

A STUDY ON PERCEPTION OF BUSINESS OWNERS TOWARDS GST

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ABSTRACT

The GST (Goods and Services Tax) is a courageous step toward reforming India's sprawling indirect tax system. The introduction of GST has resulted in a reduction of the tax burden and an increase in the country's ease of doing business. GST has two distinct effects: the first affects enterprises, while the second affects consumers, who bear the brunt of tax charges. In India, the unorganised sector and a portion of industry that benefit from the exemption will also significantly contribute to the country's GDP growth. The study's major purpose is to evaluate small business owners' awareness of the GST and to ascertain the actual impact. Recognizing that there will be an effect on productivity or sales, research is conducted to ascertain the magnitude of the impact and level of satisfaction. The report is based on a survey of 50 businessmen . A systematic questionnaire was used to collect data. The inquiry determined that while business owners are aware of the GST implementation and believe it is a fair tax system, the system lacks clarity and procedural simplification due to the requirement that they rely on CAs throughout the online submission process.

KEYWORDS: Tax, GST, VAT, Goods and Services Tax

INTRODUCTION

The Indian government's primary source of revenue is tax collection, and the most common type of tax is indirect tax, also known as GST, which stands for "one tax, one nation." Many state taxes, such as luxury tax, VAT tax, state tax, central tax, purchase tax, entry tax, entertainment tax, lottery taxes, state cesses and surcharges, and central taxes, such as central excise duty, service tax, special additional duty of customs, were in place prior to July 1, 2017. Consider the tax burden on the payer and the amount of math required to pay each tax. The merchandisers were left perplexed as a result of this. By enabling online GST filling, the introduction of GST has opened the way for the development of indirect taxes. The other major goal of GST was to eliminate the cascading effect, however many say that this goal has yet to be realised. The cascading effect is defined as a "tax on tax" that raises the price of a product in a coordinated manner, resulting in inflation in the economy.

GST had ramifications, such as a dual taxing system (Central GST (CGST), State GST (SGST), and Integrated GST (IGST) (IGST). If the supplier and buyer are located in the same state, the seller must collect both CGST and SGST from the buyer, and the central and state governments will agree on the appropriate revenue sharing ratio. This has reduced the cascading effect and streamlined the tax structure. The government imposes rates on a mutual basis, but they cannot be

higher than 14%. The new tax rates are 5%, 12%, 18%, and 28%, respectively; however, alcohol/liquor, electricity, and petroleum items are not included in the GST rates. One of the main reasons for not include petroleum in the GST is the government's large revenue, which amounts to roughly 28% of total revenue; imposing GST would put a stop to their income. The same reason is that, with the exemption of GST on liquor, the sale of alcohol generates more than half of the revenue in some states. Power is a necessary for living, so it must be kept inexpensive and affordable. Some political parties may claim to offer electricity at a lower cost, which may cause citizens to become dissatisfied.

The largest issue in implementing GST was persuading 133 crore people to understand the new system, especially in areas where people are hesitant to accept change. The majority of difficulties have been solved by categorising commodities and services into specified categories and explaining them. Many commodities and services had their prices raised in the early days, causing inflation in the economy. The lack of information regarding the economic abetments has made people more polite. Many firms still lack the right IT infrastructure to create GST invoices and extract needed reports, as well as a lack of properly trained resources and management re-skilling, causing additional hardship across industries. It was challenging for new businesses to deal with GST because they were not well-established in the industry and needed to learn about the new taxes structure. Finally, we may claim that GST increased tax transparency and provided a larger taxing platform. It is difficult to eradicate corruption from the system, but it can be minimised to a certain extent.

LITERATURE REVIEW

NabenduBasak (2017) discusses the benefits of GST implementation in India in his study. With a transparent tax structure, the number of indirect taxes will decrease. GST is not applicable to registered retailers. Prices of numerous commodities will decrease, benefiting customers. Under the GST, it would be possible to allocate equity between manufacturing and services, hence lowering production costs.

According to Parasuramansubramani et al. (2017), there are numerous hurdles to overcome when introducing GST. GST is a consumption-based tax; more consumption of goods and services results in increased income. Thus, state governments' cooperation will be required to ensure the proper implementation of the GST. GST is also advantageous for businesses. The GST will alter the current system's tax structure. There will be a single tax on both goods and services.

Teena Shivnani and co-authors (2017), According to this analysis, GST is a comprehensible tax structure that consolidates the majority of indirect taxes. Additionally, it will result in increased employment and production in the future. GST will provide India with a sound tax structure, but its execution will be critical. It will revitalise India's economy.

Sreetama Ghosh Sreetama Ghosh (2017), GST rollout will be a watershed moment in India's indirect tax reforms. By combining a large number of taxes into a single tax, cascading taxation would be significantly reduced. The primary benefit is a reduction in the overall tax burden on goods and services. Indian products will also be able to compete on worldwide markets following the implementation of GST. GST is transparent, which makes administration simple.

DattKalmes (2017), They compare and assess GST/VAT, or goods and services tax (GST) or value-added tax, in their study (VAT). GST/VAT has an impact on a wide variety of operational aspects of enterprises. The rules are often complex, and occasionally, the legislation is amended. Businesses must engage in GST planning to guarantee that they adhere to legal requirements while also increasing their earnings.

Arunabha Roy (2017), This study demonstrates that GST will transform India into a tax-neutral market by absorbing the majority of the country's leading indirect taxes, whose cumulative effect is the primary impediment to the current indirect tax system. That is why goods and services are overpriced. By incorporating the majority of indirect taxes, the GST eliminates the effect of a multiple-tax system. It will result in a win-win situation for all parties involved.

According to Vidya Suresh and Bipasha Maity (2016), the macroeconomic effect of a reduction in economic fluctuations as a result of the GST would be to stimulate economic growth. It will result in more efficient factor distribution, resulting in an increase in GDP and exports. GST will create jobs by expanding labor-intensive sectors and increasing GDP; as a result, economic wellbeing will improve.

According to Dr. Ankita Gupta (2015), this study seeks to resolve India's double taxation problem. This paper makes the case for progressive GST (Goods and Services Tax). This study seeks to identify areas of development in India's tax structure in order to offer appropriate changes to tax policymakers in order to eliminate double taxation on different income categories.

KheraRishi (2017), The introduction of the Goods and Services Tax has ushered in a new era in India's taxation structure. This creates an opportunity for overseas enterprises that have been unable to enter the market due to stringent tax legislation. Adhering to universally accepted tax laws promotes the economy's reliability.

According to Mohamad Ali Roshidi Ahmad (2016), this study emphasises the importance of tax reform in order to increase revenue and stimulate economic growth. GST is a multistage tax imposed at the conclusion of each intermediate stage of production.

Dr. Manoj Kumar Agarwal (2017) indicated in his study that the government should take initiatives to educate the public about the GST. Additionally, the government should educate the public that the GST will not hurt small enterprises. Those who are knowledgeable about GST must also educate the society, so that a great deal of incorrect information can be eradicated.

According to T BenixKanjiravila (2016), this study argued that GST will help the government reduce unemployment. It will increase the fiscal flexibility available to the government and strengthen its economic viability. To raise the competitiveness of Indian business businesses to that of international organisations and to establish a unique national market for a variety of goods and services by streamlining the country's taxation system.

According to SolihaSanusi (2017), this study concluded that expertise is essential to ensure the smooth implementation of GST. He discussed competency in terms of knowledge, behaviours, and training. All of these things are necessary for the GST to be implemented.

OBJECTIVES OF STUDY

To identify the perception of GST among the business owners based in India.

SOURCES OF DATA

Primary data were gathered mostly through the presentation of the questionnaire directly to respondents. Secondary data are used to supplement and substantiate primary data, as well as to establish a sound theoretical foundation. Secondary data sources included research papers, SSRN, shodhganga, local government entities, research journals, newspaper stories, GST portals, and working papers.

Sample Size: 50 proprietors of small businesses.

Techniques of Sampling: A convenient strategy was used in the Non Probability method of sampling.

DATA ANALYSIS

STATEMENT	Mea n	D.F	t- stat	P value
GST is a good tax reform in India	2.56	49	6.84	0.00
legal compliances has been increased with GST	3.84	49	28.65	0.00
GST has indirectly increased the tax burden on business owners.	4.50	49	18.65	0.00
GST has increased the tax burden on customer	4.20	49	5.45	0.00
Government has imposed GST on people without proper discussions	3.75	49	-0.65	0.24
GST is not user friendly	3.61	49	-8.40	0.00
GST may bring inflation in India	2.68	49	11.19	0.00
GST is helpful for business owners	3.82	49	22.36	0.00

The preceding table summarises public opinion on the Goods and Services Tax. The most significant finding is that 'GST has indirectly increased the tax burden on SBPs' by a mean of 4.5, and it will also increase the tax burden on customers by a mean of 4.2. The second significant finding is that 'GST has increased legal compliances' by a mean of 3.84. The other critical part of company owners' perceptions of GST is that the government imposed a 3.75 percent GST on consumers without sufficient consultation. With a typical value of 3.61, GST is not user pleasant. GST will increase inflation in India, which now averages 2.68 percent.

Additionally, the table includes significant t-test values for the public's impression of GST. According to Table 5, seven factors have a significant P value of less than 0.05. As a result, the null hypothesis is not accepted for these seven variables. As a result, the alternative hypothesis is that the perceptions of business owners regarding GST are relevant. However, the t-statistic for

one statement is negative and significant, indicating that business owners do not have a negative impression of GST.

SUGGESTIONS

- The GST council should endeavour to simplify the GST process.
- Modulated rates should be used.
- GST training sessions should be held on a regular basis, particularly in semi-urban areas.

CONCLUSION

Globalization necessitated the development of a robust and systematic tax structure capable of competing with India on an international level. Not only would the GST increase transparency, but it will also enhance convenience of doing business. Previously, each state imposed its own tax rates, which complicated matters and increased the price of goods through a cascade effect, impeding foreign direct investment as well. While respondents were aware of the GST laws and the rates applied to products, small company owners expressed dissatisfaction with the rates criterion. The new ordinance requiring online tax filing has saved significant time and decreased paper work, which has been well received by respondents. 62 percent of respondents agreed that the implementation of the GST has resulted in a decrease in corruption. The majority of respondents believed that while GST will undoubtedly accelerate the country's economic growth, it requires additional clarification, as advised by the study. The GST council should maintain its efforts to stimulate the Indian economy.

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