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Companies should work on sale strategy,IT backbone for GST rollout: Experts

With GST supporting legislations getting Parliament nod, companies will have to rework their sale strategies and also work overtime to put technology backbone in place by July 1, experts said.

The revenue department has already made public the set of rules required to be followed by the industry in the Goods and Services Tax (GST) regime and companies will have to ensure that the supply chain ecosystem is in place to avail input tax credit, they said.

"BMR & Associates Partner Mahesh Jaisingh said: "In addition to IT system, the companies need to be cognizant about their September quarter sales and strategise it accordingly".

Jaisingh further said the companies will now have to undertake near-term strategy and planning keeping the rollout date in mind and larger tax planning can take a backseat for the moment. Experts said services sector companies will find it more difficult to meet the July 1 deadline if they have not started preparations early.

Nangia & Co Director (Indirect Taxation) Rajat Mohan said the companies will now have to move fast and focus on business process changes and developing the information technology backbone by either hiring consultants or on their own.

According to Manufacturers Association For Information Technology (MAIT), the two critical issues that the industry foresee right now relate to tax applicability on the existing stocks on the day of migration as they would be VAT paid already and treatment of tax and refund on services provided under contracts.

"We hope that the government will address the issue so that they do not create hurdles to the smooth rollout of GST," MAIT said. GST, which will subsume central excise, service tax, VAT and other local levies, will ensure better indirect tax compliance and is expected to boost GDP growth by up to 2 per cent.

Nitya TaxAssociates Managing Partner Puneet Bansal said the passage of the GST bills provides certainty to industry to undertake GST migration. "The only missing link for India Inc is ability to assess the financial impact of GST on their business and pricing of goods and services due to lack of clarity on GST rates," Bansal said.

Parliament passed Central GST (CGST), Integrated GST (IGST), Union Territory GST (UTGST) and the Compensation to states laws. Now all the states will have to pass the State GST (SGST) bill in their respective state assemblies. PwC Partner and Leader (Indirect Tax) Pratik Jain said: "Focus now shifts to finalisation of Rules and rates. Lot of things to do and very little time left for the industry".

The GST Council, headed by Union Finance Minister Arun Jaitley and comprising representatives from the states, has already decided on a 4-tier rate structure -- 5, 12, 18 and 28 per cent. On top of the peak rate of 28 per cent will be a cess that would be levied on demerit and sin goods.

The GST bill has, however, capped the highest tax rate at 40 per cent to obviate the need to approach Parliament for any tax rate change in future.