



# Implementation of GST

**Course on GST**

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**M****NDIAL**

- GSTN
- GST – Implementation Enablers





GOODS AND SERVICES TAX NETWORK



**Common platform for all**



**Virtually all activities**

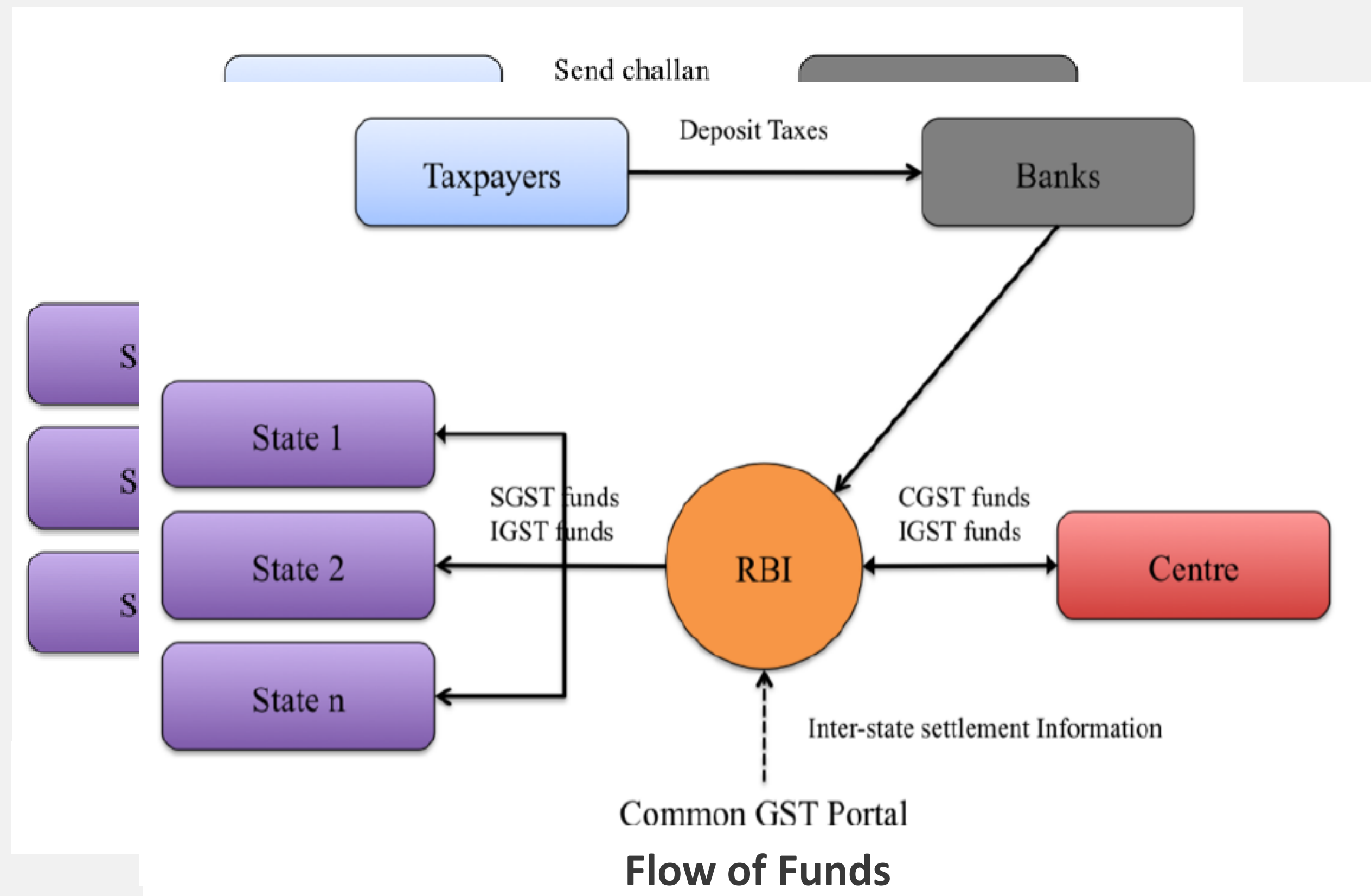
*\*Source: Empowered Group on IT Infrastructure on GST headed by Shri Nandan Nilekani*







GOODS AND SERVICES TAX NETWORK



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**Level of granularity of data  
for returns**

*\*Source: Empowered Group on IT Infrastructure on GST headed by Shri Nandan Nilekani*

Owner	Component
<b>Taxpayer</b>	User Registration File Returns Tax Payment details
<b>GSTN</b>	User Registration Acceptance and Consolidation of returns Challan Reconciliation Matching of Input Tax Credit Dashboard and MIS Helpdesk and facilitation centers
<b>Tax Authorities</b>	Assessment, audits and enforcement Refunds Dispute resolution Helpdesk and facilitation centers
<b>Bank and RBI</b>	Tax payments and reconciliation
<b>Accounting Authorities</b>	Reconciliation



**Who does what?**



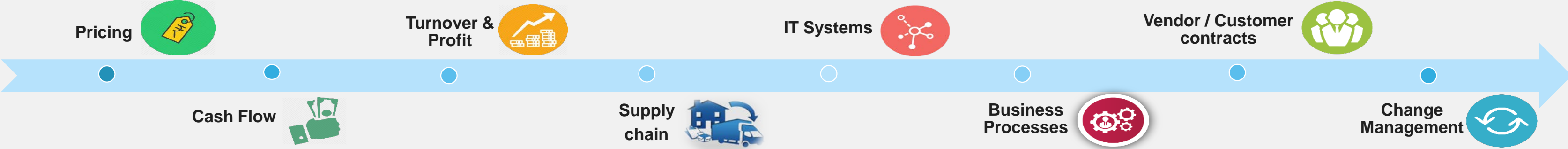
Type of Fraud	GSTN Portal: Intelligence based deterrence
Fraudulent bills	Matching
Improper Input Tax Credit	Matching
Fraudulent use of 'exempt' rules	Electronic Returns
False Payment Proofs	Electronic Challans
Unrecorded Sales	Data Mining
Wrongful application of lower tax	Data Mining
Under-invoicing	Data Mining
Non-existent dealers	Data Mining

# Tax Booster



*\*Source: Empowered Group on IT Infrastructure on GST headed by Shri Nandan Nilekani*

# GST – Impacts



Pricing



Turnover & Profit



IT Systems



Vendor / Customer contracts



Cash Flow



Supply chain



Business Processes



Change Management





# Business Functions & Compliances – Key GST Aspects...

On what you pay GST

On what you get input tax credit

Classification of goods / services

Number of registrations

Where you pay GST

On how much value you pay GST

Transition provisions

How tax is to be computed

When you pay GST

Treatment of outsourcing

Changes in record keeping

Filing of returns

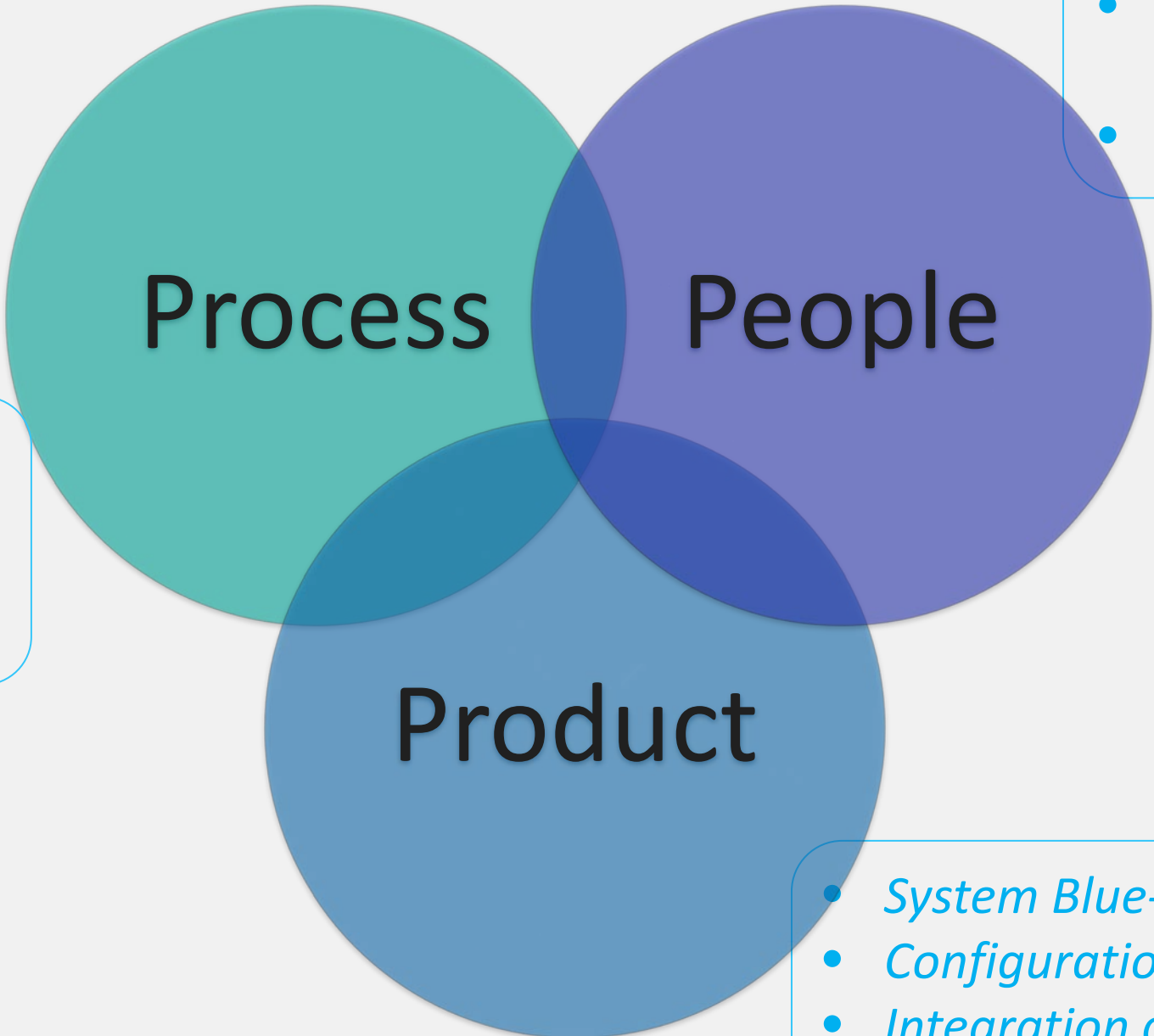
Treatment of credit notes

What are exempted

Documentation requirements

Audit requirements

# GST – Enablers

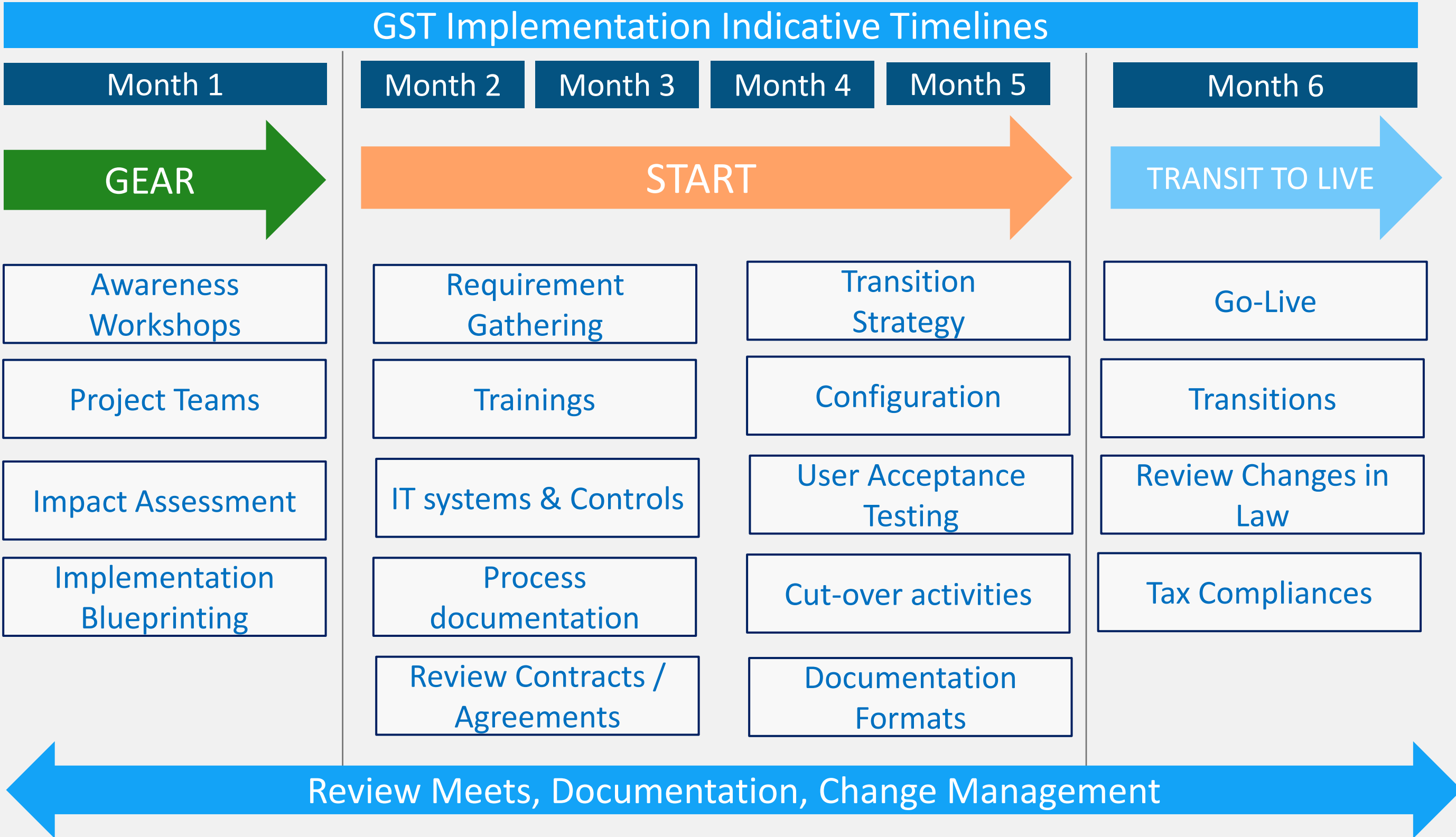


*All relevant process and policies will have to be re-designed to accommodate the GST Compliance*

- *GST Project team (both Internal & External)*
- *Change Management work-shops for transition*
- *GST skill set enhancement*

- *System Blue-printing & documenting the change*
- *Configuration changes*
- *Integration changes*
- *Reporting Changes*

# Typical GST Project – Indicative timeliness



# IT Systems – key GST aspects

Registration  
Configurations

Master Changes

Changes in Interfaces

Business Rule Changes

Tax Computation

Input Tax Credit  
configuration

Transition Reports

Compliance Reports

Configuration changes

Transactional  
configuration

Reconciliation Reports

Filing of returns

Accounting related  
changes

MIS reports

Document Formats

Audit requirements

# Module Level Changes due to GST

## Finance



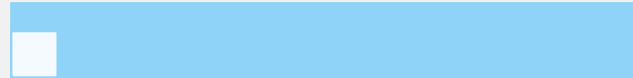
- General Ledgers
- A/c. Receivables
- A/c. Payables
- Invoicing / Billing
- Voucher

## Procurement



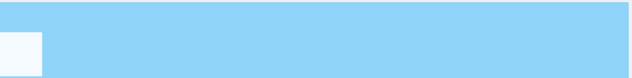
- Purchase Orders
- Invoicing
- Debit/Credit notes
- Pricing Conditions
- Info Records

## Sales & Distribution



- Sales Order
- Invoicing
- Pricing conditions
- Info records
- Debit/Credit notes
- Sales Area

## Masters



- Material
- Services
- Customers
- Vendors
- Chart of a/c.
- GL's

## Reporting



- Tax Registers
- MIS Reports
- Compliance reports
- Stat Reports
- Interfaces

### TAXINN Migration Procurement

- ✓ Configure TAXINN Procedure
- ✓ Use TAXINJ condition in TAXINN
- ✓ Revisit Tax G/L account maintenance(OB40)

Step	Co...	CTyp	Description	Fro	To	Ma...	R...	St...	P	SuTot	Reqt	CalTy...	BasT...	Acc...
100	0	BASB	Base Amount										362	
110	0		Calculated Call	100							352			
120	0		Sub total	100										
250	0	JSER	IN: Service tax	100										E5A
260	0	JSDV	IN:Service tax debit	250										E5E
560	0	JMOP	IN: BED setoff %	120										VS1
561	0	JMOQ	IN: BED setoff Qty	120										BED
562	0	JAOB	IN: AED setoff %	120										VS2
563	0	JAOQ	IN: AED setoff Qty	120										VS2
564	0	JJOP	IN: SED setoff %	120										VS3
565	0	JJOQ	IN: SED setoff Qty	120										VS3
570	0	JMIP	IN: BED inventory %	120										INV
571	0	JMIQ	IN: BED inventory Qt	120										INV
572	0	JJAP	IN AED inventory %	120										INV

### TAXINN Migration Sales & Distribution

- ✓ Carryout 'Update Prices'
- ✓ If a billing document is created in TAXINJ set up but not yet released to accounting
- ✓ If a billing cancellation is required for the documents posted TAXINJ set up

Pricing type	Short Descript.
A	Copy price components and redetermine scales
B	Carry out new pricing
C	Copy manual pricing elements and redetermine the others
G	Copy pricing elements unchanged and redetermine taxes
H	Redetermine freight conditions
I	Redetermine rebate conditions
J	Redetermine confirmed purch. net price / value (KNTYP=d)
K	Adopt price components and cose. Redetermine taxes.
M	Copy pricing elements, turn value
N	Transfer pricing components unchanged, new cost
O	Redetermine variant conditions (KNTYP=O)
R	Apply Price Parts and Bonus Conditions
U	Redetermine precious metal conditions (KNTYP=U)
X	Customer reserve X
Y	Customer reserve Y
Z	Customer reserve Z
1	Customer reserve 1
2	Customer reserve 2

### Tax Configuration and Computation- Proposed Solution

Tax Procedure – New Condition Types

Step	Co...	CTyp	Description	Fro	To	Ma...	R...	St...	P	SuTot	Reqt	CalTy...	BasT...	Acc...
930	0	MVAS	Output Tax	100	100									MVS
931	0	MVVS	Input tax	100	100									VST
990	0	JICG	IN: Central GST	100	100									JIC
991	0	JISG	IN: State GST	100	100									JIS
992	0	JIIG	IN: I GST	100	100									JII





# Broad level changes in Process and Product

New Fields	New Disclosures and presentation information would need the data fields for capturing the information. For e.g. HSN Codes, Place of Supply
Changes to the COA	Changes to chart of Accounts will be eminent
Configuration changes	There will be changes in business rules and general configuration in the system. E.g. Tax Masters to be used instead of Tax Codes in SAP (TAXINN)
Interface changes	Data coming from other systems will undergo a change
Reporting changes	Reporting will change a lot to generate new reports related to GST and Reconciliations
Process Redesign	Process would need to be re-designed For e.g state-wise registration (service companies), change in Supply-chain
System Scalability & Architecture	While the new design is being accepted, the long-term vision and the dynamically changing requirements needs to be considered
Risk Management and Governance	It is necessary to also check the current Enterprise Risk Management Matrix and make required changes, due to process re-designing
Change of Software?	If the existing system is inadequate for GST reporting and accounting, it may be necessary to implement a new solution

# Credit Input Reconciliations

## Suppliers to upload their Sales data (GSTR 1)

- Invoice No
- Invoice Date
- Bill To
- Ship To
- **Place of Supply**
- **HSN / SAC code**
- Gross Value
- GST Value

- Tax Invoice
- Bill of Supply
- Supplementary Invoice / CN/DN
- Tax Invoice – special cases (ISD)



## Customers to download Sales data (GSTR 2A)

Match the receipts in systems

### Reconciliation Statement (ITC)

ITC Claimed in current tax period
Matched ITC claim for current tax period
Mismatched ITC of earlier tax period matched in current tax period
ITC Mismatched - Current Period
Mismatched ITC of earlier tax period - Added as Output tax liability
Output Tax added due to Duplicate ITC Claim

- Identify exceptions – Invoice uploaded by supplier, but not found in our records due to:
  - Goods in Transit
  - Value Mismatch
  - Material not Received
  - Not accounted at our end
- Invoice received, but, not uploaded by supplier
- Purchases from unregistered vendors

- ✓ System should help to reconcile and do Reco
- ✓ System should be able to trigger emails to supplier for mismatch to get the same corrected

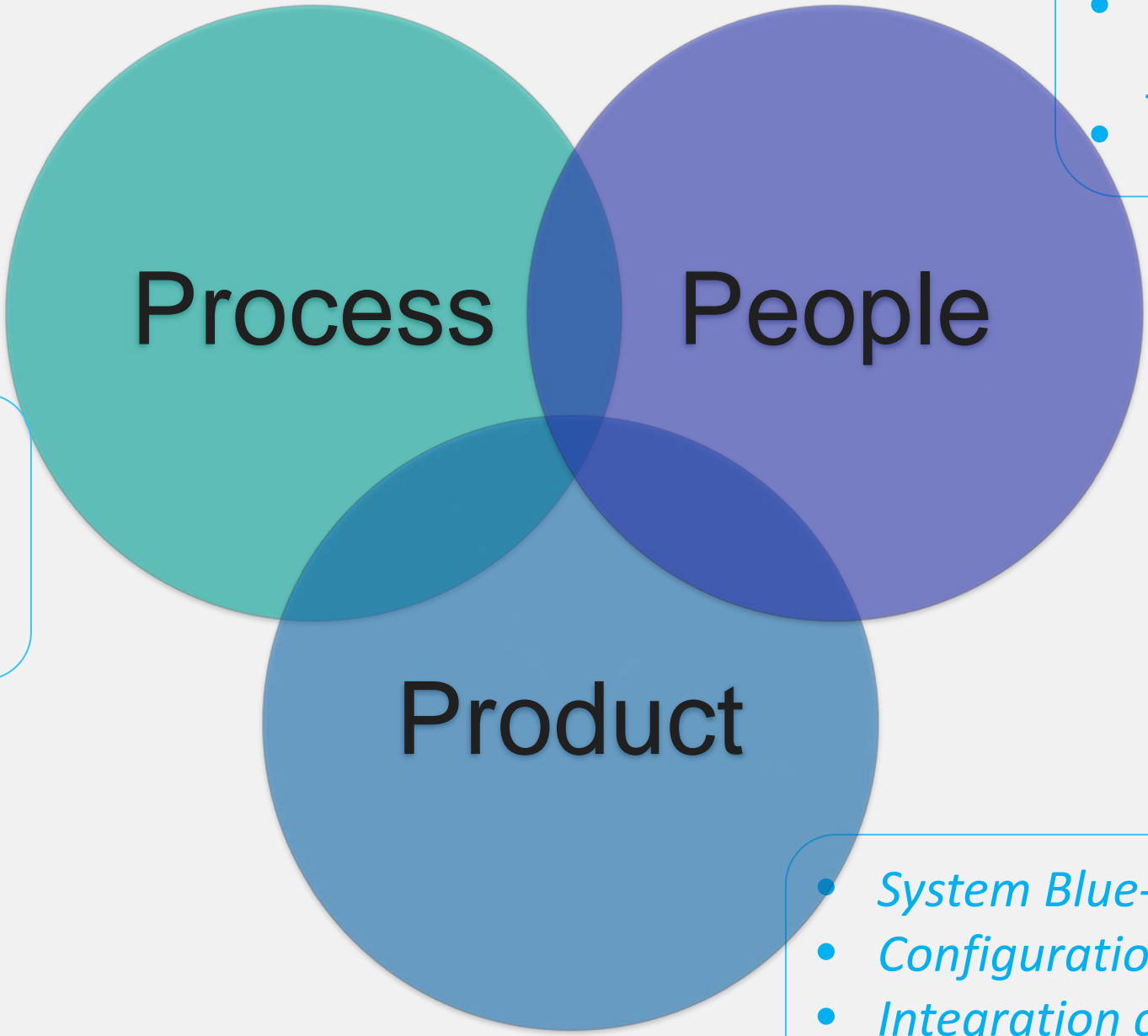
GSTR2



# Returns... some of them

Return Form No	Description
Form GSTR-1	Details of outward supplies of taxable goods and/or services effected
Form GSTR-1A	Details of outward supplies as added, corrected or deleted by the recipient
Form GSTR-2	Details of inward supplies of taxable goods and/or services claiming input tax credit
Form GSTR-2A	Details of inward supplies made available to the recipient on the basis of FORM GSTR-1 furnished by the supplier
Form GSTR-3	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax
Form GSTR-3A	Notice to a registered taxable person who fails to furnish return under section 27 and section 31
Form GSTR-6	ISD return
Form GSTR-6A	Details of inward supplies made available to the ISD recipient on the basis of FORM GSTR-1 furnished by the supplier
Form GSTR-9	Annual return
Form GSTR-9B	Reconciliation Statement
Form GSTR-10	Final return
Form GST-ITC-1	Communication of acceptance, discrepancy or duplication of input tax credit claim

# GST – Enablers



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# GST – Some food for thought

- Back dated entries control vis a vis return filing date  
(No revised return allowed)
- Contractual vs Fair Value (IND-AS)
- Home-grown applications
- ITC / Tax / Cash Ledgers periodic reco





*Thank you*



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