

Perception Of Goods And Services Tax: A Study Among Customers With An Analytical Approach

Mr. S.RAJINI¹, Dr. N. RAJA HUSSAIN²,

¹Research Scholar in Commerce, Bharathiar University, Coimbatore, Tamil Nadu, India.

²Professor, Department of Management Studies, BSA Crescent Institute of Science & Technology, Chennai.

Email id: ¹rajinis14@gmail.com, ²nrhussainusab@gmail.com

Abstract

Goods and services tax was introduced and implemented in the year 1954 by France in the world. After long period it was introduced in Canada in the year 1980. After LPG system came into force the number of country quite increased to implement of it. The GST Act has been came into force and implemented from 1st July 2017 onwards throughout India except Jammu & Kashmir. It was also presented in Tamil Nadu Legislative Assembly by Commerce Minister and passed by voice vote. The inaugural and implementation function of GST was held at center Hall of Indian Parliament by the government of India at end of midnight on 30th June 2017. As the key factors of this paper covers and analyzed the different parameters of GST in the responses of Likert scale value such as rate of tax, Broaden Tax Base, GST Improve India's Economy for the Long Run, Increase Cost of living, Affecting Customers' Purchasing Power, Tax Revenue Spends for Welfare, Encourage the People to save their Income and so on, In addition to that this study could also assist the government in their policy decision making as well as to increase public confidence on Govt. The results, however, could not be generalized to all customers in India since the study was conducted in Vellore district, Tamil Nadu.

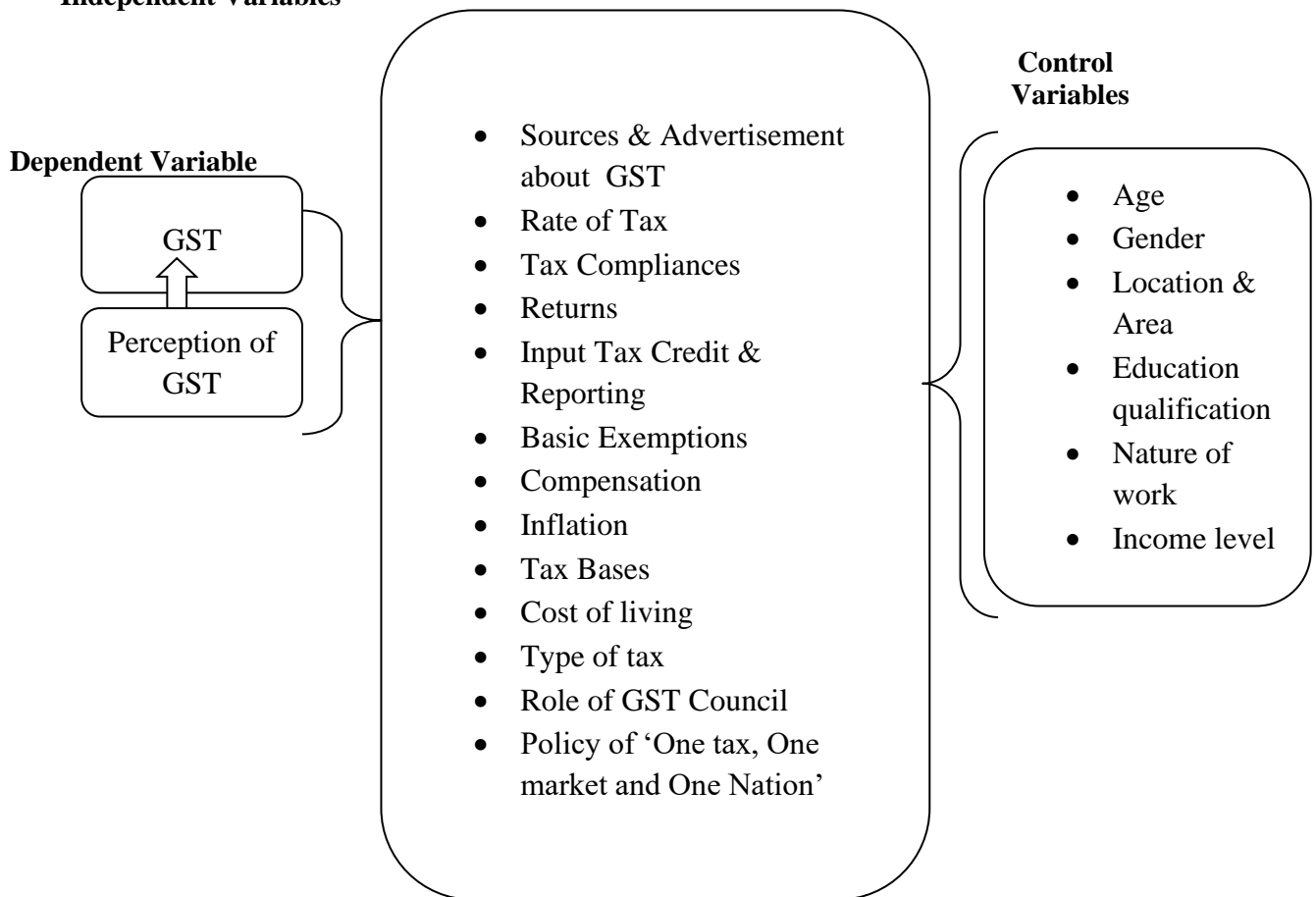
Key words: Tax, Impact, Incidence, Slab rate, Rate of tax

1. Introduction

The Finance Ministry of India since 2006 has put the 122nd Constitutional Amendment Bill in the Lok Shaba on 19th December 2014. This Amendment Bill has more significant to introduce Goods and Services Tax in Indian taxation system. GST is biggest reform in the field of indirect taxation, trade and commerce. GST Act has been came into force and implemented from 1st July 2017 onwards throughout India except Jammu & Kashmir. It was also presented in Tamil Nadu Legislative Assembly by Commerce Minister and passed by voice vote. The inaugural and implementation function of GST was held at center Hall of Indian Parliament by the government of India at end of midnight on 30th June 2017 and beginning on 1st July 2107

Goods and services tax was introduced and implemented in the year 1954 by France in the world. After long period it was introduced in Canada in the year 1980. After LPG system came into force the number of country quite increased to implement GST. This is the most significant event in the evolution of tax structure during the 2nd half of the 20th century. This tax system is there more than 160 countries. The debate and discussion about GST was started since 1990 onwards in India. In continuation of that in 1994 by introducing Value Added Tax (VAT) it was decided to bring GST in India.

Conceptual frame work
Independent Variables



2. Literature Review

Mohapatra (2018) examined the perception among traders towards GST on an overall basis. The study revealed that lack of awareness is prevailing in the selected geographical area. The research also opened the requirement of government initiative in aiding the small traders with regard to GST parameters. There is also high degree of constraints among the traders with regard to digital aspects that are relating to GST and its glitches.

Nithinkumar (2018) explained the tax compliance and proceedings with the aid of multiple regression analysis. The study revealed that GST poses as a fair taxation system among the medium level traders and small traders required more clarification on compliance parameter. The study also explained that several traders feel that GST would be beneficial in the long run. Further adding to this several traders opened that GST is a remarkable reform in the tax system.

Rathisreeraj (2018) conveyed that customers have positive attitude towards GST taxation system. The response towards GST aspects varied according to the demographic variables of the respondents. The study also revealed that certain products posed price hike due to the implementation of GST due to the nature and place of origin issues. The respondents also explained that GST has the ability to reduce the tax evasion and misuse.

3. Research Methodology

The study focus to find the overall perception of traders and customers towards the Goods and Services tax because many traders association and customers are protest against the GST implementation in the study area and even State Government had different in opinion. A good taxation system and it should satisfy the principles of taxation to the public especially traders and customers because impact and incidence of tax first on traders and final tax burden on the whole the customers and as whole the State welfare fully depending the same. Hence, the study hunts for appraise the traders and customers perception with the following research questions, objectives and forming hypothesis that as follows.

Objectives of the Study

- To identify the level of awareness about GST in the study area.
- To examine the level of satisfaction and acceptance of customers on GST
- To analyze the impact of GST on customers.

Formation of Hypotheses

This study precedes the following test hypotheses with the view of above objectives.

- There is significant difference between satisfaction of GST and the various groups of respondents.
- No significant impact of GST on traders and customers.

The total of 300 set of questionnaire was distributed through convenient sampling and population of this study was customers in Vellore district. The questionnaire consists of three sections with 5 point Likert scale. The first section comprise the questions of demographic profile, second section questions related to awareness and satisfaction level and the third section questions on impact level used for appraising the perception level of customers.

Socio Economic Profile of the Customers

S.N.	Customers Profile	Attributes	No. of Respondents	Percentage
1	Age Groups	18-24	20	07
		25-29	54	18
		30-35	76	25
		36-40	105	35
		Above 40	45	15
Total			300	100
2	Customers Locations	Rural	36	12
		Urban	166	55
		Semi-urban	98	33
Total			300	100
	Area of	Ambur	36	12

3	Customers	Vaniyambadi	33	11
		Tirupattur	33	11
		Gudiyattam	33	11
		Katpadi	33	11
		Vellore	33	11
		Arcot	33	11
		Arakkonam	33	11
		Walajah	33	11
Total			300	100
4	Educational Qualification	Below SSLC	36	12
		SSLC	58	19
		Higher Secondary	97	33
		UG Degree	85	28
		PG Degree	24	08
Total			300	100
5	Income Level	Less than 50000	82	27.3
		50000-100000	115	18.7
		100000-150000	71	23.7
		150000-200000	20	5.3
		More than 2 lakhs	12	25.0
Total			300	100

Source: Computed Primary Data 2018-19

1. It is inferred from the above table stated the socio economic profile of the respondents and the point to discuss of all that is significant for the research. The age group of respondents about 35 percent of respondents are belong to the age between 36 to 40, 25 percent of respondents comes under 30 to 35, 18% of respondents are between 25 to 29, 15 percent of them above the age of 40 years and only 7 percent of respondents are between 18 to 24 years. Age factor is significant for the perception of Goods and Services tax.

2. The location customer in which about 55 percent of respondents are belongs to town, 33 percent of respondents are urban area and 12 percent of them only belong to rural. The Government announcing schemes and other public infrastructure facility are vast in the town and urban place. So that the location where respondents belongs to also important to know the new tax policy of GST.

3. The researcher has been covered all the Nine Taluk of Vellore District for the study. In all the area such as Ambur, Vaniyambadi, Tirupattur, Gudiyattam, katpadi, Vellore, Arcot, Arakkonam and Walajah equal number of customers that as in each area minimum 33 and maximum 36 customers studied for the research.

4. It has inferred from 4th point of table about the educational qualification of the respondents. Most of the customers are literate people and having 33 percent of respondents are completed Higher Secondary education, 28 percent of them are UG degree and 19 percent are completed their SSLC, 12 percent of respondents are having below SSLC study and 8 percent of the respondents are having Post

graduation educational qualification. For the subject education qualification of customers is very significant factor to understand or perception of things in a right way especially the new system of goods and services tax.

Awareness of Rate of Tax in GST

Rate of tax is the most important factor in taxation. Before GST came into effect there were many taxes paid by the customers such as a) Excise duty in that types Basic Excise duty, Special Excise duty, National Calamity Contingent duty, Special Additional Excise duty, Additional duty (b) Customs duty in that many types Basic Custom duty, Additional or Countervailing duty, Special Additional duty, Protective duty, Anti- dumping duty, Safe guard duty (c) Central Sales Tax (CST), Value Added Tax (VAT) and Services Tax. All those taxes except Excise and Customs duty the concern States Government can levy and collect Value Added Tax on all kinds intra States sales and purchases of goods and for interstate transactions separate called Central Sales Tax (CST). Now the taxation and other related provisions has been established by the Union Government by subsumed as Central goods and services tax (CGST), State goods and services tax (SGST, Integrated goods and services tax (IGST) and Union territory goods and services tax (UTGST) under one umbrella called Goods and Services Tax. For regulating and establishing rules there is a separate body called GST Council. The Council body of authority to take a decision on whatever the tax related matter and that will be final. The researcher thinks that all the States are lost their autonomy in terms revenue generation. It is clearly evident from the above computed table that a researcher is focused on the very most factor to the customer about the tax slab for the various goods and services and how for their perceived on it. The GST council formerly announced six tier tax slab such as 0% 3%, 5%, 8%, 12%, 28% and maximum of 40% in all four subsumed taxation.

Awareness of Rate of Tax in GST

S.N	Attributes	No. of Respondents	Weights of Likert Scale Response
1	Strongly Aware	73	365
2	Aware	122	488
3	Neutral	22	66
4	Unaware	58	104
5	Strongly Unaware	25	25
Total		300	1048

Source: Computed Primary Data 2018-19

The above table reveals about 41 percent which means 488 weights of responses states the respondents are aware on rate of tax in GST and 23 percent that is 365 weights of responses states strongly aware since it is most important factor for the customers because the ultimate tax burden is go to customers only. The customers are used to find at various sources and keep updated by discussing with friends, professionals and also they might participate awareness programs. 104 weights of responses states the respondents are unaware, 25 weights of responses shows the respondents are Strongly unaware due to tax related information rarely coming to their knowledge and the same is not properly published with updating and 66 weights of responses states the respondents coming under neutral category because many of them are disappointed with the subject matter so they were not interested to convey their opinion on the rate of tax. Hence, it could find an average scale is $365+488+66+104+25 = 1048/300 = 3.49$ points that conveys the customers are neither neutral nor aware of the various rates of tax slabs under GST.

GST is Affecting Customers' Purchasing Power

The Union Government is quoting that “One tax, One market and One Nation” for coordinating customers and enrich of GST. According to Constitution of India first of all the customers should aware ‘India is not one Nation and its Union of States’. On the other hand GST is not one tax system but all multiple taxes subsumed under CGST, SGST, IGST and UTGST and brought some common reduction in the rate of tax, earlier most of the taxes have been levied by States but all those decided and decision by the GST Council. In fact by the introductory period of GST the registered traders has increased throughout the Nation that because of formulizations and mandate of Act to all traders but based on this does not mean regulating the customers on the purchase behavior and it unable to estimate the tax revenue for the future by the Government.

GST is Affecting Customers’ Purchasing Power

S.N	Attributes	No. of Respondents	Weights of Likert Scale Responses
1	Highly Affected	167	835
2	Affected	84	336
3	Moderate	13	39
4	Unaffected	16	32
5	Highly Unaffected	20	20
Total		300	1262

Source: Computed Primary Data 2018-19

It has been observed from the above table that 835 weights of in other word responses 56 percent states that the respondents are highly affected and 28 percent that is 336 weights of responses states the respondents are affected. Their spending habit increasing a specially indirect banking charges after GST came into practice and the price of goods has been increased due to rate of tax in GST varies from 0% percent to 40% except petroleum and liquors and almost more than 1200 goods has been taxed under GST system one side the amount of spending increasing to customers and on the other side Government is revenue is increasing. Where about 20 weights of responses or 7 percent of respondents are highly unaffected and 32 weights of responses or 5 percent of the respondents are unaffected that GST factor is not alone to affect spending habit but there are other marketing and economic factors influence for spending the amount and about 39 weights of responses or 4 percent of respondents are do not have their opinion on this question. Hence, in the calculation of average weights of Likert responses that $835 + 336 + 39 + 32 + 20 = 1262/300 = 4.20$ points. Since the average points are falls on scale four it could conclude that customers are affecting for purchasing the goods and services.

Applications of Statistical Tools

This part deals and proving application of statistical tools such as Correlation, factor analysis and so on., and explaining the significant Goods and Services Tax and the customers’ perception all those that as follows.

H1: Is there any association between traders’ perception and customers’ perception?

CORRELATIONS

Variables	Tool	Rate of tax in GST	Media & other Advertisements about GST information	Cost of compliance	GST Broader India’s tax base	Understanding about GST and its concepts	Awareness of old tax system in India
Rate of tax in GST	Pearson Correlation	1	0.104*	0.380**	0.156**	0.259**	0.431**
	Sig. (2-tailed)		0.011	0.000	0.000	0.000	0.000

	N	600	600	600	600	600	600
Media & other Advertisement about GST information	Pearson Correlation	0.104	1	0.246**	0.380**	0.154**	0.356**
	Sig. (2-tailed)	0.011		0.000	0.000	0.000	0.000
	N	600	600	600	600	600	600
Cost of compliance	Pearson Correlation	0.380*	0.246**	1	0.363**	0.033	0.283**
	Sig. (2-tailed)	0.000	0.000		0.000	0.432	0.000
	N	600	600	600	600	600	600
GST Broaden India's tax base (Goods & Services)	Pearson Correlation	0.156*	0.380**	0.363**	1	0.162**	0.344**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.000
	N	600	600	570	600	600	600
Understanding about GST and its concepts	Pearson Correlation	0.259*	0.154**	0.033	.162**	1	0.465**
	Sig. (2-tailed)	0.000	0.000	0.432	0.000		0.000
	N	600	600	600	600	600	600
Awareness the old tax system in India	Pearson Correlation	0.431*	0.356**	0.283**	0.344**	0.465**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
	N	600	600	600	600	600	600
*. Correlation is significant at the 0.05 level (2-tailed).							
**. Correlation is significant at the 0.01 level (2-tailed).							

Inference:

From the above result of correlation of both customer and traders we infer that, there is a moderate relationship between Rate of tax in GST (3 5 12 18 28) % with Media & other Advertisement about GST information with Cost of compliance with GST Broaden India's tax base (Goods & Services) with understand about GST and its concepts with awareness of old tax system in India.

H0: No Significant Impact of GST on Traders and Customers.

Factor Analysis KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.750
--	-------

Bartlett's Test of Sphericity	Approx. Square Df	Chi-Square	1.380E3
			45
		Sig.	0.000

Inference:

In considering “The Impact of GST on Customers” the Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's of Sphericity is 0.750. The KMO statistic varies between 0 and 1. A value close to 1 indicates that patterns of correlations are relatively compact and so factor analysis should yield distinct and reliable factors.

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Sums of Rotation Sums of Squared Loadings		
	Total	% Variance	of Cumulative %	Total	% Variance	of Cumulative %	Total	% Variance	of Cumulative %
1	2.852	28.523	28.523	2.852	28.523	28.523	2.003	20.031	20.031
2	2.206	22.063	50.586	2.206	22.063	50.586	1.928	19.284	39.315
3	1.284	12.841	63.427	1.284	12.841	63.427	1.848	18.477	57.792
4	1.220	12.199	75.627	1.220	12.199	75.627	1.783	17.834	75.627
5	.954	9.543	85.169						
6	.524	5.237	90.406						
7	.465	4.651	95.056						
8	.215	2.151	97.208						
9	.166	1.662	98.870						
10	.113	1.130	100.00						

Extraction Method: Principal Component Analysis

Inference:

Total Variance explained table shows how the variance is divided among the 10 factors. Note that four factors have Eigen Values (A measure of explained variance) greater than 1.0, which is a common criterion for a factor to be useful. More over these four factors contributes 75.627% of overall 10 variables.

Rotated Component Matrix

Variables	Component			
	1	2	3	4
GST is affecting current price of the goods	-0.098	-0.212	0.582	0.111
Price of the goods so increased due to Petroleum is out of GST	0.192	-0.867	-0.001	0.027
GST Broaden India's tax base	0.346	0.306	0.815	-0.200

GST improve India's Economy for the long run	0.662	-0.155	0.340	0.359
GST is increase cost of living	0.132	0.787	0.066	0.435
GST is affecting spending habit	0.003	0.281	0.094	0.904
Price of goods & services will increase when raw material are taxed	0.010	0.548	0.666	0.174
GST is affecting purchase powers	0.607	0.037	0.002	-0.721
Govt. spends the tax revenue on welfare	0.570	-0.118	-0.520	-0.126
GST is encourage the people to save their income	0.830	0.027	-0.029	-0.173

From the above Rotated Component Matrix we can see that, five components involved (which is found using the technique Eigen Values. From Component 1 we say that there are nine variables one having high positive loading that is “GST is encourage the people to save their income”. In Component 2, “GST is increases cost of living” has high positive loading. In Component 3 “GST Broaden India’s tax base has high positive loading compared to 7 other variables. Under Component 4 “GST is affecting spending habit” has high positive loading compared to that of 5 other variables: From, the above rotated matrix we infer that, out of 25 variables seven variables have high positive loading which is contributing more on objective function.

Findings

All the below findings are summarized with average weights of Likert scale responses from the analytical section.

- On the enquiry with the customers about the rate of tax awareness it has been found in the table no 4.2 that an average weights Likert scale is $1048/300 = 3.49$ points that conveys the customers are neither neutral nor aware of the various rates of tax slabs under GST.
- It has been found about the improvement of India’s economy the average points are 2.66 has been found in the table no 4.3 and it is close to scale three it can be conclude that doubtful in the improvement of India’s economy for the long period due to GST.
- On the enquiry of does GST affecting the purchasing power of the customers it was found in the table no 4.4 average weights of Likert responses is 4.20 points. Since the average points are falls on scale four it could conclude that customers are affecting for purchasing the goods and services.
- The enquiry with customers about GST is encourage the People to save their Income it has been found in table no 4.5 an average weights of Likert responses is = 3.32 points so the average points are falls on more than scale three it could conclude that the people are neither neutral nor affected due to GST discouraging to save their income.

4. Conclusive remarks

The study has wide spectrum covering various important factors to measures the traders and customers’ perception towards Goods and Services Tax and all variables provides valuable inputs on better understanding of GST. The history of commercial taxation in India has witnessed several changes and amendments of Act. By implementation of GST it has been reverentially addressed as the volume of tax revenue had collected by Government has considerably increased in short span of time. But the productivity of spending tax revenue for welfare of people exclusively on education and health care is very minimal. Due to which people are spending huge part their income on private domain.

5. References:

- [1] CA. Atul Kumar Gupta, Goods and Services Tax Law, Practice and Procedures, 3rd Edition, Lexis Nexis, New Delhi, 2018.
- [2] D.M. Mithani, Money, Banking, International Trade & Public Finance, Himalaya Publishing House, 1998, Bombay.
- [3] T.S Reddy & Y. Hariprasad Reddy: Business Taxation, Margham Publications, 2013, Chennai.
- [4] Ling, S.C.1, Osman, A.2, ArmanHadi, A.B.3, Muhammad Safizal, A.4, Rana, S.M.5 ;Public acceptance and compliance on goods and services tax (GST) implementation: A case study of Malaysia; *Asian Journal of Social Sciences & Humanities Vol. 5(1) February 2016*.
- [5] ShefaliDani Director, GLS (J.P.Shah) Institute of Business Administration, GLS University, India; A Research Paper on An Impact of Goods And Service Tax (GST) on Indian Economy; Business and Economics Journal An open access journal Volume 7 • Issue 4 • 1000264; ISSN: 2151-6219.
- [6] Zainol Bidin1, Munusamy Marimuthu2, ; School of Accountancy, Universiti Utara Malaysia; The Perception of Manufacturing Companies towards the proposed Goods And Service Tax in Malaysia; Research Gate.
- [7] Mohamad Ali Roshidi Ahmad,Zuriadah Ismail, and Hazianti Abdul Halim; Faculty Management and Economics, University Pendidikan Sultan Idris, TanjungMalim, Perak, Malaysia; Awareness And Perception of Taxpayers Towards Goods and Services Tax (GST) Implementation; *International Journal of Academic Research in Business and Social Sciences 2016, Vol. 6, No. 11 ISSN: 2222-6990*.
- [8] Dr.G.H.Barhate, 1Assoc. Professor & Head Department of Commerce Research Center,C.D.Jain..
- [9] NayyarAnand and Inderpal Singh (2018), A Comprehensive Analysis of Goods and Services Tax (GST) in India: *Indian Journal of Finance: Volume – 12: PP 57: DOI - 10.17010/ijf/2018/v12i2/121377*.
- [10] SubhamoyBanik and Advocate Arundhuti Das (2017), GST in India: Impact and challenges: *Journal of Business and Management: Volume 19, Issue 12: PP 07-10*.
- [11] Amutha D (2018), Economic Consequences of GST in India: *SSRN journal: Volume 8: PP 61-66: <http://dx.doi.org/10.2139/ssrn.3098357>*.
- [12] ManishaShinde (2019), A STUDY OF IMPACT AND CHALLENGES OF GST ON VARIOUS CONSTITUENTS OF INDIAN ECONOMY: *International Journal of Research and Analytical Reviews: Volume 6, Issue 1: PP 211-215*.
- [13])Amandeepkaur (2018), A RESEARCH PAPER ON IMPACT OF GST ON INDIAN ECONOMY: *International journal of advanced research in science and Engineering: Volume 7: Issue 4: PP 534-539*.
- [14] HemlataTiwari and ShambhuNath Singh (2018), Goods and Service Tax: Economic Revival of India: *SAGE publications: Volume 22(1): PP 17-29*.
- [15] SabariNath (2019), “Implementation of Goods & Service Tax (GST) in India Emerging Opportunities & Challenges: *Journal of Research in Business and Management: Volume 7: Issue 1 (2019) PP: 58-60*.
- [16] BikramPegu (2017), The Proposed GST (Goods and Services Tax) and Indian Economy: *International Journal of Interdisciplinary Research in Science Society and Culture: Volume 3: Issue1: PP 65-71*.

- [17] Manoranjan Kumar, Akhilesh Barve and Devendra K. Yadav (2019), Analysis of barriers in implementation of Goods and Service Tax (GST) in India using interpretive structural modelling (ISM) approach: *Journal of Revenue and Pricing Management*: volume 18, PP 355–366.
- [18] Shanti.S , A.V.N. Murty (2019), Technological Impact of GST On Consumer Behaviour: *International Journal of Innovative Technology and Exploring Engineering*: Volume-8 Issue-7: PP 409- 413.
- [19] Vasanthagopal (2011), GST in India: A Big Leap in the Indirect Taxation System: *International Journal of Trade, Economics and Finance*: Volume 2: Issue 2: PP 144-146.
- [20] Chirag Rana (2018), A Study on Impact of GST on Indian Economy: *International Journal of Science and Research*: Volume 8 Issue 4: PP 1909-1912.
- [21] Suresh Babu (2019), Consumers’ perception towards GST Rates in India: *RESEARCH REVIEW International Journal of Multidisciplinary*: Volume 4: Issue 1: PP 680-686.
- [22] Ramanjaneyulu (2018), Impact & Perception Of Goods And Services Tax (GST) On Online Shoppers With Reference To Kadapa City: *MITS International Journal of Business Research*: Volume 5: Issue 1: PP 86-95.
- [23] Mohamad Ali Roshidi Ahmad and Zuriadah Ismail (2016), Awareness and Perception of Taxpayers towards Goods and Services Tax (GST) Implementation: *International Journal of Academic Research in Business and Social Sciences*: Volume 6(11): PP 75-93.
- [24] Sanjay Nandal and Diksha (2018), Perceptions of traders and manufacturers towards GST: *Journal of Management Research and Analysis*: Volume 5(3): PP 259-267.
- [25] Aakanksha Uppal and Bharti Wadhwa (2019), GST: Awareness and Perception of Small Business Persons (SBPS): *International Journal of Innovative Technology and Exploring Engineering*: Volume 8(7): PP 243-248.
- [26] Gowtham Ramkumar (2018), Consumer Perceptions towards Goods and Services Tax Implementation – An Economic Approach: *Elk Asia Pacific Journal of Marketing and Retail Management*: Volume 9(2).