

Optitax's®

Report on feasibility analysis



Background

A correct strategy or decision for business considering legal provisions of Indirect tax laws can change the financial scenarios, costing and profitability of a business.

Hence, in today's price sensitive market, it is imperative to consider the impact of Indirect tax laws in order to take appropriate decision.

We at Optitax's are a team of professionals providing niche services in the field of indirect taxation. We have developed a decision matrix tool which could help in taking the best decision based on the quantum of profit or loss in case any Distillery chooses to explore the option to sell the RS to liquor manufacturers. This decision matrix helps in determining the threshold price as well as quantity of RS to be sold to liquor manufacturers. Ignoring this aspect may prove disastrous if the respective taxpayer generates negative profit as a result of such sale. We have made every attempt to include all relevant factors which can have an impact on the cost while deciding the feasibility.

The calculation is based on broad level and there could some specific provisions which may become a critical requirement subject to which the respective taxpayer may not be eligible for a particular scheme.

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Decision Making Matrix

Analysis could be given here along with conclusion.

(In Crores)

Particulars	Up to date	Proposed		Proposed	
		If sold to Liquor	Total	If not sold to Liquor	Total
Exempt supply					
Total Outward Supply					
Exempted to Total Ratio					
Common Credit					
Rule 42 & 43 Reversal					
Impact on Rule 42 & 43 reversal					
Impact on revenue					
Profit/Loss					
Additional Cost					

Cost saved per liter by not generating denatured spirit					
Penalty					
Net Profit/Loss					

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