

2020 Snapshot: GST Landscape in India

With this visual guide to GST, Thomson Reuters provides an overview of India's dynamic tax landscape—as well as recommendations for businesses that want to minimize compliance burdens and tax costs.

OVERVIEW

WHEN

India introduced Goods and Services Tax (GST) on 1 July 2017.

WHY

This groundbreaking tax reform – the largest since India's independence – was set in motion to replace more than a dozen federal and state levies. The aim of GST is to create a more simplified and uniform tax regime in line with international tax frameworks.

WHAT

GST is an indirect, multi-stage tax levied on the supply of goods and services, on every value addition.

IMPACT

This regime has created new operational and compliance hurdles for many businesses in India. The pace at which rules and rates change can be complex to navigate; and glitches in the GST Network (GSTN) portal have also been a challenge.



RECENT UPDATES

The GST Council has approved hundreds of amendments since GST law came into force. Here are just a few notable developments for 2020:

Mandatory e-invoicing:

Every registered person whose aggregate turnover exceeds Rs. 100 crores in a financial year will be required to upload e-invoices in the case of B2B supplies to the GSTN portal. The deadline was initially set at 1 April 2020 but has been deferred to **1st October 2020**¹.

Simplified GST returns:

The GST Council is also transitioning towards new, simplified GST returns RET-01, which include two annexures: GST ANX-1 (outward supplies) and GST ANX-2 (inward supplies). The GST council on its 39th meeting decided to introduce this system on **1st October 2020**².

¹ <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1606430>

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ARE YOU READY FOR A GST AUDIT?

In general, audits involve an examination of records, returns and other documents in order to evaluate the accuracy of the turnover declared, taxes paid, refunds claimed, input tax credit availed and so forth.

Companies need to be aware of and prepared for the following GST audits³:

1.

Audit by tax authorities as per section 65 of the CGST Act (2017)

2.

Special audit as per section 66 of the CGST Act (2017)

3.

Audit by an external chartered accountant or cost accountant in businesses with annual turnover exceeding the prescribed limit of 2 crores.

Important questions to ask:

Do we have well-documented GST policies and procedures?



Do my tax and accounting teams have the knowledge, skills and experience to fulfil their roles adequately?



Am I confident that I am meeting my registration, filing and payment obligations?



Make sure to:



Check there are no inconsistencies and/or anomalies in your accounts and records



Maintain records of production or manufacture of goods, inward and/or outward supply of services, stock of goods, input tax credit availed, output tax and other records required under developing GST regulations



Store copies of return forms, registration certificates, income tax returns, cost audits, internal audit reports, electronic credit/cash register, work order/purchase orders and other relevant information



Document your assumptions and interpretations of laws and regulations

As per GST law, these records should be retained for at least 6 years at the principal place of business.

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³ <https://www.pwc.in/tax-and-regulatory-services/indirect-tax/gst-audits-and-assessments.html>



LESSONS LEARNED

In general, audits involve an examination of records, returns and other documents in order to evaluate the accuracy of the turnover declared, taxes paid, refunds claimed, input tax credit availed and so forth.

GST rules are updated often:

Keep abreast of all regulatory developments via trusted sources and make sure you fully understand current and future GST compliance obligations.

Skill gaps can lead to penalties:

Train employees for effective GST management and compliance, with the help of a tax advisor if necessary.

Manual processes are risky:

Relying on manual approaches and spreadsheets for managing GST data and processes can be a drain on resources and lead to errors. It also limits visibility into GST-related activity. Tax technology can reduce effort and error through automation; and minimize risk.



ROLE OF GST TECHNOLOGY IN INDIA

Tax technology that's built for India's dynamic GST landscape can help you to manage the complexities of GST with efficiency and confidence.



WE CAN HELP

Thomson Reuters has a team of specialists who can help your organization to simplify GST compliance in India.

Get in touch today.

<https://www.thomsonreuters.in/en/products-services/tax-accounting/india-gst-ppc.html>