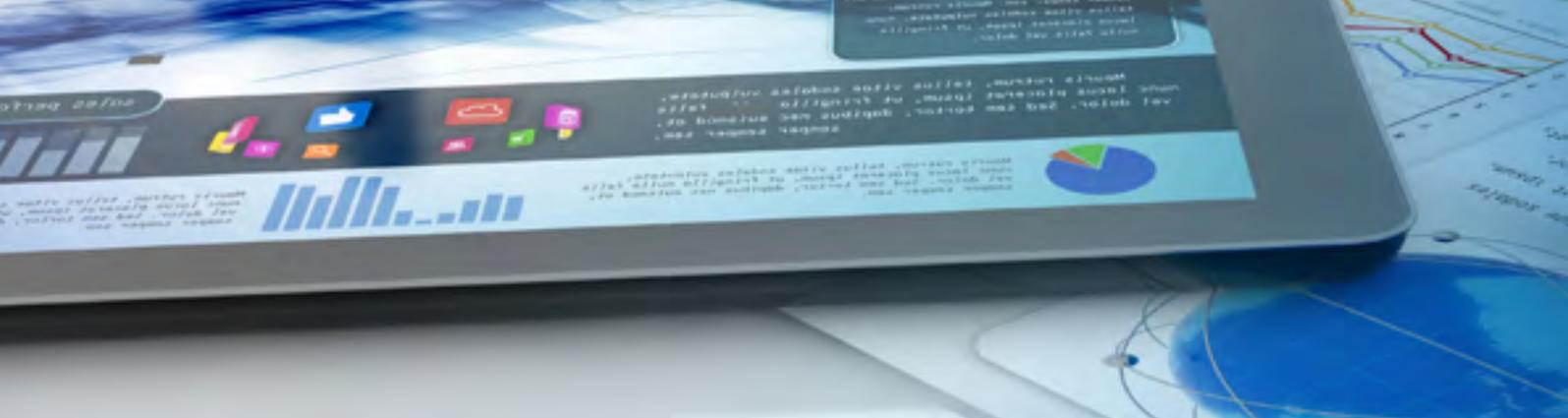


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## Deloitte GST Analytics Your Business Enabler

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Goods and Services Tax (GST) – is a comprehensive national level tax that will be levied on supply of goods and services at a national level. Considered as the most significant taxation reform in India, GST is all set to integrate State economies and boost overall growth.

GST implementation will result in a paradigm shift in business processes across organizational functions and businesses need to prepare well in advance to benefit from this. At a broad level, GST is expected to lower the tax rate by increasing the tax base and minimizing exemptions.

National Council of Applied Economic Research (NCAER) in 2009 estimated that moving to the GST can increase India's growth by 0.9 percentage point to 1.7 percentage point

GST is anticipated to have a sweeping impact on almost all aspects of operations and infrastructure. These include the contractual arrangements, pricing, supply chain design along with IT, accounting and tax compliance systems as well as employee training. Hence GST should be considered as a key change treated as a Business Transformation Initiative and hence businesses need to consider the areas that could be disrupted.

Businesses that are proactive in preparing for the GST early can gain a real competitive advantage by managing and even reducing disruption, while at the same time maintaining and improving relationships with suppliers and customers alike.

So far, 140 countries have implemented GST. Hence, leveraging available global expertise should help better prepare for the change.

Deloitte in India is working with a global network of professionals with multi-disciplinary expertise including tax regime transition consulting, tax compliance, process management and change management enabled through proprietary technology that uses Tax Analytics as a key differentiator.



Like businesses across various countries, businesses in India, must seek to,

- enhance insight into their tax position in the current regime and impact on transition to GST
- proactively identify and/or manage risk through automation and analysis for better financials including cash flow management

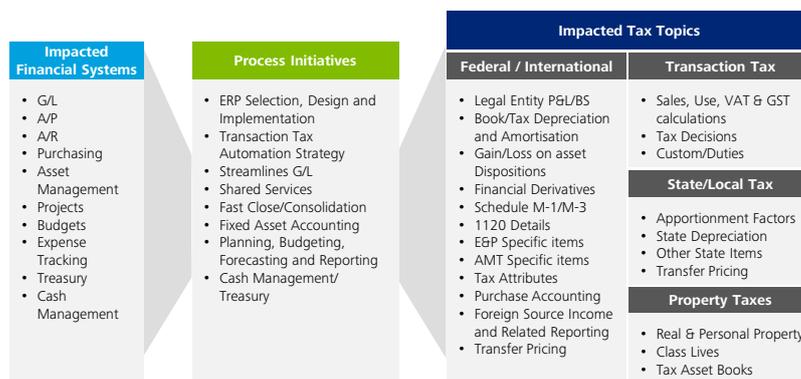
- establish performance predictors and benchmarks to support a Tax Control Framework and associated fact based tax approach
- identify and analyze opportunities to manage tax liabilities

GST offers a unique opportunity for tax departments to identify and sensitize tax data for downstream planning, reporting and audit. Our framework and technology can assist organization achieve the same effortlessly.

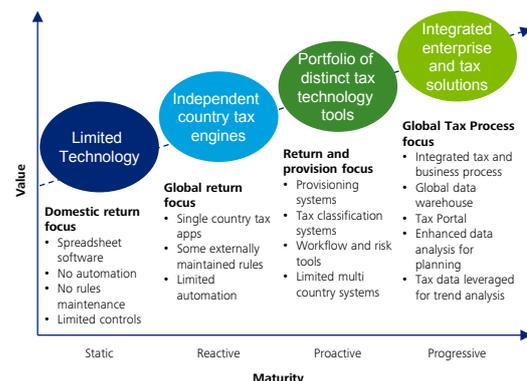
Despite being focused on numbers, tax leaders within companies have been slower to adopt analytics. However, the leading companies that are beginning to



address the area, focus primarily on tax planning, with the goal of reducing taxes and better understanding the financial implications of different tax decisions.



As a result, the Tax Technology Maturity mix can be demonstrated as below





Historically, companies have not generally captured their tax situations and outcomes in structured formats. Hence, it was difficult to develop models that link tax circumstances and attributes to specific tax payment outcomes. In addition, tax structures and data can be extremely complex, especially for global corporations operating in multiple jurisdictions.

Despite these difficulties, companies have been increasing numbers of common data sets that tax leaders can leverage to bring more fact-based insights to each organization. This is a good sign—particularly as Chief Financial Officers and Chief Accounting Officers apply analytics principles with greater frequency. Along with tax leaders, they can pull an organization together through a greater focus on data.

The tax planning of the future will likely be more analytical than it is today. Astute tax executives should be preparing now by working on data infrastructure, assembling the right people and skills, and acquainting managers with the art of what's possible. It's time for the quantitative field of tax to take its game to the next level.

It is imperative to mention here that the types of analytics that companies pursue in tax are substantially different from most analytical initiatives in companies, which center on statistical models and predictive analytics. Some of the most interesting work in tax analytics today is on simulation models that explain or predict tax levels under particular circumstances. If the tax rate was 32 per cent last year and 34 per cent last quarter, executives want to know why the rate is changing.

Since data analytics covers large and mostly complete populations of data rather than samples and draws data from multiple systems and data sources, it provides objective, factual results that are comprehensive. It is used to supplement or replace other procedures, such as observation, inquiry or sampling — in effect, improving ability to identify trends, risks, and anomalies.

Several major trends are driving the adoption of new approaches to analytics. Taken together, they underscore an unforgiving demand for improved performance and a wake-up call for more disciplined risk and information management. These include:

- exponential growth in data volume and technology capacity
- regulatory demands for deeper insight into risk, exposure, and public responsiveness

- the need to remain competitive and drive profitable growth, which depends on being able to understand and meet the customers' and regulators' needs
- the growing complexity of enterprise data sources, including "newer" sources such as e-mail, Facebook and other social networks, or sensor-enabled facilities
- the need to process unprecedented amounts of information in order to uncover hidden patterns that may otherwise go undetected

How does tax fit into this environment? Federal, state, and international taxing authorities are increasingly aggressive in pursuing revenues and, accordingly, interested in making sure you are compliant with their rules and regulations. In addition, organizations are under extreme pressure to meet the public's needs. At the end of the day, companies must have a proactive audit defense, run efficient tax operations, produce accurate reporting and tax accruals, and be SOX compliant. Data analytics can help on all counts.

Over the past two decades, companies have invested heavily in origination and servicing systems to streamline their processes. This has resulted in a significant increase in organized data, as well as a shift in focus toward analyzing information to improve performance.

Accordingly, the tax function must change its mindset from "what I need to do" to "what I need to know." It is the knowledge emanating from the data that will drive changes in the tax function.

Advanced analytics enable us to do a number of things that operational reporting typically did not, including:

- looking forward rather than back
- discovering and simulating rather than "slicing and dicing"
- predicting what will happen rather than just understanding what did happen
- modeling changes that could happen if we change facts and circumstances
- improving information rather than just analyzing it
- establishing and using key performance predictors (KPPs) rather than just key performance indicators (KPIs)

# Deloitte Advantage

Deloitte's proprietary Tax Analytics Framework and technology is a key differentiator which enables us to serve companies across jurisdictions with varying IDT regimes.

Multiple Indirect/ GST Tax Analytics offerings that are tailor made for varied GST models prevalent across the globe are available with Deloitte. Hence Deloitte is well equipped to respond to any model that may get finalized in India. Our lead-time to assess the impact of GST and prepare our clients to meet the aggressive deadlines would be significantly lower on account of the extensive reliance on technology.

Deloitte is equipped to carry out detailed analysis of very large volumes of data and provide an in-depth understanding of existing indirect tax systems, and how they are managed by business along with the changes that GST will bring about.

Contact us at  
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for any queries  
or assistance

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