate) dated 13.07.2022</td></tr><tr><td>N. No. 28/2019-CT (Rate) dated 31.12.2019</td><td>N. No. 13/2022-CT (Rate) dated 30.12.2022</td></tr><tr><td>N. No. 05/2020-CT (Rate) dated 16.10.2020</td><td></td></tr><tr><td>N. No. 07/2021-CT (Rate) dated 30.09.2021</td><td></td></tr><tr><td>N. No. 16/2021-CT (Rate) dated 18.11.2021</td><td></td></tr><tr><td>N. No. 04/2022-CT (Rate) dated 13.07.2022</td><td></td></tr><tr><td>N. No. 15/2022-CT (Rate) dated 30.12.2022</td><td></td></tr></table>	N. No. 21/2017 CT (Rate) dated 22.08.2017	N. No. 28/2017 CT (Rate) dated 22.09.2017	N. No. 25/2017 CT (Rate) dated 21.09.2017	N. No. 35/2017 CT (Rate) dated 13.10.2017	N. No. 32/2017 CT (Rate) dated 13.10.2017	N. No. 42/2017 CT (Rate) dated 14.11.2017	N. No. 02/2018 CT (Rate) dated 25.01.2018	N. No. 07/2018 CT (Rate) dated 25.01.2018	N. No. 14/2018 CT (Rate) dated 26.07.2018	N. No. 19/2018 CT (Rate) dated 26.07.2018	N. No. 28/2018-CT (Rate) dated 31.12.2018	N. No. 25/2018-CT (Rate) dated 31.12.2018	N. No. 04/2019-CT (Rate) dated 29.03.2019	N. No. 09/2021-CT (Rate) dated 30.09.2021	N. No. 13/2019 CT (Rate) dated 31.07.2019	N. No. 19/2021-CT (Rate) dated 28.12.2021	N. No. 21/2019-CT (Rate) dated 30.09.2019	N. No. 07/2022-CT (Rate) dated 13.07.2022	N. No. 28/2019-CT (Rate) dated 31.12.2019	N. No. 13/2022-CT (Rate) dated 30.12.2022	N. No. 05/2020-CT (Rate) dated 16.10.2020		N. No. 07/2021-CT (Rate) dated 30.09.2021		N. No. 16/2021-CT (Rate) dated 18.11.2021		N. No. 04/2022-CT (Rate) dated 13.07.2022		N. No. 15/2022-CT (Rate) dated 30.12.2022		<p>Government has exempted supplies of around 149 items of goods in terms of Section 11(1) vide Notification No. 02/2017 Central Tax (Rate) dt. 28.06.2017 which was further amended vide:</p>
N. No. 21/2017 CT (Rate) dated 22.08.2017	N. No. 28/2017 CT (Rate) dated 22.09.2017																															
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N. No. 15/2022-CT (Rate) dated 30.12.2022																																
	<p>Certain other exemptions were made vide below mentioned Notifications:</p> <ul style="list-style-type: none">➤ N. No. 03/2017 CT (Rate) dated 28.06.2017➤ N. No. 08/2017 CT (Rate) dated 28.06.2017➤ N. No. 09/2017 CT (Rate) dated 28.06.2017➤ N. No. 10/2017 CT (Rate) dated 28.06.2017➤ N. No. 26/2017 CT (Rate) dated 21.09.2017➤ N. No. 30/2017 CT (Rate) dated 29.09.2017➤ N. No. 05/2018 CT (Rate) dated 25.01.2018➤ N. No. 26/2018 CT (Rate) dated 31.12.2018➤ N. No. 17/2019 CT (Rate) dated 30.09.2019➤ N. No. 19/2019-CT (Rate) dated 30.09.2019➤ N. No. 04/2020-CT (Rate) dated 30.09.2020➤ N. No. 12/2021-CT (Rate) dated 30.09.2021																															
Section 11(2)	<p><u>Power to grant exemption by special order</u></p> <p>Under this section, the Government holds the power to issue specific order, in specific situation of exceptional nature to be stated in such order, if it is satisfied that it is necessary in the public interest to do so, it may by special order exempt any goods or services or both, with effect from any date specified in the said special order. Such exemption shall be applicable to such person or class of person for such goods or services or both for which such order is passed. It is not general in nature like Notifications which are applicable for all.</p>																															
Section 11(3)	<p><u>Clarification on any Notification or order</u></p> <p>Section 11(3) provides that if any clarification is required on the scope or applicability, of such notification or order issued earlier regarding the exemption, then the Government may insert an Explanation to the said Notification or order, within 1 year from the date of issue of original notification or order and such explanation shall be effective from the date of original notification or order.</p> <p>Such explanation was inserted under section 11(3) vide:</p> <ul style="list-style-type: none">➤ Notification No. 17/2018-Central Tax (Rate) dated 26.07.2018➤ Notification No. 23/2018-Central Tax (Rate) dated 20.09.2018➤ Notification No. 30/2018-Central Tax (Rate) dated 31.12.2018➤ Notification No. 26/2019-Central Tax (Rate) dated 22.11.2019																															
Explanation	<p>When any exemption of tax is given absolutely from the whole or part of tax, then the registered supplier shall not collect tax in excess of the effective rate. This means that the registered person supplying the goods and/or services is not entitled to collect tax higher than the effective rate, where the supply enjoys an absolute exemption.</p>																															

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