

GST & Technology- a Study of Compliance with reference to Tally.ERP9 Software

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BACKGROUND

A report released by the World Economic Forum on the Ease of Doing Business Index showed that India's rankings had improved by 16 places to 39 in 2016, among 138 countries, from 55 last year. GST implementation will help in scaling up India's rankings in the global competitiveness index even further as technology will take centre stage for successful GST implementation across the country. Technology-assisted compliance is not an entirely new concept in India. Earlier taxation departments used technology for tax administration. However, this was mainly as a backend mechanism. A major shift in behavior occurred when online filing of returns was introduced. This was largely a result of different computer systems being integrated, thus enabling taxpayers to directly interact with the tax department. Under the current taxation system, data or information broadly flows in one direction to the Government, which we can describe as a B to G or Business to Government data flow. With the use of technology, the time and cost has reduced significantly while accuracy of compliance has been greatly enhanced.

OBJECTIVE:

1. The objective of this research paper is to study the areas where the technology is needed for an effective implementation of GST.

RESEARCH METHODOLOGY:

The paper is basically descriptive one. While preparing this paper secondary data have been collected from various reports and websites. Based on the secondary data conclusions are drawn and at last suggestions are made.

TECHNOLOGY FOR GST COMPLIANCE:

With technology already a driving force for compliance today, what then is the need to revisit issues that concern the right technology for GST implementation and compliance? Why will technology play a pivotal role in GST implementation and administration from both a government and business perspective?

With GST, the two major goals that the government intends to achieve are:

- Reduce tax evasion.

- Simplify compliance for taxpayers

In the prevailing tax systems, there are several cases where the government has not been able to detect evasion and loss of tax revenues. As a result, it has become a challenge for the department concerned to track the input claims against the liability of the seller. There have also been numerous cases of duplication of claims on input tax, fraudulent claims, input tax claims that do not correspond with tax liability declared by the seller, or seller who has not furnished his tax liability. In order to overcome this, GST has introduced invoice matching of buyer and seller. With billions of invoices to be matched on a monthly basis, there is a critical need for a real time invoice matching capability, supported by robust IT infrastructure. There is no way invoice matching at this scale can be achieved manually.

BENEFITS OF TECHNOLOGY IN GST:

An efficient tax technology can help address:

- ❖ **Determination of Tax:** Companies need to introduce a system which can facilitate calculating right amount of GST and take in account all rules set out by the Government. This is where ‘tax-engines’ – which merge tax content and tax technology play a crucial role. These engines have a central platform which connects all source systems and has inbuilt logic, rules and content which are kept updated to ensure transactions are taxed appropriately.
- ❖ **Compliance:** The step that comes after arriving at the correct tax amount is to prepare and file the returns accurately. In GST regime, companies will have to make sure that there are periodic updates/uploads of sales and purchase data with reconciliation for tax payments and credits. There will be a need of reconciliation for both supplier and recipient to bring about transparency and minimize tax evasion. Tax technology can help companies ensure such compliance.
- ❖ **Reporting and Analysis:** Tax technology also plays a vital role in providing audit trail of transactions and required reports which are useful in internal analysis and audits.

ROLE OF GSTN:

The GSTN is currently working on rolling out state-of-the art IT infrastructure that will introduce changes that are significantly different from the current system. Equipped with an open API (Application Program Interface), the GSTN server will seamlessly connect with third party

applications used by taxpayers, thus providing an all-user interface, and convenience via desktops, mobiles, and tablets. This will assist taxpayers to automate their invoice matching from within their software rather than by logging onto the portal. This will save time, and drive simplicity of compliance procedures. GST will drive a lot of discipline in filing returns at regular intervals, and automation will help businesses achieve this with less pain.

Use of technology will also enable efficient tax administration for registration, returns filing, data exchange, and effective investigation, monitoring, auditing and performance analysis with little or no human intervention. It will also provide several user-friendly features such as offline capabilities, alerting capabilities, mobile/tablet interface, and additional mechanisms to avoid duplicity of data.

As this tax system is being implemented for the first time in India, businesses will encounter several challenges during the initial stages of implementation. However, once systems are streamlined, the two important objectives envisaged – curbing tax evasion, and increasing tax revenue and ease of compliance for taxpayers will be achieved. The success of this transformation will help our nation create history in the world of GST compliance.

TOOL FOR TECHNOLOGY:

The perfect tool for the large enterprises will be an ERP integrated GST solution that will take care of all their GST compliances, ensuring zero disruption to the business. Synchronization of data from the ERP, converting it into a GST supported format, uploading of invoice details, reconciliation of minor mismatches and filing of the GST, everything will be automatized. When billions of invoices, of the buyer and the seller, will be correspondingly matched, numerous mismatches will occur. Some could be a minor value, while others, a major value. The businesses will definitely require an application that will reconcile the minor value mismatches automatically according to customization, an efficient bulk-reconciliation tool. Such a tool will help in saving crucial time, as the businesses can then focus on the major value mismatches and reconcile them to file the GST returns successfully.

TALLY. ERP9 – THE PERFECT CHOICE FOR GST COMPLIANCE

Tally is the most popular and reliable GST ready accounting software amongst businesses in India. It is critical to ensure that data is recorded correctly at the transaction level itself, which is the starting point. Tally.ERP 9 ensures to generate GST invoices and transactions as per the GST format. As a business owner, one can easily share returns data with your tax consultant as per GST format. If you prefer to, you can file GSTR-1, GSTR-3B and GSTR-4 on your own by exporting data to the Excel Offline Utility tool or in JSON format as per the GST portal. The unique error detection and correction capability ensures that you file returns accurately. When it comes to e-Way Bills, Tally ERP 9 helps you to easily generate and manage e-Way Bills. You can capture all the required information at invoice level itself, export the data in JSON format and upload the data in the e-Way portal to generate the e-Way Bill. Tally's GST software in India handles all your GST billing needs. You can generate a range of invoices, from simple invoices to invoices with multiple items and multiple tax rates. You can also manage advance receipts, reverse charge scenarios, branch transfers, bill of supply, export invoices, input tax credit and other adjustments - all by using Tally's GST billing software. Tally ERP 9 ensures that GST returns are in sync with your books of accounts, and reflect the same data as used for filing returns in the GST portal, thus proving to be the right GST return software for you. Tally ERP 9 is the ideal software for any business. It is used by over a million businesses across India. It understands that every business has its own complexities, exceptions and unique needs. Tally ERP 9 is designed with flexibility to handle all of these. The needs of your business change as it grows and Tally ERP 9 is designed to scale.

Key Benefits of Tally.ERP9:

1. Simplified Accounting :

Keep your business financially healthy. Take the right decisions with up-to-date and accurate reports backed by Tally's inherent error detection and correction capabilities. Tally.ERP 9 provides simple-to-use accounting features for managing all complex accounting operations of your business. Tally.ERP 9 can also be operated in your preferred language! Tally is easy to learn and can be implemented with minimum resources.

2. One Step Solution to GST Compliance :

Maintain business data of both VAT and GST regimes in a single company without the hassle to split the data. Get yearly financial reports containing both GST and VAT data at the click of a button. Minimize the chances of rejection of your GST returns. Error detection and correction capabilities are built into the software. You can rely on Tally to file your GST

returns easily, correctly and on time. Starting from creating invoices to filing returns, Tally is your GST compliance partner. Prepare, record and share data in GST compliant formats with your tax consultant. Keep pace with the evolving GST norms by getting free access to our webinars, product upgrades and training sessions.

3. Smart Application Management :

With Tally.ERP 9, you can generate the first transaction of your business within few minutes. All the complexities of installation, activation and application are taken care, making it simple for you to start on your own. Tally.ERP 9 does not require any prerequisites. It works in any kind of hardware environment. Due to its minimalistic design, you can easily take data backups in portable storage devices. It is easily upgradable to enable you to keep pace with statutory changes.

4. Keeps Data Secure :

Keep your valuable financial data safe and secure with Tally Vault, and generate the keys yourself. Only you can access the data! Tally.ERP 9 is resilient software. Your business data can never get lost or corrupted even in the most unstable work environments. Configure user-level rights for data access based on the area of operation.

SUGGESTION:

- Start trying to understand the impact of technology on GST, and on your business
- Appreciate the need for compliance discipline
- Focus on the right choice of software to help achieve compliance

CONCLUSION:

Businesses must automate their manual systems, and install software that is robust enough to interact with the GSTN system, and assist in immediate, accurate, and reliable compliance. Invoice matching is a very critical requirement of GST. Because of the clear timelines dictated by GST, compliance will no longer be a month-end or quarter-end activity. Therefore, invoice matching and other compliance related activities cannot be achieved using a manual or a low-tech system. Speed and accuracy are both critical. Businesses will have to start interacting frequently with the

GSTN system. This will require a GSTN-enabled business application or accounting software so that the task ahead become seamless and efficient.

References:

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