

Date with GST: Are you prepared to take the plunge?

The countdown has begun and the stage seems to be all set for the rollout of a new tax reform that aims to replace the current complex structure of multiple indirect taxes with a dual GST. Its expected implementation from 1 July 2017 signals a new era in indirect tax administration as it infuses a fundamental change in the basic concepts and practices of indirect tax. With just a few days away, GST has created a lot of sensation and anxiety among every single stakeholder.

GST machinery

Most of the work required for making GST a reality has been completed. The GST Council, consisting of representatives from the Central as well as state governments, has met on 17 occasions in the past seven months and cleared:

- ▶ GST Acts
- ▶ GST Rules
- ▶ Forms
- ▶ Tax rate structure, including Compensation Cess
- ▶ Classification of goods and services
- ▶ Exemptions
- ▶ Thresholds
- ▶ Tax administration

Are you ready for GST?

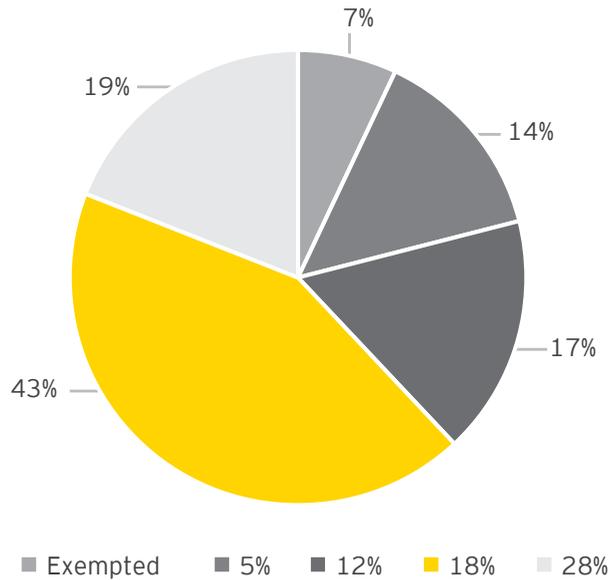
Q-1 Have you completed the migration process, taking a provisional ID under GST?

Q-2 Is your IT system more than 75% ready for GST compliance?

Q-3 Are your vendors and distributors in the supply chain more than 75% ready?

If your answer to all these questions is in the affirmative, be rest assured that your business gains an edge over competition on day one of the GST implementation.

GST rates



Rate classification
for goods

Exempt

Food grains, Cereals, Milk, Jaggery, Common salt

5%

Coal, Sugar, Tea and coffee, Drugs and medicine, Edible oil, Indian sweets

12%

Fruit juices, Vegetable juices, Beverages containing milk, Bio-gas fuel, Fertilizers

18%

Capital goods, Industrial intermediaries, Hair oil, Soap, Toothpaste

28%

Air conditioner, Refrigerators

28% + CESS

Small cars (1%/3% cess), Luxury cars (15% cess)

Rate classification for services



Exempt

Education, Healthcare, Residential accommodation, Hotels/Lodges with tariff below INR1,000

5%

Goods transport, Rail tickets (other than sleeper class), Economy class air tickets, Cab aggregators, Selling space for advertisement in print media

12%-18%

Works contract, Business class air travel, Telecom/Financial services, Restaurant services, Cinema tickets (ticket price up to INR100), Hotels/Lodges with tariff between INR1,000 and INR7,500

28%

Cinema tickets (ticket price exceeding INR100), Betting, Gambling, Hotels/Lodges with tariff above INR7500



Important dates

Enrolment: The window for migration will re-open for the third time on **25 June 2017** and will be kept open for three months.

GST returns: Relaxation has been provided for the first two months of GST implementation:

Return month	GSTR - 1		GSTR - 2 (auto populated from GSTR-1)		GSTR - 3B
	Due date	Extended date	Due date	Extended date	
July 2017	10 August	1 - 5 September *	11 - 15 August	6 - 10 September	20 August
August 2017	10 September	16 - 20 September	11 - 15 September	21- 25 September	20 September

*The facility for uploading outward supplies for July 2017 will be available from 15 July 2017.

Checklist for being GST ready

- ▶ Re-wire your enterprise resource planning (ERP) systems to capture relevant data fields in accordance with the new reporting requirement under GST
- ▶ Align your invoicing and debit/credit note formats and the vendor and customer masters updated with their respective state-wise GST identification number
- ▶ Develop rate masters with a Harmonized System of Nomenclature (HSN) and service accounting codes with the applicable rates
- ▶ Realign your business with the supply chain – on the procurement and the distribution fronts – to adapt to the new tax regime
- ▶ Initiate the process of negotiating the tax-triggered product re-pricing with vendors
- ▶ Revisit your purchase orders, logistics and warehousing strategies
- ▶ Ensure that there is requisite awareness, training and capacity building, and fix the roles and responsibilities of people across levels
- ▶ To mitigate the risk of loss of tax credit, assess the details of stock in hand and unutilized tax and duty credits vis-a-vis expected state-wise taxable supplies under GST and appropriate strategy framed for transitioning such credits
- ▶ Plan to engage with Application Software Providers/GST Suvidha Providers or GST practitioners who combine tax domain expertise with technology