



Awareness and problems of GST payers: An evaluation of GST implementation

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Abstract

The introduction of Goods and services Tax (GST) regime in India is the biggest revolution in terms indirect tax system. The aim of this research paper is to know the awareness level of GST payers regarding various aspects of GST and to study the problems tackled by them in connection with GST implementation. The study made use of tools like Friedman Rank test and other descriptive statistics measure to analyze the data collected from GST payers. The study reveals that majority of the GST payers lack awareness on most of the GST aspects and face issues in terms of filing returns.

Keywords: Goods and Services Tax (GST), tax compliance, destination-based tax, input tax credit

Introduction

Goods and Services Tax (GST) is the only indirect tax prevailing in India and was introduced on July 1st 2017. GST was introduced by subsuming all the major indirect taxes in the country with the aim of ensuring one nation, one tax and one market system. With the implementation of GST, the mechanism of taxation has moved from origin-based to destination-based. It was proposed as a step towards achieving a transparent and comprehensive tax system in the nation and also to eliminate the shortcomings of the earlier tax system.

The implementation of GST has generated lot of benefits to the tax payers such as relief from paying multiple taxes, simple tax system, same rate of tax and so on. The current paper attempts to evaluate GST after five years of its implementation by assessing the awareness level and problems encountered by GST payers.

Literature review

Numerous studies have been undertaken in the topic of GST in various parts of the country and in Indian context research on GST and related aspects have been undertaken during pre and post GST implementation.

GST is very useful to ensure effective tax collection and to reduce tax evasion. Since GST avoids multiple taxes, it will reduce the tax burden of the various sectors and benefit the economy as a whole (Kumar, 2016). It will convert the Indian economy into a single market (Poonam, 2017) ^[8] and it will reduce cost of carrying the business and will turn the domestic produces more competitive in the national and global markets (Bhattacharya, 2017) ^[3] Besides it is of huge beneficial to the producers and consumers as it involves subsuming of various taxes and facilitates availing of input tax credit benefit (Lourdunathan and Xavier, 2016). On the other hand, the level of awareness of the tax payers with regard to GST was moderate and were having negative attitude towards the same (Devi, 2017) ^[5] similarly, small business owners had relatively low awareness on GST

related aspects and most of them were reluctant to accept GST (Chouhan *et al.*, 2017) ^[4].

According to Agarwal (2017) ^[1] implementation of GST has increased the legal formalities in connection with tax payment and has raised the tax burden of the people. In addition to this it made the tax system more complex and tax papers has to highly depend the tax consultants for tax compliance and related matters (Barhate, 2017) ^[2]. It is highly essential to organize more awareness programmes among GST payers so that their tax compliance will be simplified

The present study aims to know the awareness level of the GST payers regarding the GST concepts, to assess the attitude of the GST payers towards GST implementation and to study the problems encountered by the tax payers after GST implementation.

Materials and Methods

1. Sample

The registered GST payers of Kasaragod district of Kerala constitute the sample of the study. The sample size was fixed 200, and were chosen by employing convenience sampling method.

2. Data Collection

Data for the study is collected from registered GST payers by using a structured questionnaire. The questionnaire had 4 parts, first part dealt with basic details, second part with awareness level of the tax payers, third part with the attitude of tax payers towards GST implementation and the last part with the problems encountered by the tax payers. Five-point Likert scale is used to obtain the awareness level and attitude of the GST payers.

3. Data Analysis

The data collected from the GST payers were analysed with the help of descriptive statistics and other statistical tools like Friedman rank test.

Analysis and Interpretations

1. Basic Profile

Table 1: Descriptive statistics

Variables	Frequency	Percent	
Age	Below 25	28	14.0
	25-35	72	36.0
	35-45	68	34.0
	Above 45	32	16.0
Education Level	Up to SSLC	56	28.0
	Higher Secondary	68	34.0
	Graduate	68	34.0
	Post Graduate	4	2.0
	Others	4	2.0

Source: Primary data

Table 1 shows the descriptive statistics of basic profile of the GST payers in Kasargod district of Kerala. Highest number of GST payers belongs to the age group of 25-35 years and majority of them are having educational qualifications up to higher secondary and graduation.

2. Awareness level on GST related aspects

Table 2: Descriptive Statistics

Statements of GST related aspects	Mean	Standard Deviation
Rates of GST	4.54	0.70
GST council	3.16	1.08
Aggregate Turnover	2.78	1.37
E-way bill	2.25	1.34
Reverse charge	2.19	1.12
Return filing	3.26	0.69
Input tax credit and refund	2.57	1.12

Source: Primary data

Table 2 deals with the mean and standard deviation of the items employed to ascertain the awareness level of GST payers regarding various GST aspects. Highest mean value stands for rates of GST (4.54), followed by return filing (3.26), and GST council (3.16). The GST payers have sufficient awareness regarding rates of GST, return filing, and GST council while their awareness level is low regarding reverse charge, E-way bill, input tax credit and refund, and aggregate turnover.

3. Problems of GST Payers

Table 3: Friedman Rank Test

Problems	Mean Rank	P value
Unable to convince the customers	2.64	<0.001**
Problem in filing return	4.84	
Problem regarding input tax credit	3.87	
Problem regarding payment of tax	3.16	
High penalty fee	3.71	
Appeals not being heard	2.80	

Source: Extracted from SPSS output

The problems encountered by the GST payers are listed under 6 items. Table 3 presents the Friedman rank test statistics. The mean rank shows that problem in filing return (4.84) is the most hitting problems faced by the GST payers, followed by problem regarding input tax credit (3.87), and problem regarding payment of tax (3.16). The p value is less

than 0.001, therefore null hypothesis is rejected at 1% level of significance indicating that there is significant difference among mean ranks in terms of problems faced by the GST payers.

Conclusions

The success of GST implementation and the rate of tax compliance under GST is highly dependent on the level of support available from the tax payers and the way in which they accept the new tax system. GST has been evaluated in this study after 5 years of its implementation.

The study reveals that the GST payers are aware only on some aspects while they are not at all aware of various other aspects of GST. On the other hand, GST payers face many problems in connection with payment of tax. Problem regarding filing of the return trouble the tax payers to a greater extent.

Present study calls for a special attention towards the GST payers to resolve their problems and to make them fully aware of the GST system, so that it makes the tax compliance easy and will enhance the tax collection for the government.

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