

# Study of Experience and Level of Satisfaction of Businessmen After Implementation of Goods and Service Tax (GST).

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**Abstract:-** Development, growth and progress of the country are most important factors. To face competitions at global every country wants to make strong Economy, Import and export business, optimum use of investments and proper taxation system. To achieve the target of proper taxation system, the Government of India implement the ONE NATION ONE TAX reform i.e. GOODS AND SERVICE TAX (GST). The aim of the research is to study the experience and level of satisfaction after implementation of goods and service tax.

**Keywords:-** Goods and Service Tax , CGST, SGST & IGST.

## I. INTRODUCTION

GST is one of the most crucial tax reform of India which was pending from last many years due to political issues and conflicting interests of various stakeholders. GST is expected to curb the existing economy condition and will play a major role in shaping India's developing economy. It proved to be a very comprehensive tax system that majorly replaced and subsumed all the 17 types of indirect taxes of both the Central and the State and the unified economy. GST will help in uniting all the indirect taxes under one roof and will definitely create a smooth national market. It will gradually help the economy to enhance and grow in a very effective and efficient manner by improving tax collection procedure and system and integrate the whole country via a SINGLE TAX RATE. It is also a destination-based excise tax imposed during the various stages of manufacturing, production and distribution of goods and services.

## II. POSITIVE IMPACT OF GST

### A. Ease of starting business

Since after the implementation of GST Tax regime every state have standardized tax rates which makes it comparatively very easy for the businessmen to easily and smoothly enter into the markets and henceforth develop their holding in the market. This is because GST provides Centralized Registrations benefiting the businessmen to expand their businesses.

### B. Ease of Starting the Business/ Easy Entry Into the Markets

Since after the implementation of GST Tax regime every state have standardized tax rates which makes it comparatively very easy for the businessmen to easily and smoothly enter into the markets and henceforth develop their holding in the market. This is because GST provides Centralized Registrations benefiting the businessmen to expand their businesses.

### C. Zero Export Rates

There is no GST levied on exports due to which there will be no impact on the input credit of an exporter as these inputs can be further used in future by the exporter. As there will be zero export rates, domestic goods will result to be more competitive in the international market and will therefore help in increasing the exports of the country.

### D. Reduction Of Tax Burden

Due to implementation of GST the cascading effect of taxes will be removed which will help every individual to reduce their tax burden. The burden will be fairly allocated between the manufacturer and the customer. It will help in establishing an effective and transparent tax payment system.

Also the basic exemption limit under GST is Rs.20 Lakh and Rs.10 Lakh for special states, which will result in relief to a large number of small dealers and traders.

### E. Improved Logistics and Faster Delivery of Services

Under GST Tax regime there is no imposition of the "Entry Tax" on the manufacturing and selling of goods and services in any part of the country. As a result delivery of goods at interstate points and toll checks will be free of cost. It is assumed that by 2020 India would have a drastic increase in the world exports i.e. of 3.5% of the whole world exports.

## III. NEGATIVE IMPACT OF GST

### A. Compensation To States

The Government has provided the facility to all the states that they will be providing compensation to all the states who are incurring revenue losses due to GST implementation for a period of 5 years. Although these compensation will be approved only on the recommendation and decision of the

GST Council. Also industrialized states will be at loss in GST regime due to its destination based feature.

#### *B. Threshold Limit In Registration*

It is mandatory for every and any supplier who carries on any business at any place in India and whose aggregate turnover exceeds the threshold limit as prescribed under the GST Bill in a year is liable to get himself registered under the Goods and Service Network (GSTN). If there is an inter-state supply, the individual must get himself registered immaterial of the amount of their turnover.

#### *C. Concept Of 'Causable Taxable Person'*

This means that someone who occasionally undertakes transactions involving supply of goods or services or both, in the course or furtherance of business, whether as a principal, agent, or in any other capacity, in a state or union territory where he has no fixed place of business, also needs to register himself for GST. GST cannot be adjusted as an input tax credit.

#### *D. Restrictive Composition Levy Mechanism*

It is an alternative method of levy of tax designed for small taxpayers whose turnover is up to Rs 50 lakh. Those who opt for this mechanism are not allowed to take input tax credit, or collect any tax from the recipient. The rate of GST under the composition levy is low.

- 2.5% of the turnover- in case of a Manufacturer
- 1% of the turnover - in case of a Dealer

Still, no inter-state supply is permissible. GST collects tax at source when transaction takes place through e-market places.

## **IV. REVIEW OF LITERATURE**

The Goods and service tax is long pending indirect tax reform which India has been waiting for, and which is hoped to improve the existing tax system .

Research paper by Shefali Dani , (NOV30,2016)The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate. Until the consensus is reached, the government should resist from implementing such regime.

Article by CA PARAS MEHRA,(24,march 2017) Small business will witness a complete transformation of the taxation system once the goods and service tax (GST) comes into effect. The proposed system shall be more transparent, more paperless, but requires more compliance as well. On an average there would be additional 36 returns per year to be filed on a single registration. Hence, the small taxable person should be taken care of, to avoid unnecessary burden on him .There is no such term as 'small taxable person' under the GST law. We have given the name to the category of persons who had a turnover of less than Rs50 lakh in the preceding financial year.

Article by CS VIJAY JHA (Nov2,2017)concluded that the GST will ease of doing business removes cascading effect (double taxation), reduces the tax burden on new businesses, improved logistics and faster delivery of services are some of the positive points of the newly implemented of Goods and Services Tax (GST). The new GST rule will adversely influence the SMEs working capital. Under the previous tax regime, the exemption limit for SMEs was Rs. 5 lakhs, whereas in the new tax regime the exemption limit is enhanced to Rs. 20 lakhs (10 lakhs in some specific states) which have a positive impact.

Article by R KANNAN (July7, 2017) concluded that Small and medium businesses have also been brought under GST. Here, the tax will be uniform for all and it will increase cost at the point of supply. As all transactions will be captured in the GST regime, it will have an effect on additional tax collections under the income tax. According to a provision, if the turnover is less than Rs 20 lakh per annum, there is no need for registration and payment of GST.In the short run, there will be a lot of issues and the small and medium enterprises will require guidance from the government and large buyers. In the long run, GST would be beneficial for all stakeholders, and it will be good for India's economic growth.

## **V. RATIONAL/ PURPOSE**

The purpose of this research is to study the experience and level of satisfaction of businessmen after implementation of GST. Goods and Services Tax (GST) is an indirect tax which was introduced in India on 1 July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017 following the passage of Constitution 122nd Amendment Bill.

## **VI. OBJECTIVE**

- To analyze the satisfaction level of businessmen after implementation of GST.

- To understand the problems faced by businessmen after implementation of GST.
- To ascertain the impact of GST on sales.
- To ascertain the impact of GST on profitability.

**VII. RESEARCH DESIGN**

The data is collected from various businessmen dealing in different sectors. The data is collected through questionnaire which contains 14 questions, filled by them which will help in analyzing the level of satisfaction & experience after implementation of GST. The data is collected from 50 respondents having different business. The type of research is exploratory research as GST is recently implemented and very few researches have been conducted yet.

• *Tools For Data Collection*

The data is collected through self-made questionnaire from 55 respondents.

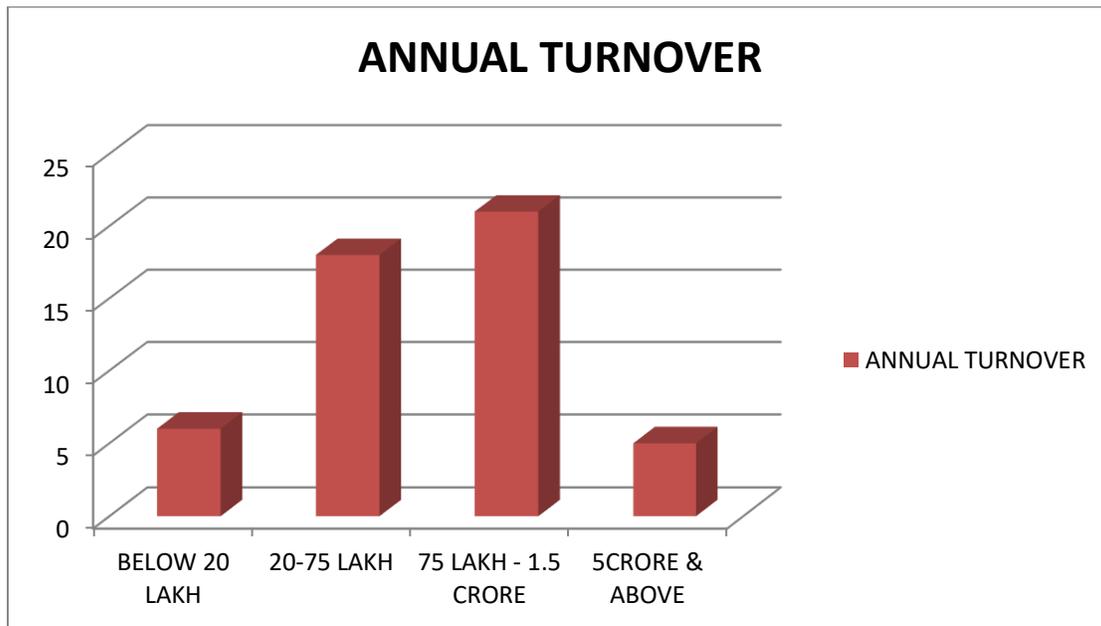
• *Scale*

The scale that is used in these research are dichotomous scale, multiple choice single response scale and some responses are descriptive in nature.

**VIII. DATA ANALYSIS**

The research is conducted targeting four types of businessmen on the basis of their annual turnover. The data were analyzed on 50 businessmen and the result was interpreted thereof.

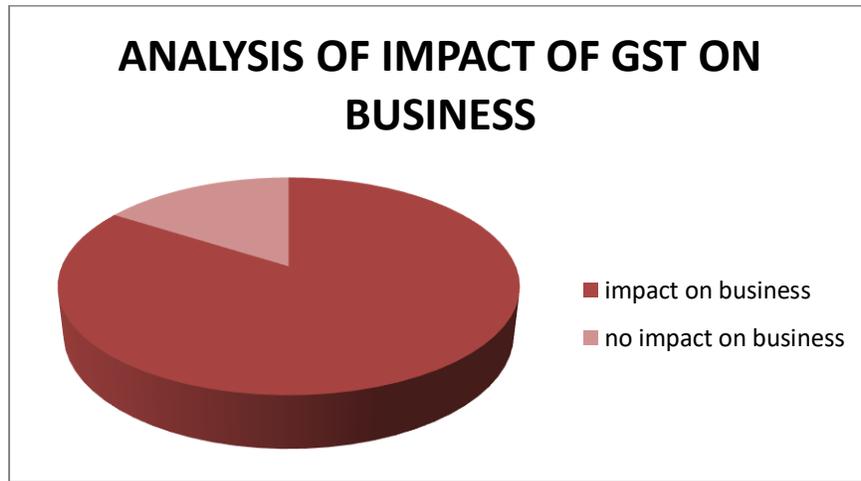
- Type-1 Businessmen: In this category we include the businessmen which have annual income less than 20 lakh and do not fall in the GST.
- Type -2 Businessmen: In this category we include the businessmen which have annual income between 20 lakh to 75 lakh.
- Type -3 Businessmen: In this category we include the businessmen which have annual income between 75 lakh to 1.5 crore.
- Type -4 Businessmen: In this category we include the businessmen which have annual income between 5 crore.



| TURNOVER           | NUMBER OF BUSINESSMEN |
|--------------------|-----------------------|
| Below 20 lakh      | 6                     |
| 20-75 lakh         | 18                    |
| 75 lakh- 1.5 crore | 21                    |
| 5 crore & above    | 5                     |

- After the survey analysis of businessmen, the pie chart shows the impact of goods and service tax on businessmen. It was observed that below 20 lakh turnover

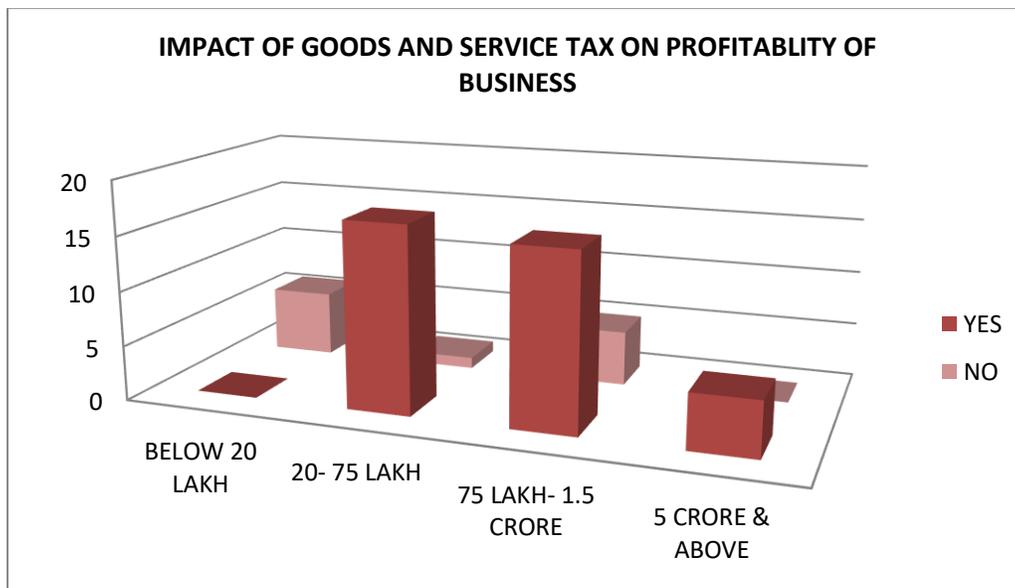
businessmen were not under the GST slab rate i.e. 8 and rest 42 has serval impact on business.



**A. Impact on Profit After Implementation of Goods and Service Tax**

After implementation of Goods and Services Tax, various indirect tax of state government and central

government is removed and now businessmen can purchase or sales goods freely throughout the country, and as a result profitability of business has been affected.



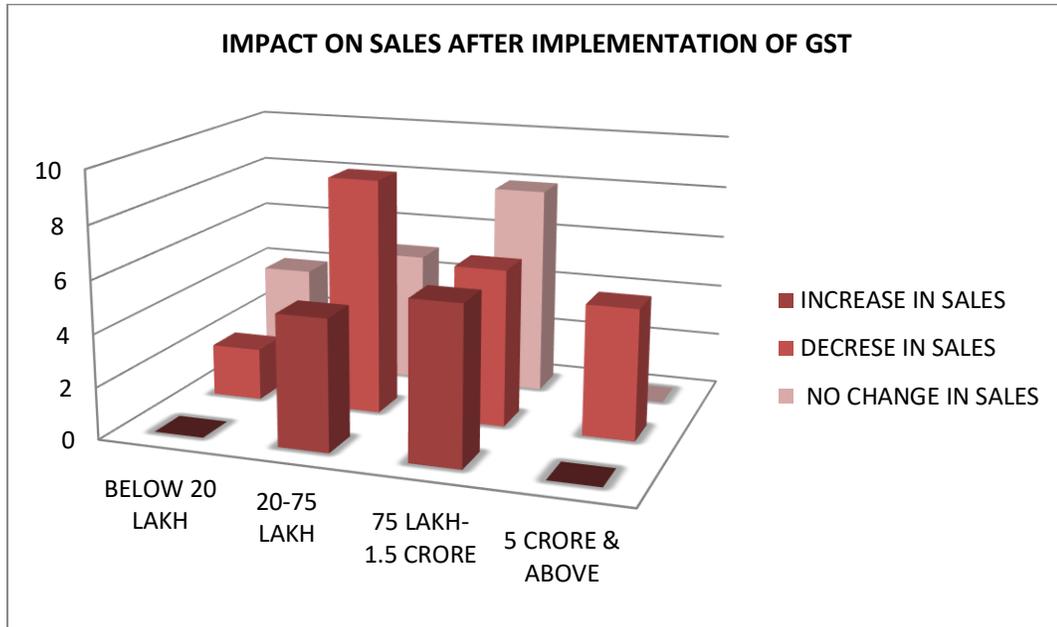
| BELOW 20 LAKH |    | 20 -75 LAKH |    | 75 LAKH-1.5 CRORE |    | 5 CRORE & ABOVE |    |
|---------------|----|-------------|----|-------------------|----|-----------------|----|
| Yes           | No | Yes         | No | Yes               | No | Yes             | No |
| 0             | 6  | 17          | 1  | 16                | 5  | 5               | 0  |

**B. Impact on Sales of Business After Implementation of Goods and Service Tax**

After implementation of GST businessmen can buy and sell the products throughout the country without any

barriers and as a result there is a significant change in sales of various businesses.

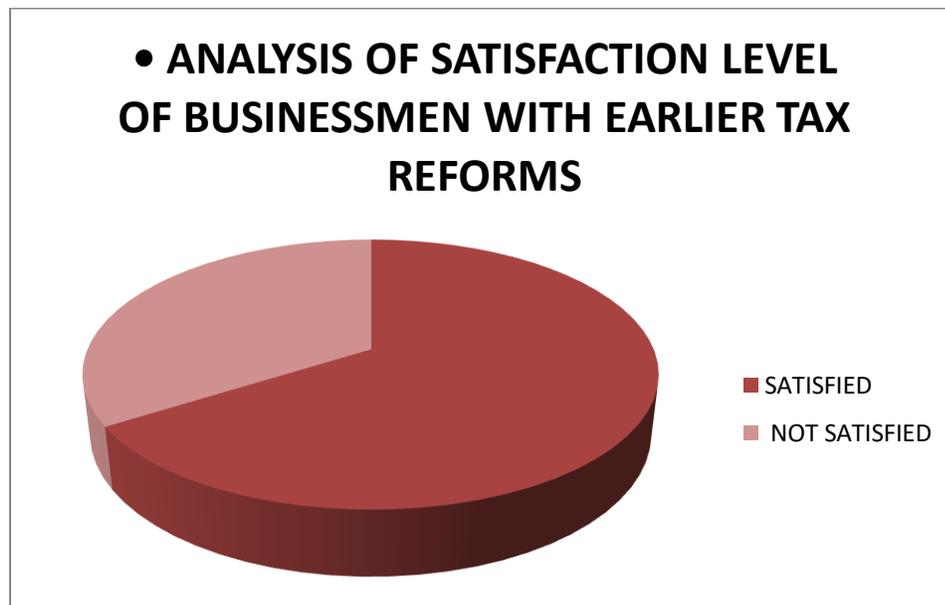
| BELOW 20 LAKH |          |           | 20-75 LAKH |          |           | 75LAKH-1.5 CRORE |          |           | 5CRORE & ABOVE |          |    |
|---------------|----------|-----------|------------|----------|-----------|------------------|----------|-----------|----------------|----------|----|
| Increase      | Decrease | No change | Increase   | Decrease | No change | Increase         | Decrease | No change | Increase       | Decrease | No |
| 0             | 2        | 4         | 5          | 9        | 5         | 6                | 6        | 8         | 0              | 5        | 0  |



*C. Analysis of Satisfaction Level of Businessmen With Earlier Tax Reforms*

Before implementation of GST there were various indirect tax imposed on various products and services which includes service tax, value added tax, custom duty etc.

After GST all these indirect taxes were removed and new tax reform i.e. GST was implemented with a motive of ONE NATION ONE TAX



*D. Filing Of Gst Return*

With the implementation of GOODS AND SERVICE TAX, taxpayers are now required to fulfill a set of compliances which mandates them to file multiple returns for each Financial Year. Some of these are monthly requirements where details regarding invoices raised as well as received has to be filed with the GSTN. All the businessmen whose turnover are less than 20 lakh are not required to file GST return but rest are required to file 37 returns in one financial year.

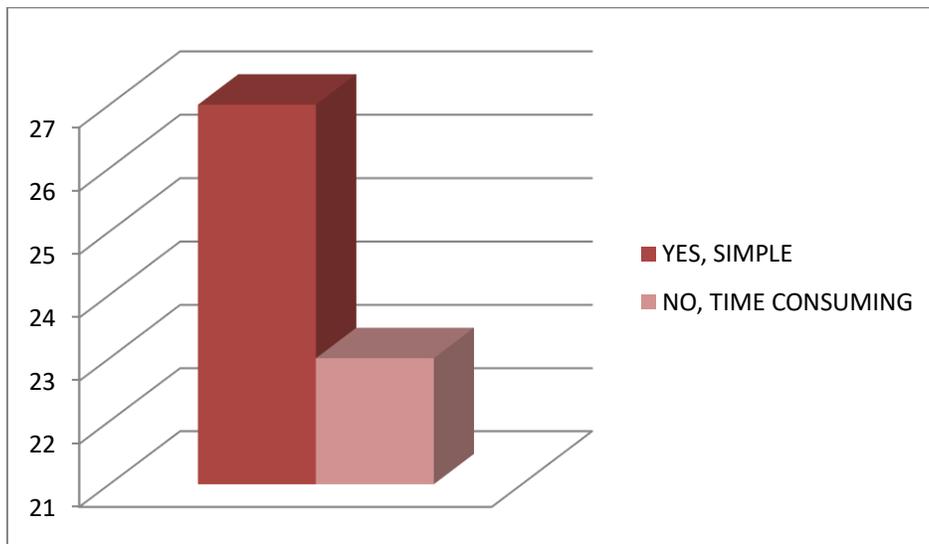
*E. Analysis Of Problems Faced After Implementation Of Goods And Service Tax*

Under Goods and service tax law every businessmen are required to get registered under GST act. As per the survey

carried on, it was analyzed that the GST tax reform is quite complicated procedure as it becomes very time consuming process for filing so many GST return, heavy salary are required to be paid to accountants and it becomes very costly in terms of time and efforts involved.

*F. Alysiss of Registration Process for Gst Tin Number.*

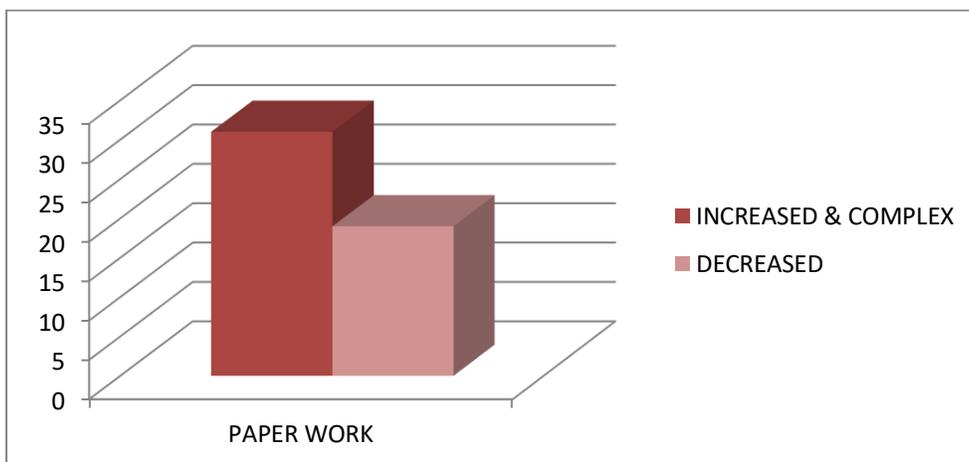
Under the GST law, every supplier of goods or services is required to be registered under the GST Act in the state or union territory from where they operate, if their turnover in a financial year is Rs. 20 lakh or more.as per the survey carried on it was analyzed that GST registration process is simple and it was not time consuming.



*G. Analysis of Paper Work Affected After Implementation of Gst.*

GST added various compliances to the business and made the registration process compulsory for all businessmen.

Also returns are mandatory to be filed quarterly as well as annually and as a result paper work has been increased.



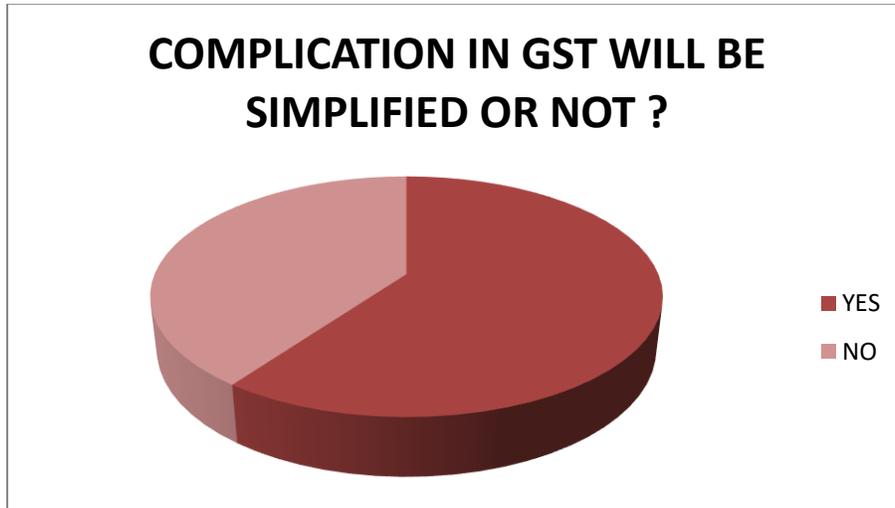
*H. Study of Effect of Input Tax Credit Mechanism*

Input tax credit means that when a manufacturer pays the tax on his output, he can deduct the tax he previously paid on the input he purchased. Here, while paying the tax on his output, he can deduct or take credit for the tax he paid while purchasing inputs. The meaning of ITC can be easily understood when we take the words ‘input’ and ‘tax credit’. Inputs are materials or services that a manufacturer purchase in order to manufacture his product or services which is his output. Tax credit means the tax a producer was able to reduce while paying his tax on output .As per the survey carried on it

was clear that input tax credit mechanism leads to capital blockage as large amount of funds are blocked in the input tax credit mechanism.

*I. Ascertainig Wether Complication In Gst Will Be Simplified In The Future Or Not.*

As the survey conducted it was analyzed that the complication in GST will be simplified in near future.



**IX. CONCLUSION**

GST rollout in INDIA will have impact on various businesses. Overall, the new tax proposals under GST will have a mixed verdict. In essence, the GST’s effect on the entire Indian economy will have to be scrutinized in totality to reach a widely accepted conclusion. Businessmen are also affected by implementation of GST. There is tremendous decrease in sales and the profitability is also affected by implementation of GST. Initially there were some of the technical issues but

gradually it became normal. Paper work has also been increased and have become complex. After GST all the indirect taxes were removed and new tax reform i.e. GST was implemented with a motive of “ONE NATION ONE TAX” with the hope that GST will lead to nation’s growth and development.

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