

GST - ROADMAP

- **Expected GST roll out date - 1st July, 2017**
- **Preparedness**
 - ➔ **GST efficient business model**
 - ➔ **GST compliant IT system**
 - ➔ **Domain knowledge for staff / management**
 - ➔ **GST compliant accounting system**
 - ➔ **Smooth and tax efficient transition strategy**

HOW TO PREPARE FOR GST

Impact and Action Point

- Understanding of GST Law and company Business Processes
- Ascertaining GST implications and impact on all business transactions/processes.
- Identifying Action Points for various departments such as purchase / marketing / IT / Finance etc
- Identifying concern areas and business opportunities
- Ensuring Seamless flow of Credit
- Transitional and Migration process/documentation/strategy

Impact and Action Point

- Contract review and management
- Existing litigation management
- Changes in Documents like work order/purchase order/invoice etc
- Training / Workshop
- Identifying business requirement for IT team
- Advice in preparation of Returns/Ledgers/Payments
- Addressing issues post GST implementation
- Compliance calendar and GST manual

GST & Key features

Multiple Registrations and its impact

- BISL to take registration in all states where it has presence
- State wise returns to be filed
- State wise accounts to be maintained
- Marketing and procurement orders to be streamlined

Scope of supply

- Supplies in India to be taxed only where it is made for a consideration.
- All branches of BISL to be treated as distinct persons.
- **Transactions within the branches of BISL to be taxable.**

Composite Vs. Mixed Supply

- To determine the rate to be applicable on an outward supply, it is to be categorized into supply of goods or supply of services.
- GST Rate may differ in case of supply of Goods and supply of services

GST – MAJOR CONCEPTS

Taxable event

- Supply
- Deemed Supply

One State One Registration

- Single registration can be taken under GST for all the branches, depots, etc. within a state.

Supplies without consideration

- Transactions between related person/ distinct person.

Inter branch / unit taxability

- Supply of goods and services between two registrations is chargeable to GST. Head office/Marketing office supplying services to branches, stock transfer between two registration taxable.

Matching concept of input tax credit

- Credit available on payment of tax by the supplier

OUR ROLE

- Identifying GST impact on Business Transactions**
- Identifying Financial Impact**
- Identifying Action Points**
- Advice on Business Reorientation under GST**
- Advice on Transitional Planning and Strategy**
- Review of major existing litigations**
- Contract Review**
- Identification of business requirements for IT Team**
- Training**
- Others**

Identifying GST impact on Business Transactions

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|--|--|---|---|---|
| Local and Inter State Procurement (goods and services) | Sale / Services / Stock transfer / Transfer to own unit | Composite Supplies – Sale & Application | Taxability on advances | Characterizing nature of supplies within a single legal entity |
| Import of goods and services | Supplies without consideration | Movement of goods not covered under Supply | Bill to Ship to Supplies | Centralized procurement of goods/ capital goods |
| ISD – To be distributed to depots / Distribution mechanism | Eligibility of ITC and ensuring a seamless credit chain | Valuation of stock transfer, free goods and promotional items | Export with payment of taxes and without payment of taxes | Treatment of sales returns |

Identifying Action Points

Underlying Agenda

- ▶ Understanding current As is Process and Strategy followed by the above departments
- ▶ Identifying GST Action Point for each of the below department/stakeholder and their role in GST implementation
 - Procurement – Goods / services
 - Sales / Marketing
 - Projects
 - Finance / Accounts
 - IT Team and Others
 - Business Partners – Vendors/Dealers/Distributors



Advice on Business Reorientation under GST



Streamlining Marketing policies and methods of procuring orders

Methodology of giving interest free credit schemes

Practice of recording transactions and issuance of credit note etc.

Ex Factory / FOR Purchase or Sale. Direct Sale vs Sale through depots/branches

Mechanism of giving post sale discounts.

Ensuring seamless flow of credit and avoiding blockage

Situations Covered in Transitional Provisions

Migration of taxpayers to GST regime

Carry forward of credit lying in returns

Carry forward of unavailed capital goods credit

ITC of inputs held in stock

ITC of goods/services in transit

Taxable person switching over from composition scheme

Change in price after the appointed day

Goods returned after the appointed day

Pending litigation - refund claims

Pending litigation - demands

Revision of returns

Treatment of long term contracts

Impact of levy of earlier taxes on transactions

Goods Sent on approval

Deduction of tax at source

Assistance in Transitional Planning and Strategy

- ▶ Identify the likely impact of transitional provisions under the Model GST Act on company
- ▶ Identifying transitional situations/areas not covered by the provisions and planning for the same in advance
- ▶ Ensuring seamless and planned transition into GST regime by company
- ▶ Ensuring no loss of credit during transition phase



Transitional Planning and Strategy

Action Points

Transitional Stock lying at depot as on 30.06.2017

Registered and unregistered depot/FSD/SSD/retailers

GST leviable on transitional stock. Excise duty benefit?

Stock optimization?

Procurement and Payment Planning

In Transit situations where goods received in GST regime

Loss of Credit if payment not made to vendors within 3 months

Review of major existing litigations

Action Points

Pending Litigations

Section 142 of final CGST Act relates to pending litigation

As per Section 142 of final CGST Act, upon finalization of proceedings regarding output tax liability, credit of amount paid not admissible.

Strategy

If matter decided against BISL, whether credit of duty paid will be available to the customer?

Should BISL pay tax under protest and raise supplementary invoice?

Contract Review

- Reviewing of Major Agreements
- Reviewing of Sample Contract vendors
- Review of existing tax clauses / transitional clauses / change in law clauses
- ITC available only if vendor deposit the GST –
Safeguard clauses to be inserted in contract



Action Points

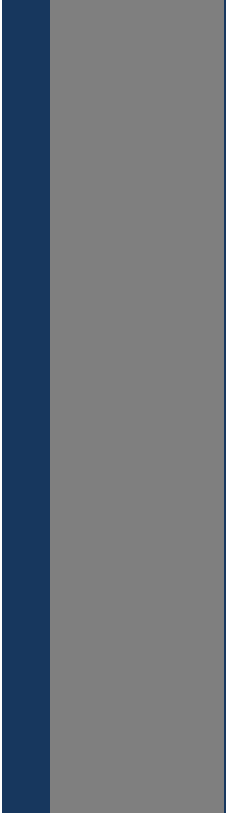
Identification of business requirements for IT Team

- Identification of data fields issuance of documents like invoices, return preparation, input tax credit claims, computation of liability, preparation records/registers/other documentations etc. for all business processes.
- Changes to be made in Master Codes / Tax Codes / Purchase order / Sales order /Invoices/debit or credit note / Input tax credit claims / records/registers/other documentations.
- Identifying business requirements for ensuring all GST are automatic generated from software with minimal human intervention.
- Identifying business requirements for generation of cash Ledger / ITC Ledgers / Tax Ledgers / ISD Ledger and mapping of ledgers with ledgers maintained by GSTN system.

Action Points



Identification of business requirements for IT Team

- Laying down business requirements for effective mechanism of reconciliation of purchase details uploaded by company with details uploaded by vendor and customers in GSTN system. Concept of auto acceptance to be captured in company's IT system.
 - Mapping with miscellaneous requirement of GSTN System like transaction id / concept of pending invoices etc. / rectification mechanism as revision of return not allowed.
 - Mapping GST requirement for Supplies without consideration.
 - Identifying business requirements related to transitional situations
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Our Role– Returns/Ledgers

❑ **Critical Analysis of all returns format**

- Discussions on every table and column including validations , upload of invoice details at HSN/line item wise/invoice level

❑ **Analysis of flows between GST returns with GSP Team :**

- Flows from normal supplier taxpayer to normal receiver taxpayer and vice versa (GSTR 1 / GSTR 2A / GSTR 2 / GSTR 1A / GSTR 3)
 - Flows from normal supplier taxpayer to compounding receiver taxpayer and vice versa (GSTR 1 / GSTR 4A / GSTR 4 / GSTR 1A)
 - Flows from normal supplier taxpayer to ISD and vice versa (GSTR 1 / GSTR 6A / GSTR 6)
 - Flows from ISD unit to recipient unit and vice versa (GSTR 6 and GSTR 2)
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Our Role– Returns/Ledgers

- ❑ **Critical Analysis of various kinds of business transactions/processes executed in industry and how the same shall be routed through returns with GSP Team**
 - Stock transfer/Inter unit services/Job Work / Advances / Advance received but services not provided/return of during because of in transit damage / post supply discounts / price variations / Bill to Ship to transactions and many more..

 - ❑ **Discussion on methodology of rectification of errors with GSP Team**
 - Mechanism of rectification of every column of each and every table in the returns
 - Analysis of critical scenarios – Rectification of wrong distribution of ISD credit, wrong distribution of TDS credit, mentioning of wrong recipient GSTIN etc..
 - Rectification of matched and unmatched invoices
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Our Role– Returns/Ledgers

□ Analysis of Ledgers

- Analysis of ledger formats
- Analysis of linking between Returns and Ledgers
- Analysis of source of entries in Ledger from Returns as well as other forms/sources
- Analysis of utilization of cash and ITC provisions and restrictions

□ Discussion on Input tax credit availment and reversal scenarios and impact on Returns

- Reversal of ITC at invoice level
- Reversal of ITC at consolidated level
- Rectification of wrong availment or wrong reversal entries
- Impact on credit on short / late receipt of goods, non payment to service vendor etc and how the same has to be routed through returns



Our Role– Returns/Ledgers

❑ Reconciliation

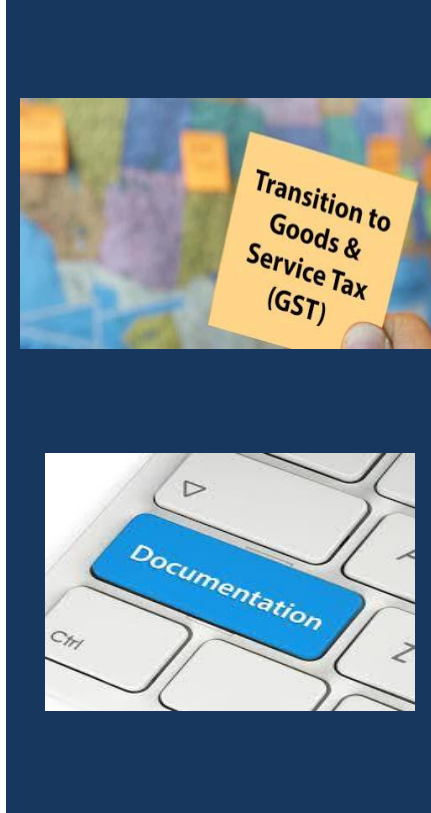
- Analysis of multiple scenarios for reconciliation of supplier data with receiver data

❑ Transitional Situations

- Analysis of transitional situations to be routed through returns
- Analysis of transitional situations not to be routed through returns

❑ Documentation

- Scenarios for issuance of credit note / debit note / supplementary invoice / revised invoice



Training

- Training to different departments
- Training Modules
- Regular Updates
- Basic Training for vendors & customers



Additional Role

- Guidance on the registration requirement, invoicing requirement, computation, set-off, etc.
- Providing detailed compliance calendar under the GST Regime which needs to be followed by the company;
- Advice for maintaining suitable records under the GST Regime
- Review of the sample documentation such as invoices, bill, etc. and registration to ensure that these are compliant under the GST regime
- Providing guidance as and when required on issues arising in routine business operations from GST regulation perspective
- Time to time advise on routine queries raised by the company for three months to ensure that appropriate compliances under the GST regime
- Providing suitable guidance on the key amendment / clarifications issued by authorities under the GST regime which may impact the company.

Deliverables

❑ Business Impact Report

- PPT capturing major Action Points / Pain Points / Impact Areas for all departments namely purchase/procurement, marketing/sale, export, import, projects, stores, logistics, finance & accounts etc. This will include business reorientation strategy, if any.

❑ Legal Impact Report

- Word Report or Excel report capturing GST implications on all types of transactions in exhaustive manner. (Part A is common transactions and Part B is location specific transactions)

❑ Training BISL Employees

- Training workshops on GST:
 - ✓ Company specific issues – Pre and Post GST
 - ✓ Legal training to core team members of BISL Plants, Units and implementation partners associated with IT related changes.
 - ✓ Training materials and soft copy of PPT

Deliverables

❑ IT Impact Reports

- PPT capturing major GST business requirement for the IT team
- Returns format in excel sheet capturing our specific comments table wise

❑ Transitional Impact Report

- Document covering GST implications on various types of transitional scenarios and suggestion for way forward.

❑ Contract & Litigation Review Report

- Document capturing contract analysis of major types of contracts to be identified by BISL
- Document capturing GST strategy on existing litigations

Deliverables

❑ SOPs/Manuals /Other Legal Reports

- Supply - IGST vs CGST/SGST scenarios
- Input Tax Credit
- Input Service Distributor (ISD)
- Invoicing
- Returns
- Export procedure / FTP
- Other legal concept / FAQ / Compliance calendar

Thank you