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# A Study on Perception of Small Business Persons' towards GST

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**ABSTRACT**
*Constitution (122nd Amendment ) Bill 2014 received the assent of the President of India on 8th September,2016 and GST tax came into effect from1st July,2017. GST is a Comprehensive , Multistage , destination based tax which is levied on every type of businessmen . The small businessman were most effected in terms of changes brought in taxation system due to GST . So this research paper is an attempt to understand the perception of small business person about GST. It has been observed through research that most of small businessmen are trying to understand GST but complying with GST is a extra burden on small business persons .This study is based on observations which is of qualitative in nature.*

*Keywords: GST, Small Business Person , Compliance.*

**INTRODUCTION**
The prevailing indirect tax system in India complex considering the length and breadth of India. One of the biggest tax reform in Indian History is GST. The purpose of introducing GST was to avoid cascading effect, simplification of the process, online compliance, and transparency. GST is aimed to change the way the business is carried on in India. The GST came into effect from July 1, 2017 through the implementation of 101st Amendment of the Constitution of India by the Indian government. All the multiple indirect taxes levied by Central and State Government were subsumed under GST. Goods and Services Tax (GST) is an indirect tax which is imposed in India on goods or services or both. It is a comprehensive multistage, consumption based tax . It is collected from point of consumption and not point of origin like previous taxes.The impact of Introduction Of GST was on every individual all types of business were effected due to transition of all taxes towards GST but small business person whose turnover is less were more affected due to introduction of GST as these business were not only have to understand concept of GST but also have to comply with the provisions of GST.

**HISTORY OF GST**
Concept of GST was the old for the world when India thought of implementing it. To name a few - Canada implemented GST in the year 1991, Australia in the year 2000 and New Zealand in the year 1986. India implemented its dual GST system (a Central Goods and Services Tax (CGST) and a State Goods and Services Tax (SGST)) in 2017 excepting simplicity of system and economic growth.But India has to along way for implementation of GST the time line for Introduction started back in 2000 with Vajpayee Government got assent from President in 2016 and final got implemented in 2017.

**INDIAN MODEL OF GST**
Indian GST model is Concurrent Dual GST consisting both the Central GST and State GST levied on same base. Under this model, GST is levied by both tiers of Governments concurrently. There is Central GST to be administered by the Central Government and there is State GST to be administered by State Governments. In this model, both goods and services are subject to concurrent taxation by the Centre and the States. All types of goods and services is brought under this GST structure except few exceptions.This model of GST is applicable in Intra state transactions of supply of goods or services or both whereas in the case of interstate supply of goods or services or both IGST ( Integrated Goods and Service Tax ) is levied .Rates of GST tax in India ranges from 0% to 28%.

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**LITERATURE REVIEW**

Narayanan, (1991) stated that GST has huge revenue benefits but compliance costs are also associated with that.

Ankita Vermaet. al. (2018), studied the impact of GST on the regulation of small business. GST is one biggest important step in revolutionising indirect tax system in India. It has both positive and negative impact on regulation of small enterprises.

Lavanya Kumari (2017) in her research paper explained the importance of GST as single taxation system. She has compared GST in various countries with India. A per her research paper GSt in India is a comprehensive tax on manufacture, sale and input of products at the country wide level where goods and services are considered same for levying of tax.

Aakanksha Uppal, Bharti Wadhwa, Anubha Vashisht, Davinder Kaur (2019) in their research paper have brought forward extent of awareness among small businessmen.

DR. S. GAUTAMI (2018) studied Effect of Goods &Services tax on Micro Small Medium Enterprises in India . As per his research paper respondents have information of the GST mechanism, but businesses operators do have required knowledge on GST in order to face the problems arising from the implementation of GST.

**OBJECTIVES OF THE STUDY**

The research study is designed to accomplish the following objectives:

1) To understand the concept of GST.

2) To understand the perception of Small business men towards GST.

**METHODOLOGY FOR THE STUDY**

Research paper is based on primary data collected through a structured questionnaire. In total, 200 Small Business persons were approached through non-probability convenient sampling method. Results are shown with the help of diagrammatic presentations

**FINDINGS, ANALYSIS AND INTERPRETATION OF THE DATA COLLECTED.**

Data for the present study was collected from Business person who are aware about GST .Following section deals with the primary data collected during the course of present study:

**Age of the Respondents:**

| Age | Responses | Percentage |
|---|---|---|
| 25 to 35 years | 70 | 35 |
| 35 to 45 Years | 73 | 36.50 |
| 45 years and above | 59 | 29.50 |
| Total | 200 | 100 |

It was found that respondents were equally distributed from all age groups defined. 35 % were from 25-35 years, 36.50% was from the age group of 35-45 and 29.50% was from the age group of 45 and above

**Occupation of Respondents**

| Occupation | Responses | Percentage |
|---|---|---|
| Manufacturing | 76 | 38 |
| Service | 72 | 36 |
| Trader | 52 | 26 |
| Total | 200 | 100 |

It was found that of the respondents 38 % were from manufacturing sector, 36 % were from Service sector and 26 % were in the trading business

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**Turnover of Respondents**

| Turnover | Responses | Percentage |
|---|---|---|
| Less than 20 Lakhs | 46 | 23 |
| 20 Lakhs to 50 Lakhs | 84 | 42 |
| 50 Lakhs to 1 Crore | 70 | 35 |
| Total | 200 | 100 |

It was found that 23 % of the respondents had turnover less than 20 Lakhs. 42% of the the respondents had turnover between 20 Lakhs to 50 Lakhs. 35 % had turnover between 50 Lakhs. to 1Crore.

**SPECIFIC FINDINGS OF THE STUDY**

1. The opinion on the training process of GST was collected and it was found that 62.25% felt that training provided to understand GST was found sufficient. 37.75% respondents did not find training sufficient to adapt to GST. The policy holder should provide regular training.

2. The opinion was sought on the transition from VAT to GST. 48.98% Business persons found the transition smooth. 13.27% of the units found transition is very smooth. 21.43% found transition to GST difficult and 9.18% found it very difficult. However, 7.14% refrained themselves from giving their opinion on transition phase. This means training has helped in smooth transition to GST.

3. It was found that 57.15% respondents feel that GST has a positive impact on the overall business whereas 31.63% respondents feel that GST has a negative impact on the running of business. 11.22% of the respondent feels that GST has no impact on the running of the business. The purpose of GST is served.

4. As regards the issues faced are concerned, the maximum 81 respondents have the issues with cumbersome procedures involving large documentation. GST network portal issues were faced by 69 respondents, followed by lack of proper IT infrastructure by 63 respondents, cost of compliance as an additional burden by 52 respondents and lack of trained manpower to deal with GST issues was faced by 33 respondents. This shows that if the infrastructure and network issues are solved in the suburban areas, half of the problem is solved. At the same time, policyholder should come up with prescribed and minimal documentation to ease procedure of compliance.

5. Claiming refund is the regular process in taxation system. There is always issue in getting refunds under any taxation system. 78 respondents agreed that there were issues in getting refund whereas only 20 respondents said that they were getting refunds easily.

6. Respondents opinion on impact of GST on overall business was inquired and found that 87.76% accepted that GST has affected business. This has slow down the business rotation.

7. Two reasons were identified for increase in prices of goods and services which were change in GST rate and Input tax credit. 77 respondents said that rise in prices were because of change in GST rate on the other side 21 said that it is because of Input tax credit.

8. The opinion for various GST online processes was recorded. 66 respondents said that the registration process has become easy under GST. For filing of returns 66 respondents agreed that online returns are easy as compared to manual returns.. Online system has brought ease for payment but online refunds are yet difficult for 51 respondents. It is necessary that policy makers work for the early settlement of refunds to induce more entrepreneurs to join GST. GST audit is difficult for the most i.e75 respondents find it difficult.

**CONCLUSION**

Majority of Small Business Persons admitted that they had wrong perception about GST. Most of the Small Business persons' were not satisfied with the efforts made by government to make people aware about GST. But to some extent they were satisfied with easy system for registration, return filing Most Important analysis was if availability of government assistance for GST was given at early stage it would have ensured better acceptability of GST by them. Many Business persons insist that there should be a trial run before

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actual implementation of GST. In the trial period, GST could run parallel to the existing system of transaction to smoothen the transition.

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