Count on ASPs to ensure

ROBUST GST Compliance

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Foreword

The advent of Goods and Services Tax in India would earmark an era of comprehensive growth and prosperity. Not only will it help taxation authorities keep a close eye on the compliance practices across various jurisdictions, but would also assist taxpayers ensure strict adherence with all the regulatory guidelines. In essence, GST bequeaths a myriad of strategic benefits that can help the country escalate great heights of success quite adroitly.

GST is a proposed indirect taxation framework that would subsume a plethora of taxes (that are currently levied, collected and administered by Centre and States) on goods and services. The amalgamation of various Central and State taxes into a well-defined structure would help us eliminate all the anomalies the existing taxation system in India is laden with. Seasoned economists have claimed that once GST is implemented in India, it would be a force to reckon with!

However, one must not be oblivion to the fact that the success of GST would be heavily reliant on how prepared we are to confront the challenges that we would be exposed to once GST is implemented in India. We need to strategise our planning in the most adept manner so as to respond adeptly to the changing environment. A robust business planning and comprehensive management framework will definitely ensure us a bright future. On the flipside, a reluctant approach towards planning can have severe impact on our efficiency to capitalise on growth opportunities that GST bestows.

This white paper begins with elaborating upon the need of new indirect taxation system in India. Then, it goes on to discuss some of the challenges associated with the implementation of the new taxation system. Every business firm in the country needs to develop insights into how the GST era will influence their organisational planning, IT infrastructural set-up, business processes, and compliance strategies.

Furthermore, the white paper talks about the significance of roles played by Application Service Providers in helping businesses migrate into the GST era and maintain robust compliance thereon. A thorough reading of this white paper will help businesses comprehend the factors that must govern their compliance strategies.

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GST is deemed to be the biggest reform in India's financial system post-independence, and it was envisioned primarily to align laws with contemporary business environment. More importantly, GST system is in accordance with the inclination of the world towards electronic economy. This transformation would call for a radical behavioral change, and businesses need to upgrade their IT infrastructures to ensure immaculate data migration. Herein, it becomes quite crucial to choose a competent, trusted, and efficient Application Service Provider. Therefore, this white paper sheds light on distinguishing features of an ideal ASP's offerings. This will help the readers make informed, prudent, and forward-looking business decision.

In a nutshell, this white paper would pacify the qualms of businesses regarding the steps they must take to gear up for the GST era. The writer has intelligently covered all the topics regarding how GST will necessitate some fundamental changes in infrastructural set-up and business processes. Moreover, the report at the end of the white paper covers all the crucial factors that deserve special attention while choosing an Application Service Provider.

Anuj Bairathi
Founder & CEO, GST Keeper

Abstract

The paradigm shift towards electronic economy has compelled the countries worldwide to revisit their taxation system and administrative strategies. To keep pace with the global environment as well as to cure all the ailments of existing taxation framework, India is prepared to migrate into a new era of indirect taxation — GST. Herein, businesses across the country need to respond adeptly to the changing environment by re-structuring their compliance strategies.

Lack of insight into GST and reluctance towards strategic IT infrastructural planning can expose businesses to a plethora of complications. Therefore, the need of the time is to collaborate with a competent Application Service Provider. This white paper elaborates upon how an efficient Application Service Provider can help you migrate into GST era and maintain robust compliance thereon. Moreover, the white paper also sheds light on crucial factors that must govern a business firm's decision as it relates to choosing a trusted Application Service Provider.

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A glance at indirect taxation system in India

Taxpayers need new indirect taxation framework

Taxation authorities need new administrative framework

Indirect taxation can be predominantly defined as the policy that governments or their functional equivalents use to generate tax revenue. The concept of "indirect tax" was conceptualised to help governing authorities enhance their fiscal capacity so as to handle various functions related to expenditures on public welfare, economic infrastructure, scientific research, citizen's social security, energy management, and so on. As all these can have direct impact on people's health, wellness, and lifestyle, it becomes our moral obligation to ensure robust adherence with the regulatory guidelines related to indirect taxation.

What is the meaning of indirect tax?

It is a type of tax collected by the government or governing authority from an intermediary (manufacturers, suppliers, or retailers), and the eventual burden of the overall tax amount is borne by end consumers.

The government does not collect indirect taxes from the consumers or taxpayers directly. The intermediaries apply indirect taxes (such as sales tax, service tax, VAT etc.) on goods and services, and these intermediaries are the first payers of all the indirect taxes to the government.

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Indirect taxation system in India

The current system of indirect taxation system in India is cloaked with numerous blemishes and ambiguities. As the country does not have a well-defined indirect taxation structure, it has become a cumbersome task for the governing authorities to handle, manage, and monitor every commercial transaction so as to keep a close eye on non-compliance practices that are prevalent across the country.

Various experts have claimed that once India is able to monitor the overall functions associated with levy and collection of indirect taxes, it would spur an era of comprehensive economic growth. There are a myriad of indirect taxes that are levied and collected by the Central as well as State governments in India. Indirect taxes in India are not only levied on manufacture, sales, and purchase of goods and services, but also on imports of goods and services. By paying attention to each and every commercial transaction across the country and monitoring the overall compliance process, the country can conveniently accomplish its goal of enhanced fiscal capacity.

Taxpayers need new indirect taxation framework

The current indirect taxation system in India is marred with numerous shortcomings, and needless to mention, taxpayers have suffered a lot because of this. Several researches and surveys have revealed a harsh truth that most of the taxpayers in India are not at all satisfied with the overall indirect taxation system in the country.

Let's glean through major shortcomings of the indirect taxation system in India that have compelled the taxpayers in the country to seek a change.

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Cascading

Knowingly or unknowingly, various taxpayers end up falling prey to cascading, which means multiplicity of taxes. Surveys have revealed that most taxpayers willingly pay more taxes than what they are liable to because they are unable to maintain separate tax records for each of the authorities.

Inaccurate calculation

As taxes are levied and collected by several authorities in India, it has become somewhat cumbersome for taxpayers to calculate tax liability exactly. Some unsocial elements even take advantage of this situation, and all these often lead to tax evasion and corruption on a large scale.

Complexity

It is a well-known fact that the overall Indian indirect taxation system is complex, and it provides enough scope for non-compliance. We must not overlook the fact that some defaulters have claimed that they did not evade tax deliberately and that it has happened primarily because of the complexity of laws.

Absence of free movement of goods and services

This is yet another factor that has been quite a problem for businesses in India. Owing to levy of numerous entry tax and charges, the current indirect taxation system in India has been a point of concern for businesses or taxpayers across the country.

Taxation authorities need new administrative framework

It is so true that the success of any taxation system is totally reliant on the administrative capacity. Currently, taxation authorities in India face a lot of complications to ensure absolute compliance, and therefore, they need immaculate monitoring and administering system. Not only does the current indirect taxation system in the country makes it difficult for the taxation authorities to manage and monitor overall commercial activities, but it also calls for huge expenditure on administration.

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Let's try to comprehend why taxation authorities in India need a new, immaculate administrative framework.

Lack of coordination

Owing to federal finance system in the country, it has always been a difficult task for all the taxation authorities to coordinate with each other. There is no coordination between the Centre and States, and owing to lack of coordination, it becomes quite complex for taxation authorities to monitor all the commercial transactions efficiently.

Corruption

One must acknowledge the fact that corruption exists across all departments in India, and the current administrative machinery, in fact, opens room for such corruption. The current indirect taxation system has no discrete plan or outline that can efficiently curb the overall corruption.

Administrative inefficiency

Although taxation authorities in India have all the necessary resources, yet they lack high administrative efficiency to monitor overall taxable activities across the country. To make efficient resource utilisation, use of cutting-edge technologies must be encouraged so as to monitor and scrutinise overall commercial activities.

Lack of built-in elasticity

In India, the income from taxation does not increase in accordance with the increase in national income. Therefore, the government needs to inspect closely and come up with a comprehensive solution so as to maintain a consistent tax-income ratio.

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Advent of Goods and Services Tax

Owing to numerous shortcomings of the existing indirect taxation system in India, the need of a new, all-inclusive taxation system was felt across the country. The current system exposes taxation authorities as well as taxpayers to numerous threats associated with non-compliance; therefore, the then central government decided to introduce a new system of indirect taxation that can efficiently cure all the ailments the current system is suffering from. It is expected that the successful implementation of the new indirect taxation system - Goods and Services Tax - can spur an era of absolute compliance with regulatory guidelines, which is a must for any country to prosper. As a matter of fact, several experts have opined that GST can help the country enhance its growth rate as the proposed system can be easily managed, monitored, and administered.

What is GST?

It is a proposed indirect taxation system in India that was introduced with the main intention of amalgamating most of the existing taxes (levied by the Centre and States) in India into one indirect taxation system.

India is a federal republic where both Centre and States levy and collect taxes on various commercial transactions through appropriate legislations. To maintain the constitutional requirement of fiscal federalism, dual Goods and Services Tax system has been proposed in India so that both Centre and States can simultaneously levy it on a common tax base. The GST that would be levied by the Centre on intra-state supply of goods and services will be called Central GST (CGST). Similarly, the GST that would be levied by the States or Union Territories on intra-state supply of goods and services will be called State GST (SGST) or Union Territory GST (UTGST). For every inter-state supply of goods and/or services, Centre would levy and administer Integrated GST (IGST).

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GSTN's roles come into play

With the advent of GST, all the functions related to filing, payment, refund claim, and even monitoring of commercial activities would be wholeheartedly reliant on technologies. In fact, technology would play crucial role in seamless integration of data recorded in financial records of all the assessees across the country with the portal of the governing authority. That's why, the concept of GSTN (Goods and Services Tax Network) was envisioned. GSTN will act as a platform whereon all the stake holders, competent government, taxation authorities, RBI, and taxpayers can communicate. Not only will GSTN be responsible to ensure a uniform interface for taxpayers, but it would also provide shared IT infrastructure between the Centre and States. Additionally, GSTN would also ensure efficient dispute resolution mechanism that can help taxpayers and governing authorities maintain absolute compliance with regulatory guidelines and jurisdictional requirements.

The proposed GSTN system would capture item level details of all the invoices related to each commercial activity. Each line will capture the combination of all the crucial details related to suppliers and commercial activities, and those details would encompass invoice number with Harmonized System Nomenclature (HSN) /Services Accounting Code (SAC), Supplier's GST Identification Number (GSTIN), taxable values as well as taxable amount. This feature would make each line unique in the GST database, and it would further pave way for enhanced accuracy. In the GST era, accuracy would be the key to absolute compliance as all the invoices would have to be approved by the customer(s) in order to claim tax credit or Input Tax Credit (ITC). Apart from all these, GSTN system would also ensure auto computation of tax liability and credits, auto populated purchase registers, and auto generation of returns.

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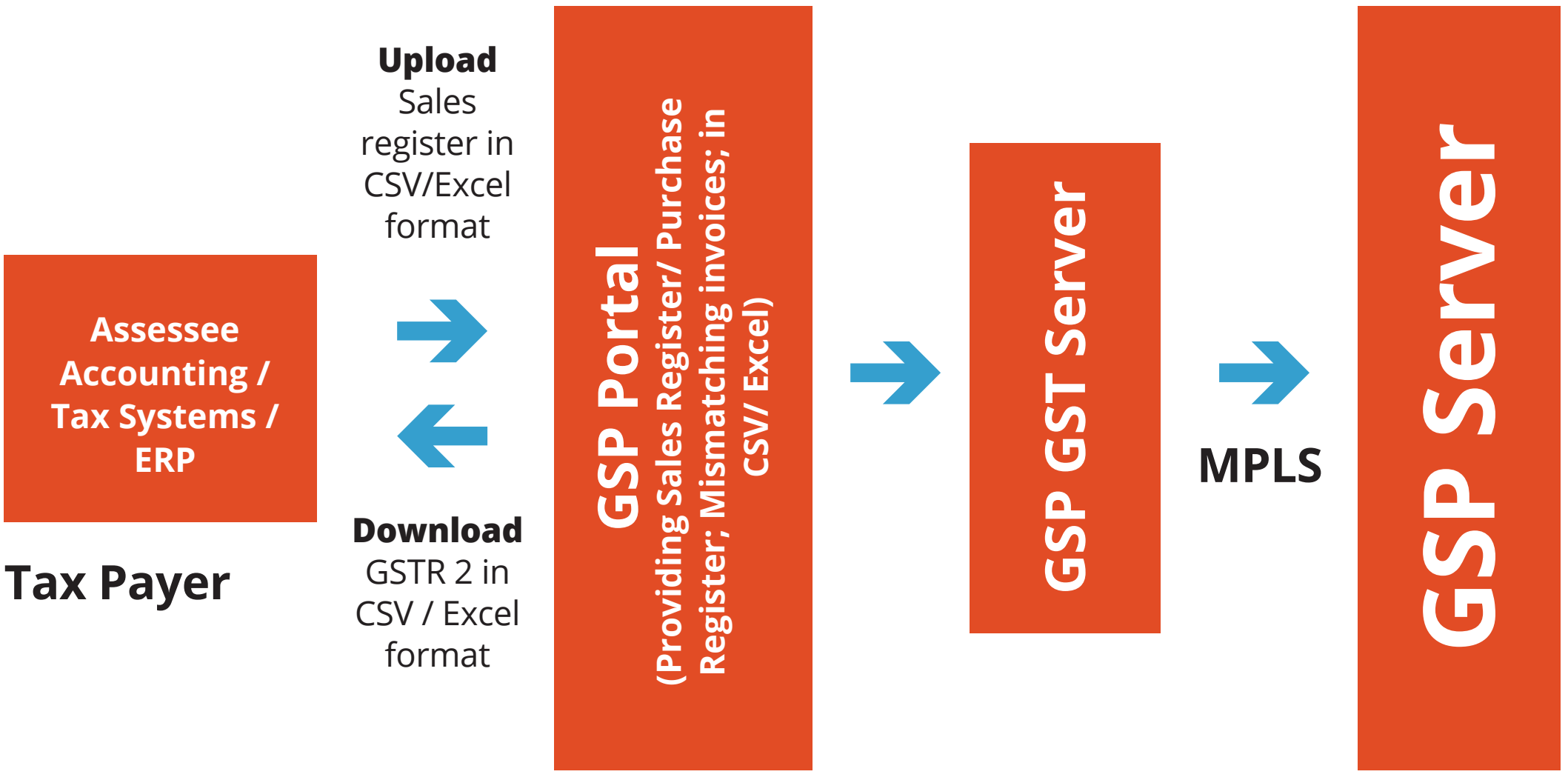
New Compliance Process

To ensure flexible interface to taxpayers or users, GSTN has decided to introduce the concept of GST Suvidha Providers (GSP). GSPs are third party service providers which will ensure an extended interface of GSTN website to taxpayers and users for return filing, invoice uploads, tax payments, refund claim, and so on.

Let's try to understand how the compliance process would be under the new GST regime through this picture.



GSP Application

Figure 1 : Compliance Process

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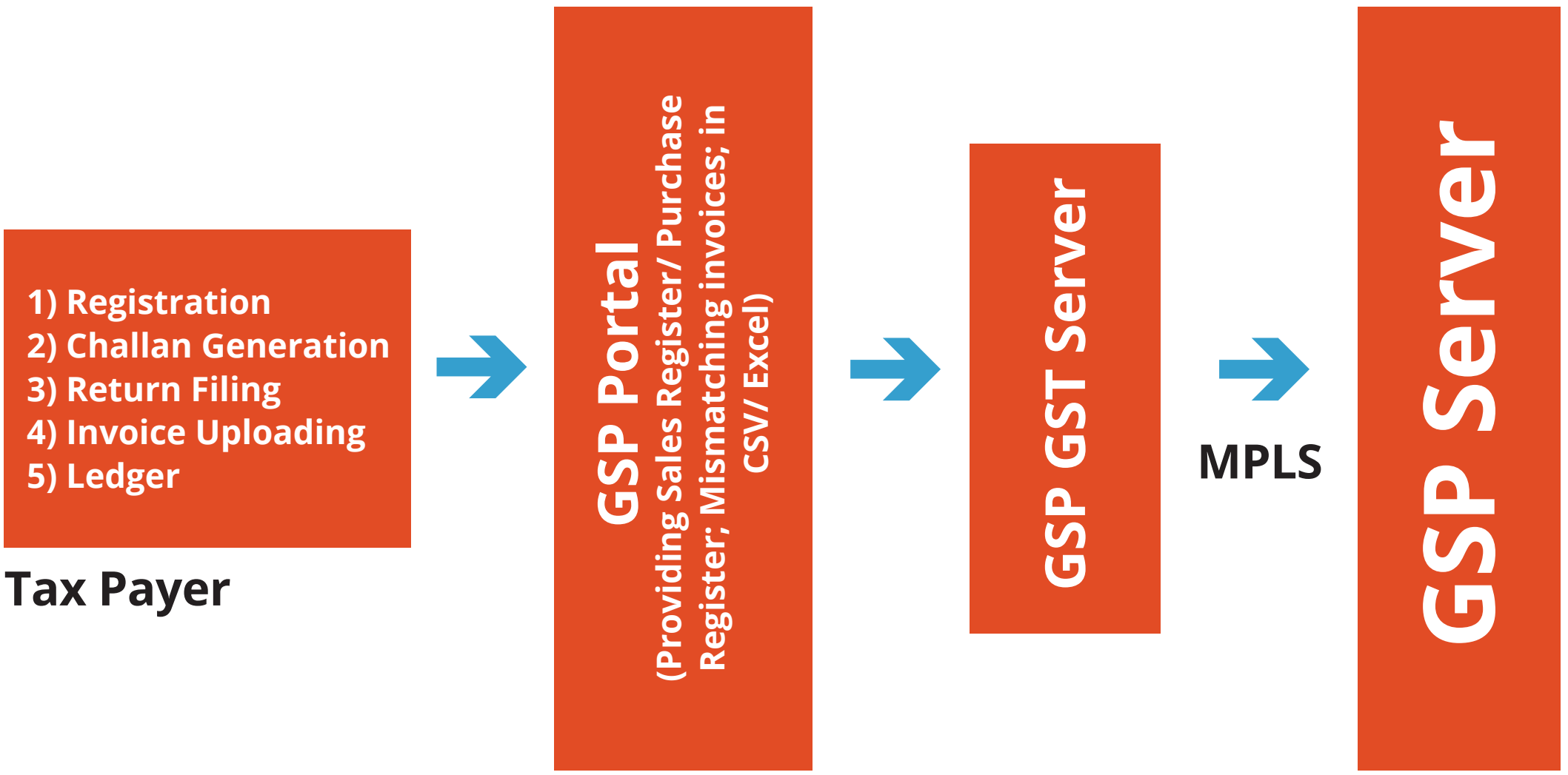

Figure 2 : Compliance Process

GSP Application

The integration described above is planned by way of Application Program Interface (API) being exported by Goods and Services Tax Network to licensed GSPs. Hence, it can be deduced that the role of GSPs in the new indirect taxation system would be very crucial. Therefore, it is important to comprehend every aspect of functionalities that are being demonstrated by licensed GSPs.

One must understand that the transition into GST era is not merely a tax reform, but it would also call for behavioral change. Taxpayers must get ready to revisit their compliance strategies as they would have to upload all the invoices, within specified timeframe, on the GSTN Portal. Herein, GSPs can be extremely helpful for taxpayers to ensure that all their invoices are uploaded in the detailed format. In essence, GSPs would ensure you a gateway to upload invoices, file return, make payment, and claim refund in the most immaculate manner.

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GST Impact on Business

As the wait for GST implementation is about to get over, we have witnessed several businesses re-structuring their overall compliance strategies so as to migrate into the new era with utmost ease and maintain absolute compliance thereon. GST implementation would help businesses across India compete with each other across the country, and it has been claimed by several experts that businesses would be able to reap multiple strategic benefits once they migrate into GST era successfully. However, one must not overlook the fact that most businesses in India, especially the ones with limited amount of resources, are quite unclear about how GST can impact their overall business processes and organisational structures.

Businesses across industrial domains must know that as GST is a new law, they would need to induce fundamental changes in IT requirement and business processes. As it is a transaction tax, these changes would vary based on the business structure, processes, and compliance strategies. They must ensure that these changes are unstintingly mapped to the ERPs (Enterprise Resource Planning) for proper tax computation. Additionally, businesses also need seamless integration with GSTN so as to maintain utmost compliances with all the new regulatory guidelines or jurisdictional requirements. To ensure all these, businesses would need a critical assessment of overall expectations and evaluation of internal capabilities so as to gauge the crucial change requirements.

Some of the key aspects that need special attention are discussed herein.

Understanding change requirements

In the GST era, businesses have to configure their detailed reporting and computation requirements in IT systems. They must not forget:

- For seamless generation of tax returns, 264 new information fields are required
- For tax computation and reconciliation of tax returns with accounting systems, 46 new data fields are required

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New compliance requirements

Each business entity will have to file minimum 37 returns per registration yearly. This would be a difficult thing to ensure if a business firm fails to makes use of efficient automation and integration.

Integrating new tax rules

Most of the ERPs that businesses use currently as well as the popular accounting software do not provide seamless tax compliance because they do not have efficient logics to integrate new tax rules.

Forward integration with GSTN

It is no surprise that GSPs would require data in the format of reports as prescribed by the GSTN; however, most accounting software and ERPs that are currently in use would not be able to generate such reports.

Managing input credit mechanism

Owing to data security concerns, most of the existing accounting software cannot be configured for an interface with GSTN website. However, one must not forget that un-reconciled invoices will mean loss of input credit under GST. Therefore, businesses will need an efficient input tax credit management framework for this purpose.

Mechanism for tax validation

Businesses would require an efficient mechanism for tax validation on every invoice that is processed under GST era as wrong computation can lead to loss of input credit. More importantly wrong computation can also have negative impact on the GST compliance rating.

Reconciliation and audit trials

In the GST era, businesses would not be allowed to file a revised return. Therefore, it is quite important to ensure adequate audit trials within the specified timeframe so as to ensure rectifications timely. Therefore, businesses would need to ensure integrative reconciliation between financial books and tax books for audits.

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Tools for data integration from multiple sources

This is yet another factor that businesses need to be prepared for as the data available from financial records might not be configured for computation and accounting. Therefore, businesses would need some additional tools to integrate data from multiple sources.

Data mining for tax optimization

Businesses need to get ready for radical operational changes as the new indirect taxation system will offer several avenues for data mining so as to ensure tax optimization. Additionally, it must be ensured that these changes are induced before the GST rolls out.

Flexibility for future changes

GST is a novel law, and there are chances that during initial days, the competent governments might bring about some changes through legislative amendments and clarifications. It would really be a challenging task to ensure real time alignment of accounting software/ ERP to all the changes.

Compliance cost

- ***IT foundation*** : Businesses must be prepared to bear major investment in IT infrastructure, and this can be a stiff challenge for MSMEs, SMEs, and limited liability companies. In fact, this is the most critical factor that businesses in India need to be watchful about during GST era.

- ***Basic infrastructure*** : To ensure absolute compliance in GST era, uninterrupted availability of basic infrastructures, like electricity and internet bandwidth, becomes paramount. This would unquestionably be a stiff challenge for businesses in remote areas.

- ***Trained workforce*** : Once the GST gets implemented in India, businesses need to ensure that it has adequate number of trained professionals who truly comprehend the new law provisions as well as the IT set-up to ensure strict adherence with the new law.

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Considering all these aspects mentioned above, it can be deduced that migrating into GST era and maintaining robust compliance thereon would not be a cake walk for any business entity. As most of the ERPs and accounting software that are currently in use across industries are not geared up for seamless integration, tax liability computation, and report generation, businesses across diverse industry verticals need to revisit their accounting and computation strategies.

Furthermore, it becomes crucial to pay exclusive attention to the IT and basic infrastructure. As the new system necessitates automation of all the compliance processes, businesses need to invest heavily towards setting up a robust IT infrastructure, with uninterrupted availability of electricity and internet bandwidth. Additionally, the cost associated with establishing a competent, skilled, and trained team will also have to be borne by the businesses.

The significance of ASP

It is a well-known fact that GST would call for radical changes in IT infrastructure and business processes across India, and the government anticipates that some sorts of complications might arise if businesses are not offered strategic assistance and guidance. Therefore, to avoid any sort of unforeseen complications, the concept of Goods and Services Tax Suvidhha Provider (GSP) was envisioned.

The prime role of a GSP is to ensure businesses a uniform, convenient, and automatic interface with GSTN for various activities, such as registration, invoice uploads, filing returns, making payment, and so on. Since the users will be provided standard APIs, with predefined routines, protocols, definitions, and tools, it would be expected that the tax liability has been computed properly. More importantly, it would also be expected that the input credits have been availed as per the regulatory provisions and data for returns is synchronized as per the prescribed formats. Apart from all these, it must be ensured that each transaction is duly verified for accuracy, reliability, and completeness before the payment of tax.

All these requirements certainly mean that we need to pay special attention to re-structuring the overall IT infrastructure in order to ensure successful implementation of GST in India as well as absolute compliance thereon. One must know that GSPs would only provide channels through

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which taxpayers' data would be transmitted to GSTN database for further processing. To keep pace with all the above cited requirements, the roles played by an Application Service Providers (ASP) become critical.

Operational process in an ASP environment

What is the meaning of indirect tax?

An Application Service Provider (ASP) can be defined as an enterprise that is responsible to deliver application functionality and all the associated services to users across a wide area network using a rental or usage-based transaction pricing model.

Let's pay attention to the operational process in an ASP environment.

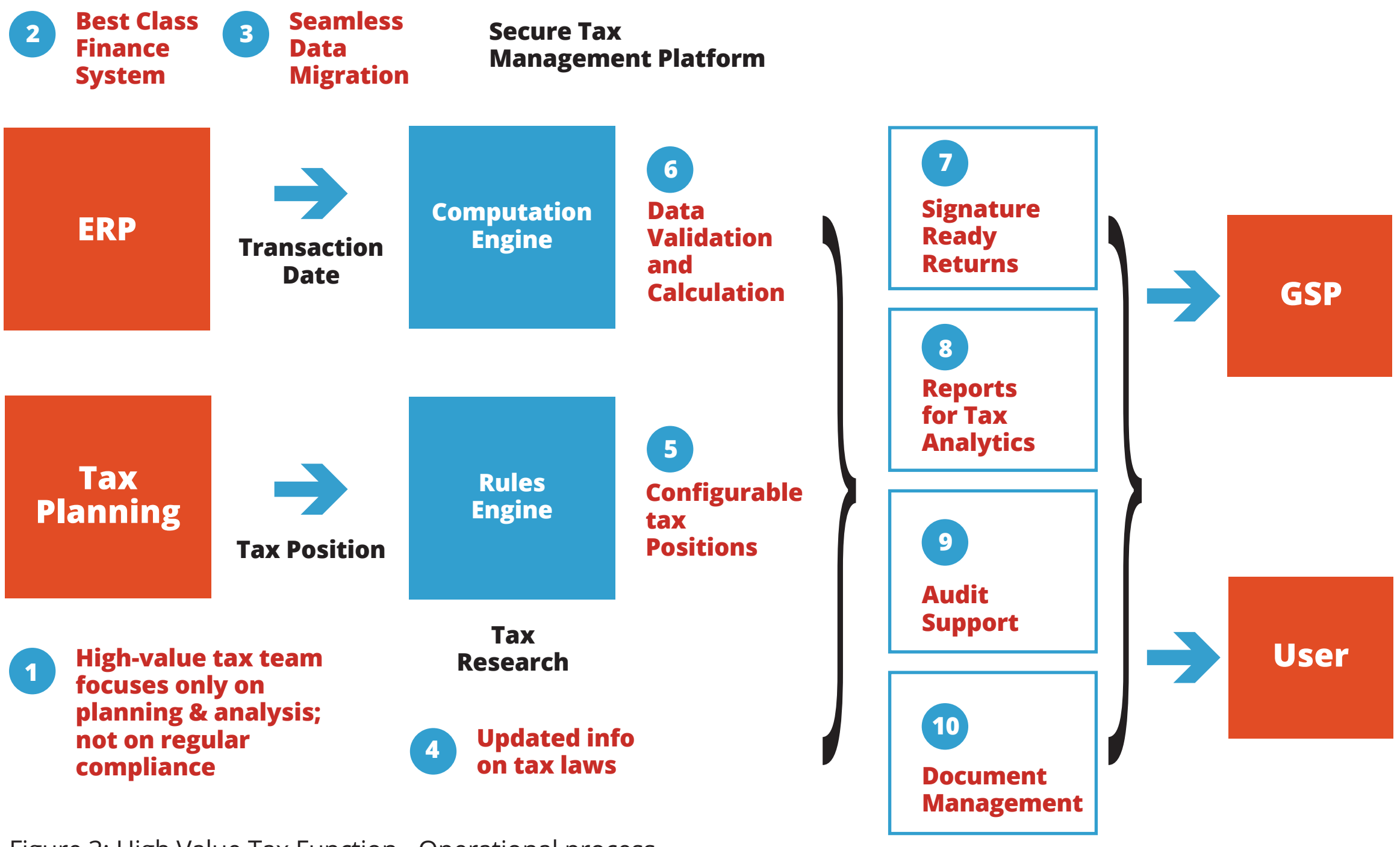

Figure 3: High Value Tax Function - Operational process

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Distinguishing features of an ideal ASP's offerings

ASPs aim at seamless integration of taxpayers' transaction system with GST compliance framework. They not only ensure strategic support for all the processes related to migration, but also take care of associated activities to help businesses achieve better compliance rating. In fact, an ideal ASP would leave no stone unturned to ensure enhanced business agility, abetted entrepreneurial speed, and robust GST compliance.

However, one must not be oblivion to the fact that selecting an incompetent ASP can expose them to plethora of unanticipated complications and risks associated with non-compliance. Therefore, it becomes quite imperative for businesses to conduct an exhaustive survey of ASPs so as to choose the one that best suits their specifications and expectations.

Let's glean through some of the most distinguishing features of an ideal ASP's offerings.

Data Protection

An ideal ASP will give you a clear understanding of

- Who has access to your data?
- Can your data be integrated with others' database?
- How robust is the security mechanism.
- How can your data be misused, if there is any chance?
- Whether your data is adequately secured by firewalls.

Data Integration

As an ASP would be an interface between a taxpayer's accounting system and GSP/GSTN, it must be ensured that data can be fetched from multiple sources and locations on a real-time basis. Additionally, the ASP must be having all the crucial licenses/approvals. Not only will an ideal ASP would provide detailed information on whether it can seamlessly interact with multiple accounting systems, but would also offer an option for direct entry or scanning.

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Data Enhancement

Although this factor is a subset of above cited feature, nonetheless it deserves special mention. An ideal ASP must be able to fill-up the gaps in taxpayers' database so as to ensure accurate compliance and match reporting needs as and when required.

Data Validation

To ensure absolute compliance with all the regulatory guidelines, it must be ensured that the data fetched has been examined comprehensively for accuracy, completeness, and reliability. Taxpayers should know about all the validation tools that ASPs would be using in order to verify data with utmost precision.

Master Synchronization

This is yet another crucial feature that an ideal ASP's offerings must encompass. Businesses must be having clear understanding of the frequency of synchronization and reconciliation of various financial records with their accounting systems. Additionally, it must also be ensured that whether the tool offered by ASP can acquaint or notify businesses of vendor's compliance rating.

Dynamic Tax Engine

An ASP must ensure businesses that they can use its tool frequently and easily to validate their tax positions in regard to the jurisdictional requirements and regulatory guidelines. More importantly, ASPs must ensure that their tools are adeptly-programmed so as to respond adroitly to changes in jurisdictional requirements and regulatory guidelines.

Interaction with GSP/GSTN

Most likely, all communications between taxpayers and taxation authorities during the GST era would be online via GSTN's platform. Herein, ASPs must inform their clients about the types of interactions that they would facilitate with GSTN for various purposes, such as filing, compliance, litigations, refund claims, and so on.

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Approval hierarchy

Most businesses have yet not comprehended the significance of this feature. They must know that accounting and compliance teams, comprising of various professionals, would be in dire need of this feature once the GST is implemented.

Archival and audit support

As per the regulatory guidelines, taxpayers would need to preserve their data for 8 years beyond the filing period. Herein, it becomes crucial to consider below mentioned features before selecting any ASP for your business' accounting and compliance practice.

- Period for which data can be archived.
- Can the data be retrieved once the ASP/ERP versions have changed?
- Types of tax computation reports that are available for audit support
- What types of audit trials does the ASP/ERP support?
- Does the tool keep track of all the communication with vendors/customers?

Value Added Features

An ideal ASP must ensure that it is a data mine that offers myriad of avenues to CFOs, tax managers, and other accounting professionals for tracking all the crucial details related to compliance, planning, contract evaluation, working capital management, and dispute resolution.

Eliminating infrastructure limitations

Every ASP must ensure its clients that it can minimize (if not eliminate) the ill-effects of power curtailment or bad internet connectivity. Taxpayers must prefer cloud-based installation over server-based installation; however, in any case, ASPs must ensure offline processing of data.

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Business continuity and disaster management framework

As all the functions pertaining to compliance in GST era would be wholeheartedly automated, it must be ensured that the system can adeptly deal with all sorts of complications associated with internet connectivity as well as infrastructure failure. ASPs must ensure that they keep backups of taxpayers' data, and they should try to create the backup on a regular span of time so as to ensure that the overall compliance system does not get affected by any sort of natural calamities.

System requirement

ASPs should clearly specify the requirements at client's end before taking any relevant action related to installation of new system. ASPs should ensure intellectual integrity herein so as to ensure clients that their overall transition process is totally transparent.

Customization

It is so true that most businesses pay special attention to this feature, and therefore, ASPs must offer customizable solutions. It should be ensured that the tool supports multiple regional languages and that it can be customized as per business specifications, tax positions, accounting processes, and so on.

Market readiness

It is so obvious that businesses would pay special attention to this crucial factor, and some taxpayers might even be willing to test the tool using live data. Therefore, ASPs must ensure whether their product prototype is indeed ready for client demo.

Implementation support

ASPs should be willing to walk that extra mile to help businesses in every pragmatic manner post GST implementation. This aspect should be clearly mentioned in SLAs so as to avoid any misunderstanding that might arise due to modifications in law, system upgrade, relocation of client, and so on. Additionally, ASPs must ensure strategic training sessions for the clients and/or their accounting professionals.

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Operating Model

An ideal ASP should clearly state whether it offerings would support external moderators like tax return preparers, chartered accountants, advisors, and so on.

Pricing

Last but not the least, ASPs must understand that this would be the most influential factor that can govern the decision of any business firm. Therefore, the pricing of the product should be adjusted in a very adroit manner. More importantly, ASPs must clearly state which provisions are included/excluded in the product once it is customized as per the clients' expectations.

Businesses must comprehend the fact that ASPs can impeccably make the entire compliance ecosystem much more comprehensive and robust. Therefore, the selection of the most competent ASP is of utmost importance. Once you have paid due attention to all the features mentioned above, you are perfectly positioned to make informed business decision.

A report on preparedness of ASPs

This report sheds light on how prepared are ASPs across India as it relates to GST compliance automation. Right from paying attention to their licenses and approvals to briefly discussing their security mechanisms, the report would cover all the crucial details regarding the preparedness of ASPs across India. Furthermore, the report also elaborates upon the payment provisions that ASPs are willing to roll-out for their clients. In essence, this report aims at developing readers' insights into the options they have as it relates to selecting a strategic Application Service Provider.

Installation

Majority of ASPs currently provide installation services by themselves and most of these are offering cloud-based solutions. Almost all the service providers offer the exclusive features of easy-to-use mobile version and online data processing.

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License and approvals

All the application service providers have adequate API, licenses, and approvals.

Functionality

During a survey conducted recently by a trusted research firm, almost 75% of the tools available in the market currently can work on lower bandwidth.

Almost every service provider collects data through Pull mechanism; however, exactly half of the service providers have claimed that they use both Push and Pull mechanism to fetch data from multiple sources.

All the service providers ensure that they offer in-built data validation tools along with tax rate validation.

Majority of service providers ensure Data Mining & Analytics to facilitate decision making and business planning.

Majority of tools offered by various ASPs across the country have Tax Validation and Classification support.

Every service provider ensures monitoring, communication, and rectification of requests.

25% of tools do not update the changes (pertaining to governing laws, regulatory guidelines, conditions, rates etc.) automatically.

Hardware and/or software requirement

About half of the tools in the market currently require minimum hardware support or software requirements.

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Data Backup

A large number of service providers have claimed that their products do keep backup data. In fact, most of them have claimed that their products are programmed in such a manner that it can create data backup on a regular interval of time.

Data Archive and Audit Tool

Almost 75% of service providers offer data archive and audit trail from tools till 8 years.

GST calculator

About half the application service providers offer GST calculator to help clients calculate tax liabilities with utmost precision.

Some service providers even claim that they have used geo-coding techniques to ensure strict adherence to jurisdictional requirements while calculating tax liabilities.

Value Added Features

There are only a few service providers in the market currently that can provide multi-lingual support solutions.

About 75% of the tools in market currently neither provide Master Rating nor do they warn if the rating falls.

Security mechanism

Most of the ASPs assert that their tools have adequate data safety & privacy measures. They also ensure that their products are compatible with leading accounting software.

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Interactions with GSTN

All the service providers facilitate direct interaction with GSTN and other governing authorities as it relates to reporting, compliance, reconciliation, and input matching, whereas only a few ensure the provisions for claims and certifications uploading, litigation support, and so on.

Implementation and tool training

Majority of the tools offered by ASPs do not require implementation support. However, the service providers do offer training for their clients.

Similarly, majority of tools support external moderator like chartered accountants, advisors, and tax return preparers.

Demo

Majority of GST compliance tools are ready for client demo.

About more than half of the service providers say that clients are allowed to test the product using live data.

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