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**ISMA** is dedicated to promoting best practices in area of cost & management accounting. ISMA represents open forum of professionals working in area of Cost & Management accounting who integrate accounting expertise with advanced management skills to achieve business success.


**NOIDA MANAGEMENT ASSOCIATION**

In Association With


**Indian Society Of Management Accountants**

CMAs Are Helping India To Achieve Sustainable Inclusive Growth

INVITES YOU TO BE A PART OF AN EVENING TALK ON

**ACHIEVING BREAKTHROUGHS IN PROFITS AND CASH FLOWS**

BY MR. VINAY AGARWAL (Alumnus of IIT Kanpur and IIM Calcutta &amp; Managing Partner of PGT Partners)

GUEST OF HONOUR - Mr. Amit Sinha (Alumnus of IIT Chennai and IIM Ahmedabad &amp; Managing Partner and Founder Panamax Indraman Advisors)

**PROGRAM COVERAGE**

Dr. Eli Goldratt created a body of management knowledge, called TOC, to identify Critical constraints and overcome them leading to breakthrough increases in profit, cash flow and other business indicators such as on-time delivery, working capital turns (basically release of cash), manufacturing lead time, supply chain effectiveness, distribution management and project delivery amongst others.

This program will include case studies from Indian industry and will describe some of the basics of TOC to help you identify.

- ✓ What to change - Find the leverage point
- ✓ What to change to - Create a breakthrough solution
- ✓ How to cause the change - Implement with your people

**WHO SHOULD ATTEND**

If you are responsible for the performance of an organization with huge potential, and you want to grow, but are somehow blocked, then this program is for you

**PROGRAM DETAILS**

6:00 - 6:15 PM Tea & Networking  
 6:15 - 6:30 PM Welcome Note by Shri SK Tomar President NMA  
 6:30 - 8:00 PM Evening Topic  
 8:00 - 8:15 PM Vote of Thanks by  
 (Dr.) CMA Amarendra Kumar, Secretary ISMA

**DATE - Saturday, 20<sup>th</sup> August 2016**
**TIME - 6:00 PM - 8:15 PM**
**VENUE - NMA HOUSE, Sector 62, Opp. JSS Academy, Noida.**

 Please confirm your presence at 9811102132 or [info@nmanoida.org](mailto:info@nmanoida.org)
**Channel Partners**


Noida Chapter

## How a Full GST regime will work

### Stage 1

Imagine a manufacturer of, say, shirts. He buys raw material or inputs — cloth, thread, buttons, tailoring equipment — worth Rs 100, a sum that includes a tax of Rs 10. With these raw materials, he manufactures a shirt.

In the process of creating the shirt, the manufacturer adds value to the materials he started out with. Let us take this value added by him to be Rs 30. The gross value of his good would, then, be Rs 100 + 30, or Rs 130.

At a tax rate of 10%, the tax on output (this shirt) will then be Rs 13. But under GST, he can set off this tax (Rs 13) against the tax he has already paid on raw material/inputs (Rs 10). Therefore, the effective GST incidence on the manufacturer is only Rs 3 (13 – 10).

### Stage 2

The next stage is that of the good passing from the manufacturer to the wholesaler. The wholesaler purchases it for Rs 130, and adds on value (which is basically his 'margin') of, say, Rs 20. The gross value of the good he sells would then be Rs 130 + 20 — or a total of Rs 150. A 10% tax on this amount will be Rs 15. But again, under GST, he can set off the tax on his output (Rs 15) against the tax on his purchased good from the manufacturer (Rs 13). Thus, the effective GST incidence on the wholesaler is only Rs 2 (15 – 13).

### Stage 3

In the final stage, a retailer buys the shirt from the wholesaler. To his purchase price of Rs 150, he adds value, or margin, of, say, Rs 10. The gross value of what he sells, therefore, goes up to Rs 150 + 10, or Rs 160. The tax on this, at 10%, will be Rs 16. But by setting off this tax (Rs 16) against the tax on his purchase from the wholesaler (Rs 15), the retailer brings down the effective GST incidence on himself to Re 1 (16 – 15).

Thus, the total GST on the entire value chain from the raw material/input suppliers (who can claim no tax credit since they haven't purchased anything themselves) through the manufacturer, wholesaler and retailer is, Rs 10 + 3 + 2 + 1, or Rs 16.

### How it would be in a non-GST regime?

In a full non-GST system, there is a cascading burden of "tax on tax", as there are no set-offs for taxes paid on inputs or on previous purchases.

Thus, if we consider the same example as above, the manufacturer buys raw materials/inputs at Rs 100 after paying tax of Rs 10. The gross value of the shirt (good) he manufactures would be Rs 130, on which he pays a tax of Rs 13. But since there is no set-off against the Rs 10 he has already paid as tax on raw materials/inputs, the good is sold to the wholesaler at Rs 143 (130 + 13).

With the wholesaler adding value of Rs 20, the gross value of the good sold by him is, then, Rs 163. On this, the tax of Rs 16.30 (at 10%) takes the sale value of the good to Rs 179.30. The wholesaler, again, cannot set off the tax on the sale of his good against the tax paid on his purchase from the manufacturer.

The retailer, thus, buys the good at Rs 179.30, and sells it at a gross value of Rs 208.23, which includes his value addition of Rs 10 and a tax of Rs 18.93 (at 10% of Rs 179.30). Again, there is no mechanism for setting off the tax on the retailer's sale against the tax paid on his previous purchase.

The total tax on the chain from the raw material/input suppliers to the final retailer in this full no-GST regime will, thus, work out to Rs 10 + 13 + 16.30 + 18.93 = Rs 58.23. For the final consumer, the price of the good would then be Rs 150 + 58.23 = Rs 208.23.

Compare this Rs 208.23 — with a tax of Rs 58.23 — to the final price of Rs 166, which includes a total tax of Rs 16, under GST.

( Source : <http://indianexpress.com/article> )

Congratulation to CMA Pankaj Jain , President of ISMA , on being his appointment as a member of Jury for selection of Greatest Brands & Leaders ( 2015-16 ) by leading International media house " URS Media Consulting P.L. "

CMA Pankaj Jain ; President ,CMA Krishna Dasan; Vice President ,CMA ( Dr.) Amarendra Kumar ; Secretary were participants on behalf of ISMA during the event organized by India startups on the topic " Growth of Startups – With and without Funding on dated 7<sup>th</sup> Aug '16