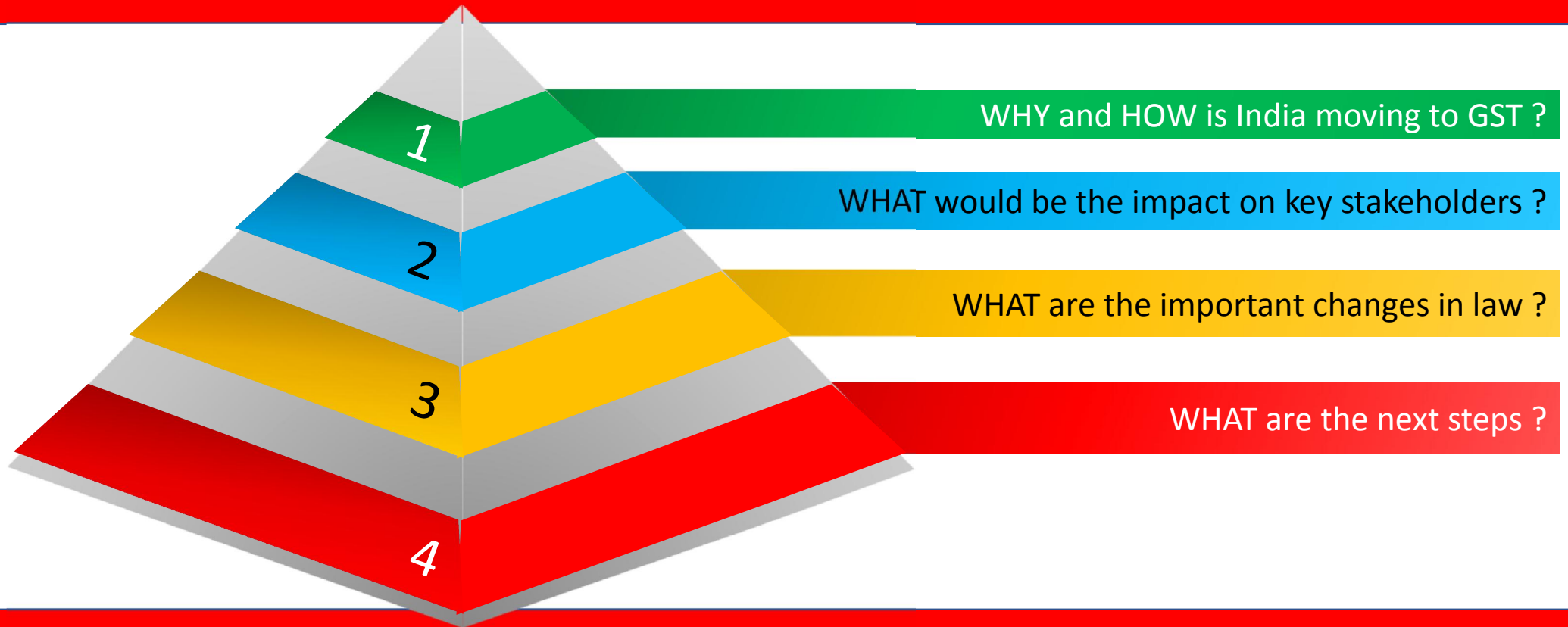




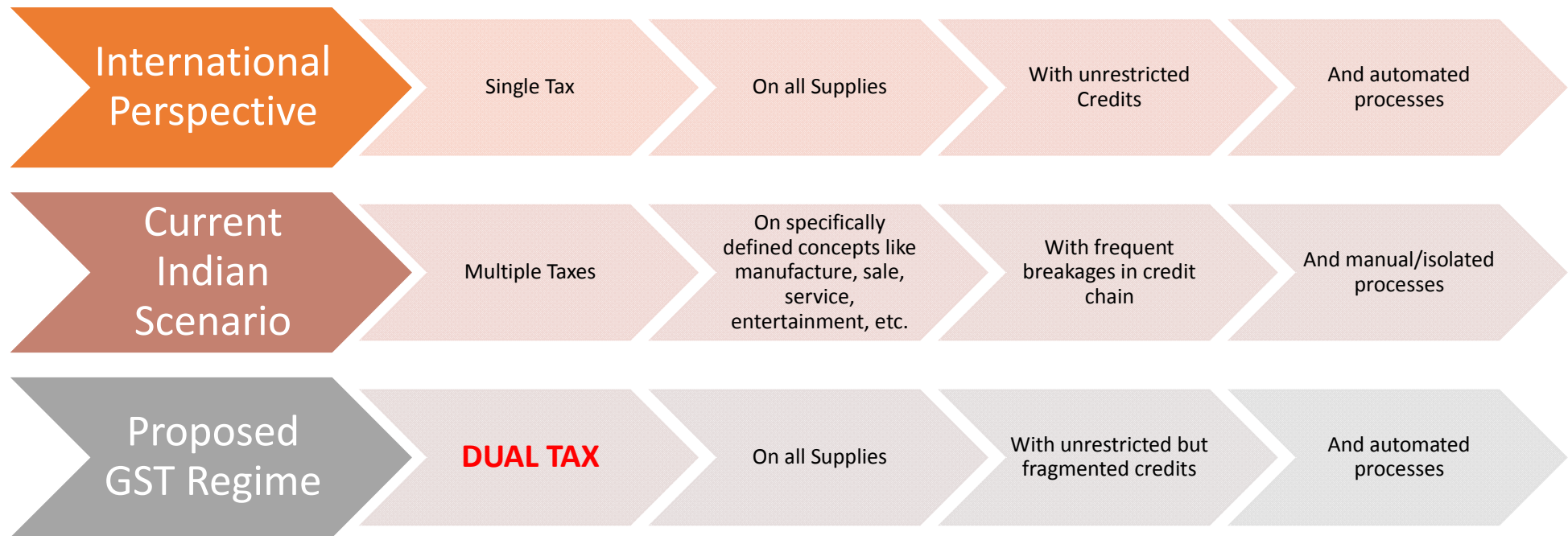
S. B. GABHAWALLA & CO.
CHARTERED ACCOUNTANTS



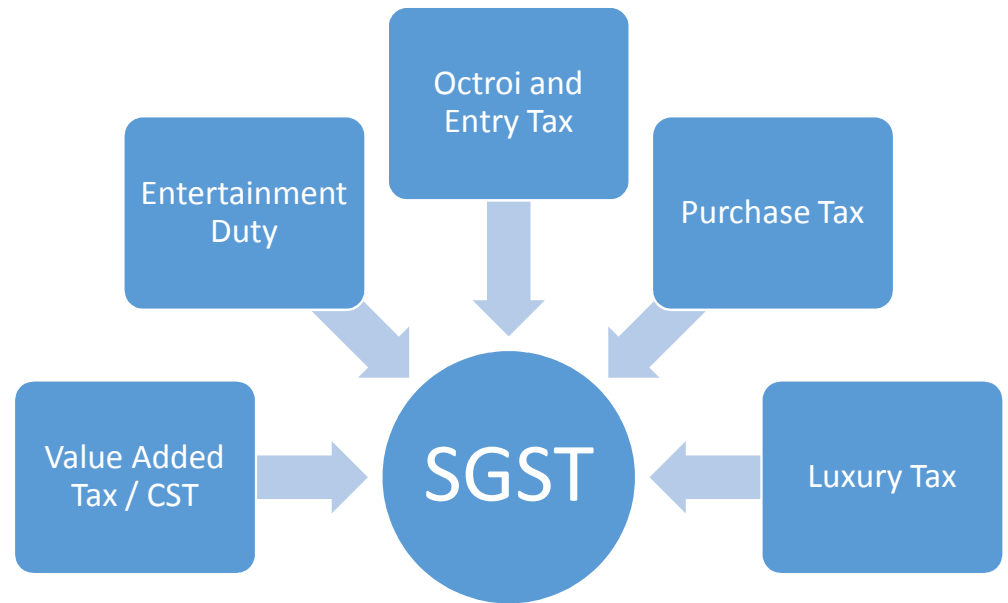
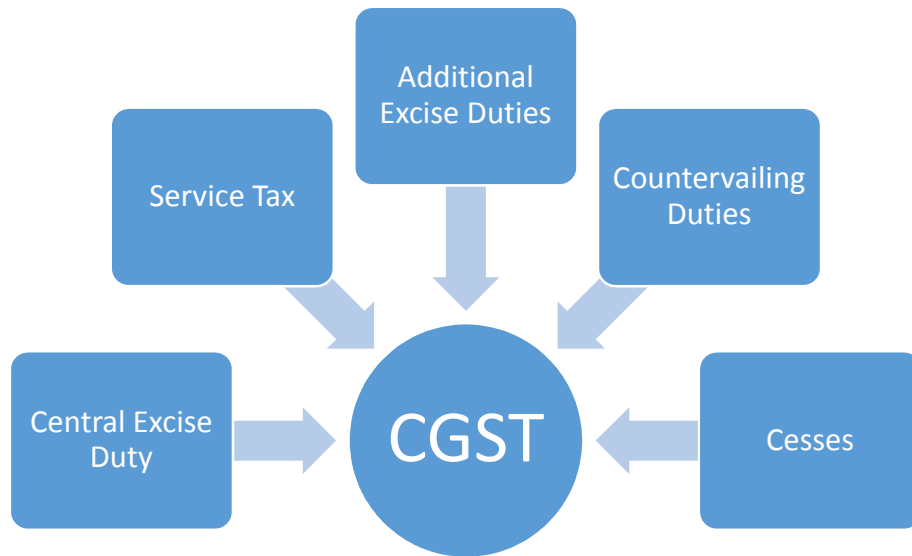
What shall we talk about?



Indirect Tax : Quick Comparison



Important Taxes subsumed..

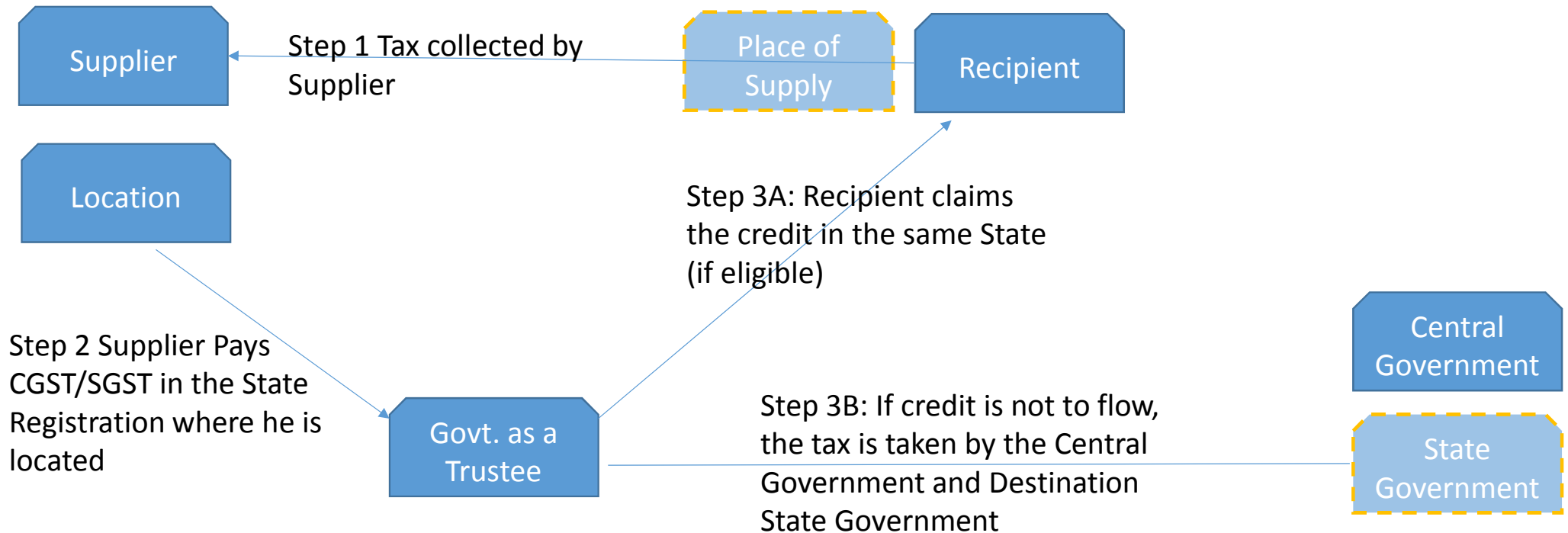


IGST instead of CGST and SGST for Interstate Transactions – Destination Based

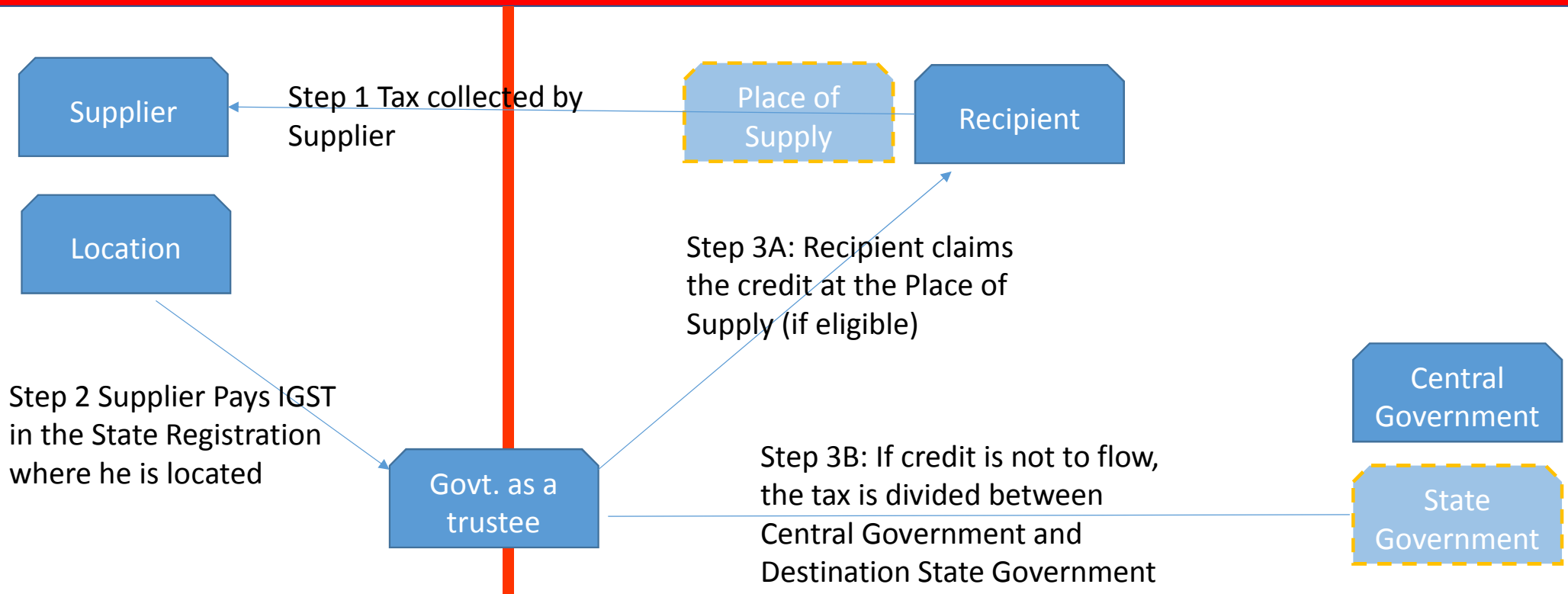
Dual GST : Basics

| Situation | Supply | Tax |
|--|-------------|----------------|
| Location of Supplier and Place of Supply in same State | Intra State | CGST + SGST |
| Location of Supplier and Place of Supply in different States | Inter State | IGST |
| Import of Goods or Services (different countries) | Inter State | IGST (CVD/RCM) |
| Export of Goods or Services (different countries) | Inter State | Zero Rated |

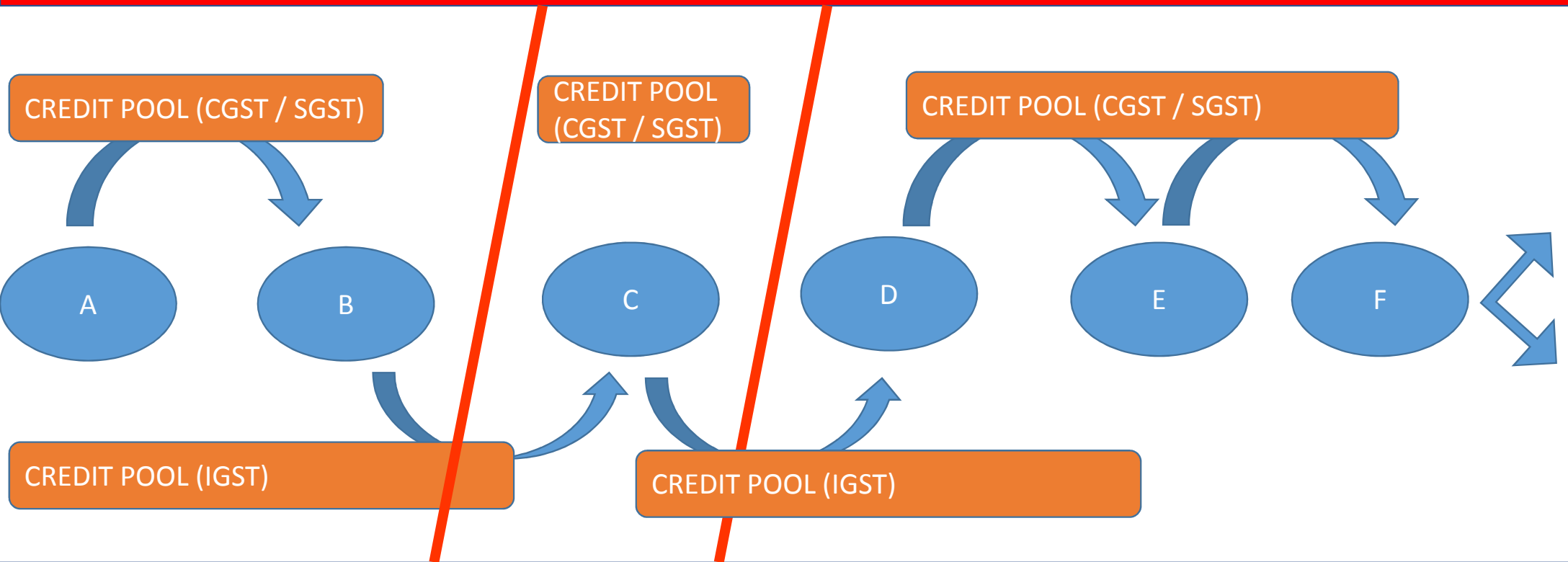
CGST/SGST – How it works?



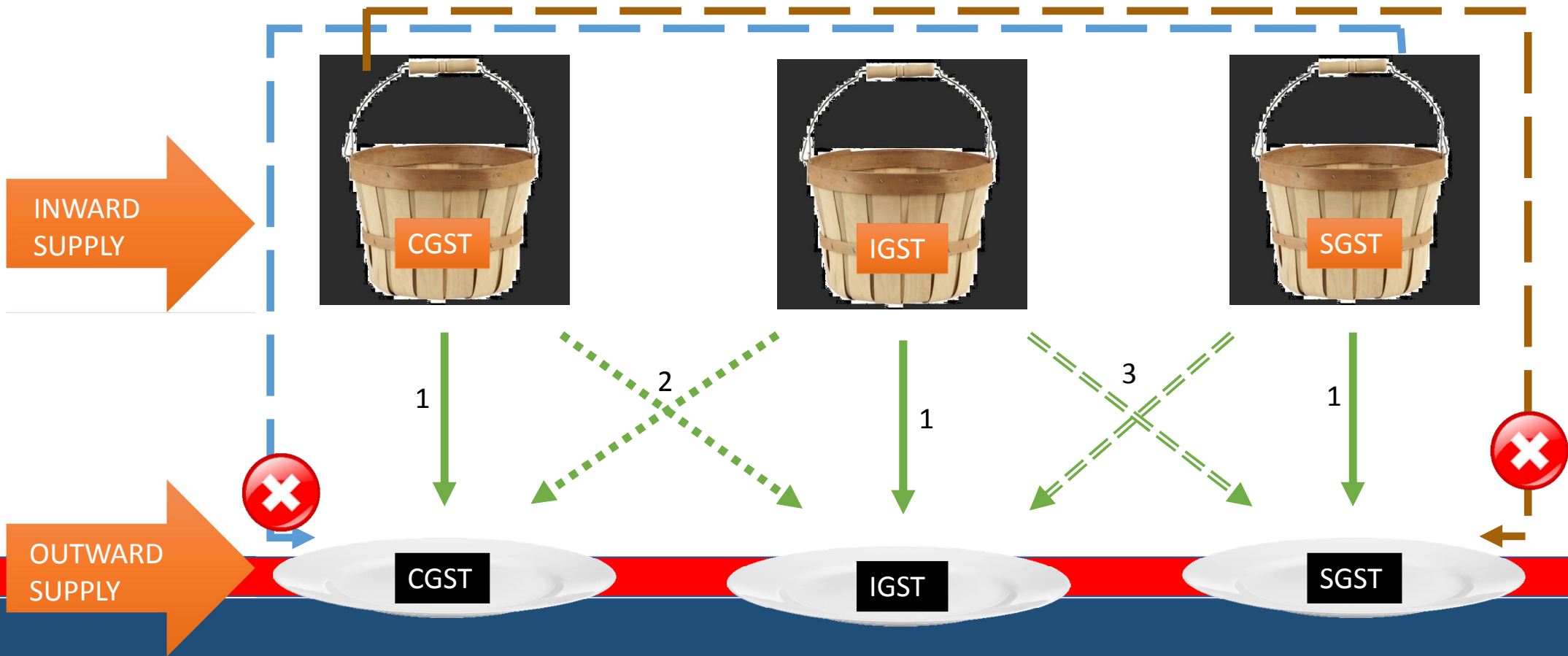
IGST – How it works?



IGST – How it acts as a bridge?



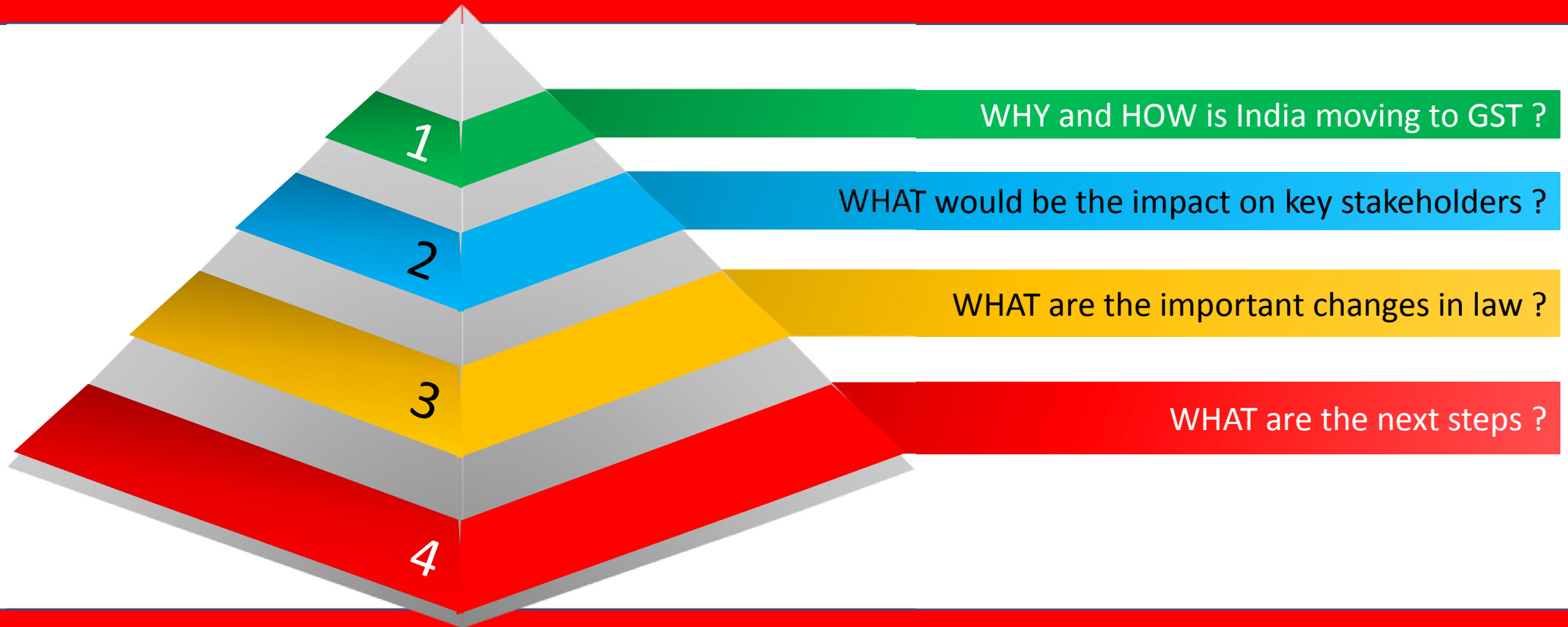
Input Tax Credit : Fungibility



Impact of Dual GST Concept

| Entity | Nature of Business | Current Registrations | Proposed Registrations |
|--|--|-----------------------|------------------------|
| Weavings Manpower Solutions Pvt. Ltd. | Manpower Recruitment and Supply Services | 1 | 3 |
| Radhakrishna Business Solutions Pvt Ltd. | Business Support Services | 1 | 1 |
| Planet Business Support Services Pvt. Ltd. | Business Support Services | 1 | 1 |
| Planet Support Services Pvt. Ltd. | Business Support Services | 1 | 1 |
| Radhakrishna Food Services Pvt Ltd. | Food | 1 | 2 |
| Radhakrishna Foodland Pvt Ltd | Trading, Warehousing and Transport | 4 | 4 |

What shall we talk about?



Procurement of goods

Intra-State

- C Excise
- CGST
- VAT
- SGST

Inter-State

- C Excise
- IGST
- CST

Import

- BCD
- BCD
- CVD
- IGST
- SAD



Manufacturer

Procurement of Services

- Intra-State
 - S Tax
 - CGST
 - SGST
- Inter-State
 - S Tax
 - IGST
- Import
 - S Tax
 - IGST

Intra-State sales of goods

- C Excise
- CGST
- VAT
- SGST

Inter-State sales

- C Excise
- IGST
- CST

Exports

No taxes No taxes

Stock Transfers

No taxes IGST?

Impact on Manufacturers

Will unlock credits
in case of
interstate
movements

Logistics and
Distribution Chains
will need a relook

Documentation
Cost will reduce

Cascading Impact
of Tax on Tax will
reduce

May bring back
uniformity across
States

Depending on RNR,
the impact largely
positive



Procurement of goods

Intra-State

- C Excise
- CGST
- VAT
- SGST

Inter-State

- C Excise
- IGST
- CST

Import

- BCD
- BCD
- CVD
- IGST
- SAD



Trader

Procurement of Services

Intra-State

- S Tax
- CGST
- SGST

Inter-State

- S Tax
- IGST

Import

- S Tax
- IGST

Intra-State sales of goods

- VAT
- CGST
- SGST

Inter-State sales

- CST
- IGST

Exports

No taxes No taxes

Stock Transfers

No taxes IGST?

Impact on Traders

Exposure towards
Central
Administration

Will enable credit of
central tax, resulting
in realignment of
base price

Will unlock credits in
case of interstate
movements

Logistics and
Distribution Chains
will need a relook

Documentation Cost
will reduce

May bring back
uniformity across
States

Depending on RNR,
the impact largely
positive



Procurement of goods

Intra-State

- C Excise
- VAT
- CGST
- SGST

Inter-State

- C Excise
- CST
- IGST

Import

- BCD
- CVD
- SAD
- IGST



Service Provider

Procurement of Services

Intra-State

- S Tax
- CGST
- SGST

Inter-State

- S Tax
- IGST

Import

- S Tax
- IGST

Intra-State services

- S Tax
- CGST
- SGST

Inter-State services

- S Tax
- IGST

Exports

No taxes No taxes

Impact on Service Providers

Exposure towards
State
Administration

Increase in
Effective Tax Rate

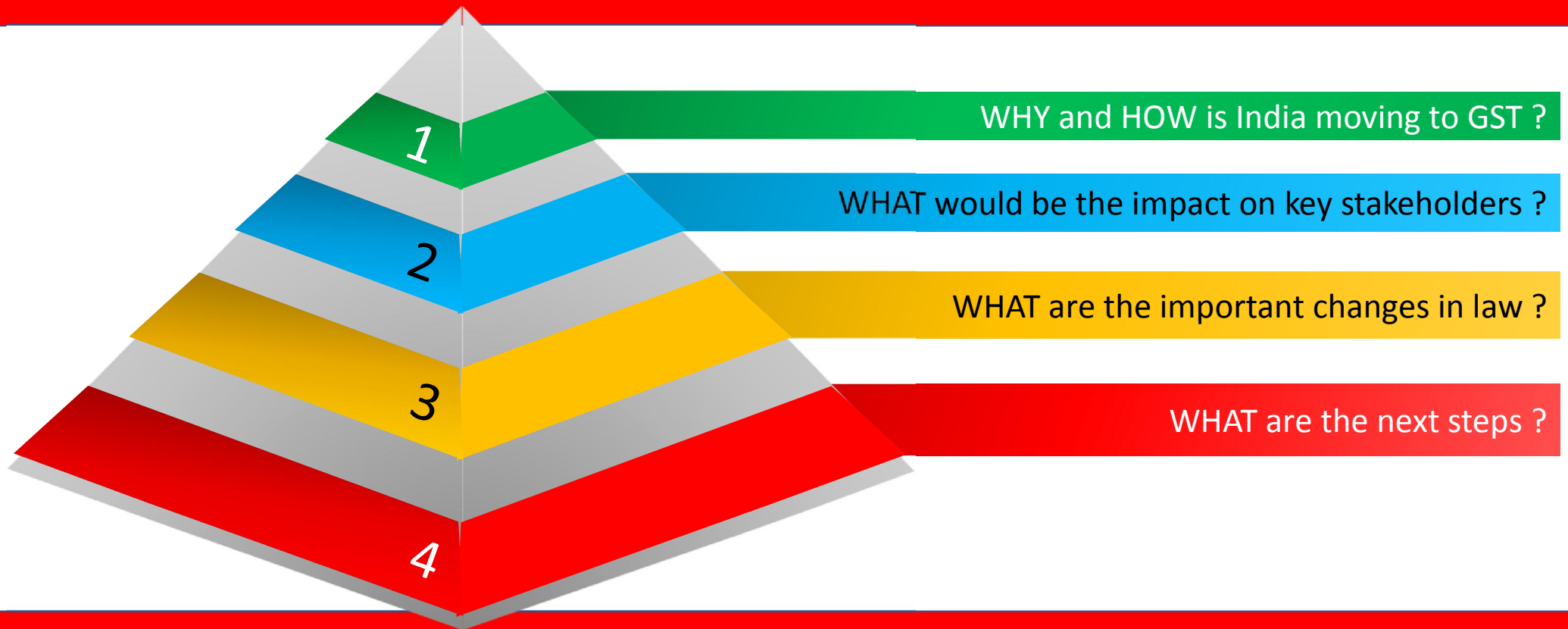
Unlocking of
Credits

Place of Supply
Rules very
important

Intangible Nature
may deserve a
special treatment



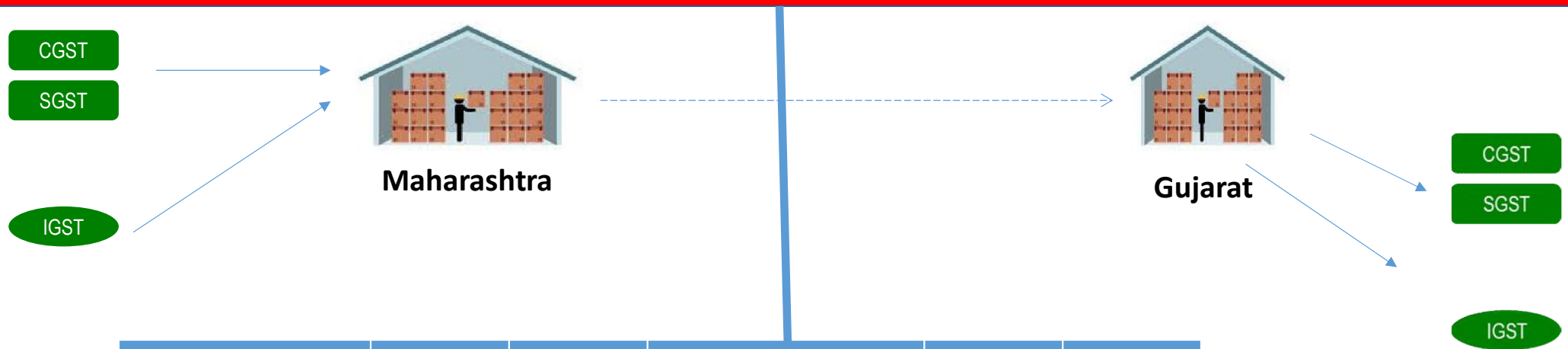
What shall we talk about?



Important Concepts

- GST applicable on all supplies
 - Free Supplies
 - Interstate branch transfers?
 - Supplies by Principal to Agents
 - Supplies by Job Workers (not taxable upto 180 days*)
 - Rejections
- Reverse Charge Mechanism to be applicable on
 - Import of Services (include free / personal imports)
 - Notified Goods or Services

Branch Transfers – Economic Aspect



| Branch Transfers | Input | Output | Net | Input | Output | Net |
|------------------|-------|--------|------|-------|--------|-----|
| No GST | - 100 | 0 | -100 | 0 | 150 | 150 |
| GST Applicable | - 100 | 120 | 20 | - 120 | 150 | 30 |

Important Concepts (Contd.)

- Value is generally the transaction value
 - Arms' Length Pricing in case of Related Parties
- Exemptions
 - Most exemptions to be phased out
 - Threshold of Rs. 20 lakhs
 - Optional Composition Scheme upto Rs. 50 lakhs
- Rate of Tax
- Time of Supply to be earliest of multiple 'touch points'

IGST : Place of Supply Rules

- General Rule for Goods
 - Termination of Movement for Delivery of Goods
 - Registered Address for Intermediary Transactions
 - Location of Goods if movement not required
- General Rule for Services (Destination Principle)
 - Service made to a registered person -- location of recipient.
 - Service to unregistered person with address available – location of recipient
 - In Other Cases - location of the supplier

Exceptions to Destination Rule

| Hybrid | Source Principle |
|---|---|
| Training and Performance Appraisal | Services in relation to Immovable property |
| Organisation of events and ancillary services including sponsorship | Hotels , Mandap-keeper services |
| Transportation of Goods including mail and courier | Restaurant, catering, personal grooming, fitness, beauty treatment, health services, cosmetic and plastic surgery |
| Passenger Transportation Services | Services in relation to admission to an event |
| | Services supplied on board of a conveyance |
| | Banking, Financial & Stock Broking Services (not linked to an account) |

Input Credit – Essential Conditions

Goods/ Services are received

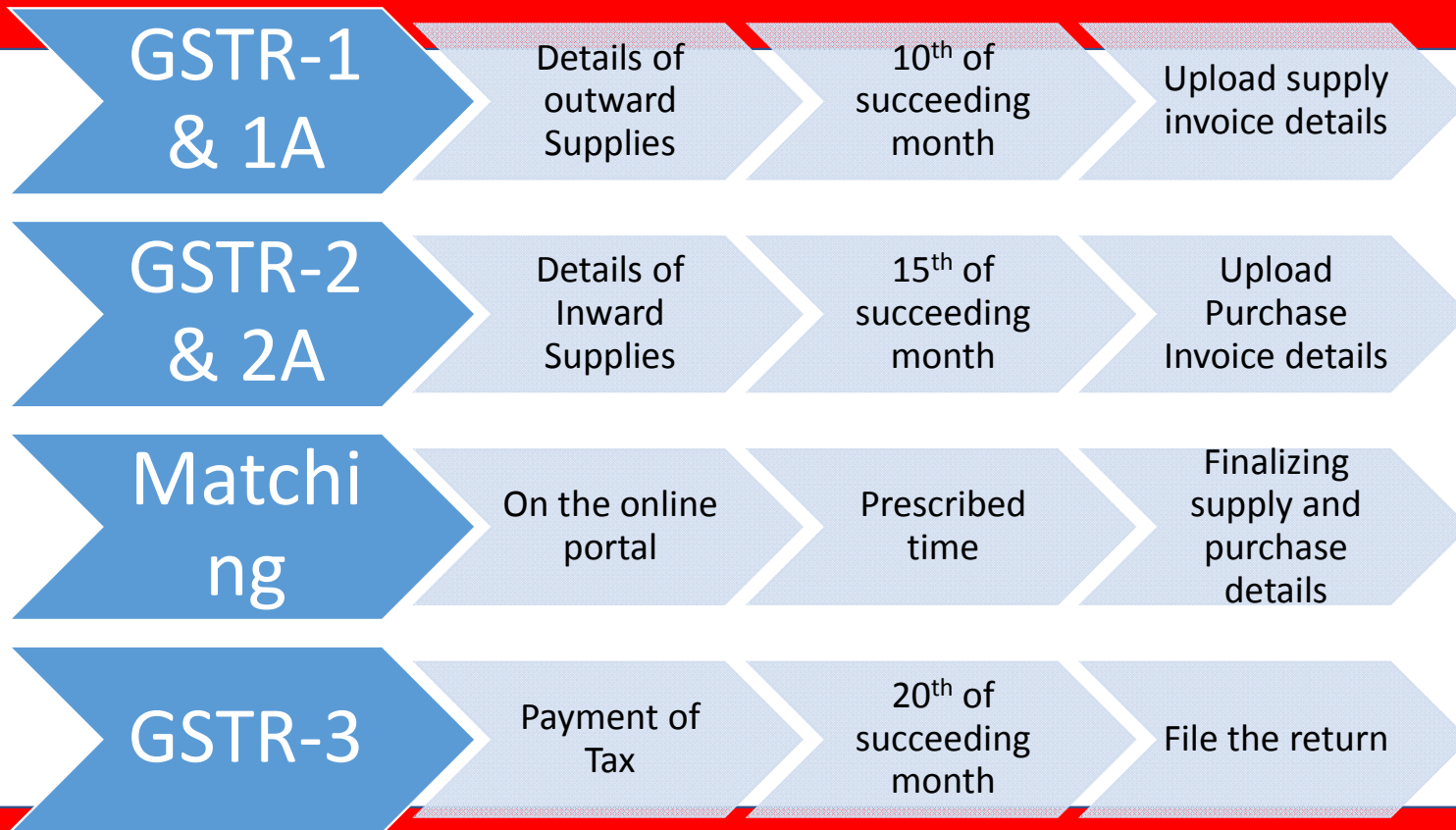
Not listed as ineligible for credits

Tax Invoice received

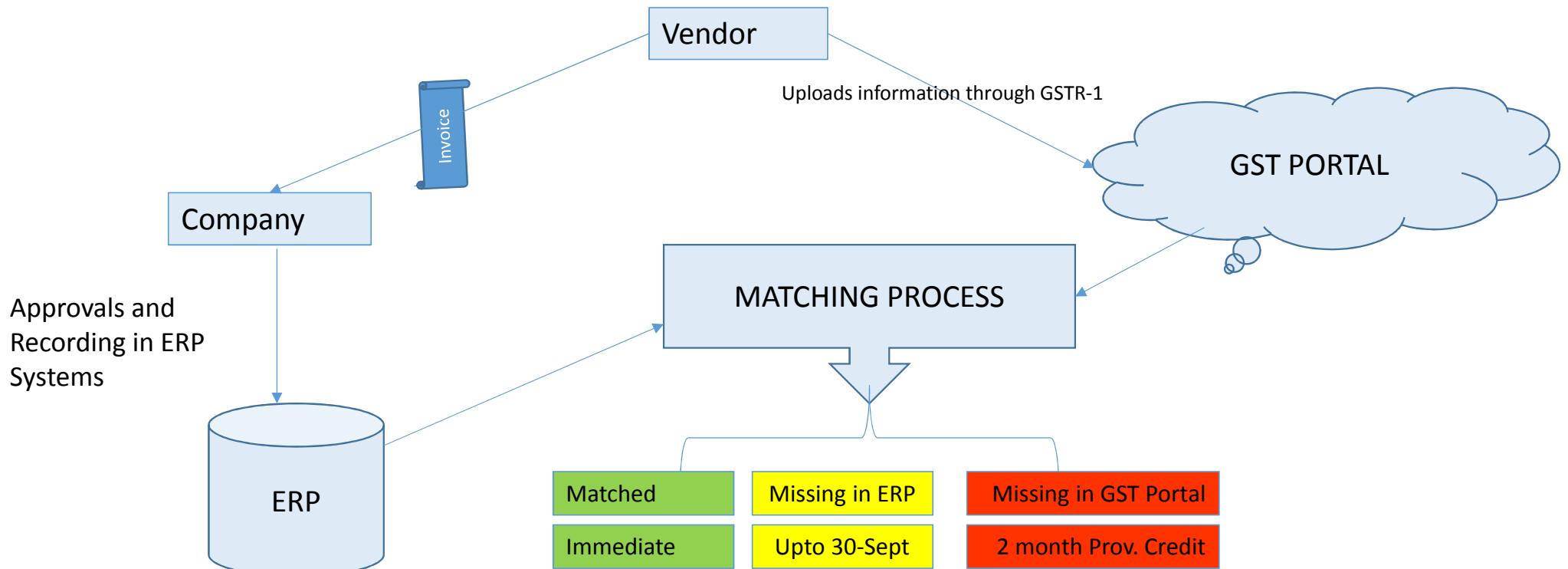
Vendor Paid the tax

Vendor uploaded the tax to the customers account

Return Filing Process



Matching Concept : Process Flow



Compliances – A quick Snapshot



Registrations

- Multiple Registrations as Supplier/ ISD
- All activities through common portal
- Definition of Authorised Signatory
- Mentioning of Registration Details
- Documents to be submitted
- Transition Strategy



Invoices

- Numbering Format
- Generation and Cancellation Related Issues
- Digital Signature
- Way Bill E-Invoice
- HSN / SAC Mentioning
- Debit/Credit Note – Scope and Linkage



Returns

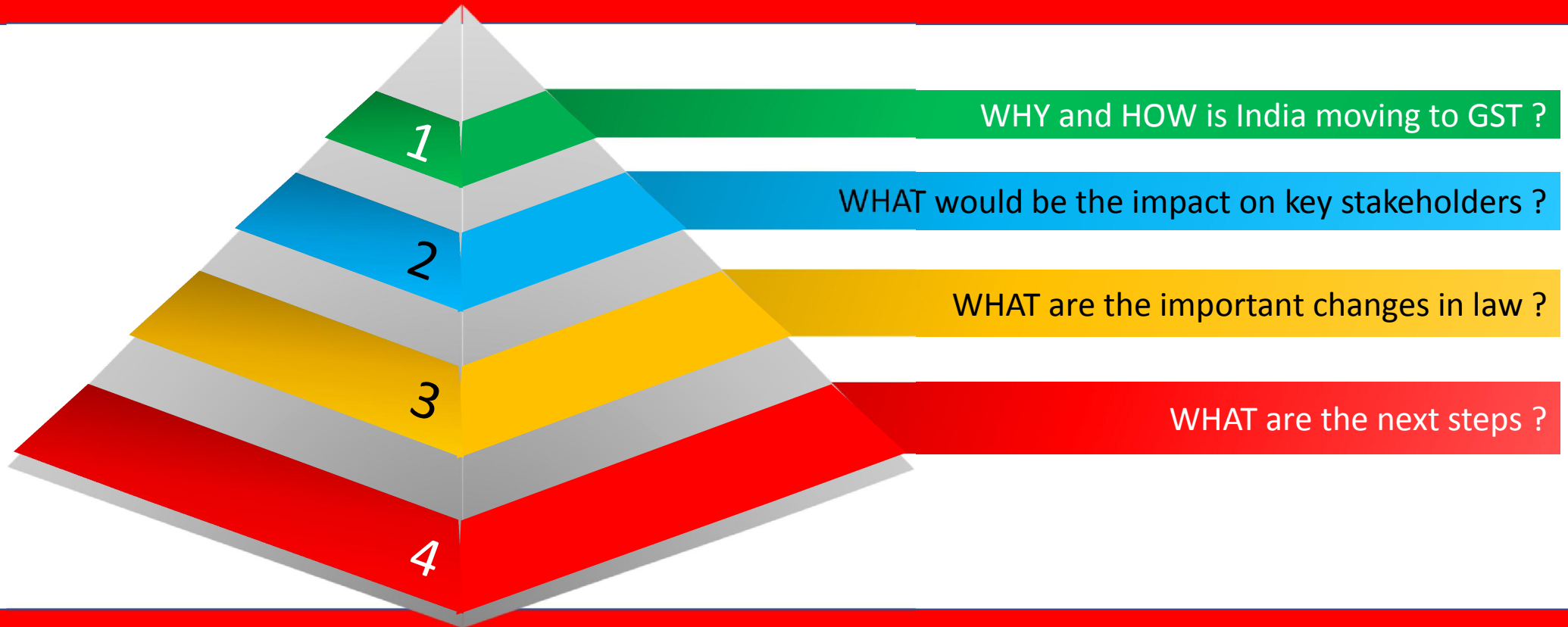
- Multiple Uploadings (at least 3 p.m.)
- No Revision permissible
- Annual Return with Reconciliation and Audit Report
- Can't skip intermediary returns
- Cross linkage of Data and Audit Trail



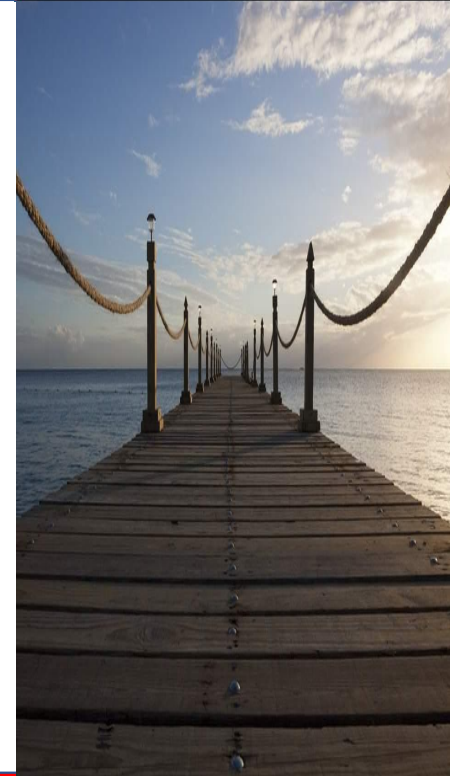
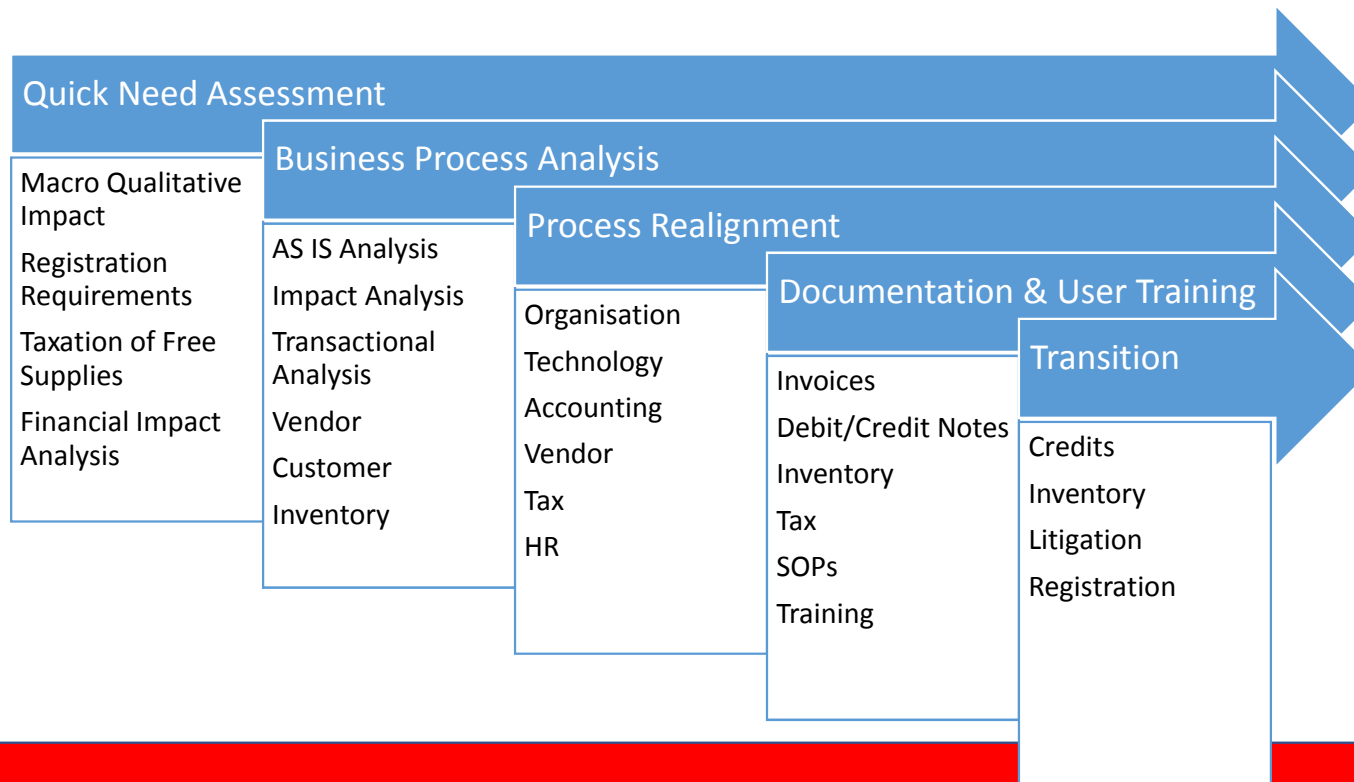
"On behalf of"...

- Tax Deduction at Source
- Tax Collection at Source
- Aggregator
- Reverse Charge Mechanism
- Agent dealing on behalf of Principal

What shall we talk about?



Industry – Next Steps



Quick Need Assessment

Any Exemptions
Claimed?

Impact of Change
in Rate of Tax

Billing and Credit
Analysis

Registration and
Transition Impact

Taxation of Free
Supplies

Taxation of
Branch Transfers


Acclimatisation
Session

Geographical
Slicing of Revenue
and Credit

ISD Requirement



Quick GL Level
Analysis

CENVAT Credit
Review

Business Process Analysis



- 1) Vendor Registration
- 2) Purchase order
- 3) GRN
- 4) Invoice Approval
- 5) Accounting of Invoice
- 6) Payment



Br. Transfer



Scrapping



Job Work

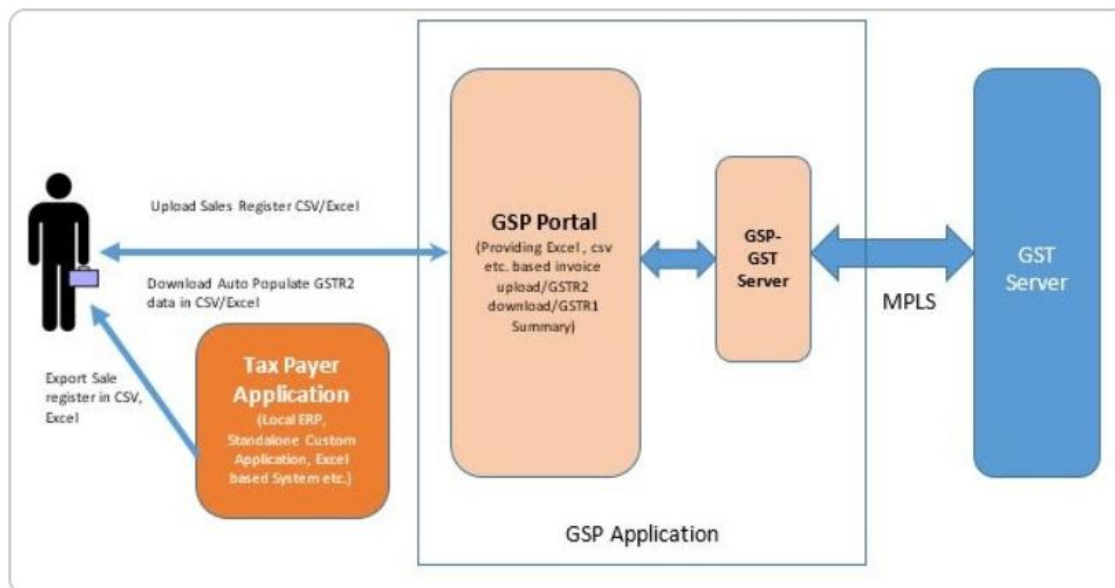


Repairs

CUSTOMER

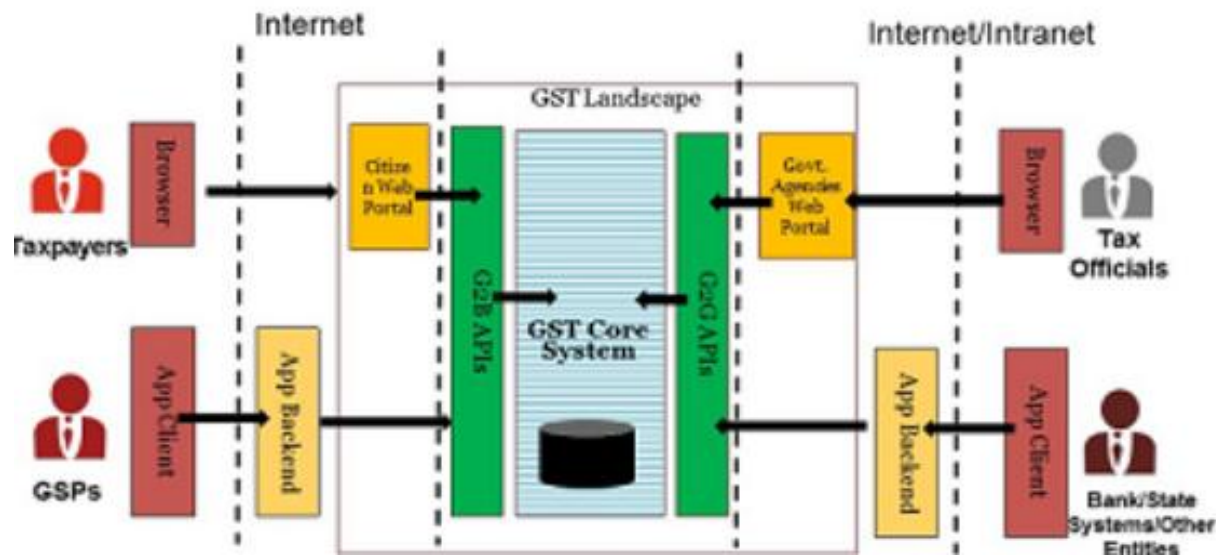


Setting a Digital Strategy on GST – “Offline”



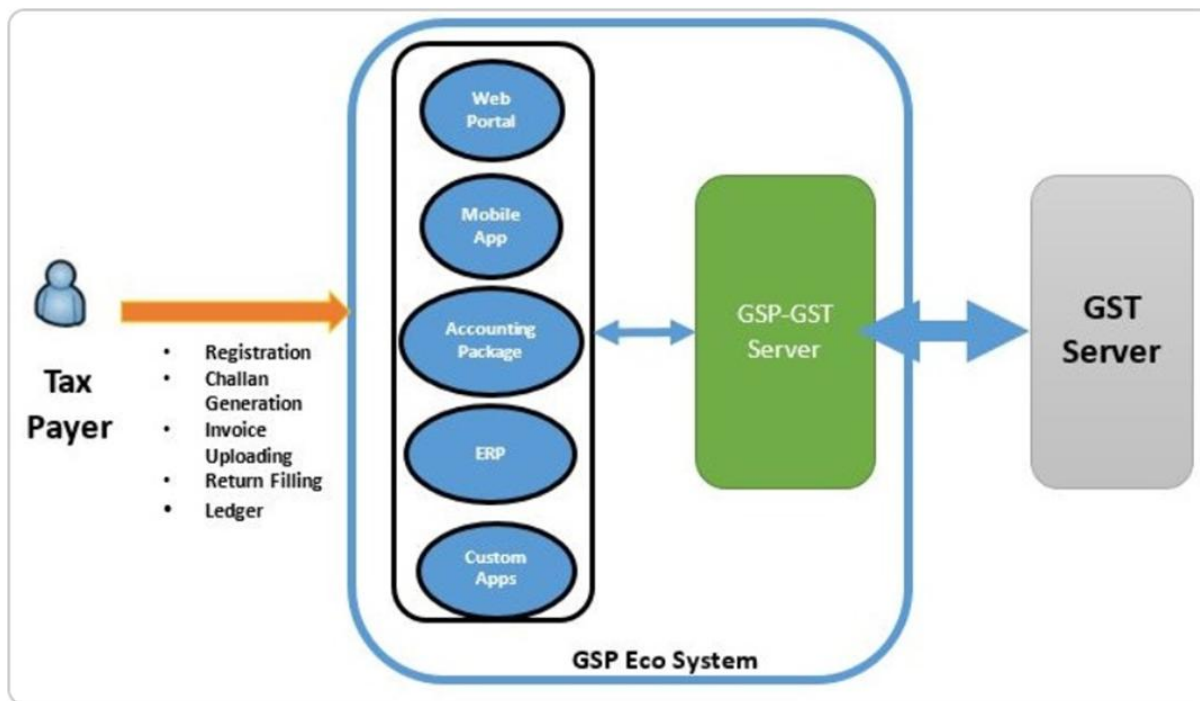
The simplest way to get digitally ready for GST compliance is to use an offline application to be provided by GSTN. This will be used by taxpayers with slow or limited internet connectivity, and few monthly transactions. This offline application can be used to manually generate the GSTR1, GSTR2 (and other returns) in the format required by GSTN as a data file. This file can, subsequently, be uploaded to GSTN Common Portal either by the taxpayer himself, or by his tax return preparer (as authorised by the taxpayer through the GSTN portal)

Digital Strategy – Batch thru' Patch



For taxpayers with a large number of transactions to handle, GSTN is creating an Application Programming Interface (API) that will enable such applications electronically upload the GSTR1, download the GSTR2, approve and reject invoices, etc. In short, the same functionality that would be available to taxpayers with lower volumes through the GSTN common portal would be available to such taxpayers through APIs.

Digital Strategy - Online

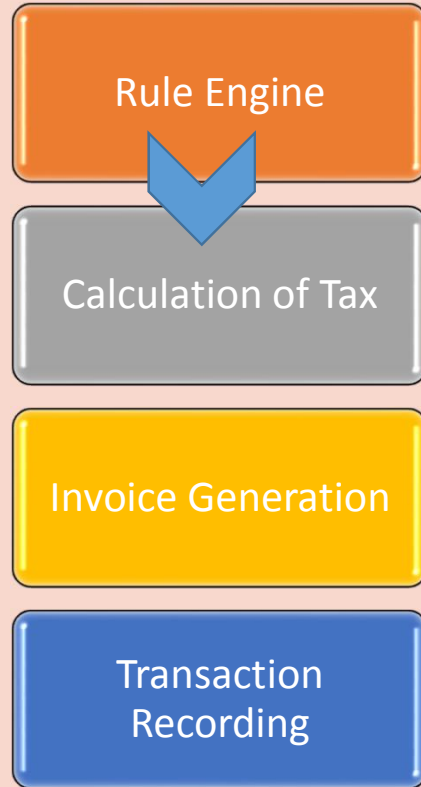


GSTN proposes to empanel and license agencies labelled as GST Suvidha Providers (GSPs), who, in turn, would provide taxpayers with value-added services using these GSTN APIs. Such services could range from the basic service of being able to electronically upload and file returns from the taxpayers IT systems without having to use the GSTN portal (by using the GSTN APIs), to value-added dashboards and analytics, to industry specific returns validations, etc.

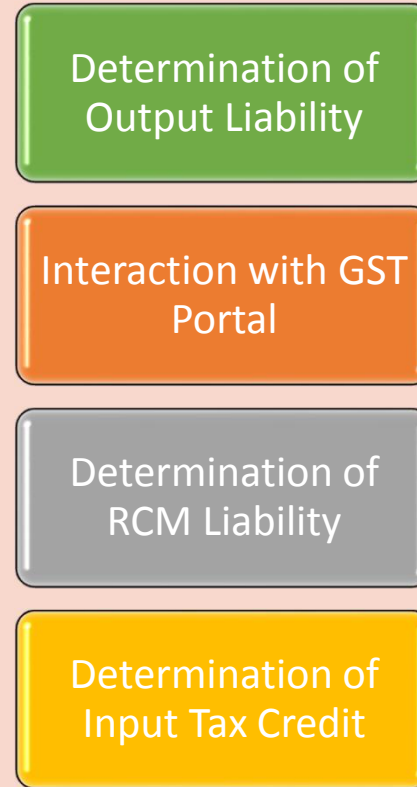
ERP / CRM Masters (one time)



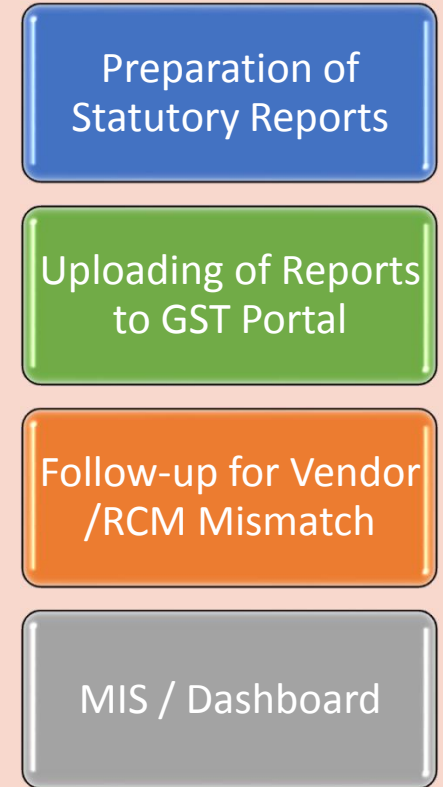
Determination Engine (transaction based)



Calculation Engine (periodic)



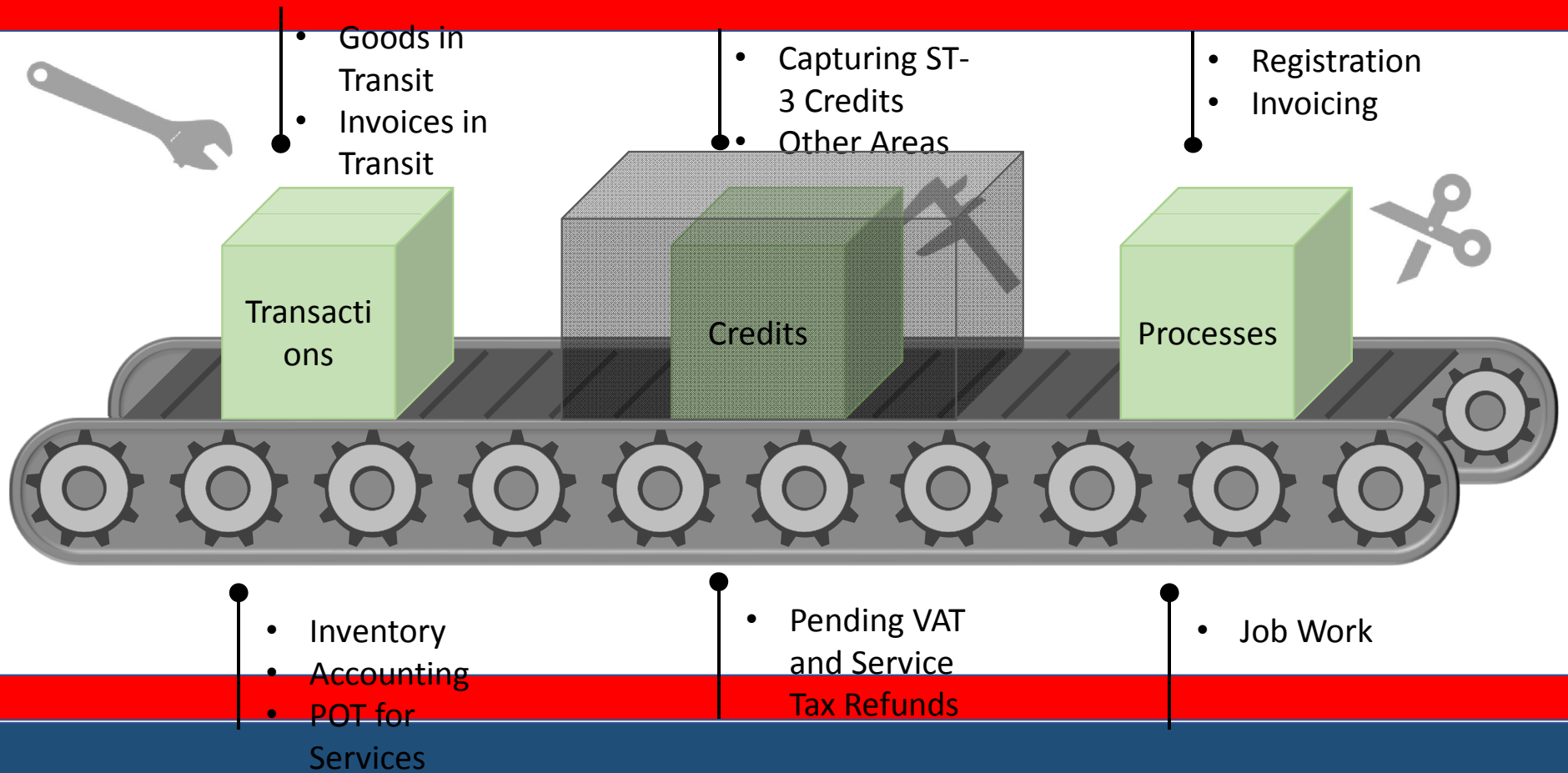
Reporting Engine (periodic)



Organisation Realignment



Transition Impact



Welcome to GST-World

Deep Domain
Experience

Easy
Accessibility

Quick
Turnaround

Business
Understanding

Analytical
Ability

Systems
approach

Innovation

PAN India
Presence

