



## **Customers' awareness on Goods and Service Tax (GST)**

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### **Abstract**

The investigators are intended to study the customers' perception on Goods and Service Tax (GST). The method of study was survey and collected data from thirty respondents from that area. The main objectives of the study are to study the perception of customers on the different aspects of GST and to study if there any significant differences among customers' perception according to gender, age, educational qualification and income level. The major findings are the customers have positive attitude and there is no significant differences between customers according to gender, age, educational qualification and income level. The research paper is regarding impact of GST on Indian Economy. With the introduction of GST there is a condition chaos and confusion among common man. The aim this research paper is to explain the mechanism of GST and its effects on Indian economy. In India, the idea of GST was contemplated in 2004 by the Task Force on implementation of the Fiscal Responsibility and Budget Management Act, 2003, named Kelkar Committee. 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. The historic GST or goods and services tax has become a reality.

**Keywords:** GST, customers, perception keywords, positive impact, negative impact, central government, state government

### **1. Introduction**

GST stands for Goods and Services Tax levied by the Government in a move to replace all of the indirect taxes. In India, the idea of GST was contemplated in 2004 by the Task Force on implementation of the Fiscal Responsibility and Budget Management Act, 2003, named Kelkar Committee. 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. The principal aim of GST is to eliminate cascading effect i.e. tax on tax and it will lead to bringing about cost competitiveness of the products and services both at the national and international market. GST System 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. Under this system, GST-registered commercial houses shall be entitled to claim credit of the tax they paid on purchase of goods and services as a part of their day to day businesses. The historic GST or goods and services tax has become a reality. The new tax system was launched at a

function in Central Hall of Parliament on 1<sup>st</sup> July, 2017 (Friday midnight). GST, which embodies the principle of "one nation, one tax, one market" is aimed at unifying the country's \$2 trillion economy and 1.3 billion people into a common market. Under GST, 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.

GST is one of the Revolution changes in the Indian economy. After independence as a nation India introduced many financial reforms including several tax reforms. Indian financial system is carrying very complicated structure. So it very same as in the case of tax structure of Indian economy. Every year Indian tax authority changes the laws and rates of the overall tax system. But the traditional tax system is becomes a burden that the customers needed to pay all the indirect taxes relating to particular product and service. The new tax reforms that GST subsumes all the taxes under one umbrella. In April 1<sup>st</sup> 2017 India has introduced GST initially then 2017 July 1<sup>st</sup> India implemented GST

GST is a single tax on the supply of goods and services right the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition on each stage. The final consumer will thus bear only the GST charged by the last dealer of the supply chain. There were lot of confusions relating to the gst why because lack of right implementation of the GST

GST brings huge advantages to the consumers by paying

single and transparent tax proportionate to the value of goods and services. Due to multiple indirect taxes being levied by the central and state with incomplete or no input tax credits available at progressive stage of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST there would be only one tax form one manufacturer to the consumer, leading to transparency of taxes paid to the final consumer many products prices will come down due to value addition of the products. It will increase the purchasing power of the customers. In this study the investigators intended to study about the consumer's perception on GST

### **Need and significance of the study**

GST is expected to give a major relief to industry, trade, agriculture and consumers through comprehensive and wider coverage of input tax set off (both on goods and services), subsuming of multiple taxes. It will ensure a simpler tax regime with fewer taxes, rates and exemptions. A simplified tax regime coupled with simple articulate and largely online procedures will lead to improved tax compliances with lesser scope for mistakes. GST is the best opportunity for consumers that help to increase the purchasing power. GST implementation will lead to immense scope for each consumer and to keep pace with the changing global indirect tax scenario.

### **2. Review of literature**

Prof. Pooja S. Kawle and Prof. Yogesh L. Aher (2017) the article entitled "GST: An Economic Overview: Challenges and Impact Ahead". The research intends to focus on understanding the concept of goods and service tax and its impact on Indian economy. The study found that, GST may assure the possibility of overall gain for industry, trade and agriculture. The study also found that, GST will have positive impact on the Indian economy. Akanksha Khurana and Aastha Sharma (2016) the article entitled "Goods and Services Tax in India - A Positive Reform for Indirect Tax System". The research paper highlights on the objectives of the proposed GST and the impact of GST in the present tax scenario in India. The paper further explores various benefits and opportunities of GST. The study found that, it ensures uniformity of tax system across the states. It will integrate the tax base and allow seamless flow of input tax credit resulting in reduced cost of goods and services. The study also found that, it will mitigate cascading and double taxation thus enables better compliance, it will also lead to transparency in tax system resulting in difficulty of tax evasion. Milandeep Kour, Kajal Chaudhary, Surjan Singh and Baljinder Kaur (2016) the article entitled "A Study on Impact of GST after its Implementation". In this paper an attempt has been made to examine the impact of GST after its implementation, differences between present indirect taxes and GST. The research also intends to focus on what will be the benefits and challenges of GST after implementation. The study found that, a well designed GST is an attractive method to get rid of deformation of the existing process of multiple taxation and GST play a dynamic role in the growth and development of

the country. Shefali Dani in her research paper on 'An impact of GST on Indian Economy', 2016 stated that the proposed GST is a weak attempt to rationalize indirect tax structure. According to Dani, the Government of India should study the GST regimen set-up by various other countries and their dropouts before its application. No doubt, GST will make taxation system easy compared to the previously existing heterogeneous tax system, but during that period, the Government must make an effort to protect mainly the poor population of the country, which would be affected due to the enactment of GST. The Hindu date 24th September 2017 article titled 'GST: MSMEs to gain via better competitiveness' mentioned that the application of GST enhances the competitiveness of MSMEs. Further, they stated that the key benefits of MSMEs are lower freight cost, lower cost of raw material, lower tax burden and ease of doing business by relieving the complexities in registration. Rani Jacob in her research paper 'The Impact of GST on MSMEs' stated the positive and negative impacts of GST on MSMEs, the positive were easier to start business, facilitates expansion of business, lesser tax burden, online compliance procedures. According to her, the negative impacts were selective tax levying, compliance cost, technological dependency, monthly financial preparedness. In an interview by Adi Godrej to business line, published on 24 June 2017, it favors GST and considers GST as a boon for Indian Economy in various aspects. It is also mentioned that once GST is executed there will not be opportunities to evade taxes and that the rates have been analyzed in a manner that will add value to the economy. This would mean much less paper work and thus, automated simplified procedures. The Hindu business line 16 May, 2017 in article titled 'How will GST impact MSMEs' by R. Vasudevan mentioned about the unorganized MSMEs (turnover less than 1.5 cr), which were advancing faster than the organized peers because of the initial tax avoidance. After the enactment of GST, even these unorganized MSMEs are liable for tax payment, as the Government has decreased the threshold from 1.5 cr. to 20 lakhs. In SME Times - Mr. Rajeev Dimri stated that GST gives array of opportunities and challenges for SMEs to explore. The government's motive behind GST is to increase the number of taxpayers' base and not to inflate tax burden on business/individual taxpayers. He further said that the GST regime launched by ministry of finance seeks to bring each citizen with an aggregate turnover of above Rs 10 lakhs within the coverage of GST. Mr. Shakti Dwivedi, P (2017) in the research paper titled 'Measuring Awareness about Implementation of GST: A survey of small business owners in Rajasthan' analyzed the perception of small business owner in Rajasthan about GST, and found out that their main area of focus was computer software availability and handling of the same.

### **3. Statement of the Problem**

India intends to adopt a dual GST which will be imposed concurrently by the central and states. The proposed dual structure GST, seeks to simplify the complex indirect taxation system in India and create a common national market by bringing down fiscal barriers between the states. GST is a new

tax system which is moving towards an efficient indirect tax regime. It becomes imperative for consumers to keep themselves updated with this new tax in country's tax landscape. Thus the present study seeks to investigate the perceptions towards GST among the consumers has been carried out.

**4. Research Methodology**

The study has been designed as descriptive and analytical one. It makes use of both primary and secondary data. The primary data necessary for the study has been collected from 30 respondents representing Tumukur municipality using structured questionnaire. Convenient sampling method was used for selecting samples. The secondary data required for the study were collected from the books and websites. The statistical tool employed was annova table

**4.1 Research objectives**

1. To understand the perceptions towards GST among the consumers from Tumkur municipality
2. To identify the significant difference between the perceptions towards GST among consumers based on age, educational qualification and income level

**4.2 Hypothesis**

There is no significant difference in the attitude on GST among customers according to age, educational qualification and income level.

**5. Results and Discussions**

**Table 1:** Descriptive analysis of Attitude towards GST Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Attitude towards GST	30	18	32	24.63	3.243
Valid N (listwise)	30				

The mean value is 24.63 and standard deviation 3.243 and it reveals that the customers have a positive attitude on GST.

**Table 2:** Gender wise analysis of Attitude on GST Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Attitude towards GST	Male	17	24.65	2.893	.702
	Female	13	24.62	3.776	1.047

The mean of attitude of Male and female are not different as the values are 24.65 and 24.62.

**Table 3:** Age wise comparison of Customers on Attitude towards GST

ANOVA Attitude towards GST					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.004	2	5.002	.458	.637
Within Groups	294.963	27	10.925		
Total	304.967	29			

ANOVA table describes that the F value is not significant at 0.05 level. According to Age there is no significant difference between customers on their attitude towards GST.

**Table 4:** Attitude according to Educational Level

ANOVA Attitude towards GST					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	50.844	3	16.948	1.734	.185
Within Groups	254.122	26	9.774		
Total	304.967	29			

ANOVA table describes that the F value is not significant at 0.05 level. According to Educational level there is no significant difference between customers on their attitude towards GST.

**Table 5:** Hotel charges are increased

		Frequency	Percent
Valid	Strongly Agree	13	43.3
	Agree	15	50.0
	Neither Agree Nor Disagree	2	6.7
	Total	30	100.0

**Table 6:** Cloths are made costly

		Frequency	Percent
Valid	Strongly Agree	7	23.3
	Agree	15	50.0
	Neither Agree Nor Disagree	6	20.0
	Disagree	2	6.7
	Total	30	100.0

**Table 7:** Retail traders are most benefited

		Frequency	Percent
Valid	Strongly Agree	5	16.7
	Agree	13	43.3
	Neither Agree Nor Disagree	5	16.7
	Disagree	7	23.3
	Total	30	100.0

The study reveals that all the thirty customers are aware of the term GST but only forty three percentages of them are taken initiative to know about GST. Every consumer have known about GST but 57% of them not interested enquire about GST but the 43% of consumers are eager to know about GST. Chart 2 shows that the almost all the customers noticed that GST have made change in market and price of the products. But the customers have mixed feeling about the GST effect on Indian economy. Most of the consumers are noticed the changes in the market after gst among the same consumers most of them noticed the price changes due to gst but the consumers have any majority opinion about the future of Indian economy.

**Table 8:** Perception on Price level changes

Goods	Price reduced		Price increased		No change	
	Number of responses	percentage of response	number of responses	percentage of response	number of responses	Percentage of response
Electronic goods	7	23.33	14	46.67	9	30.00
Mobile phones	7	23.33	20	66.67	3	10.00
Grocery items	5	16.67	21	70.00	4	13.33
Vegetables	1	3.33	23	76.67	6	20.00
LPG	0	0.00	24	80.00	6	20.00
Electricity	1	3.33	11	36.67	18	60.00
Small cars	16	53.33	5	16.67	9	30.00
Tobacco	0	0.00	22	73.33	8	26.67
Total	30	100.00	30	100.00	30	100.00

The above chart shows that some retailers misuses GST and only 30% of them is sure about that another 30% is not known whether they cheated or not and 40% are sure that they are not heated.

As the chart shows above half of the customers not think that GST is a political issue and near one third of them think it is a political issue.

## 6. Conclusion

The study proves that there is a positive attitude towards GST but there is some perception of price hike for certain products due to GST. No difference between the customers in the perception according to Gender, age, Education qualification and income level. There is less initiative by the customers and the main sources of information are from friends and relatives and social media. The majority of the customers not think that GST is a political issue and they have faced some fraudulent activities after implementing GST.

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