



Unlocking Insights :
GST@7 survey and
53rd GST Council meeting

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Subject matter experts

GST journey so far

An impressive 84 percent responded positively to GST, a notable improvement over 72 percent displaying the same sentiment in 2023

Key Drivers as per survey



73%

**Competitive pricing
of goods and
services**



81%

**Digitalization and
tech enablement**



96 %

**Timely issuance of
clarifications and
instructions**

GST – Truly a transformative Tax regime



- Revenue Neutral Rate under GST is reduced by 23% (Pre GST of 15.6% Vs. Post GST of 11.98%) helping the businesses in competitive pricing of goods and services



- Testimonial of Federal Co-operation
- 1700 decisions taken across 53 council meeting by ministers of 28 diverse states and 8 union territories



- E-invoicing and E-way bill
- Effective and Efficient compliance processes
- Average monthly GST collections increased from 97 thousand crore in 2017-18 to 168 thousand crores in 2023-24



- India ranks 63rd in the World Bank's Doing Business Report (DBR), 2020. India ranked 142nd in 2014, registering a jump of 79 ranks in a span of 5 years.

GST@7 : Survey Objective and Methodology



Objective

- Comprehend the industry's viewpoint on the seven-year journey of Goods and Services Tax (GST) in India
- Understand the status of GST implementation, assess the progress made so far and gather feedback for the next stage of reforms



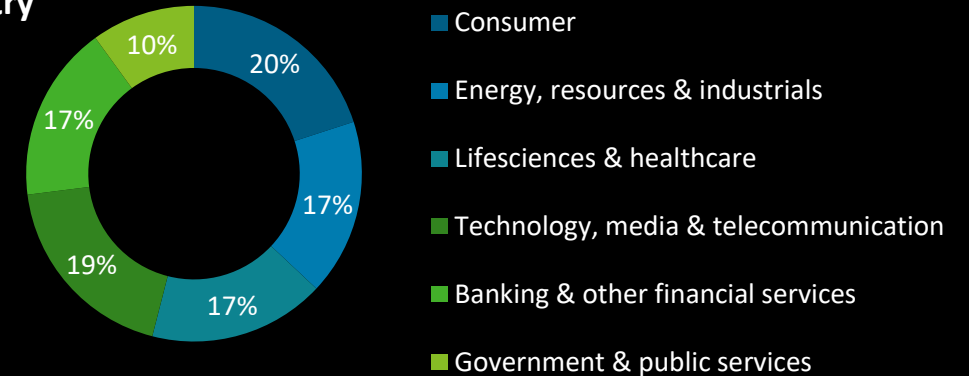
Methodology

- Online surveys conducted with C-suite and C-1 level seniors across different industries and company size
- Survey entails 40 questions eliciting responses on different aspects of GST with multiple select and single-select questions
- A total of 760 responses were obtained from 6 industries



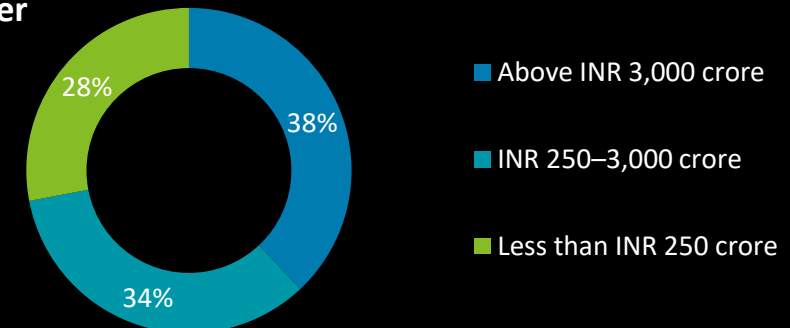
Respondent profile

Industry



N – 760

Turnover



N-760

GST@ 7 : Survey findings

India GST @7 | Survey Findings

01

Enhanced positive sentiment on GST implementation

02

Adoption of robust tax technology aided in improved compliance

03

Timely issuance of clarifications removed interpretational issues

04

Audit and assessment challenges on the rise

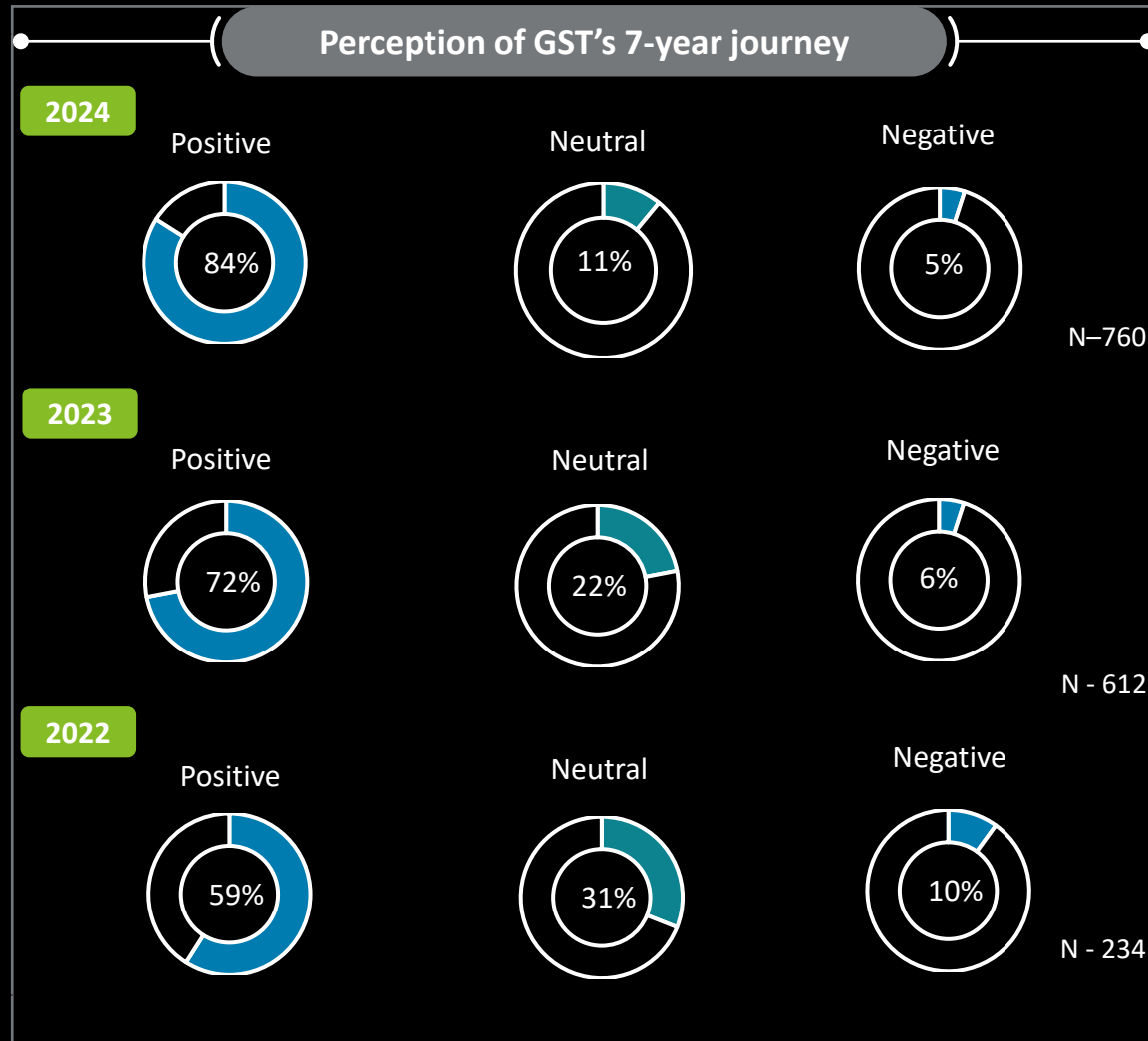
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Awaiting a fair and efficient dispute resolution mechanism



Growing confidence: Positive perception of GST on the rise

An impressive 84 percent responded positively to GST, a notable improvement over 72 percent displaying the same sentiment in 2023



Key drivers for positive sentiments

1. Adoption of a robust tax technology framework
2. Enhanced financial and supply chain efficiencies
3. Removal of ambiguities through the issuance of clarifications
4. Enhanced stakeholder consultation by the government
5. Clarity around regulatory guidelines



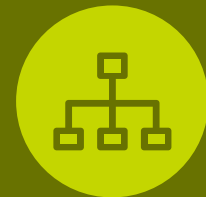
• Enhanced positive sentiment on GST implementation •

- **Growing confidence in GST:** About 84 percent of respondents recognised GST's positive perception (up from 59 percent in GST@5 and 72 percent in GST@6) paving the way for reforms in GST 2.0.
- **Operational impact:** 73 percent cited competitive pricing as GST's greatest business operational benefit (up from 56 percent in GST @5 and 61 percent in GST@6).
- **Top performance areas:** Automation of tax compliances and e-invoicing/e-way bill initiatives continue to be voted as top performance areas, followed by issuance of circulars/instructions.



• Key structural recommendations •

- **GST 2.0 priorities:** Rationalising GST rates, enhancing dispute resolution and resolving legal ambiguities
- **Measures to boost sectoral growth:** High emphasis on removing input tax credit restrictions (very large: 87 percent, large: 83 percent, MSMEs: 88 percent)
- **Unlocking liquidity:** Unanimous response across sectors on the need for cross-utilisation of CGST credit for multi-state businesses



• Ease of doing business •

- **Need for increased focus on EoDB:** 88 percent report ease of doing business challenges during an audit, indicating an opportunity for simplification, technology integration, capacity building and collaboration. Nearly 79 percent faced multiple proceedings by both central and state authorities, while 78 percent reported tax recovery initiated before their appeal period ended.
- **Key challenges:** Adapting to evolving tax regulations and reporting demands emerge as the top challenge across sectors.
- **Reforms in GST 2.0:** The need for redressal of challenges around parallel/multiple proceedings, long-drawn audits and expansive legal interpretations continues.



• Dispute resolution •

- **Specific clarifications:** Respondents indicated the need for clarification on related party corporate guarantees, export of services (intermediary and performance-based), deemed import transactions and credit eligibility, including for past periods.
- **Extension of audit timelines:** About 91 percent support extending audit timelines to resolve issues and enhance compliance.
- **Alignment of pre-deposit percentages with the pre-GST regime-central tax laws:** Over 70 percent emphasize aligning pre-deposit requirements for GST appeals with the pre-GST regime.
- **Faceless assessments:** Nearly 88 percent support faceless assessments in GST 2.0.
- **Amnesty scheme:** It is viewed as crucial for resolving procedural disputes for initial years under GST.
- **API-based notice retrieval:** About 84 percent support an API-based notice retrieval system as a top priority for the GSTN portal.





• Adoption of robust tax technology aided in improved compliance •

- **IT system readiness:** Nearly 81 percent of respondents feel their IT systems are GST-ready and capable of meeting compliance requirements (up from 44 percent in 2022).
- **Government efforts:** Close to 67 percent appreciated government efforts in compliance digitisation.
- **Top performance areas:** Tax compliance automation, e-invoicing and e-way bills continue to top the charts on key performance areas.
- **E-invoicing benefits:** Nearly 92 percent expressed satisfaction with e-invoicing.
- **MSME Support:** About 69 percent of MSMEs support e-invoicing and e-way bills (higher than large and very large businesses).



• Leveraging GST data •

- **Compliance rating system:** Strong support with over 95 percent of respondents across sectors and business sizes rooting for the implementation of compliance rating systems.
- **Top-ranked benefits of insights from GST data:** Sales trends, customer behaviour, market dynamics and customisable analytics dashboard.
- **Additional features on GSTN:** API-based notice retrieval system, API-based system for bulk filing and uploading on a PAN level, end-to-end dispute resolution management online and complete integration (of the IRP, SEZ online system and GST system) receive more than 50%.
- **Curbing tax evasion:** About 39 percent believe data analytics helps identify missing links in the supply chain.



• Optimising facilitation and MSME measures •

- **E-invoicing expansion:** About 92% of respondents acknowledge the benefits of e-invoicing and agree that a further reduction in threshold would enhance data accuracy and future-readiness.
- **Paperless invoicing:** About 90 percent support the introduction of B2C e-invoicing although, 42 percent of these acknowledge the need for MSME to embrace the initiative for its success.
- **Simplification of registration process:** PAN India-level uniform list for GST registrations followed by virtual visits for on-site verification and clear guidelines for co-working spaces emerge as key initiatives to be implemented for simplification of registration processes.
- **Relief measures for MSMEs:** Nearly 70 percent of respondents continue to believe that the quarterly filing mechanism for MSMEs is beneficial and improves compliance.



Recommendations of the 53rd GST Council Meeting

In a nutshell



Conditional waiver of interest and penalty proposed

Period: Demands for financial year (FY) 2017-18 to 2019-20, not involving extended period of limitation and

Condition : Tax to be paid before 31 March 2025. Conditional waiver shall exclude demands on erroneous refund



Extension in time limit for availment of ITC proposed in respect of invoices/debit notes

- **Period :** FY 2017-18 to 2020-21 till 30 Nov 2021
- **Condition :** ITC is availed in any GSTR-3B filed up to the said date. Retrospective amendment to be made, Effective 1 July 2017



Key clarifications proposed on issues such as:

- Valuation of corporate guarantee
- Import of services from related parties
- Taxability of reimbursement of securities as ESOPs



Sector specific clarifications proposed on various issues.

- Eligibility of ITC on specified transactions in insurance services
- Place of supply of goods where delivery address is different from the billing address in e-commerce transactions, etc.



Rate of GST on certain goods and services proposed to be changed.

Exemption from GST proposed on certain services provided by Indian Railways.

Exemption on defence imports proposed to be extended from 2024 till 2029

Recommendations of the 53rd GST Council Meeting : Business Impact

Proposals amending GST Law and procedure



GST law recommendations :

- Regularise non-levy or short levy of GST due to common trade practices.
- Provide for valuation of corporate guarantee between related parties (effective 26 October 2023)
- Provide for a sunset clause for anti-profiteering under GST i.e.. 1 April 2025
- Restrict refund on export of goods subject to export duty.
- Enable receipt of transitional credit received by Input Service Distributor (ISD) before 1 July 2017 (effective 1 July 2017)
- Claiming refund of additional GST paid on account of upward revision in price of the goods

Business Impact



- Amnesty to the industry for the past practices
- Certainty going forward



- Adoption of any valuation methodology allowed in case of revenue neutrality, thereby removing ambiguity.



- Claim of refunds on items with export duty not allowed.



- Resolve disputes and reduce litigation, providing much-needed clarity and stability for businesses.

Proposals pertaining to GST compliance



GST compliance recommendations :

- Extended time limit to avail the ITC in respect of invoices/debit notes for FY 2017-18 to FY 2020-21
- Optional facility for amendment/ addition of details furnished in Form GSTR-1 proposed in Form GSTR-1A
- Threshold for reporting of invoice wise B2C inter-state supplies - reduced from INR 2.5 lakhs to INR 1 lakh.
- Biometric-based Aadhaar authentication of registration applicants is proposed pan-India, in a phased manner to combat fake ITC.
- Proposal for not charging interest on delayed payment of tax to the extent amount is available in electronic cash ledger on the due date and the same is debited while delayed filing of Form GSTR-3B.

Business Impact



• Extension of the time limit to avail Input Tax Credit will relieve businesses of historical burdens.



• Invoice-wise reporting of B2C supplies - Changes in data extraction process



• Effective tracking invoices on which TDS has been deducted – facility previously not available



• Correcting errors or omissions in Form GSTR-1 - Timely availment of ITC at the recipient's end.

Proposals pertaining to Dispute Resolution



Appeal and adjudication recommendations :

- Amnesty in the form of the waiver of interest and penalties - Tax demanded under section 73 is fully paid by March 2025 for FY 17-18, 18-19, and 19-20.
- Monetary limits for reducing litigation by government proposed - Appellate tribunal (INR 20 lakhs), High Court (INR 1 crore) and Supreme Court (INR 2 crores).
- Revision in pre-deposit rates

Maximum amount of pre-deposit	Existing (CGST and SGST)		Proposed (CGST and SGST)	
	%	Amount in INR	%	Amount in INR
First appellate authority	10%	25 crore each under CGST and SGST	10%	20 crore each under CGST and SGST
Appellate Tribunal	20%	50 crore each under CGST and SGST	10%	20 crore each under CGST and SGST

Business Impact



• Amnesty would help businesses resolve procedural disputes of initial years.



• Tribunal appeals are now expected to increase/ to be filed soon. Thus, reduced pre-deposit a relief in the dispute resolution process



• Reduced litigation on account of increased departmental appeal threshold



• Reduced cash flows would help free up working capital thus helping the business with financial stability.

Proposals pertaining to Trade Facilitation



Trade Facilitation clarification :

- Clarifications proposed to be issued on valuation of import of service from related party
- Clarification on valuation mechanism on corporate guarantee extended by a related party
- Time limit to avail the ITC on self-invoice issued by the recipient for the supplies received from unregistered persons
- Taxability of re-imbursalment of securities/shares as ESOP/ESPP/RSU provided by a company to its employees
- Taxability of loans granted between related person or between group companies
- Mechanism for providing evidence by the suppliers for compliance of conditions for exclusion of post-sale discounts from the value of supply to the effect that ITC has been reversed by the recipient on the said amount
- Warranty/ extended warranty provided by manufacturers to end customers

Business Impact



- Benefit of circular no. 199/11/2023 dated 17 July 2023 has been proposed to be extended to services imported from overseas related parties



- GST payment made under reverse charge after Supreme Court ruling in the Northern Operating System's case, would now be put to rest.



- Mechanism to provide evidence by suppliers for post supply discounts would streamline the business processes followed by industry at large



- End to avoidable litigations in case of revenue neutral situations.

Sectoral Recommendations



Banking, financial services and insurance (BFSI) sector

- Schedule III of the Central Goods and Services Tax Act, 2017 to include follower premium share and re-insurance commission. Past cases may be regularised on 'as is where is' basis
- Other clarifications on place of supply of custodian services, ITC reversal, exemptions, taxability of wreck and salvage values in motor insurance etc. proposed



E-commerce Sector

- Rate of tax collected at source (TCS) by e-commerce operators (ECOs) to be reduced from 1% to 0.5%
- w.e.f. 1 October 2023 it is proposed to clarify that, specified penal provisions are applicable only on ECOs required to collect tax at source and not on other ECOs



Alcohol Sector

- Amendment proposed in GST law to keep rectified spirit/ Extra Neutral Alcohol (ENA) supplied for manufacturing alcoholic liquors for human consumption outside the scope of GST.



Defence Sector

- Exemption from IGST on imports of specified items for defence forces proposed to be extended for further period of 5 years till 30 June 2029.
- GST exemption on imports of technical documentation for AK-203 rifle kits imported for Indian defence forces.
- Exemption of Compensation cess on supply of aerated beverages and energy drinks to authorised customers by Unit Run Canteens under Ministry of Defence



Railways

GST to be exempted on the following services:

- Services provided by Special Purpose Vehicles (SPV) to India Railways by way of allowing Railways to use infrastructure built and owned by SPVs during the concession period
- Maintenance services supplied by Indian Railways to SPV
- Services provided by Indian Railways to general public – sale of platform tickets, facility of retiring rooms/waiting rooms, cloak room services and battery-operated car services

Rate Changes

Proposals for rate rationalization of goods and services

Nature of goods and services	Proposed rate
Imports of parts, components, testing equipment, tools and toolkits of aircrafts (irrespective of their classification), subject to specified conditions for maintenance, repair and overhaul (MRO) operations	5%
All milk cans (of steel, iron and aluminium) irrespective of their use proposed	12%
Solar cookers (whether single or dual energy source)	12%
Sprinklers including fire water sprinklers	12%
Parts of poultry keeping machinery	12%
Carton, boxes and cases of corrugated/ non-corrugated paper/ paperboard (covered under specified HSNs)	12%
Accommodation services having value up to INR 20,000 per month per person provided such accommodation is supplied for a minimum continuous period of 90 days	Exempt

Future Outlook

Future Outlook



GST Appellate Tribunal (GSTAT) – Addressing litigations

- The government, on May 6 appointed Justice (retd) Sanjaya Kumar Mishra as president of the GSTAT. Fully functional GST Tribunal will require appointment of judicial and technical members, which would be done in the days to come.
- GST law proposed to provide for a specified date from which the time limit for filing appeals (3 months) before the Appellate Tribunal shall start



National Appellate Authority for Advance Ruling – resolve conflicting State rulings

- Will act as an appellate forum for taxpayers to resolve conflicting rulings by various State advance ruling authorities
- Expected to be notified and set up next year



Committees setup by the GST Council – Rate Rationalization

- Examine issue of correction of inverted duty structure for major sectors; rationalize the rates and review inclusion of products currently outside the ambit of GST
- Discussion on taxation of Online Gaming

Thank you!

Kindly spare a minute to help us with your valuable feedback for today's session...

For any queries, please feel free to write to us at intax@deloitte.com



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