

'Getting the trade to align with GST is a challenge'



As with most consumer goods companies, Emami, a Kolkata-based major, is gearing up for the goods & services tax (GST), to commence on July 1. **NARESH**

BHANSALI, its chief financial officer, talks to Viveat Susan Pinto on the preparations. Edited excerpts:

What changes have been introduced in your organisation in the run-up to GST?

GST preparedness is an ongoing process, something we began about a year ago. The point is to understand the impact of this new tax regime on business. This is the most critical part of the exercise of transiting to the new system. Everything else will fall in place once the organisation knows how GST impacts it. To the extent there is clarity, we've been gearing up for GST.

Our IT (information technology) infrastructure, for instance, is one area we've been focusing on. This will be the backbone of GST, since everything will be online. We have an in-house IT team of 30 people, which is preparing the framework to help us transit to the new regime. While external software providers (such as SAP) will provide the GST software, your in-house IT team will have to step in to map this to your requirements. They cannot be kept out of the process. Additionally, assistance from the legal team also becomes imperative, to help us interpret the law correctly and be GST-compliant. These are

some of the areas we are currently focusing.

What challenges are you facing?

Many areas still require clarity. Which product category will fall under which rate is yet to be addressed. Will the rate, therefore, be positive or negative? If positive, the profit will have to be passed to consumers. If the rate is negative, how do you deal with the loss? How will the credits flow in the event of exempt and non-exempt categories? These are some of the areas that require clarity.

The second issue is the response of trade to these changes. That will be important to the completion of the credit loop from production to consumption. While the suppliers and distributors we work with directly are not an issue, and will ensure they are GST-compliant, the response of retail trade remains a challenge. Getting them to align with GST is not easy, as many of them are not aware of how to do it. So, yes, building awareness will be important and we are helping trade partners in this endeavour.

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