Rethinking the Prospects and Challenges of Implementing GST in India

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Abstract—**Taxation is a fiscal tool used by the government to impose tax in order to raise revenue for the country. It may be direct or indirect in nature. The direct tax is imposed directly on the income earned by an individual and other financial entity. The indirect taxes are imposed indirectly on the goods and services such as excise duty, customs duty, central sales tax, value added tax, entry tax, luxury tax, etc. In India, the indirect taxes such as customs duty on imports, excise duty on manufacture and sales tax on the sales of goods which later became the Value Added Tax or VAT are imposed. A plethora of indirect taxes in the Indian tax structure cause the problem of cascading of tax. In order to solve the problems of cascading and bringing all the types of indirect taxes into one single tax regime the Government of India has proposed for the Goods and Service Tax (GST) Bill. The GST is a single comprehensive tax which will subsume all other indirect taxes. India's sixteen year long wait, for the mother of all tax reforms, Goods and Service Tax has been passed by the Indian Parliament giving a push to the reforms agenda of the nation. At this backdrop, introduction of GST will be regarded as one of the revolutionary step by the Government of India. This research paper rethinks about the prospects and challenges of implementing the GST and offers suggestion for smooth implementation of the GST in India.**

Keywords- Goods, Services, Indirect Taxes, Government, India, Value added Tax, GST

I. GOODS AND SERVICE TAX BILL IN INDIA: AN OVERVIEW

The goods and services tax (GST) will be a comprehensive nationwide indirect tax on manufacture, sale and consumption of goods and services. The objective is to make India a unified common market. GST will be levied at each stage of sale or purchase of goods or services. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, making it essentially a tax on only value addition at each stage. The final consumer will bear only the GST charged by the last dealer in the supply chain.

At the Central level, central excise duty, additional excise duty, service tax, countervailing duty, and special additional duty of customs will be subsumed. At the State level, state value added tax/sales tax, entertainment tax, central sales tax, octroi and entry tax, purchase tax, luxury tax, and taxes on lottery, betting and gabling will be subsumed.

GST will amalgamate several central and state taxes and mitigate cascading effect or double taxation. The tax burden on interstate logistics will be cheaper. Compliance will be easy and there will be uniformity of tax rates for industry. GST is expected to lead to easier administration and enforcement from the Government point of view. The administration of GST will be executed through two components- Central GST and State GST. Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. However, no cross utilisation of credit will be permitted.

The Constitution (122nd Amendment) Bill, 2014 will confer powers to Parliament and State Legislatures to make laws for levying GST. The Centre will levy and collect central goods and services tax (CGST) and the states will levy and collect the state goods and service tax (SGST) on all transactions within a state. The Centre's levy will be on all inter-state supply of goods and services. There will be seamless flow of input tax credit between states. Other taxes will be subsumed.

TABLE I. MILESTONES IN GST SAGA IN INDIA: JOURNEY SO FAR

Year	Proceedings
2000	Shri Atal Bihari Vajpayee, then prime minister of India, flags off discussions on the GST.
2004	A task force chaired by Vijay L.Kelkar, then advisor to the finance ministry, says the existing tax system suffers from many problems and suggests a comprehensive GST.
2005 February	In his budget speech, the then finance minister P.Chidambaram speaks about GST for both the centre and the states.
2006 February	Chidambaram sets April 1, 2010, as the date for introducing the GST.
2006 November	Parthasarthy Shome, adviser to finance minister Chidambaram, says states will have to take various reform measures to pave the way for the GST.
2007 February	The union budget for 2007-2008 retains the April 1, 2010 deadline for implementation of the GST.
2008 February	While reading out the union budget for 2008-09, the finance minister Chidambaram says, " I am also happy to report that there is considerable progress in preparing a roadmap for introducing the Goods and Service Tax with effect from April 1, 2010.
2009 July	India's new finance minister Pranab Mukherjee announces the basic structure for the GST.
2009 November	The committee under Asim Dasgupta releases its first discussion paper on the GST in the public domain.

2010 February	The government launches a mission-mode project for the computerisation of commercial taxes in states which is expected to lay the foundation for the GST.
2011 March	The Congress party-led government introduces a Constitution Amendment Bill in the Lok Sabha to implement GST.
2012 June	The Standing Committee begins discussion.
2012 November	Finance minister Chidambaram holds meetings with state finance ministers.
2013 February	In his budget speech, Chidambaram announces that the government has made provisions of Rs.9,000 crore for compensation to states.
2013 August	The Standing Committee submits its report to parliament. The panel approves the legislation with some amendments on the provision of tax structure and resolution mechanism.
2013 October	The Narendra Modi-ruled state of Gujarat opposes the bill.
2014 May	The Constitution Amendment Bill lapses with the dissolution of the 15th Lok Sabha. The same month, the BJP, led by Narendra Modi, is voted into power.
2014 December	Seven months later, India's new finance minister, Arun Jaitley, introduces the bill in the parliament.
2015 February	In his budget speech, Jaitley announces that the government is keen on implementing the GST by April 1, 2016 and hopes it will be cleared by parliament.
2015 May	The Lok Sabha passes the Constitution Amendment Bill to GST.
2015 August	The government is unable to push the bill in the Rajya Sabha.
2016 March	Jaitley says he agrees with the Congress's demand that the GST rate must not be above 18%.
2016 August	The Congress seems to finally agree with the Modi government after it agrees to the four broad amendments to the bill. On 3rd August the GST bill was passed by the Rajya Sabha with amendments. After moving to the Lok Sabha it approved on 8th August,2016.

GST will be the country's most comprehensive tax change since Independence and the single biggest reform initiative after the 1991 opening up of the economy. By turning India into a common market and unifying a plethora of levies, the Government estimates that GST will radically transform the $2 trillion economy and help boost GDP by upto 2%. Once implemented it is expected to do away with multiple indirect taxes, make the economy more efficient and transform the country into a single market.

II. REVIEW OF LITERATURE

Aasness J., Benedictow A. & Hussein M. (2002)[1] The authors in this paper have studied the impact of distributional efficiency of 12 different direct and indirect taxes in the Norwegian Tax system on lowering the inequality in income and their impact on environment with respect to Norway. The study has then ranked this distributional efficiency for the 12 different direct and indirect taxes. For the purpose of the study, the measure of welfare is calculated based on the average standard of living, the equality of the standard of living and the Sen Welfare which is a combination of the average standard of living and the equality thereof. The study has found that all tax reforms (the reforms studied are also mentioned in the paper) have a positive impact on both the standard of living and the factor of Sen-Welfare.

McLure (2003)[2] outlines characteristics of a well designed indirect tax regime in the context of Canada. While consumers should be taxed at single rate sales of inputs to business should not carry any tax liability. Imports which are currently implicitly subsidised (since much of these do not have to pay intermediate taxes but only taxes at the final sale to the consumer) would be taxed under the GST regime. While tariffs have protective effect, GST, through eliminating implicit subsidy on imports, creates a level playing field.

Keen and Lockwood (2007)[3] Value added tax was first introduced by Maurice Laure, a French economist, in 1954. The tax was designed such that the burden is borne by the final consumer. Since VAT can be applied on goods as well as services it has also been termed as goods and services tax (GST). During the last four decades VAT has become an important instrument of indirect taxation with 130 countries having adopted this resulting in one- fifth of the world's tax revenue. Tax reform in many of the developing countries has focused on moving to VAT. Most of these countries have gained thus indicating that other countries would gain from its adoption.

Ahmad E. & Poddar S. (2009) [4] The authors in the paper have discussed the proposed GST to be introduced in India, specifically in relation to the place of supply rules for services to be adopted, the method to apply dual GST i.e. how would the GST operate between states and the centre, the tax rate to be applied etc. The authors have discussed the options to introduce the dual GST in India which could be Concurrent Dual GST, National GST or State GST. Under the concurrent dual GST the better option was the one where GST is applied on both goods and services. The other option explored was where the Central GST would be on goods and services but state GST would be only on goods since state to collect GST in services is difficult to determine. This option also recommended one single return with both CGST and SGST details and PAN based registration. Given the difficulties in identifying the state where SGST on services is payable, one more variant of dual GST was where the centre collects SGST on behalf of states and then apportioning it on some scientific basis. The national GST is combining state and centre taxes with any one body collecting taxes and then distributing depending on some agreed basis. The third model where the CGST and SGST would coexist mainly requires a constitutional amendment so that states can tax services and centre can tax goods. Further the place of supply of services needs to be robust to allow decision on which state would collect the SGST especially in case of intangible services. The authors then discuss the various rates available to tax, the slab structures, the exemptions etc. The authors in the paper have also stated how financial services are treated as exempt globally. Further in India, they are taxed and India also taxes margins in financial trades. The paper concludes that whilst

GST is much awaited all these issues need to be addressed for it to be effective.

Bird R. & Gendron P (2009)[5] The authors in the paper discuss the indirect tax system in Canada, where there is a federal VAT – the GST, state level VAT administered in some provinces – HST the provincial sales tax PST, the retail sales tax and in some cases no VAT in the states. Thus multiple taxes, known by different names like GST, HST, PST and QST operate simultaneously in Canada. Canada thus has a central or federal level GST and the subnational level HST/PST/RST. The paper discusses how the system of VAT based on value addition payable on destination based consumption is working in Canada. In some of the states the tax is administered at a federal level whereas in some it is only provincial. In the states where the federal administration is followed, the central government administers both the central GST and the provincial sales tax called HST. The HST is then distributed to the states based on the level of consumption. In Canada, some states have only GST and some have GST and local sales tax also known as Provincial Sales Tax and/or retail sales tax. Further under GST the financial services are treated as exempt services i.e. no ITC available whereas in some of the provinces for eg. in Quebec, they are treated as zero rated and hence ITC is recoverable. However the recovery of ITC has certain restrictions. This double system has led to quite a few issues. The paper has discussed these issues caused by different base/treatment given to the same products under GST and QST/PST and concluded that in a federal scenario it is advisable that the base for taxation be same under all taxes.

Aamir et.al, (2011) [6] The authors in this paper have studied the composition of direct and indirect taxes in the total revenue generation for the Government in India and Pakistan over a period of time, for period 1999-00 to 2008-09. The reason is that indirect taxes increase the inequality between the rich and poor i.e. it is regressive in nature whereas direct taxes are more progressive. Direct tax or income tax is generally a tax on the income earned. Hence more the income earned higher is the tax paid. Thus direct taxes are considered as progressive in nature. However, irrespective of the income levels, indirect taxes which are taxes imbedded in the costs of goods and/or services consumed are paid by every person/entity rich or poor at the time of consumption. Thus the tax is considered regressive. Hence a country does better to rely on direct taxes for its revenue generation so that the progress is better. The authors have concluded that India relies on direct taxes and Pakistan on indirect taxes for its revenue generation. The impact of this could be that in Pakistan the inequality between rich and poor will go on increasing and the labour class will suffer.

Bird (2012)[7] The author traces the history of sales tax in Canada from inception to the current GST, HST, QST etc. in the federal background i.e. where there is a central government charged GST or sales tax or VAT and various state province level taxes charged like HST or PST. Further there are independent VATs charged like QST. Thus the paper traces the best methods/processes for federal VAT taxation. The paper discusses various methods to improve the federal taxation. The main principle of VAT is that the credit is invoice based and the taxability is destination based. Canada originally had Manufacturer's Sales Tax or MST which was replaced by GST in 1991. However, the opposition to the same was so high that the party which introduced GST, lost the elections in 1993. Later, the new government though promising to eliminate GST, only introduced a variant in the form of provincial VAT - HST in few provinces where the base for taxation was similar to the federal GST. These provinces were compensated for the introduction (unlike Quebec which was not compensated at all). Thus few provinces administered GST and HST whilst Quebec had GST and QST. The others continued with the Retail Sales Tax or RST. Thus the provinces applying HST had the GST component imbedded in it, were compensated for administering GST. Quebec administered QST separate from GST. The place of supply rules are predominantly origin based. Thus the provinces have chosen to have independent Subnational VATs (QST) or subsumed them with GST – HST.

Bikas E. & Andrukaite E (2013)[8] The authors have studied the VAT rate and the EU economy and also the link between the VAT and macroeconomic indicators and their influence on the VAT rate. The authors have tried to identify the factors impacting the VAT collections in the EU countries. The VAT is considered very important because primarily it is one of the greatest contributors to government revenue and help fund public spending and it impacts all consumers irrespective of their status and income. The rate of VAT in different countries of the EU and it impact is one of the factors studied. The data studied spans from 2004 to 2011. The authors conclude that there is a positive relation between macroeconomic indicators like Gross Domestic Product, per capita income and consumption, export, import etc and the VAT rate applicable.

Bhat (2014)[9] The author in the paper has discussed e governance of the VAT system in India with specific reference to Goa and Kerala. India had the system of sales tax which was quite complicated upto almost 2005. In 2005, lot of states adopted the Value Added Tax instead of sales tax, Goa and Kerala being two of them. The main advantage of VAT was the availability of ITC on goods purchased. The paper is based on studying the understanding of the Vat laws as they are by the common businesses to which it applies in Goa and Kerala. Further, currently the major compliance under the VAT systems is undertaken electronically. This includes monthly payments, returns, refunds etc. The paper also studies the impact and understanding of the said businesses in relation to the E-governance efficiency of the VAT laws in Goa and Kerala. It is observed that the move to computerise everything is welcomed by the general public since it increases the transparency in working. However, people need to be educated on the various laws. Ideally the government should conduct some training programmes for e-governance to increase its awareness and to reduce the dependence of businesses on professionals for e- compliances. The study shows that businesses feel that E governance is seen to reduce visits to the tax office and smoothen compliance. Forms etc. for compliance are easily obtained online. However, government needs to simplify the laws further to increase compliance. Another issue identified under the study has been that even with e-governance, the speed of grant of refunds is slow. This needs to be improved for better compliance.

III. OBJECTIVES OF THE STUDY

The study has been undertaken to achieve the following objectives:

1. To gain insight on the present status of GST Bill in India.
2. To understand the key issues involved in the successful implementation of GST in India.
3. To highlight the prospects of implementing GST in India.
4. To identify the challenges involved in the implementation of GST in India.
5. To suggest ways and means for removing the bottlenecks in the successful implementation of GST in India.

IV. RESEARCH METHODOLOGY

The present study is conceptual in nature. Hence, secondary source of data mostly comprising books, journals, research publications, internet has been used to achieve the stated objectives. Besides this, personal interviews and discussions were held with experts and the stakeholders of the subject that served as the primary source of data for the completion of the study.

V. RETHINKING THE PROSPECTS & CHALLENGES OF IMPLEMENTING GST IN INDIA

Prospects

- **Engine of Economic Federalism**: GST as an engine of economic federalism will augment the revenues of both the Centre and the State Governments by making the tax base more buoyant and evasion more difficult. There will be an increase in tax collections setting a virtuous cycle of higher consumptions and investments, creating a multiplier effect on growth.

- **Eradication of Statutory Incapacity**: The Constitutional Amendment removes statutory incapacity of the centre to collect taxes on retail sale of goods and of the states to tax services; creates a new IGST for goods and services sold across state borders, to be levied by the Centre and apportioned with the concerned states; and creates the GST council with representation from all states and the centre.

- **Greater Revenue Collection & Minimum Evasion:** Implementation of GST will ensure a check on tax evasion thereby boosting country's economic growth. There will be more revenue collection by the centre and the state because the volume of transactions in the mainstream will increase. This is possible by overcoming the inefficiencies in the present system.

- **Impetus to Make in India Initiative:** The GST will provide a boost to the Make in India initiative, also benefitting local enterprise by correcting existing distortions in the tax structure, including doing away with exemptions that favour imports over domestic production. Greater efficiency and reduced costs are expected.

- **Elimination of cascading effect of Taxes:** The Model Law has attempted to widen the input tax credit pool, that is very welcome, to do away with cascading effect of taxes. However, some minor changes may be required to bring complete clarity.

- **Easy of Doing Business to SMEs:** Small and Medium Enterprises (SME), regarded as the engines of economic growth, will be intensely benefitted by GST implementation by way of cutting down bureaucracy and existing layered tax structure. Single tax structure will be an ideal platform for SMEs. Besides SME's with an annual turnover less than Rs.1.5 crore have been done away from the dual control of centre and states. Small businesses with turnover below the prescribed threshold limit will not be burdened as compliances are expected to be minimal for them.

- **Better Compliance & Dispute Resolution Mechanism:** The concept of independent tax return preparers, as under the Income Tax Act, is also being developed to assist businesses with applicable GST compliances. The centre would try to impose its authority especially when it comes to disputes. However, both the centre and the state can have veto on each other.

- **One India, One Tax, One Market:** GST to boost positive sentiment and convert India into a single market. The idea of a single tax that subsumes most other central and state level taxes has a tremendous appeal. However, the state assemblies will have to clear it as well.

Challenges

While the GST Bill has been passed in both the Houses of Parliament, there is a long journey to be traversed, both from a legislative and business standpoint. The bill needs to be passed by minimum 50% of the states in the ensuing months. Besides, taking into account the present scenario, the actual implementation of GST in India may face the following challenges.

- **Focus Shift on GST Law making:** Experiences from other countries reflect that it is not an easy legislation i.e. affected by multiple challenges like mild inflationary impact in the short term. Policymakers need to be nimble and work closely with industry to ensure an effective legislation that is easy to comply, avoid cascading and provides certainty.

- **Fixation of Revenue Neutral Rate (RNR):** RNR denotes the rate at which there will be no loss in aggregate central and state tax revenue. This rate should be decided by taking into account a few conditions viz. The tax should not be a burden on the consumer, it should not be inflationary, it should not undermine the simplicity of GST regime, impact on tax revenue should be minimal and compliance should be easy.

- **GST Rate of 18-20% and Inflation:** Standard GST rate refers to one that will be levied on most goods, except some essential ones that will be levied at a lower rate and some 'demerit goods' to be levied at a higher rate. Therefore, a standard rate of 20% will not lead to significant inflation but a higher rate can fuel inflationary pressure. Besides, the Consumer Price Index (CPI) is not expected to go beyond 5.2-5.3% vis-a-vis the 5% expectation. Whatever little impact on CPI would be because of the large 30% services component to the index.

- **Transaction Value for taxation of Stock Transfers:** The Model Law predicates a move to the concept of transaction value for supply of goods and services with valuation provisions akin to existing customs and excise laws. This will be a departure from the current maximum retail price (MRP) regime for goods in several sectors and will need careful evaluation and implementation to avoid unnecessary disputes. Transaction value for taxation of stock transfers is expected to be a real challenge and, therefore, need debate.

- **Multiple Registration of Service Providers:** Another issue in the dual GST structure will be compliance requirements for the services sector, especially telecom, financial services and others, who will now have to deal with multiple registrations basis their presence in various states. The researchers feel a potential solution would be to carry out a regime with registration at their primary place of business and the use of interstate GST (IGST) mechanism for transfer of credits to relevant states.

- **Transitional Provisions**: A fundamental issue is that of transitional provisions as businesses will have inventories of both inputs and finished goods embedded with legacy taxes and duties on the date of transition. It is critical that provisions are such that there is minimal credit loss.

- **Readiness of GST Network (GSTN)**: The readiness of GSTN is a fundamental aspect of the roll out. It is noteworthy that one of the key factors for introduction of GST is a robust IT backbone connecting the State Governments, trade and industry, bank and other stakeholders on a real time basis. For this purpose the Government has developed the GSTN which has the mammoth task of developing the GST portal. Though there is some peripheral knowledge of how stakeholders will engage in a dialogue with this portal, more awareness is required for companies to understand the compliance requirements which are anticipated to be more stringent with electronic credit matching. This is expected to pose a major challenge for medium and small companies. The contract for developing the above interface is awarded to Infosys that reportedly is almost ready with the interface. It is expected that the trials of this interface will start from October 2016 and the final version would be launched in February 2017.

- **Industry Preparedness:** While the Government is focussing on early roll-out, industry must, at the same time, engage and prepare for GST implementation. Not only will GST impact the business but also the entire supply chain comprising vendors, distributors and the like necessitating significant changes to the entire ecosystem. It requires all companies, their suppliers and vendors, retailers, dealers, shopkeepers, entertainment centres, restaurants to install computers that can access the centralised GST network so that tax credits can be logged into the system. Besides, the actual GST rates are needed to get ready with the entire setup for implementing GST in their respective business. The researchers feel that the CEOs will need to be engaged through the implementation journey to reorient business structures and reorient costs, rather than the tax organisation alone.

- **GST Sensitisation:** Educating an organisation's personnel with the new tax regime with a view to familiarise them with the implications of the same on various business processes in a timely manner is critical for ensuring a coordinated effort within the organisation for a transition to GST.

- **Unused credits in Pre-GST Regime:** A key area that needs close evaluation and monitoring is the process in relation to transition of unused credits on procurements made in the pre-GST regime. It is vital to identify statutory restrictions in credit transition, timelines and compliances attached to transitioning, availing or utilising credits.

- **Role of the GST Council:** The GST council will play a crucial role in deciding complex matters such as tax rates, exemptions, threshold limits, dual administration and so on.

- **Decision on finalisation of GST rates:** The slogan "one Indian, one tax rate and one market" may sound good but GST does not provide for one tax rate across India. Different committess have suggested different tax bands for different set of goods and services. The GST Council could set completely different bands. Besides, achohol and petroleum are outside GST with each state free to set its rates.

- **Precise Tracking of Goods and Services across Value Chain:** The success of any GST regime depends on the ability of tax authorities to track goods and services across the value chain till the retail stage. Typically the end of the value chain would involve small and med-sized businesses that don't have the ability and infrastructure to follow complex compliance processes. Their inability to do so would not only snap the value chain but also have the tax authorities deal with multiple taxpayers with low tax payments increasing the administrative cost of tax compliance.

- **Computation of Loss of Revenue to States:** The states are supposed to be fully compensated for any loss of revenue they suffer through the switch to GST. It is far from clear how the 'loss of revenue' will be calculated and what disputes will arise.

- **Friction in Short Run & Dispute Resolution Mechanism:** In theory, a simplified uniform system will reduce litigations and tax disputes. However, moving from one system to another can increase misunderstandings and differing interpretations in the short run, causing a spurt in litigations and disputes. Dispute resolution mechanism is another area that requires much attention. Place of supply rules for both goods and services is an important feature to ensure that these provisions do not impede the credit flow.

- **Impact on Services Sector**: Services are currently taxed at 15% and the incidence will rise under GST, making them more expensive. Thereby, the service sector will be negatively affected by the implementation to a large extent

VI. Suggestion for Smooth Implementation of GST in India

1. **Induction and Orientation Programmes:** The preparedness of Industry can be improved by conducting induction and orientation programmes for the company's personnel highlighting the key changes ushered in by GST vis-a-vis the present indirect tax laws, key business impact areas, compliance procedures and way forward.

2. **Readiness of IT Backbone & Pilot Project:** GST network is ready but it will have to carry out pilots with companies after processes are in place to ensure smooth implementation. These will be possible only when details are spelled out.

3. **Establishment of Monitoring Cells:** It is necessary to establish monitoring cells to keep a close watch on the rollout of GST in every state and at the central level as any new taxation system needs time to stabilise.

4. **Government-Stakeholder Interaction:** During the entire process of executing the implementation of GST regime (including the transition from the existing system), there is a need for substantial engagement with the industry bodies because meeting

the timeline of implementing GST would require these processes to run in parallel and in a time bound manner

5. **Fixing the RNR:** The Arvind Subramanian Committee on the RNR had pegged it at 15-15.5% with a preference for the lower number. Based on this, it recommended the following three slabs: (a) Lower rate: 12% (essentials) (b) Standard Rate: 17-18% (most goods and services) (c) High Rate: 40% (luxury cars, aerated beverages, paan masala, tobacco and tobacco products). The RNR should be set at a rate close to the recommended rate to tame inflation.

6. **Post GST Inflation and Global Experience:** Mild Inflationary pressure brought along by GST rate will reduce in the medium term because of efficiency gains. Countries like Canada, Australia and New Zealand have seen one time increase in inflation post GST implementation, which normalised in a year.

7. **Services of Experts and Consultants:** Companies need to hire the services of consultants and advisors to understand the possible impact and make the necessary changes, based on their manufacturing location, size and warehousing and current enterprise resource planning (ERP) systems. However, any final action is dependent on the fine print of the new regulations and tax rules.

8. **Anti Profiteering Measures:** It is essential to have a mechanism to ensure that the benefit of reduced indirect taxes are passed on to the consumers. (For instance, FMCG products and consumers durables will be subject to a tax rate of 18-20% as compared to the present effective indirect tax rate of 25-27%) This can be achieved by the introduction of anti-profiteering regulations as part of the GST legislation itself.

VII. CONCLUSION

The introduction of GST requires a continuous chain of unlearning and relearning. Several concepts and practices existing today would fade away. So, it is time for the stakeholders to get ready and moving for the action packed months.

While the Government's interface is getting ready, businesses need to assess their ability to track and capture information related to their business for accommodating the compliance requirements under GST. This is because the GST regime would require significant compliances, right from tracking invoice level data to allowing credit based on reconciliations between the declaration of suppliers and recipients. For bridging the gaps, businesses need to imbibe GST logics and principles in their IT systems.

To successfully implement GST there has to be an agreement on the rates of tax and on how the GST Council would work. Without reaching agreement on the rates and procedures to be adopted, these bills would not be converted into Acts. If the process stretches into 2017-18, leaving implementation of the tax to 2018 April at the earliest, the Government itself would not be taken to embrace the unpredictable consequences of adopting a new tax system in the run-up to the next general elections. So, the roll out from 1st April 2017 is pretty tight due to dependencies on passage of GST law, time taken to ratify GST council and most important, readiness of the IT backbone. On the other hand, it can also be highlighted that GST can be introduced during the fiscal year if the 1st April 2017 target is difficult because GST is a transaction based tax unlike income tax, so it can come at any time of the year on the first day of the month. Therefore, a more practical deadline of GST implementation would be mid 2017-18.

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