

PricewaterhouseCoopers

Introduction to GST

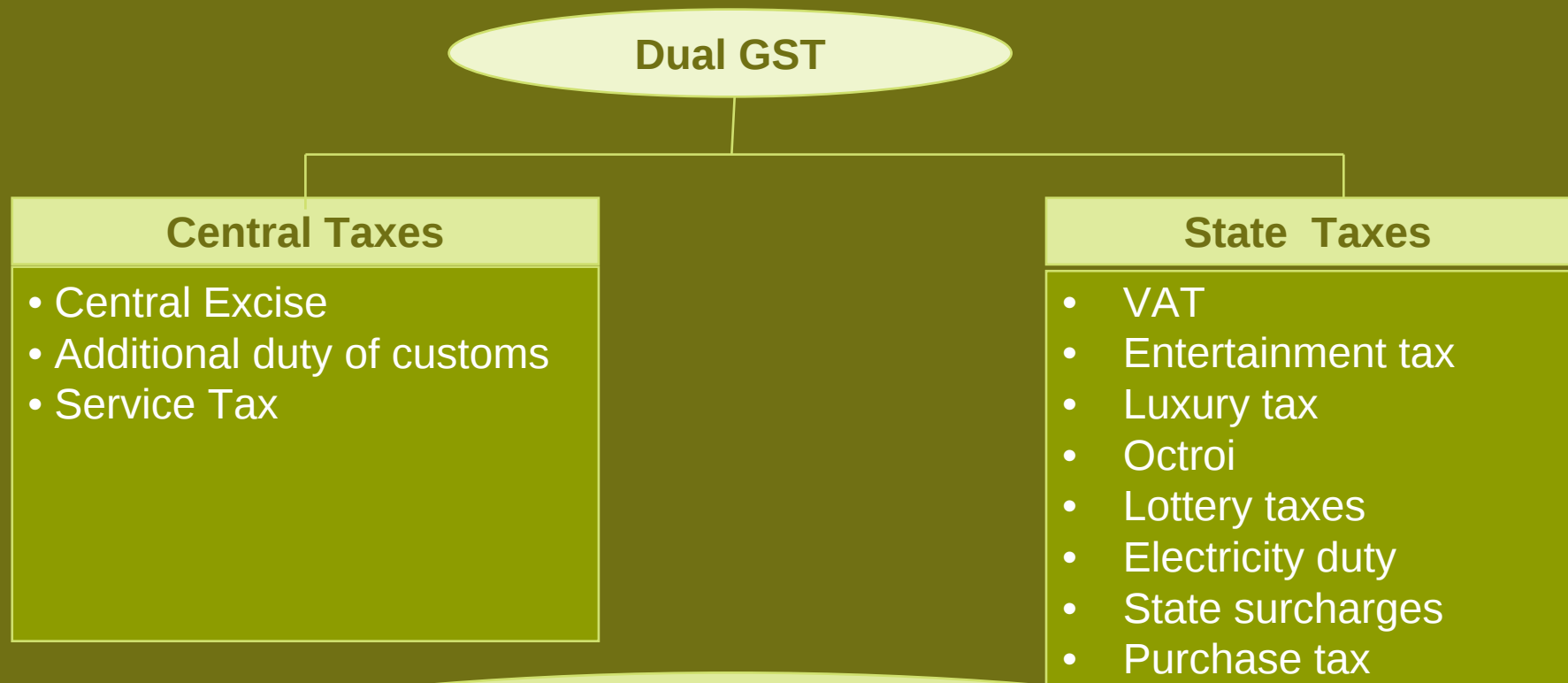
September 2009



Significant features of proposed dual GST Model

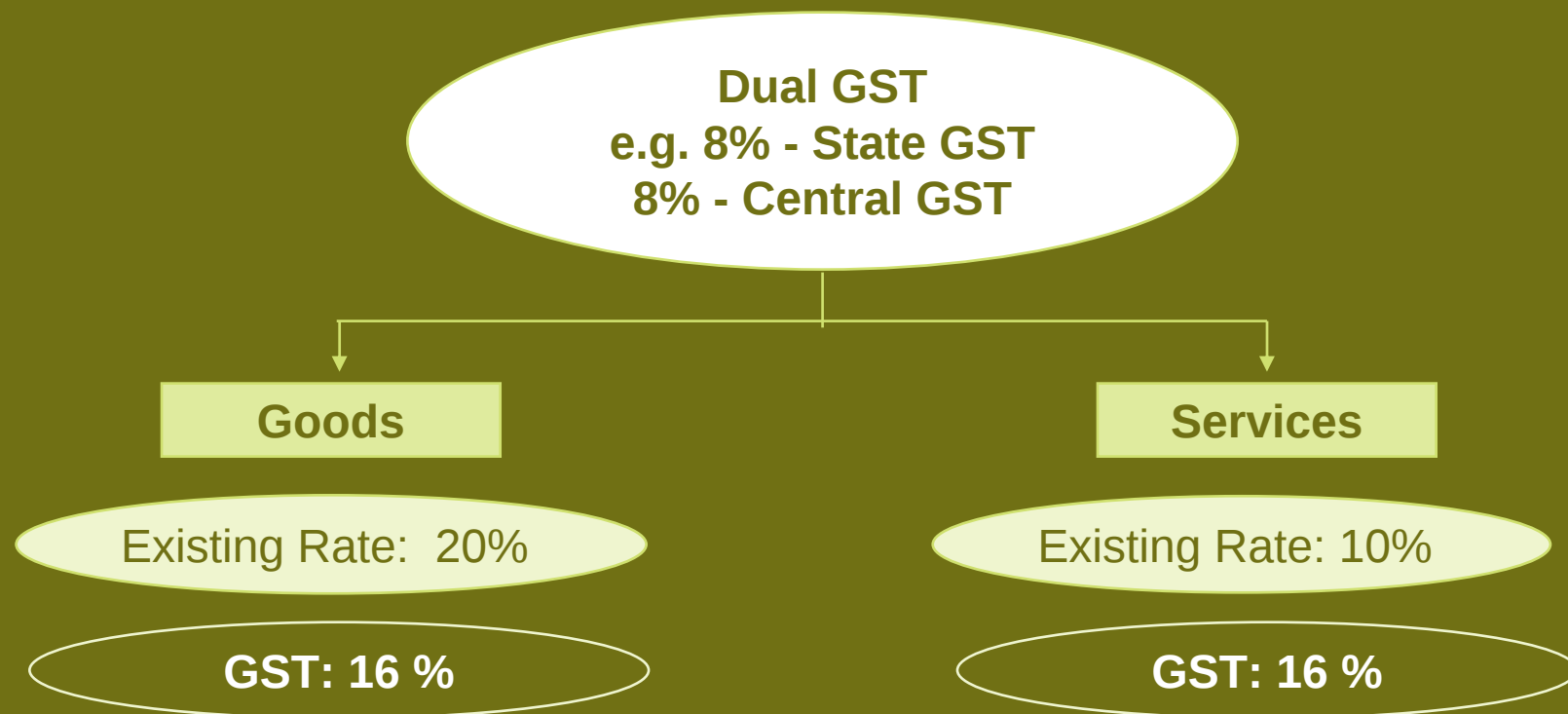
- Basic Structure
 - identified taxes to be subsumed under dual GST
 - stamp duty, toll tax, passenger tax and road tax not subsumed under dual GST
 - exports to be zero rated
- Rates
 - uniform rates for services
 - multiple rates for goods
- Input tax Credits (ITC)
 - full credits under the Central and the State GST that will operate in parallel
 - Cross-utilisation of credits between Central GST and State GST not permitted
 - refund of unutilised accumulated ITC

Significant features of proposed dual GST Model



CST will be phased out
Toll Tax, stamp duty, passenger tax, road
tax are not proposed to be included in GST

Significant features of proposed dual GST Model



Significant features of proposed dual GST Model

- Taxable Events in GST
 - The Federal and State GST will both be leviable on supply of goods and services.
 - Hence, the present taxable events of manufacture, for central excise, and for sale of goods for State VAT, will have no relevance.
 - Elaborate rules for determining the place and time of supply of goods and services will be formulated
 - Budget 2009 authorises the Central Government to formulate such rules under present service tax dispensation.

Key Decision Areas under dual GST

KEY DECISION AREAS



Supply Chain

- Indigenous supplies vs Imports
- Intra-State vs inter-State procurement of goods and services
- Manufacturing locations
- Service locations
- Inhouse vs Contract manufacturing
- Direct sales vs stock transfers
- Warehouse & stocking points
- Cost sharing arrangements

Credits under dual GST

- Availment of credit including credits on transitional stocks
- Allocation of credits between exempt and taxable supplies
- Tracking parallel credits across Central and State GST
- Mechanism for reversal of credits
- GST on imports

Record Keeping

- Updation of IT systems
- Invoicing
- Maintenance of books and accounts, stock records, invoicing etc

Suggested Next Steps

- Dual GST is an inflexion point in India's fiscal landscape
- Its introduction would majorly impact procurement patterns, supply chains, product pricing and reach
- It would also impact India sourcing
- Dual GST presents both challenges and opportunities
- Impact assessment on a business to business basis is essential to ensure GST is a positive for corporates



PwC can partner with you on smooth transition to GST

For more information, please contact:

S. Madhavan/ R. Muralidharan Executive Director PricewaterhouseCoopers Pvt. Ltd. 2nd Floor, Vatika Triangle Sushant Lok - 1, Block A Mehrauli Gurgaon Road Gurgaon – 122002 Tel: +91 124 3050000/ 4630000 Fax: +91 124 3050200 Email – s.madhavan@in.pwc.com r.muralidharan@in.pwc.com	Sachin Menon/ Prasad Paranjape / Santosh Dalvi Executive Director PricewaterhouseCoopers Pvt. Ltd. PwC House, 2nd Floor, Plot No.18A, Guru Nanak Road – (Station Road) Bandra [West] Mumbai – 400 050 Tel: + 91 22 6689 1000 Fax: +91 22 6689 1888 Email: sachin.menon@in.pwc.com prasad.paranjape@in.pwc.com santosh.dalvi@in.pwc.com
Somnath Ballav Executive Director PricewaterhouseCoopers Pvt. Ltd. South City Pinnacle, 4th Floor Plot No. X-1/1, Block EP, Sector V Salt Lake Electronic Complex Kolkata - 700091 Tel: +91 33 4404 6666 Fax: +91 33 4404 6166 Email : somnath.ballav@in.pwc.com	Indraneel Roy Chaudhury Executive Director PricewaterhouseCoopers Pvt. Ltd. 6th Floor, Tower `D`, The Millenia 1 & 2, Murphy Road Ulsoor Bangalore – 560 008 Tel: +91 80 4079 6000 Fax: +91 80 4079 6222 Email : indraneel.r.chaudhury@in.pwc.com
Jayant Jain Executive Director PricewaterhouseCoopers Pvt. Ltd. # 32, Khader Nawaz Khan Road Nungambakkam, Chennai 600 006 Tel : +91 44 4228 5000 Fax : +91 44 4228 5100 Email: jayant.jain@in.pwc.com	Ashlesh CH. Verma Executive Director PricewaterhouseCoopers Pvt. Ltd. # 8-2-293/82/A/113A Road No. 36, Jubilee Hills Hyderabad – 500 034 Tel: +91 40 6624 6600 Fax: +91 40 6624 6300 Email: ashlesh.c.verma@in.pwc.com

Thank you

© 2009 PricewaterhouseCoopers. All rights reserved. "PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity. *connectedthinking is a trademark of PricewaterhouseCoopers LLP (US).

PRICEWATERHOUSECOOPERS 