

# 88% of MSMEs credit GST for reduction in costs: Deloitte

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With large companies giving thumbs up to Goods & Services Tax (GST), nearly 88 per cent of Micro, Small and Medium Enterprises (MSMEs) have credited the reduction in cost to GST, a survey by Deloitte said on Tuesday.

There is also a 10 per cent increase among all business leaders on positive reliance towards GST.

As GST is entering into seventh year of its existence, the survey has been done to access the acceptability and gauge the usefulness of GST among all sizes of industrial units.

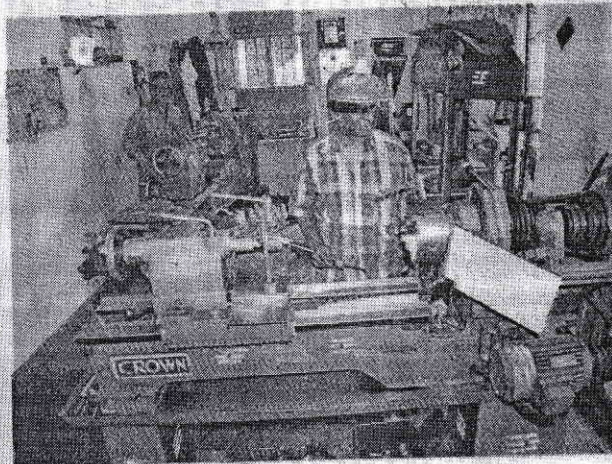
## GST REVENUE

It took place in May collecting responses from 612 senior leaders across industries and companies and tracking the impact of GST across industries, including consumer, technology, media and telecommunications, energy resources, financial services, life sciences, government and public services.

Mahesh Jaising, Partner and Leader, Indirect Tax, Deloitte India, said the 22 per cent y-o-y growth in GST revenue is testimony to the overall economic development and tax-payer-centric administration.

"The survey indicates a positive impact on businesses of all sizes with MSMEs being the biggest beneficiary of the simplified tax regime," he said.

He suggested that to boost economic progress and create a conducive business environment, the government could introduce additional measures for MSMEs, granting them an opportunity to avail input tax credits on invoice receipts and relaxing corresponding requirements to



**GAINING MOMENTUM.** The 22 per cent y-o-y growth in GST revenue is testimony to the overall economic development and tax-payer-centric administration

further reduce the cost and compliance burden.

Presenting a broader picture, the survey found that India Inc feels the time has come to unleash the next phase of reforms in indirect tax administration to enhance EoDB (Ease of Doing Business), resolve legislative ambiguities, and give new impetus to India's growth story.

## AMNESTY SCHEME

Respondents to the survey acknowledged the need for introducing an amnesty scheme, essential for resolving existing tax disputes that had tied up business capital and government revenue.

Jaising further added that while the sentiment towards the GST regime remains positive across businesses in India and better than the survey taken last year, there is a push to dispel legislative ambiguities around input service distribution (ISD) vs. the cross-charge mechanism, self-supplies, and deemed valuation to ensure uniformity in the taxation system.

"We also found an inclination towards export rule liberalisation under the GST

law with 78 per cent respondents citing it as the most-needed impetus, followed by unlocking working capital, removing ITC restrictions and the removal of 'deemed supply' provisions," he said.

Additionally, taxpayers and authorities have struggled to gauge the complexity of the law, align internal systems and train professionals, leading to inadvertent slippages.

## RESOLVING ISSUES

The government could deliberate on introducing a one-time amnesty scheme to resolve existing disputes, many of which have arisen due to interpretation issues or minor non-compliances during the initial years of the GST regime.

Business leaders across industries appreciated user-friendly tech engines, such as GSTR 2B, sequential return filings, the timely transition of e-invoicing data, and the GST portal.

However, "the government must resolve current issues and demands, particularly those that are revenue neutral, to fully realise the benefits of the GST regime in India," respondents said.