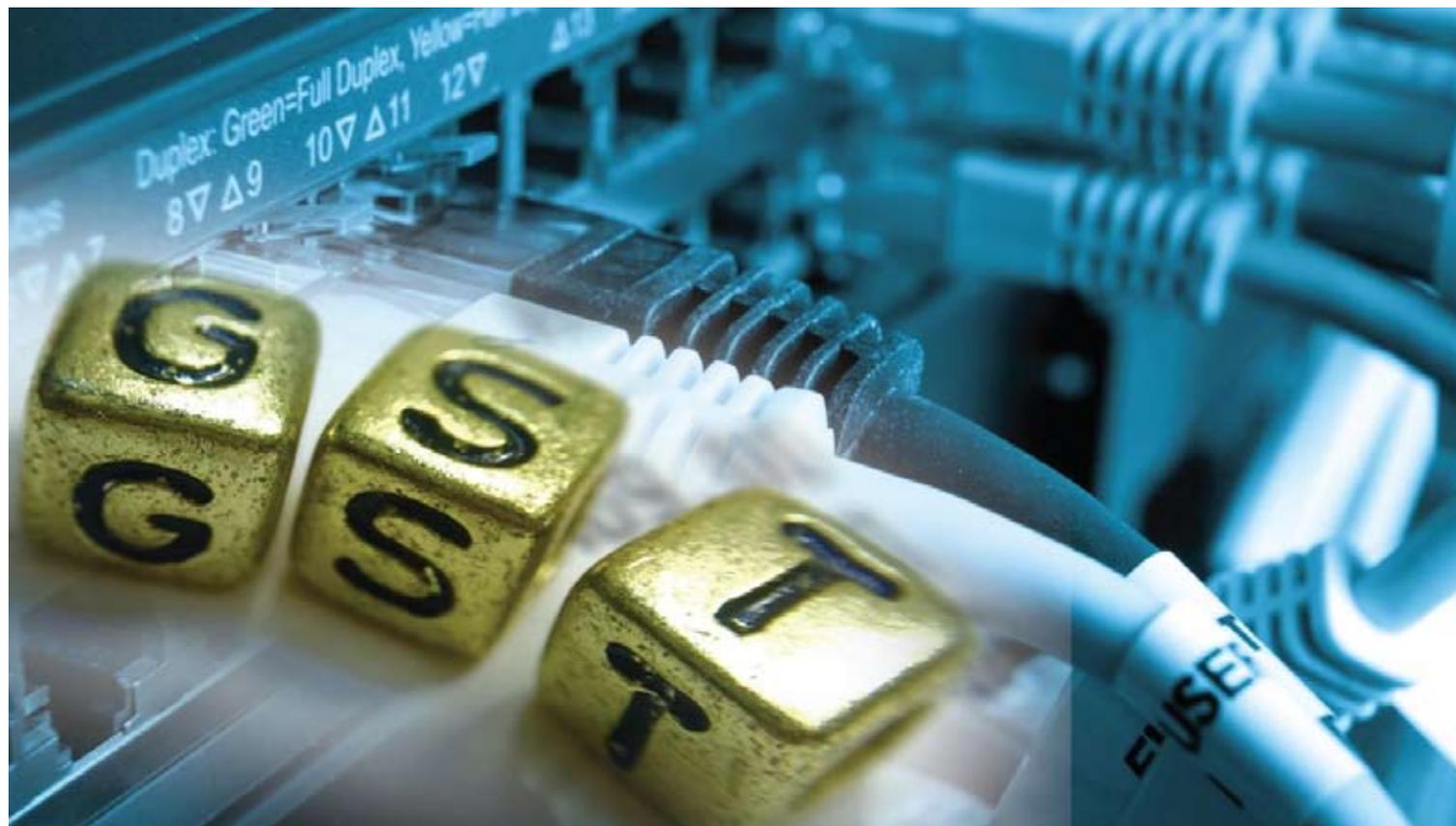


ICT Industry gives Thumps-Up for GST



The benefits of GST are enormous, but the government should focus on removing anomalies in real time so that it is a smooth sailing for GST in coming months with respect to robust secure-proof backbone, lowering of threshold limit, proper implementation of legislation and procedure and no additional levy by states

Goods and Services Tax (GST) is the biggest tax reform since Independence and has paved the way for realization of the goal of “One Nation – One Tax – One Market” in the country. India's ICT industry has welcomed GST implementation in a big way as it will benefit all stakeholders, namely industry, government and consumer and will also help in lowering the cost of goods and services, thereby making the products and services globally competitive, giving a major boost to “Make-in-India” initiative.

GST aims to completely restructure the indirect taxation of the world's fastest-growing economy and will be administered together by the Centre and states. Not only will it help in mitigating the cascading effect of taxation but it will also reduce fraud and increase efficiency within the government tax machinery. GST will also help in the creation of a unified national market that will help in ease of doing business as corporates do not have to make different tax proposal for different states.

Under the GST regime, exports will be zero-rated in entirety unlike the present system where refund of some of the taxes does not take place due to fragmented nature of indirect taxes between the Centre and the states. GST is largely technology driven and will reduce the human interface to a great extent, thereby improving ease of doing business in India.

Commenting about GST, Neeraj Athalye, Head – S/4HANA, SAP Indian Subcontinent, said, "We believe GST is capable of generating

a more stable source of revenue for the nation. This can happen if we make this tax regime real-time, effective and transparent, for which businesses will have to go digital. Our view is that GST is not a tax problem but a technology issue."

"Implementation of GST is a historic step and we congratulate the Government of India for achieving this milestone in tax reforms. As a company, we wholeheartedly welcome the implementation of GST which will mean simplified business for all. This move will avoid cascading effect of double taxation, bring more transparency and give boost to the overall industry growth in long run. I am sure this shall also boost India's brand image as tax compliant country," said Rajeev Jain, Director & CFO, Intex Technologies.

Talking about the benefits of GST, Chandrahas Panigrahi, Business Head and CMO, Acer India, said, "Government will have more money from taxes and this should then help to invest back in the economy in terms of infrastructure development, healthcare, education and other citizen-friendly schemes."

Speaking about GST, Pulkit Punj, Director, AnG India, said, "The movement in the market with respect to goods is definitely slow for now, that is because of the revision in input costs for all segments and then further the trickle down effect results in change of the output cost. This in entirety causes a delay in movement. Many industries were prepared and did necessary

planning before hand, thus helping them in not losing out on business much. The market was taking it slow in the first couple days but is now getting back on track."

Ease of Doing Business

In the Pre-GST regime, there were different tax slabs in different states which was making things very cumbersome. With the coming of GST, there is one tax for a particular product irrespective of the states, thereby simplifying the overall process for all stakeholders. All this helps in taking brand India to a new level in terms of ease of doing business.

Explaining about the convenience during GST regime, Sridharan Mani, CEO, American Megatrends India, said, "We had several tax types paid before GST as we had central excise, VAT, CST, octroi and service tax and now, it is all only one GST and this has helped for us to do business across the country with ease. All the organization has GST registered, it is clear for us to transact with them all with much ease irrespective of any state. We had to file and submit central excise duty separately, VAT separately which was taking a lot of effort and time. We also had our partners and customers with C form where we had to send our material with CST and we had to get the C form from them which used to take months together depending on the state for us to get it to file back in the system. Now, our billing is made easy with one GST number in place."

Commenting on ease of doing business,

Tally leads the way to make India GST compliant

With more than 5 million GSTN registered businesses under its wings, Tally Solutions, the premier Indian software company has set its sight on helping businesses across the board with GST compliance. The government estimates that around 9 million businesses will fall under the GST net. This coupled with the importance of technology in the GST regime has got software vendors smacking their lips. However, Tally has chosen a slightly different path compared to its peers. The company has been working extensively to not only equip businesses with the right technology for GST compliance but empower them with knowledge of how GST works. These efforts date back to August last year, when GST was announced.

The first among its GST awareness initiatives was the launch of an exclusive blog on GST (blogs.tallysolutions.com). The blog houses over 100 rich articles on GST law, rules, policies and procedures. It also has posts on impact of GST on various types of businesses and opinion columns by eminent representatives of the industry. All articles in the blog are available in Hindi, Marathi, Gujarati, Tamil, Telugu & Kannada so that the reach out can be effective. The blog has so far had a whopping 33 million + page views.

Following closely on the heels of the blog was an exclusive mobile app of Tally for GST which is essentially GST in the pocket for businesses. The app is available both on the Playstore as well as the App Store and apart from the knowledge section, it has a news tab which keeps the user updated on all GST developments, a quiz for people to test their knowledge and provides a simple way for existing Tally customers to move to the GST ready version of Tally. The app has been downloaded more than 2 lakh times already and was recently one of the featured apps on the Playstore.

Tally has also been driving several GST awareness events across the country to help businesses understand the nuances of the new law. To ensure effective reach out, the company collaborated with associations like CAIT (The Confederation of All India Traders), FAIDA, CII, ASSOCHAM among others and has so far conducted more than 5000 events across the country. The events saw healthy participation with more than 3 lakh business owners getting benefitted. The company worked closely with its 20000+ strong partner network for these events.

Tally has also been working closely with Chartered Accountants, Tax Practitioners, Tax Consultants and accountants in a bid to help their clients with GST compliance. They have sought domain expertise from this community for their events while handling



Tejas Goenka
Executive Director
Tally Solutions

Key Highlights

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- All articles in the blog are available in Hindi, Marathi, Gujarati, Tamil, Telugu & Kannada so that the reach out can be effective. The blog has so far had a whopping 33 million + page views.
- Tally has conducted several GST awareness events across the country to help businesses understand the nuances of the new law.
- Tally.ERP 9 Release 6.0. The product promises GST billing from Day 1, accurate invoicing and returns and simple and easy setup for new users.
- Tally has built a robust online help portal, help.tallysolutions.com where users can easily get their queries answered through self-help guides, videos and documents.

the technology bit themselves. With a view to create a pool of GST knowledge and bring members of the community together, the company launched an exclusive online portal, community.tallysolutions.com which hosts a GST knowledge sharing platform, authored articles by CAs and interactions with eminent tax practitioners. Tally firmly believes that the community will play a key and active role in making India GST compliant.

As the country moved closer to the launch of GST, Tally had been up to doing what it has done so well over the years. Creating a simple, easy to use and reliable GST product for businesses. A week before the launch, Tally launched its GST ready version, Tally.ERP 9 Release 6.0. The product promises GST billing from Day 1, accurate invoicing and returns and simple and easy setup for new users. To enable their existing customers to move to the new version with ease, Tally has built a robust online help portal, help.tallysolutions.com where users can easily get their queries answered through self-help guides, videos and documents. On the day of the creation of this article, Tally's GST ready version had been downloaded more than 1.5 million times and more than half of Tally's customers had moved to this release. To extend on-ground support to its customers and other businesses alike, the company plans to hold 7000 Tally GST Camps and Kendras across the country where people can get their Tally upgraded, buy a new license and even seek GST knowledge. To help businesses who have been using manual methods of book-keeping, Tally in association with Acer India and CAIT launched Biz Guru, a one stop plug and play solution for accounting and GST compliance. Biz Guru couples Acer's robust hardware along with pre-installed GST ready Tally.ERP 9.

A few months back, Tally also qualified to become one of the 34 qualified GST Suvidha Providers (GSPs). This will allow the company to extend GSTN connectivity services to tax payers in a seamless manner. Tally's next major version of its GST product will have the benefits of GSP embedded in it which will further simplify the lives of business people.

A recent study conducted on GST preparedness among SMEs revealed that more than 65% of businesses have not yet adopted a GST software while 22% of them are deeply concerned about technology adoption for GST. Further, more than 40% admitted to not having adequate GST knowledge. However, Tally's efforts in educating businesses across India on GST and equipping them with simple technology products are going a long way in narrowing these gaps and the aspiration of a GST compliant nation seems on track. ■



"Well, it's a good initiative taken by Indian government and the industry is talking it nicely as well. The movement in the market with respect to goods is definitely slow for now, that is because of the revision in input costs for all segments and then further the trickle down effect results in change of the output cost. This in entirety causes a delay in movement"

Pulkit Punj
Director
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"We had several tax types paid before GST as we had central excise, VAT, CST, octroi and service tax and now, it is all only one GST and this has helped for us to do business across the country with ease. All the organization has GST registered, it is clear for us to transact with them all with much ease irrespective of any state. We had to file and submit central excise duty separately, VAT separately which was taking a lot of effort and time"

Sridharan Mani
CEO, American Megatrends India



"We see Make in India initiative getting a direction through the introduction of GST. As GST would breakdown the barrier of state tax regulations, companies in various sectors would be able to create manufacturing hubs across the country and can focus on pan-India operations looking from an overall economy perspective"

Chandrahas Panigrahi
Business Head and CMO
Acer India

Sudhindra Holla, Country Manager, Axis Communications, India & SAARC, said, "Initially, there will be short-term challenges for all industry verticals but later on it will help in facilitating a level-playing field to all businesses and also providing transparency and promoting ease of doing business."

"With the implementation of GST, we see the graph of PC adoption going higher in the coming months. From the past couple of months, our team was working towards developing GST-enabled machines; we have introduced a range of desktops, laptops and AIOs, which are GST ready. We see this as a huge opportunity to assist start-ups, businesses and trades in adopting this change and growing with economy by utilizing technology at its best for running their business and being GST compliant," says Chandrahas Panigrahi, Business Head and CMO, Acer India.

Talking about ease of doing business, Harish Naidu, Head – Finance & Legal, LatestOne.com, says, "We are inventory-based online retailer and GST will benefit us tremendously as it allows to adjust various input taxes against the taxes collected from the end-customers. We were at a disadvantage earlier as we were forced to absorb several components of input tax as costs with little or no chance of adjusting these CENVAT credit at a future point in time. With GST rollout, we can now adjust CENVAT credit carried forward, which will improve our cash flows."

"GST is likely to reduce the cost of production and make goods cheaper for consumers, simultaneously increasing the competitiveness of Indian export on international platform," says B Madhav Reddy, Chief Executive Officer – eGovernance, Karvy Data Management Services Limited. "With this stable and transparent tax structure in place, foreign investment is likely to grow in India which in turn will create significant job opportunities. As an individual tax payer, I

must say "Welcome GST."

Challenges in GST Implementation

Majority of large and medium companies have completed their GST implementation but are facing minor issues as they are yet to understand one tax regime in toto, understanding of complete GST process is also a time taking process as both system as well as process are new so there is lot of focus on training at different levels.

Speaking about operational challenges in implementing GST, Chandrahas Panigrahi, Business Head and CMO, Acer India, said, "With GST already implemented from 1st July, corporates have been fretting over the four sets of rules on transition, input tax credit, composition and valuation. Then, there is the requirement of fitting your items under the four tax slabs – 5%, 12%, 18% and 28% – which may evoke contrasting emotions. The government, has also initiated the GSTN under which business and traders will have to register themselves.

Corporates have to be deft to execute a comprehensive strategy for the new taxation regime."

"Further, corporations have to also establish robust processes and systems to ensure master data changes, rates and rules maintenance, accurate determination of tax, integration with various upstream and downstream systems, so that compliance is effectively managed with a long-term perspective," added Panigrahi.

Commenting on challenges, Sudhindra Holla, Country Manager, Axis Communications, India & SAARC, said, "The GST system is easy to implement. But we had to understand the tax breakup and the categories our products fall under. We also had several discussions with the partners to clear the doubts on billing

and taxation; now they are ready with the new process. Another challenge faced by our partners was regarding the CVD and customs duty benefit, which have been cleared by removing most exemptions on input taxes to align with the GST regime."

"Since the rules and rates under GST were undergoing constant changes until last minute of roll out, we had to anticipate and prepare various scenarios to assess the impact of GST on our accounting, IT Systems, cash flows and product pricing. Our IT Systems had to be completely changed in line with GST rules," says Harish Naidu, Head – Finance & Legal, LatestOne.com.

Commenting on GST challenges, Asoke K. Laha, President & CEO, Interra Information Technologies, said, "I do not think in our case we face too many challenges in GST. We are into software development and provide software services to clients in and out of India. What is needed is only to take note of the GST implication in prices and taxation. GST tax rate for software developers is 18% with full Input Tax Credit."

Talking about GST implementation challenges, Sridharan Mani, CEO, American Megatrends India, said, "We had to conduct a session on GST for our staff so that they had a firsthand information about GST. Also, we found it challenging to get the GST registration details of our vendors and our customers and update the same in our database."

GST and Future Business

In India, the logistics sector is fragmented but contributes approximately 13-14% of India's GDP. The rollout of GST effective July 1, 2017 would have a positive impact on the Indian logistics costs. With the new GST regulation in place, logistics companies can now adapt hub-

"GST will make systems more accountable and governance more open and transparent..."



Rajan S. Mathews
Director General, Cellular Operators' Association of India (COAI)

How is GST a significant milestone for the Indian economy?

GST is a historic and path-breaking taxation system, and the telecom industry wholeheartedly supports it. It will truly introduce the long-desired structure of One Nation-One Tax and put India at par with several other nations and strengthen the federal structure while allowing businesses to grow without the hindrance of multiple tax structures. For the telecom industry specifically, which operates out of 22 telecom circles, GST will introduce a more streamlined structure of taxation. In the long run, the telecom players can reap the benefits both in terms of time and tax saved.

The industry, while welcoming this iconic reform, has also requested the government to lower the tax rate from 18% to at least 12%, as telecom is an essential service and currently the industry is in extremely poor financial health. Also, with the Inter-Ministerial Group (IMG) taking up the issues related with the financial health of the telecom sector, it will be prudent that the sector is given due relaxation so that it can come out of its present woes and the market can mature as it moves from voice-led to data-driven.

COAI members have implemented GST. Please explain?

Yes, we have all implemented GST, and are fully aligned with the government. The industry has been preparing itself for this for the past year in all earnest, and we are confident that

any issue which crops up during the process of implementation will be handled with due expertise and maturity. The industry also strives to provide the best possible services to the consumers, while contributing wholeheartedly to the national goals and the Prime Minister's vision of Digital India. It must be noted here that our members have been working very hard and these efforts have only intensified over the past many months to ensure a smooth rollout of this unique taxation system.

It is, indeed, a unique opportunity for all of us to participate, and we will make our best possible efforts to ensure that everything goes as planned, and with as little issues as possible.

What were the operational challenges in implementing GST?

For the telecom industry, the biggest challenge perhaps was to put in place mechanism which will ensure a smooth transition and minimum hassles for our billion-plus consumers. All the telecom operators, therefore, started working towards this goal in all earnest, and some of the best brains were made responsible for the smooth execution of this herculean task.

However, there are a certain operational issues that we are still grappling with. These mainly relate to the fact that for telecom services the country is divided into 22 circles or service areas, while GST is mapped to 29 states, and seven union territories. Dichotomy between the area covered by telecom circles and state boundaries would create significant IT and accounting challenges for operators. There are also issues regarding billing across overlapping states, circles and operators.

In many cases, tax has already been paid on existing stock. But under the new regime, telcos will have to pay tax on MRP at the time of supplying to channel partners. Accordingly, we have requested that credit for tax paid on vouchers be allowed or be exempt from GST.

Similarly, there are a number of other areas where there is lack of clarity. We have specifically requested that the government gives more clarity on issues like determination of transaction value for tax, self-supply of services based on state-wise registrations and various components related to admissibility of input tax credits.

The industry is committed for a seamless execution and to continuing to work with the government for an early resolution.

How has GST implementation helped telecom operators in terms of ease-of-doing business?

In the long run, it will definitely help the telecom operators. While GST will save a massive amount of man hours, it will also help us save money, which we used to pay under several tax heads. GST has always been a system to look forward to, by the business community and for an industry like telecom which operates on pan-India level, it is an ideal system, helping

overcome multiple, cumbersome, separate tax compliances required by individual states.

How will digital transactions through GST help in increase in business for the company?

Digital transactions are going to be the way forward for doing business very soon. For businesses which operate in volume and big numbers, it provides easy access to the data and helps streamline the cumbersome taxation process. GST will make systems more accountable and governance more open and transparent, thus easing business processes all around.

How will GST support "Make in India" initiative in the long run?

GST will put in place the much-needed and robust taxation process and will bring the whole country under a single unified tax system. It is an ideal system to have, when we talk about corporates from other countries coming to India for setting up their production base. It enhances the rate of investment and eliminates any taxation and regulatory errors in the future, thereby facilitating ease-of-doing business in the country as well and making India a more investment-friendly destination. This is critical for telecom as a sector in which 100% FDI has already been allowed by the government.

What are the future challenges with respect to GST which needs to be implemented as per government regulation?

The fact is that, even at the current rate, the tax rate is much higher in comparison to other countries. Singapore has a GST rate at only 7% on telecom services, Malaysia 6% and Australia 10%. Telecom services are a key to the country's economic growth and fulfilling the government's marquee programmes like Digital India. We had requested that ideally, the rate be fixed at 5%. But unfortunately contrary to our submission the tax has been raised to a rate of 18%, from 15%. This will have an additional crippling effect on the industry, if other forms of relief are not provided. The additional costs involved in implementing the new tax reform, coupled with the higher rate, are also likely to slow down the planned rollout of communications infrastructure across the country. Further, there are challenges of IT compatibility which are still being addressed.

Telecom is an essential service and it needs timely interventions and favourable policies so that these services are able to reach everyone. It has been the industry's continuous endeavour to connect the unconnected, deliver government services to every corner of the country and support the vision of Digital India. We are fully committed to the Prime Minister's goals for a better, connected, developed and empowered India.



"With today's custom duty increase on CBU imports of mobile handsets, the government has shown its intent to support Make in India initiative. We are thankful to government for this bold step just before implementation of GST"

Rajeev Jain
Director & CFO
Intex Technologies



"We believe GST is capable of generating a more stable source of revenue for the nation. This can happen if we make this tax regime real-time, effective and transparent, for which businesses will have to go digital. Our view is that GST is not a tax problem but a technology issue"

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"We were at a disadvantage earlier as we were forced to absorb several components of input tax as costs with little or no chance of adjusting these CENVAT credit at a future point in time. With GST roll out we can now adjust CENVAT credit carried forward, which will improve our cash flows"

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Head – Finance & Legal
LatestOne.com

based warehouse system rather than spoke-based warehouse system before GST. This will bring down inventory costs, improve operational efficiency and also fuel savings. All this will benefit end consumer as all these costs will be passed to the bottom of the pyramid.

"With the current regulations demanding the logistics companies to make every transaction digitally for better tax regulation, the huge emphasis would be laid on the new-age technology which will be the key driver. To make the most of the GST regulation, logistics companies should adopt a holistic approach in integrating the 3PL partners and the third-party

technology solutions, for building an agile and cost-effective supply chain," says Kushal Nahata, Co-Founder & CEO, FarEye.

"Integrating with IT providers that are flexible, scalable and future-oriented solution will drive the designing and execution of complex.

"Supply chain cycles, project management and inventory reduction in addition to on-time delivery. Complete integration with IT increases visibility and cost cutting by almost 22%," added Nahata.

GST to support Make-in-India Initiative

Prime Minister Narendra Modi's Make-in-India project definitely benefits in big way with the implementation of GST pan India. The simplification of tax structure, customs duty increase on CBU imports of mobile handsets and easier compliance model makes it easy for foreign companies to set up manufacturing base in India.

Commenting on GST to support Make-in-India initiative, Chandras Panigrahi, Business Head and CMO, Acer India, said, "We see Make-in-India initiative getting a direction through the introduction of GST. As GST would breakdown the barrier of state tax regulations, companies



"Initially, there will be short term challenges for all industry verticals but later on it will help in facilitating a level playing field to all businesses and also providing transparency and promoting ease of doing business"

Sudhindra Holla
Country Manager
Axis Communications,
India & SAARC



"Security will play an important role in helping organisations adopt GST and Forcepoint with its human-centric security approach can help organisations adopt new systems and technologies to take their business forward"

Surendra Singh
Country Director
Forcepoint



"GST is expected to reduce the tax burden of multiple taxes on the manufacturing sector in India by putting in place a single, simplified tax structure. GST is likely to improve the potential for foreign investments into the manufacturing space, injecting capital into the sector"

Sashank Rishyasringa
Co-Founder
Capital Float



"GST will definitely help push the Make in India agenda. We believe that one of the major impediments to running a smooth business, especially in the manufacturing sector is an uncertain and unpredictable tax regime. Simplification and reduction in tax burden should help both the producer and consumers of goods & services. This will not only make the market more conducive, but even more competitive"

Vineet Grover
Vice President
Paxcel



"In my view the biggest challenge would be to prepare us to implement the new regime. India being a vast country and with a plethora of traditional tax systems in various states and products simplifying and recoding is going to take some time and commitment both for the government and the manufacturers and service providers"

Asoke K. Laha
President & CEO
Interra Information Technologies



"With the current regulations demanding the logistics companies to make every transaction digitally for better tax regulation, the huge emphasis would be laid on the new-age technology which will be the key driver. To make the most of the GST regulation, logistics companies should adopt a holistic approach..."

Kushal Nahata
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in various sectors would be able to create manufacturing hubs across the country and can focus on pan-India operations looking from an overall economy perspective."

"With today's customs duty increase on CBU imports of mobile handsets, the government has shown its intent to support Make in India initiative. We are thankful to government for this bold step just before implementation of GST," says Rajeev Jain, Director & CFO, Intex Technologies.

"Till now, it was difficult for foreign companies to manufacture in India due to the uncertain tax regime. With GST, more foreign players will consider India as a manufacturing hub, which will support the Make-in-India initiative. With easier compliance model, the businesses will be able to set up base here with ease. GST will also boost job creation and strengthen the current workforce in manufacturing, FMCG, IT, telecom and e-commerce fields," said Sudhindra Holla, Country Manager, Axis Communications, India & SAARC.

Talking about manufacturing in post-GST regime, Sashank Rishyasringa, Co-Founder, Capital Float, said, "GST is expected to reduce the tax burden of multiple taxes on the manufacturing sector in India by putting in place a single, simplified tax structure. GST is likely to improve the potential for foreign investments into the manufacturing space, injecting capital into the sector. There is no dearth of human resource in the country and with increased capital investments, manufacturers will get the necessary boost to compete with multinational companies as well as explore the possibility of increasing exports to foreign shores. An additional advantage of increased investments is an immediate surge in jobs and hiring."

"GST will definitely help push the Make-in-India agenda. We believe that one of the

major impediments to running a smooth business, especially in the manufacturing sector is an uncertain and unpredictable tax regime. Simplification and reduction in tax burden should help both the producer and consumers of goods and services. This will not only make the market more conducive, but even more competitive," commented Vineet Grover, Vice-President, Paxcel.

Future Challenges

Implementing large transformation project in 29 states and 7 union territories and catering to a population of 1.25 billion is not an easy task. So there is bound to be some problem but the question is how fast these problems can be rectified. The challenge before GST Committee is to see to it that how fast they can reduce the rate of goods and services tax so that they can create more demand in the market due to reduction of

cost with respect to goods and services.

Commenting on the challenges, Chandrahas Panigrahi, Business Head and CMO, Acer India, said, "There are few challenges, which the government might face: Lowering of threshold limit should not be a 'taxing' burden on small businessmen in the country; GSTN should have a robust IT backbone; tax administration staff at both centre and state to be trained properly in terms of concept, legislation and procedure; additional levy on GST would defeat the very purpose of GST in the country if states charge additional levy."

"Like any game-changing plan GST which brings 'one country one tax' policy has challenges to overcome. In my view, the biggest challenge would be to prepare us to implement the new regime. India being a vast country and with a plethora of traditional tax systems in various states and products simplifying and recoding is going to take some time and commitment both for the government and the manufacturers and service providers," says Asoke K. Laha, President & CEO, Interra Information Technologies.

Commenting on cybersecurity challenge, Surendra Singh, Country Director, Forcepoint, said, "We believe that GST will significantly enhance the ease of doing business across India through reduction in multiplicity of taxes and simpler tax regime. Given the significant increase in financial information that will now be available across sources. It is expected that organizations would need to protect their critical business data as they adopt new technologies. Security will play an important role in helping organizations adopt GST and Forcepoint with its human-centric security approach can help organizations adopt new systems and technologies to take their business forward." ■



B Madhav Reddy
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