



# GST – Proposed Reforms & Road Ahead

**The All India Glass Manufacturers Federation  
(AIGMF)**

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# Table of contents

01

Progress  
so Far

02

The  
Framework

03

Key Impact  
Areas

04

Way  
Forward

# Progress so far

## Constitution Amendment Bill

- Passed by Lower house of Parliament, pending before Upper House
- Convergence of views on disputed issues between ruling and opposition parties
- Bill likely to be passed in the Budget Session of Parliament

## Progress on IT infrastructure

- GST Network (GSTN) formed, responsible for IT readiness before GST
- Funds allocated to State Governments for IT up-gradation
- Large Indian IT Company selected for GST portal implementation; expected completion date – 31 March 2016

## Drafting of GST Law

- Model GST legislation drafted and shared by Central Government with States
- Four official draft documents on registration, payment, refund and return process released in October 2015
- First cut of draft law available in public domain

**GST implementation likely from July/October 2016**



# The framework



# Proposed structure

1

## Framework

- Dual GST for Centre and States, IGST on inter-state transactions
- Additional 1% tax proposed on inter-state supplies of goods
- GST liability to be triggered basis time of supply & place of supply

2

## Coverage

- Excise duties/ Service tax/ CVD/ SAD
- VAT/ Entry tax/ Octroi/ Purchase tax/ Entertainment tax/ Luxury tax
- Cesses & Surcharges on goods & services supply

3

## Rates

- Varying rates proposed, no final consensus yet
- Concessional rate for select goods (not for services)? ▶
- Free credit flow - No cross credit between CGST & SGST;  
Order of utilisation of IGST

# Multiple Rate structure - No final consensus yet

## Chief Economic Adviser led panels' recommendation

- Revenue neutral rate of 15%-15.5%
- Standard rate of 17% to 19%, with a lower rate of 12% for essential goods and higher (demerit) rate of 40% for luxury cars, tobacco products
- Removal of 1% additional tax

## Rates proposed by NIPFP to sub committee

- 16 different rates scenarios, including a two rate GST, three rate GST and four rate GST
- Rates of 14%, 16%, 20%, 24%, 27% suggested in the report

**Rate unlikely to be made public before a date near to implementation & Socio-political consideration expected to be key driver**

# GST registration – Key aspects

Separate registration (CGST/ SGST/ IGST/ Additional Tax) for each State – No common CGST registration/ credit pool

Option to take multiple registrations within State for different business verticals

Several types of registration – Regular, Compounding, Non-resident, etc.

# GST returns - Key aspects

Monthly returns prescribed with separate dates for uploading purchase details, sales details and consolidated return

Separate returns for Input Service Distributor, Tax deduction at source

Annual returns to continue; no provision for revision of returns



# GST refunds - Key aspects

Exports - Upfront duty exemptions to be converted into refund – Adverse cash flow implications

No refund of accumulated credit

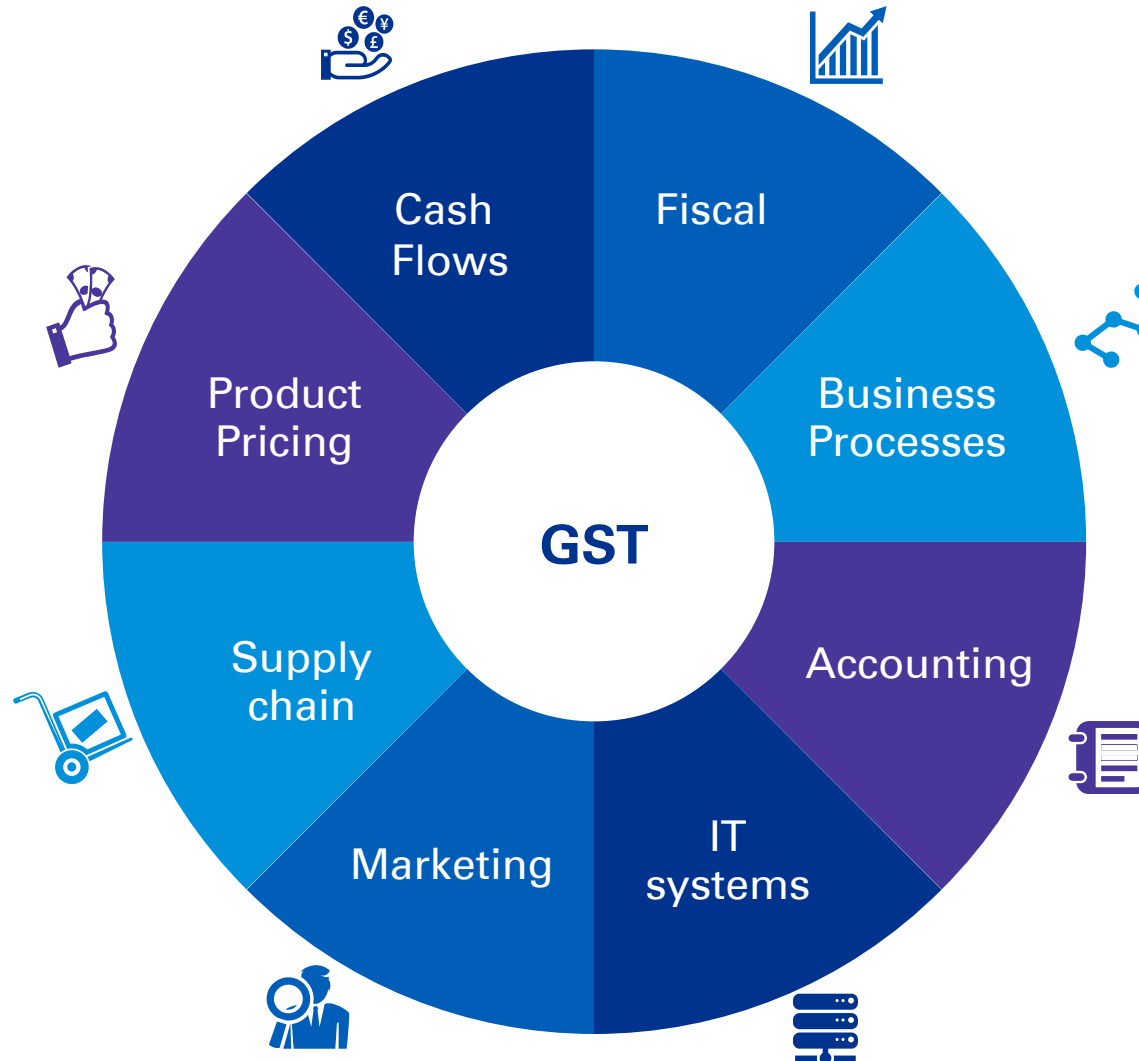
No option to self-adjust in case excess payment



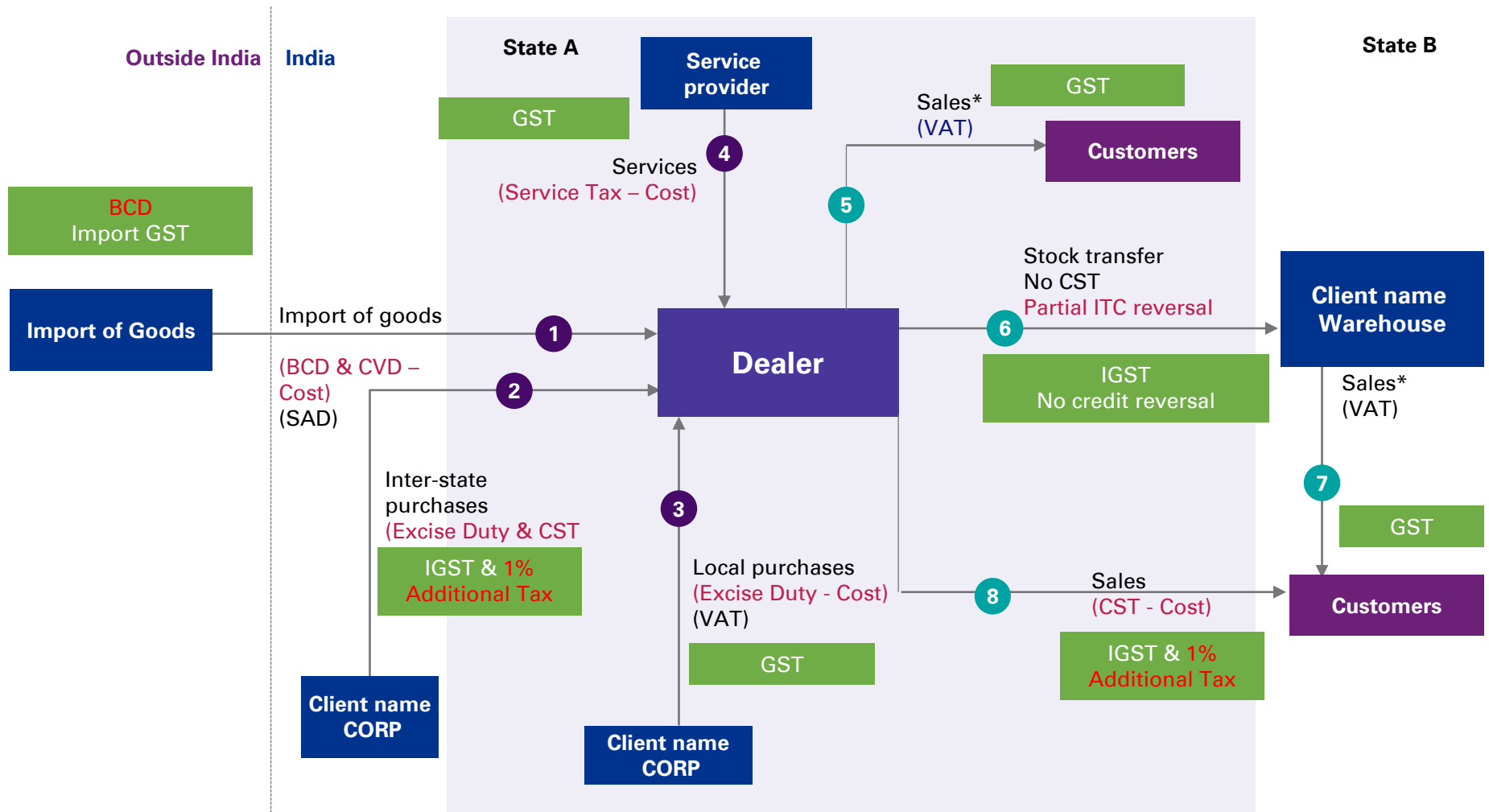
# Key impact areas



# Multifold impact of GST

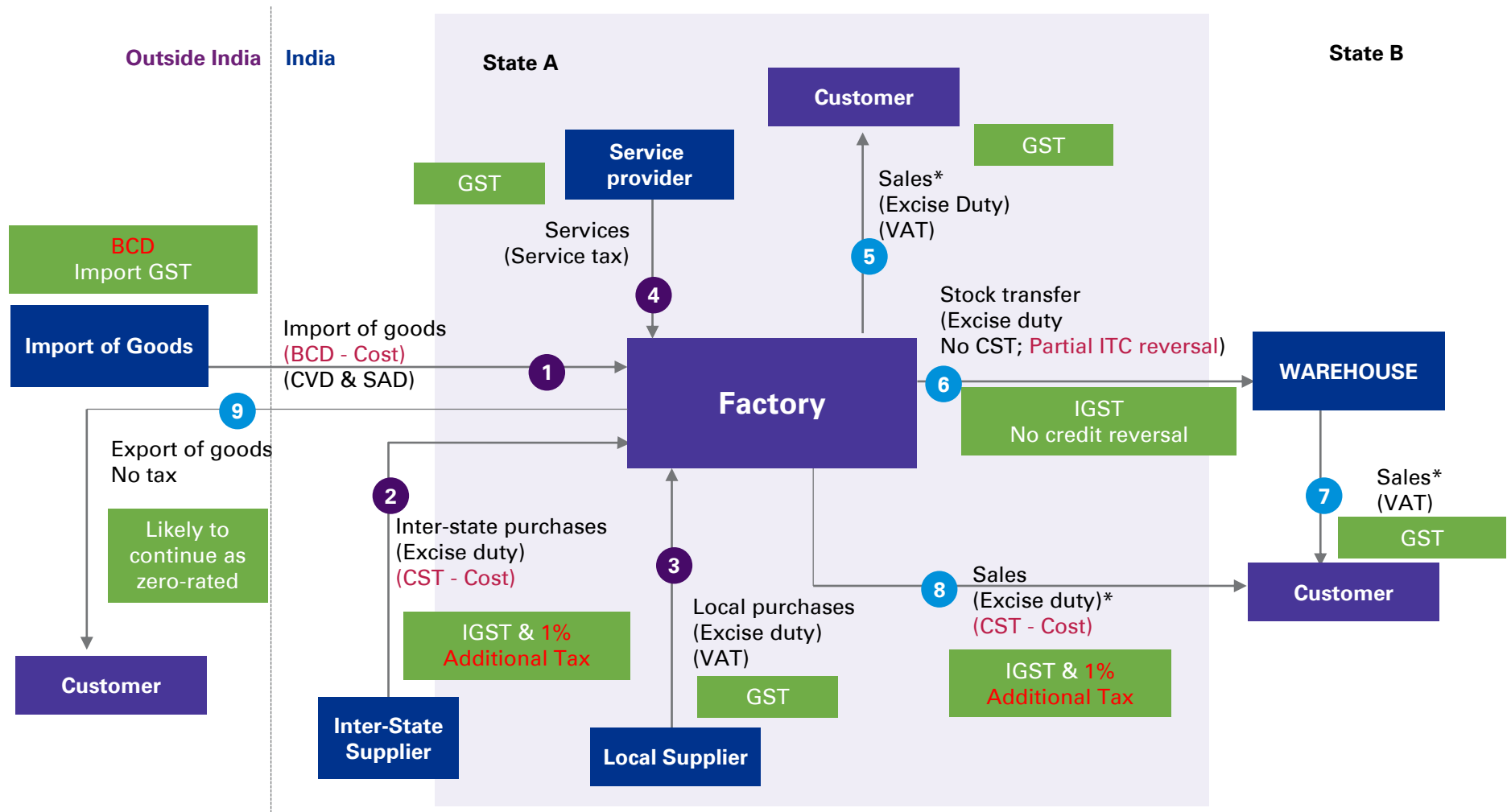


# Current Tax Regime & GST Impact - Trading





\* Credit of VAT in the hands of Customer depends on the Customer's tax profile

# Current tax regime & GST impact - Manufacturing



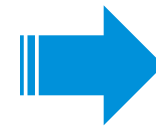
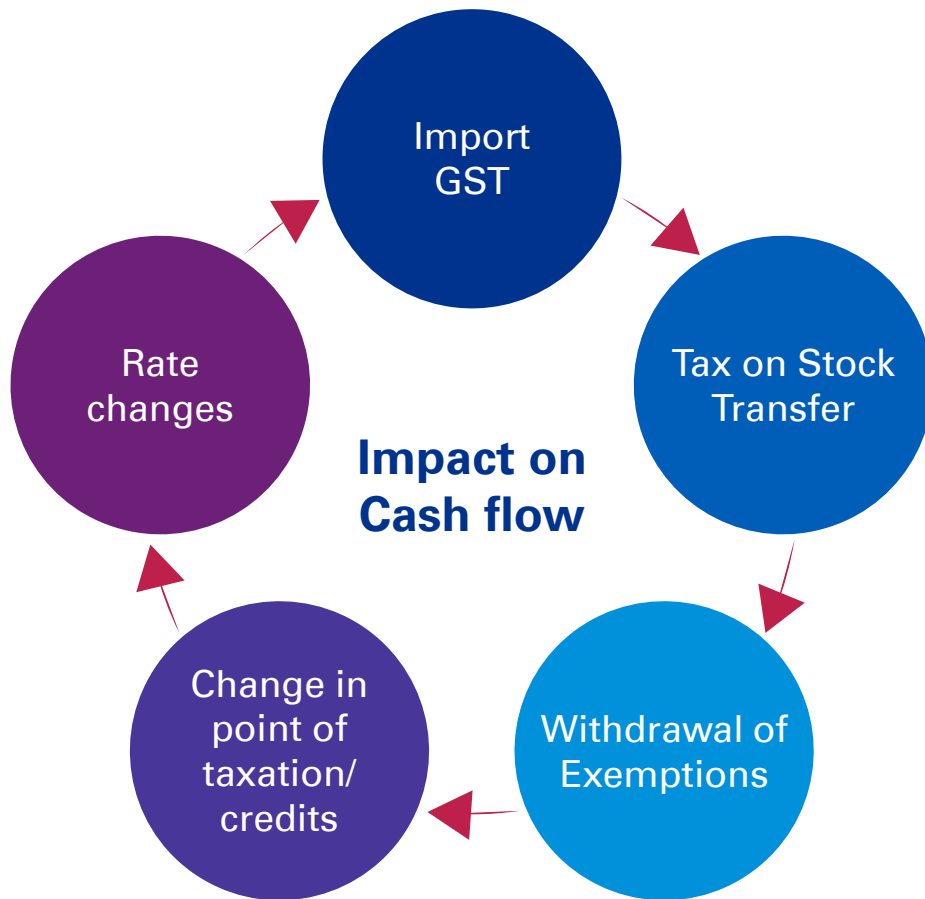
\* Credit of Excise duty and VAT in the hands of Customer depends on the Customer's tax profile

# Change in tax rates

	Present	Under GST*
 Glass and Glassware	Excise Duty – 12.5% VAT – 14.5%	~ 20% to 22%
 Services	14.5%	~ 16%/18% or 20%/ 22%??

**\* Without factoring 1% additional tax on Inter-State supplies of goods**

# Cash flow impact



**Most of the planning under GST regime is expected to revolve around optimizing cash-flows...**

# Other impact areas

Transaction based valuation (like value or computed value in other cases), Free of cost supplies subject to GST & no deduction on post sale discounts

MRP based valuation adopted for supply to a non-taxable person

GST would be on all supplies of goods and services:

- Barter, exchange, stock transfers, services within entity subject to GST

Product/ transaction specific exemptions/ concessions (e.g. Form C) could lose significance  
– As GST based on minimal concessions/ exemptions

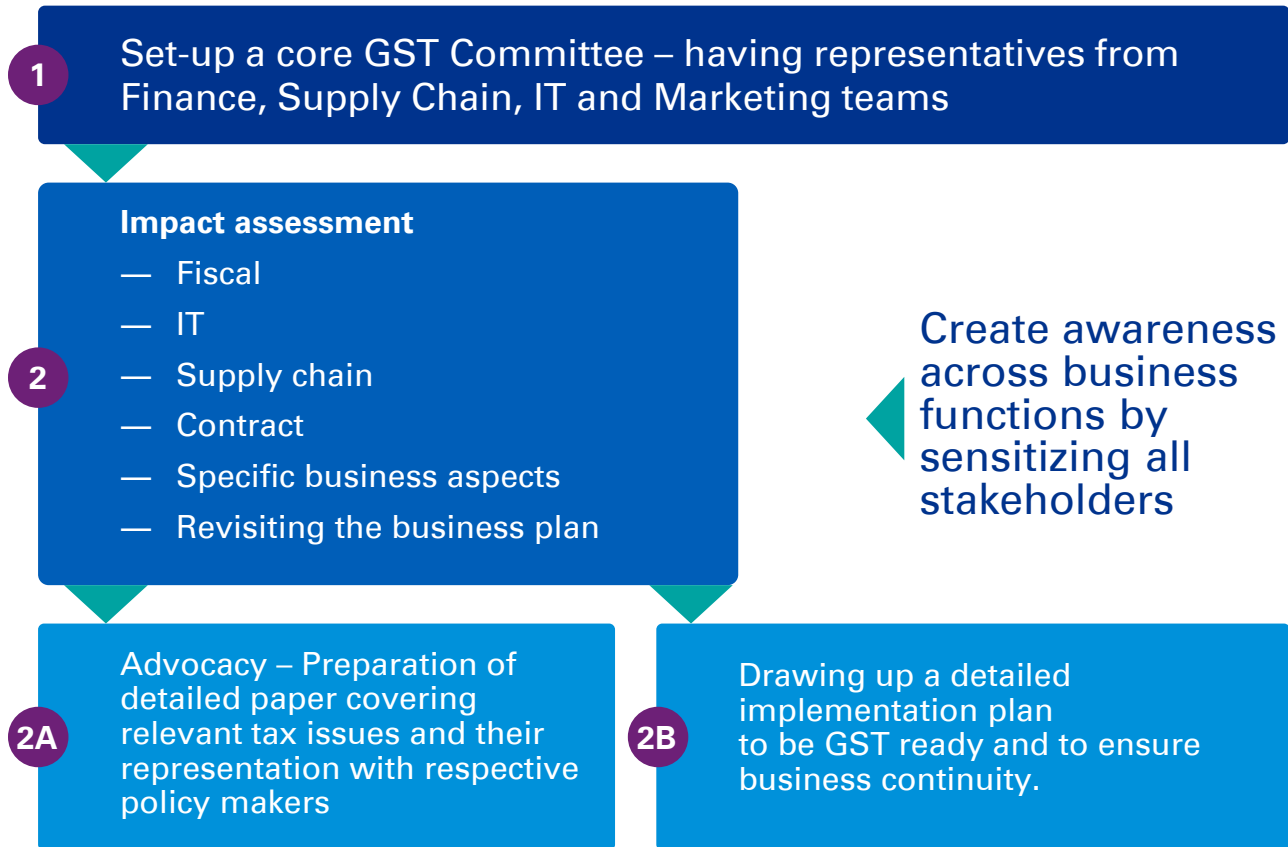




# Way forward



# Preparation for GST: What companies need to do now...

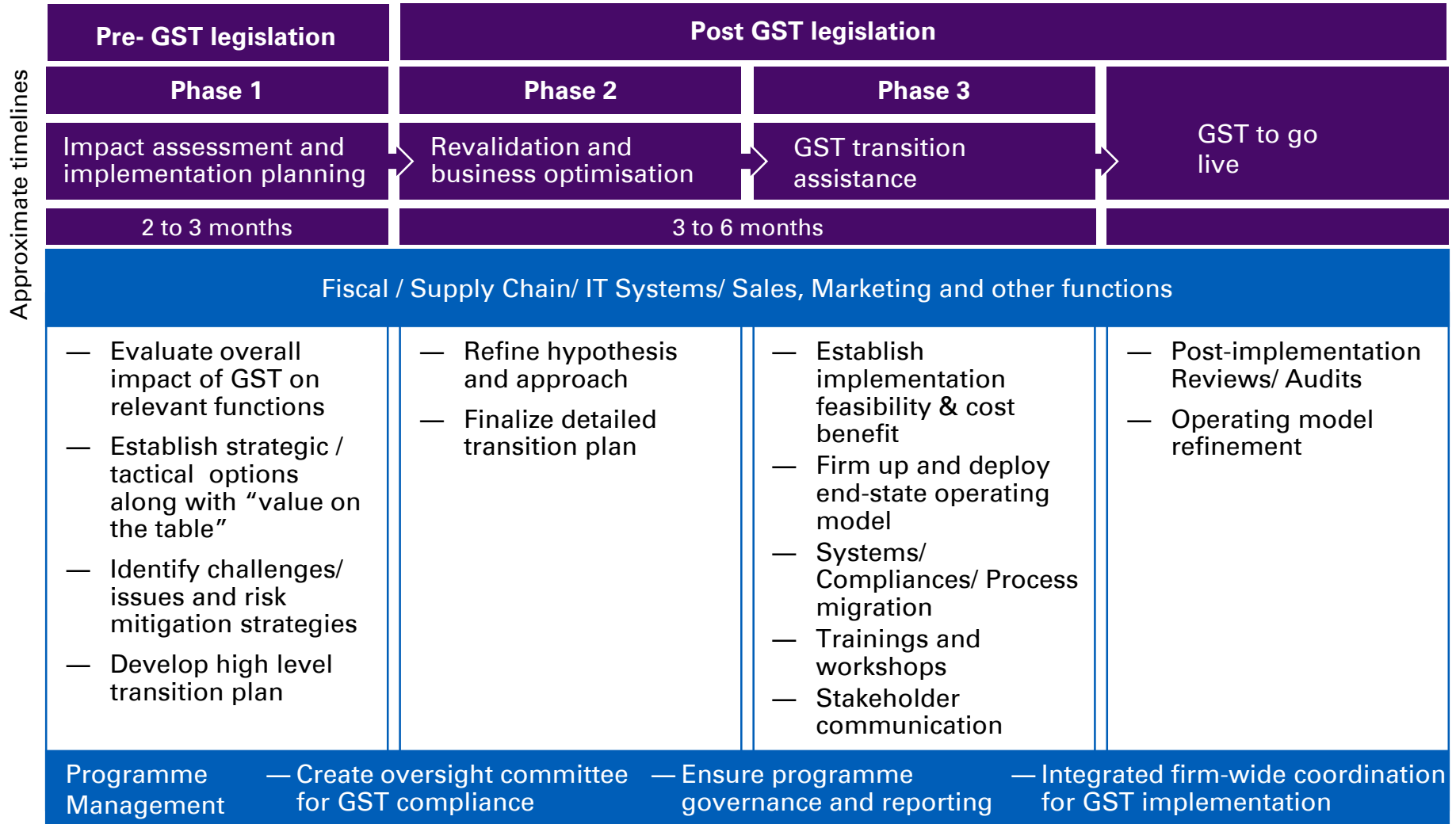




# KPMG approach



# The KPMG way





# Our GST experience



# Our GST Experience



A Large Automobile  
manufacturing Company



# Our GST Experience (contd..)



# Our GST Experience (contd..)







# Thank you

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