



# NEETI BRAND ACCELERATOR

60 Sec Brand Accelerator: GST for Non-Dummies

“ This article has been written by Vikash Khatri, who is a senior consultant with Neeti Brand Accelerator. Vikash is an in-house expert on GST and has been following this subject for last couple of Years”.

GOODS AND SERVICES TAX

- Hemant Mishrra



“Goods and Service Tax (GST) is a comprehensive tax levy on manufacture, sale and consumption of goods and service at a national level.

- Tax on goods and services with value addition at each stage
- Destination based tax
- Comprehensive and continuous chain till the consumption point



- Uniform tax structure for Goods and Services
- Concurrent jurisdiction of center and state
- PAN-linked taxpayer identification number with a total of 13/15 digits
- Applicable on branch transfer of goods and services



- Two parallel structure: one at the Centre and other at respective State GST Act
- Tax to be paid to the accounts of the Centre and the States: CGST & SGST
- Integrated GST (IGST) to be imposed by center on inter state supplies
- Common format for periodical returns, to both the Central and to the concerned State



## **Government :**

- Reduction in number of taxes at Central and State level - At least by 2/3rd
- Increased tax collections due to wider tax base
- Efficient administration

## **Business :**

- Reduction in cascading effect of multiple taxes
- Easier Compliances
- Decrease in effective tax rate of many goods

## **Consumer :**

- Reduction in incidence of tax on goods

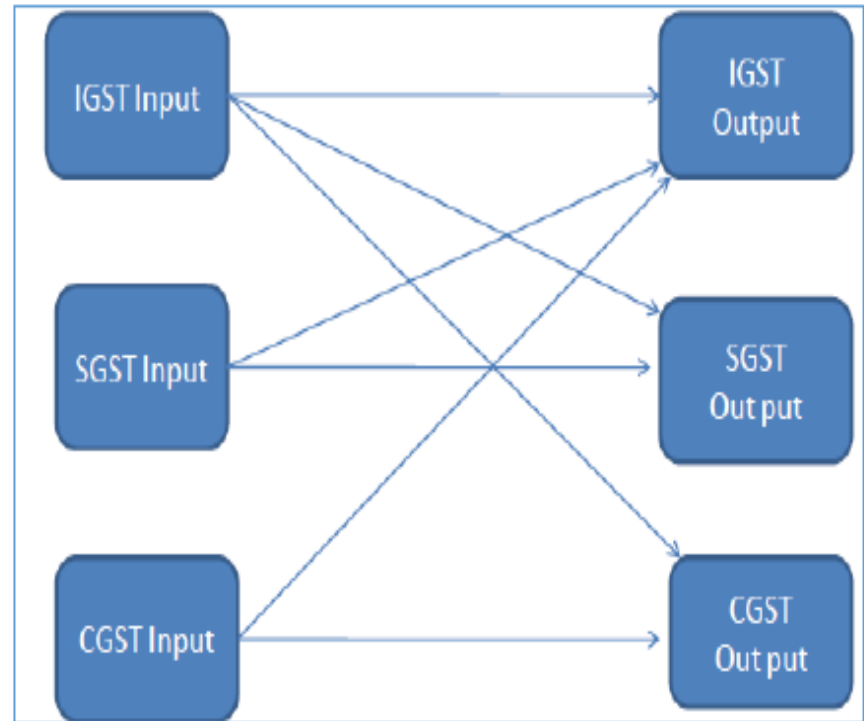
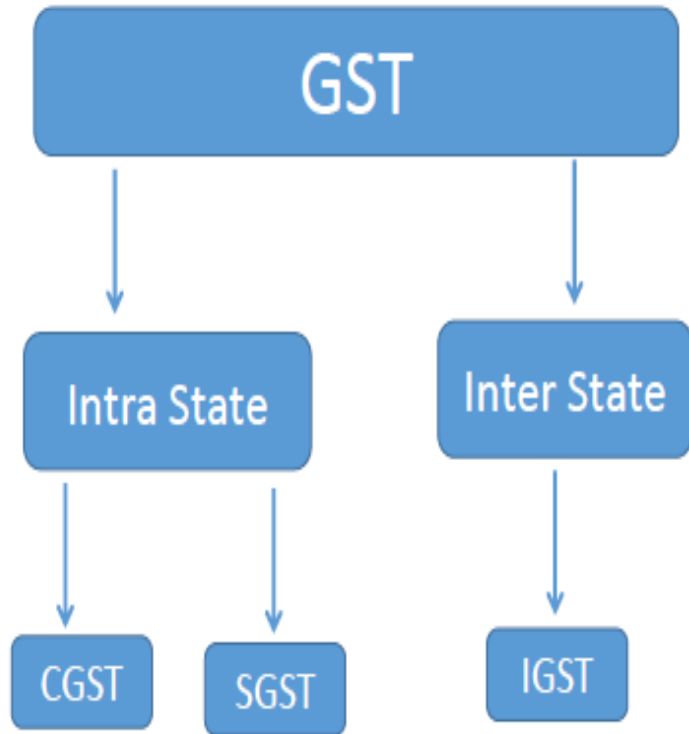


- Petroleum Products
- Alcohol for human consumption
- Purchase tax
- Stamp Duty
- Vehicle Tax
- Electricity Duty
- Other Entry taxes

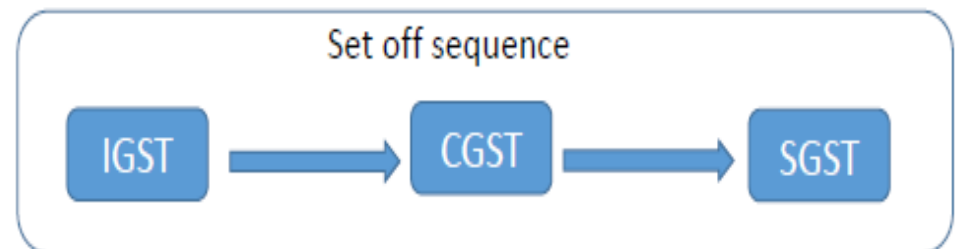
# Constitutes of GST



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Input Tax credit of SGST will not be available on CGST and vice-versa

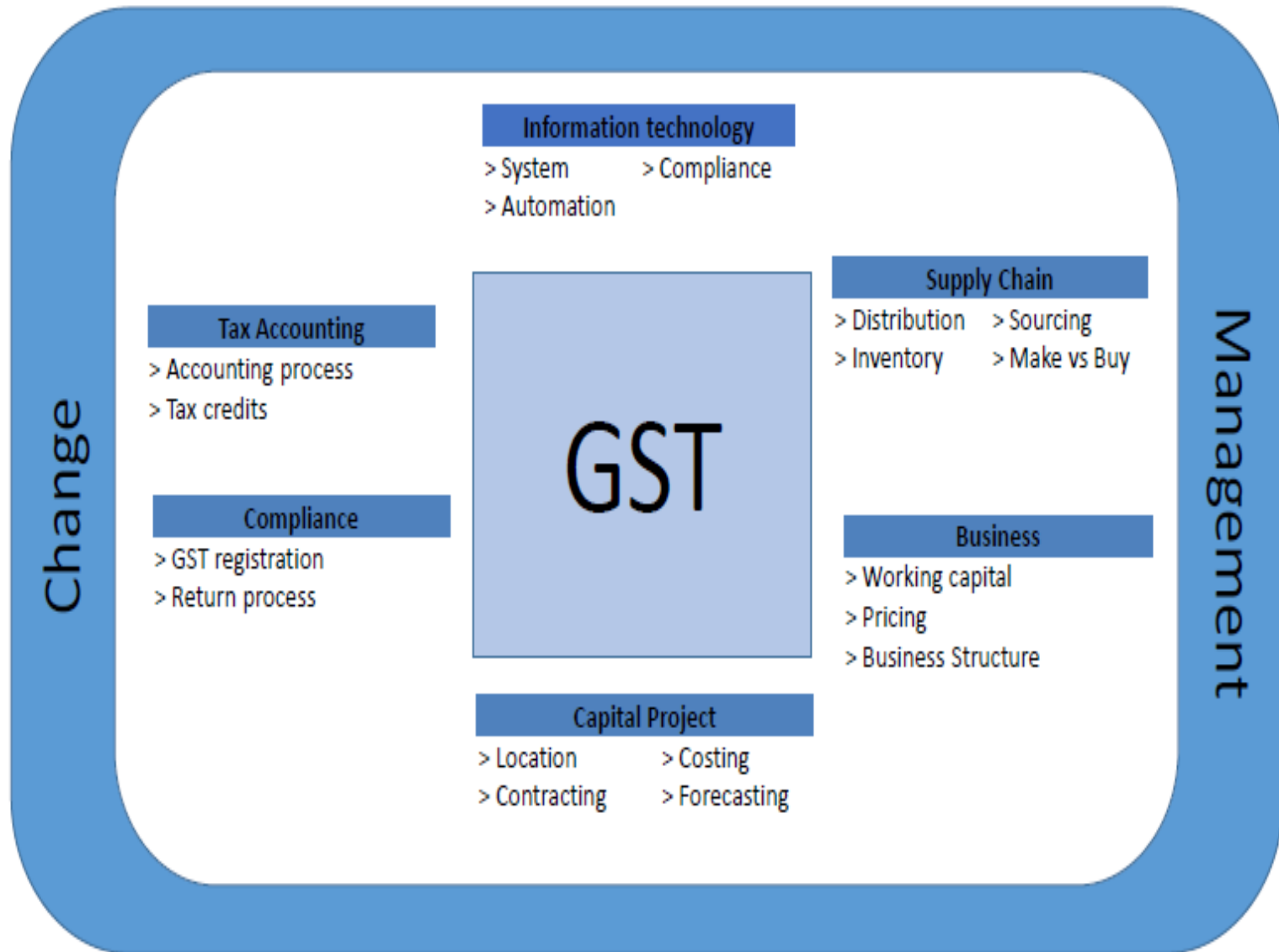


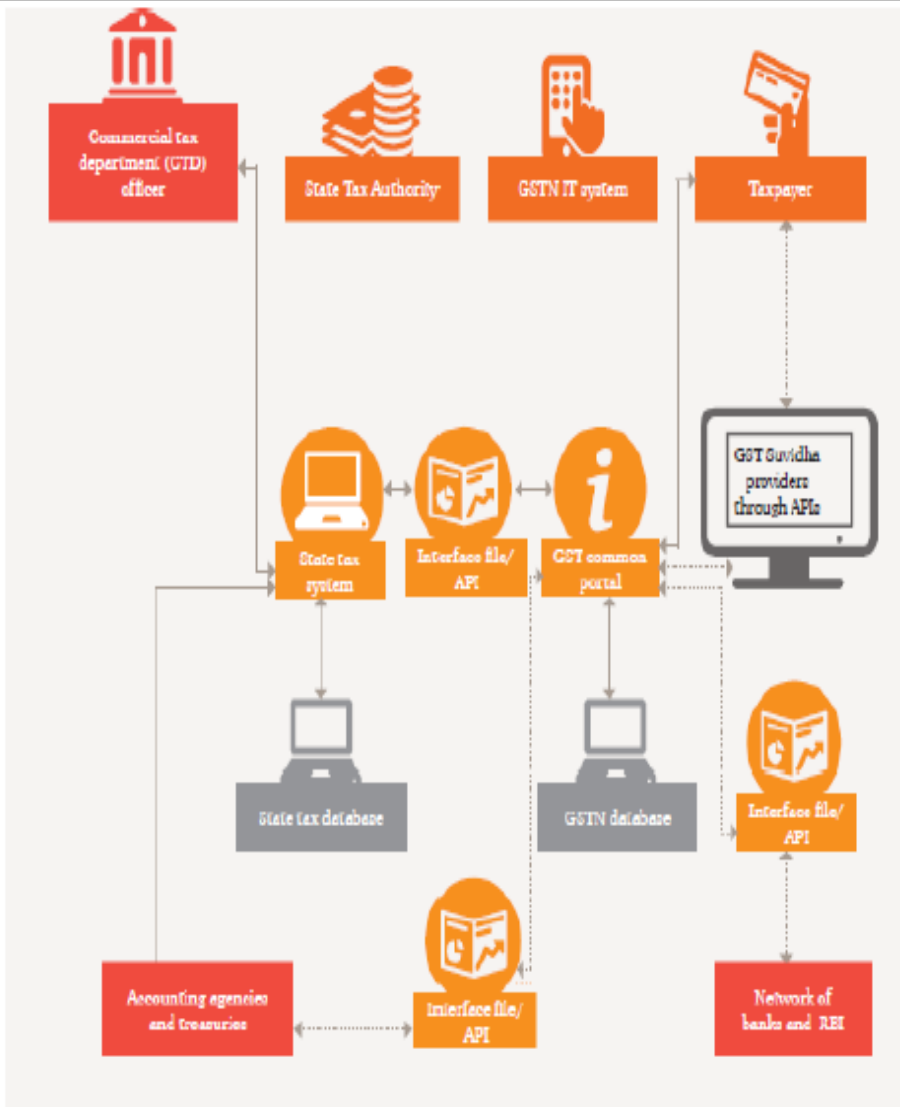
IGST: Integrated GST (On interstate sales/transfer)

SGST: State GST

CGST: Center GST







### 3 step process

#### Register

- State wise registration
- Threshold on pan India basis

#### Payment

- Mode: OTC/ RTGS/Credit debit cards
- Tax payment prior to return

#### Return

- Unified form of returns
- Invoice wise detail upload
- Input and output details reconciled automatically



- All form of supply of goods and services such as sales, transfer, barter, exchange, rental, licence, lease and disposal made or agreed to made for a consideration
- A supply specified in schedule I, made or agreed to be made without a consideration
- Deemed supplies covered under schedule II
- Transaction between principal and agent are deemed to be a supply
- Supply of branded service by an aggregator

It is not clear that branch transfer between two registered entity having same PAN no is covered under this clause for levy of GST



Place of Supply of Goods	Place of delivery of goods with movement of goods Location of goods in case of no movement of goods
Place of service to registered entity B2B	Location of service recipient Location of billing, in case of multilocation
Place of service to unregistered entity B2C	Location of service provider
Leasing of tangibles	Location of intended use of tangible
Transportation service	B2B: Location of service recipient B2C: Location of handing over of goods
Service performed in respect of goods	Location of performance of service Goods returned to service receiver post service: Location of receiver



- Time of supply of goods will be earlier of
  - Date of invoice issue
  - Date of receipt of payment
  - Date of removal of goods or date
  - Date when goods are made available to recipient
  - Date when recipient show receipt in his books
- Time of supply of service will be earlier of
  - Date of invoice issue
  - Date of receipt of payment
  - Date of completion of services
  - Date when recipient show receipt of service in his books

In case of reverse charges date of debit of account

# Impact on Supply chain



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## Supplier

Change in supplier base  
Interstate Vs Intrastate

Impact of setoff on  
purchase from organised  
player

Change in suppliers plant  
combination

## Manufacturer

Change in manufacturing  
location nearer to  
consumption location

Change in product flow  
Path

Change in vertical  
integration strategy under  
same entity

## Distribution

Change in distribution  
Model

Change in warehousing  
Network

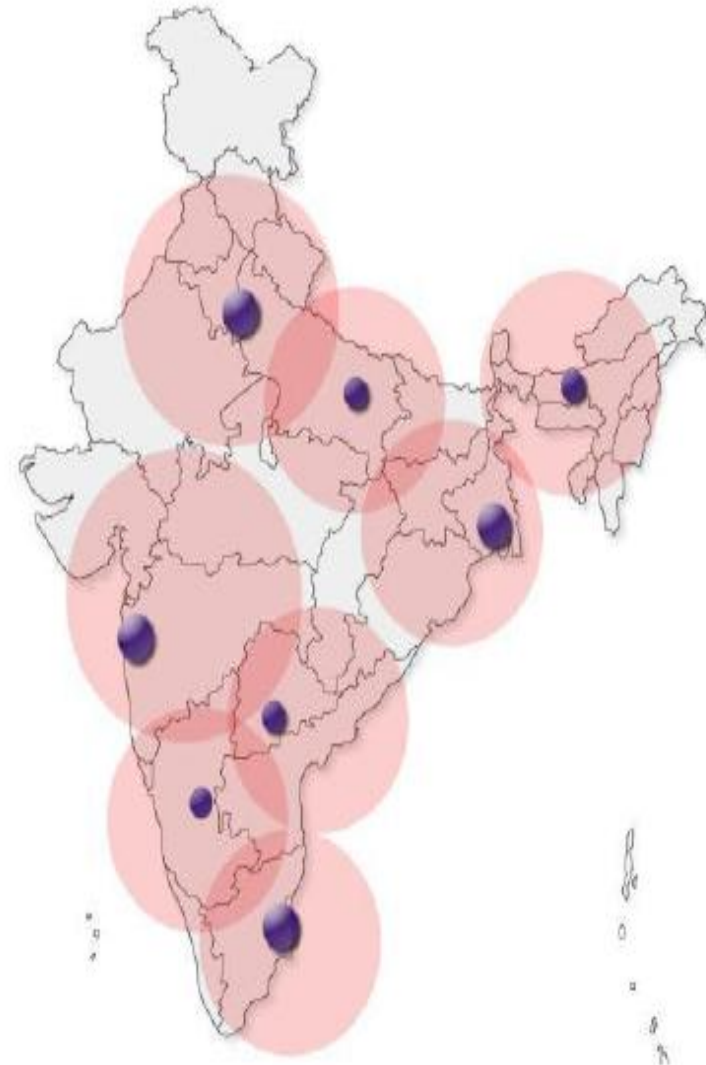
Change in distributor to  
C&F from 1:1 to 1: many

Change in Inventory norms

Decision on 1% tax on interstate supplies to have significant impact on supply chain



- From current network of 20+ warehouses to consolidated 6-8 warehouses
- Bigger size of regional warehouse resulting efficiency
- Shift to larger full truckload movements servicing inventory transfers to the larger warehouses
- With centralization of warehouses, service levels to areas outside the major regional centres will have to improve





Change in non creditable tax on purchase	Goods Vs Services State Vs Center	↑
Blocked credit	SGST	↓
Reduction in entry tax/ octoroi	Uniform single tax	↑
Apportionment	Exemption / Non taxable income	↓



# Steps to GST



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Passing of GST legislation by state and central government

Development of IT Platform

Finalisation of GST Rates

Release of GSTN Process

Release of Draft GST legislation

Rajya Sabha to pass the Bill

Thank  
You

