

GST Implementation and its Benefits

GST



Reaching out... through IT®

GST Implementation

The current indirect taxes structure in India is highly complex. The complications are due to multiplicity of taxes at different rates and at multiple points. Both the central and state governments levy numerous types of taxes on goods and services. This causes a cascading effect that aggregates to an unsustainable huge tax cost for the manufacturing sector and has effectively deterred foreign companies from setting up manufacturing centres in India.

The Government of India is replacing all indirect taxes charged on the goods and services and implementing the Goods and Services Tax (GST). GST is a comprehensive tax levied on the manufacturing, selling and consumption of goods and services at the national level. It will substitute all indirect taxes levied on goods and services by the central and state governments. Introduction of GST will be a game changer in the Indian economy leading to ease of doing business. GST will comprise of both Central Goods and Service Tax and State Goods and Service Tax. The primary objective of GST is to lessen the complication of using many number of taxes by shifting the tax burden from production and trade to final consumption. This will improve upon the tax compliance and encourage more unregistered manufacturers / businessmen to come into the simpler form of indirect taxation. The tax burden will be reduced due to the uniform and transparent tax structure. GST will simplify administration, improve compliance, and remove alterations in production, trade, and consumption.

As a technology pioneer, SAP is playing a key role in the transition and enablement of GST. With SAP solutions, Indian enterprises can now embrace GST with minimal interruptions to their business operations.

Key Benefits

- **Simpler and efficient** – Implementation of GST will replace all the indirect tax levies and overcome its shortcomings. GST will provide a lean and simple, efficient, and uniform tax structure
- **Revenue will improve** – The Indian market will be integrated and this will lower the costs incurred in business. It will help in continuous movement of goods across various States and reduce the transaction costs
- **Manufacturing will increase** – The manufacturing sector will boom and more competition will persist as GST will address cascading of tax, inter-state tax, high logistics costs and fragmented market
- **Removal of cascading**: The seamless tax-credits throughout the value-chain, and across boundaries of states would remove cascading of taxes. This would reduce the hidden costs of doing business

- **Advantage to manufacturers:** The division of Central and State taxes in GST will reduce the cost of locally manufactured goods and services. This will increase the sale of Indian goods and services in the global market, boosting exports
- **Controls leakage of tax:** The robust IT infrastructure will induce better tax compliance of the public. The inbuilt structure of GST will track the adherence of tax compliance by traders at every stage
- **Transparent tax structure for the value of goods and services:** The multiple indirect taxes levied with incomplete or no input tax credits has increased the cost of most goods and services. With GST implementation, there will be only one tax levied by the manufacturer to the consumer
- **Relief from tax burden:** Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down benefitting the manufacturers

Implementation of GST will have direct impact to the dynamics of Indian Economy. The simplicity of tax structure and its transparency will increase the number of businesses. The transparent tax structure of GST will be a boon to the manufacturers and traders. GST will have a positive impact on the revenues and GDP.

HTC Global Services is an authorized SAP Services Partner with 15+ years of SAP implementation and support experience. Our association with SAP, technical and domain expertise of our resources enables us to implement GST without disrupting our client's day-to-day business operations

Our Experience

In Malaysia, HTC has implemented GST for quite a few clients in 2015. This has given us immense experience in the GST Compliance Project.

We have also successfully completed TAXINJ to TAXINN migration projects for a few clients recently in India. All these clients have contracted HTC for GST implementation in the coming months.

About HTC:

- Over 26 years of IT and BPO experience in providing cost effective and innovative services across domains for a wide spectrum of global 2000 customers
- Quality and information security processes compliant to SEI CMM Level 5, ISO 9001, ISO 27001 and PCI DSS standards
- Global presence, large delivery centers, talented professionals, capabilities across multiple technologies, platforms and domains

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