

Concept of Aggregate Turnover in GST

Turnover, in common parlance, is the total volume of a business. The term 'aggregate turnover' has been defined in GST law as under:

“aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.

The aggregate turnover is a crucial parameter for deciding the eligibility of a supplier to avail the benefit of exemption threshold of Rs. 20 Lakhs [Rs. 10 Lakhs in case of special category States except J & K] and for determining the threshold limit for composition levy. Let us dissect the definition in small parts to understand the meaning clearly. There are certain terms used in the definition which need a bit of elaboration.

It may be noted that the inward supplies on which the

recipient is required to pay tax under Reverse Charge Mechanism (RCM) does not form part of the 'aggregate turnover'. The law stipulates certain supplies like, Goods Transport Agency services, services received from outside India, to name a few, where the recipient of service is made to pay the tax. The value of such supplies on which tax is paid, would not form part of the 'aggregate turnover' of recipient of such supplies. However, the value of such supplies would continue to be part of the 'aggregate turnover' of the supplier of such supplies.

The second element of value which would not be included in the 'aggregate turnover' is the element of central tax, state tax, union territory tax and integrated tax and compensation cess.

The value of exported goods/services, exempted goods/services, inter-state supplies between distinct persons having same PAN would be added to 'aggregate turnover'.

Last but not the least, such turnover is to be calculated by taking together the value in respect of the activities carried out on all-India basis.

The aggregate turnover is different from turnover in a State. The former is used for determining the threshold limit for registration as well as eligibility for Composition Scheme. However, the composition levy would be calculated on the basis of turnover in the State.
