



## Goods and Services Tax

India is preparing itself for a transformation in its indirect tax regime with the proposed Goods and Services Tax (GST). Moving from the current multiple tax system to a single GST will streamline the country's tax structure by consolidating a large number of indirect taxes imposed on transactions of goods and services at the central and state levels.

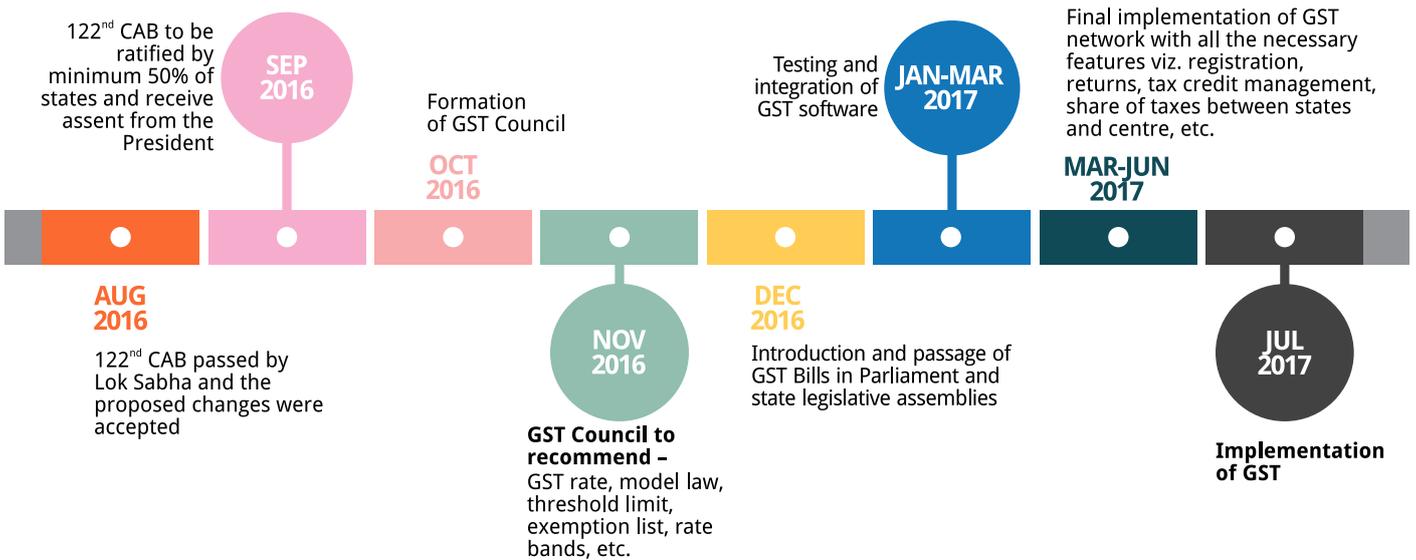
By increasing the ease of doing business factor in India, the introduction of this new regime will be crucial for the creation of a common national market. Being a simple tax on the value added at each stage of the supply of goods and services, it will reduce the cascading effect of taxes and lower the tax burden on the final consumer. GST will not only help reduce the cost of manufactured goods but will also increase the competitiveness of Indian exports. Being a more uniform, efficient and transparent tax structure, GST is expected to result in a wider tax base, reduced compliance burden, and higher tax collections, in turn, boosting economic growth.

Businesses have aligned their supply chains to the current taxation framework over several decades. In this process, many taxation aspects have been given greater importance than economic rationale. To elaborate, while strategising to select the manufacturing location of a

company, tax incentives offered by certain states are given more weightage than the economic rationale of proximity to raw material sources or to the customer base. This has led to significant distortions in the supply chains of businesses. GST offers an opportunity to remove such distortions and focus on economic rationale. The real value proposition offered by GST can only be unlocked through such supply chain optimisation opportunities. On the whole, it is not just a tax change but a paradigm shift in the way companies do business.

SKP offers a full range of services, including independent business advisory, business structuring in line with the current indirect tax regime, assistance in indirect tax compliances and change management analytics to help you with the smooth implementation of GST. Our services are aimed at supporting businesses to run efficiently while simultaneously incorporating the changes of the proposed GST regime.

# Road to GST



## GST Impact on Business

### Finance and Strategic Administration Management

With a high Revenue Neutral Rate (RNR) expected, organisations will have to revise their cash flow plans. An infusion of additional working capital could also be on the cards. Administratively, registrations and compliance requirements will have to be reworked according to the new GST law.

### Process Evaluation and Compliances

As routine procedures and tax rates undergo changes, the tax accounting treatment, record-keeping and compliances function will have to be revised accordingly.

### Product Pricing and Sales Promotion

Pricing policies will have to be revised due to the probable change in the indirect tax rate, and new sales strategies will have to be formulated following the price revision in order to remain competitive.

### Information Technology

Following the enactment of the GST Bill, accounting software will have to adhere to changes according to the new regime. These changes should be commissioned as early as possible in order to remain compliant right from the start.

### Procurement and Supply Chain Management

With GST removing inter-state barriers and allowing a seamless flow of goods within the country, supply chains and supplier channels will need revision. Thus, optimising the supply chain to reap cost benefits will be crucial for business organisations. Also, reduced transit times will improve synergies through reduced production time.

### Human Resource Management

Accounting staff and management personnel will have to be trained adequately to adapt to the changes eventually. Thus, organisations will have to devise a customised, knowledge-assimilation training programme for team members across levels.

### Transitional Business Efficiency

The smooth implementation of GST is imperative in order to ensure efficient operations during the early stages of the GST regime. Additionally, foreign investments could be attracted by leveraging India's recent positive image as a manufacturing destination.

### Contract/Agreement Management

Organisations will have to understand the impact of GST on the relevant clauses in long-term contracts and include the necessary changes to mitigate the adverse effect of any specific indirect tax clauses.

# Our Services

With the needs of our global and domestic clients in mind, we, at SKP, pursue a quality-centric approach for providing one-stop indirect tax solutions across India. Our multidisciplinary experience in global Value Added Tax (VAT)/ GST compliance for MNCs through our Knowledge Process Outsourcing (KPO) services has enabled us to build cost-effective solutions for global indirect tax structures. Our access to experts across the Nexia International network also strengthens our offering. Leveraging our domestic and

global indirect tax experience, we have formulated GST Business Advisory and Compliance services for assisting our clients in planning ahead and effectively mitigating transitional risk.

At SKP, we offer an end-to-end GST solution, structured into 10 modules. Keeping in mind the unique and diverse requirements of each client, we give you the freedom to select and customise the services most suitable for your business from the following:

- 1 Impact analysis**
  - Ascertain the current indirect tax position
  - Establish the applicability of GST
  - Provide detailed GST impact identification
  - Provide working capital impact analysis

- 2 Representation to the government**
  - Assist in drafting representations and liaising with trade associations and the Ministry of Finance for representation

- 3 Project management services**
  - Strategise and plan
  - Track, monitor and report
  - Support in the GST analytics process
  - Support in managing the GST transition

- 4 Business model and supply chain optimisation**
  - Procurement
  - Logistics
  - Storage
  - Manufacturing
  - Distribution
  - Delivery
  - Sales and marketing
  - Business plan and working capital

- 5 Compliances**
  - Registrations
  - Legal opinions
  - Develop new SOPs for capturing compliance data
  - Transition compliances

- 6 Training and workshops**
  - Vendor training
  - Specific employee training i.e. supply chain, procurement, finance and accounting, HR, legal, etc.
  - IT training for employees
  - Other training as required

- 7 Information technology migration**
  - IT system assessment/modification and migration
  - Design reports for compliances
  - Assist in testing, externally by SKP and internally by the client

- 8 Tier II support services**
  - Update master data
  - Vendor reconciliation
  - Scrutinise vendor quotations
  - Perform contract reviews
  - Assist in human resources management

- 9 Post-transition review**
  - Checking and testing revised SOPs

- 10 Compliance support post GST implementation**
  - Compute and determine the eligibility of input credit
  - Compute GST liability
  - Prepare and assist in filing of returns and payment challans

# Why SKP

- Extensive experience in indirect tax, offering wide-ranging business insights to our Indian and multinational clients in conducting tax studies, compliances on various indirect taxes, litigation support, refund claims of indirect taxes, and implementation of the accounting system in line with applicable indirect taxes.
- Over 1,000 team members including chartered accountants, cost accountants, lawyers and management professionals, offering industry-wide specialised experience across various fields.
- Regular knowledge partners with prestigious organisations such as NASSCOM, ASSOCHAM, CII and other bilateral chambers of commerce.
- Our indirect tax team has trained over 3000 government officials to prepare for GST
- Regular faculty at NACEN for GST studies
- We contributed to a book on GST titled, 'Supply Chain Perspective' for the Confederation of Indian Industry (CII).

## Contact Us

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