

Impact Analysis of GST on Trade/ Industry

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When to do GST Impact Study?

GST has been in the news and naturally interest and apprehension is very high for the businessmen. The manufacturers of normal rated products could see a net decrease in tax costs whereas those in merit rated products may see an increase. Service could be at the RNR and not at merit rate. Initial cost of implementation could also be a significant cost.

We are assuming that GST is going to be implemented on 1st April of 2017

For all industries, trade and service providers the impact it would have on their business is vital. Several general books are in the market for those who are interested. *

The knowledge at present of GST is gleaned from the various reports, news as well as speculation. Once the bill is passed and analyzed, then the real impact study could be done. This could well result in adjusting the price of the products/ services and change in the distribution methodology.

The later and bigger challenge would be the time and cost of implementation (may be in February/ March 2017) for businesses. They may also have to ensure smooth transition. It would be very important to properly claim of credit to be carried forward from the past as well as declaration on unclaimed credit eligible.

Therefore large enterprises may conduct a preliminary study for knowing the broad possible impact with assumptions now or wait for a detailed study to be done in April 2016. (After the detailed study depending on impact it may require a dedicated group of operation and finance assisted by knowledge experts to be able to take advantage/ contain cost of implementation.)

