



Blue Consulting Pvt. Ltd.

# 7 Steps for successful GST Implementation

Your "How To " guide to implement GST like a pro

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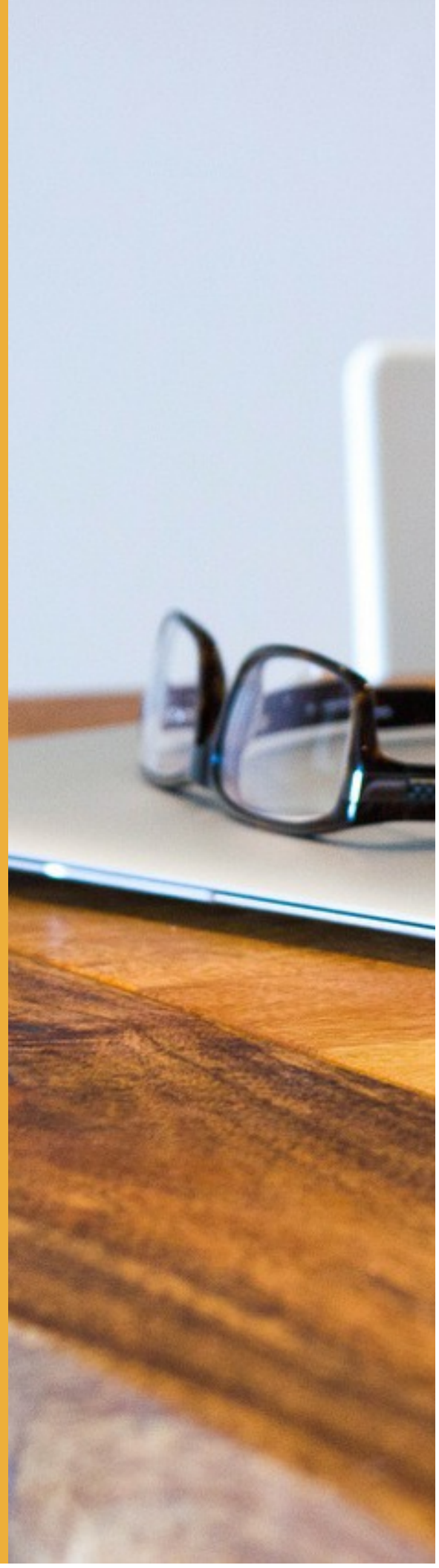
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# Introduction

This e-book will help you to understand the GST implementation strategy in a step by step manner

Goods and Service Tax (GST) is the biggest tax reform which India has witnessed since Independence. It is about to subsume all the major Indirect Taxes i.e. Excise Duty, CVD, VAT, Service Tax, Entry Tax. Government of India is determined to implement the GST from 1st April'2017 which leaves very little time to get ready for this big change.

## How this e-book will help you?

This e-book will help you to understand the steps to be taken for a successful GST implementation. It will guide you:

- How to ascertain the impact of GST on various aspect of your business?
- How to get ready for the transition provisions?
- How to involve team in GST implementation?

This e-book has been written for your personal consumption and I am sure you will find it interesting to read.

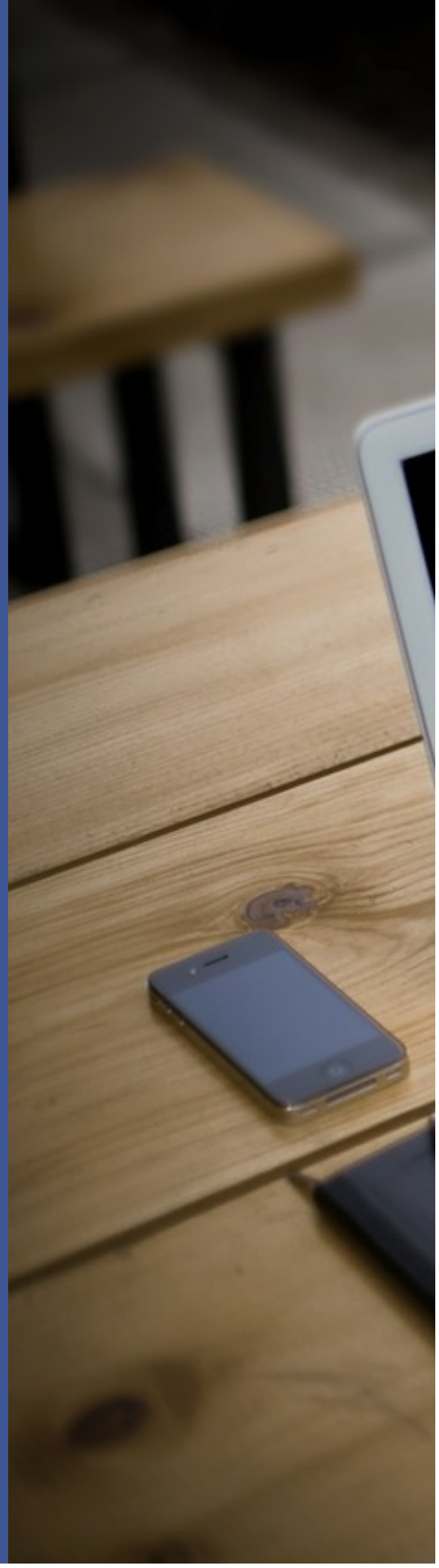
Chandan Goyal

CEO

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# Step 6

Provide training to your employees across various functions



# Step 1

Map the flow of Transactions involving Indirect Taxes in existing scenario

One need to start with mapping of the whole supply chain of goods or services to understand the incidence of current indirect taxes. This exercise needs to be done to work out the incidence and rate of taxes on input and output goods or services.

It's important to mark those taxes in the supply chain for which no credit is available while paying the taxes on goods or services. For example, a manufacturer doesn't get the credit of Excise Duty paid while selling the goods to a whole seller or retailer or directly to the consumer. These taxes becomes part of the cost of goods or services.

# Step 2

Transpose the GST provisions with a fictional rate of 20% with multiple rate scenarios

Now, you need to transpose the GST provisions on the flow of transactions mapped in Step 1 above. Under GST regime, the flow of tax credit has been envisaged to be uninterrupted. Once, you map the GST provisions on flow of existing supply chain operation, two different picture will emerge out for further impact analysis in Step 3

# Step 3

Work out the Impact of GST on various areas of business

The real purpose of Step 1 and Step 2 is to assess the possible impact of GST provisions on the various areas of businesses listed below:

1. Reduction or increase in working capital requirement on account of Input Credit and Output tax which will depend on nature of industry (Manufacturing, Trading or Service) and the business model (Business to Business or Business to Consumer).
2. Assess the impact on Supply Chain operations for supply of Goods from the perspective of GST. It may even involve shifting or removing warehouses in certain cases.
3. Review the requirement of changes in the IT system with the introduction of GST.
4. Review the terms and conditions of existing agreements which will remain effective on the transition date and assess the required changes to avail the full benefit under GST Law.
5. Review the impact of GST on the pricing of goods and services through the simulation model with couple of scenarios

# Step 4

Review your Input Tax credit which will be carried forward to GST on 31st March'2017

This is one of the most significant aspect of GST transition process. Every tax payer is concerned whether full benefit of existing input tax credit will be available under the GST regime. In the Model GST Law, Transitioning provisions have been compiled under a separate chapter altogether, making it one of the most important aspect of this change management exercise. You must start working on the quantum of input tax credit which will get accumulated under VAT, Excise, Customs (SAD) & Service Tax by 31st March'2017.

To avoid any rejection of existing input tax credit claim as on 31st March'2017, it's imperative that detail of input tax credit being shown in various tax returns is correct and complete paper work is ready for review, whenever required.



# Step 5

## Prepare an implementation plan with delegation of responsibility

The next logical step is to prepare an implementation plan for making desired business changes and smooth transitioning to GST regime. Milestone based plan would be most desirable considering the time constraint depending on the size and complexity of the business operations of a particular business entity.

CXO level people should be involved in the initial discussion so that there is no communication gap at the execution level. GST implementation responsibility will not rest with Finance & Accounts (Taxation) department but all other important business functions need to be involved i.e. Purchase, Supply Chain, IT and Sales.

Status review meeting is desirable on a weekly basis so that corrective action can be taken based on the implementation results.

# Step 6

## Provide training to your employees across various functions

A smooth GST transition would not be possible without proactive training to the employees across various business functions (discussed in Step 5 above). GST advocates of having a compliance rating system of suppliers so that full compliance can be ensured through this self disciplinary measure. The employees in the Purchase department needs to be trained to ask /check the compliance rating store of supplier while comparing their quotations. It would be advisable to engage an outside consulting firm to impart the customized training to your employees based on the nature and size of business operations.

# Step 7

Check whether all your existing registrations have been carried forward automatically under GST regime

As per the Transition provisions mentioned in Model GST Bill, all the existing tax payers registered under various Indirect Taxes will get an automatic provisional registration which needs to be regularized within 6 months by submitting specified documents.

On GSTN (GST Online Portal), there would be a facility to check if your earlier registration has been carried forward or not. As a precautionary measure, it is advisable to check the e-mail id and mobile number given in the existing registration portals because GSTN will be using the existing contact information for sending the User Id and Password for the provisional registration

# About The Author

Chandan runs a company named Blue Consulting Private Limited which he co-founded in 2005



## Expertise

Before starting Blue Consulting, he worked in a joint venture of a Fortune 500 company, Halliburton Logging Services Inc., USA and headed it's Finance & Accounts function. Chandan is a big fan of system's approach to work and that's his strength too. He strongly believes in making highly simple systems, which are easy to use, and becomes part of habit.

Over a period of last 15 years, he has advised clients across various industries on issues related to Indirect Taxes.

## Something personal

He is an avid reader of autobiographies of iconic people and self help books to feed him with inspiration and motivation. He is a movie enthusiast and always looks forward to enjoy movies every weekend (though he doesn't have TV at home by choice). He ensures to take 4 holidays in a year to keep him energized and has inspired many others to follow the suit.

# Connect with me!

If you need any further information or you want to discuss about GST, please feel free to get in touch with me at:

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Hope you enjoyed this e-book!