

Impact of GST 2.0 & Industry Preparedness

By -

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Major Products & Services in 12% & 28% bracket

❑ Exempt Industries –

- ❑ Goods - Liquor Industry/ Oil & Gas/ Agricultural Products / Food items/ Educational Industry / etc
- ❑ Services - Health Services/ Charitable Organizations/ etc

❑ 12% Goods – Solar and renewable Energy/ Agri-Equipment/ Umbrellas/ Medical Equipment/ Footwear/ clothes/ Packed Food Products (Nuts/ Grains, etc)/ etc

❑ 12% Services – Business Travel/ Certain Hotels

❑ 28% Goods – Cement/ Batteries/ Automobiles/ Parts of Automobiles/ Beverages/ Fridge/ AC/ Washing Machines

Preparation for Inward Supplies

- ❑ **GST Exempt Industry** should have a major impact on input costs and should try to make a list of all purchases of goods & services received by it and ensure that the rate benefits are passed on to them. Eg. like Liquor Industry/ Oil & Gas/ Agricultural Products / Food items/ Educational Industry/ Services - Health Services/ Charitable Organizations -
- ❑ **Other Industry** – Blocked ITC (Eg Mediclaim and Life Insurance) cost should be reduced; otherwise too Industry should try to make a list of all purchases of goods & services received by them and ensure that the rate benefits are passed on to them – **it may impact their proportionate ITC Reversals**
- ❑ **Traders** should ensure that once they reduce the rates, they also buy at reduced rates, otherwise they might have an inverted duty structure and future litigation
- ❑ **Item Master amendment** - Purchase register item-wise should be scrutinized for rate reduction and item masters in ERP should be ready for amendment
- ❑ **Inventory Management for Traders** – Traders whose goods rates are reduced should manage their inventory so as to ensure accumulated ITC is bare minimum
- ❑ **Contracts with suppliers and buyers may need to be renegotiated.**
- ❑ **Escalation/De-escalation clauses may be added via corrigendum**

Preparation for Output Supplies

- ❑ **Item Master amendment** – Sales register item-wise should be scrutinized for rate reduction and item masters in ERP should be ready for amendment
- ❑ **Pricing on Products** – Pricing models for outward supplies must be revisited to reflect revised sales price after reduced changes in GST rates.
- ❑ **Anti-profiteering Calculations** as per 2017 formats may be made

THANK YOU

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