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A PROJECT ON
“A STUDY ON IMPACT OF GST ON SMALL TRADERS IN KHARGHAR,
NAVI MUMBAI”

SUBMITTED BY
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PROF. SHAHID QURESHI

IN THE PARTIAL FULFILLMENT OF THE DEGREE OF
BACHELOR OF COMMERCE (ACCOUNTING AND FINANCE)



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(2022-2023)

CERTIFICATE

*This is to certify that **Mr. ASHWIN PRAKASH DHUMAL** of **B.com (Accounting & Finance)** Semester VI (2022-2023) has successfully completed the project on “**A STUDY ON IMPACT OF GST ON SMALL TRADERS IN KHARGHAR, NAVI MUMBAI**” under the guidance of **Prof. SHAHID QURESHI**.*

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DECLARATION

*I, **ASHWIN PRAKASH DHUMAL**, hereby declare that this project report entitled **A STUDY ON IMPACT OF GST ON SMALL TRADERS IN KHARGHAR, NAVI MUMBAI**.*

*Submitted during the year 2022-2023 under the valuable guidance and supervision of **Prof. Shahid Qureshi** in partial fulfilment of requirements of the **Bachelors of Commerce (Accounting & Finance)**.*

Degree of University of Mumbai.

Further, I extend my declaration that this report is result of my original work.

(ASHWIN PRAKASH DHUMAL)

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Index

Sr. No.		Contents	Page No.
1		CHAPTER 1 INTRODUCTION TO THE TOPIC	1-26
	1.1	Introduction	1
	1.2	Source of authority to tax in India (Article 246)	2
	1.3	Introduction to tax	2
	1.3.1	Types of Direct Tax	4
	1.3.2	Types of Indirect tax in India	5
	1.4	Historical background of GST	6
	1.5	What Is GST?	7
	1.6	Why is GST needed in India?	7
	1.7	What are the Different Types of GST?	8
	1.8	Is GST Applicable to me?	9
	1.9	Models of GST	10
	1.10	Salient Features	10
	1.11	Advantages of GST	11
	1.12	Disadvantages of GST	11
	1.13	What are the components of GST?	12
	1.14	Composite of Levy	13
	1.15	Composite and mixed supply	16
	1.16	Person liable for registration	19
	1.17	Impact of GST	22
	1.18	Sector-wise Impact	22
	1.19	Benefits of GST	25
2		CHAPTER 2 REVIEW OF LITERATURE	27-29
3		CHAPTER 3 RESEARCH METHODOLOGY	30-31
	3.1	Research design	30
	3.2	Objectives of the study	30
	3.2.1	Primary objective	30
	3.2.2	Secondary Objective	30
	3.3	Data collection method	30
	3.3.1	Primary data	30
	3.3.2	Secondary data	31
	3.4	Limitation of the study	31
4		CHAPTER 4 DATA REPRESENTATION AND ANALYSIS	32-56
5		CHAPTER 5 RESULT AND DISCUSSIONS	57-61
	5.1	Major Findings	57
	5.2	Suggestions & Recommendations	59
	5.3	Conclusion	60
6		CHAPTER 6 Bibliography & Annexure	62-66

CHAPTER 1

Introduction to GST

1.1 Introduction

"GST" would be a comprehensive indirect tax on manufacture, sale and consumption of goods and services all over India, which has replaced taxes levied by central and state governments such as VAT (Value Added Tax) and Excise (also called as Excise Duty).

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017. The tax rate under GST are set at 0%, 5%, 12%, 18% and 28% for various goods and services, and almost 50% of goods & services comes under 18% tax rate. GST is considered as an indirect tax for the whole nation that would make India one unified common market. It is a tax which is imposed on the sale, manufacturing and the usage of the goods and services.

It is a single tax that is imposed on the supply of the goods and services, right from the manufacturer to the customer. The credits of the input taxes that are paid at each stage will be available in the subsequent stage of value addition which makes GST essentially a tax only on the value addition on each stage. The final consumers will bear only the tax charged by the last dealer in the supply chain with the set of benefits that are at all the previous stages.

It is charged at the national and state level at similar rates for the same products and it also replaces almost all the current indirect taxes that are imposed separately by the Centre and the States. Goods & Services Tax is a destination based tax which means that the tax is paid at the place of supply.

Objectives / Purpose of GST

1. One Country- one tax
2. Consumption based tax instead of manufacturing
3. Uniform GST registration and payment
4. To eliminate cascading effect of indirect taxes/ doubling tax/ tax on tax
5. Subsume all indirect taxes at centre and state level
6. Reduce tax evasion and corruption
7. Increase productivity
8. Increase Tax to GDP and revenue surplus
9. It will be helpful to reduces administrative cost for the Government

1.2 Source of authority to tax in India (Article 246)

Taxes in India are levied by the Central Government and the State Governments. Some minor taxes are also levied by the local authorities such as the municipality. The authority to levy a tax is derived from the Constitution of India which allocates the power of levy various taxes between the Central and the State.

An important restriction on this power is Article 265 of the Constitution which state that “No tax shall be levied or collected except by the authority of law”. Therefore, each tax levied or collected has to be backed by an accompanying law, passed either by the Parliament or the State Legislature.

Constitution is the foundation and sources of powers to legislate all laws in India. Parliament, as well as State Legislatures gets the power to legislate various laws from the Constitutional only.

Article 246 (Seventh Schedule) of the Indian Constitution contains the legislative powers (including taxation) of the Union Government and the State Governments. It contains the following 3 lists covering the various subjects:

List I- Central List:

It contains the areas in respect of which only the parliament i.e., Central Government can make laws (including taxation laws).

List II-State List:

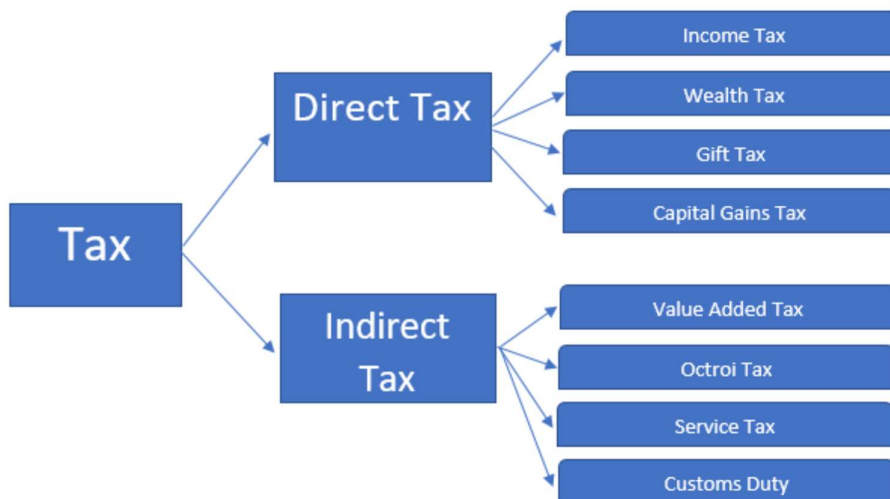
It contains the areas in respect of which only the State Legislature i.e., State Government can make laws (including taxation laws).

List III- Concurrent List:

It contains the areas in respect of which both the parliament and State Legislature can make laws concurrently. It is important to note that this list does not specify any law relating to taxation. In other words, there is no head of taxation under the concurrent list and hence Union and the State have no concurrent power of taxation.

1.3 Introduction to tax:

Tax is a charge which is levied by the Government/ Authority on a product, income or activity. Basically it is the amount which is mandatory to pay the government so that it can fund various public expenditure. There are two types of tax levied by government, Direct tax and Indirect tax.



Source: <https://www.myloancare.in/tax/gst/types-of-gst/>

Sr. No.	Basic of comparison	Direct Tax	Indirect Tax
1.	Meaning	Direct tax is referred to as the tax, levied on person's income and wealth and is paid directly to the government.	Indirect tax is referred to as a tax, levied on the person who consumes the goods and services and is paid indirectly to the government.
2.	Impact/ Burden	Falls on the same person.	Falls on the different person.
3.	Imposition and collection	Imposed on and collected from assesses, i.e. Individual, HUF (Hindu Undivided Family), Company, Firm etc.	Imposed on and collected from the consumer of goods and services but paid and deposited by assesses.
4.	Event	Taxable income or wealth	Purchase/sale/manufacture of goods and provision of services.
5.	Example	Income tax, property tax, etc.	Value added tax (VAT), service tax, Goods and Service tax (GST).

6.	Nature	Progressive in nature, person pays more when income is more. Example- Rate of Income tax on Income between 3 lakhs to 5 lakhs is 5%. 5 lakhs to 10 lakhs is 20% and above 10 lakhs is 30%.	Regressive in Nature. All the consumers equally bear the burden irrespective of their ability to pay. For example, If rate of a Tax is 5% ever person will have to pay 5% whether he earns in thousands, lakhs or crores.
7.	Base	Tax base- tax base is smaller. Only a smaller a small section of income.	Tax Base- Wider tax base. Tax is borne by crores of consumers.

1.3.1 Types of Direct Tax

Direct taxes are obligatory and have to be directly paid to the Government of India. There been a gradual and steady increase in the direct tax collections in the recent years in India. The increase in collection of direct taxes is indeed a positive sign, showing more people are earning taxable incomes. Some of the direct taxes made obligatory by Government of India are:

➤ Income Tax

If money is earned then tax has to be paid – if it crosses a particular slab of income received. Income tax returns have to be filed in different forms for different types of businesses and individuals. There are different ITR forms available for salaried, self-employed, partnership firms and more. Checkout this article for more information about the different types of ITR forms.

The profit you make on sale of a property attracts capital gains tax. For e.g If a property worth 30 lakhs is sold for an amount of 80 lakhs then capital gains tax is applicable on the 50 lakhs difference amount including the 3% education cess, 20% on the long terms capital gains tax and inflation index of the year the property was purchased plus and the inflation index of the year the property was sold.

➤ **Gift Tax**

The tax levied on the gifts that you have received in money or its worth and which is over and above a certain set limit by the Indian law is known as gift tax. Income tax on gifts helps regulate the gives which is given to you by a person who is not a close relative as per the definition of Income Tax Law of India. These gifts include tangible, intangible, movable and immovable assets which can be given voluntarily and without considering it in money or its worth. There are, however, some gifts which are exempt from taxes.

➤ **Wealth Tax**

The Wealth Tax Act, 1957 was an Act of the Parliament of India that provides for the levying of wealth tax on an individual, Hindu Undivided Family (HUF) or company. The wealth tax was levied on the net wealth owned by a person on a valuation date, i.e., 31 March of every year. The Act applies to the whole of India, including the state of Jammu and Kashmir and the Union Territories. The application of the Act has been discontinued since 1 April 2016.

➤ **Corporate Tax**

If a corporate organization (E.g.: Private Limited Company or Limited Company) is operating in India then corporate taxes is applicable on the income generated by the company. Unlike, individuals taxation, there are no slabs and income tax is applicable on the total taxable profits of the company.

1.3.2 Types of Indirect tax in India

Indirect taxes are levied on individuals but paid by another individual or company. For e.g. value added tax, sales tax etc. are all indirect taxes. Wherein, a customer makes service tax payment on a restaurant bill, it's collected by the restaurant and remitted to the Government.

➤ **Service Tax**

Most of the services offered in businesses such as software companies, restaurant, travel agents, and etc. Charge service tax for offering paid services. Service provided by businesses such as travel agents, tour operators, health centre, banking and financial services and more are liable to pay service tax.

➤ **Value Added Tax (VAT)**

VAT or Value Added Tax is an important tax for State government, as its a major source of revenue for State Governments. VAT is applicable on the sale of goods and products. Every state has their respective Sales Tax or VAT Act. The VAT rates also differ based on the item in India from one state to another.

➤ **Custom Duty**

Goods imported into India from a foreign country will attract custom duty. Customs duty is collected at the port of entry by the Customs Department.

➤ **Central Excise**

Central Excise Duty is a form of Indirect Taxation levied through the Central Excise Act, 1944. The Central Excise Duty is levied on Goods and Products, which are manufactured or produced in India. Excise duty is levied when the goods are manufactured or produced in India and is payable when the goods are removed from the manufacturing premises.

1.4 Historical background of GST

France is the first country in the world, which has implemented GST in 1954.

- 2006 - First announcement of GST was made by the Union Minister during the 2006-2007 budget, that it would be introduced on April 1, 2010.
- 2009 - Empowered Committee released the first Discussion Paper.
- 2011 - 115th Amendment Bill was introduced and subsequently lapsed
- 2014 - 122nd Amendment Bill was introduced in Lok Sabha
- August 2016 - One Hundred and First Amendment Act was enacted
- September 2016 - The first GST Council Meeting was conducted
- March 2017 - CGST, SGST, IGST, UTGST and Compensation Cess Act was recommended by GST Council.
- April 2017 - CGST, SGST, IGST, UTGST and Compensation Cess Act were passed
- 1 July 2017 - GST laws, Goods and Services Tax was launched all over India.
- 7 July 2017 - Jammu and Kashmir state legislature passed its GST. The Government of India has appointed various committees, task force to give their views to introduce a vibrant and modern Indirect Tax Structure in India.

1.5 What Is GST?

GST (Goods and Services Tax) is the biggest indirect tax reform of India. GST is a single tax on the supply of goods and services. It is a destination based tax. GST has subsumed taxes like Central Excise Law, Service Tax Law, VAT, Entry Tax, Octroi, etc. GST is one of the biggest indirect tax reforms in the country. GST is expected to bring together state economies and improve overall economic growth of the nation.

GST is a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level. It will replace all indirect taxes levied on goods and services by states and Central. Businesses are required to obtain a GST Identification Number in every state they are registered.

There are around 160 countries in the world that have GST in place. GST is a destination based taxed where the tax is collected by the State where goods are consumed. GST has been implemented in India from July 1, 2017 and it has adopted the Dual GST model in which both States and Central levies tax on Goods or Services or both.

1.6 Why is GST needed in India?

Introduction of GST is considered to be a significant step in the reform of indirect taxation in India. Amalgamating of various Central and State taxes into a single tax would help mitigate the double taxation, cascading, a multiplicity of taxes, classification issues, taxable event, etc., and leading to a common national market.

VAT rates and regulations differ from state to state. On the other hand, GST brings in uniform tax system across all the states. Here, the taxes would be divided between the Central and State government.

Impact of GST on Indian Economy

GST offers several benefits to our economy. Here are some key advantages:

- Create unified common national market for India, giving a boost to foreign investment and “Make in India” campaign.
- Boost export and manufacturing activity and leading to substantive economic growth.
- Help in poverty eradication by generating more employment.
- Uniform SGST and IGST rates to reduce the incentive for tax evasion.

1.7 What are the Different Types of GST?

In India, there are 4 components of GST. The following table explains the 4 types of GST and compares them on various parameters:

Particular	Central GST – CGST	State GST – SGST	Union territory GST – UTGST	Integrated GST – IGST
Tax Levied By	Central Government	State Government	Union territory Government	Combined levy, collected by Central government
Taxes that it will replace	Service tax, excise duty, countervailing duty (CVD), special additional duty (SAD), Additional duties of excise (ADE), and any other indirect central levy	VAT, sales tax, luxury tax, entry tax, entertainment tax, purchase tax, Octroi, taxes on lottery	VAT, sales tax, luxury tax, entry tax, entertainment tax, purchase	Central sales tax (CST)
Applicability	Supplies within a state	Supplies within a state	Supplies within a union territory	Interstate supplies and import
Input Tax Credit	Against CGST and IGST	Against SGST and IGST	Against UTGST and IGST	Against CGST, SGST and IGST
Tax Revenue Sharing	Central government	State government	Union territory government	Shared between state and central government

Exemption Limit	Rs 20 lakh annual turnover	Rs 20 lakh annual turnover	Rs 20 lakh annual turnover	Exemption limit not defined
Composition Scheme	The dealer may use the benefit of turnover of Rs 50 lakh	The dealer may use the benefit of turnover of Rs 50 lakh	The dealer may use the benefit of turnover of Rs 50 lakh	The dealer may use the benefit of turnover of Rs 50 lakh
Free Supplies	CGST is applicable on free supplies	SGST is applicable on free supplies	UTGST is applicable on free supplies	IGST is applicable on free supplies
Registration	Not applicable till the turnover exceeds Rs 20 lakh	Not applicable till the turnover exceeds Rs 20 lakh	Not applicable till the turnover exceeds Rs 20 lakh	Registration is necessarily mandatory if supply is made outside

Source- <https://en.m.wikipedia.org>

1.8 Is GST Applicable to me?

- Indirect tax laws in India have been heavily revamped with the onset of GST. Therefore it is important for you to understand if you come under the purview of GST. If you are involved in any business except agriculture and your aggregate turnover is above Rs. 20 lakh in a financial year, then you are a taxable person under GST law.
- Businesses operating in North Eastern and some other states need registration if their turnover exceeds Rs 10 lakh.
- If you are an NRI doing business in India then it is mandatory for you to register under GST irrespective of the turnover of your business.

1. Exempted categories – 0

2. Commonly used Goods and Services – 5%

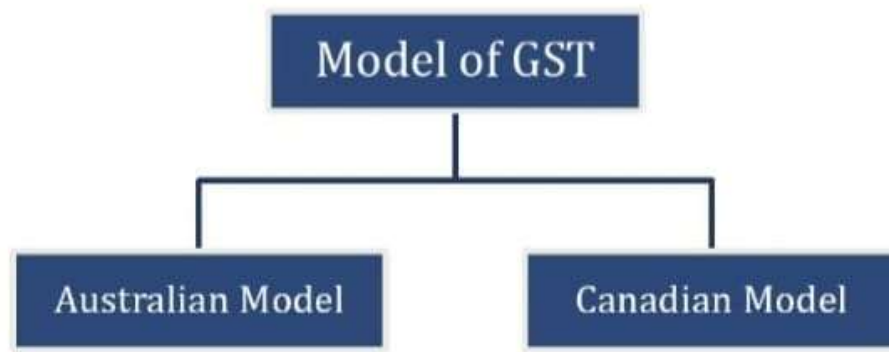
3. Standard Goods and Services fall under 1st slab – 12%

4. Standard Goods and Services fall under 2nd Slab – 18%

5. Special category of Goods and Services including luxury - 28%

1.9 Models of GST

Different countries follow different model of GST based upon their own legislative and administrative structure and their requirements.



Some of these models are Australian Model wherein, tax is collected by the Centre and distributed to the States Canadian Model wherein there are three variants of taxes. (SGST, CGST & IGST) India is currently following Canadian model for GST implementation.

1.10 Salient Features

- GST is applicable on ‘supply’ of goods or services.
- GST is based on the principle of destination-based consumption taxation.
- It is a dual GST with the Centre and the States simultaneously levying tax on a common base. GST to be levied by the Centre would be called Central GST (CGST) and that to be levied by the States would be called State GST (SGST).
- An Integrated GST (IGST) would be levied on inter-state supply of goods or services.
- Import of goods or services would be treated as inter-state supplies and would be subject to IGST in addition to the applicable customs duties.
- GST would apply on all goods and services except Alcohol for human consumption.
- GST on five specified petroleum products (Crude, Petrol, Diesel, and ATF & Natural Gas) would be applicable from a date to be recommended by the GSTC.
- A common threshold exemption would apply to both CGST and SGST. Tax payers with an annual turnover not exceeding Rs.20 lakh (Rs.10 Lakh for special category States, namely states of Arunachal Pradesh, Assam, Jammu & Kashmir, Manipur, and Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand.) would be exempt from GST.

1.11 Advantages of GST

Eliminating cascading effect in India

GST is a comprehensive indirect tax that was designed to bring the indirect taxation under one umbrella. More importantly, it is going to eliminate the cascading effect of tax that was evident earlier. Cascading tax effect can be best described as 'Tax on Tax'.

Highest threshold for registration

Earlier, in the VAT structure, any business with a turnover of more than Rs 5 lakh (in most states) was liable to pay VAT. Please note that this limit differed state-wise. Also, service tax was exempted for service providers with a turnover of less than Rs 10 lakh. Under GST regime, however, this threshold has been increased to Rs 20 lakh, which exempts many small traders and service providers.

Composition scheme for small business

Under GST, small businesses (with a turnover of Rs 20 lakhs to 1cr) can benefit as it gives an option to lower taxes by utilizing the Composition scheme. This move has brought down the tax and compliance burden on many small businesses.

Simple and easy online process

The entire process of GST (from registration to filing returns) is made online, and it is super simple. This has been beneficial for start-ups especially, as they do not have to run from pillar to post to get different registrations such as VAT, excise, and service tax. Our clear tax GST software is already on a roll filing GST returns.

Uniformity in the rates of SGST, CGST & IGST

In the structure of GST rates applicable to SGST & CGST is the same for e.g. if SGST is 6% then CGST will be implied 6%. Summation of both will be IGST i.e. 12%.

1.12 Disadvantages of GST

Lose Autonomy:

The major disadvantage will be that the state will lose some autonomy. As the rate is fixed throughout India, states cannot get more revenue by changing rate from 12.50% to 13.50%.

IT Infrastructure:

GST compliance is IT based. Slowdown of the IT system creates difficulties for filing GST returns and GST payments.

Frequent changes:

Frequent Changes in GST law and rules create large confusion.

Various Rate of Tax:

GST laws has given various rates such as NIL, 0%, 5%, 18%, 28%, cess etc. this leads to disputes in classification and rates. This leads to unnecessary litigation.

1.13 What are the components of GST?

There are 3 taxes applicable under this system:

CGST:

Collected by the Central Government on an intra-state sale (Eg: transaction happening within Maharashtra).

SGST:

Collected by the State Government on an intra-state sale (Eg: transaction happening within Maharashtra).

IGST:

Collected by the Central Government for inter-state sale (Eg: Maharashtra to Tamil Nadu).

In most cases, the tax structure under the new regime will be as follows:

Transaction	New Regime	Old Regime	Analysis
Sale within the State	CGST + SGST	VAT + Central Excise/Service tax	Revenue will be shared equally between the Centre and the State
Sale to another State	IGST	Central Sales Tax + Excise/Service Tax	There will only be one type of tax (central) in case of inter-state sales. The Centre will then share the IGST revenue based on the destination of goods.

Source: Vipul Publication GST

1.14 Composite of Levy

Meaning

Composition of levy scheme is very simple for small tax payers.

It is a voluntary and optional scheme.

Under this scheme a registered taxable person whose aggregate turnover does not exceed Rupees One Crore (Rs 75 lakhs for special category states except Jammu and Kashmir and Uttarakhand) in the financial year 2016-17 may opt for this scheme.

Benefits of Composition Scheme:

1. Easy Compliance:

Simple calculation of tax based on turnover. For example, if the trader turnover is Rs 40 lakhs, rate of consumption is 1%, GST payable would be Rs 40,000.

2. Low rate of tax:

The rate of tax is lower as compared to GST payable on non-composition schemes i.e. 1%, 2% and 5% as compared to 12%, 18%, 28% and 40%.

3. Quarterly payment of tax:

Quarterly payment of tax as compared to monthly payment for non-composition schemes.

4. Quarterly filing of returns:

Quarterly filing of returns as compared to monthly filing for non-composition schemes.

Method of Calculating Aggregate Turnover:

Aggregate turnover is computed on all India basis for a person having same Permanent Account Number (PAN).

Turnover includes:

- (I) Taxable supplies,
- (II) Export supplies,
- (III) Export of goods or services or both
- (IV) Interstate supplies.

Turnover excludes:

- (I) The value of inward supplies on which the tax is payable by a person on reverse charge basis.
- (II) Taxes including cess paid under GST law.

Rate of Tax under Composition Scheme:

Type of Business	CGST Composition Rate	SGST Composition Rate	Total Composition Rate
Manufacturer	1%	1%	2%
Trader in goods	0.5%	0.5%	1%
Supply of food and non-alcoholic drinks	2.5%	2.5%	5%

Source: Vipul publication GST

Conditions and Restrictions under the Scheme:

- a) Issue of bill of supply stating person taxable under composition scheme is not eligible to collect tax on supplies.
- b) Payment of all taxes on purchases including taxes paid on reverse charge basis.
- c) No claim of input tax credit.
- d) Mention of the word “composition taxable person” on every notice board at sign board displayed at the permanent place and all the places of business.

Levy and Collection of GST:**1. Levy of Taxes:**

The Central Goods and Services Tax (CGST) shall be levied on all intra-State suppliers of goods or services or both.

The State Goods and Services Tax (SGST) shall be levied on all intra-State suppliers of goods or services or both.

The Union Territory Good and Services Tax (UTGST) shall be levied on all intra-Union Territory supplies of goods and services or both.

The Integrated Goods and Services Tax (IGST) shall be levied on all inter-state suppliers of goods and services or both.

2. Collection of Payment:

The tax shall be collected in such manner as may be prescribed and shall be paid by the taxable person. However, intra-state supply of alcoholic liquor for human consumption is outside the purview of CGST.

3) Value of Levy:

The value on which the tax shall be levied will be as per Section 15 (i.e. provisions for value of supply).

4) Rate of taxes:

Rates for CGST are the rates as may be notified by the Government on the recommendations of the GST council. Maximum rate of CGST will be 20%. [Rates notified are 0%, 0.125%, 1.5%, 2.5%, 6%, 9% and 14%]. The maximum rate for any intra-state or inner-state transaction will not exceed 40%.

5) GST on Reverse Charge Transactions

Normally, the supplier of goods or services pay the tax on supply. In the case of Reserve Charge, the receiver becomes liable to pay the tax, i.e., the chargeability gets reversed.

Thus Reverse Charge means the liability to pay tax is on the recipient of supply of goods or services instead of the supplier of such goods and services in respect of notified categories of supply.

a) The government may, on the recommendations of the GST council and by issuing notification, specify categories of supply of goods or services or both, on which taxes shall be paid on reverse charge basis by the recipient of such goods or services or both.³

b) The provisions of this Act shall apply to such recipient as if, he is the person liable for paying the tax in relation to the supply of such goods and services or both.

c) Wherever a registered person procures supplies from an unregistered supplier, the GST needs to be paid on reverse charge basis.

d) A person who is required to pay tax under reverse charge has to compulsorily register under GST and the threshold limits are not applicable to him.

Electronic Commerce Operator under GST

Electronic Commerce has been defined in Section 2(44) of the CGST Act, 2017 to mean the supply of goods or services or both including digital products over digital or electronic network. Electronic Commerce Operator has been defined in Section 2(45) of the CGST Act, 2017 to mean any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

As per section 24(x) of the CGST Act, 2017 the benefit of threshold exemption of Rs 20 Lakhs or Rs 10 Lakhs is not available to E-commerce Operators they are liable to be registered irrespective of the value of supply made by them.

The government may, on the recommendations of the GST Council, specify categories of services, the tax on intra-state or inter-state supplies of which shall be paid by the electronic commerce operators if such services are supplied through them.

The provisions of this Act shall apply to such Electronic Commerce Operators as if he is the supplier liable for paying the tax in relation to the supply of such services.

If an electronic commerce operators does not have a physical presence in the taxable territory, any person representing such Electronic Commerce Operators for any purpose in the taxable territory shall be liable to pay tax.

Further, if an electronic commerce operator does not have a physical presence in the taxable territory and also does not have a representative in the territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

1.15 COMPOSITE AND MIXED SUPPLY

Meaning:

GST is payable on individual goods or services or both at the notified rate, say Services of Chartered Accountants at 18% or Mobile Phones at 28%. The application rate poses no problem if the supply is of individual goods or services which are clearly identifiable and such goods and services are subject to a particular rate of tax.

But not all supplies will be such simple and clearly identifiable supplies. Some of the supplies would be a combination of goods and services both. For example Mr. A purchases fans and wants to be fixed in rooms. It is combination of goods and services. Each individual component in a given supply may attract different rates of tax.

In such a case the rate of tax to be levied on such supplies may be a challenge. It is for this reason that the GST law identifies composite supply and mixed supplies and provide certainty in respect of treatment of GST under such supplies.

In order to determine whether the supplies are composite supplies or mixed supplies one needs to determine whether the supplies are naturally bundled or not naturally bundled in an ordinary course of business.

Definition of Composite Supply:

Under CST, a composite supply is defined under section 260) as follows:

Composite supply means a supply made by a taxable person to a recipient, consisting of two or more taxable supply of goods or services or both or any combination thereof which are naturally bundled and supplied in conjunction with each other in the ordinary course of business and out of which one is a principal supply.

Following are some of the factors where the supply is considered to be single supply

- a) The component are sold as a package at single price.
- b) The different components are not available separately.
- c) The customer perceives what they receive as single supply, not independent components.
- d) One component is principal supply and others are ancillary to main supply.

The components are advertised as a single package

Definition of Mixed Supply

“Mixed Supply” [Section 2(74)] means

- a) Two or more individual supplies of goods and services, or any combination thereof,
- b) Made in conjunction with each other
- c) By a taxable person for a single price.
- d) Where such supply does not constitute a composite supply.

Thus,

I. Mixed supply under GST means a combination of two or more goods or services made together for a single price.

II. Each of these items can be supplied separately and is not dependent on any other.

Factors Determining a Supply to be Mixed Supply:

- a) Single price is charged for separate principal supplies.
- b) The individual components are not integral to each other.
- c) The components are not connected.
- d) The components are available separately.

Applicable tax rate:

Under GST, a mixed supply will have the tax rate of the item which has the highest rate of tax

Example:

If a person buys during Diwali- sweets, Namkin, chocolates, cakes, dry fruits, aerated drink and fruit juices separately and not as a Diwali gift box, then it is not considered a mixed supply. All items will be taxed separately depending upon their rate of tax.

However, if a Diwali gift box consisting of sweets, Namkin, chocolates, cakes, dry fruits, aerated drink and fruit juices supplied for a single price is a mixed supply. All are sold separately. Since aerated drinks have the highest GST rate of 28%, aerated drinks will be treated as principal supply and 28% will apply on the entire gift box.

Power to grant Exemption

An exemption may be conditional or absolute. When exemption has been granted absolutely, i.e. it is not subjected to any condition or the happening of any event, it is mandatory. The Government may subject to the following conditions, grant exemption from the payment of IGST on inter-state supplies:

1. Exemptions should be in public interest.
2. On recommendation of GST council
3. By way of a notification
4. Absolute/ conditional exemption
5. Exemption by way of special order citing circumstances which are of special nature.

Government can issue the circular or insert explanation which will be retrospective. However, this has to be issued within one year of issue of original notification.

INTRODUCTION TO REGISTRATION:

Registration is the first step in GST. This is the most fundamental requirement. It identifies the taxpayer. Registration means obtaining a unique number from GST authority for the purpose of tax collection on behalf of GST authorities and to avail ITC (Input tax Credit) in his purchases or inward tax supplies. Without registration, a supplier cannot collect tax from his recipient nor can ITC in his inward supplies.

Advantage of Registration:

A registration from concerned authorities will confirm following advantages:

A registration person is legally recognized as supplier of goods or services.

Registered person is legally authorized to collect taxes from his customer or recipient of goods or for services supplied.

Registered person pass on credit of the taxes paid on the goods and/ or services supplied to the purchase or recipient.

Registered person can claim input tax credit of taxes paid and can utilize the same for payment of taxes due on supply of goods or services.

There is seamless flow of input tax credit from supplier to recipient at the national level.

State-wise registration:

There is no centralized registration under GST. A business entity require to take state-wise registration under GST. A business entity having its branches in different state will have to take separate registration state-wise.

NATURE OF GSTIN:

The registration in GST is PAN-based and state specific. PAN is given by Income Tax authorities and it is unique for every person having ten digits in alpha-numerical.

In GST, person has to obtain registration on GST portal online which is called GSTN and certification of registration is made available to the applicant.

It is 15 digit GST Identification Number (GSTIN), the first 2 digits of the GSTIN is the state code, next 10 digits are the PAN of the legal entity, the next two digits are for entity code, and last digit is the **check sum number**.

Example:

GSTIN of The Goods and Services Tax Practitioners' of Maharashtra is

27AAATS2844J1ZA

Where,

27 - Is the state code

AAATS2844J - is the PAN Number,

1Z - is the entity code

A - Is the check sum number

1.16 PERSON LIABLE FOR REGISTRATION

Section 22 of the CGST Act, provides that every supplier shall be liable to be registered under this act in States or Union Territory other than special category states from where he makes taxable suppliers of goods or services or both, if his aggregate turnover in financial year exceeds Twenty Lakh Rupees.

The limit of Rs. 20 lakhs is reduced to Rs. 10 Lakh in cases of those states which are falling under the special category.

Special Category of States:

The special category states are as follows:

I. Arunachal Pradesh

II. Assam

III. Jammu and Kashmir

IV. Manipur

V. Meghalaya

VI. Mizoram

VII. Nagaland

VIII. Sikkim

IX. Tripura

X. Himachal Pradesh

XI. Uttarakhand

Special category States which are mainly Himalayan States of North Eastern States are comparatively backward. Thus, their turnover limit is less.

Aggregate Turnover:

Section 2(6) defines the term Aggregate Turnover.

It means aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by person or reverse charge basis i.e. RCM- Reverse Charge Mechanism).

It includes:

Exempt supply.

Export of goods or services or both.

Inter-state supplies person having same PAN number, to be computed on All India Basis,

But excludes, Central Tax, States Tax, Union Territory Tax, Integrated Tax and Cess, i.e. CGST, SGST, IGST and Cess.

COMPULSORY REGISTRATION:

Section 24 of the GST Act provides for compulsory registration. Section 24 provides that,

I. Notwithstanding anything contained in sub-section (1) of Section 22, the following categories of persons shall be required to be registered under this Act,

II. Person making any inter-state taxable supply;

III. Causal taxable persons making taxable supply;

IV. Person who are required to pay tax under reverse charge;

V. Person who are required to pay tax under sub-section 51, whether or not separately registered under this Act;

- VI. Person who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
- VII. Input Service Distributor, whether or not separately registered under this Act;
- VIII. Persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;
- IX. Every electronic commerce operator;
- X. Every person supplying online information and data base access retrieval services from a place outside India to a person in India, other than a registered person; and
- XI. Such other person or class of persons as may be notified by the Government on the recommendations of the council.

It means irrespective of their turnover they have to be registered.

Limit of aggregate turnover of Rs. 20 lakhs is not applicable. Rs.1 is also sufficient for registration.”

1. Person making supply out of the state.
2. Causal taxable person.
3. Person under reverse charge mechanism [RCM].
4. Electronic commerce Operator [ECO].
5. Non-resident taxable person.
6. Person required to deduct TDS.
7. Supplies of Goods or services on behalf of Registered Persons.
8. Input service Distributor.
9. Supplies of Goods or Service through Electronic Commerce Operator.
10. Supplies of Online Information and Database Access on retrieval basis.
11. Recommendation of Council.

PERSON NOT LIABLE FOR REGISTRATION:

Section 23 of CGST Act provides for persons not liable for registration. It states that following persons shall not be liable for registration:

1. Any person engaged exclusively in business of supplying goods or services or both, that are not liable to tax or wholly exempt from tax under the CGST Act or under the Integrated Goods or Services Tax Act.
2. An agriculturist, to the extent if supply of procedure out of cultivation of land.
3. The government may on recommendation of the Council, by notification, specify the category of person who may be exempted from obtaining registration under the act.

Dealer in Exempted Goods:

The act provides that the supplier shall not be liable for registration, if his aggregate turnover consists only of goods or services which are not liable to tax under this act or wholly exempt from the payment of tax.

1.17 Impact of GST:**1. Impact of GST on Manufacturers, Distributor, and Retailers**

GST is a boost competitiveness and performance in India's manufacturing sector. Declining exports and high infrastructure spending are just some of the concerns of this sector. Multiple indirect taxes had also increased the administrative costs for manufacturers and distributors and with GST in place, the compliance burden has eased and this sector will grow more strongly.

But due to GST business which was not under the tax bracket previously will now have to register. This will lead to lesser tax evasion.

2. Impact of GST on Service Providers

As of March 2014, there were 12, 76,861 service tax assesses in the country out of which only the top 50 paid more than 50% of the tax collected nationwide. Most of the tax burden is borne by domains such as IT services, telecommunication services, the Insurance industry, business support services, Banking and Financial services, etc. These pan-India businesses already work in a unified market and will see compliance burden becoming lesser. But they will have to separately register every place of business in each state.

1.18 Sector-wise Impact**1. Logistics**

In a vast country like India, the logistic sector forms the backbone of the economy. We can fairly assume that a well-organized and mature logistic industry has a potential to leapfrog the "Make in India" initiative of the government of India to a desired position.

2. E-commerce

The e-commerce sector in India has been growing by leaps and bounds. In many ways, GST will help the e-com sector's continued growth but the long-term effects will be particularly interesting because the GST law specifically proposes a Tax Collection at Source (TCS) mechanism, which e-commerce companies are not too happy with. The current rate of TCS is at 1%.

3. Pharmacy:

On the whole, GST is benefiting the pharmacy and healthcare industries. It will create a level playing field for generic drug makers, boost medical tourism and simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure (as per latest news).

4. Tourism Industry

If properly implemented G.S.T can prove to be a major benefit for the tourism and hospitality industry. The process to claim and avail ITC (input tax credit) is simple and clear. Earlier, adjusting the tax paid on inputs against the output was complex and error prone. This is believed to have become easy with G.S.T. Also under G.S.T tourist have a clearer idea about the tax that they are paying.

India has been a hotspot for tourist since ages, experts say that the industry may grow to U.S\$280.5 billion dollars

5. Telecommunication

In the telecom sector, prices will come down after GST. Manufacturers will save on costs through efficient management of inventory and by consolidating their warehouses. Handset manufacturers will find it easier to sell their equipment as GST has negated the need to set up state-specific entities, and transfer stocks. The will also save up on logistics costs.

6. Textile

The Indian textile industry provides employment to a large number of skilled and unskilled workers in the country. It contributes about 10% of the total annual export, and this value is likely to increase under GST. GST would affect the cotton value chain of the textile industry which is chosen by most small medium enterprises as it previously attracted zero central excise duty (under optional route).

7. Real Estate

The real estate sector is one of the most pivotal sectors of the Indian economy, playing an important role in employment generation in India. The impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, the sector will see substantial benefits from GST implementation, as it has brought to the industry much-required transparency and accountability.

8. Agriculture

The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector is the transportation of agriculture-products across state lines all over India. GST will resolve the issue of transportation.

9. FMCG

The FMCG sector is experiencing significant savings in logistics and distribution costs as the GST has eliminated the need for multiple sales depots.

The FMCG sector could generate savings in logistics and distribution costs, given that the need for reduction in warehouses and multiple sales depots. Currently, it is estimated that FMCG companies pay indirect taxes approximating to almost 23-27%, including excise duty, VAT and entry tax. Given a GST of about 18%, this could yield a significant reduction in taxes.

10. Freelancers

Freelancing in India is still a nascent industry and the rules and regulations for this chaotic industry are still up in the air. But with GST, it will become much easier for freelancers to file their taxes as they can easily do it online. They are taxed as service providers, and the new tax structure has brought about coherence and accountability in this sector.

11. Automobiles

The automobile industry in India is a vast business producing a large number of cars annually, fuelled mostly by the huge population of the country. Under the previous tax system, there were several taxes applicable to this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which has been subsumed by GST.

12. Start-up's

With increased limits for registration, a DIY compliance model, tax credit on purchases, and free flow of goods and services, the GST regime truly augurs well for the Indian start-up's scene. Previously, many Indian states had different VAT laws which were confusing for companies that have a pan-India presence, especially the e-com sector. All of this has changed under GST. Seamless movement of goods in a common market will help start-up's in delivering goods early to customers since state border checks used to delay the movement of goods from one state to another. Also this will bring down the inventory and storage cost of start-up.

13. Export

GST considers export as “ZERO RATED SUPPLIERS”. In case of GST payment made at the point of supply towards the export from India then the trader has an option of exporting the goods and services without paying ISGT under the bonds or letters, or make a payment of IGST and can later claim for refund of the amount. Both in the above two cases the exporter must provide a complete details of the GST invoice and the shipping bills.

14. Import

Stream of buying and selling of goods and services in case of import and export has been reflected as inter-state and cross country trade. IGST- The “Integrated Goods and Service Tax” is a tax which is levied on to the supply of goods or service which is done in a boundary of the inter-state trade. Hence the Integrated Goods and Service Tax (IGST) an Act is valid to practice the trade activities in all imports and exports. Impact of GST on import. The import of service is provided by the person who is residing outside India. And the payment of liability is done by the receiver. CVD was charged on the principle value but after IGST implemented it is charged on the transaction value. Tax paid during the import will be remained as a credit under import and sale model and refund of SAD will be done.

15. Hotels

1. All stand-alone restaurants irrespective of air conditioned or otherwise, will attract 5% without ITC. Food parcels (or takeaways) will also attract 5% GST without ITC.
2. Restaurants in hotel premises having room tariff of less than Rs 7500 per unit per day will attract GST of 5% without ITC.

Dining out will turn cheaper after GST council entered into the issue with the GST Council slashing the tax on restaurant bills. A uniform 5 per cent tax will be levied for all restaurants, both air-conditioned and non-AC made a big relief to the common people. Earlier a 12 per cent GST on the food bill was levied on non-AC restaurants and 18 per cent in air-conditioned ones.

1.19 Benefits of GST

(a) Make in India

1. Will help to create a unified consumer common national market for India giving a boost to foreign investment and “make in India” campaign.
2. Will prevent cascading of taxes as input tax credit will be available across goods and service at every stage of supply.
3. Harmonization of laws, procedure and rates of tax.
4. It will boost export and manufacturing activity generate more employment and thus increase GDP with gainful employment leading to substantive economic growth.
5. Ultimately it will help in poverty eradication by generating more employment and more financial resources.
6. More efficient neutralization of taxes especially for exports thereby making our products more competitive in the international market and give boost to Indian express.

7. Uniform SGST and CGST rates will reduce the incentive for evasion by eliminating rate neighbouring states and that between intra and inter-state sales.

8. Average tax burden on companies is likely to come down which is expected to reduce price and lower price means more consumption, which in return means more production thereby helping in the growth of the industries. This will create India as a “manufacturing hub”.

9. Under GST the place of supply is shifted to the place where immovable property is situated in case of Hotels, Restaurant & Monuments for sightseeing. This will increase the revenue of such states where immovable property is located. Currently, on such income, States charges local Luxury Tax on hotel stay and VAT on food supplied. While Union Government gets revenue from Service Tax on such services.

10. Because of GST, the States having maximum tourist places, hotels or restaurants for tourist shall earn the maximum revenue by way of SGST which will be equivalent to CGST.

11. In the case of Passenger traveling, the state with the maximum outbound journey shall earn the highest revenue so the station or the port having highest outbound flights, train journey or local cab journey shall earn substantial revenue.

(b) Ease of Doing Business:

1. Simpler tax regime with fewer exemptions;
2. Reduction in the multiplicity of taxes that are at present governing your indirect tax system leading to simplification and uniformity;
3. Reduction in compliance cost -no multiple record keeping for a variety of taxes-so lesser investment of resources and manpower in maintaining records;
4. Simplified and automated procedure for various process such as registration, return, refunds, tax payments, etc.
5. All interaction to be through the common GSTN portal-so less public interface between the taxpayer and the tax administration;
6. Timeless to be provided for important activities like obtaining registration, refunds, etc.
7. Electronic matching of input tax credit all-across India thus making the process more transparent and accountable.

CHAPTER 2

REVIEW OF LITERATURE

1. **(Garg) (2014)** Studied “Basic Concepts and Features of Good and Service Tax in India”, and found that GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST will create a single, unified Indian market to make the economy stronger. Experts say that GST is likely to improve tax collections and Boost India's economic development by breaking tax barriers between States and integrating India through a uniform tax rate. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.

2. **(Bala, 2018)** in her study cleared that in the system of indirect taxation GST plays a very important role and would be significant step in the reform of indirect taxation in India .The cascading and double taxation effects can be reduced by combing central and state taxes. Consumer’s tax burden will approximately reduce to 25% to 30% when GST is introduced and then after Indian manufactured products would become more and more inexpensive in the domestic and international markets. This type of taxation system would directly encourage economic growth. GST with its transparent features will prove easier to administer. . It will impact the Tax Structure, Tax Incidence, Tax Computation, Tax Payment, Compliance, Credit Utilization and Reporting leading to a complete overhaul of the current indirect tax system.

3. **(Dr.Ankita Verma, July 2017)** in their research paper titled “Impact of GST on the Regulation of Small Business” analysed the perception of small business owner in Rajasthan about GST, and found out that their main area of focus was computer software availability and handling of the same. GST being the big step of Government of India to simplify the previous tax system has both positive and negative impact on business regulations of Micro, Medium & Small Enterprises. The fundamental of ‘ONE NATION, ONE TAX’ was created with an intention to easy tax filing, ease of doing business in other states, reduction in the prices of goods, relieving the burden of logistic overhead from small enterprises.

4. (*Nkwe, 2013*) claimed tax compliance is the degree in which a taxpayer obliges to tax rules and regulation while James and Alley (2004) define tax compliance as the willingness of individual and other taxable entities to act accordingly along with the letter of tax law and administration without the application of enforcement activity. Olivia (2011) claimed that attitudes and perceptions are influenced by the fairness of the tax system, if the tax systems are found to be unfair tax compliance will be lower. Wearne (2013) claimed the drivers of GST compliance to be morally „the right thing to do“ and that GST system is perceived to be legitimate and fair, an important factors in influencing behaviour.

5. (*Kirchler, 2017*) revealed that taxpayers“ attitude on compliance may be influenced by many factors hence leading to the influence of taxpayers“ behaviour and those factors vary from one country to another as well as from one individual to another such as taxpayers perception towards tax system, peer attitude, taxpayers understanding towards the tax system, motivations such as rewards, punishment such as penalties, cost of compliance, enforcement efforts, ethics of the taxpayer and tax collector, demographic factors such as the size of income and so on. Taxpayer’s attitude towards tax system has influenced on desire toward tax evasion and compliance. Hanno and Violette (1996) suggested attitude has significant relationship towards tax compliance intention by employing theory of reasoned action (TRA).

6. (*Loo*) performed a study in Malaysia stated there is positive correlation between the attitudes towards tax system and compliance behaviour, in addition to, positive perceptions on the tax system are more likely to have positive attitudes towards the tax system thus encourage them to comply. Bidin and Shamsudin (2013) examined the perception of taxpayers towards the implementation of GST in Malaysia which took place in Kedah and Perlis and the study revealed that there is a positive correlation between attitudes towards GST and behavioural intention to comply with GST. Nonetheless, Olatunji (2013) in his study indicates the perceptions of members of public on VAT have no significant correlation on acceptability.

7. (*Vasanthagopal 2011*) Studied “GST in India: A Big Leap in the Indirect Taxation System”, and found that the positive impacts are dependent on a neutral and rational design of the GST, balancing the conflicting interests of various stakeholders, full political commitment for a fundamental tax reform with a constitutional amendment, the switchover to a flawless“ GST would be a big leap in the indirect taxation system and also give a new impetus to India's economic change. It is also noted that, buoyed by the success of GST, more than 140 countries have introduced GST in some form to other and is fast becoming the preferred form of indirect tax in the Asia Pacific region.

8. **(Saravanan Venkadasalam, 2014)** has analysed the post effect of the goods and service tax (GST) on the national growth on ASEAN States using Least Squares Dummy Variable Model (LSDVM) in his research paper. He stated that seven of the ten ASEAN nations are already implementing the GST. He also suggested that the household final consumption expenditure and general government consumption expenditure are positively significantly related to the gross domestic product as required and support the economic theories. But the effect of the post GST differs in countries.

9. **(Sehrawat & Dhanda, 2015)** conducted a study focused on advantages and challenges of GST faced by India in execution. They concluded that a simplified and transparent tax system was the need of Indian economy. Pointing out the various advantages they said that GST will provide India a world class tax structure and a seamless tax system but it will depend upon effectiveness of its implementation.

10. **(Pinki et al. 2014)** the authors in the paper have explored the concept of GST, the need to introduce it in India, the hurdles in introducing it in India and suggestions to overcome the same. The paper also discusses the benefits of introducing GST at the earliest. The authors have discussed the options to introduce the dual GST in India which could be Concurrent Dual GST, National GST or State GST. Under the concurrent dual GST the better option was the one where GST is applied on both goods and services. The other option explored was whether the Central GST would be on goods and services but state GST would be only on goods since state to collect GST in services is difficult to determine. This option also recommended one single return with both CGST and SGST details and PAN based registration. The authors have also discussed the constitutional amendments required if GST is ever to be introduced since without the amendment taxing both goods and services using one tax is not possible. The paper also highlights the issues in the credit mechanism in the CGST/SGST model since it is difficult to practically implement in terms of determination of place where service is taxable. The other challenges to introduction of GST in India highlighted are the availability of strong IT network, infrastructure and programmes, agreement on other provisions like basic threshold, exemption to goods/services, rates to be applied, etc.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research design

This chapter presents the research methodology that was used in the study. The chapter is structured into the sources of data, collection and analysis of data, objectives of the study, sampling procedure and sample size.

Research methodology is a way to systematically solve the problem. Methodology in simple words it means the way, procedure, method in which a function is executed. In other words, it refers to conceptual framework within which a given study needs to be conducted.

The importance of a proper and accurate research design is very important for any study.

The study was carried out to understand the impact GST on **Small Traders**.

3.2 Objectives of the study

3.2.1 Primary objective

1. To study the impact of GST on **Small Traders**
2. To study the change in price in commodities after implementation of GST.

3.2.2 Secondary Objective:

To study the perception of retailers on decision made by the government of replacement of indirect tax with GST.

3.3 Data collection method

The validity of any research is based on the systematic method of collection and analysis. The data to be collected in empirical data. The data were collected from both primary and secondary sources.

3.3.1 Primary data

The project is based on primary data. The data were collected from the sample size of 77 business people which belongs to different geographical area “Kharghar” from well-structured questionnaire through random sampling method. The targeted respondent are business personal impartial of gender because of the topic that had to be researched.

This questionnaire are constructed to study the following variables: demographic information, position, educational background, knowledge about G.S.T, government initiative in creating awareness, their registration under G.S.T, opinion about the system, impact on supply chain, impact on pricing, increase or decrease in tax rate, increase in compliance and its reason, which features would like to have effect on tax, satisfaction with deadlines given, IT infrastructure, opinion on filing return.

3.3.2 Secondary data

Secondary sources is also used to collect the information for the project. This data are collected from published structure, published documents, research paper, journals, articles and website, etc.

RESEARCH STUDY:

Data collection source: Primary Data

Data collection method: Survey Method

Data collection: Questionnaire

SAMPLING:

Sampling Units: Retailers

Sampling Size: 77

Sampling Procedure: Random Sample

3.4 Limitation of the study

The study is based on limited areas of research.

The analysis is carried on certain assumption hence assumption would be biased.

It is assumed that all the information provided by the respondent is true and factual.

The information given by the respondent might be biased because some of them might not be interested to give correct information.

In this study, the questionnaire based on google form, so personal presence was not there.

CHAPTER 4

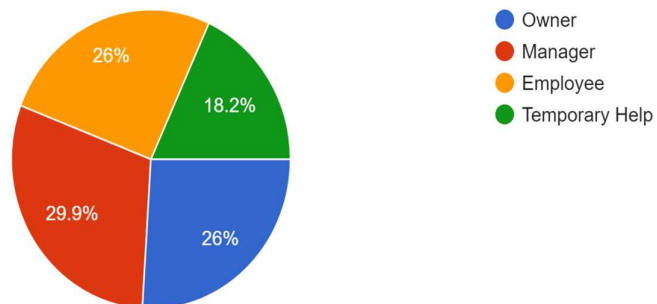
DATA REPRESENTATION AND ANALYSIS

Q. What is your position of work?

Options	Respondents (Percentage)
Owner	26.7%
Manager	30.7%
Employee	25.3%
Temporary Help	17.3%

What is your position of work?

77 responses



Interpretation:

The above Pie Diagram shows the position of work among the respondents.

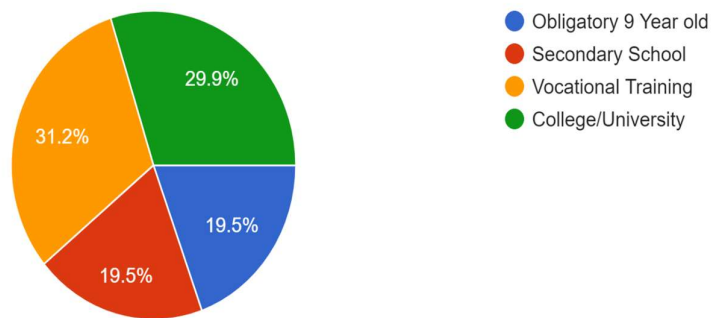
1. 29.9% are Managers which is the highest among others.
2. 26% are Owners which is lower than managers.
3. 26% are Employees which just like percentage of owners.
4. 18.2% are on Temporary Position which is the lowest.

Q. What is your Educational background?

Options	Respondents (Percentage)
Obligatory 9 Year old	19.5%
Secondary School	19.5%
Vocational Training	31.2%
College/University	29.9%

What is your Educational background?

77 responses



Interpretation:

The above pie diagram represents the education background of respondents.

1. The educational level of 31.2% of respondents are Vocational Training Courses.
2. 29.9% belongs to graduate from Colleges and university.
3. 19.5% of respondents have basic qualification and remaining.
4. 19.5% of respondents had done obligatory education.

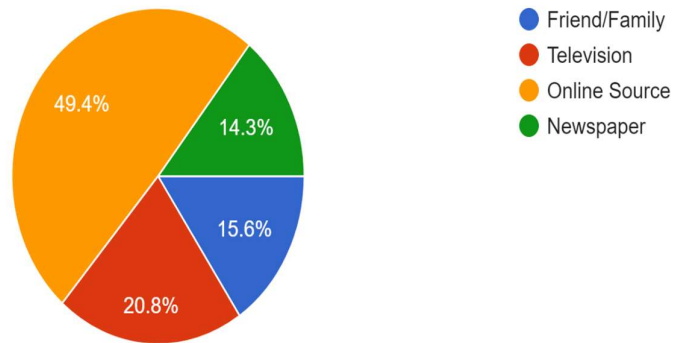
From this it is found that most of the retailers have taken special training regarding various vocational courses available. This proves that apart from regular education it is necessary to attain certain special skills to make business more profitable.

Q. How do you get know about GST?

Options	Respondents (Percentage)
Friend/Family	15.6%
Television	20.8%
Online Source	49.4%
Newspaper	14.3%

How do you get know about GST?

77 responses



Interpretation:

It is found that,

1. 49.4% of respondents got to know about Goods and services tax through online sources.
2. 20.8% of respondents got to know from television.
3. 15.6% of respondents from friends and family.
4. 14.3% got to know from newspaper

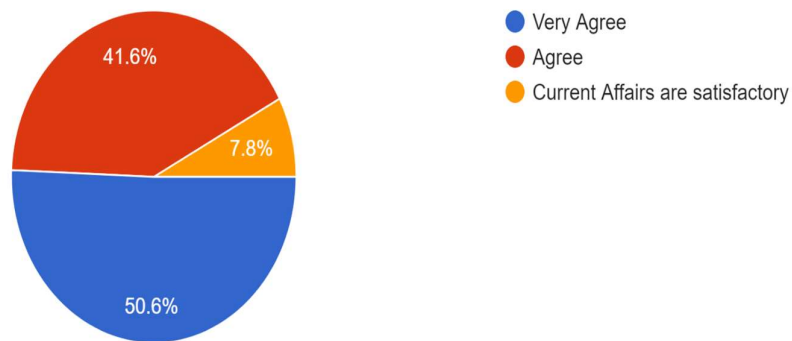
So, it is found that Online Source had played major role to spread awareness about Goods and Services Tax amongst retailers.

Q. Do you think government should put more efforts in training and awareness program for GST?

Options	Respondents (Percentage)
Very Agree	50.6%
Agree	41.6%
Current Affairs are satisfactory	7.8%

Do you think government should put more efforts in training and awareness program for GST?

77 responses



Interpretation:

According to above pie chart

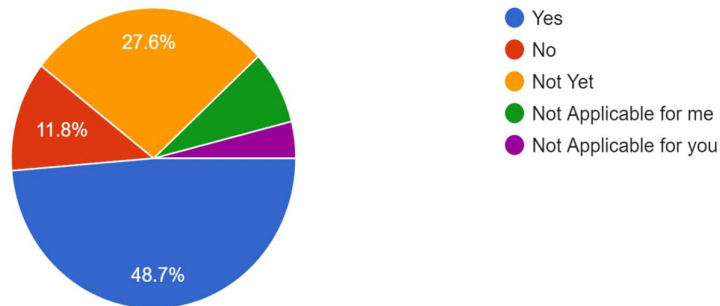
1. 50.6% of respondents wants government to put more efforts in training and awareness programmes for GST
2. 41.6% have enough knowledge about GST.
3. 7.8% are satisfied by current efforts from government.

Q. Are you registered under GST?

Options	Respondents (Percentage)
Yes	48.7%
No	11.8%
Not Yet	27.6%
Not Applicable for me	11.8%

Are you registered under GST?

76 responses



Interpretation:

The above diagram represents how much respondents are registered under GST.

1. 48.7% retailers are register under GST.
2. 11.8% retailers are unregister.
3. 27.6% retailers are not yet registered under GST
4. 11.4% retailers still think GST is not applicable for them and they are just missing benefits of GST Scheme.

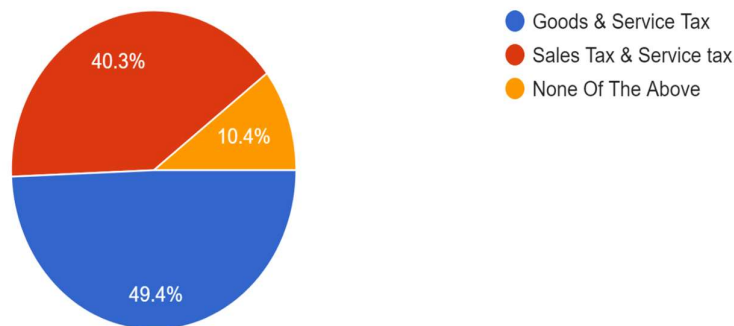
We can definitely see maximum retailers are register under GST.

Q. Which system do you think is more beneficial for you?

Options	Respondents (Percentage)
Goods & Service Tax	49.4%
Sales Tax & Service Tax	40.3%
None Of The Above	10.4%

Which system do you think is more beneficial for you?

77 responses



Interpretation:

According to the survey

1. 49.4% of respondents think GST is better than other indirect tax (VAT, Sales Tax, service tax).
2. 40.3% of respondents think other indirect Taxes are better than GST.
3. 10.4% of respondents think none of the system are beneficial for them.

Almost half of respondents think GST is better than other indirect tax.

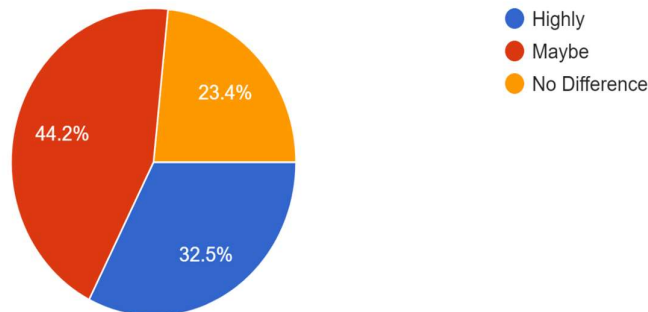
The other half of respondents are yet to understand the benefits that are provided by government under the GST scheme.

Q. Has GST impacted your distribution supply chain?

Options	Respondents (Percentage)
Highly	32.5%
Maybe	44.2%
No Difference	23.4%

Has GST impacted your distribution supply chain?

77 responses



Interpretation:

GST had no major impact on 23.4% of retailers

1. 44.2% are not sure about it.
2. 32.5% retailers has impact on distribution supply chain.

Maximum retailers think they are not sure if they got impacted due to GST as there is change in rate of tax. This is happening because of the information about GST is not circulated at a rapid pace. GST department issues new circulars at a fixed period regarding various change that take place in the global economy. It is also found out that all retailers do not follow each circular issued by the department.

Q. How has GST impacted the pricing of your products /services?

Options	Respondents (Percentage)
Price to Customer has increased	36.4%
Price To Customer decreased	42.9%
Price to Customer has remained Neutral	20.8%

How has GST impacted the pricing of your products /services?

77 responses



Interpretation:

According to above pie chart

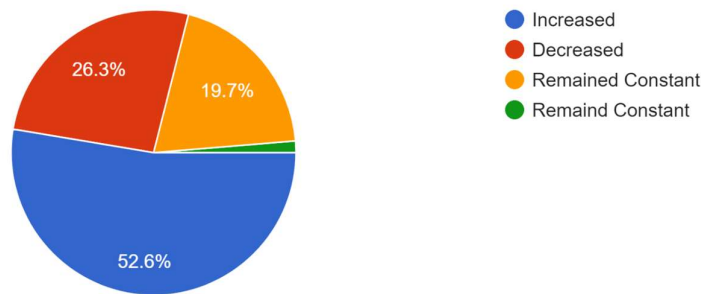
1. 42.9% have positive impact on their product as price to customer for their product is reduce.
2. 36.4% of respondents have negative impact as price for the product increase.
3. 20.8% respondents had no impact on price of their product.

We can definitely say that after implementation of GST reduced prices of product for customers.

Q. After implementation of GST Rate of tax has?

Options	Respondents (Percentage)
Increased	52.6%
Decreased	26.3%
Remained Constant	21%

After implementation of GST Rate of tax has ?
76 responses



Interpretation:

The above diagram represents impact on rate of tax after implementation of GST.

1. 21% no impact on Rate of tax
2. 52.6% have positive impact on their tax rate
3. 26.3% of respondents have negative impact as rate for the product has increased.

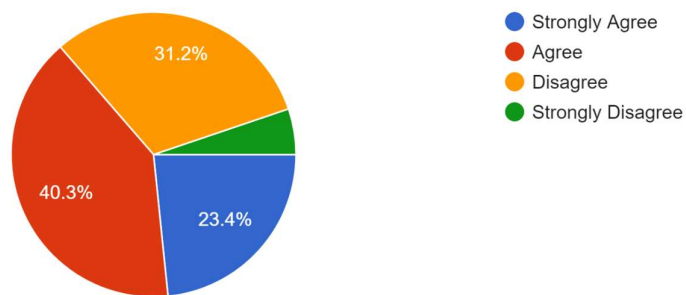
Which means that majority of the respondents think that there is increase on rate of tax after the implementation of GST. This is happening due to various products charged different rates.

Q. Has GST increased the burden of compliance?

Options	Respondents (Percentage)
Strongly Agree	23.4%
Agree	40.3%
Disagree	31.2%
Strongly Disagree	5.2%

Has GST increased the burden of compliance?

77 responses



Interpretation:

It is observed there is increase in the burden of compliance

1. 40.3% of respondents agree to the following
2. 31.2% of respondents disagree to it.
3. 23.4% of respondents strongly agree that GST has increased burden of compliance.
4. 5.2% of respondents strongly disagree to the following.

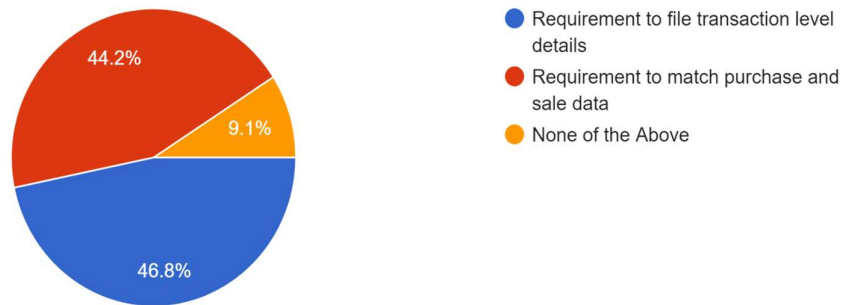
Major part of respondents thinks there is increase in the burden of compliance.

Q. What has caused the increased compliance burden under GST?

Options	Respondents (Percentage)
Requirement of file transaction	46.8%
Requirement to match purchase and sale data	44.2%
None of the Above	9.1%

What has caused the increased compliance burden under GST?

77 responses



Interpretation:

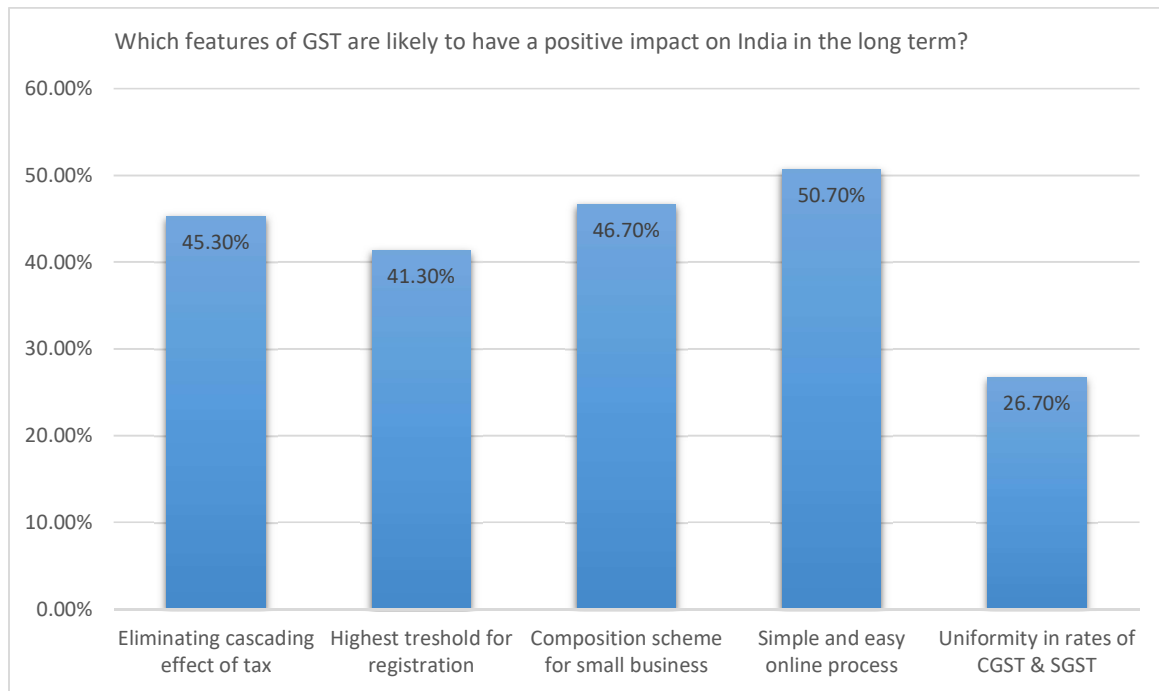
As it is observed there is increase in the burden of compliance above pie diagram represents causes of increase compliance burden under GST. It is found that reason of increase in burden is

1. 46.8% respondent's cause of increase in burden is requirement to file transaction level details in GST returns.

2. 44.2% respondents is requirement of matching purchase and sales data between seller and purchaser, for claiming GST credit.

3. 9.1% respondents that there are other reasons which has caused the increase in compliance under the GST.

Q. Which features of GST are likely to have a positive impact on India in the long-term?



*Respondents could choose more than one option.

Interpretation:

The above bar graph represents a summary report on positive impact of GST. According to which

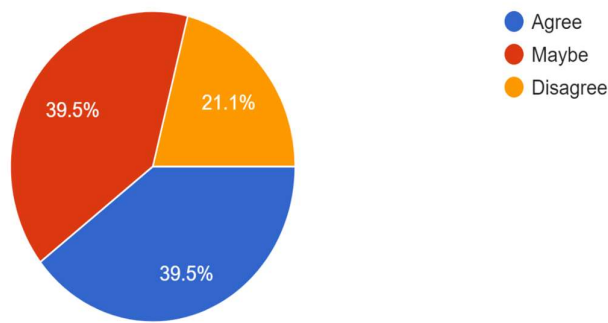
1. 45.3% of respondents felt GST help in eliminating Cascading effects.
2. 41.3% of them voted for highest threshold limit for registration.
3. 46.7% voted for composition scheme introduced under GST for small business is more.
4. 50.7% are benefited with simple and easy online process
5. 26.7% of respondents voted for uniformity in rates of SGST, CGST and IGST.

Q. Are you satisfied with the deadlines given for filling returns?

Options	Respondents (Percentage)
Agree	39.5%
Maybe	39.5%
Disagree	21.1%

Are you satisfied with the deadlines given for filling returns?

76 responses



Interpretation:

It is found that

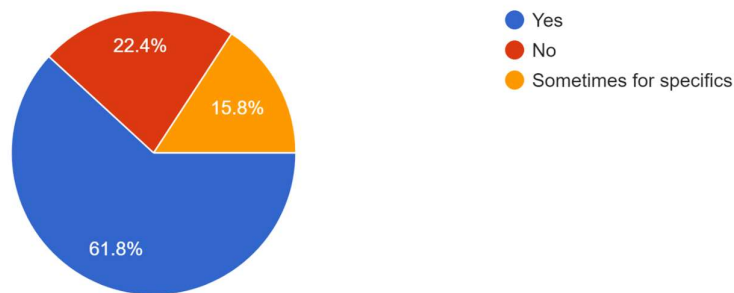
1. 39.5% of respondents are satisfied with deadline given from GST council for filling GST returns on other hand.
2. 39.5% of respondents are not either satisfied or dissatisfied with the deadline given from GST council for filling returns.
3. 21.1% of respondents are not satisfied with deadline given by GST council to fill returns.

Q. Do you hire chartered accountant to file GST returns?

Options	Respondents (Percentage)
Yes	61.8%
No	22.4%
Sometimes for specifics	15.8%

Do you hire chartered accountant to file GST returns?

76 responses



Interpretation:

More than three-fifth respondents hire chartered accountant to file GST returns.

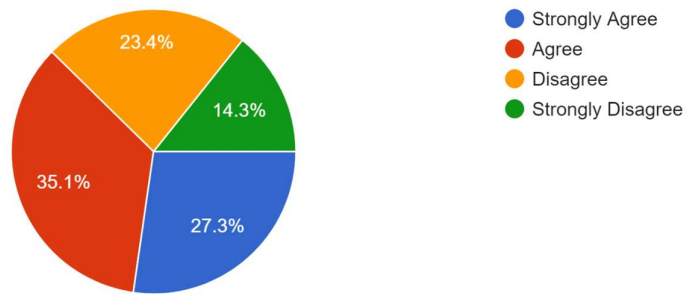
1. 61.8% of retailers hire Chartered accountant to file GST returns.
2. 22.4% of respondents file their return without hiring chartered accountant.
3. 15.8% of respondents hire chartered accounts for some specific tasks which could not be done by them on their own.

Q. Are you satisfied with your IT system readiness to comply with GST requirements?

Options	Respondents (Percentage)
Strongly Agree	27.3%
Agree	35.1%
Disagree	23.4%
Strongly Disagree	14.3%

Are you satisfied with your IT system to comply with GST requirements?

77 responses



Interpretation:

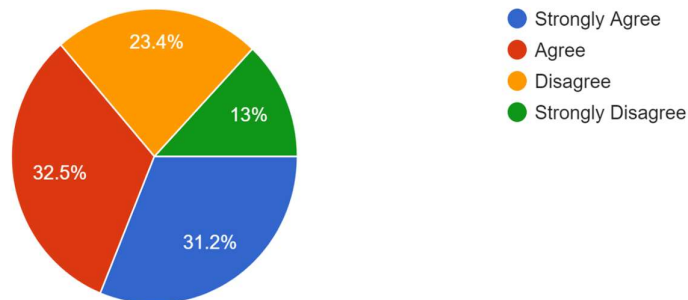
According to survey

1. 35.1% of respondents are satisfied with their IT system requirements for filling return.
2. 27.3% of respondents are highly satisfied with their IT system requirements for filling return.
3. 23.4% of retailers are not satisfied with their IT system to comply with GST requirements
4. 14.3% of retailers are definitely not satisfied with their IT system to comply with GST requirements.

Q. Do you think Filling of GST Returns is simple?

Options	Respondents (Percentage)
Strongly Agree	31.2%
Agree	32.5%
Disagree	23.4%
Strongly Disagree	13%

Do you think Filling of GST Returns is simple?
77 responses



Interpretation:

It is found from above pie diagram

1. 32.5% of retailers think filing of GST returns is simple.
2. 31.2% of retailers strongly believe filing of GST returns is simple.
3. 23.4% of retailers still think it not that simple to file GST returns.
4. 13% of respondents strongly disagree to it, according to them filing of returns is difficult and they don't have enough information about GST returns.

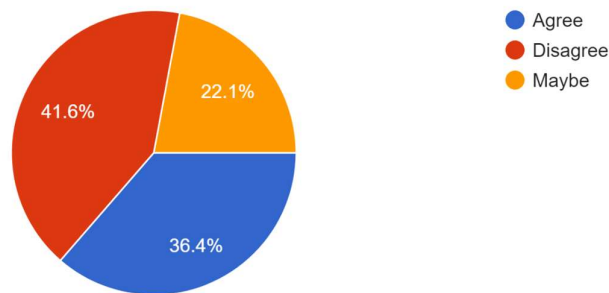
This shows that majority of respondents feel that filing of GST return is simple because of the ease of access provided by the government.

Q. Are you satisfied with the time given to assess to implement the GST Council's decisions (such as changes in rate structure, rules, processes)?

Options	Respondents (Percentage)
Agree	36.4%
Disagree	41.6%
Maybe	22.1%

Are you satisfied with the time given to assesses to implement the GST Council's decisions (such as changes in rate structure, rules, processes)?

77 responses



Interpretation:

The above pie diagram depicts that

1. 41.6% of respondents disagree that time given by GST Council to assess changes is enough.
2. 36.4% of respondents agree that time given by GST Council to assess changes is enough.
3. 22.1% of respondents do not agree nor disagree that time given by GST Council to assesses changes is enough.

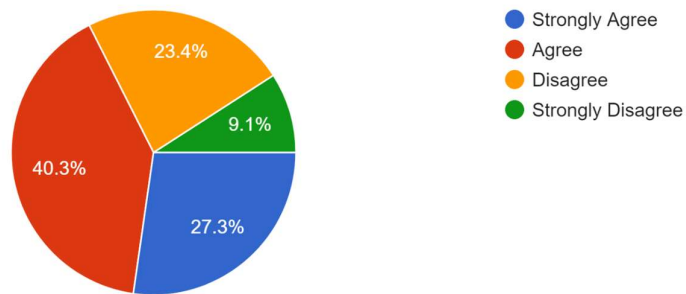
Most people disagree because the circular regarding changes in GST are not well received by the local retailers on a regular basis.

Q. Is GSTN return filing portal simple and more effective?

Options	Respondents (Percentage)
Strongly Agree	27.3%
Agree	40.3%
Disagree	23.4%
Strongly Disagree	9.1%

Is GSTN return filing portal simple and more effective?

77 responses



Interpretation:

It is found from above pie diagram

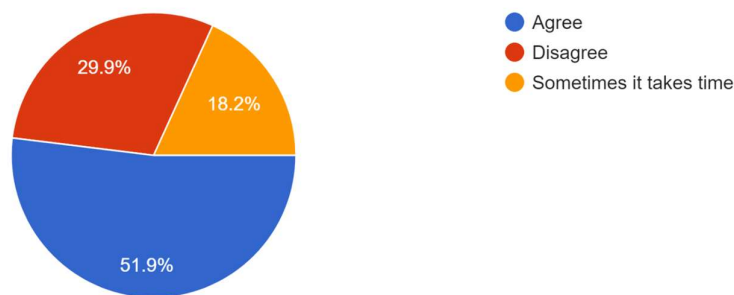
1. 40.3% of retailers think filing of IT returns is simple and more effective.
2. 27.3% of retailers strongly believe filing of IT returns is simple and more effective.
3. 23.4% of retailers still think it not that simple and that effective to file IT returns.
4. 9.1% of respondents strongly disagree to it, according to them filing of returns is difficult and not that effective as they don't have enough information about GST returns.

Q. Are you updated with all the lasted changes made by GST Council.

Options	Respondents (Percentage)
Agree	51.9%
Disagree	29.9%
Sometimes it takes time	18.2%

Are you updated with all the lasted changes made by GST Council.

77 responses



Interpretation:

The above pie diagram depicts that

1. 51.9% of retailers are always updated with the changes made by GST Council.
2. 29.9% of retailers are not updated with the changes made by GST Council.
3. 18.2% of retailers take some time to get updated with the changes made by GST Council.

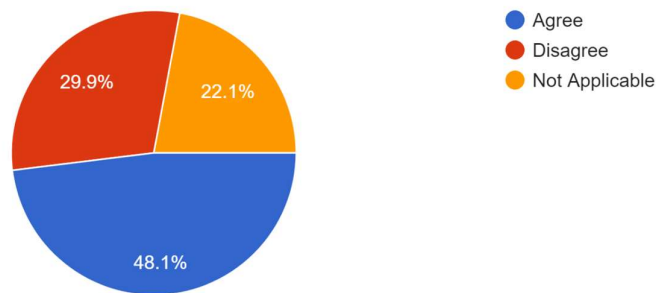
We can see that half of the retailers are always updated with changes made by GST Council.

Q. Are the transition provisions addressing majority of your concerns relating to transition from the indirect tax regime to the GST regime?

Options	Respondents (Percentage)
Agree	48.1%
Disagree	29.9%
Not Applicable	22.1%

Are the transition provisions addressing majority of your concerns relating to transition from the indirect tax regime to the GST regime?

77 responses



Interpretation:

The above pie diagram depicts that

1. 48.1% of respondents agree there are concerns relating to transition from indirect tax regime to the GST regime.
2. 29.9% of respondents disagree there are concerns relating to transition from indirect tax regime to the GST regime.
3. 22.1% of respondents think this is not applicable to them there are concerns relating to transition from indirect tax regime to the GST regime.

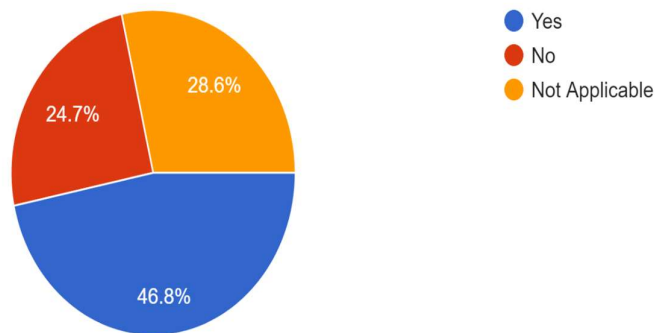
We can definitely say there are some major concerns relating to transition from indirect tax regime to GST regime.

Q. Does the GST regime provide enough incentives to exporter of goods and services?

Options	Respondents (Percentage)
Agree	46.8%
Disagree	24.7%
Not Applicable	28.6%

Does the GST regime provide enough incentives to exporter of goods and services?

77 responses



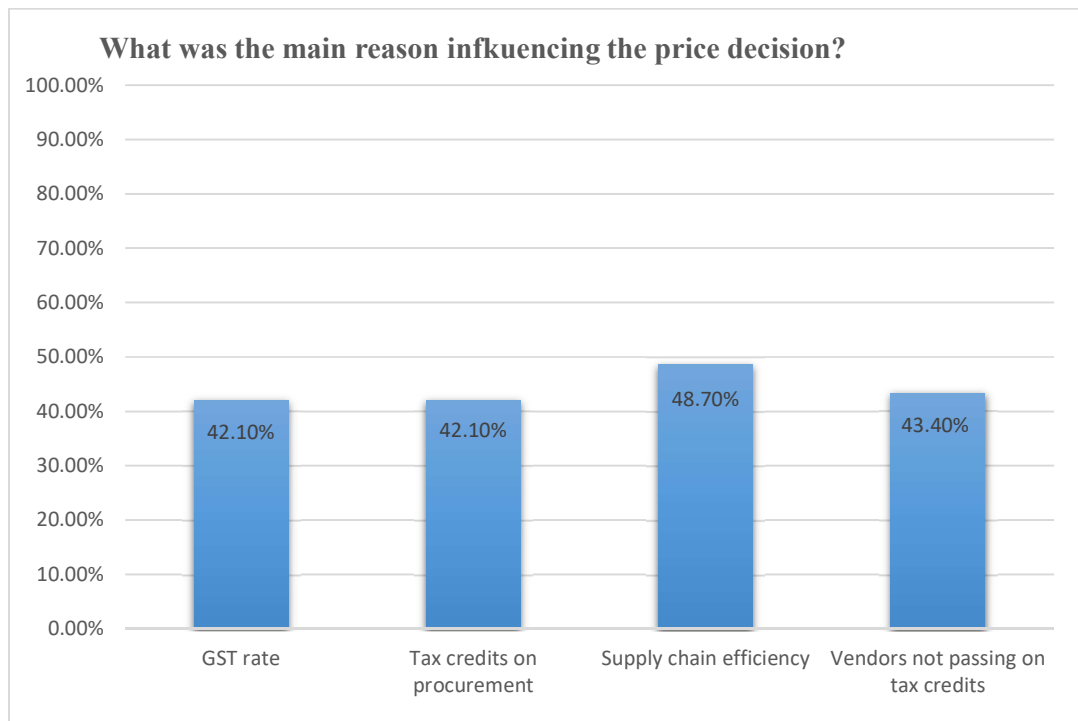
Interpretation:

The above pie diagram depicts that

1. 46.8% of retailers think GST regime provide enough incentives to exporter of goods and services.
2. 24.7% of retailers do not think GST regime provide enough incentives to exporter of goods and services.
3. 28.6% of retailers are not into exporting of any goods or service.

We can see that half of the retailers think GST regime provide enough incentives to exporter of goods and services.

Q. What was the main reason influencing the pricing decision?



*Respondents could choose more than one option.

Interpretation:

The above bar graph represents a summary report on main reason influencing the pricing decision. According to which

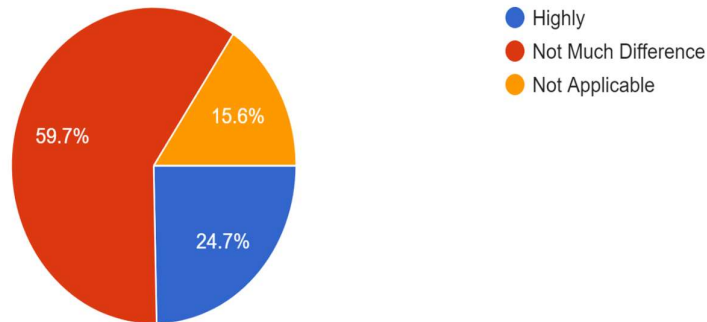
1. 42.1% of respondents think GST rates is one of the main reason influencing the pricing decision.
2. 42.1% of respondents think tax credit on procurement is one of the main reason influencing the pricing decision.
3. 48.7% of respondents think supply chain efficiency is one of the main reason influencing the pricing decision.
4. 43.4% of respondents think vendors not passing on tax credits is one of the main reason influencing the pricing decision.

Q. Has GST impacted your procurement / distribution supply chain?

Options	Respondents (Percentage)
Highly	24.7%
Not Much Difference	59.7%
Not Applicable	15.6%

Has GST impacted your procurement / distribution supply chain?

77 responses



Interpretation:

The above pie diagram depicts that

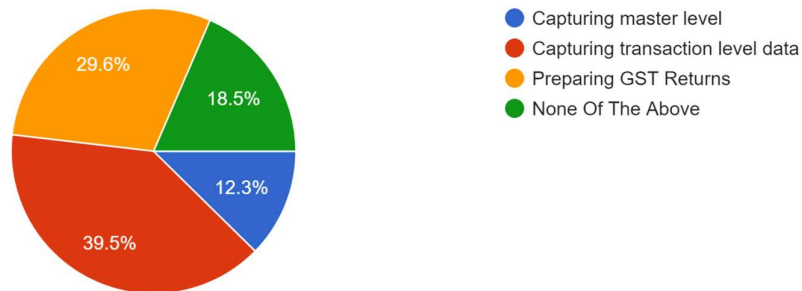
1. 59.7% of respondents think GST has not much impacted their distribution supply chain.
2. 24.7% of respondents think GST has impacted their distribution supply chain.
3. 15.6% of respondents think GST has not as it was not applicable to them impacted their distribution supply chain.

Q. Which of the following is taking most time while configuring your IT system?

Options	Respondents (Percentage)
Capturing master level	12.3%
Capturing transaction level data	39.5%
Preparing GST Returns	29.6%
None Of The Above	18.5%

Which of the following is taking most time while configuring your IT system?

77 responses



Interpretation:

It is found from above pie diagram

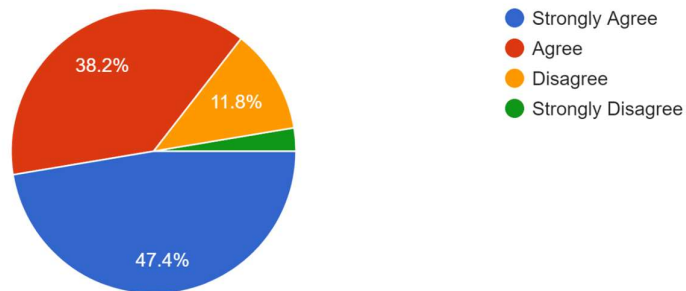
1. 39.5% of retailers think capturing master level data takes most time while configuring your IT system.
2. 29.6% of retailers think capturing master level takes most time while configuring your IT system.
3. 18.5% of retailers think preparing GST returns takes most time while configuring your IT system.
4. 12.3% of respondents think none of the above reason takes most time while configuring your IT system.

Q. On an overall basis, do you think that GST is likely to have a positive impact on your personal level?

Options	Respondents (Percentage)
Strongly Agree	47.4%
Agree	38.2%
Disagree	11.8%
Strongly Disagree	2.6%

On an overall basis, do you think that GST is likely to have a positive impact on your personal level?

76 responses



Interpretation:

It is found from above pie diagram we can conclude that

1. 47.4% of retailers strongly agree that GST had a positive impact on their personal level.
2. 38.2% of retailers agree that GST had a positive impact on their personal level.
3. 11.8% of retailers disagree that GST had a positive impact on their personal level.
4. 2.6% of retailers strongly disagree that GST had a positive impact on their personal level.

From this we can definitely conclude more than 85% of retailers think that GST had a positive impact on their personal level so we can also say that GST had a positive impact on a national scale.

CHAPTER 5

5.1 Major Finding:

The following are the major findings of the study:

- Majority of retailers have basic qualification till secondary school.
- Majority of retailers got information about GST from Online Sources as compare to newspaper and friends/family. It is found that online sources is more effective way to circulate awareness about GST.
- It is found that more than 50% of respondents are not fully aware about GST, government should put more efforts in training and should conduct more awareness program to educate retailers about GST.
- It is found that majority of retailers are registered under GST act.
- Almost half of respondents thinks goods and services tax is better than other indirect tax which were levied before GST i.e. value added tax, service tax.
- According to survey there is positive impact of GST on retail chain. Final price payable by customer for product is decrease.
- Rate of tax has also reduced from 30% to 28% which had positive impact on retailer's business from taxation prospective.
- It is found that there is increased the burden of compliance after implementation of GST.
- Major reason behind it is requirement to match purchase and sale data between seller and purchaser, for claiming GST credit followed by requirement to file transaction level details in GST returns.
- According to more than half respondents GST has benefited them as it helped in eliminating the cascading effect where before they had to pay various kind of tax on single product.
- Threshold limit of registration is increased to 20 lakhs as earlier in the VAT structure, any business with a turnover of more than Rs 5 lakh (in most states) was liable to pay VAT, service tax was exempted for service providers with a turnover of less than Rs 10 lakh.

- According to survey retailers GST will merge the markets as there won't be state boundaries to hinder their business.
- GST will streamline their intra-state as well as inter-state transactions. As there is uniformity in CGST, SGST and IGST.
- Majority of retailers are satisfied with deadline given by GST council of filling GST returns as they hire chartered accountants to file GST returns.
- We can definitely say there are some major concerns relating to transition from indirect tax regime to GST regime.
- Most of the respondents think it is easily to file online return but due lack of IT system readiness to comply with GST requirements retailers hire chartered accountant to file GST returns.

5.2 Suggestions & Recommendations:

1. Processes must be reduced so that business can operate efficiently in the best interest of the people and for economic growth. Filing of 37 returns per GSTIN could be a very time consuming exercise, wherein everyone would not even have the bandwidth to comply with.
2. Relief must be given to small scale operators and particularly reduced processes should be applicable to them. They do not have finance or resource to comply. Much of India's business is one or two man show. The facility to file quarterly returns should be extended to assesseees with up to 10 crore turnover.
3. Rates should be rationalized and reduced to make India competitive and in interest of compliance and economic growth. The highest rate should be kept at 18% and there should be only few items that fall in 28% slab. Daily use items such as soaps, cremes, movie tickets, electrical goods should not be taxed at 28%.
4. Technological glitches of the GST network should be sorted out on a war footing basis.
5. Further, there is also no provision to amend GST Return once uploaded, in case some clerical error is found later. Provision should urgently be made to allow rectification of returns.
6. In case IGST is paid instead of CGST and SGST, and vice-versa, the recourse available is only refund. Assesseees should be allowed to self-adjust in such cases.
7. In respect of capital goods received on or after 01.07.2017 (Capital goods in transit), transitional credit of tax paid in earlier regime should also be available. Transitional input credit should also be available on goods or services are delivered or received before the appointed date and the assessee received the invoices after appointed day.
8. Single cash ledger concept should be used instead multiple cash ledgers i.e. separate cash ledger for CGST, SGST, IGST, interest, penalty etc. Further it is suggested to allow partial / period payment of offset of tax so that an assessee can bear interest only on the short payment.
9. The issues being faced by the exporters should be dealt with and the refund procedure should be activated immediately.

5.3 Conclusion

In Conclusion, we can say about the impact of GST on retail sector that GST has laid the path for a more organized and transparent retail sector for building, small and big players alike. The GST Council can surely overcome these issues and ensure proper compliance by taking measures like educating people through social network websites. For a tax system like GST to work, government and people must be responsible and compliant.

Less Taxes

In the pre-GST tax scenario, retailers are entitled to about 30% indirect taxes such as VAT, CST, excise duty, service tax on warehousing, Octroi and many more. GST will lessen the retailers' tax burden as it will streamline everything into single tax. The cascading of taxes will be done away with and a simplified tax structure will be come into effect.

Free flow of goods across the nation

After GST implementation, state borders will be unconnected from taxation and documentation point of view. This will result into free flow of goods across the nation without any kind of barriers. GST will reduce the complexity for retailers and make the distribution channel efficient.

Gifts, free samples also taxable

GST law is based on supply of goods rather than manufacturing or sales. Under GST, any supply without consideration attract tax. Retail sector comes up with many offers like buy one get one free on larger goods, every now and then. After GST comes into action, tax will be levied on such gifts too. This clause has affected promotional activities of retail sector as under post taxation structure, such goods were tax-free.

Growth of Retail Market

GST will unify the markets as there won't be state boundaries to hinder their business. GST will streamline their intra-state as well as inter-state transactions. Retailers can expand their business beyond one state with ease due to one-time registration of their business. This will also contribute towards the growth of the retail market and help boost the economy of the country.

Overall impact of GST on retail sector

Conclusively, the impact of GST on retail sector is positive from both taxation and operations point of view. Retail businesses has flourish more, thus contributing to overall growth of Indian economy. GST will depose total indirect taxes, upsurge supply chain efficiency and facilitate input tax credit. The end price for consumers has reduce because of GST. Except some clauses, GST will benefit retail sector in a big way.

CHAPTER 6

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Annexure

A Study on Impact of GST on Business Class People.

1. Which is your position?

- ☐ Owner
- ☐ Manager
- ☐ Employee
- ☐ Temporary help

2. Educational background?

- ☐ Obligatory 9-year school
- ☐ Secondary school
- ☐ Vocational training
- ☐ College

3. How do you get know about GST?

- ☐ Friend/Family
- ☐ Television
- ☐ Online source
- ☐ Newspaper

4. Do you think government should put more efforts in training and awareness program for GST?

- ☐ Very Agree
- ☐ Agree
- ☐ Current efforts are satisfactory

5. Are you registered under GST?

- ☐ Yes
- ☐ No
- ☐ Not Yet
- ☐ Not Applicable for me

6. Which system do you think is more beneficial for you?

- ☐ Goods & Service Tax
- ☐ Sales Tax & Service tax
- ☐ None of The Above

7. Has GST impacted your distribution supply chain?

- ☐ Highly
- ☐ Maybe
- ☐ No Difference

8. How has GST impacted the pricing of your products /services?

- ☐ Price to Customer has increased
- ☐ Price to Customer decreased
- ☐ Price to Customer has remained Neutral

9. After implementation of GST Rate of tax has?

- ☐ Increased
- ☐ Decreased
- ☐ Remained Constant

10. Has GST increased the burden of compliance?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

11. What has caused the increased compliance burden under GST?

- ☐ Requirement to file transaction level details
- ☐ Requirement to match purchase and sale data
- ☐ None of the Above

12. Which features of GST are likely to have a positive impact on India in the long-term?

- ☐ Eliminating cascading effect of tax
- ☐ Highest threshold for registration
- ☐ Composition scheme for small business
- ☐ Simple and easy online process
- ☐ Uniformity in rates of CGST & SGST

13. Are you satisfied with the deadlines given for filling returns?

- ☐ Agree
- ☐ Maybe
- ☐ Disagree

14. Do you hire chartered accountant to file GST returns?

- ☐ Yes
- ☐ No
- ☐ Sometimes for specifics

15. Are you satisfied with your IT system to comply with GST requirements?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

16. Do you think Filling of GST Returns is simple?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

17. Are you satisfied with the time given to assess to implement the GST Council's decisions (such as changes in rate structure, rules, processes)?

- ☐ Agree
- ☐ Disagree
- ☐ Maybe

18. Is GSTN return filing portal simple and more effective?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

19. Are you updated with all the lasted changes made by GST Council?

- ☐ Agree
- ☐ Disagree
- ☐ Sometimes it takes time

20. Are the transition provisions addressing majority of your concerns relating to transition from the indirect tax regime to the GST regime?

- ☐ Agree
- ☐ Disagree
- ☐ Not Applicable

21. Does the GST regime provide enough incentives to exporter of goods and services?

- ☐ Yes
- ☐ No
- ☐ Not Applicable

22. What was the main reason influencing the pricing decision?

- ☐ GST rate
- ☐ Tax credits on procurement
- ☐ Supply chain efficiency
- ☐ Vendors not passing on tax credits

23. Has GST impacted your procurement / distribution supply chain?

- ☐ Highly
- ☐ Not Much Difference
- ☐ Not Applicable

24. Which of the following is taking most time while configuring your IT system?

- ☐ Capturing master level
- ☐ Capturing transaction level data
- ☐ Preparing GST Returns
- ☐ None of The Above

25. On an overall basis, do you think that GST is likely to have a positive impact on your personal level?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree