GST Composition Scheme Eligibility Worksheet

Work through this before you talk to your chartered accountant about the GST composition scheme. It will not give you a final answer, but it will tell you whether the conversation is even worth having.

STEP 1 – The Threshold Test

QUESTION	YOUR ANSWER
Aggregate turnover in the previous financial year (all businesses under your PAN, combined)	☐
Is any part of that turnover from a state in the Northeast or a special-category state?	☐
Do you sell room nights through an OTA, booking platform, or other e-commerce operator that collects tax at source under Section 52?	☐

STEP 2 – Which Threshold Actually Applies to You

SCHEME	TURNOVER LIMIT	RATE	OPEN TO HOTEL ROOMS?
Section 10(1) composition (goods / restaurant)	Rs. 1.5 crore (Rs. 75 lakh special states)	1% goods, 5% restaurant	No – excludes accommodation (SAC 9963)
Section 10(2A) composition (services)	Rs. 50 lakh	6%	Not barred by statute, but blocked in practice by the OTA / Section 52 exclusion
Regular scheme + QRMP	Up to Rs. 5 crore for quarterly filing	0% / 5% / 18% by room rate	Yes – full ITC, OTA selling stays open

STEP 3 – The Real-World Filter

Answer honestly. If you sell any room nights through an OTA or booking platform, the composition scheme is almost certainly closed to you regardless of turnover, since a single TCS-covered transaction can trigger the bar. If every booking is walk-in, direct-call, or direct-website only, and your turnover sits under Rs. 50 lakh, the Section 10(2A) route is worth pricing out with an accountant.

STEP 4 – Cost Comparison Before You Decide

LINE ITEM	COMPOSITION (6%)	REGULAR SCHEME
Estimated annual room revenue		
Tax payable		
Input tax credit available on this revenue		
Net cost after accounting for lost ITC		
Filing effort (monthly vs quarterly under QRMP)		

Before You Opt In: Checklist

- ☐ Confirmed zero OTA or e-commerce-operator bookings, past and planned
- ☐ Aggregate PAN-wide turnover checked, not just this one property's turnover
- ☐ Compared net cost of composition (no ITC) against the regular scheme plus QRMP
- ☐ Filed Form CMP-02 before the start of the financial year, if opting in
- ☐ Aware that composition dealers cannot issue a tax invoice or collect GST from guests
- ☐ Discussed the decision with a chartered accountant familiar with hospitality GST

This worksheet is a planning aid to structure a conversation with a qualified chartered accountant. It is not tax advice, and GST rates, thresholds, and notifications can change. Confirm current figures against the CBIC portal or your advisor before filing.