



**PROFESSIONAL OPPORTUNITIES FOR CAS IN GST REGIME
&
ISSUES FACED BY INDUSTRY IN GST IMPLEMENTATION**

By:-

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There is a Japanese proverb that literally goes *“Raise the sail with your stronger hand”* – means you must go after the opportunities that arise in life that you are the best equipped to do.



Goods and Service Tax (GST) will radically change the way business is done in India. Professionals who render services to businesses will face a different practice environment in new tax regime.

Because of this, it's crucial for both dealers and professionals to understand the winds of change and prepare themselves for unfolding opportunities and impending threats.



GST will have an extensive effect on every parts of the business operations in the nation, for example, evaluating of items and administrations, inventory network improvement, IT, bookkeeping, and duty compliance frameworks.

Those who have Service Tax, Excise duty, VAT, custom duty, etc in their blood will now, have to take vaccination against GST. GST is not a virus to be afraid of; it is an opportunity to be tapped **by CA professionals** in reformed economy, and contribute towards transparent and developed nation. In thrive to survive in this competitive world, we have to stay updated.

As rightly put by our Finance Minister Shri Arun Jaitley during a debate in Rajya Sabha, the GST could indeed add up to **“1-1.45 per cent to the GDP directly affecting employment”**. It is estimated that India will gain \$15 billion a year by implementing GST.



Since the tax professionals – Chartered Accountants, are at the heart of the tax compliance system, they are bound to be impacted in a positive way by this big ticket taxation reform. The emerging GST scenario is full of special significance and vast opportunities for the Chartered Accountants.

The benefits to professionals in learning and providing services in GST are as under:

- **Retain existing** clients by providing the initial services to transit and comply with GST.
- Get many **new clients** shifting from those consultants who are not updated with GST.
- Increased/ wider basket of services; **expand the firm** capability.
- **Increased fees** due to increased work & time requirement especially in regular compliance and consultancy.
- Get familiar with the different IT being used in business including accounting which may need **changes** which would take some time.



▪ Add value to the SME clients **prior to and at the time of transition** in the following ways:

- Ensure that the business of client **continues** without disruption.
- Business **changes** necessary, if any.
- Ensure the **margins** in business are **protected** due to advance information.

▪ GST Ready Clients will get business advantage – more orders, smooth and fair cost cuts from customers, reduced prices from vendors, - **win-win possibilities**. Ensure Top 5 advantages in GST to:

- Trader
- SSI Units
- Job workers in GST
- Service provider clients under GST
- Works contractor clients in GST
- A transport clients in GST
- A hotel clients in GST



- How to ensure that **past compliances** are there to avoid demand and disputes later?
- Whether and how to sanitize and optimize the **claim of credit** for the past?
- How to deal with **doubtful credits** of the past?
- How to calculate the time limits under VAT/CE/ST for **availment of credit**?
- **Maximize credit** by stock taking and certification of claim under GST for stocks in hand?
- How to decide whether to withdraw claim of **refund of accumulated credits**?
- **Cutting off transaction** pre & post GST or extending into GST if advantageous.

- Decide whether to continue being an 100% **EOU** or **STPI** etc in the light of GST?
- **Review** the **export benefits** available once again.
Many many more...

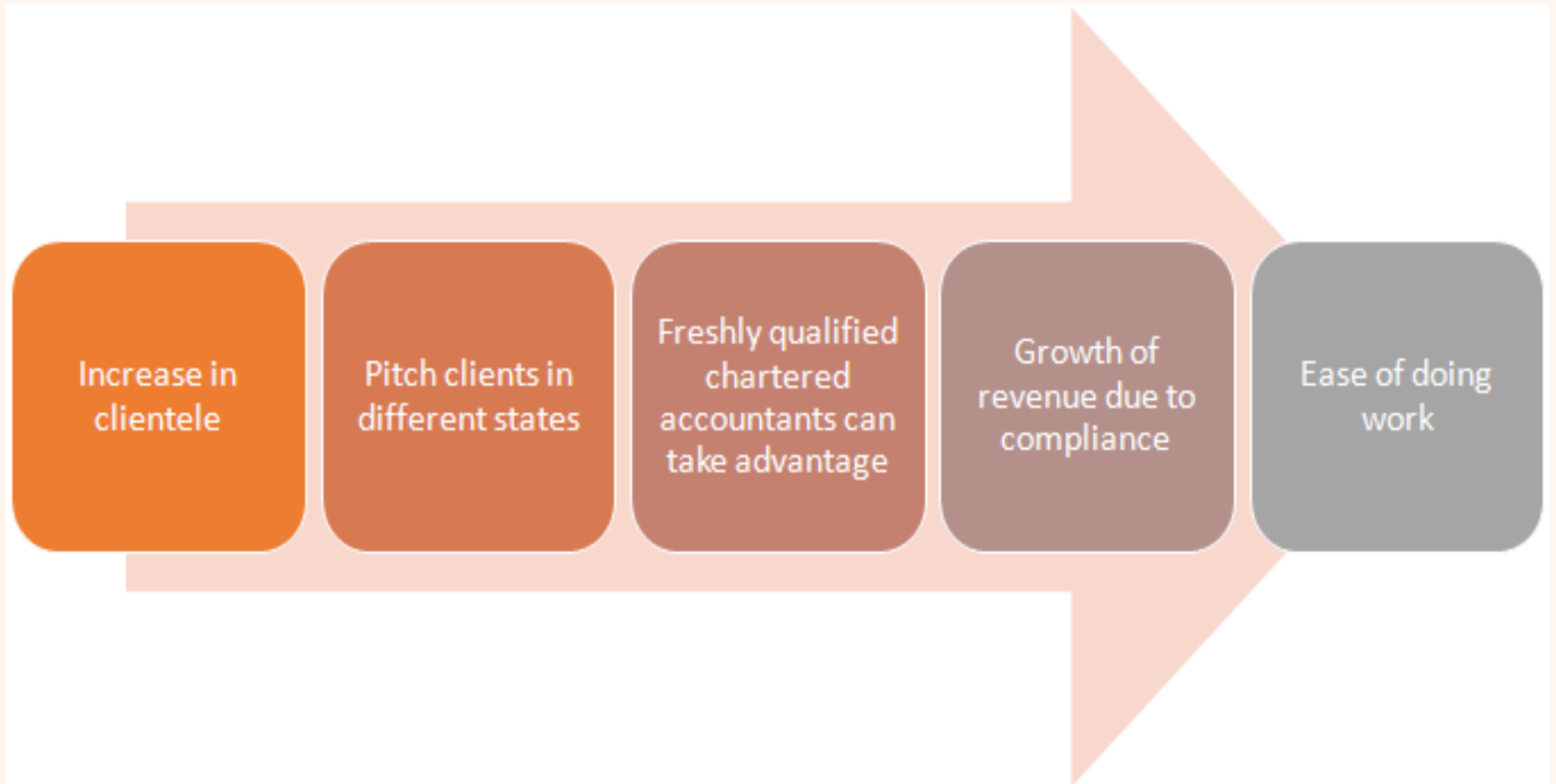


CAs can provide services like:

- Engage in study of selling and distribution patterns / chains
- Helping the assesseees with assessments & litigations etc.
- Offering support with GST implementation
- Transitional Study and system change
- Optimisation of taxes
- Purchase / sales patterns
- Filing of returns
- Impact analysis
- Contract vetting
- Systems study
- Compliances



How GST will actually help?



Professional Opportunities for CAs:

Implementation of GST will bring in many professional opportunities for Chartered Accountants. Some of the opportunities as provided in the Central GST Act, 2017 and GST Rules are as under:

- **Section 35(5)** of the Central Goods & Services Tax Act, 2017 provides that every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under subsection (2) of section 44 and such other documents in such form and manner as may be prescribed.

▪ **Section 66(1)** of the **Central Goods & Services Tax Act, 2017** provides that If at any stage of scrutiny, inquiry, investigation or any other proceedings before him, any officer not below the rank of Assistant Commissioner, having regard to the nature and complexity of the case and the interest of revenue, is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits, he may, with the prior approval of the Commissioner, direct such registered person by a communication in writing to get his records including books of account examined and audited by a chartered accountant as may be nominated by the Commissioner.



▪ As per **Rule 5 of Input Tax Credit Rules FORM GST ITC-01** – a declaration that assessee is eligible to avail of input tax credit on capital goods, in terms of clauses (c) and (d) of subsection (1) of section 18, needs to be shall duly certified by a practicing chartered accountant if the aggregate value of claim on account of central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees.



▪ **Form GST ITC-02** for **transfer of credit on sale**, merger, amalgamation, lease or transfer of a business as per Rule 6 of Input Tax Credit Rules needs to be accompanied by a copy of a certificate issued by a practicing chartered account certifying that the sale, merger, de-merger, amalgamation, lease or transfer of business has been done with a specific provision for transfer of liabilities.

- Form **GST ITC-03** for **declaration for intimation of ITC reversal on inputs**, inputs contained in semi-finished and finished goods and capital goods in stock under sub-section (4) of section 18 need to be duly certified by a practicing chartered accountant.



- **Rule 1(2) of GST Refund Rules** requires a **Certificate in Annex 2** of **FORM GST RFD-01** issued by a chartered accountant to the effect that the incidence of tax, interest or any other amount claimed as refund has not been passed on to any other person, in a case where the amount of refund claimed exceeds two lakh rupees.

Actions which can convert Challenges to Opportunities:

Key Challenges –operational issue under GST

- GST Compliance Rating:- Robust record base compliance viz. uploading sales detail, do the activity within prescribed cut off will give 360 degree view of working of business operations, whether financial or statistical.
- Government will have a macro view of Industry as a whole which will enable to assess overall impact on economy.
- GST will drastically increase volume of Refund claim and filing of voluminous Returns requiring help of professionals.

- Increase in type of ITC registers.
- Accuracy is required for return/records while preparing.
- Credit can be availed only if valid return is filed.
- CAs can spread awareness regarding implementation



Contingent Issues faced by the Industry:

Non-Admissibility of Input Tax Return

Let's take a very simple example; a company, ABC Ltd. has its business operations in the state of Delhi. Now, it wants to expand its presence in the nearby states like Haryana, Punjab and Rajasthan. For this, ABC Ltd. selects a team of Sales staff and sends them to Amritsar (Punjab) for exploring the business opportunities in the state of Punjab. Consequently, ABC Ltd. arranges accommodation in Hotel at Amritsar for their sales staff. Now, as per the aforesaid section, place of supply by the way of lodging accommodation by a hotel will be the location of such hotel, i.e. Amritsar (Punjab), consequently, hotel will charge CGST & SGST on the amount of tariff charges charged by them. Since, ABC Ltd. is registered in the state of Delhi, will not be entitled to avail Input Tax Credit of the amount of taxes charged by such hotel, therefore it will directly result into increase in cost.

Let's take another case of place of supply of services, suppose ABC Ltd. is a registered taxable person in Delhi. This company is engaged in manufacturing/production of electronics goods. To enhance technical skills of its core technical staff about a latest development in their field, ABC Ltd. proposes to send its technical team to a conference/Seminar, which is going to be held in Mumbai, Maharashtra. Ltd. has paid certain amount as Admission Fee and the applicable taxes thereon to the organizers of such Conference/Seminar.



Now, if we see in both of the above conditions, CGST portion will go to the Central Government and the Central Government itself is not allowing to take input tax credit in one state on the amount paid to it in the other state.
Presently, under ST Cenvat is allowed.



Composition Scheme is Not Available for Many Businesses

Composition scheme is available for only businesses selling goods. It is not available to service providers or for online sellers. This sets SMEs at par with large organisations in an unfair move.

Problems Faced by E-commerce

Nowadays, many SMEs operate through their own online shopping websites or through third party websites to sell to different parts of India. Under GST, they will be required to register for all the states. Not only that, they will not be eligible for composition scheme and will be required to pay taxes like any large organization. E-commerce facilitators are now required to collect TCS under GST which will lead to increased complications and compliances.

No Anti-Inflationary Measures

Every country that follows GST experienced a hike in inflation when they first introduced it. They countered the inflation by keeping tabs on prices and initiating anti-profiteering measures at the retail level to protect consumers from price swindling.

While there have been similar discussions in the GST council, India still does not have concrete anti-inflationary measures to curb the inflation that is an inevitable outcome of GST.



Concluding Remark

In both of the cases as referred above, if the Input Tax Credit of input services is not made available to the registered person, the basic principle of GST will be completely defying. It seems that lawmakers have completely erred to take into consideration such simple business practices. If not addressed properly, it will have cascading effect resulting into a increase in cost, directly affecting the bottom-line of business in GST era, therefore, for the sake of ensuring justification to the industry at large, these issues must be properly addressed.





Thank
you!!