

## **Getting corporate India GST ready**

### **As companies gear up for GST, a great business opportunity for tax experts and consultants is waiting to be tapped**

At the beginning of his address at a conference on the goods and services tax ( GST), held in the capital last week, a senior official from the Central Board of Excise and Customs ( CBEC) told the audience of 100- odd senior business executives that his presentation would last for around 45 minutes. Someone from the audience quipped, “ Please take your time. We are in no hurry.” The detailed presentation that followed — on how goods and services would be taxed under the GST regime — lasted a little over an hour. Hardly anyone in the audience had moved from the seat during the programme.

Clearly, corporate India — the hall in an upscale five- star hotel in central Delhi had representatives from the automobile and ancillary industries, FMCG, telecom, real estate, financial services, heavy machineries, exporters and importers, garment manufacturers, among others — is out to whet its appetite for the biggest tax reform the country has seen.

It seems to be slowly sinking in among top executives that this tax change would have a wide- ranging impact on their business decisions and structures in the near future. The time the companies have to get ready for the GST is six to 12 months.

Even if the government misses the April 1, 2016, deadline, businesses realise that the new tax regime is likely to be rolled out in the next financial year. For tax experts and consultants, steering thousands of companies through this tax transformation process — and getting them GST ready — means a business opportunity worth crores of rupees in the next three years.

### **Bringing companies up- to- speed**

“The current delay in introduction of GST is a blessing in disguise, as it will give some more time to corporates to prepare,” says Pritam Mahure, a Pune- based chartered accountant who has been organising GST- sensitising sessions, largely in the Tier- I and Tier- II cities.

Tax experts and consultants say that most companies are at the initial stage of transition, if GST’s impact on their business is considered.

“Businesses realise that after the political will falls into place ( of getting the GST Act enacted), they may not get adequate time to prepare themselves,” says Anurag Mathur, partner & leader, consumer & retail, PwC India. Tax experts say they are often called to make impact- assessment presentations to members of a company’s board. Some companies have introduced training sessions to sensitise their key staff in departments like finance, procurement, logistics, information systems, and marketing, with the help of external experts. “ Many companies have put in place cross- functional teams to work on the different situations and consider how GST will impact their business,” says Saloni Roy, senior director, Deloitte in India.

Subsequently, companies would have to re- evaluate the impact on their value chain, which includes renegotiating contracts with vendors and suppliers. Another piece that is likely to take time to fix is the IT- system.

According to SAP, a leading provider of ERP systems, a company will take at least three months to test and release its GST- compatible software, after all the parameters of the new tax law are in place. “ Customers will need their own time after that, to be able to implement the change,” says Rajamani Srinivasan, vice- president & head of platform, SAP Indian Sub- Continent.

Getting vendors and suppliers to be ready for GST is something that companies would have to drive to get the full upside of the new tax regime, say experts. “ We have been

advising our customers to get their vendors ready and to have their systems geared up to manage GST, as business tax credits will be based on their vendors' invoice submissions, online," says Srinivasan.

Interestingly, the government and the bureaucracy appears to be better prepared to roll out the new tax regime than industry in general. CBEC has, till date, trained 2,000- odd officers. State- level tax officials are also going through several speciallyorganised training sessions by the Centre. This will be followed by sessions on ' training the trainer'.

"Training is an on- going process," says Upender Gupta, commissioner (GST), CBEC.

### **Rising demand for specialists**

Many tax firms, including big- ticket accounting and consultancy majors, both international and Indian, are looking at making the most of the opportunity that the process of switching to a new tax regime throws up. " Demand for GST specialists is going to outstrip supply. All the major accounting and tax advisory firms, combined, may not be able to serve the market," says Uday Pimprikar, tax partner, EY. Most consultancy firms are looking at ramping up the headcount of indirect tax experts and re- deploying existing talent into GST practice after an inhouse training. For instance, EY, at present, has 150- 200 tax and functional experts work on GST- related assignments. Pimprikar expects this number to magnify three- four times over the next 12 to 18 months.

KPMG in India is giving training to its 400- strong indirect tax team to deal with all aspects of GST, says Sachin Menon, the firm's national head of indirect tax. Earlier this year, it had set up a project management office, comprising sector experts and practice leaders, to coordinate any GST transformation project for a customer.

Another tax firm, BDO India, is looking at doubling the headcount in its indirect tax practice to 100- odd in the coming months. It plans to bring in a slew of international experts to the country to engage with clients and sensitise them of the issues faced by companies in other countries that have introduced GST, says Prashant Raizada, partner ( indirect tax) BDO India.

According to Mahure, the next few years will provide enormous opportunities for GST professionals.

“Unlearning the past indirect tax concepts holds the key to learning new GST concepts,” is his advice to professionals who want to make a mark in this space.

### **Stepping up**

Many industry bodies and chambers are looking at stepping up their outreach programme to sensitise industry on issues around GST. “ We plan to expand our online platform to reach out to more industry professionals,” says V Gopalakrishnan, counsellor with CII Institute of Logistics, which has organised around 35 training sessions across the country in the past year.

The All India Federation of Tax Practitioners will hold a special session on GST for its members in October at Varanasi. “ It is important for us to sensitise our members, especially in small towns and cities, about the opportunity that GST will offer,” says Mukul Gupta, chairman of the committee on GST, at the federation.

Clearly, for GST practitioners, acche din are around the corner.