

GST: 12 Months > 12 Questions

GST - It's been a year now and everybody had his/her own experience to it. It must have been unique opportunity to witness and being a part of such a huge change and at the same time very challenging to manage the change itself. To better understand the past experiences and future expectations, we listed 12 questions in the form of an interview to run a series of such interview from our eminent members. In this series today we are publishing the views of **Sundeep Gupta, Partner - Accounting & Business Support, Indirect Tax, M/S ASA & Associates LLP**. The view expressed here are strictly personal.



1. As a corporate/consultant how do you rate the progress of GST implementation over the past one year, has the new tax regime settled in?

Ans: With a bumpy ride in the beginning, it has been a momentous journey this one year. The pro-activeness with which the government took remedial steps continuously, the outreach programmes conducted, the frequent meetings of the GST Council and the support of the business community, all put together made GST possible for India. Though it will take a bit more time to settle down, there should not be any deal-breakers here.

2. Going ahead what further simplification do you expect from the Government to make the compliance easier?

Ans: The GST law is not a simple law. Various complexities exist which, I am sure, will iron out in time. Having said that, reduction in the multiple tax slabs, easing out the HSN classification system, compliance requirements to be reduced and rationalization of blocked credits to provide a seamless input tax credit chain would be good to have in the immediate future.

3. In terms of interaction with the Central/State Tax officials what difference have you felt in the GST regime vis-a-vis earlier regime?

Ans: It is too early to say anything here. But, the attitude of the government authorities, State as well as Central, has been very supportive. Even though they still have to come to grips with the new law, as everybody else, their positive style of interaction surely helped the law to settle in.

4. Some key items which are still unfinished are invoice matching, simplified return and Reverse Charge Mechanism. What positive / negative impact it will have once these provisions are implemented?

Ans: All these, and many more, if rationalized, will have a positive impact, both for the industry and for the government in increasing the tax payer base. Invoice matching is the most crucial of all, as this is an attempt by India alone and no other country has gone for such a matching concept as of now. All in all, these measures should not only make compliances easier, they should also boost tax revenues.

5. What changes you do expect in tax slabs?

Ans: Well, to begin with, the number of items in 28% slab should be reduced to have only the so called luxury or sin goods, as was conceptualized. Further, the two slabs of 18% and 12% could be merged at around 15~16%. However, this is expected to happen only once the tax collections stabilize at the levels of one lakh crore per month on an average.

6. The Monsoon Session of the Parliament is round the corner and there are reports of various amendments in GST Law. What changes do you foresee and what is your wish list?

Ans: Personally speaking, there have been enough and more changes over the past one year. And for a new law like GST having rampant ramifications across geographies, sectors and industry, to grapple with the new law and to understand and keep pace with changes was itself nightmarish. But resilience at all levels paid off well. Now, that the law has settled down quite a bit, I would not recommend any major changes by the Parliament.

7. Due to implementation of GST what impact have you experienced in terms of people, processes and pricing (Specific to your industry segment or in general)?

Ans: Being part of the consulting services industry, there has been an increase in costs marginally due to the rate going up from 15% to 18%. This, of course, has partially been offset by certain incremental tax credits, though the overall impact has been minimal for the service sector in general.

8. Some of the key GST enablers were Anti-profiteering Authority and Advance Ruling Authority. How useful they have been in there role as facilitator?

Ans: The Anti-profiteering Authority has delivered quite a few judgements, and contrary to general perception that they would be pro-revenue, the Authority has dealt with the issues

judiciously. The Advance Ruling Authorities have delivered more than 150 odd judgements, and since there have been contrary views taken on same issue by different State Authorities, it has led to great confusion. The government is on the right path in thinking of setting up a Central Authority for Advance Ruling. An additional suggestion would be to make the ruling by the Central Authority applicable to the entire country and not just to the parties concerned. Of course, an appellate procedure to the Central Ruling should exist. This would reduce litigation drastically. There have also been cases where the interpretation of law borders on absurdity and this should be dealt with expeditiously by the Finance Ministry by timely issue of notifications/circulars.

9. Tax evasion was a major issue for Revenue. Do you think that the Government has been successful in checking this menace?

Ans: The number of cases and amount of evasion being caught and reported in the media itself is a clear indicator of the success of GST and e-way bill regime. Going forward, the unscrupulous parties would find the going very tough to continue with their ways.

10. Refund was major issue for exporters. Whether the Government has done enough to tackle the issue? What further measures need to be taken to streamline the Refund process?

Ans: The Government leapt to the need of the hour at the plight of the exporters and brought in various measures to provide the relief by way of refunds to exporters. Though there were quite a few sleepless months, it is to the credit and kudos of the industry that it supported this momentous tax reform and continued support to the government. Government, for its part, held various camps and notified refund "periods" to quick clearance of the backlog. Going forward, the refund process is surely expected to become seamless.

11. Which are the thorny issues that industry still needs clarification?

Ans: Any law like GST will not be free from thorny issues. Having said that, to make the law simple, the Government should focus on removing ambiguities viz. HSN classification of goods and services to be rationalized, concepts of mixed and composite supplies to clearly defined, taxation of cross-border transactions amongst others.

12. Whether litigation will be more (or less) under GST compare to earlier regime? Kindly elaborate.

Ans: Under GST regime, litigation is expected to reduce compared to earlier. This is due to the very fact that now there is one law whereas earlier we had multiple laws at multiple

tiers of State and Central Governments. 17 odd laws were subsumed into GST, and this should surely help in reducing litigation. Having said that, due to various complexities, litigation in the initial few years is expected to be high once assessments begin post January 2019.

PART B. FRAME YOUR OWN QUESTION

13. One question that we have missed to ask in this Questionnaire. Please frame your own question.

Question: *Should petroleum and petroleum products be brought under the GST fold?*

Answer: *Inclusion of petroleum and petroleum products will pave the way for rationalization of input tax credits and enhancing coverage of GST in a significant way. However, due to revenue constraints, the State Governments are reluctant to go in for it now. The only way out seems to be increased tax payer compliance leading to greater revenues and this will then come back to benefit the tax payers with reduced rates of taxes.*

*Acknowledgment: Sundeep Gupta, Partner - Accounting & Business Support, Indirect Tax,
M/S ASA & Associates LLP*