

GOODS AND SERVICES TAX (GST)

IT READINESS



Preparing Your IT for GST

The passage of Constitution Amendment Bill (CAB) for GST is one of the notable economic reforms in the country post Liberalization in 1991. While GST will improve the business environment, it requires organizations to put their house in order first.

Every organization is
unique

Whether you are in consumer goods, logistics, automotive, manufacturing, pharmaceutical, or any other industry – your business will have a unique journey for GST implementation. What GST means to an ecommerce company may mean something else to an automotive firm. It is important that every organization looks into the behavior of its processes.

CIO's role is critical

Most tax and finance department are heavily tech-driven. Implementation of GST would hence require organizations to look into their IT, tax applications. Achieving GST compliance without keeping the systems ready for the new regime would be impossible. This would require organization to automate their processes through their existing transactional systems. Any decision, which the organization makes, should have a role of CIO who understands the behavior of applications – ERP, finance, etc. running in your organization.

Taking stock of IT readiness

Many organizations are not paying attention to the readiness of their IT systems which in due course of time will be a critical factor. Although IT readiness would necessarily lag the finance and supply chain assessment, it will help them to embrace GST hassle-free and in a time-bound manner. CIO and his team can guide organizations whether or not their existing IT infrastructure is good enough to handle the GST complaint modules of ERP application.



GST Readiness of ERP

Most of the large organisations use Commercial of the shelf (COTS) applications from SAP and others. They should be aware of the timelines to implement localized patches released by SAP and others. They need to work with their implementation partners to deploy the GST patches. However, there is also a crucial matter of interlinkages between various applications and re-customizations that needs to be considered. CIO's office can do things in the following way:



STEP 1

Transaction Application Readiness

- Check for ERP and other transaction system readiness for GST
- Identify the linkages with satellite applications which might impact the compliance
- Build a plan to address the gaps in these applications
- Build a change management plan



STEP 2

Impact Analysis

- Identify areas on impact in business processes
- Map it to the applications being used
- Involve Finance & supply chain team to streamline the processes
- Identify areas that can be automated



STEP 3

ERP Application Re-design

- Implement changes as per the rejigged processes
- Training critical to implement the changes post 1st April
- Cutover strategy and Business Continuity strategy to be firmed up
- Create provision for WIP (work in progress), in transit & open transactions



GST: Till You Fly

Once CIO's office has taken stock of application readiness, done the impact analysis and gone through ERP re-design, it is critical to look at data management part, and timely plan change management because the new systems would need training and understanding. CIO will need to cautiously handle everything through and keep a close watch even in the post GST execution scenario. These steps will help your organization to graduate to the GST regime:



STEP 1

Master Data Revision

- Most critical & the time consuming part of the transformation
- Involve LOB's to create a strategy for master data management in line with the changes required for GST
- Create a core team to make these changes



STEP 2

Testing, Simulation & Cut Over Strategy

- Critical process as this would coincide with the planning & budgeting timelines for the organization
- Test scripts critical for success of this stage
- Involvement of business critical for simulation of post GST scenario
- Prepare a water tight cut over strategy to go live on the new system



STEP 3

Post GST Execution

- Get it right first time
- Involve the extended team to ensure compliance
- Have backup strategy (process) in place in case there are application roll backs
- Ensure Information availability to support retro changes, compliance, return preparation, credit transitioning and clarifications

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