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Turnover includes gst or not for purpose of sec 44ad

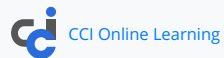
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ganesh (BUSINESSMAN) 17 July 2018

Suppose if we opt Presumptive basis then whether the turnover should include GST or not

Eg Sales is Rs 100 and GST is Rs 18 so total Receipt is Rs. 118 so u/s 44AD whether Rs. 100 should be considered for calculating 8% of Turnover or Rs. 118 should be considered for calculating 8% of Turnover.



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ABHIJIT MANNA (ACCOUNTANT) 17 July 2018

Turnover will be exclude of taxes that mean 100

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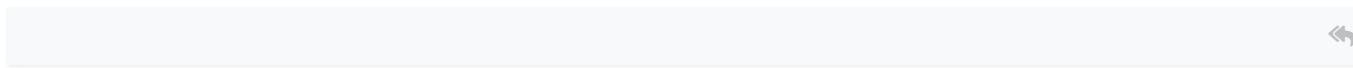
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U/s 44ad the Turnover will be Calculate Rs. 118 (with GST / VAT) values and All receipts...



•• [ABHIJIT MANNA](#) (ACCOUNTANT) [🕒 17 July 2018](#)

Sir

If turnover will be consider Rs.. 118 u/s 44AD so what will be the turnover reported for GST which is newly added this year



•• [RAJA P M](#) ("Do the Right Thing...!!!") [🕒 17 July 2018](#)

If we will opt presumptive Taxation u/s 44AD then T/O is Rs. 118...

If will opt u/s 44AA then T/O is Rs. 100



•• [Jethmal Singhvi](#) (Chartered Accountant-Practitioner) [🕒 26 September 2018](#)

In my opinion and thought by practice, Turnover shall be Rs. 100, as Rs. 18 has been collected on behalf of Govt. from the buyers. However Section 145A of the Income Tax Act, 1961 states that purchase, sale and inventory shall be valued by taking into account the amount of any tax, duty, cess or fee.



•• [Sunil](#) (Trader) [🕒 17 March 2019](#)

After introduction of GST the value of inventory we have is excluding GST as the GST component (IGST, CGST, SGST, UTGST) is all separately lying as Input GST in our books of account and these are adjusted against Output GST. Even GST excludes the GST from the turnover in calculating aggregate turnover.

As GSTR 3B for March is filed between 1st and 20th April you will have Input GST as your asset and Output GST as your liability as your return is not yet filed. Even if you deposit money in Cash Ledger it will reflect as asset in Cash Ledger.

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This aspect of GST is one of the grey areas that ought to be ironed out in the Income Tax Act for Section 44AD. The legal fiction is the higher the rate of tax, the higher your presumptive income because GST Rate varies from Nil to 28%. There is also a situation of Composition dealers who do not charge customers the GST. For the same product there will be varying income under presumptive scheme. Someone with a small turnover of 10 lakhs maybe forced into GST just because of interstate supply. He will have a disadvantage against a URD.

What will happen is a person with 10 lakhs turnover in North East state will have to show a higher income than a person with same turnover in other states only because of GST.



•• CA Ankit Agarwal (CA, CS) [22 March 2019](#)

If You are opting for presumptive scheme u/s 44AD then GST shall be added in Turnover.

But if If You will go for regular scheme u/s 44AA then GST shall not be added to Turnover.

In your case, GST will not be added.

2 Like



•• ABHIJIT MANNA (ACCOUNTANT) [25 March 2019](#)

Dear Ankit Jee

my case was u/s 44AD and you told that GST shall be added in turnover but again you told in last line GST will not be added. So please don't misguide.



•• CA Ankit Agarwal (CA, CS) [26 March 2019](#)

GST shall be added in your case.

Please ignore "NOT" in the last line above.



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