

Are we prepared for GST???

Goods and Service Tax (GST) is considered to be one of the biggest Indirect Tax Reforms in India. GST subsumes various Indirect taxes as applicable in India viz., excise duty, service tax, VAT, CST, Luxury tax, entry tax, octroi, purchase tax etc. The GST bills (CGST, UTGST, IGST and Compensation to States) with intention to achieve the objective of “One Nation One Tax”. The same has been received the presidential assent and the relevant rules are expected to be notified shortly. Based on the current progress, July 1st appears a realistic date for rollout of the GST law.

Underlined are the gist of rudiments required towards GST implementation:

Transitional Management:

- How to make sure all the eligible input credit of tax have been availed in the last return
- Strategy on the inventory to be held on 30.06
- How to make sure transitional claim on Goods in transit as on the date of implementation of GST
- How to comply anti-profiteering clause
- Re-look into the long term and short terms contracts - *impact of tax during transition; revision in terms and conditions*
- Benefit of price reduction from eligible vendors

Outward Supply of Services/goods:

- Re-look into the current supply chain format. Initiate, if any changes required
- Analysis of tax impacts on free sample
- Review on valuation of supplies in case of where same taxable supply of services provided to 2 different distinct persons
- Review on valuation of goods / services in case of stock transfers, disposal, staff welfare etc
- List out the services to cross charge from one branch to another
- Analysis of non sale transactions and provision of services to know the impact of GST

Input Tax:

- Identification and availing eligible Input Tax credit in the GST portal
- Amendment in Purchase Order terms and conditions
- Input service distribution of common input services
- Re-look into the facilities provided to employees - eligibility of GST

Integration of ERP Software and change in current format:

- Accounting software compatible to integrate to GSP's and API's; provision of details of exempted services and taxable services in the GST return; classification of goods and services based on HSN and SAS respectively; change in invoice format for taxable services / goods and exempted services; change in the method of accounting; change in maintenance of ledger accounts; reconciliation between books of account and the returns
- Filing of monthly statement / return; identification of eligible and ineligible input tax credit in the GST portal; filing of annual return; compliance rating under GST based on maintenance of record of compliance with the provision of law

Training staff:

- Change in law need to comply the certain procedural aspects; change in formats; changes in accounting methods; changes in compliance; changes in maintenance of records etc., therefore it is essential that staffs are well trained

Others:

- Closure of current indirect tax disputes which are open before the tax authorities

The above are illustrative and there are many other factors to be taken care before the GST implementation .

The above note is based on current information available in the public domain and status as on this date. The views expressed and the information provided in this note are of general nature and are not intended to address the circumstances of any particular individual or entity.