Opportunities in Pre GST – Impact Study

- **CA Madhukar N Hiregange**

Role of CA
Pre-GST Period
Post-GST Period

Role of Chartered Accountant

Pre - GST

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Post - GST

Pre-GST Period

Role as pre GST Act
2. Overview
3. Operational Consultancy
4. Network support & Infra.
5. Accounting & Taxation
6. Transitional Support Sr.
7. Centre/State Support Sr.
8. Global Opportunities

Role as per Model GST Act, 2016

Overview

Operational Consultancy

Network support & Infra.

Accounting & Taxation

Compliance requirement

Transitional Support Sr.

Centre/State Support Sr.

Audit & Assurance

Pre-GST Period

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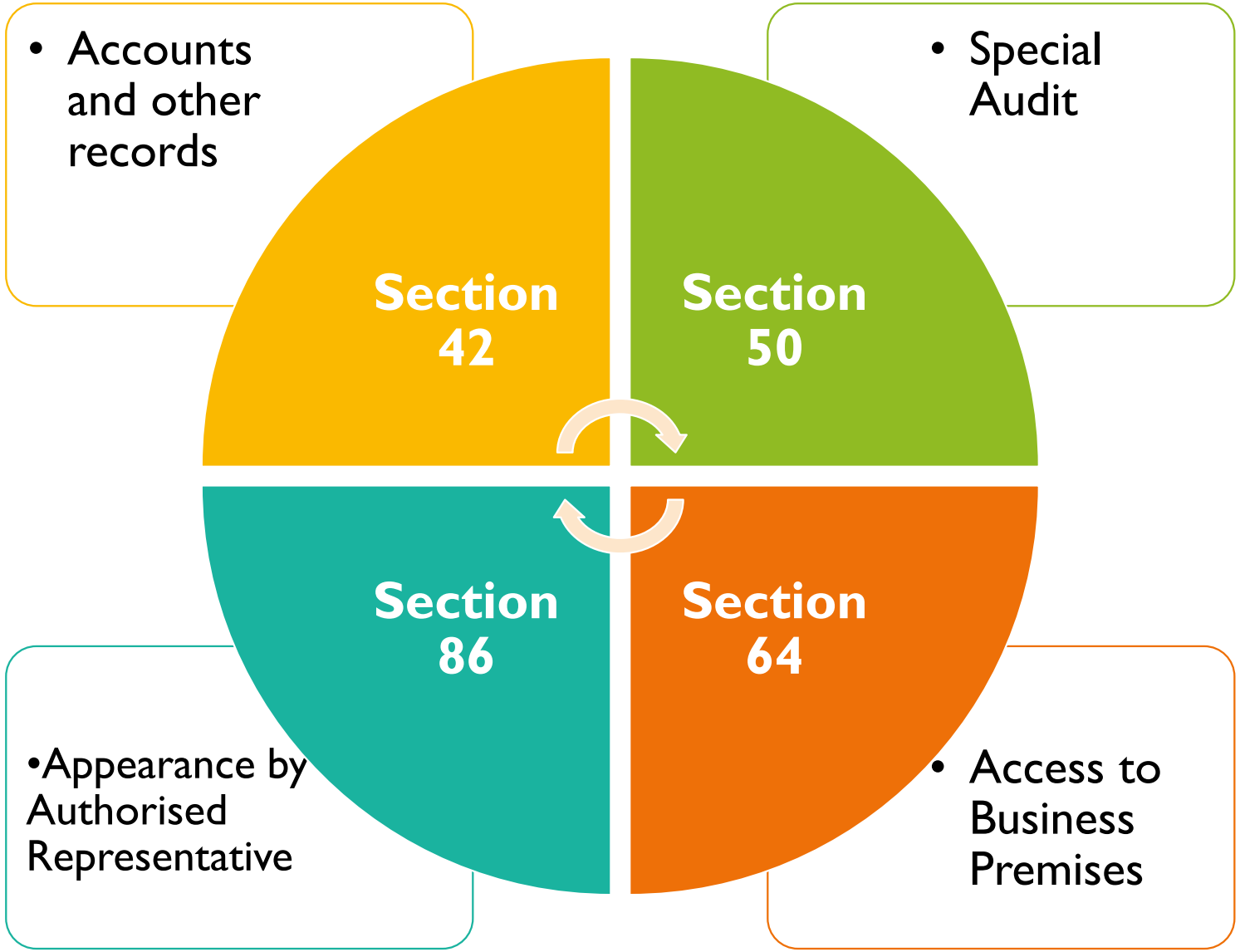

Section 126 – Disclosure of Information by Public Servant

Pre-GST Period

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Being in a position to **analyse the industry impact** considering the global and Indian situation of the product / service;

In case of unintended hardship to some sectors- **representation to the drafter** would be in order as the level of listening presently is very high;

The **clarity on the major impact on the client under GST** due to in-depth understanding of the business; This presently service offering would provide the client with important information to plan the way forward under GST. This could be done as it is to be validated after GST law is in place;

Being part of the core team of client for transiting into GST smoothly without business disruption as a knowledge advisor;

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Understanding legacy tax

- Systems at client workplaces so as to provide appropriate advise on migrating to better systems/ ERP or suggest modification to make the existing systems GST compliant;

Assisting in preparation of a strategic plan for procurement and marketing systems of clients needed under GST.

- For example supporting in decisions on: Closure/ reduction in godowns and branches; direct sale through e- commerce; evaluation of the working with C&F agents; in house/ outsourcing the distribution function to logistic companies; sourcing inputs at lowest cost within shorter time; linking to the ERP of the customer etc.;

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Changes in accounting software and internal control systems to suit GST. Test and confirm the robustness;

GST awareness at initial stages and training for management, staff, vendors of clients.

Vetting and suggestion to modify agreements/ contracts/ major purchase orders overlapping or supplies to be made in GST regime; Ensuring that the credits in the past are examined for their eligibility and those missed are availed. The reconciliation of the credit as per books to the returns before GST is implemented can be a value added activity. This would include validating the last return;

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Ensuring that the **claim of credit on stock in hand** is maximized by ensuring purchasing with excise duty paying documents as well as proper stock recording especially with job workers and agents and ensuring well thought of stocking policy;.

Reviewing the various business transactions to examine whether closing out the transaction in the **pre GST or post GST period is advantageous**;

The need to **train the officers in the Companies, other professionals**, traders and tax officers is real as the law is still developing. This could be a learn while you learn philosophy;

The students of CA- the future CAs would also require to be taught the new law to enable them also to contribute in future;

Many CAs have specialisation in information technology and some even hand on **consulting skills in ERP environment**. These skills could ensure that the client would get his IT in order;

Pre-GST Period

3. Operational Consultancy

Pricing

- Revisit the pricing strategies with the distributors
- Renegotiate (if any) the pricing with suppliers

Review of contracts

- Alignment of all major contract terms and tax clauses with GST
- Discounts terms to be specifically brought out in the contracts executed with distributors

Representations

- Making representation for lower rate of GST, taxability of promo products issued free

Compliance and documentation

- Maintaining detailed registers of supply and procurements, input credits
- Timely filing of monthly and annual returns

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GST developments

- Tracking GST developments and creating awareness on GST

Impact on supply chain

- Mapping impact of GST on current supply chain and suggesting modifications from GST perspective

Impact on business and finance

- Identifying impact on financials, working capital, credit chain, concessions, and suggesting tax planning options

Post implementation compliances

- GST awareness trainings, review of compliances, creation of manuals and access to GST updates/resolution to queries

ERP Updation

- Changes to ERP modules, MIS reports, statutory compliance support, and ongoing trouble shooting support

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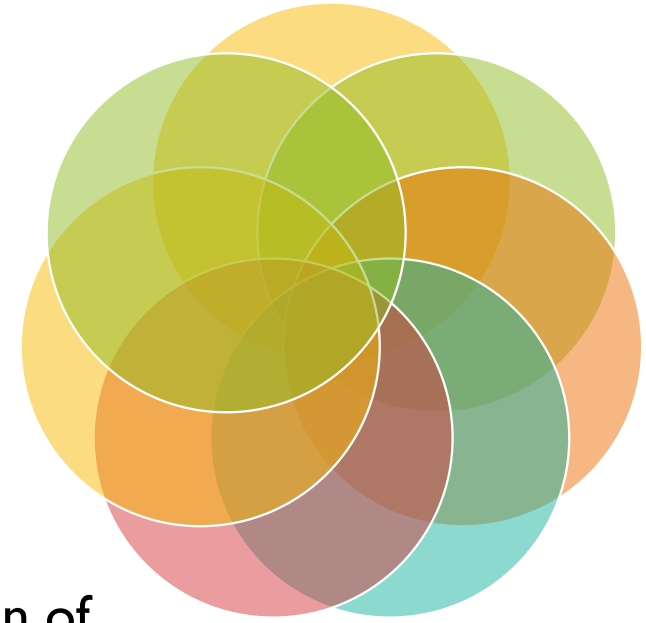
Synchronising IT Systems & Old data

Data management for State Jurisdiction

Strong Management Information System



Updating Amendments in IT Systems

System Reconciliations

Automation of returns and other utilities at Centre as well as States

Data Integration between Centre & States

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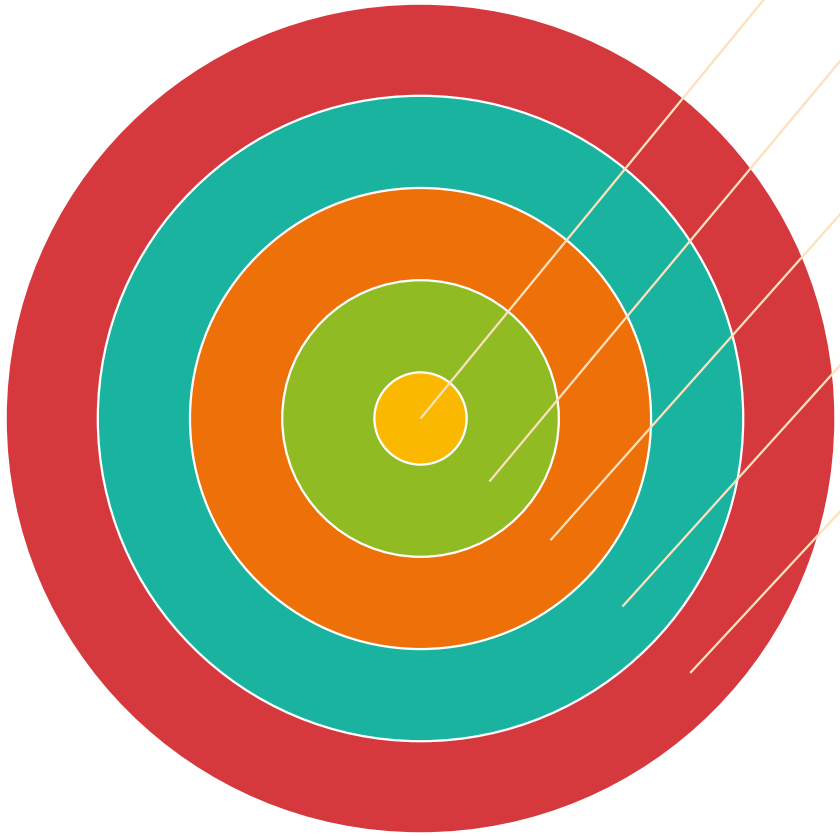

Treatment of Incentives / Discount

Process Documentations & Accounting Manuals

Branch Transfers

Budgetary Controls

Control & Dispute Settlement

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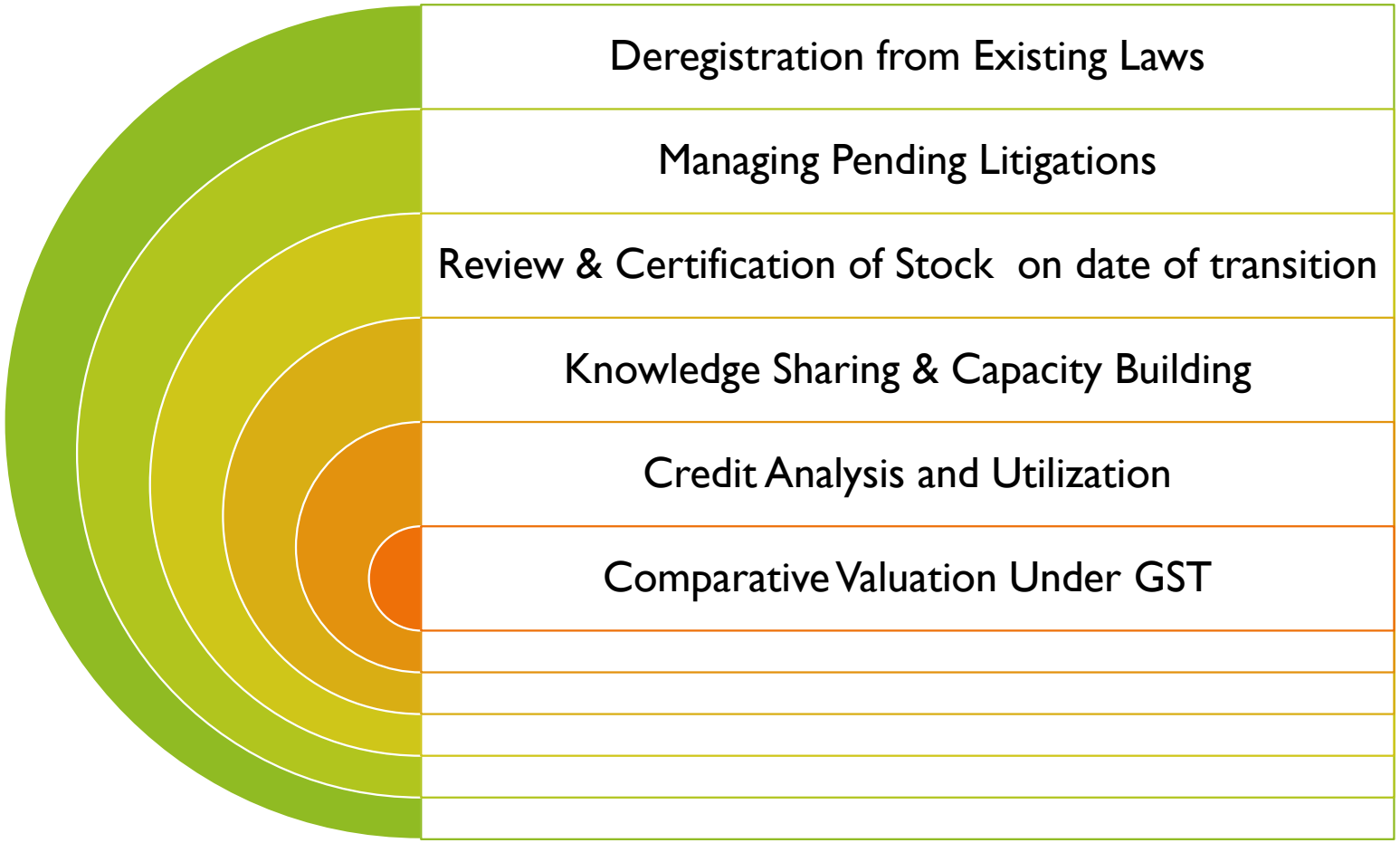

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- Representation - unintended hardship to sectors
- Conscripting Legislation & Rules/ Procedures
- Monitoring Transactions & Revenues
- Cross –verification with Other Acts
- Training & Education
- Fixing Rate Based on RNR and Review

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Tax Advisory Services

International Research Issues

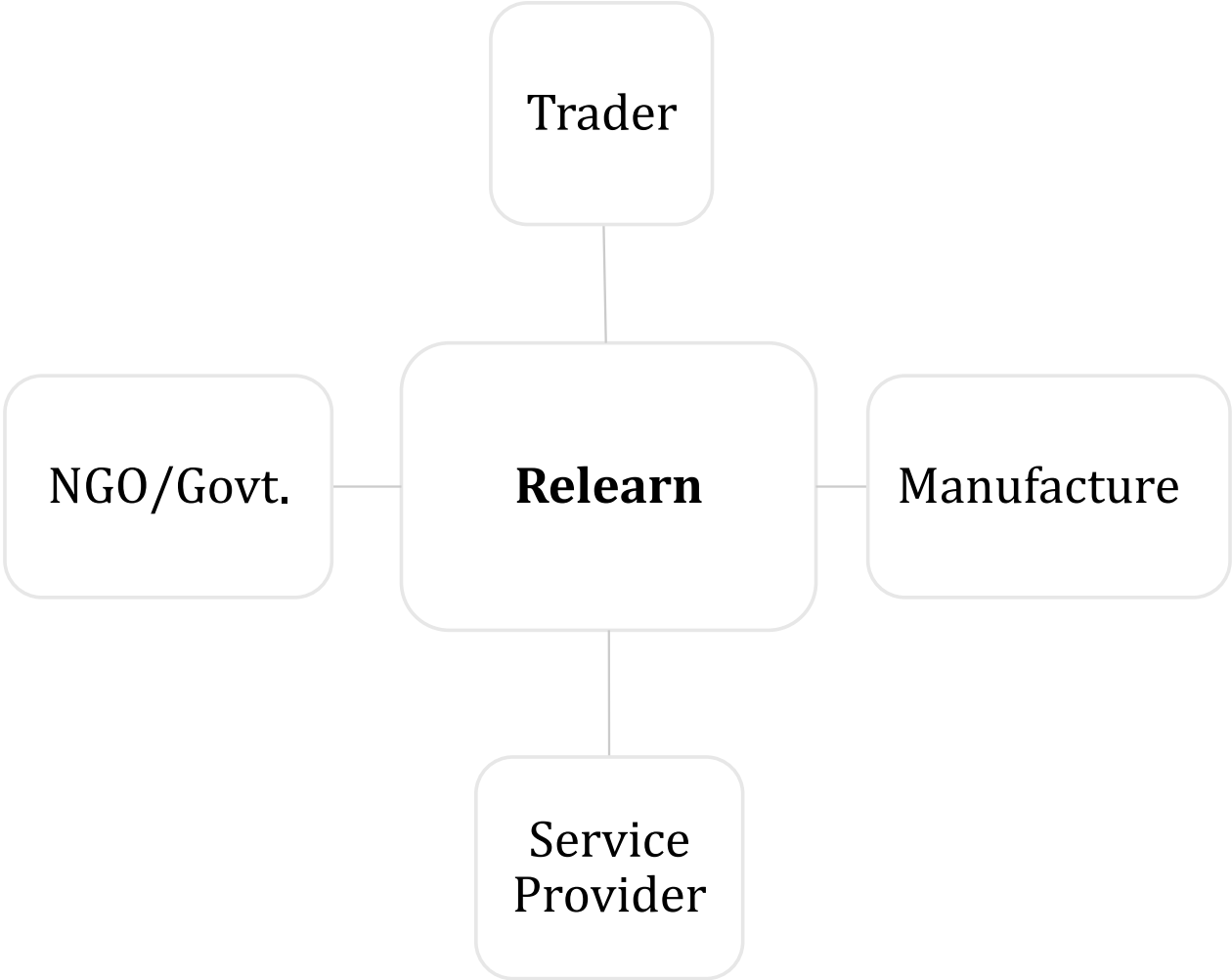
Knowledge Process Outsourcing

Information & Knowledge Sharing

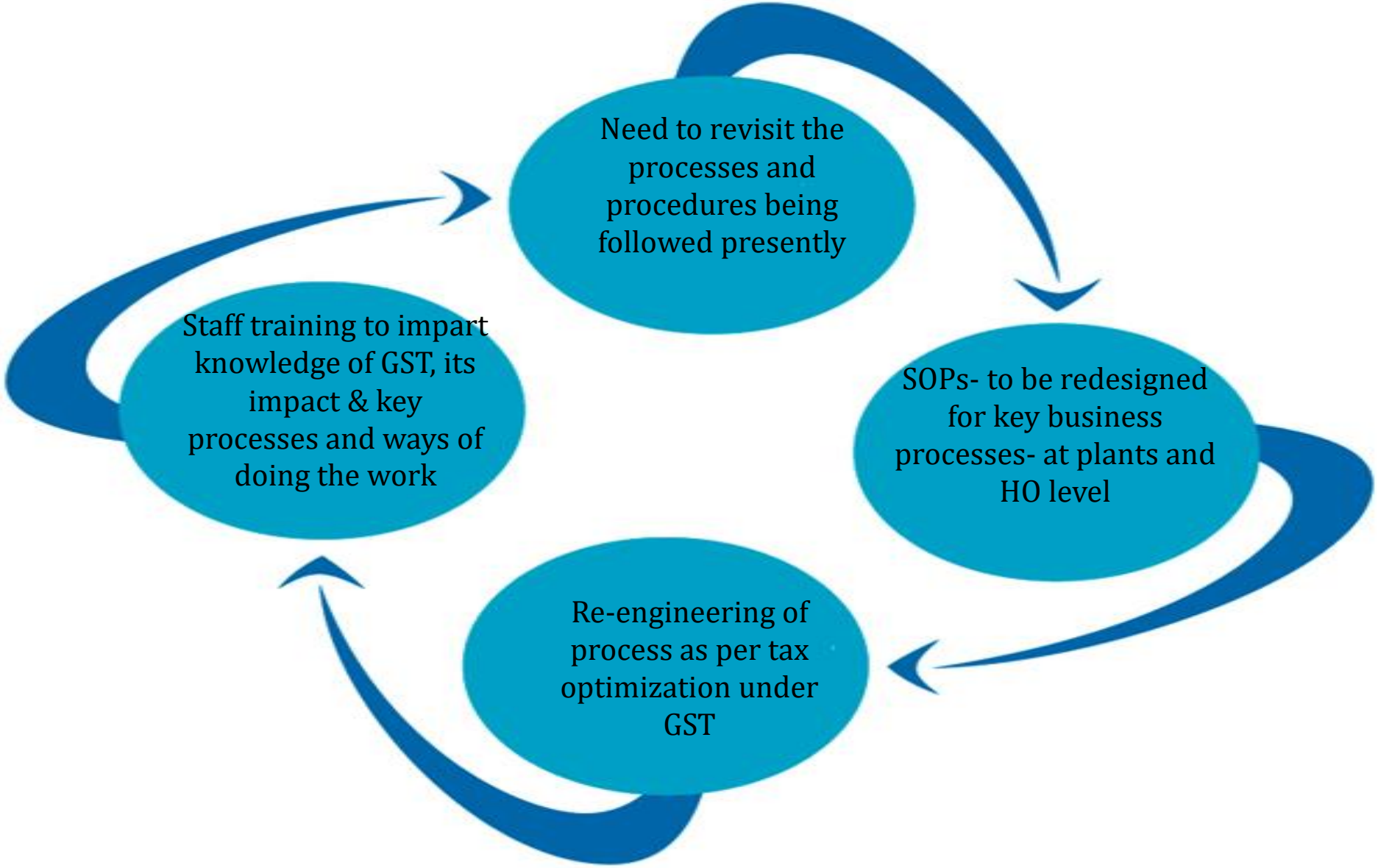
Capacity Building Services

Technology Support Services

Impact areas



Impact areas re-engineering needed?



Re-engineering benefits

Pro-activeness =

Efficient business

Smooth functionality between processes

Cash flow surplus: Credits claim

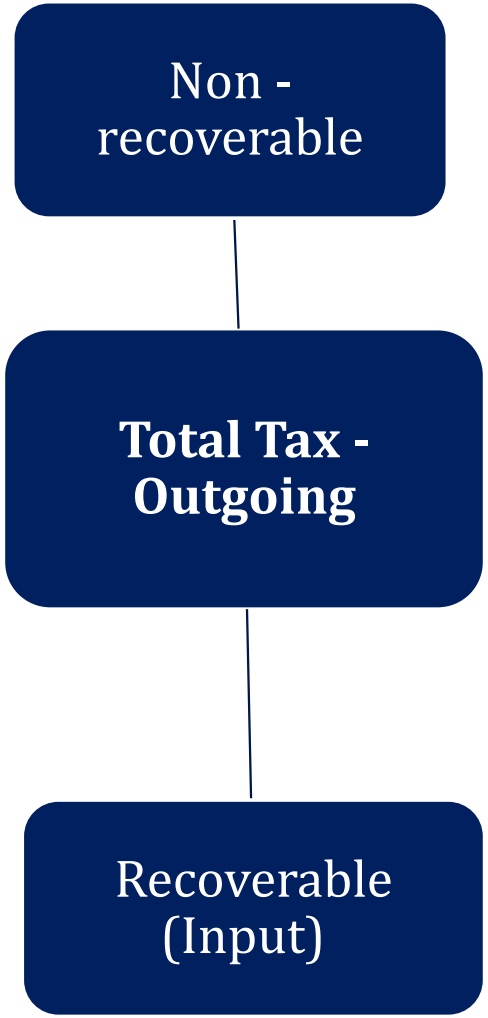
Reduction in penalty & litigation

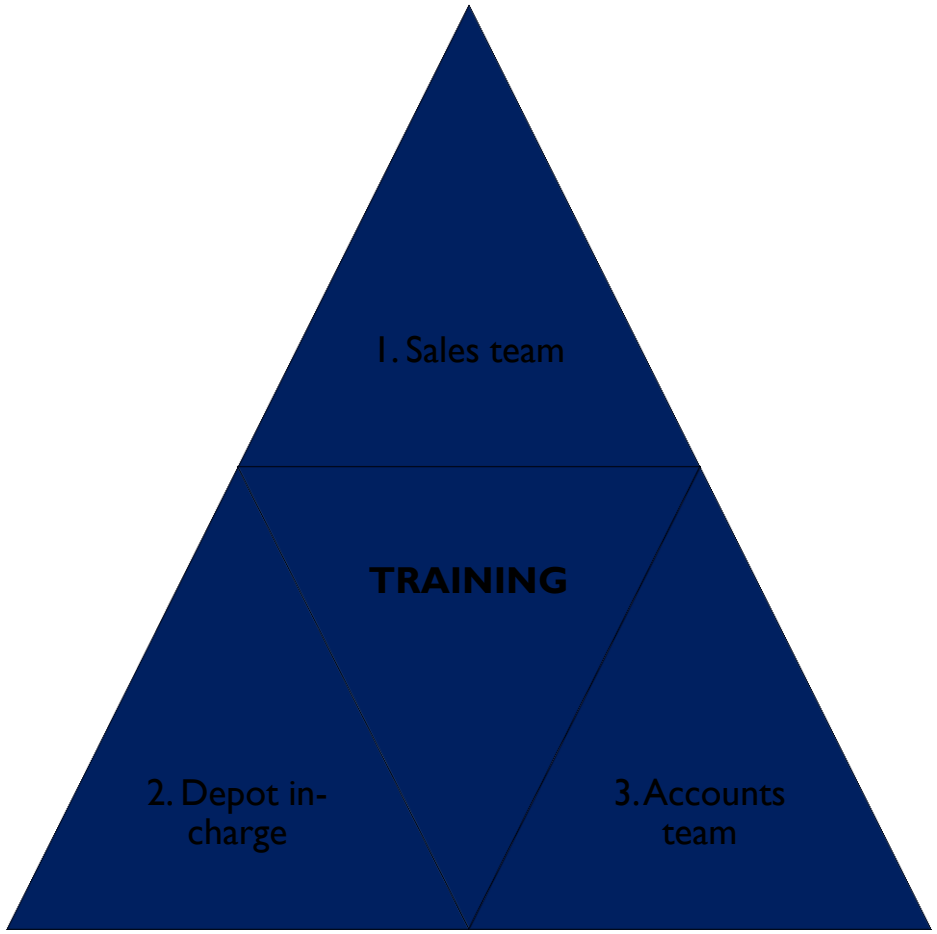
Issues are addressed before hand

Tax planning between IGST/CGST/SGST

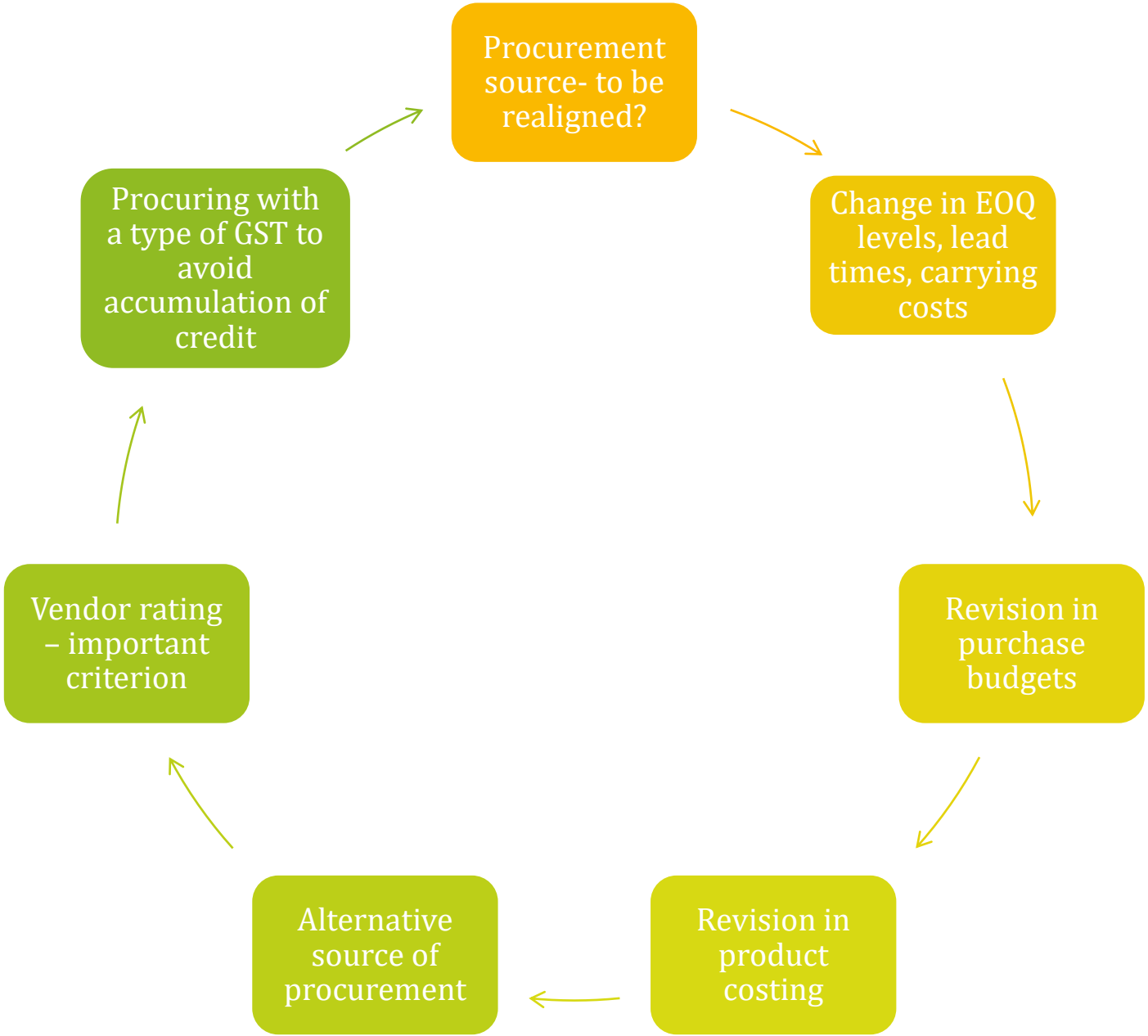
Vendor classification & discussion

Impact areas- Levy

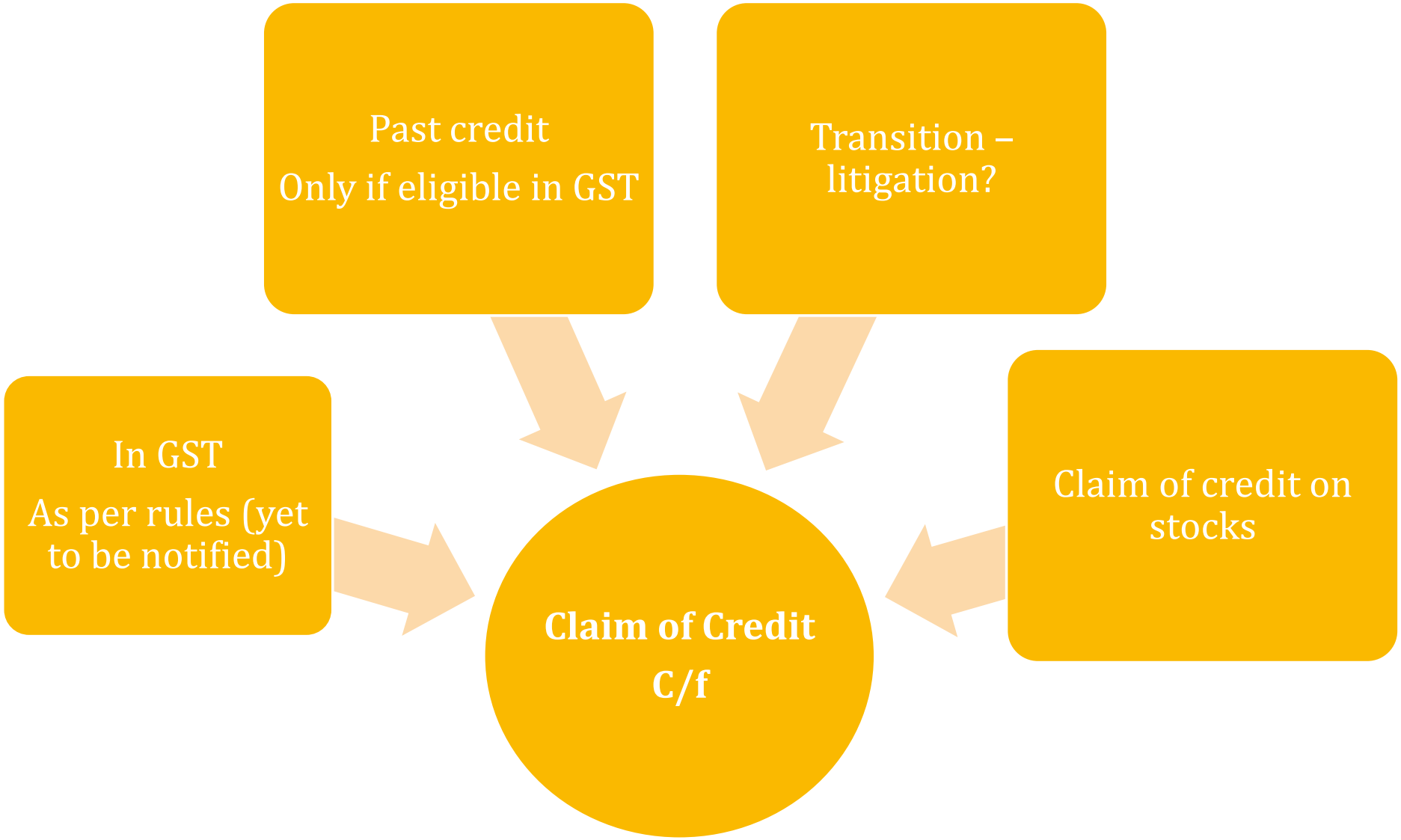




Impact areas - Procurements



Impact areas – Credit c/f



Impact areas – Exemption

Claim of Exemption

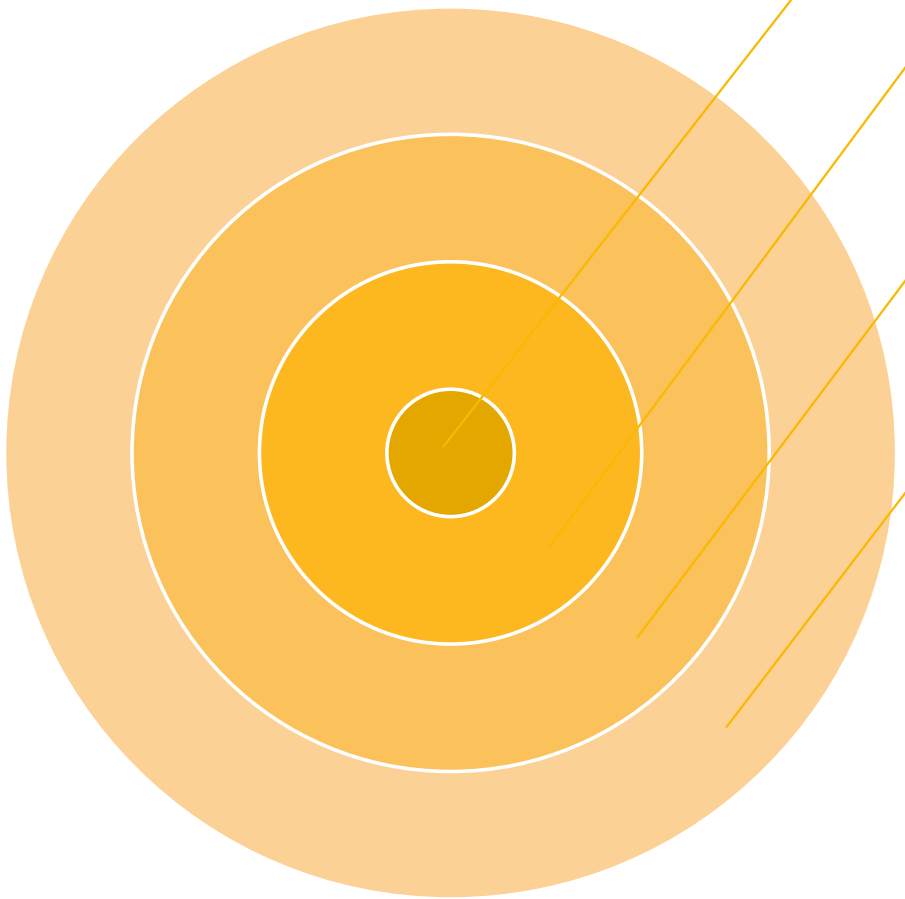
- **Trader**
  - If trading in goods listed in the negative list, other than any taxable ancillary services provided. SST or composition scheme– no Interstate
- **Service Provider**
  - Might be similar to Mega exemption notification 25/2012-ST
- **Manufacturer**
  - Supply to Job worker may be taxable under GST
    Other exemptions may continue?
- **Works Contractor**
  - As WCT is considered a service – Composition Scheme not available.
    Exemptions is any awaited.

Impact areas – Composition

Impact areas
- Vendor Management

- current vendors history to identify non-compliant vendors
- GST Compliance rating to identify non-compliant vendors
- Identify multiple new vendors, get revised quotes
- Conducting vendor education programmes for unorganized vendors
- Review price of all related party vendors to avoid disputes in transaction value
- Suggest vendors to follow similar exercise - better vendor relationships

Impact areas – Agreements



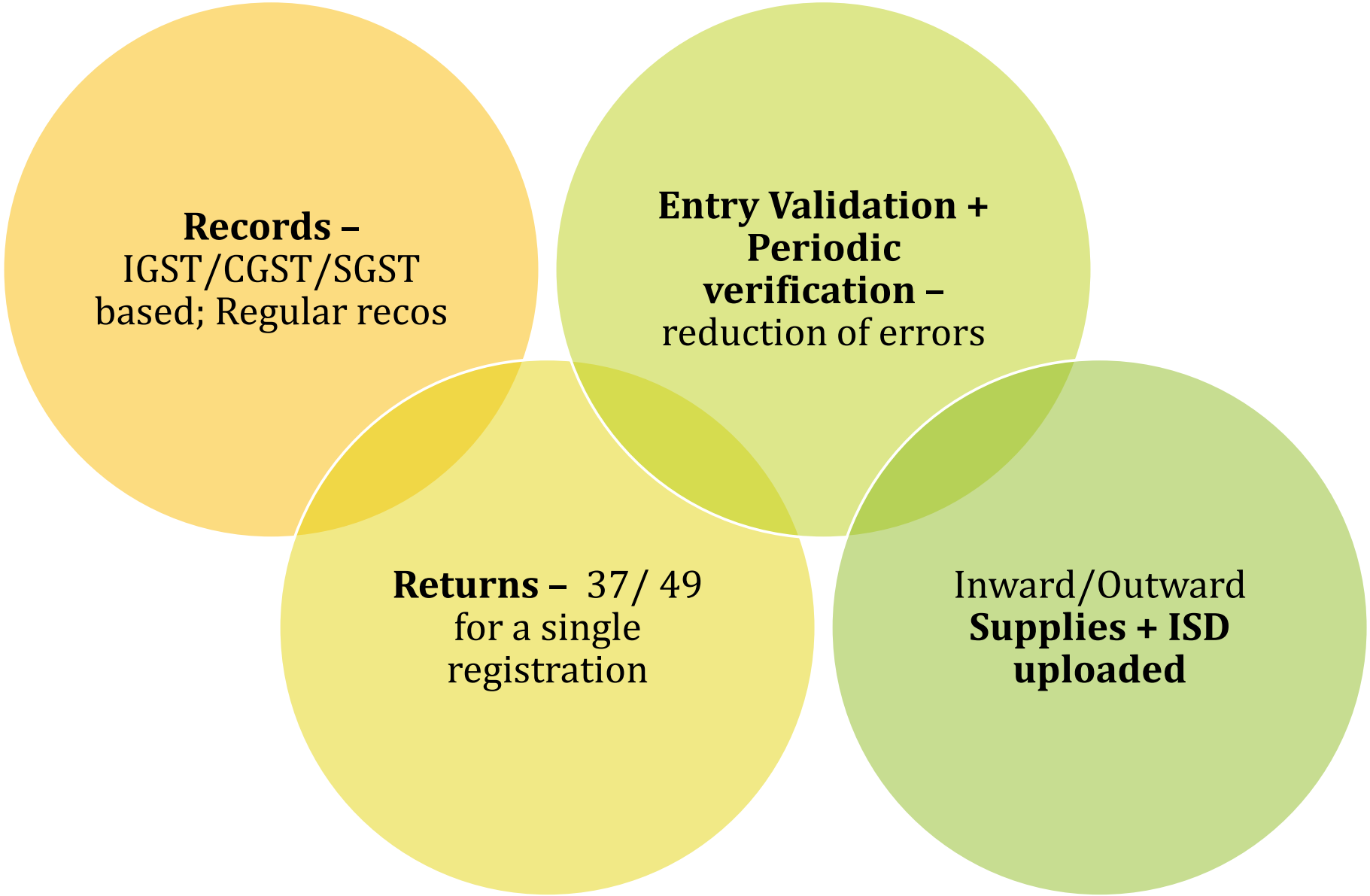
Spill over contracts to be reviewed

Tax planning & legal intricacies

New projects- regn needed.

Ex: Construction industry. Paying around 25% tax presently, in GST 18%

Impact areas – Accounts



Impact areas – Audit

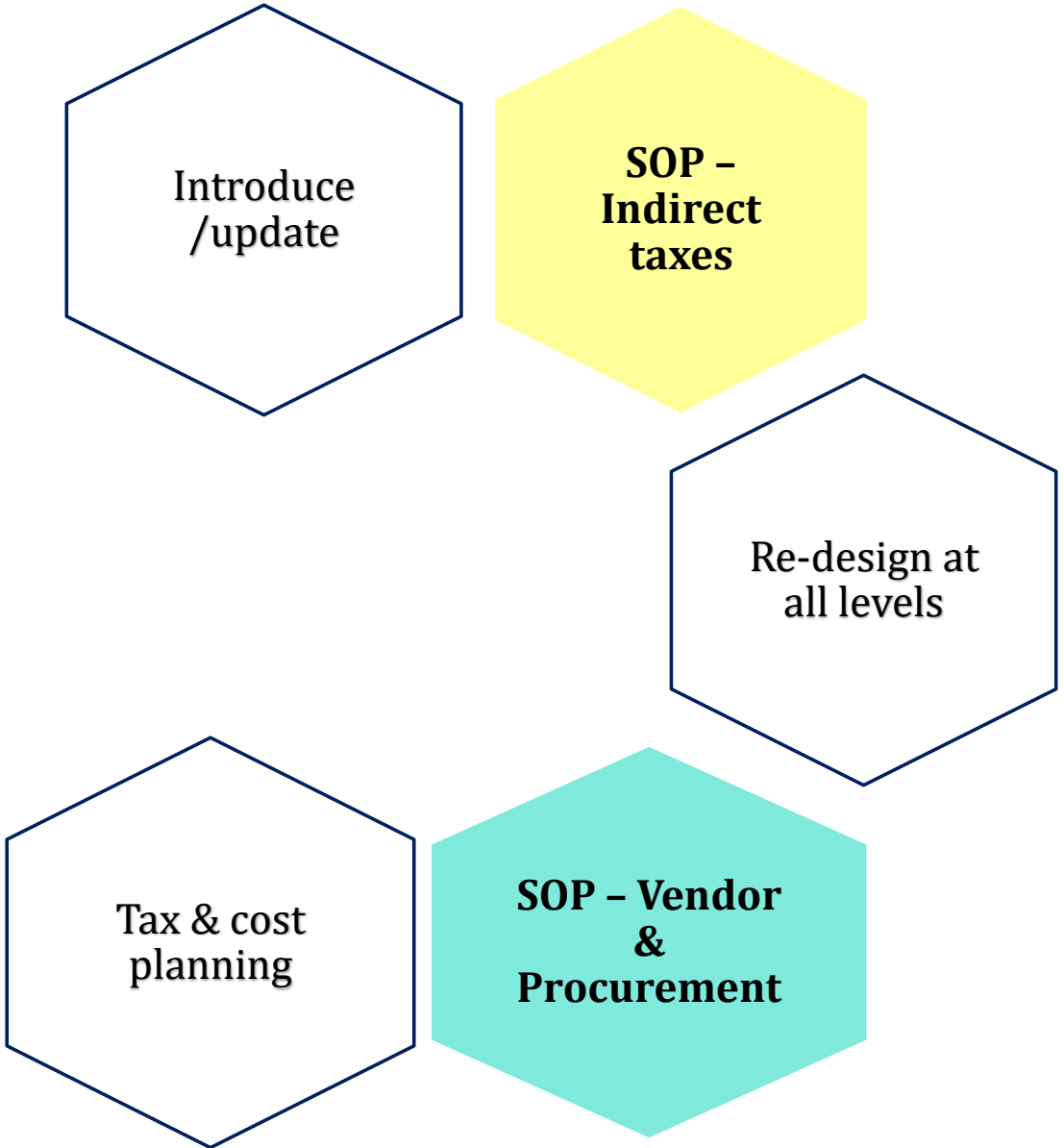
Internal

Continuous check – Easy & accurate compliance

Pre-GST

Review present compliance, book keeping, procurement, contract, etc.

Impact areas – SOP



Videos – GST Impact Web cast- Real Estate + Multilocational Units + Review Program

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Questions?

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