

GST in India



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UNDERSTANDING - GST



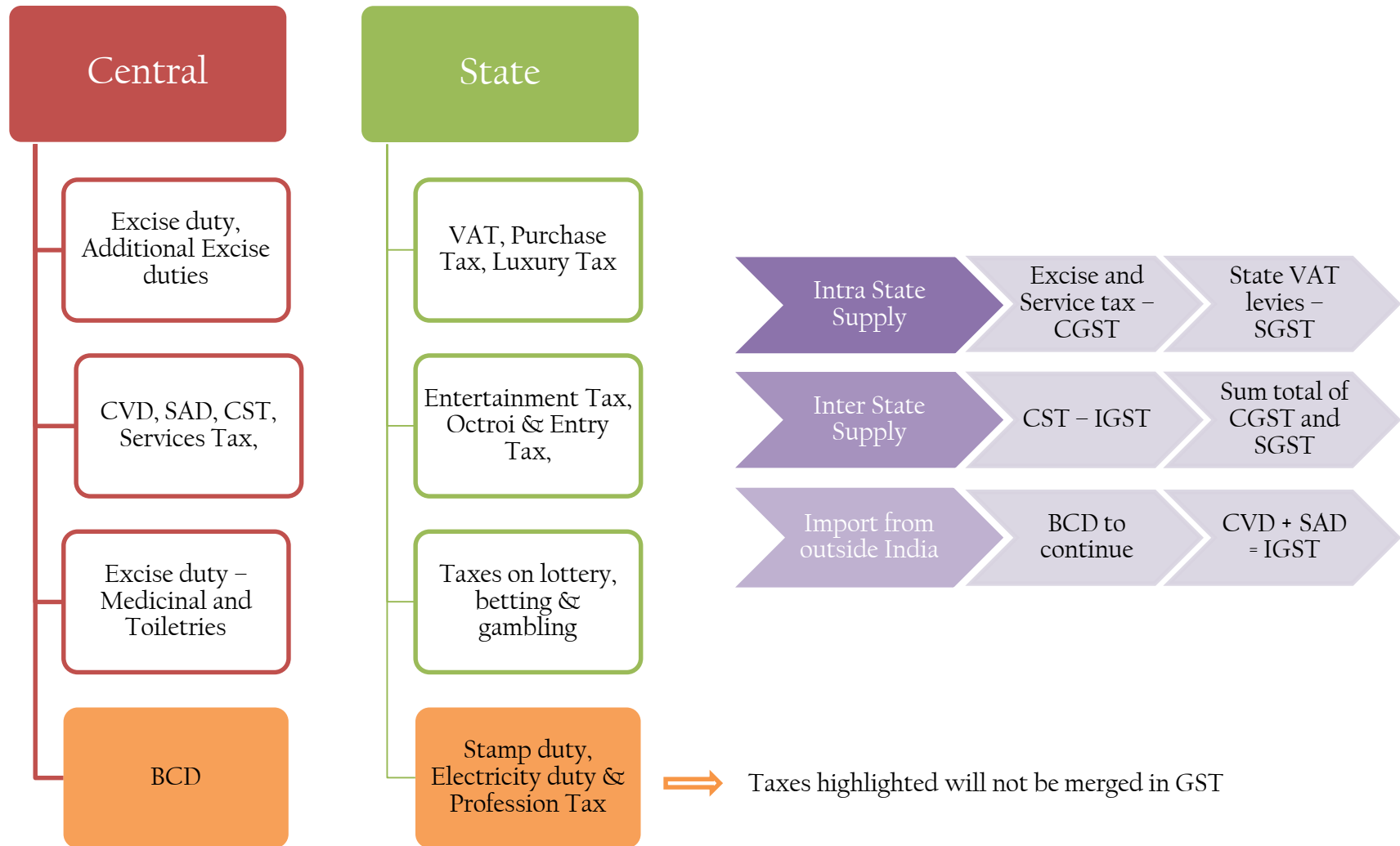
- VAT/Sales Tax
- Service Tax
- Excise Duty
- Customs Duty
- Entry Tax/Octroi

Objectives of GST

- To remove multiple taxation
- To allow a seamless flow of Credit throughout the country
- To create India as a single market
- To remove disputes arising due to classification of transaction between goods / services
- To enable businesses become more competitive
- To make it easier for Government to administer taxes

- GST is a destination based consumption tax on supply of goods and services
- Dual Tax structure – both Centre (CGST) & State (SGST) to levy tax - Intrastate supply of goods or services will be subjected to CGST and SGST
- On interstate / foreign supplies, Integrated GST (IGST) would be payable (levied by Centre)
- Liquor for human consumption, oil and gas temporarily outside the purview of GST

Taxes Subsumed



Key changes to existing law

- GST rates (goods)– 0, 0.25%, 3%, 5%, 12%, 18%, 28%, 28%+ Cess
- GST rates (services) – 0, 5%, 12%, 18%, 28%
- Registrations – Multiple registrations based on place of supply; no concept of centralized registration
- Stock transfers – would be taxable
- Existing mechanism of Input Service Distributor (ISD) retained
- Exports & Supplies to SEZ – zero rated
- Anti-profiteering – to ensure reduction in tax incidence passed to consumers

- **Claiming input tax credit (matching mechanism)**
 - Tax invoice
 - Receipt of goods / services
 - Disclosure by Vendor on GSTN
 - Payment of tax by vendor to Government treasury
- **Returns** – Monthly statement of inward / outward supply along with monthly returns
- **State-wise single registration for filing of returns, paying of taxes and fulfilling other compliance obligations**

Key changes to existing law

- Composition scheme to specified businesses having turnover up to Rs. 75 lakhs
- Other than few specified items, ITC would be admissible on all goods and services used in the course or furtherance of business
- Exporters - 90% of ITC refund claim to processed on a provisional basis, within seven days of filing the complete application and balance post finalization of refund claim within 60 days

- Single administrative interface for taxpayers - Tax officers from Centre/States authorized to exercise powers conferred under all Acts
- Transitional provisions – Smooth migration of existing taxpayers and seamless transfer of unutilized ITC

GST LAW, RULES & SUPPLY



➤ Goods

- every kind of movable property
- includes actionable claim
- excludes securities and money

➤ Service

- anything other than goods
- includes transaction in money
- excludes securities and money

- Input means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business;
- Input service means any services used or intended to be used for making supply in the course or furtherance of business;
- Works contract defined to mean agreement for carrying out building, construction, fabrication, erection, installation, fitting out, improvement, modification, repair, renovation or commissioning of any immovable property

- All forms of supply of goods/ services such as sale, transfer, barter, exchange, license, rental, lease or disposal, for consideration
- **Importation** of services for a consideration, whether or not in the course or furtherance of business
- Schedule I - Supply made or agreed to be made without consideration
- Schedule II – Determines a supply of goods or a supply of services
- Schedule III - Activities or transactions treated neither as a supply of goods nor a supply of services

- ‘Composite supply’ to mean a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;
- Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

- ‘Mixed supply’ to mean two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply;
- Illustration: A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

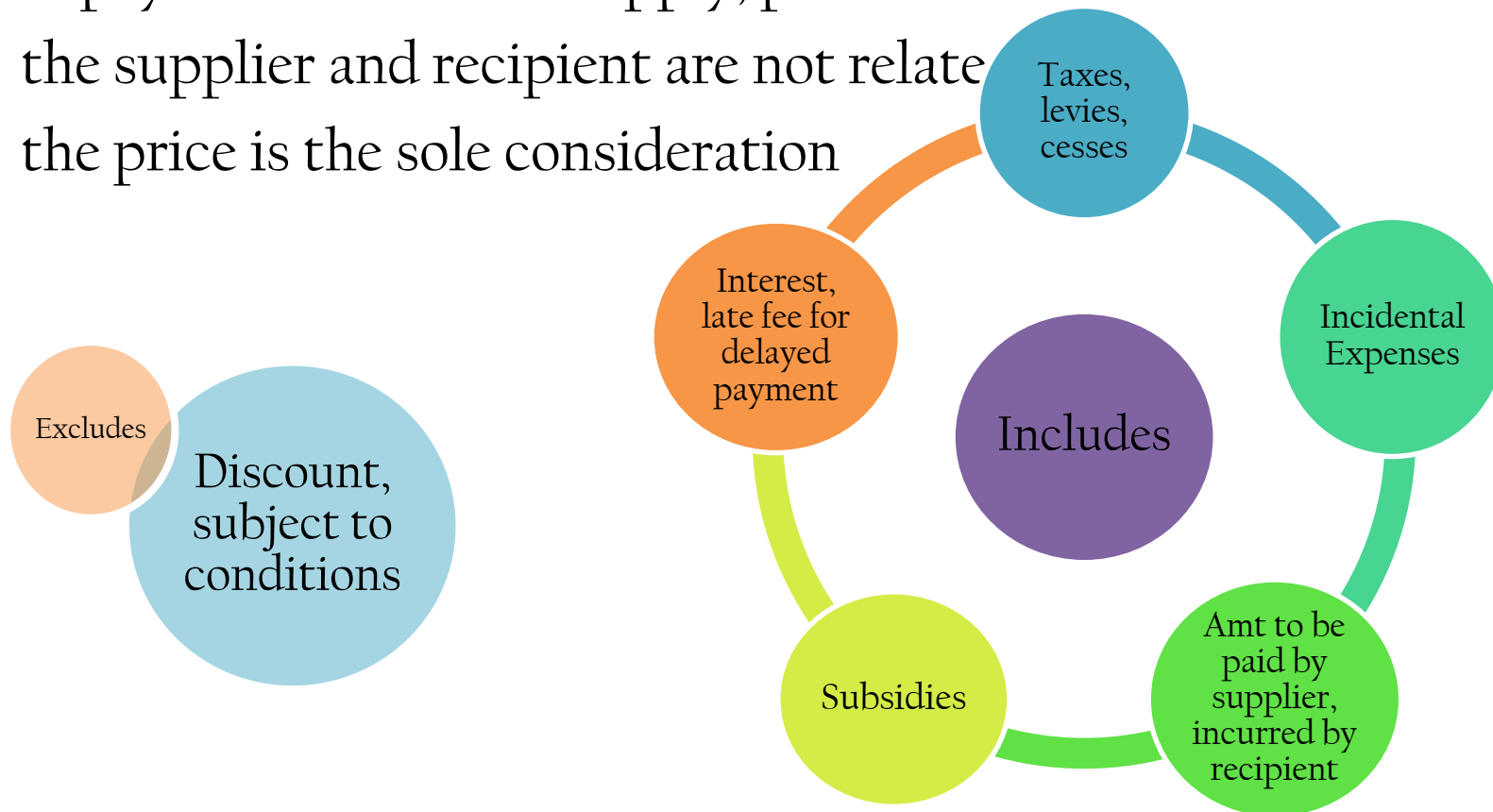
Time of Supply of Goods

Sr. No.	Category	Time of Supply
1.	Forward Charge	Earliest of: <ul style="list-style-type: none">– Date of issue of invoice– Date of receipt of payment
2.	Reverse Charge	Earliest of: <ul style="list-style-type: none">– Date of receipt of goods– Date of making payment– Date immediately following thirty days from the date of issue of invoice
3.	Supply of Voucher	<ul style="list-style-type: none">– Date of issue of voucher, if identifiable, or– Date of redemption of voucher
4.	Residuary	<ul style="list-style-type: none">– Where a periodical return is to be filed, the date on which such return is to be filed– In any other case, the date on which CGST/ SGST is paid

Time of Supply of Services

Sr. No.	Category	Time of Supply
1.	Forward Charge	Earliest of: <ul style="list-style-type: none">– Date of issue of invoice– Date of receipt of payment– Date on which the recipient shows the receipt of services in his books
2.	Reverse Charge	Earliest of: <ul style="list-style-type: none">– Date of making payment– Date immediately following sixty days from the date of issue of invoice by the supplier– Date of debit in the books of accounts
3.	Supply of Voucher	<ul style="list-style-type: none">– Date of issue of voucher, if identifiable, or– Date of redemption of voucher
4.	Residuary	<ul style="list-style-type: none">– Where a periodical return is to be filed, the date on which such return is to be filed– In any other case, the date on which CGST/ SGST is paid

- The value of a supply of goods/ services shall be the price actually paid/ payable for the said supply, provided:
 - the supplier and recipient are not related
 - the price is the sole consideration



➤ Three pools of credit per state of operation are:

- IGST
- CGST
- SGST

Input	Output (sequence #)		
	IGST	CGST	SGST
IGST	1 ✓	2 ✓	3 ✓
CGST	2 ✓	1 ✓	×
SGST	2 ✓	×	1 ✓

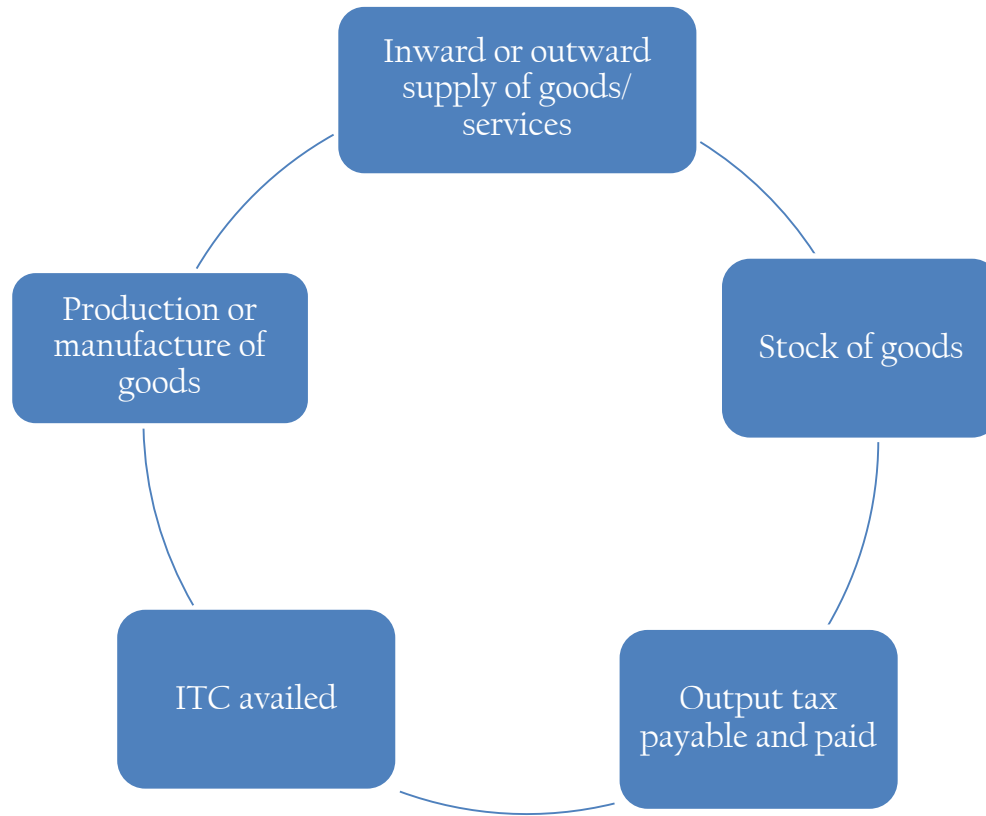
➤ Some examples of restrictions in Input tax credit (ITC)

- Motor vehicles
- Food and beverages / Outdoor catering services
- Rent-a-Cab services

Sr. No.	Return	Nature of the return	Due date
1	GSTR 1	Details of outward supplies made	10 th of the succeeding month
2	GSTR 2	Details of inward supplies made	15 th of the succeeding month
3	GSTR 3	Monthly return	20 th of the succeeding month
4	GSTR 7	Return for tax deducted at source (TDS)	10 th of the succeeding month
5	GSTR 9	Annual return	31 st December of the next financial year

- Refund is permissible in following cases:
 - Exports (Including Zero rate supply) or
 - Credit accumulated on account of rate of tax on inputs being higher than the rate of tax on outputs
- In case of delay in processing of refund beyond 60 days from date of receipt of application then assessee will be entitled to interest on such delay

- Every registered taxable person shall be required to keep and maintain at his place of business a true and correct books of account including the following:



IGST

- At present inter-State supply of goods attract CST. Inter-State supply of goods and/ or services will attract IGST. Thus, it would be crucial to determine whether a transaction is a 'Intra-State' or 'Inter-State' as taxes will be applicable accordingly
- GST law provides separate provisions, as part of Integrated GST law (IGST), which will help an assessee determine the place of supply for goods and services
- Supplies from / to SEZ Developers and SEZ units would be governed by the IGST law irrespective of whether they are inter or intra State transactions

Important Definitions

- ‘Export of services’ means the supply of any service when
 - the supplier of service is located in India,
 - the recipient of service is located outside India,
 - the place of supply of service is outside India,
 - the payment for such service has been received by the supplier of service in convertible foreign exchange, and
 - the supplier of service and recipient of service are not merely establishments of a distinct person in accordance with explanation 1 of Section 8;

- ‘Export of goods’ means taking goods from India to a place outside India
- ‘Import of service’ means the supply of any service, where
 - the supplier of service is located outside India,
 - the recipient of service is located in India, and
 - the place of supply of service is in India
- ‘Import of goods’ means bringing goods from a place outside India to India

- Inter-State supply is any supply where the ‘location of the supplier’ and the ‘place of supply’ are in different States of India . Further, given below supplies to be treated as Inter-State Supply:
 - Supply of Goods / Services in the course of Import
 - Supply of Goods and/or Services where Supplier is located in India and Place of supply is outside India
 - Supply of Goods and/or Services to or by a SEZ Developer or SEZ Unit.
 - Any supply of Goods/ Services other than Intra-State Supply and not covered elsewhere

Sr. No.	Applicability	Place of supply
1	Supply involve movement of goods	Location where movement terminates and delivery is complete
2	Supply do not involve movement of goods	Location where goods are delivered
3	Supply of goods at the instance of third party (who is not the recipient of goods) to a recipient (not being the buyer of goods) wherein document of title is transferred to either of the person before or during the movement of goods	Location of the third party

Sr. No.	Applicability	Place of supply
4	Goods are assembled or installed at site	Location where such installation or assembly takes place
5	Goods are supplied on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle	Location where such goods are taken on board

Place of Supply of Service (e.g.)

Sr. No.	Applicability	Place of supply
1	General rule (Registered person/ Unregistered person address on record available)	Location of the service recipient
2	General rule (Unregistered person address on record not available)	Location of the service provider
3	Services related to immovable property (a) in relation to an immovable property	Location of the immovable
	(a) in relation to lodging/ accommodation services (including House boat or Vessel)	property/ house boat/ vessel, as the case may be

Place of Supply of Service (e.g.)

Sr. No.	Applicability	Place of supply
4	Services in the nature of restaurant and catering service, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery	Location where the service is actually performed
5	Services in relation to training and performance appraisal	Location of recipient of service (if registered with GSTN) or Location where service is actually performed (if not registered with GSTN)

- If an assessee wrongly pays say IGST instead of CGST/SGST, then assessee will have to pay the correct CGST plus SGST and claim refund of wrongly IGST
- **GST compliance rating**
 - Every taxable person shall be assigned a GST compliance rating score based on his record of compliance with the provisions of this Act.
 - The GST compliance rating score shall be determined on the basis of parameters to be prescribed.
 - The score shall be updated at periodic intervals and intimated to the taxable person and also placed in the public domain.

GST – Transition Provisions



Carry forward of credit balances

- Credit of input tax allowed to be carried forward for tax payers registered under earlier laws
- FORM GST TRAN 1 to be submitted within ninety days of the appointed day specifying the amount of input tax credit
- Duty paying documents mandatory to carry forward 100% of input tax credit
- Credit allowed only if the said credit was admissible as input credit under the earlier law and is also admissible as input tax credit under the GST law

- Registered person who was not registered under the earlier laws allowed to avail of input tax credit on goods held in stock in respect of which he is not in possession of any document evidencing payment of tax
- In case of outward intra-state supplies, such credit allowed @ 60% on such goods which attract CGST @ 9% or more and 40% for other goods and will be credited subject to payment of CGST on outward supplies
- In case of outward inter-state supplies, such credit allowed @ 30% and 20% respectively

- Registered person holding MRP based products entitled to avail input tax credit on goods held in stock in respect of which document evidencing payment of value added tax is not in possession
- In case of outward intra-state supplies, such credit allowed @ 60% on such goods which attract SGST @ 9% or more and 40% for other goods and will be credited subject to payment of SGST on outward supplies
- In case of outward inter-state supplies, such credit allowed @ 30% and 20% respectively

- Registered person not allowed to take credit in the following circumstances, namely:—
 - where credit is not admissible as input tax credit under GST Act; or
 - has not furnished all the returns required under the earlier law for the period of six months immediately preceding the appointed date; or
 - where credit relates to goods manufactured and cleared under such exemption notifications as are notified by the Government

- Section 143 prescribes the procedure for removal of goods to job worker through an intimation to the GST Authorities.
- Responsibility for accountability of the goods to lie with the “principal”.
- Inputs sent for the Job work to be brought back within 1 year and specified capital goods within 3 year without payment of the duty

Input Tax Credit – Job Work

- Principal entitled to take credit of input tax on inputs even if the inputs are directly sent to a job worker for job-work

- Principal entitled to take credit of ITC on inputs / capital goods sent to a job-worker (either by principal or directly), if the said inputs / capital goods, after completion of job-work, are received back by the principal:
 - within 1 year days in case of inputs
 - within 3 years in case of capital goods

- Assessment under GST regime will be self –assessment
- Provisional Assessment can be requested by an assessee in case he is unable to determine value or rate

- GST Authorities can assess the tax liability to the best of his judgment for the relevant tax periods and issue an assessment order within a period of 5 years from the due date for filing of the annual return for the year to which the tax not paid relates.
- No such assessment order shall be passed without giving a notice to show cause and without giving the person a reasonable opportunity of being heard

- Special Audit should be completed within 3 months
(extendable by additional six months)
- Further, such audit should be completed within 90 days
(extendable up to additional 90 days)

- Proper officer empowered to intercept any conveyance carrying goods.
- The power to arrest rests with the Commissioner if he has ‘reason to believe’ that a taxpayer has committed an offence.
- The Act empowers proper officer to access to any business premises to inspect

- A person aggrieved by any decision or order passed against him, may appeal to the prescribed First Appellate Authority. The time limit prescribed for filing of appeal is 3 months.
- No appeal shall be filed unless the appellant has deposited a sum equal to 10% of the amount in dispute

- A person aggrieved, may appeal to the Appellate Tribunal within 3 months.
- No appeal shall be filed unless the appellant has deposited a sum equal to 25% of the amount in dispute

GST – Valuation and Pricing



The value of a supply would be the transaction value, which is the price actually paid or payable for the said supply where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply

The value of supply to include:

(a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than CGST, SGST, UTGST and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;

(b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;

(c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

(d) interest or late fee or penalty for delayed payment of any consideration for any supply; and

(e) subsidies directly linked to the price excluding subsidies provided by the Central or State Govts.

Explanation– For the purposes of this sub-section, the amount of subsidy to be included in the value of supply of the supplier who receives the subsidy

The value of the supply not to include any discount which is given—

(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, if—

- (i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
- (ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply

Valuation of supply

Where the value of the supply of goods or services or both cannot be determined, the same to be determined in such manner as may be prescribed

Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council to be determined in such manner as may be prescribed

Explanation.—

- (a) persons to be deemed to be “related persons” if—
- (i) such persons are officers or directors of one another’s businesses;
 - (ii) such persons are legally recognised partners in business;

- (iii) such persons are employer and employee;
- (iv) any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them;
- (v) one of them directly or indirectly controls the other;

(vi) both of them are directly or indirectly controlled by a third person;

(vii) together they directly or indirectly control a third person; or they are members of the same family;

(b) the term “person” also includes legal persons;

(c) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, to be deemed to be related.

Rule 1. Value of supply where consideration is not wholly in money

(a) the open market value (OMV) of such supply;

(b) if OMV is not available, the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money if such amount is known at the time of supply

(c) if the value of supply is not determinable under (a) or (b), the value of supply of goods or services or both of like kind and quality;

(d) if value is not determinable under (a) or (b) or (c), the sum total of consideration in money and such further amount in money that is equivalent to consideration not in money as determined by application of rule 4 or 5 in that order.

Rule 2. Value of supply of goods or services or both between distinct or related persons, other than through an agent

The value of the supply of goods or services or both between distinct persons as specified in sub-section (4) and (5) of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent

Valuation Rules

- (a) be the OMV of such supply;
- (b) if OMV is not available, be the value of supply of goods or services of like kind and quality;
- (c) if value is not determinable under clause (a) or (b), be the value as determined by application of rule 4 or rule 5, in that order

If the recipient is eligible for full ITC, the value declared in the invoice deemed to be the OMV

Rule 3. Value of supply of goods made or received through an agent

(a) The OMV of the goods being supplied, or at the option of the supplier, be ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient;

Valuation Rules

Illustration: Where a principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of Rs.5000 per quintal on the day of supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of Rs.4550 per quintal. The value of the supply made by the principal to be Rs.4550 per quintal or where he

exercises the option the value to be 90% of Rs.5000 i.e. is Rs.4500 per quintal.

(b) where the value of a supply is not determinable under clause (a), the same to be determined by application of rule 4 or rule 5 in that order.

Rule 4. Value of supply of goods or services or both based on cost

Where the value of a supply of goods or services or both is not determinable by any of the preceding rules, the value to be 110% of the cost of production or manufacture or cost of acquisition of such goods or cost of provision of such services.

Rule 5 Residual method for determination of value of supply

Where the value of supply cannot be determined under rules 1 to 4, the same to be determined using reasonable means consistent with the principles and general provisions of section 15 and the Valuation Rules, provided that in case of supply of services, the supplier may opt for this rule, disregarding rule 4.

Rule 7. Value of supply of services in case of pure agent

Expenses/costs incurred by the supplier as a pure agent of the recipient of supply of services (RoS) to be excluded from the value of supply if all the following conditions are satisfied

(i) the supplier acts as a pure agent of the RoS, when he makes payment to the third party (TP) for the services procured as the contract for supply made by TP is between TP and the RoS;

- (ii) the RoS uses the services so procured by the supplier service provider in his capacity as pure agent of the RoS;
- (iii) the RoS is liable to make payment to the TP;
- (iv) the RoS authorises the supplier to make payment on his behalf;
- (v) the RoS knows that the services for which payment has been made by the supplier to be provided by the TP;

- (vi) the payment made by the supplier on behalf of the RoS has been separately indicated in the invoice issued by the supplier to the recipient of service;
- (vii) the supplier recovers from the RoS only such amount as has been paid by him to the TP; and
- (viii) the services procured by the supplier from the TP as a pure agent of the recipient of supply are in addition to the supply he provides on his own account.

“Pure agent” means a person who

(a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;

(b) neither intends to hold nor holds any title to the goods or services or both so procured or provided as pure agent of the recipient of supply;

Valuation Rules

(c) does not use for his own interest such goods or services so procured; and

(d) receives only the actual amount incurred to procure such goods or services.

Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit to be passed on to the recipient by way of commensurate reduction in prices

Anti-Profiteering measure

The Central Govt to constitute an Authority, or empower an existing Authority constituted under any law to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him

- Keeping MRP constant
 - Profits / losses due to tax rates to be borne by constituents in the value chain
 - Compliance with Anti-profiteering clause in case of reduced incidence of indirect tax

- Keeping margins constant
 - Altering MRP
 - Adverse impact on sales in case of increase in MRP
 - Compliance with Anti-profiteering clause in case of reduced incidence of indirect tax

GST Compliances



- Tax Payers
- Goods and Services tax practitioners
- Application Services Providers (ASP)
- Goods and Services Tax Suvidha Providers (GSP)
- Goods and Services Tax Network (GSTN)
- Goods and Services Tax Council (GST Council)
- Central Board of Indirect Taxes & Customs (CBIC)
- State Goods and Services Tax (SGST) Departments

- Registration of Tax Payers and Tax Consultants
- Returns (GSTR1 upto GSTR12)
- Payments
 - Ledger Maintenance
- For Tax professionals
 - Consolidated view of all clients
 - Ability to upload invoice data etc.
 - Updates on their taxpayers from GST System

- New Registrations
- Amendments to existing registrations
- Cancellation of registrations
- Opting in/out from composition schemes
- Revocation of registrations
- Surrender of registrations
- Work flows for handling all the above functionalities

- Upload invoice level data (Various types B2B, B2C etc.)
- Update uploaded invoice level data
- Accept/Reject/Modify counter party invoices
- Generation of returns viz GSTR1 to GSTR12 based on uploaded invoices and counter party actions
- Amend GSTR1, GSTR2
- Auto population of GSTR2, GSTR3, GSTR4 etc.
- View liability ledger, ITC ledger and Cash ledger

- Creation of challan
- Payment History
- View challans of all companies of the group, having same PAN to authorized users
- Utilization of Cash and ITC for tax Payment
- Viewing of ITC, Cash and Tax Liability Ledger

- Upload GSTR-1 (return containing supply data) created based on invoice data
- Download data on inward supplies (draft GSTR-2) based on GSTR-1 filed by corresponding suppliers.
- Match purchases made with the downloaded data and upload GSTR-2 post matching
- Pay the tax liability
- File GSTR-3 based on GSTR-1 and 2 and tax paid (GSTR 3B to be filed for July and August 2017)

- GSPs – Assist in seamless integration for ASPs with the GSTN portal
- ASPs
 - Upload/ Download of Sales & Purchase data from / to GSTN portal
 - Invoice Management & Reconciliation with Vendors' data
 - Send alerts and notifications upon receipt of data
 - Provide comprehensive reports & dashboards

- ASPs
 - Generate & Upload all the GSTR Forms
 - Backup and Restoration of Data with Live Update Facility
 - Keep track of all compliance dates and calendar
 - Linking of fields as compatible to GSTN system with Taxpayer's ERP systems such as Navision, SAP, JD Edwards, Oracle, etc.

GST – Impact on Foreign Trade Policy benefits

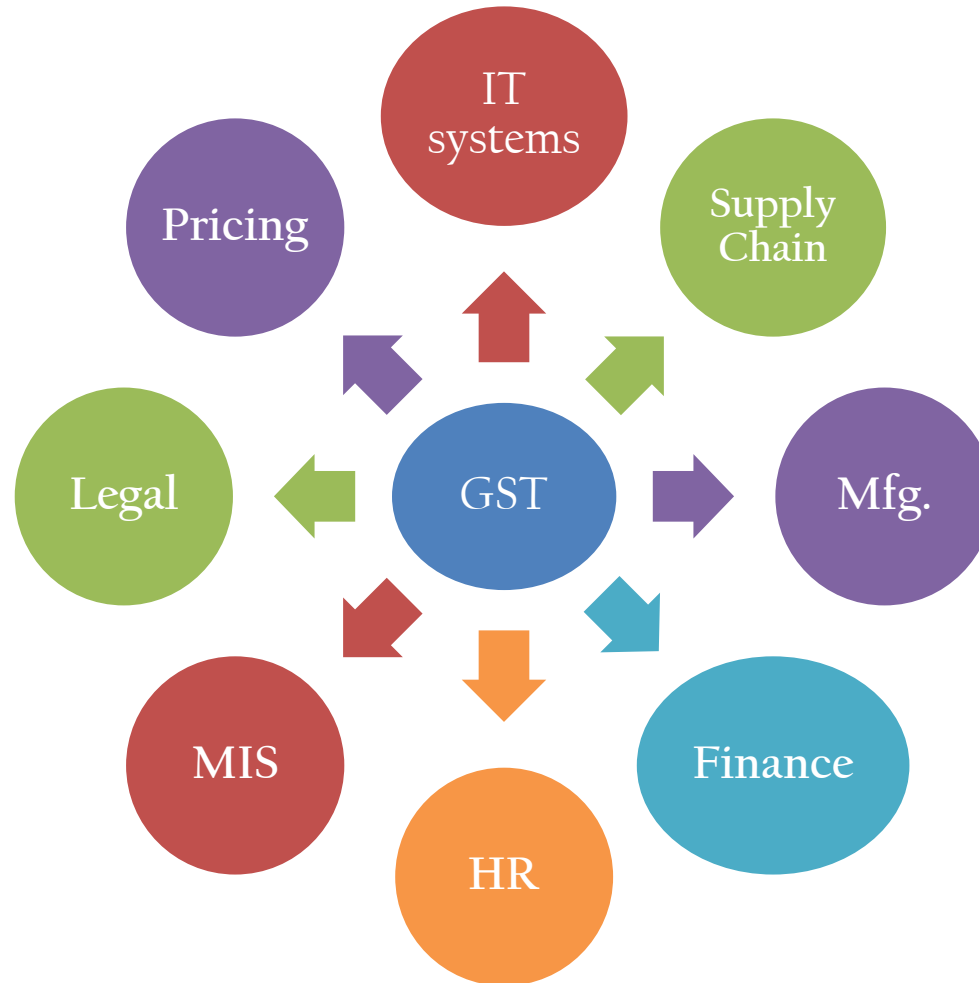


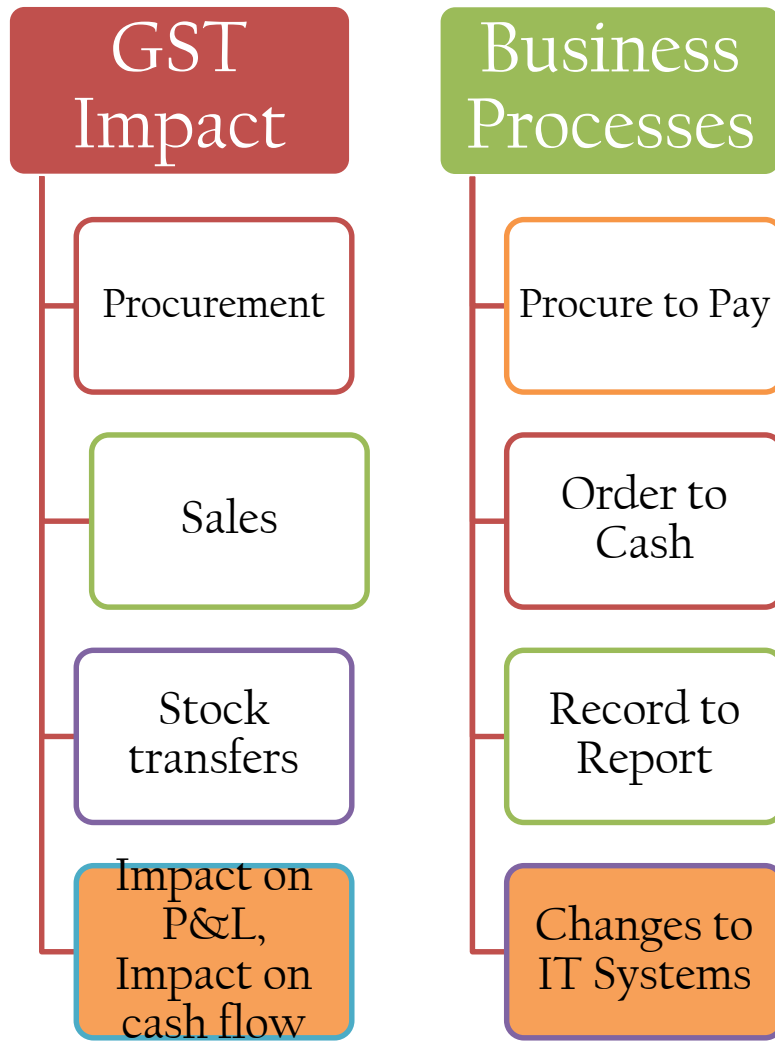
- IGST on imports
 - SEZs exempted
 - EOUs to pay IGST and claim refund subsequent to exports
- Only BCD exempted on imports under Advance Authorisation. IGST payable on such imports

GST – Key Impact areas



GST – Key impact areas





- Procurement
 - Change in the gross effective tax rate
 - Change in cash flow on account of change in tax structure & rates
 - Change in input tax credit availability
 - Change in P&L

- Sales
 - Change in the gross effective tax rate
 - Change in cash flow on account of change in tax structure & rates
 - Change in P&L
- Stock transfers
 - Change in the gross effective tax rate
 - Change in cash flow on account of levy of IGST

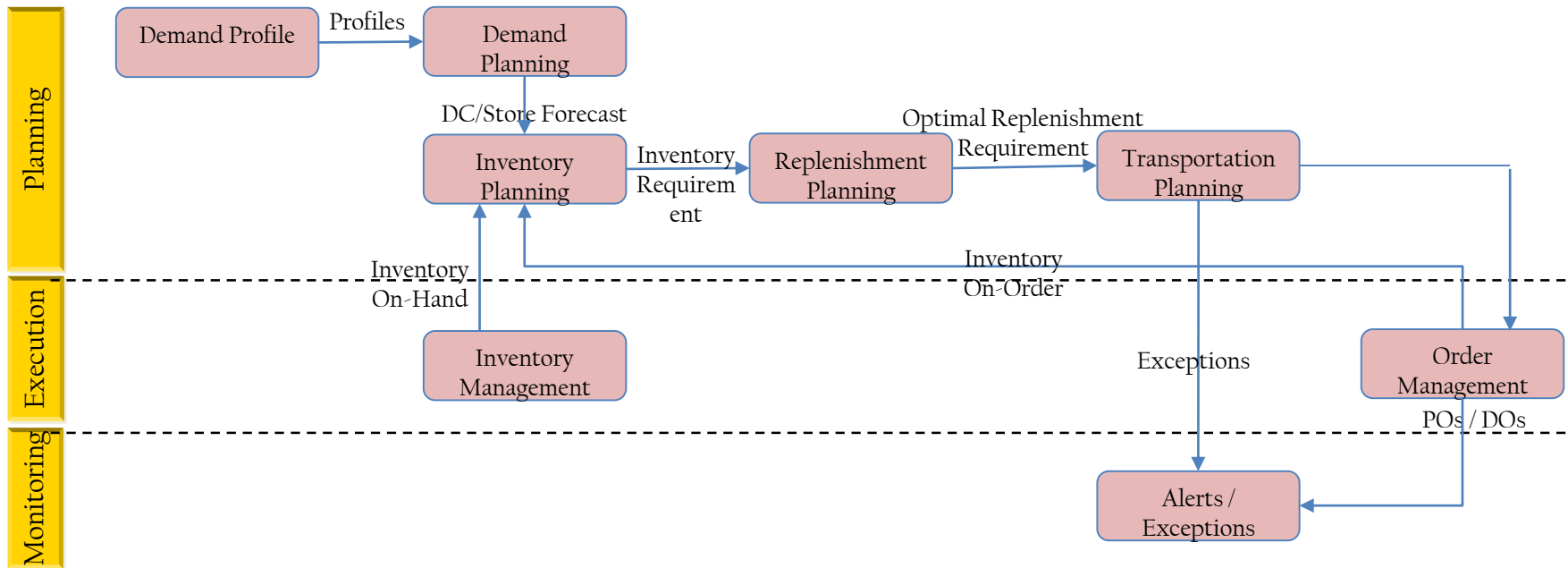
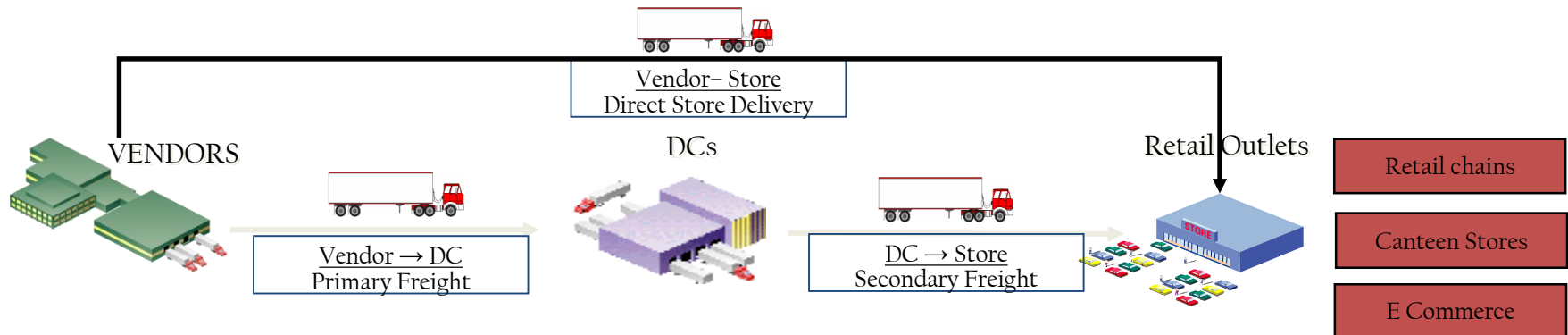
Impact on Business Processes

Area	Key activities	Remarks
Procure to Pay	Purchase Order	Vendor location, HSN / SAC details
	Goods receipt and Purchase returns	Documentation flows
	CENVAT / VAT set-off	Restrictions on availment
Order to Cash	Sales Order	Customer location, HSN / SAC details
	Goods despatch and sales returns	Documentation flows
	CENVAT / VAT liability	Gross and net liability
Stock transfers	VAT reversals	Valuation

GST and Supply Chain



Typical Supply Chain



- Fundamental goal of a supply chain Delivering the right products/services at the right time at the right place and at the right cost, every time
- Largely influenced by tax considerations

Typical Supply Chains in India

- Intra-State sourcing as against Inter-State sourcing
- Heavy dependence on job-working
- Large scale movement of goods – From to manufacturing locations
- Large number of finished goods depots

Impact on procurement



Imports



Inter-state Purchases



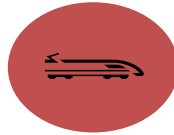
Intra-state Purchases

Area	Event	Impact on
<ul style="list-style-type: none"> ▶ Costs 	<ul style="list-style-type: none"> ▶ New tax structure ▶ Revised material costs for suppliers ▶ Revised inbound transportation costs 	<p>Cost of Procurement</p>
<ul style="list-style-type: none"> ▶ Sourcing 	<ul style="list-style-type: none"> ▶ Revised intra vs inter state vs import purchase mix <ul style="list-style-type: none"> ▶ New tax structure ▶ Seamless transport through borders 	
<ul style="list-style-type: none"> ▶ Vendor Contracts 	<ul style="list-style-type: none"> ▶ Penalties/loss of tax credit for buyers in case of suppliers failure to pay taxes or incorrect registration ▶ Changes in credit terms due to timing of GST pay out 	

Impact on distribution



Vendors



Primary Distribution



DCs



Secondary Distribution

Area	Event	Impact on
▶ Product mix	▶ Revised landed costs	Distribution costs
▶ Source-destination mix	▶ New tax structure	
	▶ Revised applicability of fiscal incentives	
▶ Direct dispatches	▶ Revised cost to serve	
▶ Freight rate	▶ Creditable IGST for interstate movements as against CST	
▶ Relocation of warehouses	▶ Revised transporter's cost sheet	
	▶ Revised landed costs including freight costs, warehousing costs	
	▶ Feasibility of inter state movements	
	▶ Revised lead times due to seamless crossing of borders	
	▶ Revised quantum of direct dispatches	
	▶ Revised supply chain network	

- Evolving Supply Chain ecosystem:
 - Suppliers
 - 3PLs
 - contract manufacturers
 - distribution channel partners
- Flexible asset-light customer centric supply chain

Improving Infrastructure

- Logistics & storage infrastructure
- Quality & network of roads
- Dedicated freight corridors
- Increasing waterway & airway networks and ports infrastructure

- More efficient storage infrastructure
- Bigger automated warehouses
- Improved cold chain infrastructure.
- Partnering with 3PLs with multimodal capabilities

Fast evolving Consumer Landscape:

- income inequality
- purchasing power disparity
- infrastructure imbalances
- digital divide
- “Top of the Pyramid” right up to the “Bottom of the Pyramid”

Current trends

- Rapid pace of Digitalization
 - Digital technologies like Social, Mobile, Cloud, Analytics, IOT, 3D printing
 - Rapidly improving cost economics
 - Fast improving maturity
 - Focus on customer facing processes

Current trends

- Digitally ready supply chain designs
- Right foundations of data
- IT architecture & security
- Risk management frameworks
- Partner networks
- Organization design & culture
- Program management capabilities

Supply Chain Strategy - competitive tool to positively impact revenues

- increasing market reach & penetration
- differentially delivering to the individual needs of diverse customer segments
- achieving high efficiency and aligning supply chains to business strategy

Redesigning the supply chain

- Re-evaluate & redesign supply chain
 - pure economic considerations
 - Warehousing model & network
 - vendor base
 - manufacturing set-up/strategy

Redesigning the supply chain

- Kitting / bundling activities
- Imports vs indigenous sourcing
- Job-work vs Trading
- Inter-State vs Intra-State
- Bill to – Ship to models
- Small vs Large warehouses

Thank you