

Why GST would make selling through agents challenging?

Selling through an agent has become a lot more complicated under GST.

Under the current laws a principal can [transfer stock](#) to his agents without paying any taxes and then the agent can keep those goods with him until he makes the sale to the final customer. However under GST any [transfer of stock](#) from the principal to the agent even without any consideration shall be taxed under GST.

When the agent sells these goods to the customer, he is going to sell it in his own name and charge GST on it. Subsequently he will be allowed full input credit on the GST paid to the principal.

However, the crux of the matter remains that any [transfer from a Principal to the agent of stock](#) is now going to be taxed under GST.

This is going to require efficient redesigning of the supply chain process and redesigning of the [distribution system of companies](#).

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