

## Change Management- Educating / Training Stakeholders

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The success of GST would largely depend on how the resistance to change which is inbuilt in humans is dissipated. The ethical needs and ground realities of each of the stakeholders needs to be considered when sharing the information on GST. The knowledge level and possible concerns of that sector should be met in the awareness/ training.<sup>1</sup>

The stakeholders in GST regime are obviously the tax compliant assesseees, errant (not compliant assesseees - registered or not), GST officers at the State/ Central level, advisors as well as general public. Those who may resist are a segment of corrupt tax officers, intermediaries attached to them as well as the trade/ industry in the parallel economy. The consultants who have mainly functioned as intermediaries rather than knowledgeable advisors may also oppose this regime as their past way of being would not have worked in GST regime and their very survival would be in question. We would focus on the main stakeholders and the need for educating /training them. General Public - Awareness Needed

- Benefits of GST to all stakeholders should be shared in a transparent and open manner. The possible negative effect in the short term on increase in prices and over a period of time reduction in prices, should be highlighted. **Not to overstate the immediate benefits.**
- Difference between the past system and GST and how they can play a more responsible role and how it will help the country. **Build pride by respecting the compliant tax payer. In the words of the Finance Minister reward the compliant.**
- Knowledge of the applicable tax rates for goods and services. **Revenue department to be proactive and confirm rather than shy away from being accountable at least for two years. No demands should be made if clarification sought from revenue and no reply is made for initial period of two years. Otherwise the consequences can be disastrous when demands are made for the full amount (exemption claimed not eligible) or part amount (when lower rate is claimed).**

Suggestions to Increase Awareness for all Stakeholders.

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<sup>1</sup> [This has not been done till date- only standard ppts used with minimum interaction – no issue resolution in most cases]

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1. Organised communication campaign through print and electronic media. Location specific and trade specific articles in newspapers/ magazines/ Radio & TV talk shows. On the relevant issues which are coming up – till date like matching of credits is still not put in place/ tested. At each stage, the common issues which have been resolved should be hosted.
2. The Chambers of Trade & Industry as well as professional bodies could organize weekly and monthly workshops and seminars on the basic concepts. **It should be remembered that the return is only the culmination of the transaction and not more important than the treatment given.**
3. Spreading awareness through various professional bodies like Institute of Chartered Accountants of India, Universities, educational institutes, offering GST curriculum as part of their courses.
4. The trade and industry associations should invite queries from trade and industry, professionals and public and get experts to clarify the position as on date.
5. GST impact seminars and material should be provided to small and medium enterprises, and educational institutions (SMECEs) through the Apex body representing each industry sector. **Focus should be on the areas of concern.**
6. The seminars/ talks could cover:
  - a. Brief introduction to the GST and Value unlocked due to GST;
  - b. What Systems and Records are suitable- what are the utilities available for the tax payer at no cost; and
  - c. Frequently Asked Questions with revenue taking responsibility for incorrect answers for 2 years. **This is important to get public trust. It is unfair to give clarification with a disclaimer that it cannot be relied upon in any proceedings. It would also amount to double speak, which should be avoided.**
7. In addition, the details of GST could be hosted in websites. Providing GST updates and FAQs about the tax system through online media should be implemented.
8. Posting doubts and clarifications in online GST forums hosted by trade / industry apex chambers/ associations.

## Change Management for Tax Payers/ Assessees

- The communication of the tremendous advantage for the dealers to be spread especially in all regional languages and on all towns/ villages of India. **Now we have case studies available. The ones which are impacted negatively due to hitherto not being in tax net can also be explained.**

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- Fear of harassment should go and easy communication to officers should be provided for clarification on contentious issues. The basic principles, concepts and issues should be explained in a simple manner.
- How GST would end the Inspector raj/ Audit Raj etc should be spelt out clearly. This can be through declaration of citizens charter in newspapers, FAQs in form of small booklets on GST and on all websites of State and Central Tax Departments.

## Specific Awareness/ Training Needed

- Industry-wise analysis of impact on prices and profitability.
- Credit Availability.
- Use of GSTN.
  - Operational mode of GST systems. Dos/ Don'ts
- Return filing issues.
- Assurance that procedural non compliance will not lead to denial of ITC / excess payment etc.
- Compliance issues.
- Correct usage of invoices.
- Audit & Investigation provisions.
- Interest and penal provisions.

Trade & Industry Associations working with professional institutes as well as the GSTN could make this law understandable.

## Change management in State and Central Tax Departments

The success of GST would in the opinion of the paper writers largely depend on this stakeholders group. Presently, 95% of the time, tax payers approaching the revenue get more confused or are given incorrect advise.

Recommended steps for effective results are as under:

1. Resolve the cadre issue between the Central government and State Government Officers by tweaking the designation and otherwise.
2. Have a special purpose vehicle [SPV] under the auspices of GST Council which would take on this change management. Trainers could be selected across the NACENs and Training centres of State taxes. Avoid those who are not honest or have dubious track record.

3. A GST training leader of India + five additional regional leaders also should be part of this SPV.
4. Advisory board of SPV should include interested academicians and professionals and departmental trainers.

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5. This group would be responsible for the following:
  - i. Finalise the structure and process to change management/ education/ training.
  - ii. The use of technology in teaching and for reference purposes [online FAQs/ presentation in modular format].
  - iii. Performance management and evaluation of progress including extent of reaching objectives.
  - iv. Officers to be motivated on the fact that they are a part of the biggest tax reform. SPV to have mission like – ***eliminate all preventable ills by adopting global best practices in the next five years.***
  - v. Identify through feedback and questionnaire those who are more amenable to the change and report at end of the exercise.
  - vi. Start the training from the top - Commissioners [ State + Central] across the country- trained in nearby local centre.
  - vii. In the general training modules a cross section of higher level officers also especially those who would be looking at audit or investigation.
  - viii. **Ideal to have an online GST test for every officer be they in the State or Centre- grade wise. This would actually demonstrate the actual knowledge accretion.**

### Education / Training of Professionals and Tax Preparers

Professionals such as Chartered Accountants, Company Secretaries, Cost Accountants, Tax Consultants, and Tax Practitioners should be made aware of opportunities in GST.

### Suggestions:

1. **Industry Requirements** – As above.
2. **Tax Planning** – In order to establish an efficient plan for purchases and sales, shifting of business / branch location from one place to another etc., a careful study of GST is required. Practitioners are competent to analyse the impact of various alternatives and choose the most optimum methodology of purchases and sales in order to minimize the tax impact for the assessee.

3. **Record Keeping** – GST requires record keeping and accounting. Systematic records of liability, input credit availment and reconciliations.
  4. **Assisting the Government** on professional basis at the Centre and State, for proper implementation of GST law across India.
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