The Cloud Nine Method in GST Accounting with Optimistic Approach

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ABSTRACT

Financial information related to day to day economic entities is the measurement for processing the taxes for long term applications will have portfolio mix in one premise and cloud-based services delivered across a combination of private, hybrid, and public cloud-based deployment models with the share of cloud services gradually increasing in the GST service. The GST subject quantifies the results of an organization's economic activities and this information is then used by various users, such as customers, manufacturers, investors, creditors, management, and regulators, while making important business decisions. Cloud nine based GST A/c will also be launching an improved version of its mobile app in a year with enhanced features and services to help expectant future and manage their entire pre-programmer of GST life cycle.

***Keywords**: GST Accounts, Cascading Effect, registered, cloud model, cloud services etc.*

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INTRODUCTION

GST Accounts will simplify indirect taxation, reduce complexities, and remove the cascading effect. Experts believe that it will have a huge impact on businesses both big and small, and change the way the economy functions. The liability of indirect taxes on the other hand, can be shifted to another person. So, the person liable to pay the tax can collect the tax from someone else and then pay it to the government; thus shifting the tax burden [1-3].

Phase 1

A Garment manufacturer spends Rs 1000/- to purchase raw materials and if the tax rate is 10%, then the tax comes out to be Rs 100. Hence, the final price of the shirt increases to Rs 1100/-

Phase 2

At the next stage, the wholesaler buys the shirt from the manufacturer at Rs 1100/-, and adds labels to it. When he is adding labels, he is adding value. Therefore, his cost increases by say Rs 400/-. On top of this, he has to pay a 10% tax, and the final cost therefore becomes Rs (1100+400=) 1500 + 10% tax = 1650/-

Phase 3

Because of the tax liability, the retailer buys the garment for Rs 1650/- from the wholesaler. He charges for the package; hence, the cost goes up. If the additional cost is Rs 300/-, when he sells the shirt, he adds the VAT as well that he has to pay to the government. So, the cost of the shirt becomes Rs 2145/- Let's see a breakup for this: Cost = Rs 1650/- + Value add = Rs 300 + 10% tax = Rs 195 + Rs 195 = Rs 2145/-.as shown in table 1.

Table 1. *Accounting Calculation of GST.*

Activity	Cost	10% Tax	Total
Buys Raw Material	1000	100	1100
Manufactures @ 400	1500	15	1650
Adds Value @ 300	1950	195	2145
Total	1700	445	2145

The goods worth INR 10,000 are sold by manufacturer W in Mumbai to Dealer X in Mumbai. X resells them to trader Y in Rajasthan for INR 17,500. Trader Y finally sells to End User Z in Rajasthan for INR 30,000. Suppose CGST= 9%, SGST=9%. Then, IGST= 9+9=18% Since A is selling this to B in Maharashtra itself, it is an intra-state sale and both CGST and SGST will apply, at the rate of 9% each .X (Mumbai) is selling to Y (Rajasthan). Since it is an inter-state sale, IGST at the rate of 18% will apply. Y (Rajasthan) is selling to Z also in Rajasthan. Once again it is an intra-state sale and both CGST and SGST will apply, at the rate of 9% each. Any IGST credit will first be applied to set off IGST then CGST. Balance will be applied to set off SGST. Since, GST is a consumption based tax, i.e., the state where the goods were consumed will collect GST. By that logic, Maharashtra (where goods were sold) should not get any taxes. Rajasthan and Central both should have got (30,000 * 9%) = 2,700 each instead of only 2,250.

Fig. 1. *Cloud-GST-Accounting*

India Filings is India's largest online business services platform has launched LEDGERS, a GST accounting software specially designed for small businesses. With great experience in delivering business services via cloud, the organization intends to provide GST compliance services as well to as many as over 1 lakh Subject matter experts. GST, the largest tax reform in India's history, will get thousands of small businesses into the compliance net, increase the number of taxpayers. Experts say that the number of business enrolled under GST will be more than 1 crore in a few years.

If Cloud accounting makes it easier to do the bookkeeping and produce accountants then some clients will start to do the work themselves and others will expect lower prices, resulting in less work and lower profits Cloud accounting and the opportunities it presents to accountants. They thought cloud can dramatically improve their efficiency and/or profitability. Therefore, they have found a way to adapt to change and are reaping the rewards through greater efficiency and profitability as shown in figure 1.

LEDGERS

Ledgers are an online GST accounting software from IndiaFilings.com designed to help businesses maintain their tax and regulatory compliance. LEDGERS is designed keeping in mind the requirements of small and medium-sized businesses in India and is made GST Ready. Since, LEDGERS was developed from scratch after GST announcement, it uses the latest in technology and is built to be compatible with all GST rules, regulations and requirements [4-5].

Conducting Audit of Tax Payers

Every registered person shall get his accounts audited by a charted accountant or cost accountant ads per section 35(5) of the CGST Act, when his turnover exceeds Rs.2 crore. The department may order for a special audit to be conducted by a charted accountant or cost accountant in the following cases: i) if the value of tax or input credit availed is not properly declared, ii) if the tax paid is not within the national limits. The occasion for conducting special audit may arise if any differences are found in the course of scrutiny/enquiry /investigation (section 66 of the CGST act)

The taxable person should be informed at least 15 working days prior to conduct of audit, in the case of audit to be conducted by the department – sec 65(3). Such an audit is to be completed within three months from the date of commencement of audit .The period in extendable for a further period of a maximum of six months by the commissioner –sec 65 (4) As per the section 65(5) the taxable person is required to make the following arrangement for conducting audit by the department: To facilitate all information required by the authorities for the conduct of audit , and to render assistance to complete the audit on time. As per section 65(6)and(7) of the act, the proper officer has to complete the audit , within 30 days and inform the taxable person regarding his findings , the basis of the findings and the rights and obligations of the taxable person based on his findings . if the auditor detects any short payment of tax or tax not at all paid or any erroneously refunded items [6-8] .

CONCLUSION

In the coming times, Financial Services firms will typically leverage Hybrid Cloud architecture to realize benefits (cost, speed, and efficiency) while balancing requirements (security, compliance, quality of service) across various business functions. A hybrid cloud model enables GST to garner the benefits of cloud computing while also maintaining the security and confidentiality of their data GST service providers playing more vital role in increasing ownership and control of the cloud infrastructure as cloud computing matures and more rigorous controls become available. But once the cloud network was back up and running the GST clients whose data had been compromised found that much of their data was inaccessible. This is when GST Cloud nine realized the attack was of the ransom ware variety. Hackers hold an entity or individual’s GST data for a price — i.e., a ransom. The way ransom ware works is it drops a script into a victim’s computer system, encrypting files to make them inaccessible. Once a victim pays the ransom, the cybercriminal may (or may not) give them a key to unlock those files and regain access to the data and commits fraud.

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