Global Template Configuration

India

Last Updated: November 2017
# Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision Notes / Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Nov-2017</td>
<td>Guide Created</td>
</tr>
</tbody>
</table>
Disclaimer

The Concur Global Template consists of Expense configurations designed to support the most commonly known configuration and statutory requirements for supporting T&E best practices. The system includes support for specific statutory requirements based on our understanding of “common interpretation” gathered from our experience of in-country legislation through the deployment of Concur into this market. The Country Template represented in this guide is intended to provide customers with a starting point to aid in the deployment of their T&E solution, and should in no way be construed as tax or compliance advice for your business. The template configuration may need to be adjusted to match the requirements of your business, and any legal or statutory requirements should be confirmed with your company’s tax accounting and/or compliance departments before being authorized for configuration into your Concur Expense system.

Updates

Rates and/or regulatory requirements provided as part of the Templates are not guaranteed to be up to date, so any information provided should always be verified by the customer against the current government regulations. Updates are applied through on-going partnership with in-country Concur product marketing teams, liaison with implementing customers, and through collaboration across the various Concur implementation teams deploying in these countries.

The timing of updates can vary by country and feature. For example, certain countries provide regular annual updates to statutory travel allowance and mileage rates, while the rates in other countries are less frequently updated. VAT rate updates are typically less frequent or predictable and can occur at any time and are quite often dependent on broader economic situations. Tax authorities do however typically provide advanced warning where VAT rate or rule changes come into effect to allow businesses time to prepare.

Every effort is made to ensure that where updates are known to Concur that these are applied to the latest version of the template in a timely fashion. Where updates have been applied these will be reflected in any available template documentation.
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Best Practice VAT Configuration Options

VAT Considerations

The intention is to pre-configure the VAT within the Template environment using pre-configured elements to support the statutory VAT requirements in India. This will assist with ensuring that users enter the correct information before auditing to ensure compliance with the tax regulations for reclaiming VAT.

Concur will provide recommended best practices for configuring the environment for India based on the following model:

- Best Practice configuration options - specific data entry fields and audit rules (where applicable) to control compliance before the expense claim is audited or processed
- 3 Receipt Types (Tax Receipt, Receipt and No Receipt)

India GST Overview

VAT in India is more commonly known as Goods and Services Tax (GST), and was introduced from 1st July, 2017.

India adopts a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single state will be levied with Central GST (CGST) by the Central Government and State GST (SGST) or Union GST (UGST) by the government of that state.

For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption based tax, therefore, taxes are paid to the state where the goods or services are consumed not the state in which they were produced. IGST simplifies tax collection for State Governments by enabling them to collect the tax owed to them directly from the Central Government. Under the previous system, a state would have to deal with multiple state governments to collect tax revenue.
GST Rates

The following table represents the various rates of VAT in India based on the nature of supply (goods or service)

<table>
<thead>
<tr>
<th>Nature of Supply</th>
<th>Tax Rate %</th>
<th>Tax Rate Name</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply of Goods</td>
<td>0%</td>
<td>Zero Rate</td>
<td>Export supplies</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>Reduced Rate</td>
<td>Mass Consumption Goods</td>
</tr>
<tr>
<td></td>
<td>12%</td>
<td>Reduced Rate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>Standard Rate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>28%</td>
<td>Higher Rate</td>
<td>Luxury Goods</td>
</tr>
<tr>
<td>Supply of Services</td>
<td>0%</td>
<td>Zero Rate</td>
<td>Export supplies</td>
</tr>
<tr>
<td></td>
<td>12%</td>
<td>Reduced Rate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>Standard Rate</td>
<td></td>
</tr>
</tbody>
</table>

GST Rate Types

Calculation Based on Location of Consumption

The calculation of CGST/SGST or IGST is determined by the location (State) where the Expense User consumes the goods/services and has nothing to do with their Home Province/State. In almost all cases of T&E transactions the user is likely to consume the goods/services in the same location (State) that they were supplied/produced. IGST would only ever apply where goods/services were supplied/produced by a Vendor based in State A and then consumed in State B – as the tax now belongs to State B.

The calculation of GST in Concur is about helping to identify where the tax (GST) needs to be sent by the Vendor.

- If the consumption takes place Intra-State (within State) which applies to most expenses - half the tax goes to the Central Government (CGST) and half goes to the State (SGST).

- If the consumption takes place Inter-State (outside of the state) then the Vendor sends all of the tax (GST) to the Central Government who can then give the tax to the State where it was consumed (IGST).
The following represents the various rate types in India:

### Central GST (CGST)

<table>
<thead>
<tr>
<th><strong>Description</strong></th>
<th>Nationwide GST applicable across all of India set by central government.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicability</strong></td>
<td>Applies to <strong>Intra-State</strong> transactions - Transactions made within a single state (consumption takes place in the same state as production)</td>
</tr>
<tr>
<td><strong>Rates</strong></td>
<td><strong>GST 50/50 Split for Intra-State Transactions</strong>&lt;br&gt;All Intra-State transactions will apply a single % rate of GST and will then apply a basic 50/50 split between the Central Government and the State Government. For example, if the overall rate of GST would be 18% this would be split 9% CGST and 9% SGST. That would mean the following rates would apply for both CGST and SGST (UGST)&lt;br&gt;- Zero (0%)&lt;br&gt;- Reduced (2.5%)&lt;br&gt;- Reduced (6%)&lt;br&gt;- Standard (9%)&lt;br&gt;- Higher (14%)</td>
</tr>
</tbody>
</table>

### State GST or Union Territory GST (SGST or UGST)

<table>
<thead>
<tr>
<th><strong>Description</strong></th>
<th>Per-state GST set by each of the 29 states. Per-union territory state GST set by each of the 7 union territories.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicability</strong></td>
<td>Applies to <strong>Intra-State</strong> transactions - Transactions made within a single state (consumption takes place in the same state as production)</td>
</tr>
<tr>
<td><strong>Rates</strong></td>
<td>See CGST above</td>
</tr>
</tbody>
</table>

### Integrated GST (IGST)

<table>
<thead>
<tr>
<th><strong>Description</strong></th>
<th>Harmonised GST composed of either CGST and SGST, or CGST and UGST. Only the central government can levy and collect.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicability</strong></td>
<td>Applies to <strong>Inter-State</strong> transactions - Transactions made across two states (where production takes place in a different state to consumption)&lt;br&gt;Some expenses can never be subject to IGST. For example, a Hotel is considered an immovable object so if you purchase a room in a hotel in Rajasthan you can only consume the expense (sleep in the room) in that State (you cannot move it to another state).</td>
</tr>
<tr>
<td><strong>Rates</strong></td>
<td><strong>IGST will use Harmonized Full GST Rates</strong> - Where the GST is split 50/50 IGST rates would be based on the harmonized full GST rates:&lt;br&gt;- Zero (0%)&lt;br&gt;- Reduced (5%)&lt;br&gt;- Reduced (12%)&lt;br&gt;- Standard (18%)&lt;br&gt;- Higher (28%)</td>
</tr>
</tbody>
</table>
Expense Types with Special VAT Handling

Special VAT conditions and data entry requirements for which we include special pre-configured tax handling in the template system.

**IMPORTANT**: The Template for India is setup to allow Expense Types to be subject to **All Rates of VAT** via an Entry Drop Down. Most expenses are believed to be assigned a single rate % however this setup allows a level of flexibility during the initial period of India GST to help account for differences in the Tax Rates of actual expenses. This will enable Concur to refine/improve the future tax configuration in Concur.

**NOTE**: The option still exists to configure VAT conditions to account for specific tax rate mapping and rules. If customers wish to implement VAT conditions to account for specific tax rate mapping and rules this will require a scoping exercise working with your Implementation Consultant.

Airfare

The GST on Airfare is determined by the class of service:

- Above Economy Class - 12%
- Economy Class - 5%

See previous IMPORTANT note regarding the All Rates of VAT configuration setup.

Hotel

The GST on Hotels is determined by the type of hotel and the room rate per day:

- Room Rate 7,500 INR or above/5 Star Hotel - 28%
- Room Rate 2,500-7,500 INR per room per day - 18%
- Room Rate 1,000-2,500 INR per room per day - 12%
- Room Rate up to 1,000 INR per room per day - 0%

See previous IMPORTANT note regarding the All Rates of VAT configuration setup.

**NOTE**: Not eligible for IGST as a Hotel is considered an immovable object. This also includes Laundry when this is claimed as part of a Hotel Invoice.
**Business Meals & Entertainment**

The GST on Business Meals & Entertainment is determined by the type of establishment or restaurant:

- Restaurant in Hotel with room rate per day >7,500 INR – 18%
- All Other Restaurants, Eating Places or Takeaways – 5%

See previous IMPORTANT note regarding the All Rates of VAT configuration setup.

**NOTE:** Business Meals & Entertainment are **non-reclaimable**

**Car Rental & Taxi**

Car Rental and Taxi expenses are calculated at the 5% reduced rate and are **non-reclaimable**. These expense types will be setup in a separate VAT Group which sets the reclaim to 0% irrespective of the Receipt Type is selected.

- Car Rental
- Taxi

**Gifts**

Gift expenses are potentially subject to all rates of VAT and are **non-reclaimable**. These expense types will be setup in a separate VAT Group which sets the reclaim to 0% irrespective of the Receipt Type is selected.

- Gifts – Clients
- Gifts – Staff
Expense Types without Special Handling

**Standard 18%**
- Agency Booking Fee
- Airline Fees
- Bank Fees
- Car Maintenance/Repairs
- Courier/Shipping/Freight
- Currency Exchange Fees
- Internet/Online Fees
- Laundry
- Marketing/Promotional Costs
- Mobile/Cellular Phone
- Office Equipment/Hardware
- Office Supplies/Software
- Parking
- Postage
- Printing/Photocopying/Stationery
- Professional Subscriptions/Dues
- Seminar/Course fees
- Staff Awards/Incentives
- Telephone/Fax
- Tuition/Training Reimbursement

**Zero/Exempt 0%**
- Fuel
- Newspapers/Magazines/Books
- Passports/Visa Fees
- Personal Car Mileage
- Public Transport
- Tips/Gratuities
- Tolls/Road Charges
- Train
Exclusions
Special VAT conditions for which we do not include special tax handling conditions:

All Rates of VAT
The Template for India is setup to allow Expense Types to be subject to All Rates of VAT via an Entry Drop Down. Most expenses are believed to be assigned a single rate % however this setup allows a level of flexibility during the initial period of India GST to help account for differences in the Tax Rates of actual expenses. This will enable Concur to refine/improve the future tax configuration in Concur.

No Special Handling Conditions are currently pre-configured for India GST

NOTE: The option still exists to configure VAT conditions to account for specific tax rate mapping and rules. If customers wish to implement VAT conditions to account for specific tax rate mapping and rules this will require a scoping exercise working with your Implementation Consultant.
Travel Allowance

Common Practice

In India there are no known statutory per-diem rates provided by the Government. Best practice is for employees to reclaim actual expenses.

**NOTE:** If customers wish to deploy a Company Specific Travel Allowance, this will require working with your Concur Implementation Consultant to scope the additional configuration work required.
Mileage Rates

Personal Car Mileage

No statutory Personal Car Mileage rates are configured as part of the Template for India.

Company Car Mileage

No statutory Company Car Mileage rates are configured as part of the Template for India.