



A Study of Perception about Goods and Services Tax Implications

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Abstract:

Goods and Services Tax (GST) is one of the biggest tax reform in India. It is unified indirect tax comprises of all the indirect taxes such as VAT, Sales tax, Services tax etc. The focus of this study is to determine the impact of GST on common man. GST helps to remove corruption in the country and also erode the black money from the economy. This paper is based on primary data in which a sample of 50 respondents are taken with the help of questionnaire and for data analysis, Frequency distribution and Percentage analysis is used in order to know about the perception of the people towards Goods and Services Tax. Throughout this study it is concluded that majority of respondents aware about new taxation reform and it is also found that GST is adversely affects the small business units. It would be effective only for the society if this is implemented properly.

Keywords- Concept of GST, Indian Economy, Perception, Tax Reform, Transparency.

Introduction

GST stands for Goods and Services Tax levied by the Government in a move to replace all of the indirect taxes. The Kelkar Committee was convinced that a dual GST system shall be able to tax almost all the goods and services and the Indian economy shall be able to have wider market of tax base, improve revenue collection through levying and collection of indirect tax and more pragmatic approach of efficient resource allocation.

Under the Goods and Service Tax mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added . It is built on integration of different taxes and is likely to give full credit for input taxes. GST is a comprehensive model of levying and collection of indirect tax in India and it has replace taxes levied both by the Central and State Governments. GST be levied and collected at each stage of sale or purchase of goods or services based on input tax credit method.

Background- GST

The new tax system was launched at a function in Central Hall of Parliament on 1st July ,2017. GST, which embodies the principle of "one nation, one tax, one market" is aimed at unifying the country's into a common market.

In this, goods and services fall under five tax categories: 0 per cent, 5 per cent, 12 per cent, 18 per cent and 28 per cent.

- For corporates, the elimination of multiple taxes will improve the ease of doing business.
- For consumers, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. "
- India's GDP will be benefitted and extra resources will be used for welfare of poor and weaker sections.

The Lok Sabha has finally Passed the Goods and Services Tax Bill and it is expected to have a significant impact on every industry and every consumer. Apart from filling the loopholes of the current system, it is also aimed at boosting the Indian economy. This will be done by simplifying and unifying the indirect taxes for all states throughout India.

NEED FOR GST :

1. The main reason behind introducing GST is to improve the economy of the nation.
2. VAT rates and regulations differ from state to state. This results in loss of revenue for both the Central as well as State government.
3. GST brings in uniform tax laws across all the states spanning across diverse industries. Here, the taxes would be divided between the Central and State government based on a predefined and pre-approved formula. It become much easier to offer services and goods uniformly across the nation, since there won't be any additional state-levied tax.

FEATURES OF GST :

1. GST is one indirect tax for the entire nation, which will make India “one unified common market”.
2. It will replace multiple taxes like VAT, CST, Excise Duty, Entry Tax, Octroi, LBT, Luxury Tax ect.
3. There are four types of GST namely:
 - SGST – State GST, collected by the State Govt.
 - CGST – Central GST, collected by the Central Govt.
 - IGST – Integrated GST, collected by the Central Govt.
 - UTGST – Union Territory GST, collected by the Union Territory

Objective of the study

The objectives are as follows under:-

- To know about the awareness level among people towards GST in India.
- To measure the perception level of people regarding GST in India.

Research Methodology

In the present study research design is “Exploratory-cum Descriptive”. For the data collection, we have used Convenience and Purposive Sampling method. A sample of 50 respondents is taken from the Rohtak district in Haryana with the help of questionnaire.

Data Analysis and Interpretation

This can be interpreted as under:-

Do you know about GST? * Gender Crosstabulation					
			Gender		Total
			Male	Female	
Do you know about GST?	Yes	Count	22	19	41
		% within Do you know about GST?	53.7%	46.3%	100.0%
	No	Count	5	4	9
		% within Do you know about GST?	55.6%	44.4%	100.0%
Total		Count	27	23	50
		% within Do you know about GST?	54.0%	46.0%	100.0%

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.011 ^a	1	.918		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.011	1	.918		
Fisher's Exact Test				1.000	.606

Linear-by-Linear Association	.010	1	.918		
N of Valid Cases	50				
a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 4.14.					
b. Computed only for a 2x2 table					

H0 :- There is no association between Gender and awareness level about GST.

H1 :- There is an association between Gender and awareness level about GST.

From the above data analysis, it shows that the value of chi square is 0.011 which is less than the value of level of significance i.e., 0.05, so the null hypothesis is rejected, it means there's an association between Gender and awareness level about GST.

GST increased the tax burden on common man				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	3	6.0	6.0	6.0
Disagree	12	24.0	24.0	30.0
Neutral	4	8.0	8.0	38.0
Agree	26	52.0	52.0	90.0
Strongly Agree	5	10.0	10.0	100.0
Total	50	100.0	100.0	

According to the above table, it shows that the Majority of the respondents i.e; 52% are agree with this statement, 24% are disagree, 10% are strongly agree, 8% are neutral and 6% are strongly disagree. So, it is concluded that majority of the people said that GST has increased the Tax burden of Common Man.

GST is very difficult to understand				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	5	10.0	10.0	10.0
Disagree	13	26.0	26.0	36.0
Neutral	7	14.0	14.0	50.0
Agree	11	22.0	22.0	72.0
Strongly Agree	14	28.0	28.0	100.0
Total	50	100.0	100.0	

Above table shows that the 28% strongly agree, 22% agree and 14% are neutral, but 26% disagree and 10% strongly disagree with the statement that GST is very difficult to understand. Hence 50% are in favour, so results are positive.

GST will be beneficial for the society and economy				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	7	14.0	14.0	14.0
Disagree	8	16.0	16.0	30.0
Neutral	9	18.0	18.0	48.0
Agree	21	42.0	42.0	90.0

Strongly Agree	5	10.0	10.0	100.0
Total	50	100.0	100.0	

From the above figures and tables, it is concluded that 42% respondents agree and 10% strongly agree and respond that GST will be beneficial in the long term / future for the society and economy. 18% are neutral, 16% disagree and 14% strongly agree but majority 52% are in favour hence, the respondents provide the positive result in this statement.

GST is affecting the small business very badly				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	2	4.0	4.0	4.0
Disagree	10	20.0	20.0	24.0
Neutral	9	18.0	18.0	42.0
Agree	14	28.0	28.0	70.0
Strongly Agree	15	30.0	30.0	100.0
Total	50	100.0	100.0	

Above table depicts that 30% strongly agree with 28% agree, 18% are neutral, 20% disagree and 4% strongly disagree with the statement that GST is affecting the small business very badly. Hence majority of the respondents are in favour, so results are positive.

Conclusion

GST is at the infant stage in Indian economy. It will take some time to experience its effects on Indian economy. GST mechanism is designed in such a way that it is expected to generate good amount of revenue for both central and state government. Regarding corporate, businessmen and service providers it will be beneficial in long run. It will bring transparency in collection of indirect taxes benefiting both the Government and the people of India.

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