

# PricewaterhouseCoopers

## Introduction to GST

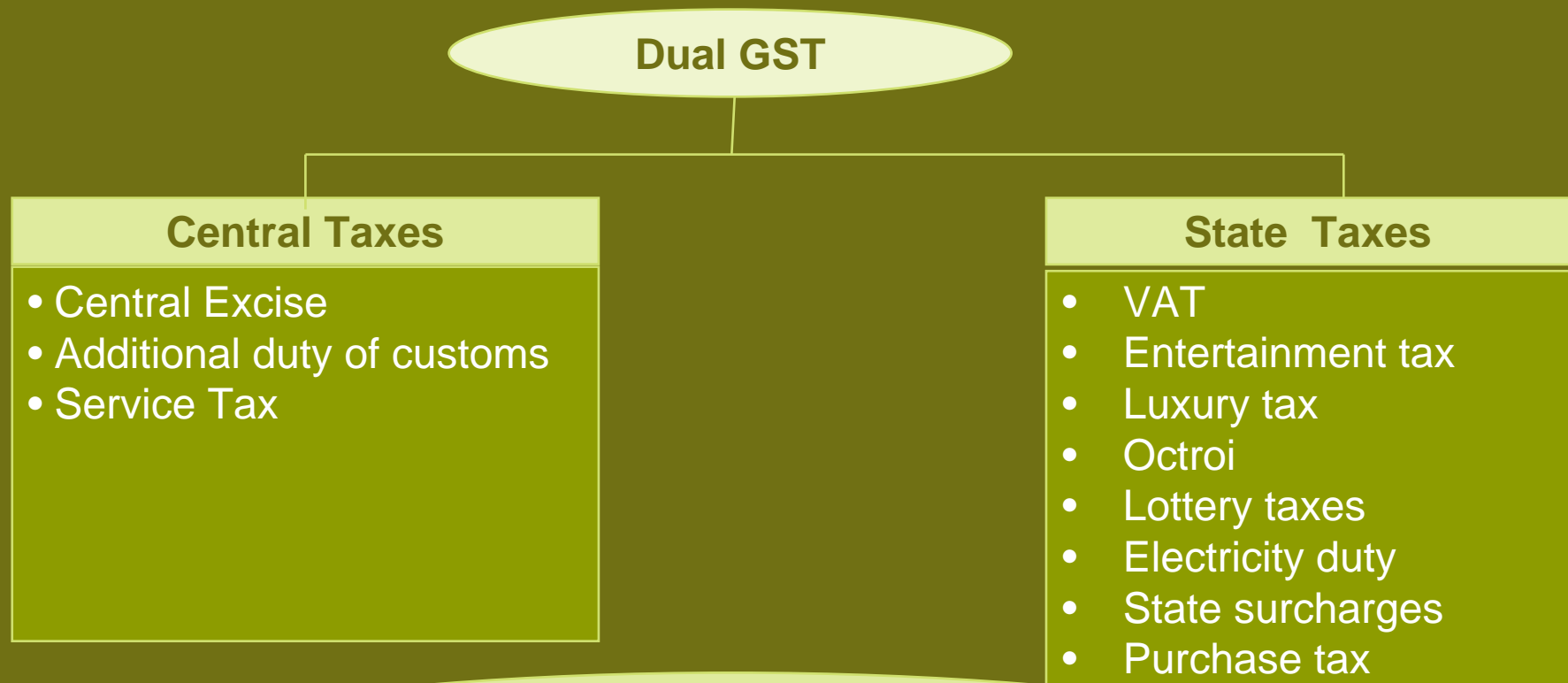
### September 2009



# Significant features of proposed dual GST Model

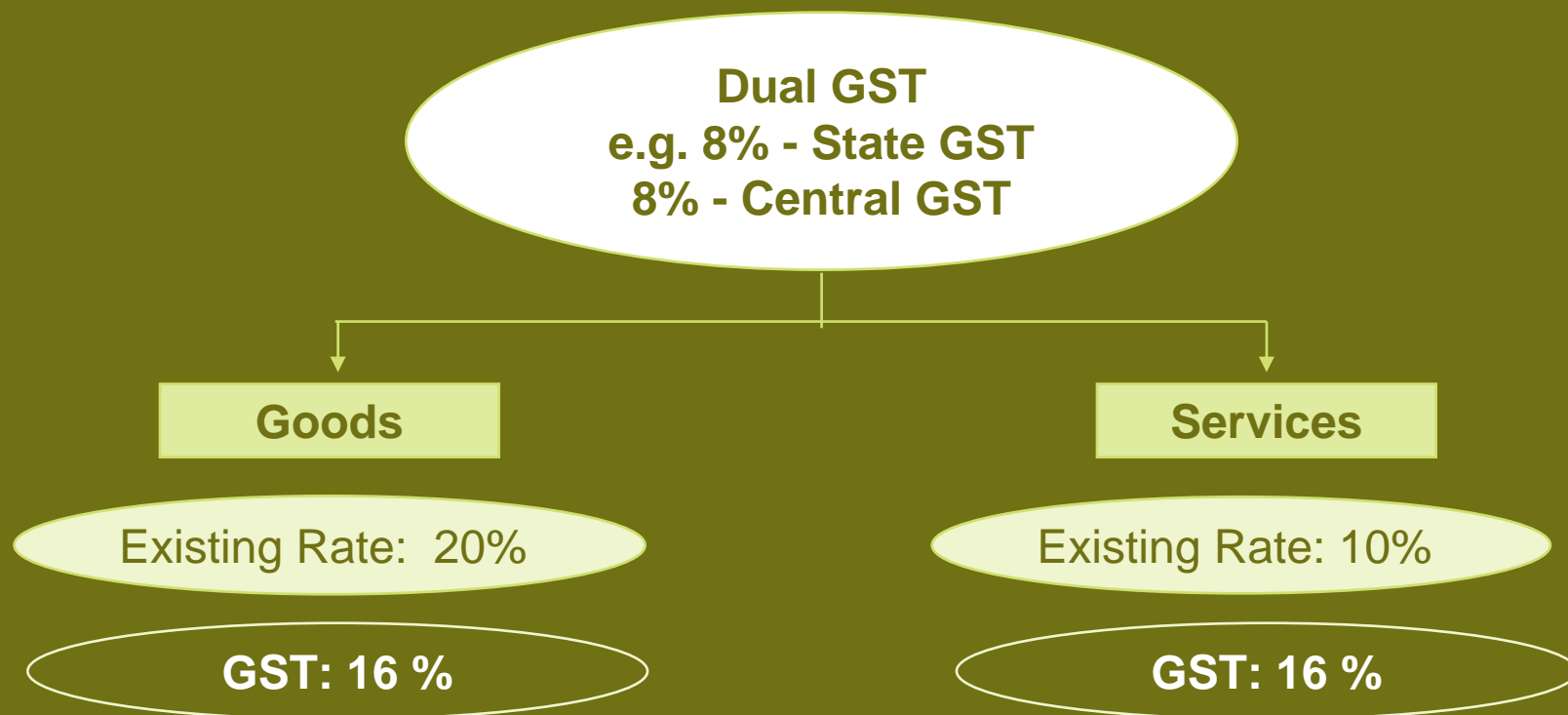
- Basic Structure
  - identified taxes to be subsumed under dual GST
  - stamp duty, toll tax, passenger tax and road tax not subsumed under dual GST
  - exports to be zero rated
- Rates
  - uniform rates for services
  - multiple rates for goods
- Input tax Credits (ITC)
  - full credits under the Central and the State GST that will operate in parallel
  - Cross-utilisation of credits between Central GST and State GST not permitted
  - refund of unutilised accumulated ITC

# Significant features of proposed dual GST Model



CST will be phased out  
Toll Tax, stamp duty, passenger tax, road  
tax are not proposed to be included in GST

# Significant features of proposed dual GST Model



## Significant features of proposed dual GST Model

- Taxable Events in GST

- The Federal and State GST will both be leviable on supply of goods and services.
- Hence, the present taxable events of manufacture, for central excise, and for sale of goods for State VAT, will have no relevance.
- Elaborate rules for determining the place and time of supply of goods and services will be formulated
- Budget 2009 authorises the Central Government to formulate such rules under present service tax dispensation.

# Key Decision Areas under dual GST

## KEY DECISION AREAS



### Supply Chain

- Indigenous supplies vs Imports
- Intra-State vs inter-State procurement of goods and services
- Manufacturing locations
- Service locations
- Inhouse vs Contract manufacturing
- Direct sales vs stock transfers
- Warehouse & stocking points
- Cost sharing arrangements

### Credits under dual GST

- Availment of credit including credits on transitional stocks
- Allocation of credits between exempt and taxable supplies
- Tracking parallel credits across Central and State GST
- Mechanism for reversal of credits
- GST on imports

### Record Keeping

- Updation of IT systems
- Invoicing
- Maintenance of books and accounts, stock records, invoicing etc

## Suggested Next Steps

- Dual GST is an inflexion point in India's fiscal landscape
- Its introduction would majorly impact procurement patterns, supply chains, product pricing and reach
- It would also impact India sourcing
- Dual GST presents both challenges and opportunities
- Impact assessment on a business to business basis is essential to ensure GST is a positive for corporates



PwC can partner with you on smooth transition to GST

## For more information, please contact:

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# Thank you

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