



# Good & Service Tax - Is Your Business Ready





# GST

The Government of India is committed to replace all the indirect taxes levied on goods and services by the Centre and States and implement Goods and Services Tax (GST) by July 2017. The Constitution Amendment Bill for GST has been approved by The President of India post its passage in the Parliament (Rajya Sabha on 3 August 2016 and Lok Sabha on 8 August 2016).

- GST is defined as any tax on supply of goods and services other than on alcohol for human consumption. GST is a comprehensive multi stage destination based consumption tax on value addition.
- Central taxes such as Central Excise duty, Additional Excise duty, Service tax, Additional Custom duty and Special Additional duty as well as state-level taxes such as VAT or sales tax, Central Sales tax, Entertainment tax, Entry tax, Purchase tax, Luxury tax and Octroi will subsume in GST.
- GST being a comprehensive multi-point taxation system extending up to the retail level, tax cascading is totally avoided. With multiplicity of indirect taxes removed and with the introduction of a common law, common return and common assessment procedure, GST brings about a national common market.
- The GST Law affirms the dual GST structure with the States empowered to levy State GST (the 'SGST') and Centre to levy Central GST (the 'CGST') on intra-state supplies of goods and services with Integrated GST ('the 'IGST' being imposed by the Centre on import as well as inter-state supplies of goods and services.



# GST

- ◉ Uniform administration and collective enforcement will result in proper compliance and lesser leakage of revenue.
- ◉ GST allows input tax credit on intermediate transaction between firms. Thus each business in the supply chain takes part in the process of controlling and collecting the tax and remitting the proportion of tax corresponding to its value addition. This feature of GST gives it its main economic characteristic - neutrality. In other words, the right to full input tax credit at every stage in the supply chain, except the final consumer, ensures tax neutrality.
- ◉ GST will affect all industries, irrespective of the sector. It will impact the entire value chain of operations, namely procurement, manufacturing, distribution, warehousing, sales, and pricing.

The Government of India finalized GST four-tier rate structure - 5%, 12%, 18%, and 28%.

On 12 April 2017, the Central Government enacted four GST Bills:

- Central GST (CGST)
- Integrated GST (IGST)
- Union Territory GST (UTGST)
- Bill to Compensate States

The enrolment process for migrating existing taxpayers to the proposed tax regime through GST common portal have already commenced.



# GST Rates

S. No	Goods	Rate	S. No	Services	Rate
1.	Food grains, Cereals, Milk, Jaggery, Common Salt	Exempt	1.	Education, Healthcare, Residential accommodation Hotel/ Lodges with tariff below INR 1000	Exempt
2.	Coal, Sugar, Tea & Coffee, Drugs & Medicine, Edible Oil, Indian Sweets	5%	2.	Goods transport, Rail tickets (other than sleeper class), Economy class air tickets, Cab aggregators, Selling space for advertisements in print media	5%
3.	Fruit Juices, Vegetable, Juices, Beverages containing milk, Bio-gas fuel, Fertilizers	12%	3.	Works contract, Business Class air travel, Telecom services, Financial services, Restaurant services, Hotel/ Lodges with tariff between INR 1000 and 5000	12% - 18%
4.	Capital goods, Industrial intermediaries, Hair Oil, Soap, Toothpaste	18%	4.	Cinema tickets, Betting, Gambling, Hotel/ Lodges with tariff above INR 5000	28%
5.	Air Conditioner, Refrigeration	28%			
6.	Small cars (1% / 3% cess), Luxury cars (15% cess)	28% + Cess			



# GST IMPACT

## Audit

Audit your business & tax practices to evaluate the impact of GST.

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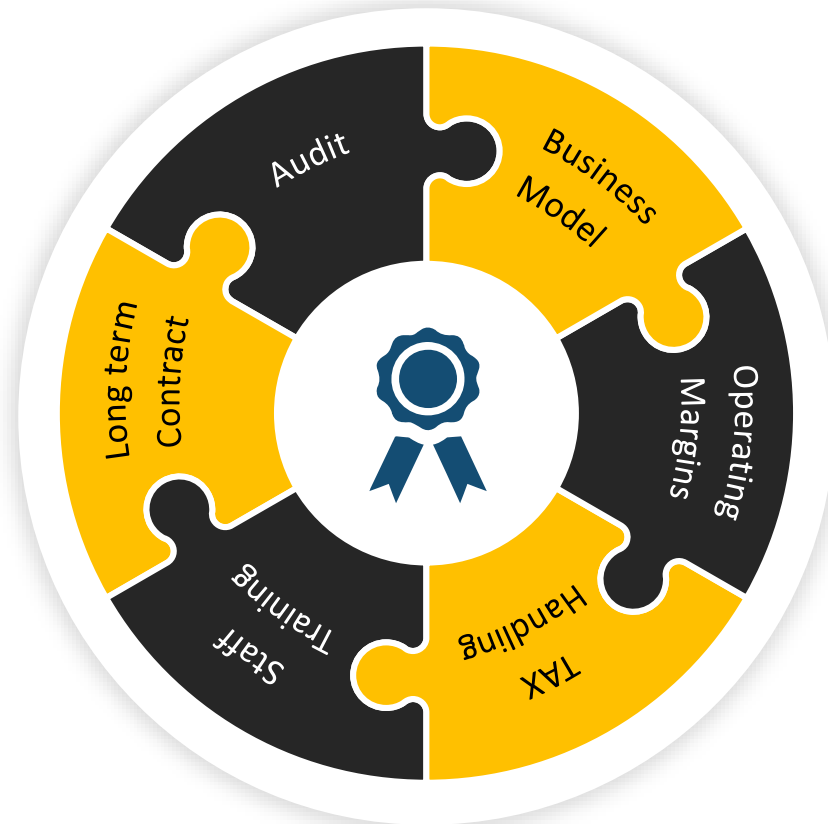
## Long Terms Contracts

Beneficial to review your long term agreements & renegotiating the terms before the implementation of GST regime.

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## Staff Training

GST practices should be set up & staff training completed for a smooth transition.



## Business Model

Evaluate risk or pressure that are expected with the implementation of GST regime

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## Operating Margins

Re-evaluation of your operating margins and also a relook at the cash flows.

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## Tax Handling

it is the time to evaluate how you would handle the changes.



# GST SERVICES

## **GST Advocacy**

Rate of tax • Time & place of supply • Treatment of current incentives • Valuations • Tax implication • Transitional Provisions

## **GST Training**

GST training for in-house personnel and supply chain partners



## **GST Impact Assessment**

Revenue stream • Procurement stream • Costing, pricing and working capital • Availability of credit

## **GST Compliance**

GST registrations • Tax credit transitions • Return reporting • Other statutory compliances • Managed/ Shared Services



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