Hiregange& Associates
Chartered Accountants

Roadmap to GST Implementation

What business needs to do?

Passing of GST Bill by Rajya Sabha: An important milestone in entire journey

Stages in rolling out of GST:

- Passing of CAB by atleast 16 states
- President assent
- Formation of GST Council
- Passing of Central Goods and Service Tax (CGST) and Integrated Goods and Service Tax (IGST) by CG
- Passing of State Goods and Service Tax (SGST) by all state governments
- Issuance of Rules, Regulations, Notifications and Circulars
- Develop Goods and Service Tax Network (GSTN)- substantially completed
- Testing and making GSTN live
- Transition to GST
- Actual Roll out- target date 1.4.2017

Long pending 122nd Constitutional Amendment Bill (CAB) was passed in Rajya Sabha on 3rd August 2016, giving concurrent jurisdiction for both Centre and State to tax under the GST regime.

GST is unified indirect taxes, with cross sectional credit. Existing taxes Central Excise, Service Tax & VAT etc. would be subsumed to be one GST. Under present regime, VAT credit cannot be used for payment of central excise/service tax and *vice versa*, however in GST regime there would be the levy of GST on all transactions and hence ensuring a smooth credit flow.

Introduction of GST would change the way business is done. It would throw host of opportunities and challenges for the business and it becomes imperative for them to gear up themselves for adapting the change.

Now in this background where the GST has become almost reality, what is to be done for being prepared to face GST is discussed as under :

Roadmap for GST Implementation

1. **Understand the Model GST Law:**The Model GST law covering draft Central GST Law, draft State GST Law and draft Integrated GST lawis in the public domainsince 14th June 2016 onhttp://www.finmin.nic.in. It is required to go through the law as is relevant to concerned and understand the implication of the same on the business/profession/industry.The ICAI has prepared a training manual for CBEC + VAT Officers available for general public – http://idtc.icai.org/publications.php

2. **Representation:**Since the model GST law is prepared by the representatives of Government, it seems to have missed out the focus on the interest of the public at large, therefore in the interest of the concerned, it is required to identify the provisions, which are having adverse effect on your business or industry and make a suitable recommendation for change of law.

3. **GST Impact Assessment:**Since the new GST law is going to change the entire dynamics of the business in many respect, it is essential to understand the impact of the changes on different aspects of the business like procurement, production, job work, storage, distribution, marketing, finance including cashflow, final consumer etc.**Therefore it is essential for any entity to carry out GST impact assessment to analyse effects of GST. This can be carried out either by the in-house team of an outside professional.**

4. **Training the Resources:** As the concept of GST is different from the existing methodology and procedure, there will be requirement for unlearning many things and relearning many new things. Therefore in the interest of the entity, it becomes essential to train their resources at accounts, taxation, procurement and other impact areas of the entity.

5. **The Key Decisions**: Since the GST is going to change the costs of different elements of the products and/or services, it becomes essential to relook at the pricing of the products, cost of procurement compared with different sources and other operational areas. Therefore key decision making has to be done in all the affected area due to GST changes.

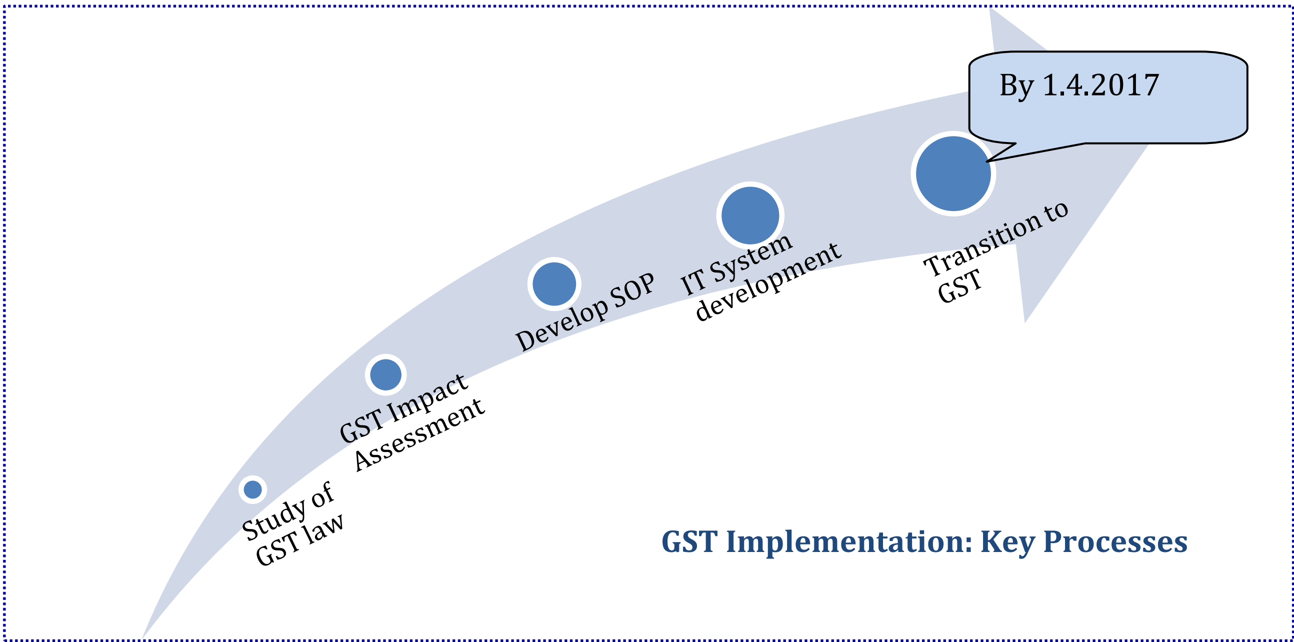
6. **Impact on the long term contract:**All the long terms contract, which would be stretching beyond 01.04.2017 needs to be re-looked into as to impact of GST and whether the terms of the contract has addressed the same or not. If the same is not addressed in the contract, action may be initiated to deal with the same with other party and terms be re-negotiated if necessary with mutual discussion before the effective date of introduction of GST.

7. **Development/modification of Standard Operating Procedure:**GST implementation is nothing but change in law as well as procedures. The changes required to be adopted in the procedures being followed by the entity have to be assessed. In that direction it is essential that the entity may have to either develop new standard operating procedure (guideline of procedures) or amend the existing one.

8. **Development/modification of Information Technology infrastructure:**Today most of the entities rely upon the Information Technology to carryout their business/profession. With the introduction of GST which is essentially run based on centralized information technology portal, the entities are required to either develop their infrastructure to suit the requirement of GST or to modify the existing infrastructure to suit the same.

9. **Vendor Development:** Having organized Vendor base is very important in the GST regime and hence Vendor Development and training needs to be done to support its own business.

10. **Gear up for Transitional issues:**In any change, there will be transitional clutches. The transitional issues may be of business issues which need to be dealt internally, or to be dealt with outsider. Further also there can be transitional issues related to statute either to comply with the law or to avail certain benefits given by law. Non-addressing of the said transitional issues may lead to loss in business, loss of credit, non-compliance of law etc. It is therefore essential to concentrate on the same.



To conclude as it is said "***When the change is inevitable, we have to change to get best out of the change",***we need to work around the changes expected to come and get the best out of the change to ensure that the objective of the entity concerned are met.

Head Office: 1010, II Floor, 26th Main, 4th T Block, Jayanagar,Bangalore-560041, Tel: 080-26536405. rajesh@hiregange.com

Gurgaon:
509, Vipul Trade Centre, Sohna Road, Sector 48, Gurgaon
Tel: 8510950400; ashish@hiregange.com

Mumbai
409, Filix, LBS Marg, Opp. Asian Paints, Bhandup (West), Mumbai-400078
vasant.bhat@hiregange.com- Tel: 9867307715

Hyderabad
Basheer Villa", House No.8-2-268/1/16/B, II Floor, Sriniketan Colony, Road No.3, Banjara Hills, Hyderabad – 500034
sudhir@hiregange.com
Tel: 040-40062934

Visakhapatnam
Flat No. 101, D.No. 9-19-18, Sai Sri KesavVihar, Behind Gothi Sons Show room, CBM Compound, Visakhapatnam- 530 003
anil@hiregange.com
Tel:8916009235

www.hiregange.com

material, rendering any professional advice or services. Hiregange & Associates or the partners thereof would not be responsible for any action taken based on this publication without prior consultation.)