

### **Goods & Services Tax**

A Significant Business Reform





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# **GST-** A brief Insight





# **Roadmap to GST**

Initiated almost a decade ago, India's wait for Goods & Services Tax (GST), which would create World's largest single market, seems to get over by July 1, 2017.

Below is the glimpse of recent developments towards GST implementation in India:

Constitution Amendment Bill	Lok Sabha 6 May 2015	Rajya Sabha 3 Aug 2016	States' approval Aug/Sept	Presidential Assent 08 Sept 2016	M O V
GST Council	Constituted 15 Sept 2016	Already 14 meetings convened	Rate of tax, threshold limits discussed	Next meeting on 03 June to finalize Rules & Tax Rates	I N G
GST Law	Process documents Oct 2015	Model law 14 June 2016	Final Central laws passed by Parliament on 6 April 2017	States in the process of passing State laws	T A R
GSTN infrastructure	Software for registration, return filing, payment etc.	Migration to GST already initiated	States' back end processes are underway	Live testing initiated	G E T



### **Indirect Tax Structure**

#### **Indirect Taxes**

#### **Central Levies**

- Central Excise Duty
- · Additional Duties of Excise
- Duty of Excise (Medical & Toilet Preparation)
- Service Tax
- Central Sales Tax
- Additional Custom Duty (commonly known as CVD)
- Special Additional Duty of customs (SAD)
- Central Surcharges & Cess

#### **State Levies**

- State Valued Added Tax (VAT)
- Entertainment tax and Amusement Tax (except when levied by local bodies)
- Luxury tax
- Purchase Tax
- Entry Tax
- Taxes on Advertisements
- Taxes on lotteries, betting and gambling
- State Surcharges and Cess

Subsumed

#### **Central levies not subsumed**

- Basic Custom Duty
- Other Custom Duties like Anti-Dumping Duty, Safeguard Duty, etc.
- Export Duty

### State levies not subsumed

- Property Tax
- Electricity duty
- Stamp duty
- Road Tax
- Toll Tax

**GST** 



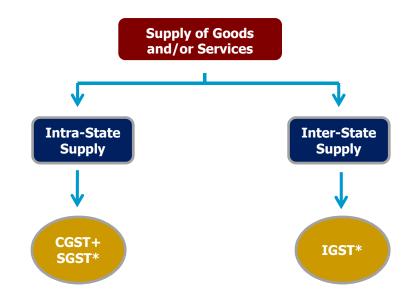
### **GST Framework**

#### **Framework**

- <u>Dual GST</u> with both Centre and States having concurrent power to tax
- <u>IGST</u> on inter-state transactions and import transactions

#### **Proposed Tax Rates**

- GST to be based on minimal exemptions, hence only few goods & services to enjoy <u>NIL</u> rate of tax
- Rate of <u>5%</u> on essential commodities, currently on which Excise duty is Nil and VAT is charged at concessional rate
- Standard Rates of 12% and 18%
- Higher rate of <u>28%</u> on luxury products & services
- <u>Compensation cess</u> on few luxury/sin products such as tobacco, cars etc.



GST Tax rates to be uniform across all States in India unlike current VAT regime



### **Certain Key Concepts**



Concept of sale/ manufacture/ provision of services to be replaced by concept of "Supply"



Concept of <u>Composite Supply</u>, <u>Mixed Supply</u>, <u>Works Contract</u> & <u>Stock</u> Transfers



Shift from Origin based taxation to Consumption Based Taxation



<u>Liberal Credit regime</u> such as cross utilisation of credits between goods & services, no more cascading effect of CST, Entry tax, Octroi etc.



GST to be based on <u>Minimal Exemptions</u>- Transaction specific exemptions such as Form C, Form E1, Sale in the course of import may lose significance

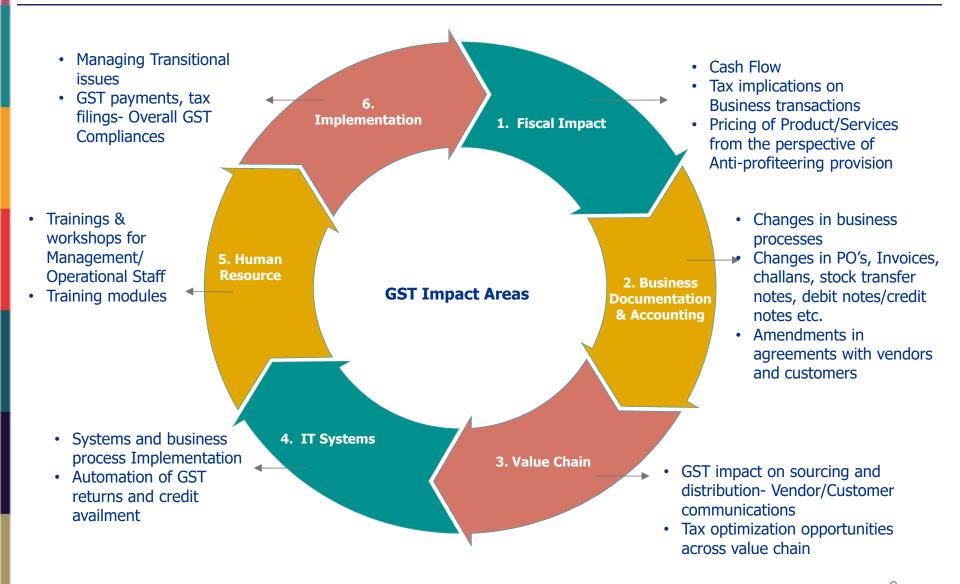


# **Potential Impact of GST**





### **Business Impact of GST**





# **Tax Cost Savings**

Particulars	VAT Cost / VAT reversals	Excise Duty	Central Sales Tax (CST)	Octroi/ Entry Tax	Service Tax
Inter-State Purchase of Goods			*	*	
Manufacture of Goods		*			
Stock Transfers	*			*	
<b>Purchase of Office Consumables</b>	*				
Procurement of Services					*
Rule 6(3A) Reversals under Service Tax					*



## **Key Compliances**

### Registrations



- State-wise registrations
- Concept of Centralised Registration not there in GST
- Threshold Limits

#### Returns



- GSTR 1 Outward Supplies made by Taxpayer (By 10th of subsequent month)
- GSTR 2 Inward Supplies received by Taxpayer (By 15th of subsequent month)
- GSTR 3 Monthly return by Taxpayer (By 20th of subsequent month)

### Other Compliances

- Assessments
- Annual returns and Audit reports
- Records
- On-line Credit Matching



# **Impact on IT system**

Revised tax rates & commodity codes (as made applicable under GST) to be mapped against each product/ services based on HSN

Changes in statutory records to be maintained under GST like purchase/ sale registers, vendor records, invoices, stock transfer notes, etc.

Provision for interface with GST Network for uploading invoice details, reconciliation and filing of GST Returns

New registration numbers of customers and vendors (allotted under GST regime) to be captured in the system for PAN India operations



# **Transitional Impact**

transactions

Existing Indirect tax registrations to be migrated to GST regime

Transfer of Unutilized Credits

Assessing the impact of GST on the Long term contracts/Continuous/Periodic business



# Preparing for GST-Our Service Offerings





# **Our Service Offerings**

#### Phase 1

### **Business Impact & Transitionary Assistance**

- Evaluate impact of GST on relevant Business Transactions
- High level evaluation of <u>Fiscal</u> <u>impact</u> of GST on the existing business
- Assess potential impact on\_relevant
   Business policies & Functional
   areas such as Sales & Marketing,
   Value Chain etc.
- Assessing the updation required in IT systems
- Review of <u>Agreements/ Business</u> <u>documents</u>
- Risk mitigation strategies & <u>Business optimizing</u> opportunities

- <u>Identification of</u> <u>compliances</u> to be undertaken under GST
- Advising and <u>Assistance in</u> <u>Transitioning</u> to GST
- <u>Representation</u> before appropriate Revenue Authorities during transition phase
- <u>Trainings</u> for Senior Management & Operational resources
- Preparation of <u>Customized</u> <u>Manuals</u>

#### Phase 2

### Single Window Compliance Solution (Being GST Compliant)

- Complete Compliance solution during the entire First year
- Assistance in <u>Tax computations</u> & filing of <u>GST returns</u>
- Review & filing of <u>Annual returns</u>, <u>Audit report & other statutory</u> <u>compliances</u>
- Time to time <u>Representations</u> before the Revenue Authorities
- Assistance in <u>Assessments &</u> Audits
- Review of <u>records & business</u> documents
- Sharing <u>regular Updates</u> on GST



### Thank you

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