

What Pharma and allied industries say on GST?

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As India will be launching Goods and Services Tax (GST) with effect from July 1, BioSpectrum spoke to industry captains/ associations and consultants the industry's preparedness towards GST



Utkarsh Palnitkar * on GST and SME segment

Established and organised life sciences companies have been studying and understanding the potential impact of GST for some time now, and have over this time invested in technology and infrastructure to be 'GST-ready'.

However, the SME segment, especially small vendors, distributors/dealers are likely to be inadequately prepared for challenges such as the significant additional cost of compliance; loss of tax credits in case of improper returns filings and payments; the inevitable move towards technology adoption and digitisation of invoices, etc. While efforts have been made by the government and various consultants to educate the relatively smaller players in the industry, a clearer picture will emerge only once they face the situation in the real business environment, starting 1 July 2017.

For consumers, one hopes that the impact on prices of medicines would not be significant, although we may see some disruption on the supply side for a few weeks owing to trimming of stocks by some distributors and retailers during the transition period to GST.

In the long run, consumers are expected to benefit as the new tax regime could lead to increase in operational efficiencies of companies, the benefit of which would be passed on to the final consumer.

***Partner and Head, Infrastructure, Government and Healthcare, Life Sciences, KPMG in India**

Sujay Shetty* on GST and Pharma industry

Pharma companies are busy with implementation. Understandably there have been frustrations with the tight timelines initially they are looking to get the first invoices out and tech systems ready. A lot depends on the vendor ecosystem readiness that will determine cash flow issues. Long term there will be efficiencies in supply chain but in short term there are teething problems.

Partner and Leader, Pharmaceuticals and Life Sciences at PwC India

K Sivakumar* on GST and Suppliers Industry

The new tax regime will contribute significantly towards every sector of economic growth, broad export expansion and without saying ample job opportunities. GST is a collaborative approach and much awaited tax reform and it is a one more welcome step to move ahead towards more globalization. The roll out will yield many positive benefits but Companies will need to make major changes in their process. It is nice to see the border less operation.

Looking for more robust supportive infrastructure to enable the organizations to feel more comfort to work on the transition. Also the area of concern is on the continued additional documentation work across the industries; sure the Government will work on this to address and make more tax payer friendly approach on tax filing.

We are all stressed out, but sure it is a matter of time and sure, as an organization will overcome the challenge in implementing the process and adopting ourselves towards the new regime.

***VP F&A, Waters India Pvt Ltd.**