

Lot has been said about GST and its implementation in India. We all wish implementation of GST as to be;

G – GOOD

S - SIMPLE

T - TRANSITION

From various different and complex tax system to one unified, stable and simple tax regime.

However one should consider the various practical difficulties in proper implementation of GST. Following are some of the important aspects which need consideration for effective implementation of GST in India.

1) **System Upgrade :-**

All over India different states have taken initiative at their own level for E-Governance and computerization of Sales Tax or VAT related work. As there is no proper customization of the software developed, one can not generate various analytical reports and Information.

Technology should be used in such a way that, not only blue chip companies but also a small retailer can use it for compliance. System should be evolved in such a way that dealers and consultants are not required to visit offices for registration, return submission or allied work. Services of our I.T. Companies should be used in development and implementation of software, for one of finest reform ever in India's Indirect Taxation arena.

In spite of amendments in procedural compliance in income tax, the new system has been readily accepted by people and is hoping the same in indirect tax front.



2) **Data Transition from Old Tax System (VAT) to GST :**

Technology should be used for transition of data or master records of dealers from the old tax system to new tax system. It should be borne in mind, that it has not been long, when VAT was implemented. Exhaustive details relating

to dealers have already been asked for and are available with the department. Database of the dealer is updated on real time basis. Since all the information of Existing dealers is already available with the Sales Tax authorities requirement of the same information again for GST would lead to duplication of work and wastage of time and energy. Dealer should be asked only to confirm the correctness of it.

Smooth implementation of GST will bring in support and confidence of dealers and department with the new tax system. They will be free from unwarranted paper work and there would be least possibilities of commitment of any error and thereafter its rectification.

3) Strategy for disposal of matters in Old Tax Structure

At present assessments under the Bombay Sales Tax Act are still pending. Assessments for the period 1998-99 and onwards are still going at various offices. It is difficult to foresee what will happen in April 2010 / or April 2011 when GST will be implemented. On implementation of GST we will have to deal with three different Acts;

- 1) Old Tax System (e.g. BST in Maharashtra)
- 2) VAT (With effect from 01.04.2005 as in Maharashtra, for other)
- 3) Proposed GST

A strategy should be developed for clearance of long pending assessment. Otherwise it would become a complex structure to deal with.

Even at present for VAT in Maharashtra, following are the pending matters with respect to year 2005 i.e. first year of VAT implementation.

- a) Advisory Visit
- b) Business Audit
- c) Refund Audit
- d) Pending Assessments
- e) Matters before various Appellate Authorities, Tribunal & High Court etc.

4) Training to staff of Departments

Government and Bureaucrats are of the view that the dealer should be updated of various tax laws. But for proper functioning of Tax system both i.e. dealer and department staff should be well versed with the tax system.

At the time of implementation of VAT, we have observed that the tax department which is suppose to answer the queries of dealer/practitioners is rather itself confused and raising so many queries.

Aspects to be taken care:

Dealer and The Tax Consultants / Practitioners are required to comply with all the tax matters through the departmental set up.

It has been seen in the current VAT regime that the dealer is the ultimate responsible person which need to comply with the tax provisions, but what about the Department Staff. Proper training should be departed to the staff and officers of Sales Tax Departments about the Acts / Rules / Provision.

The officer should be fully aware of the new laws & provisions thereof. Many decisions are being taken at top level but it is the duty of top level management to percolate the new development to the juniors, Staff and Officials at various spread out locations. It will develop the confidence of the department in the new tax system. Accordingly advance training session should be held to groom the Officers about new Tax Structure.



5) Common Platform

Just like Income tax single software should be developed for all the states. This will help both the Government and Sales Tax Authorities. Unless an appropriate model is evolved for maintaining status quo for tax administration both tax payer and administration will be at dilemma. Following are some of the advantages of common software platform.

- a) Speedy data sharing from one state to another
- b) Control and Monitor over inter-state transaction, Imports & Exports.
- c) Fast cross checking of transaction resulting saving of time and money
- d) Will inculcate global business atmosphere.
- e) Increase the free trade and movement of goods and services.
- f) Curb the black money and off the record transaction.
- g) Since PAN is the base for the registration records of all the dealers. Information can easily be shared across various taxation structure such as 1) Direct Tax 2) Custom Duty 3) Excise Duty 4) Service Tax

This will also act as catalyst for the project undertaken by the Government of importing Unique Identification Number across the country.

All this technological up gradation can be very well undertaken when we have the best of I.T companies like TCS, Wipro, Infosys and many more.

6) Collaborating with the various professionals

Professional like, Chartered Accountants, Company Secretary, Cost Accountants, Tax Consultants, and Tax Practitioners should be made aware of the acts, rules, and various provisions. These are people or intermediary partners for the Government to communicate the problems of the Taxation System properly to the last person of the chain in best of manner. Compliance with the requirement of income tax has been improved because of the intermediary strong professional force. The same thing can be very well achieved on Indirect Taxation also. Following things can be done for this purpose.

1. Spreading awareness through various professional bodies in India like C.A., C.S., ICWAI, IIMS, Educational Institutes etc.
2. Providing the web based platform for all the updates and FAQs about the tax system.
3. Organizing programs and seminars to update the masses about new tax levy, similar to the various program organized by ministry of Company affairs (MCA) for the Investor awareness programs.

7) Uniform Forms and Compliance :

Dealer should have common forms to comply with the Sales Tax requirement. Same forms are available all over India for Income Tax (e.g. ITR1, ITR2, and Pan Application etc.), service tax (ST1, TR6 Challan, and STR etc.), Excise, customs and others but this is not the case with local sales acts. Each state prescribes their own forms which acts as obstacle to simplification. When in case of Central Sales Tax Act we have Registration Forms, Quarterly return Forms, C- Form etc. of same form at all over state then this is also possible for Local Sales Tax Act.

Along with dealers professional, service providers, tax consultants will be also in very much better position to perform their responsibilities.

E.g. In some state at present we have Vat Audit Report of 2 or 3 pages and in another state like Maharashtra we have Vat Audit Report in Form 704 of nearly 80 pages.

It's not about the number of pages but what is required is uniformity & simplicity in the compliance and procedural aspects of GST all over India.



8) Promoting awareness among Public

General public should be made aware about the new tax system to be implemented well in advance. Sufficient time should be given to the public at large so as to understand and prepare them for the transition. Few suggestive steps for this;

- a) Advertise in Print Media
- b) Advertise through T.V.
- c) Advertise and propaganda through News & Publication.
- d) Arranging Seminars & Conferences.
- e) Taking the Corporate Sector into confidence and sharing ideas directly with them.



Concluding!

It is recommended to the concerned authorities that hasty Implementation of any Tax System will hamper the future progress of Tax structure. To ensure smooth transition to the new tax regime, it is very necessary to assess the overall impact of the new tax structure on all facets of business and carry out requisite changes in a timely manner. Public mindset is ready for the change, only because they are thinking that something better will come in GST.

Hope the suggestion come helpful for better implementation of GST in transforming our economy from developing to develop one.

Regards

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