

Available online @ www.iaraindia.com
RESEARCH EXPLORER-A Blind Review & Refereed Quarterly International Journal

ISSN: 2250-1940 (P) 2349-1647 (O)

Impact Factor: 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)

Volume XII, Issue 39

January - June 2024

Formally UGC Approved Journal (63185), © Author

A STUDY ON AWARENESS AND IMPACT OF GST AMONG RETAIL TRADERS WITH REFERENCE TO TAXONOMI FINSERV PRIVATE LIMITED, BANGALORE

Dr. K. VENKATALAKSHMI

Head, PG Department of Commerce, St. Anne's Degree College for Women, Halasuru, Bengaluru

BYULA R

M.Com. Student, St. Anne's Degree College for Women, Halasuru, Bengaluru

Abstract

Goods and service tax (GST) which includes all the indirect taxes in Indian tax system. GST was implemented in the year 2017. The GST will be beneficial for the Indian economy. Which helps the tax payer to pay single tax and benefited to reduce the tax burden on goods and services. The present study made an attempt to know the awareness and impact of GST among retail traders with reference to Taxonomi Finserv Private Limited. The study has adopted the simple random sampling technique for the collection of primary data through questionnaire by 85 respondents and it is analyzed by using percentage method. This study examined the retailer's awareness, opinion and problems about GST. This result reveals that GST has made easy, transparent tax system when comparing to previous system. After implementation of GST, it helps to reduce tax burden and maximize the profit level of the retail traders. The study has found that a majority of the retailers are aware of the GST system and most of the respondents are ready to adopt this system to pay tax on goods and services.

Keywords: Goods and Services, Retail Traders, Taxation, Respondents, Awareness, Impact, Implementation, Tax System, Taxonomi Finserv Pvt. Ltd, Government.

Introduction

The introduction of Goods and Service Tax (GST) is a very significant step in the field of indirect tax reforms in India. The government proposes to introduce GST with effect from *1st July 2027*. By amalgamating a large number of Central and State taxes into a single tax. It is intended to mitigate cascading or double taxation in a significant way and cover the way for a common national market. GST is the most ambitious and remarkable indirect tax reform in India's post - Independence history. Its objective is to levy a single national uniform tax across India on all

goods and services with comprehensive and continuous chain of set-off benefits up to the retailer level. GST has taken its wings a profusion of indirect taxes of the Central and the States it also makes Indian products competitive in the domestic and international markets.

Review of Literature

Robin Roy., etal, "GST awareness, perception and practical difficulties of retail traders- Evidence from Kerala", (2018), In this study authors seeks to evaluate the awareness, perception, practical difficulties and extent of awareness on practical difficulty

of retail traders after implementation of new tax system. For the purpose of the study the samples were collected from the retail traders of Kerala and the collected data were analyzed using statistical techniques such as ANOVA, Factors analysis and Regression and find that the level of awareness has not reached satisfactory level and this has led to negative perceptions among retailers about GST. Also lack of awareness was found to be a significant factor that has caused practical difficulties. In order to increase awareness and knowledge and to make retailers better understand the general principles of GST adequate and relevant information must be provided by organizing talks, public education programs and training.

Jeethy Sukumaran., et al., "A study on the impact of GST in retail shops at Kerala south coastal regions", (2021), This study is intended to carry out the impact of GST in retail shops. GST has replaced indirect taxes such as VAT, Excise tax, CST etc., and it shall simplify business and accounting process. GST is applicable on both goods and services. So, this study entitled, the impact of GST on retail shops has much scope in the present scenario. The implementation of GST affects our everyday lives in different ways.

Varna Sabu V., et al., "A study on awareness and perception level on GST among retailers", (2022), In this study authors concentrated on the awareness and perception level of retailers on GST and its provisions. It is based on primary data gathered from 150 retailers and found that statement "GST provide comprehensive and wider coverage on input tax credit" and also found that GST ensure uniformity of taxes from opinion respondents. They have neutral opinion regarding the compliance facility of GST.

Teik and Rahi., (2020), His study focuses on 14 careful news items from the GST Malaysia Info website, which the previous administration set up by to inform the public on the advantages of the GST for the nation and its citizens by contrasting lexical phrases with their experiential meanings. Basic corpus linguistic procedures must be used to the collection, classification and analysis of data. The data must also be carefully examined utilizing the researcher's interpretative resources, or members resources. The qualitative analysis of this study shows that the public is persuaded to purchase the new GST

tax system as well as the nation-building ideology and rhetoric that go along with the adoption of a more efficient form of tax collection.

Paramasivan C (2021) GST is one of the most important and innovative milestones in Indian taxation system which help to simplify the tax system in India. The implementation of GST will be in favour of free flow of trade and commerce throughout the country. Therefore, it is concluded that awareness of GST become an important point of effective implementation of taxation system in our country

Giesecke., et al, (2021), In this study the economic implications of a GST rate increase and GST base expansion for Australia's eight states and territories using a multi-regional general equilibrium model and a multi-regional microsimulation model. They identified the states and territories negatively impacted by the GST reform and discussed the regional structural variables contributing to different regional effects. These results have policy implications in light of Australia's GST structure.

Research Gap

The above-mentioned studies have concentrated on GST awareness among the retail traders and tax payers at macro level with providing negative and positive impact of GST on retailers at particular area or region. At micro level, testing the awareness among the retailers about the steps of filing and all other information, the research is found to be limited. Keeping this in view, the study focuses on identifying the awareness and impact of GST among the Retail traders with reference to Taxonomi Finserv Private Limited, Bangalore.

Research Design

Objective of the Study

- To study the awareness level of GST among the retail traders with reference to Taxonomi Finserv Private Limited, Bangalore.
- To study the opinions of retailers about the GST implementation.

Statement of the Problem: "One Nation One Tax" – The Goods and Service Tax was implemented in India on 1st July 2017. It is a comprehensive, multi-stage, destination-based tax which is levied on every value addition. The new tax policy has brought significant

changes to the existing tax system and business transactions. The study seeks to awareness, perception, practical difficulties or issues and extent of impact of awareness about GST among retail traders after implementation of new tax policy. This study shows suggestions for the issues and retailers' perception about GST to reduce the tax burden.

Methodology of the Study: This study is basically analytical research. Thus, in order to collect the required primary data, observation and survey methods are used. In order to assess the perception of the individual assesses, a separate questionnaire is prepared.

Data Collection: In this method both primary and secondary data has been collected.

- In order to collect primary data in depth a semi structured interviews of retailers have been conducted and a structured questionnaire will be prepared for the individuals.
- Questionnaire is prepared according to the objectives of the study and to know the awareness of the retail traders in filing the GST returns to the Government. 'Optional type' questions and 'yes or no' questions have been prepared.
- Secondary data will be collected from the sources like books, internet, journals, and other related websites.

Sample Design: Sampling design is a design that specifies the sample frame, sample size, sample selection and estimation methods in detail. In this study sampling unit will be individual assesses of *Taxonomi Finserv Private Limited*, Bangalore. For the study simple random sampling technique had been used for collecting primary data through questionnaire. The sample size will be 85 respondents.

Technique of Sample Design: This research is based on the intention or purpose of the study. Simple random sampling technique is used. Only those elements will be selected from the population which suits the best for the purpose.

Research Instrument: The data was collected from the respondents through questionnaire and is analyzed using percentage analysis method.

Limitations of the Study: The present study is limited to following areas:

- The study is limited to retail traders of only one particular region.
- Time and resource factors are the most limiting one for the study.
- The study was collected by number of retail traders.
- Few respondents failed to give reliable information.

Meaning

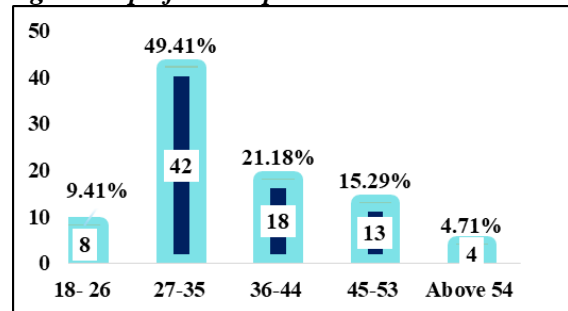
GST is also known as the Goods and Service Tax. It is an indirect tax which has replaced many indirect taxes in India. Such as the excise duty, value added tax, service tax, entry tax, octroi etc. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into force on 1st July 2017. GST is levied on the supply of goods and services. GST law in India is a comprehensive, multi- stage, destination-based tax that is levied on every value addition. It is the biggest reform of India and single domestic indirect tax law for the entire country.

Definition

According to Goods and Service Tax (GST) Act, 2017, GST means tax on supply of goods or services or both, except taxes on supply of alcoholic liquor for human consumption, tobacco products and petroleum products.

Data Analysis and Interpretation

Age Group of the respondents

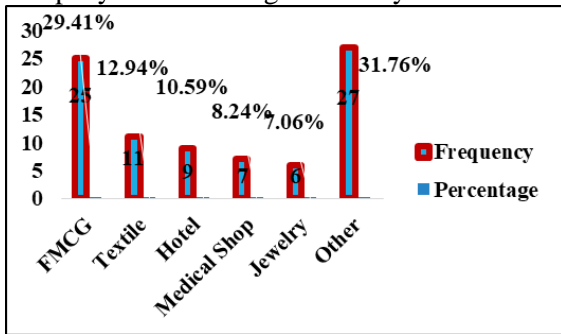


From the above graph, we come to know that the age group between 27-35 make up to 49.41% of the total respondents who belongs to the middle age group, involved themselves in the field of retail activities, and followed by the age group 36-44 middle age group conduct their business as a retail trader. These age groups are more interested in doing retail activities.

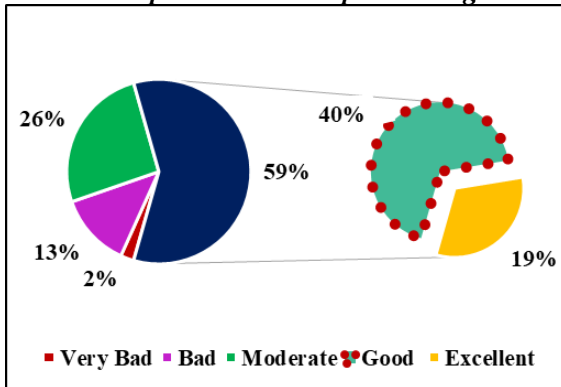
Working Area of the respondents

The graph interpreted that, the company having more registration from other retail business (Bakery, Fancy shops,

Stationary shops), FMCG, textile and hotel businesses when comparing to medical shop and jewelry shop who are regularly visiting the company when making the survey.

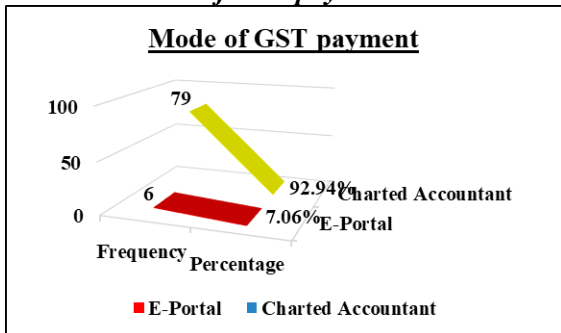


Retailers' Opinion about implementing GST



From the above result it can interpret that, 40% of the retailers having good opinion about implementing GST. Reason is that implementation of GST resulted in decrease of cost of goods and increase of services cost. There is still few of retailers who have resistance to change. Whereas respondents have shown positive interest about the benefits of GST such as transparency, reduction in tax, reduction in cascading effect and so on.

Retailers' mode of GST payment



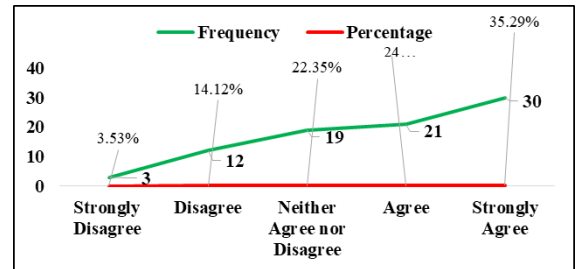
The above data interprets that, most of the retailers are paying GST by the Chartered Accountant when comparing to E-Portal because Chartered Accountants are professional in the taxation and accounting system, they are well known to make payment of GST than the Individuals, if the person paying personally, he may face more confusions, problems and

technical issues to avoid these most of the retailers will approach CA to pay GST.

Sources which helped retailers to know about GST

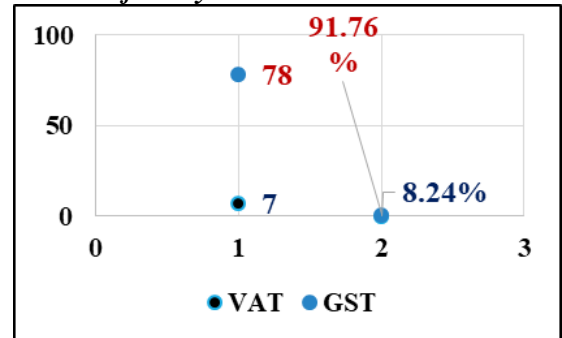
Majority of the retailers are getting information from the Chartered Accountant and Government Notification because retailers are paying their taxes by the Chartered Accountant and Government also published many sources to get knowledge about GST. If there is any information regarding GST these both sources help the retailer to update their knowledge.

GST has improved the profitability of retailer business



The above data reflects that the survey is dominant by most of the retailers agree that GST has increased the profitability of the business. The reason being that GST have a benefit of marginal reduction in tax payment a huge relief is given to start-ups, allowing to reap more profits in the future which in turn can develop the business.

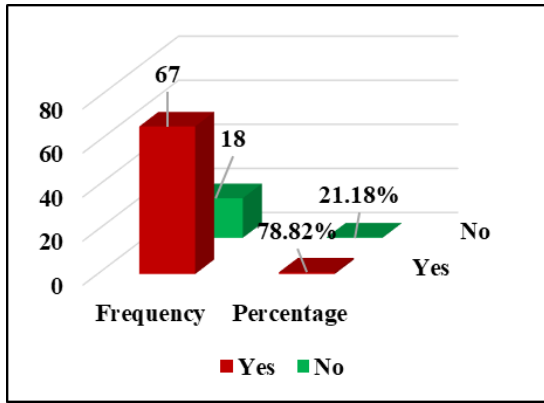
Tax benefited system to the retailers



From the above data it can interpret that, most of the retailers are following GST than the VAT system. The reason is that, prior to GST implementation, the retailers were required to pay as soon as some value is added to the product at each stage but in GST there is no such burden because GST is single tax levied on the product and services and GST also eased the taxation system.

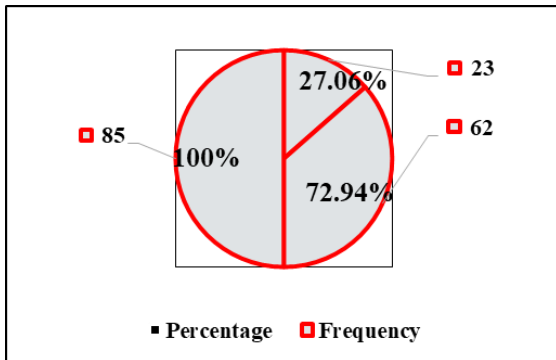
Awareness of GST Rates

From the above result shows that most of the retailers are aware about the rates available in GST like nil rate, 5%, 12%, 18% and 28%. Only few people are not properly



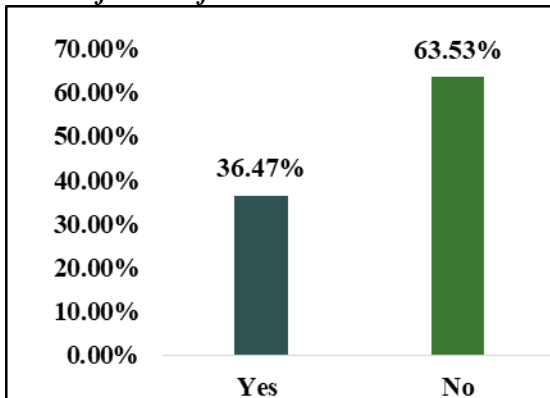
aware due GST rates are changed recently in the year 2023 and for each group of the product rates may vary.

Problems faced by the retailer in related to GST



The above graph interprets that, majority of retailers are not facing any problems in relating to the GST because they are paying GST timely with reference to Chartered Accountant and Government Notification but few people are facing problems in filing return, tax procedure, claiming ITC returns and technical issues etc.

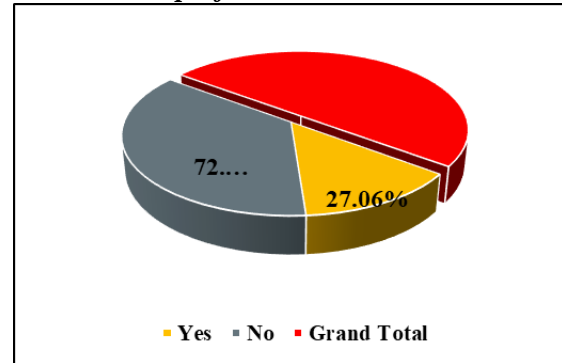
GST in favour of retail business



From the above graph it can interpreted that, 63.53% GST is favour for the retail business because it aims to reduce burden of tax on retailers and fair rates are given for all the retailers without any unfair practices and also GST helps the retailer to get

return on their goods and services tax payment. GST also increased the profitability of retail business.

Increment in profit level



From the above graph 72.94% of retailers didn't get any increment in the profit level due to other factors such as pricing strategy, competition and promotion and also lack of awareness about GST.

Findings

- It is found that the majority of the age group is from 27-35 years which is 49.41% of the total survey and followed by 36-44 years of age. This shows that middle age groups are more interested in doing the retail business.
- The survey shows that the most of the retailers like FMCG shops, Textile, Hotel, Medical shops and jewelry shops are registered under GST.
- From the above survey most of the people said that, implementing GST is good and only 2.35% retailers are feeling difficulties about implementing GST.
- For most of the retailers Chartered Accountant firm and government notifications helped to know about GST.
- Most of the retailers paying GST through Chartered Accountant and only 7.06% of the retailers going through e-portal to pay GST.
- It is found that majority of the respondents feel that GST improved the profitability of their business.
- 91.76% of the respondents from the total survey are manly using GST system to pay taxes. Only 8.24% of the people are still using VAT.
- The study shows that 78.82% of the retailers know about rates divided to the product and services under GST. 21.18% of the people still didn't update about new rates.

- From the study 72.94% of the retailers are not facing any problem under GST and Only few people are still facing certain problems to make payment of GST.
- The study found that, this system is not favor to do retail business.
- From the above analysis 72.94% of the retailers not getting any increment in their profit level and only 27.06% of the respondents are earning some increment in their profit level by adopting GST.

Suggestions Based on the Survey

Based on the analysis of the data collected the following recommendations can be made:

- Retailers find it difficult to be aware of provisions of GST, hence company can provide certain important knowledge by spreading awareness among the retailers by adopting suitable campaigns on taxation.
- From this study one of the retailers suggested that, 5% of GST to be removed on food products.
- Government can conduct online programs to educate retailers regarding return filing, handling the GSTN as well as notifying them regarding the basic and upgraded provisions of GST.
- The provisions of GST can be even more liberalized so that retailers can operate efficiently with the best interest for the people as well as economic growth.
- The study suggests that uniformity in tax slab rates reduces the uncertainty among retailers about the slab rate.
- The policy maker can bring more effective and friendly user digital payment solutions to the retailers. So that the retailers can easily make GST payment as a routine instead of paying full settlement at the end of the accounting year.
- Government can also make opportunity to increase profit level of the retail business by avoiding taxes on daily usage items.

Conclusion

The present study has been focused on the awareness and impact of GST among the retail traders. The study has considered the primary data by using random sampling methodology collected the data from the retailers with the drafted questionnaire. The secondary data has been collected from journals and related websites. The study has

examined the retailer's perception with the help of percentage analysis and result reveals that "GST has made easy, transparent taxation system when comparing to previous system and it is also increased the managerial effectiveness in business due to proper maintenance of accounting". The study examined the problems faced by the retailers while filing the returns and only few retailers need to be known the provisions and GST regime and government can take up necessary program to upgrade the retailer's knowledge and interest to pay GST.

Hence, I would like to conclude by saying that the Central government have get more benefit from the implementation of GST when comparing to Retailers and Customers so still more updated and effective GST system should help the retail sector by giving liberty on the tax provisions.

Scope for the Further Study

The present study results stated that the retailers are experiencing the problems in filing the returns and incrementing the profit level of their business. Hence there is a need to do research in this area by considering the retailers perception in gaining knowledge about the time-to-time changes in GST.

References

Articles

1. Kotishwar, (2020). *A study on awareness of GST filing among retail business in Hyderabad city in Telangana. Academy of Accounting and Financial Studies Journal volume24, Special Issue 2, 2020.*
2. Paramasivan C (2021), *A Study on Awareness Towards GST Implementation In Tiruchirappalli, SELP Journal of Social Science, Volume XII, Issue 48 April – June 2021*
3. Vaid, Y. K., Singh, V., and Sethi, M. (2020). *Benefits of Goods and Service Tax and its impact on taxpayer's satisfaction". Indian Journal of Finance, 14(5-7), 62-75.*
4. Vyshak, P K., Vishnu P K., Sindhu Sasi., (2020), *"Trade and Industry Development through GST: Analysis of the impact of GST Implementation on retailers in strategic way". International Journal in Scientific Research and Development. ISSN:2425-6470, Volume-7 / Issue-3 April 2020, pp. 950-956.*
5. Kapil Kapoor., (2018), *"GST New Tax Regime: Issue and Challenges". International Journal of recent scientific*

- research Vol.8 Issue, 4, pp, 16786-16790.
CODEN: IJRSEP (USA).
6. Varna Sabu. V., Dr. R. Rathiha., (2022),
“Awareness and Perception level on GST
among retailers – A study”. *IJFANS*
(International Journal of Food and
Nutritional Science) ISSN Print 2319-1775
Online 2320-7876 Journal Volume 11,
Issue 8, 2022.

Books

7. Dr. B.G. Bhaskara., Dr. M. Ramachandra
Gowda., Manjunath. N., Naveen Kumar. I.
M. (2017)., - *Goods and Service Tax – Law
and Practice*. Himalaya Publishing House -
1st Edition, ISO 9001-2015, ISBN No. 978-
93-5273-425-2.
8. Ziya UR Rahman GN., Vinayak L Hegde.,
(2017)., - *Goods and Service Tax*. Skyward
Publishers - 1st Edition Description:
vii,280p, ISBN: 978-93-86442-11-6.

Websites

9. <https://www.gst.gov.in/>
10. <https://www.indiafilings.com/>
11. <https://cbic.gst.gov.in/>
12. <https://www.cleartax.in/>
13. <https://taxguru.in/>
14. www.taxonomifinserv.com