



GST Implementation – Selecting Right Partners

BT Associates is a premier Indirect Tax Consultant in Kolkata, delivering high quality services to clients in the area of Indirect Taxation. GST Idea is a unit of BT Associates formed to share knowledge on GST to stakeholders. We cover entire gamut from technical papers to recent development including IT under GST.



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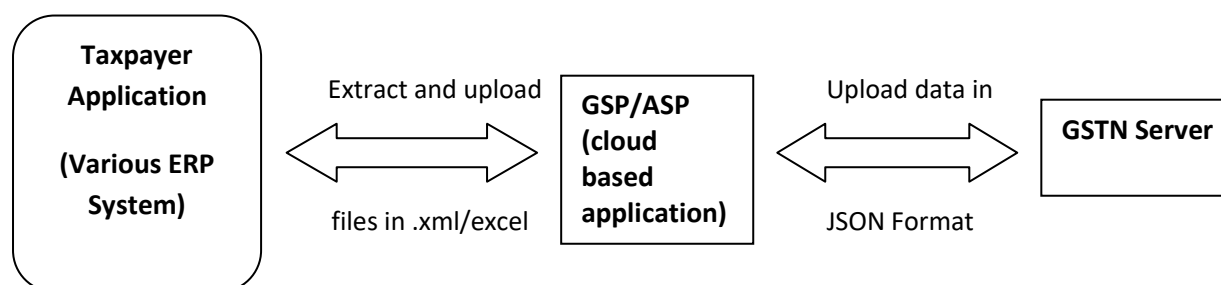
As we are approaching towards GST timeline i.e. 1st July, 2017, it is important for all the business houses to carefully select their partners for GST implementation. There would be short terms partners for immediate assistance in the area of Information technology, tax structuring and transition to GST. Moreover, it would be also important to decide long term partners, who shall help in preparing and filing returns / reconciliations. This article discuss about all the above aspects which would give a reader better understanding as to what needs to be done towards proper GST implementation.

As per the Government of India the implementation of GST is dependent upon the robust IT platform which is to be provided by Goods and Service Tax Network (GSTN). The GSTN is a non-profit organization based on public private partnership. Its primary focus is to provide the well structured IT structure and services to facilitate the implementation of GST. The GSTN is going to be the center of IT ecosystem under GST. In order to handle the complex IT ecosystem required under GST the Government has set up a special purpose vehicle (SPV) in the form of GSTN.

GSTN Framework:

The GST System is going to have a G2B portal for taxpayers to access the GST Systems, however, that would not be the only way for interacting with the GST system as the taxpayer via his choice of third party applications, which will provide all user interfaces and convenience via desktop, mobile, other interfaces, will be able to interact with the GST system. The third party applications will connect with GST system via secure GST System APIs. All such applications are expected to be developed by third party service providers who have been given a generic name, GST Suvidha Provider or GSP. The GSPs are envisaged to provide innovative and convenient methods to taxpayers and other stakeholders in interacting with the GST Systems from registration of entity to uploading of invoice details to filing of returns. Thus there will be two sets of interactions, one between the App user and the GSP and the second between the GSP and the GST System.

A diagrammatic presentation of the GST ecosystem is as follows:



Till date based on certain criteria's the Government of India has listed 34 companies as the GST SuvidhaProviders (GSPs). These companies have also developed their API and operating as ASP. Moreover, there are more than 500 companies (ASP's)who are presently in market selling their platform which would allow a business to upload their GST returns, it would help in matching and doing reconciliation.

The level of functionality, data security, pricing policies and user interface provided by these GSP/ ASP is discussed hereunder:

Functionalities of GSP/ ASP's:

GSPs and ASPs will provide much needed support to taxpayers in the IT ecosystem for GST. But, while the extent of support provided by a GSP may be limited to providing enriched access to the G2B portal, support provided by ASPs will extend much further and will address most taxpayer compliance difficulties.

ASPs would act as a link between the taxpayers and the GSPs. The GSTN client ID and GSTN client secret for ASP will be generated by GSP from the portal, which will be provided by GSTN. It's a kind of sub-license generation.

A GSP may also offer the services of an ASP to meet a client's particular data processing requirements, and provide customized solutions to a large number of organizations. This provides combined GSP and ASP support.

The GSPs either themselves or the help of ASP shall provide taxpayers with the following services:

- Invoice data upload
- Uploading GSTR-1 return containing outward supply details
- Downloading the inward supplies i.e purchase data in the form of draft GSTR -2A from the GST portal. The GSTR-2A will be automatically generated based on the GSTR 1 return

Level of data security to be maintained:

The taxpayers before appointing any particular GSP's or ASP's as its application program interface (API) partner must carefully examine the level of data security offered by these service providers. As these service providers will be processing the raw data pertaining to sales or purchase and other business sensitive information therefore, high level of data security

Pricing Policies:

The GSPs and ASPs will be free to adopt business model they chose to recover the cost of operations from their users and/or through advertisements. As far as the interaction between GSP and the GST system is concerned, the same will be free for the first year of operation and will become chargeable after that. The cost recovery from second year onwards will be based on per API call made to GST System and the same will be

- Do cross matching of the purchases made and that downloaded from the GST portal.
- Finalise the same based on his own purchases and upload GSTR 2
- File the GSTR 3 return on the basis of the GSTR 1 and GSTR 2
- Also file the returns for other dealers like casual taxable person, composition scheme dealers and Non-Resident tax payers.

It is expected that the GSP's/ASP's shall provide the tax payers with all these above mentioned services in addition to maintain their individual business ledgers like sales/ purchase register and other value added services.

Moreover, GSP's and ASP's needs to design a dynamic application framework which would be able to adopt itself to the changing policies of the GSTN system.

needs to be maintained by them. The data privacy and protection should be strictly adhered under properly drafted non disclosure agreements. The data security strength and the protection of the shared data must be the most priority criteria before appointing the right API partner.

determined in an open and transparent manner by dividing cost of operation by total number of APIs over a period of time. It is pertinent to mention that GSTN is a not-for-profit company. The specific details for metering will be updated later when finalized. GSTN does not intend to have any restrictions on the pricing policies. To be competitive, GSPs anyway would have to be pragmatic in their pricing.

User friendly Interface:

The framework of the GSTN is designed to make it user friendly and hassle free. GSPs can come up with application to provide GST filing facility in existing software or develop end-to-end solution for small taxpayer to manage their sale/purchase and GST filing e.g. an offline utility like spreadsheet, which taxpayer can fill their invoice details and then upload on GST portal for processing. Similarly, for Tax Consultants (TC), GSPs can provide dashboard to display list of all clients and clicking on a particular client can give them the snapshot of the actions/ pending actions by client. GSPs can provide innovative/value added features, which would distinguish them with other GSPs in the market. If the taxpayer

desires so, it would be possible to choose a set of services from one GSP and the rest from other GSPs. It has also been a talk in the market about to choose ASP rather than a specific GSP, since the former may be tied up with more GSP's resulting in better services and reliance factor on one such GSP can be reduced to minimum. It is more so important because the entire system of filing/reconciliation/matching etc. would be online, hence, relying on a GSP, whose system failure at any point of time cannot be ruled out. TC's who shall file such returns and assist a business in reconciliation etc. would also be an important decision to be undertaken.

CONCLUSION

The GST regime requires a robust IT ecosystem to handle huge amount of database of various taxpayers. Hence, the Application program Interface (API) provided by the GSPs and ASPs must be dynamic enough to handle the load of such database. Thus, it is very important to choose your GSP's/ASP's and Tax Consultant.

BT Associates with its experienced team is offering services of Tax Consultants i.e. they shall be responsible for taxability of the client. BTA has tied up with Avalara Technologies Private Limited which is a globally well recognized organization. Avalara is a business leader in indirect tax automation and has 23000+ customers worldwide. BTA would act as ACP i.e. accounting and consulting partner with Avalara to provide a complete solution for all the compliances to be adhered after the implementation of GST at an effective commercial rate.



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