



WHAT'S NEW – GST Update

3rd August 2016(Tuesday) was historic day for India as the Rajya Sabha (RS), Upper House of the Parliament, passed with absolute majority, the 122nd Constitutional Amendment Bill (CAB) which introduces anxiously awaited Goods & Service Tax (GST). The passage of the CAB in RS will give momentum to the implementation of GST. It is a true political booster.

Way forward:

Following is the series of formalities required for final implementation of GST:

- I. CAB passed by RS, to be ratified by Lok Sabha – Expected to be tabled next week.
- II. Bill must be passed by at least half of the state assemblies
- III. Hon. President to give assent
- IV. GST Council to be set up
- V. GST Council to workout rate & key modalities
- VI. Respective states to pass their state GST laws & frame rules

Briefly, GST will replace various Central & State levies, prominent being Excise, Service Tax, State VAT, Central Sales tax, CVD etc. GST, in long run, is expected to make Indian business competitive, boost GDP, reduce compliance cost & litigation, bring transparency, increase revenue & widen organised sector.

Strong & robust GST Network (GST portal) is being firmed up & will be tested in October 2016 and will be launched in February 2017. Robust GSTN is a must for smooth functioning of GST.

Way forward for businessmen:

Businessmen at all levels will have to initiate following for smooth transition-

- i. Undertaking GST impact analysis viz-a-viz cost, sales price, margin, long term contracts etc..
- ii. Set up technological system & process to implement GST
- iii. Training modules for employees at various levels
- iv. Realign business models to suit GST

Considering positive political consensus & required measures, it is expected that GST will finally be implemented in first half of financial year 2017-18.

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