Supply chain, infra not GST-ready: Small traders

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Ahead of the Goods and Services Tax (GST) implementation on July 1, small and medium traders have said they are not prepared in terms of infrastructure and the readiness of their supply chains for the new tax regime.
“Traders are not prepared for it (GST). The biggest problem is that a large number of the small traders don’t have computers or any online infrastructure. It is not going to be easy. Apart from this there are lots of issues with the internet connectivity…” said Viren Shah, president of Federation of Retail Traders Welfare Association, which represents 96 per cent of traders across Maharashtra.

“We have written to the CBEC (Central Board of Excise and Customs) and are hoping that initially the government will allow us to file returns manually for some time. We are also hoping it will further relax the extension for filing the tax returns,” said Shah.

The government has already relaxed the deadline for filing of returns for the first two months following GST’s roll-out.

According to the revised timeline for filing returns, the GST Return-1 (GSTR-1), which reflects sale invoice details, can now be filed by September 5, instead of the earlier deadline of August 10. For August, the new deadline for GSTR-1 will be September 20, instead of September 10.

Traders have also cited increased compliance cost as a significant reason of worry as it can disrupt their supply chains. “It took a developed country like Singapore seven years to implement GST, one would think that it will take longer time in a large country like India,” said Kumar Jain, vice-president of Mumbai Jewellers Association.

Jain said the gems and jewellery sector will find it tough to engage goldsmiths, who are paid on a daily basis, to submit bills and invoices. According to experts, the challenges for thousands of businesses across the country will be on multiple counts.

“Firstly, the government despite its best intentions has only been able to release various rules necessary for ensuring changes in business system as late as last week coupled by the fact that many of the provisions (released earlier) needs greater clarity…,” said Rohit Jain and Kumar Visalaksh, Partners, Economic Laws Practice.
“Secondly, the connected challenge is on account of setting up the right IT system in place so that accurate reportage and compliance can be undertaken with ease. With the lingering ambiguity on few central provisions and late release of many rules, setting up a compliant IT system has emerged as a big challenge.” Jain and Visalaksh said.

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