



GOODS AND SERVICES TAX

Customised Business Solutions

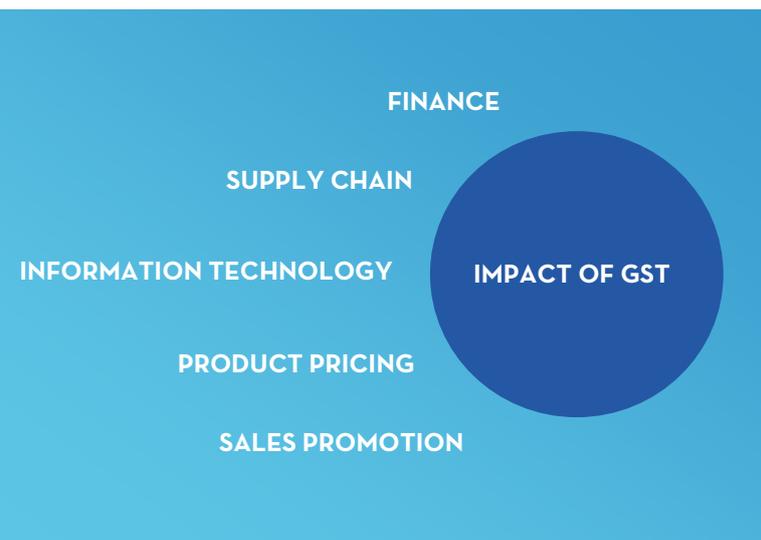
India is preparing itself for a transformation in its indirect taxation regime with the proposed Goods and Services Tax (GST). Moving from the current multiple indirect taxation system to a single GST will streamline the country's tax structure by consolidating a large number of indirect taxes imposed on transactions of goods and services at the central and state levels.

GST will remove inter-state barriers and create a common national market. Being a simple tax on the value added at each stage of the production of goods or provision of services, it will reduce the cascading effect of taxes and lower the tax burden for the final consumer. By setting off input taxes, GST will help reduce the cost of manufactured goods and increase the competitiveness of exports as well. A more uniform, efficient and transparent tax structure, is expected to result in a wider tax base, reduce compliance costs and lead to higher tax collections, in turn, boosting economic growth.

With this shift to a simplified indirect taxation structure, it is essential for organisations to revisit and revise their business strategies in line with the new GST regime. With its probable implementation from 1 April 2016, the present challenge for businesses is to adapt to the transitional change in tax reforms by understanding every nuance of the proposed GST Bill through the 122nd Constitutional Amendment Bill (CAB).

SKP's indirect taxation team offers a full range of services, including independent business advisory, business structuring in line with the current indirect tax regime, assistance in indirect tax compliances and change management analytics to help you with the smooth implementation of GST. Our services are aimed at supporting businesses to run efficiently while simultaneously incorporating the changes of the proposed GST regime.

BUSINESS CHALLENGES: IMPLEMENTATION OF GST



Finance and Strategic Administration Management

With a high Revenue Neutral Rate (RNR) expected, organisations will have to revise their cash flow plans. An infusion of additional working capital could also be on the cards. Administratively, registrations and compliance requirements will have to be reworked according to the new GST law.

Product Pricing and Sales Promotion

Pricing policies will have to be revised due to the probable change in the indirect tax rate, and new sales strategies will have to be formulated following the revision of prices in order to remain competitive.

Procurement and Supply Chain Management

With GST removing inter-state barriers and allowing a seamless flow of goods within the country, supply chains and supplier channels will need revision. Thus, optimising the supply chain to reap cost benefits will be crucial for business organisations. Also, reduced transit times will improve synergies through reduced production time.

OUR SERVICES

Our hands-on experience in the field of indirect taxation enables us to provide cost-effective solutions to India's multi-layered indirect tax structure. Post the enactment of GST, our team will provide integrated business advisory and compliance services by assisting our clients in planning ahead and effectively mitigating transitional risk. In this evolving tax scenario, we at SKP can help you bridge the gap between the current regime and GST through the following phases:

Pre-legislation Preparation

Track and communicate GST developments

Provide updates on key documents issued by Government authorities on GST, including the Draft Bill and Legislation. Also, regularly provide GST updates during the GST implementation process.

Transitional Business Efficiency

The smooth implementation of GST is imperative in order to ensure efficient operations during the early stages of the GST regime. Additionally, foreign investments could be attracted by leveraging India's recent positive image as a manufacturing destination.

Process Evaluation and Compliances

As the routine procedures and tax rates undergo changes, the tax accounting treatment, record-keeping and compliances function will have to be revised accordingly.

Information Technology

Post enactment of the GST bill, accounting software will have to adhere to changes as per the new regime. These changes will have to be commissioned as early as possible in order to remain compliant right from the start.

Human Resource Management

Accounting staff and management personnel are to be adequately trained to adapt to the changes in due course. Thus, organisations will have to devise a customised, knowledge assimilation GST training programme for teams across levels.

Contract/Agreement Management

It is essential for organisations to understand the impact of GST on relevant clauses in long-term contracts and include necessary changes to mitigate any adverse effect of specific indirect tax clauses.

ROAD MAP FOR GST

The implementation of GST requires a Constitutional amendment and a draft law to be introduced.

- Firstly, the CAB must be passed in Parliament.
- Once passed by the Parliament, the CAB must be ratified by at least half the states in India.
- It then requires the President's assent.
- The GST Council will make recommendations on GST rates, exemptions, threshold, exclusions, etc.
- Finally, the draft GST law and Place of Supply Rules will be released for recommendations from the industry and finalised thereafter.

Training and development

Conduct interactive training sessions for the management of the company to provide an overview on the design and mechanics of the proposed GST model. Our training will involve the senior management across all teams of the organisation.

Assist in understanding the GST law

Provide adequate assistance in solving legislative queries raised during the pre-implementation phase, while also providing assistance in deciphering documents and information regarding GST, published by the department and those available in the public domain.

Analyse and prioritise bottleneck business areas

Analyse the present business structure vis-à-vis the applicable laws existing prior to the implementation of the GST regime; and subsequently identify and prioritise bottleneck business areas to be focused on. These bottleneck areas may include finance and accounts, taxation, IT, procurement, sales, supply chain management, administrative compliance.

GST Impact Analysis

In this phase, our key objective is to estimate the impact of GST on the organisation based on its draft laws, at a macro level. Accordingly, a detailed impact analysis regarding pricing, costing, margin decisions, supply chain management and other such areas will be conducted to support the management in identifying the potential focus areas for developing solutions in the subsequent stage. This impact analysis will form the base for a company to develop a detailed plan for the implementation of GST.

Post-legislation Assistance and Implementation

Analyse key GST impact areas

Carry out impact analyses to identify key areas that impact the business and analyse the causes of such impacts based on the final GST law.

Prepare Standard Operating Procedures

Compile Standard Operating Procedures (SOPS) in the form of a GST Manual which will address all GST-related business issues, providing detailed solutions for further reference. The Manual will include key definitions and

information related to registration, levy and valuation, treatment of goods return, input credit, TDS, documentation and record-keeping, audits, refund, interest and penalties, relevant declaration forms – central and local, and assessment and appeals.

Address transitional issues such as:

- The transitional effect on multi-year contracts through GST Live Date
- Impact on existing tax credits, positions and open assessments
- Change in the IT structure for invoices, tax rates, compliance structures and related modules

GST registration and tax compliance

Provide assistance in applying for GST registration across India as required by the GST law. Furthermore, provide tax compliance assistance for claiming tax credits, procedural formalities and other administrative follow ups.

Post-implementation Support

Initial compliance review

High-level review of the first GST returns filed, on the following aspects:

- Credit availed on transition stock;
- Rate of tax applied on finished products;
- Basis of computation of input credits and retentions, if any;
- Collection and payment of net GST.

Representation

Assist the company in making representations (individually or jointly with their trade association or otherwise) before the relevant authorities/empowered committees of the respective states touching upon the issues arising on implementation of the proposed GST model.

WHY SKP

- Over 50 years of experience in indirect taxation, offering wide-ranging business insights to Indian and multinational clients in conducting tax studies, compliances on various indirect taxes, litigation support, refund claims of indirect taxes, and implementation of the accounting system in line with applicable indirect taxes.
- Over 900 team members including chartered accountants, cost accountants, lawyers and management professionals, offering industry-wide specialised experience across various fields.
- Member of Nexia International – a leading worldwide network of independent accounting and consulting firms.
- Regular knowledge partners with prestigious organisations such as NASSCOM, CII and other bilateral chambers of commerce.
- Our indirect taxation team has trained over 1000 government employees to prepare for GST.
- Our team assists the Maharashtra VAT Panel with changes required in information technology for the implementation of GST.

OUR TEAM



PRATIK SHAH | PARTNER

With over 10 years of experience, Pratik heads SKP's indirect tax practice. He is well versed in sectors such as pharmaceuticals, construction, infrastructure, information technology, hygiene, finance, oil refineries, manufacturing and services. He specialises in handling VAT compliances across India, advising clients on supply chain set-up and distribution, conducting diagnostic reviews on potential leakages, preparing financial models and structuring transactions to mitigate tax exposure. He has substantial expertise in conducting due diligence reviews, feasibility studies and location analysis for business establishments in India. He has assisted various companies in setting up in Special Economic Zones (SEZs) in India.



JIGAR DOSHI | ASSOCIATE DIRECTOR

With over eight years of work experience in indirect taxation, Jigar's strengths include service tax, customs duty, excise duty, VAT/CST and foreign trade policy. His credentials include service tax advisory, compliance, representation and litigation, and refund assessments. He has assisted companies on the optimisation of indirect tax costs and has been working with clients across various industries, with a focus on banking, FIIs and information technology. He writes regularly for various journals and online forums, including international forums. He has also trained various officials in the service tax department.



PRITAM MAHURE | SENIOR MANAGER

Pritam has over 10 years of professional experience in indirect taxation. He authored a book on GST titled, 'Supply Chain Perspective' for the Confederation of Indian Industry (CII). He assists state governments with respect to the proposed GST bill and has trained over 1000 government employees to prepare for the new law. He has also written numerous articles on GST and service tax for leading tax portals and has conducted various sessions for several chambers of commerce and trade bodies.

ABOUT US

SKP is a long established and rapidly growing professional services group located in six major cities across India. We specialise in providing sound business and tax guidance and accounting services to international companies that are currently conducting or initiating business in India as well as those expanding overseas. We serve over 1,200 active clients including multinationals, companies listed on exchanges, privately held and family-owned businesses from more than 45 countries.

From consulting on entry strategies to implementing business set-up and M&A transactional support, the SKP team assists clients with assurance, domestic and international tax, transfer pricing, corporate services, and finance and accounting outsourcing matters, all under one roof. Our team is dedicated to ensuring clients receive continuity of support, right across the business lifecycle.

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