

GST BULLETIN

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Banks get GST tax filing breather for 2 months

The under-prepared banks get additional time as the GST Council has granted a two-month breather to companies for filing tax returns. The government has relaxed timetable and exempted companies from penalties and late fees for filing returns till September. Most banks were struggling to get the infrastructure in place for the full-fledged roll-out from July 1. All banks have multiple IT systems for specific operations such as forex, treasury, broking and other products and backend systems to take care of accounting and tax. These need to be moved to GST

GST touted to be a 'win win' situation for common man

While the GST is expected to cause some inconvenience to the common man and a bit of heartburn to many traders and businesses that have

compliant systems. Banks will also be required to provide state-wise data and compute state-wise tax payments, which they didn't have to do previously due to the centralized system. Since the GST will be operational from July 1, 2017, banks have to make lot of changes in their systems and other procedures. The preparedness of all banks for implementation of GST on July 1, 2017, is a question mark.

COMMENT: The extension will help those banks that have started preparations recently and will give them added time to prepare.

been evading or paying less taxes, in the long-term the new tax regime will only prove beneficial for all. GST will have a positive impact on the common man because it will bring in efficiency in terms of the cost of manufacturing, distribution of goods and services. If the overall cost goes down, the prices of products and services should also come down and this is how the common man will be benefited. Secondly, with the GST, the government's tax collection is set to

Hotel rates set to come down

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Recently GST Council tweaked the tax incidence on hotel tariffs, room rates at such hotels are set to come down. The GST Council in its 17th meeting, in a relief to the hotel industry, increased the threshold for the 28 per cent tax bracket to Rs. 7,500 from Rs. 5,000. This means that an 18 per cent GST will be levied on rooms with tariff between Rs. 2,500 and 7,500. According to the hotel industry, currently for this tariff range, a tax of 21.3 per cent is levied.

Comment: GST roll out would certainly have a positive impact the hotels.

increase without putting any additional burden on the businesses. This additional resource that is generated by way of GST will give the government more room to spend on creating infrastructure as well as welfare schemes.

COMMENT: The way, in which GST is getting implemented, it is expected not to have a negative impact on the prices of the essential commodities.

18% GST on pesticides to increase farmer's burden

Farmers are not upbeat despite a heavy monsoon period expected which will enhance their harvest, as the proposed implementation of 18% GST on pesticides will add to their existing plight. The proposed GST regime differentiates Crop Protection from seeds, fertilizers, farm equipment, etc. Seeds (exempt), fertilizers (12%), tractors (12%), crop protection products remain taxable at

Need to firewall systems to counter cyber risks around GST

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As the country is gearing up to usher in the GST from next month, experts have cautioned that the government as well as firms should firewall their systems to deal with increasingly more complex cyber threats. Threats as a result of data leak, unauthorised changes to master data and involvement of third parties — who will have access to a company's data — are set to increase. Companies need to modify their IT architecture with a focus on the GST. Hardening and security configurations of the systems that will be used in the end-to-end technology landscape will be required. Since the GST Network will be recording the data of 8 million taxpayers each month, it is imperative that this sensitive financial information be safeguarded against malicious attacks or security breaches in every possible way.

COMMENT: There could be a rise in the number of security incidents, if the government and private players do not prepare themselves adequately to address the potential cyber risks around the GST.

18%, depriving the industry of equal treatment vis-à-vis other agricultural inputs. Farm output prices are controlled by market forces and the farmer has little control. As the input price rises and output price remains stagnant, the farmer will have no option but to absorb the cost, thus increasing his burden.

Comment: As the farm sector will remain largely exempt from GST, input taxes suffered on inputs used in the farm sector such as seeds, fertilizers etc. will remain blocked and contribute to increase in process of farm output.

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