

GST: Awareness and Perception of Small Business Persons' (SBPS)

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Abstract: Recently India witnessed a change in its indirect tax regime. There was much of chaos in the country as people did not have much knowledge and understanding for this new system, i.e. GOODS AND SERVICE TAX (GST). The Small business persons (SBP) were the most effected segment in terms of the changes to be done because of GST. In this paper an attempt has been made to observe the awareness and perceptions about GST among SBPs. Also how far government is successful to get acquainted SBPs about GST. Particularly we are focussing on SBPs perception about the new the tax system (e.g. transparency, burden on SBP's), and its administration. The results shows that initially there was low level awareness but as the time progressed the level of awareness also increased among the SBPs about GST not all SBPs perceived the GST system as being reasonably simple or easy to understand. However, it was observed that most of the SBPs were making efforts to get acquainted with the new tax regime since starting only, i.e. when GST bill was passed Many SBPs also specified that they depend on accounting software for keeping a proper record of their GST transactions. Though the GST was considered as simple, but there are some compliance cost which give a burden to SBPs. This study is qualitative nature and it is observation based research.

Keywords: Perception, GST, Awareness, SBPs IGST, SGST

I. INTRODUCTION

India earlier had a dual system of taxation of goods and service which was quite different from the current dual GST system. In India, the concept of GST was envisaged in 2004 by Kelkar Committee. The Kelkar Committee was introduced the dual GST system the committee was convinced that they will be able to tax almost all the goods and services which will improve revenue for the government. GST is a major reform in tax structure in India where there are lots of issue related to transparency is important. In any country the main basis of revenue is the tax and for good economic development, it is essential to have good taxation system.

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In 1980, India started its tax system, since independence India has faced many issues because of the complexities of indirect tax system; GST was a great move in Indian economy as some of the complexities as perceived is resolved in present GST structure. As GST has replaced all indirect taxes to come up simplified unique tax. SBP's pay lot of indirect taxes such as VAT, Service tax, sales tax, octroi and luxury tax. The Goods and Services Tax (GST) will be acting as the much needed stimulant for economic growth in India by removing all the indirect taxation. It will also eliminate the cascading effect of taxes. With the implementation of GST it will increase the ease of conducting business within India and also across borders. The implementation of GST is dual in nature i.e. central GST which is levied by the centre and state GST that is levied by the state. When GST is implemented all other indirect taxes are discontinued and now there is only one tax that is GST which is under the strict control of the central government. This system helps in removing tax based thefts and makes the taxation system much more transparent.

Table. 1 Different Taxes Before implementation of GST

Central Taxes	State Taxes
Central Excise Duty [including additional excise duties, excise duty under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955]	Value Added Tax
Service tax	Octroi and Entry Tax
Additional Customs Duty (CVD)	Purchase Tax
Special Additional Duty of Customs (SAD)	Luxury Tax
Central Sales Tax (levied by the Centre and collected by the States)	Taxes on lottery, betting & gambling
Central surcharges and cesses (relating to supply of goods and services)	State cesses and surcharges
	Entertainment tax (other than the tax levied by the local bodies)
	Central Sales Tax (levied by the Centre and collected by the States)

Narayanan, (1991) stated that GST has various revenue benefits but some compliance costs are also associated with that. Henderson, (1985) GST is applicable on everyday consumption goods, and impacts less on the services consumed by the rich such as finance and insurance. Jackson and Milliron (1986) states that attitudes play a greater role in determination of tax behaviour. Bird and Gendron (2009) point out that for having a coordinated two-level sales tax structure requires significant effort. Every political agreement has different interests that need to be secured. And also proper legal framework is needed and also appropriate administrative structure. Wadhwa, B., Vashisht, A., & Uppal, A. (2017) Factors affecting access to financial services by the weaker sections of society in India such as lack of awareness, low incomes and assets, and illiteracy are the barriers in implementation of any tax reform. Mohammad Ali Roshidi Ahmad, (2016) in his study regarding introducing the GST in Malaysia stated that government should do careful planning, and widespread public education program for implementation of GST. Kaur, J., (2016) studied on impact of goods and service tax in India.

There will be both positive and negative impact of GST in India. Prices of some commodity will fall while the prices of some commodity rise. GST would significantly improve the overall tax administration and also help in establishing an integrated tax system and development of modern procedures. Kasipillai and Krever, (2016)

In their study they identified the perception of fairness in the GST system and the readiness of business persons and also to study the various external factors that effects the intention of different taxpayers. Fishbein and Ajzen, (1975)

they say that if the people prepare themselves for GST, it will create a favourable environment for implementation of GST. Ling et al., (2016) in the past research studies shows the factors which discourage acceptance of GST implementation in Malaysia because of the low awareness of GST among consumers

Importance of GST

One of the major problems of the earlier tax regime was the cascading of tax. It not only amounted to problems for the wholesaler/retailers but also added to the tax burden on the final consumers. In his study Tait, studied the effect of price changes due to GST&VAT on 36 countries and he found that the impact of GST & VAT was only on Consumer Price Index. Vashisht, A., Wadhwa, B. (2015) Weaker sections are often ignored by financial institutions presuming that there is no business opportunity in offering services to them. Access to finance for these sections is a prerequisite for poverty reduction. It has to become an integral part of banks and government to promote growth among these sectors. Poonam (2017) The two important problems in Indian tax system is Cascading effect and evasion of taxes which can be reduced when GST comes into effect. Adanza (2014) states that preparedness has significant related to attitude toward ICT-Based Education. Nasir, (2015) states that tax optimism is the most influence factors for tax awareness. Government need strong focus on knowledge of the people and attitude towards the implementation of GST. Sehrawat, M., and Dhandha, U. (2015) reviewed the advantages of goods and service tax in India. In their study they concluded that GST is simple and transparent tax system which will help to generate the employment opportunities and increase the problem of cascading effect of earlier tax regime and its removal through GST can be understood from the Table 1:–

Table. 1 Cascading effect of tax in earlier system and removal through GST

Action	Cost	Tax @10%	Total	Cost	Tax @10%	Actual Tax Liability	Total
Buys Ram Material @ 100	100	10	110	100	10	10	110
Manufactures @ 40	150	15	165	140	14	4	154
Adds value @ 30	195	19.5	214.5	170	17	3	187
Total	170	44.5	214.5	170		17	187

From the Table 1 it can be clearly understood that the tax is being paid on the amount on which already taxes has been paid. It also shows the removal of cascading effect through GST. The actual tax liability at each stage is less in GST. This is because there is no cascading of tax happening. As shown in the above table the amount already paid in previous tax system is Rs. 44.5 while after implementation of GST it is reduced to Rs. 17. Garg (2014) discussed the characteristics of GST in his study.

Also, lack of uniformity in the provisions and rates from one state to another resulted in a number of difficulties for the business to operate interstate or at pan India level. The presence of complexity in administration and the complexity in deciding the nature of the product (sales vs service) added to the problem of lack of uniform tax rates. Additionally,

there were cases of interpretational issues where the business firm used to interpret the law in a way so that they can derive maximum benefit by paying less tax.

Structure of GST

There are three kinds of GST which are applicable on goods and services –

- I. CGST – It is the Central GST. Here, the revenue will be collected by the central government.
- II. SGST – It is the State GST. Here, the revenue will be collected by the state government.
- GST – It is the integrated GST. When there will be inter-state sales of goods and services, it will fall under IGST. Here, the



revenue will be collected by the central government.

II.LITERATURE REVIEW

Table. 2 Study by various researchers on GST

Author	Year	Findings
NabenduBasak	2017	In his study he explains how the Application of GST in India has several positive. There will be reduction in number of indirect taxes with a transparent tax system. GST will not burden registered retailers. Prices of various goods will come down which will help consumers. Under GST it would be possible to divide the equity between manufacturing and services that will help to reduce production cost.
Sapna	2017	This study talked about impact of a change with the introduction of the GST in terms of growth, price, current account and the effect on the budget.
Parasuramansubramani, Dr. N. Sathiya	2017	This study talked about in implementing GSTthere are several challenges that needs to be done. GST is a consumption-based tax, if the consumption of goods and services will be higher it will yield good revenues. So, for the effective implementation of GST, the co-operation from state governments will be needed. GST is also beneficial for companies. GST will change the number of taxes under the current system. There will be Single tax that will be applied on both Goods and Services
TeenaShivnani,Mahesh Chandra BabuJampala	2017	This study reports that GST is an intelligible tax system which combines most of the indirect taxes. It will also lead to more employment generation and higher productivity in future. GST will give India a good tax system but this all will depend on its proper implementation. It will give new energy to India'seconomy.
Sreetama Ghosh	2017	The GST implementation will beremarkable stepin the field of indirect tax changes inIndia. By merging large number of taxes into a single taxit would relieve cascading taxation in a major way.The leadingadvantage is that the overall tax burden ongoods and services will be reduced. With the implementation of GST Indian productswill also able to compete in internationalmarkets. GST is transparent so it would be easy to administer.
KalmenDatt, Gerhard NienaberandBinh Tran-Nam	2017	In their study they compare and evaluate GST/VAT the goods and services tax (GST) or value-added tax (VAT).GST/VAT influences on many operational aspects of businesses. The rules are generally difficult and, also in sometimes there are changes in the legislation.Businesses need to involve in GST planning to ensure that they meet the law formalities and also enhance their business profits.
Arunabha Roy	2017	This study highlights that GST will make India a tax neutral market by incorporating most of the dominant indirect taxes Multiple tax System and their effect are the major obstruction under current indirect tax system. That is the reason; prices of goods and services areinflated. By integration of most of the indirect taxes, the GST will remove the effect of multiple taxes System. It will create a win-win situation for all interested parties.
Vidya Suresh and BipashaMaity	2016	This study talked about macroeconomic effect of decrease in economic variations due to GST would be to provide a push to economic growth. It will lead to efficient distribution of factors of production thus increase in GDP and exports. GST will generateemployment as it will increase labor intensive sectors and brings growth in GDPin this way economic welfare will also be increased.
Dr. Ankita Gupta	2015	This study attempts to find a solution to the double taxation in India. In this study a case for progressive GST (Goods and ServicesTax) has been made. This study triesto find out the points of advancement in Indian tax structure so that proper measures can be recommended to the tax policy makers to remove the levy of double taxation from different income groups.



RishuKhera	2017	The Goods and Service tax has started a new beginning in Indian taxation system. This will open business platform for international firms which were unwilling to enter the market due to strict tax laws. Following the standard tax laws with universal acceptability increases the reliability of the Economy.
Mohamad Ali Roshidi Ahmad, Zuriadah Ismail, and Hazianti Abdul Halim	2016	This study highlights that tax reform is also essential to increase revenue and drive economic growth. GST is a multistage tax, which is levied at the end of each intermediary level of production.
Dr. Manoj Kumar Agarwal	2017	In his study he suggested the government should take measures to make people understand about GST. The government should also keep the people prepared that GST is not going to affect the small businesses .Those who have knowledge about GST must also spread the same to the community, so that lot of wrong awareness can be eliminated.
T BenixKanjiravila	2016	This study proposed that GST will act as a support to reduce unemployment in the country. It will expand the fiscal space and improve economic viability of the government. To improve the competitiveness of Indian business firms to the level ofInternational organizationsand to form a unique nationalmarket for various goods and services by simplifying the tax rates in the country.
SolihSanusi, Rohaya, Md Noor, Normah Omar, ZuraidahMohdSanusi and Aleezia Alias	2017	This study suggested that competency is required to implement GST smoothly. He talked competency related with knowledge, practices and training. All these factors are required for implementation of GST.

Objectives

- To study the awareness and the perception of GST among businessman.
- To examine the competency of businessmen and the governance level in assisting SBP's to get acquainted with GST.
- To study the readiness for GST among businessmen.

III. RESEARCH METHODOLOGY

This research is exploratory in nature. Since GST is a new occurrence in India, this study tries to find the perception and awareness of GST among SBP's. The sample size of the study was 300. The area of study was Ghaziabad Region. We chose judgment sampling as only those respondents were selected who have some awareness about GST.

Table. 3 Demographic Profile

Questions	No. of Businessman	Percentage
Gender		
Male	228	76%
Female	72	24%
Total	300	100%
Age Group		
Below 30	54	18%
30-50	204	68%
Above 50	42	14%
Total	300	100%
Qualification		

Under Graduates	48	16%
Graduates	159	53%
Post Graduates	93	31%
Others	0	0%
Total	300	100%
Marital Status		
Single	36	12%
Married	264	88%
Divorced	0	0%
Widowed	0	0%
Total	300	100%
Occupation		
Student	12	4%
Retired	39	13%
Self-employed	237	79%
un-employed	12	4%
Total	300	100%
Annual Income		
Below 2. 5L	21	7%
2.5L-5L	6	2%
5L-10L	108	36%
Above 10L	165	55%
Total	300	100%
Total	300	100%

Table 3 shows the demographic profile of the respondents. There are 76 % males and 24% females who have given their opinion about the goods and service tax. 264 (88%) of respondents was married and 36 (12%) respondents are still single. In terms of age, 54 respondents were aged less than 30 years old, 204



(68%) aged between 30 to 50 years and while only 42 respondents (14%) aged more than 50 years. 16% of the respondents are under graduate or below and 53% are graduate and rest 31% respondents are PG degree holder or have a higher degree than PG. 7% respondents earn below 2.5 lakhs, whereas the income of 2% of the respondents is from 2.5 to 5 lakhs, 36% of the respondents earn 5 to 10 lakh and lastly the income of 55% of the respondents is above 10 lakhs.

SBPs perception about GST in India

Table. 4 Perception about GST

S.N.	Statement (Mean value has been calculated on a 5 point scale)	Mean
	GST is a good tax reform in India	2.56
	legal compliances has been increased with GST	3.84
	GST has indirectly increased the tax burden on SBPs	4.5
	GST has increased the tax burden on Customer	4.2
	Government has imposed GST on people without proper discussions	3.75
	GST is not user friendly	3.61
	GST may bring inflation in India	2.68
	GST is helpful for SBPs	3.82

Table 4 shows the people’s perception on Goods and Service tax. The most important point has come out to that ‘GST has indirectly increased the tax burden on SBPs’ with a mean value of 4.5 and it will also increase the tax burden on customer with a mean value of 4.2 and the next important aspect is that legal compliances has been increased with GST with mean value of 3.84. The other important aspect regarding SBP’s perception about GST is that government has imposed GST on people without proper discussions with a mean value of 3.75. GST is not user friendly with mean value of 3.61. GST will bring inflation in India which has mean value of 2.68.

One sample t-test was done to check whether the perception is significant

Ho The SBPs perception about GST is not Significant

Ha The SBPs perception about GST is not significant

One sample t test was performed to test the hypothesis.

Table. 5 One Sample t-test

	D.F.	t-stat	P value
GST is a good tax reform in India	299	6.841	0.00
Legal compliances has been increased with GST	299	28.65	0.00
GST has indirectly increased the tax burden on SBPs	299	18.65	0.00
GST has increased the tax burden on Customer	299	5.45	0.00
Government has imposed GST on people without proper	299	-0.65	0.24

Suggested Model for improvement of GST among SBPs

discussions			
GST is not user friendly	299	-8.4	0.00
GST may bring inflation in India	299	11.19	0.00
GST is helpful for SBPs	299	22.36	0.00

Table 5 presents the significant values of t-test regarding the perception of the people about GST. Referring to the table 5 it has been found that 7 variables have significant P value as it is less than 0.05. Therefore null hypothesis for these seven variables is not accepted. Hence alternate hypothesis that the SBPs’ perception about GST is significant. However t-stat of one statement shows the negative value and it is significant too which means SBPs’ does not hold negative perception about GST.

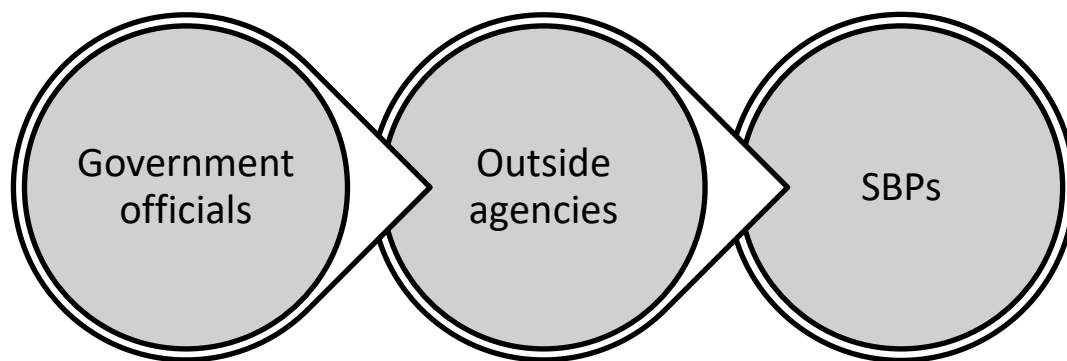
IV.FINDINGS& CONCLUSION

Maximum SBPs’ admitted that they had wrong perception about GST. The wrong perceptions were spread due to sharing of false information by people who were not competent enough to comment on GST. The training provided to the officers for GST, has not been provided at right time. Shakhdiwapee, (2017) in his paper studying the level of awareness towards GST among the small business owners in Rajasthan, in his study he discussed that for proper implementation of GST, Training and availability of computer software is required. Since GST is a consumption tax, it would be an added cost to the consumers there could be some behavioural changes by consumers Gelardi, (2013). Most of the SBPs’ were dissatisfied with the efforts made by government to make them aware about GST. Even if the government provided assistance it came only after GST was implemented and the need was felt by the SBPs’ for such assistance to be accompanied at an early stage.

Availability of government assistance for GST at an early stage would have ensured better acceptability of GST by the SBPs’. Abdullah et al., (2013) stated that consumers had varied opinions over the implementation of GST and most of them failed to understand the implications and benefits of GST on goods, services, businesses. Porcano and Price (1992) said in their study they found that taxpayers with more tax knowledge have a positive view about tax system. Rashid et al., (2015) in their study revealed that acceptance was the only predictor of feelings towards GST while knowledge was found to have insignificant effect on GST. Marimuthu et al. (2012) claimed that awareness should be the priority in the implementation of GST. Jaidi et al. (2013) in his study they found that if there is lack of awareness among taxpayers also require keen attention.

In many parts, there is no link of internet because of which works are not being completed on time. All this is adding up to the problems of the SBPs’. The government should try to make people know more about GST. The government should communicate with the SBPs’ through various online and offline platforms and should have an open talk about GST.





- GST training to SBPs
- IT training to SBPs
- Accounting Training to SBPs

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