

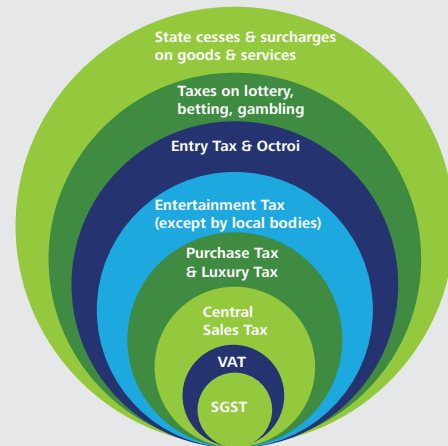
**Deloitte.**

Goods & Services Tax  
Streamlining efficiency

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# Taxes to be subsumed in GST



## GST: The new tax regime

### What is GST?

Comprehensive value added tax on goods & services

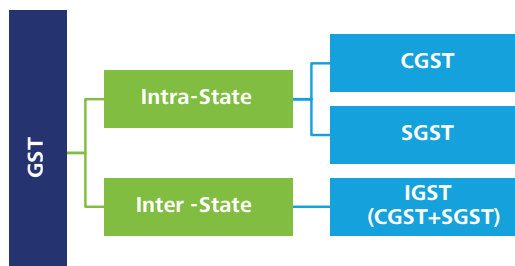
- Expected to be introduced from April 2016
- One taxable event against multiple events at present
- Aimed to widen tax base and lower the effective tax rate on goods

### Why GST?

Make India a common market

- Indian indirect tax structure involving multiple taxes is out of sync with global practices
- Multiple taxes lead to double taxation due to cascading effect
- High cost of tax compliance and double taxation leads to higher prices of goods & service

### How GST will operate?



- Dual GST: Central GST ('CGST') and State GST ('SGST') to operate concurrently on supply of goods and services
- Inter-state transactions subject to Integrated GST ('IGST') which will be aggregate of CGST and SGST
- GST to subsume multiple taxes
- Additional tax at 1% on interstate supply of goods
- Credit will be available for the taxes paid under CGST, SGST and IGST
- Cross utilization of CGST and SGST credit will not be permitted except under IGST
- Exports to be zero-rated

### How is GST relevant to business?

Business drivers and tax to dominate supply-chain designing!

- GST will change various aspects of taxation including levy, taxable event, rates and compliance procedures
- Cost of procurement and distribution of goods and services to undergo a change
- Decentralized distribution model with state-wise warehousing may require revisit
- Product Pricing needs rediscovery to reflect GST efficiency
- Tax management function would need to be re-engineered
- Documentation and record keeping requirements to undergo a change
- Relevance of precedents for adopted tax positions to be re-examined under GST law

# Why get started early?

## The Clock is ticking

So much to do, yet so little time

- Set-up project team
- Customers/ vendors contract renegotiation
- Mapping of supply chain with VAT/GST model
- Analysis of VAT/GST implications on business
- Negotiation/lobbying with authorities
- Change management

## Deloitte's promises to you

Committed GST team to serve you

- Strong GST technical skills and implementation experience
- Excellent project management capabilities
- Strong global network support
- Consistent collaboration among Deloitte member firms

## Advantages of starting NOW

- Multi-function approach needs adequate time
- Necessary attention to each aspect of business
- Minimize unnecessary rush

## Wide-spread impact on every business aspect

All business aspects affected

- Sales and marketing strategies
- Suppliers
- Customers
- Finance & administration
- Human capital
- Information System
- Accountability
- Business efficiency

# How Deloitte can help in transitioning to GST regime

01

GST Workshops to:

- create awareness around GST structure, features and implications
- develop strategy

02

Impact assessment study:

- mapping taxes on current supply-chain under GST
- comparative analysis of tax implications under pre and post GST
- indicate possible alternatives to mitigate adverse tax implications

03

Facilitate selection of alternatives to:

- optimize the tax incidence
- retain business priorities

04

Implementation support:

- guidance on accounting, IT/ERP system
- re-designing of documentation and processes
- transitional provisions and zero-date compliance

05

On-call advisory and compliance support to:

- enable clients to concentrate on core business function
- minimize potential tax risks

# Deloitte Advantage

Our core team, comprising of industry and functional specialists, is ideally placed to support clients and help them enhance their value



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