

Challenges in Implementation of GST & Opportunities in GST

By

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Migration of Assesseees

Challenges :

- Lack of Awareness
- Lack of Clarity as regards Particulars
- Confusion as regards Centralised Registrations
- Standardization of Data
- Subsequent follow up by Department.

Opportunities

- Spreading Awareness
- Registrations in Other States in case of Centralised Registration.
- Amendments in Registrations etc. after appointed Date

Transitional Issues

Challenges :

For Taxable Persons having daily turnover of transactions like Banks, the transactions will start flooding immediately on appointed day.

Very little breathing time – Lot of issues will arise in initial implementation and transitional issues may escape the attention- Time lines specified in Transitional provisions may not be adhered to –

Illustration : Section 140 (5)

ITC can be taken for Inputs/Input Services received after appointed date but duty/taxes paid under existing law – If such invoice recorded in Books of Accounts within 30 days of appointed day- Period can be extended by 30 more days by the Commissioner – Statement in prescribed manner to be submitted.

Difficulties in substantiating duties in relation to inputs in Semi Finished goods as required in Section 140(3) for smaller Registered Taxable Persons, having no records of Manufacturing activities as they were not required to keep the same.

Transitional Issues

Challenges :

- ❑ Transactions which start before appointed date and end after the appointed date. Transitional provisions have been provided. But administration issues will be there.

Illustration :

Section 142(2) – When as per contract prior to appointed day price of goods/services revised after appointed date– If supplementary invoice/ Debit Note/Credit Note issued within 30 days of Revision- Such Invoice/Debit Note/Credit Note deemed to have been issued under this act.- Reduction allowed if recipient has reduced ITC.

Implementation issues will arise when Tax has been earlier in say Central Law – Whether State Authorities will accept Reduction in Tax Revenue ??

Transitional Issues

opportunities :

Advisory in Transitional Issues.

· Identifying Transitional Issues applicable to RTPs

· Shortlisting Transitional Issues where other parties relating to RTPs to be sensitized eg. Vendors, Job Workers etc.

· Detailed listing of activities to be carried out with drawing exact Timelines

Compliance relating Transitional Issues

Timely Compliance of existing Laws for taking benefits of Transitional Provisions.

Representation on Transitional Issues.

Advising RTPs for period up to appointed date in the light of Transitional Provision regarding activities to be preponed or postponed.

Updating of Books of Accounts in the light of Transitional Provisions.

Preparing & Implementing GST

Challenges :

Lack of knowledge

Intentional neglecting of legal Provisions. e.g. Documentation or records relating I

New Concepts – Distinct Persons, ISD

Complexities of Provisions - Reversal of ITC

Confusions as regards Place of Supply –especially VAT dealers.

Large number of immediate procedural formalities – Invoices, Returns, ITC

Multiple Registrations – duplication of efforts & records.

Transactions without Considerations – Identification & Valuation

Reverse Charge on Supplies by Unregistered persons.

Mechanism to rectify payment errors – IGST paid instead of CGST&SGST

Preparing for GST

opportunities :

Vendors

KYC from Vendors

- 1) Name of Supplier.
- 2) Address of HO and Branches of Supplier
- 3) Copy of GST provisional No. (ARN)
- 4) Copy of Service Tax returns for Mar 2017 – to ascertain whether the taxpayer is regular

Reconfirmation of Codes of vendors' activities.

Vendors must be genuine to pay their tax liabilities in time, else we lose the credits

Customers

- Customers Provisional GSTIN to be Collected, match with their PAN

Implementing GST

opportunities :

Impact Analysis – Estimation of additional benefits and costs.

Training –

- Regular/Periodic Training - some provisions may be prescribed later
- Multi level Training- Management, Front Office, Accounts & Back Office, customers, Vendors, Agents etc.

Restructuring Accounts Department and Accounting System – Entries for each registration, strengthening the record keeping.

Supply Chain Management – Structuring, Designing and implementing – Multiple registrations, Decentralisation of Human Resource , Policy for Warehousing , C&F agents , Reducing Working Capital Blockage.

Implementing GST

Opportunities :

Structuring of Transactions and Decisions on Business Policy

Transfer Goods/ Capital Goods between projects in different states. (Sch-I)

Various Offers for increasing Sales – (Mixed Supply)

Policy regarding Disposal of Assets [Section 18(6)]

Purchases in single open order in instalment or different consignments. (ITC)

Setting up Vendor Selection Process.

Setting up uniform Pricing Policy – In view of availability of Cross Credit, credits on capital goods, reduction in multiple taxes, removal of entry tax, setting up single point of taxation, anti profiteering clause.

Finance – Reworking Working Capital requirements in the light of credits available, cost savings in multiple registrations, payments of reverse charge, increase in IT & HR cost. Finance arrangements may have to be worked out in the light of buy vs. hire decisions.

Due Diligence : Assessment of profitability of each vertical may have to be worked out. Due diligence as regards carrying out activities in different states.

Implementing GST

- unities :
- isory in IT Infrastructure
- are Selection, Development , Customization – Accounting aspects as well as Invoicing information, creation of dynamic database etc to be considered.
- Handling Line Item Data
- Multiple Registration, Returns
- Reconciliation
- Different Credits
- Different locations
- Returns
- MIS for Audit/Anti Evasion
- Cost Centre Development
- P and ASP - Advisory, Due Diligence, Training etc.

Implementing GST

Opportunities :

Revision in HR Policy

Drafting HR training manual

HR Policy as regards gifts/ gracious acts (Sch-I)

Decision on Employ or Outsource

Outsourcing of Accounting and Operations

Regular Accounting work with or without invoicing, records, Debit Note, Credit Note

Managing Operations – controlling decisions on Branch Transfers, appointing agents

Managing Input Service Distribution

Legal Due Diligence

- Redrafting of Vendor agreements- anti profiteering clause, compliance of ITC conditions
- Drafting agreements between Branches wrt Valuation etc.
- Redrafting clauses of continuous contracts

Implementing GST

Opportunities :

Tax Compliance

Registration, New registrations in other states

- Payment of Taxes, Maintenance of Credit Registers, Adjustment of Credits
- Computation ITC , ITC Reversals
- ITC Match and Mismatch , Reconciliations
- Refund Applications
- Filing of Returns
- Filing Other Forms, Declarations etc.

Representations and Litigation

- Assessments and Appeals
- Reply to SCNs, Inspections, Search, Seizure.
- Representation to Anti Profiteering authority
- Audits by Tax Authorities
- Advance Ruling

Implementing GST

inities :

& Certifications

Section 35(5) Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit, along with a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 35 and such other documents in such form and manner as may be prescribed.

Section 35(2) Every registered person whose aggregate turnover during a financial year exceeds the prescribed limit shall get his accounts audited as specified under sub-section (5) of section 35 and shall submit, along with a copy of audited annual accounts and a reconciliation statement, duly certified, in **FORM GSTR-1** electronically through the Common Portal either directly or through a Facilitation Centre notified by the Commissioner.

Section 18 (5) : The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.

Declaration to be Electronically uploaded on portal within 30 days of becoming eligible in **GST IT** when the Aggregate Value of claim exceeds Rs. 2 Lacs- the Declaration to be certified by CA or ICWA.

THANK YOU...