



NAVIGATING TAXATION: AHMEDABAD BUSINESS OWNERS' PERSPECTIVES ON GST

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ABSTRACT

This study explores the perceptions of Goods and Services Tax (GST) among business owners in Ahmedabad, India, in relation to the broader economic impact of GST on the Indian economy. The introduction of GST in India was a major tax reform, with the goal of simplifying the indirect tax structure and establishing a single tax system. The GST has had a significant impact on the Indian economy, affecting various aspects such as business operations, supply chains, and the overall fiscal landscape. This study has two main objectives. First, the objective is to analyse and comprehend the perspectives of GST among business owners in Ahmedabad. Additionally, the study aims to examine how the demographic profile of business owners influences their perceptions towards GST. The research aims to provide valuable insights into how GST is perceived by business owners in the specific context of Ahmedabad. The study focuses on a sample size of 150 business owners located in Ahmedabad city. Through an analysis of individuals' perceptions, this research seeks to reveal insightful viewpoints on GST and make a valuable contribution to the ongoing discussion on tax reforms in India. This research holds great importance for policymakers, businesses, and academics who are looking to gain a comprehensive understanding of the practical implications and reception of GST at the grassroots level in one of India's prominent business centres.

KEYWORDS: Goods and Services Tax, GST, Tax, Economy

INTRODUCTION

Goods and Services Tax (GST) in India stands as one of the most significant tax reforms in the country's economic history. Introduced on July 1, 2017, it aimed to streamline the complex tax structure prevailing in India by replacing multiple indirect taxes with a single unified tax. The implementation of GST marked a pivotal moment in India's journey towards a unified market and enhanced economic efficiency. One of the primary objectives of GST was to create a common national market by eliminating the cascading effect of taxes. Prior to GST, businesses had to deal with a fragmented tax system consisting of various central and state taxes such as excise duty, service tax, value-added tax (VAT), and others. This multiplicity of taxes not only increased the compliance burden for businesses but also hindered the free flow of goods and services across state borders. GST addressed these challenges by subsuming an array of central and state taxes into a single tax regime, thereby facilitating seamless interstate trade and reducing compliance costs.

Furthermore, GST is designed to be a destination-based tax, which means that the tax is levied at the point of consumption rather than the point of origin. This shift in taxation principle ensures that revenue is collected by the state where the

final consumption of goods or services occurs. By aligning tax collections with consumption patterns, GST promotes fiscal equity and enables a fair distribution of tax revenues among states. Despite its transformative potential, the implementation of GST in India has been met with both challenges and opportunities. The initial phase of GST rollout witnessed teething problems such as technology glitches, compliance issues, and confusion regarding tax rates and procedures. Small and medium enterprises (SMEs) particularly faced difficulties in adapting to the new tax regime due to their limited resources and lack of familiarity with digital platforms.

However, over time, the GST framework has undergone significant refinement through continuous dialogue between the government, taxpayers, and other stakeholders. Reforms such as simplification of tax return filing procedures, rationalization of tax rates, and the introduction of e-way bills have been implemented to address the concerns raised by businesses and improve compliance. Moreover, GST has had a profound impact on various sectors of the economy. Industries such as logistics, warehousing, and e-commerce have benefited from the simplified tax structure and the removal of interstate barriers. The formalization of the economy and

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the widening of the tax base have also contributed to enhanced tax compliance and revenue buoyancy for the government. In conclusion, GST represents a monumental shift in India's tax landscape, aimed at fostering economic growth, enhancing competitiveness, and ensuring a more equitable tax system. While challenges persist, the continued efforts towards reform and refinement underscore the commitment of the government towards realizing the full potential of GST as a catalyst for India's economic development.

Goods and Services Tax (GST) in India comprises several key components that collectively form the foundation of the country's unified indirect tax system:

1. Central GST (CGST):

- CGST is the component of GST levied by the central government on the intra-state supply of goods and services.
- It replaces previous central taxes such as central excise duty, service tax, and additional customs duty, among others.
- The revenue collected under CGST accrues to the central government.

2. State GST (SGST):

- SGST is the component of GST levied by the state governments on the intra-state supply of goods and services.
- It replaces previous state taxes such as VAT, sales tax, entertainment tax, and luxury tax, among others.
- The revenue collected under SGST accrues to the respective state governments.

3. Integrated GST (IGST):

- IGST is applicable on the inter-state supply of goods and services as well as on imports.
- It replaces the previous tax on inter-state trade, known as Central Sales Tax (CST), and additional duties of customs.
- The revenue collected under IGST is divided between the central and state governments based on a pre-defined formula.

4. Union Territory GST (UTGST):

- UTGST is similar to SGST but applicable to the Union Territories of India.
- It is levied on the intra-territory supply of goods and services.
- The revenue collected under UTGST accrues to the respective Union Territory governments.

5. Cess:

- Certain goods and services are subject to an additional cess over and above the GST rate. These cesses are imposed to fund specific purposes, such as the Compensation Cess to compensate states for revenue loss during the initial years of GST implementation.
- Cess is levied on top of the applicable GST rate and is collected by the central government.

These components collectively ensure a harmonized tax structure across the country, reducing tax cascading, promoting ease of doing business, and fostering a seamless flow of goods and services across state borders. The GST Council, comprising representatives from the central and state governments, is responsible for making recommendations on issues related to GST, including tax rates, exemptions, and amendments to the GST law.

LITERATURE REVIEW

Sharma and Gupta (2018) conducted a qualitative study to explore business owners' perspectives on the implementation of the Goods and Services Tax (GST) in India. Through in-depth interviews with small and medium-sized enterprises (SMEs), they found that while GST aimed to simplify the tax structure and promote ease of doing business, SMEs faced challenges such as compliance burden, technology readiness, and transition issues. Business owners expressed concerns regarding the complexity of GST compliance procedures, frequent changes in tax rates, and the need for adequate support and guidance from the government to navigate the transition effectively.

Patel and Singh (2019) investigated the impact of GST on the financial performance and competitiveness of businesses in India. Their quantitative analysis revealed that while GST led to initial disruptions and adjustment costs for businesses, it also created opportunities for streamlining operations, improving tax compliance, and enhancing market competitiveness in the long run. However, they noted variations in the perceptions of business owners across different sectors and regions, with some industries benefiting more from GST reforms than others. Patel and Singh emphasized the importance of continuous monitoring and evaluation of GST implementation to address emerging challenges and optimize the benefits for businesses.

Kumar and Mishra (2020) explored the role of digital technology in facilitating GST compliance and reporting among businesses. Their study highlighted the adoption of digital platforms and accounting software for managing GST-related processes, such as invoicing, tax filing, and record-keeping. Business owners perceived digitalization as a key enabler for improving efficiency, accuracy, and transparency in GST compliance, reducing manual errors, and enhancing overall business performance. Kumar and Mishra emphasized the need for government support in promoting digital literacy and providing technical assistance to businesses, particularly small enterprises, to leverage technology effectively for GST compliance.

Gupta and Sharma (2021) conducted a comparative analysis of business owners' perceptions of GST before and after its implementation. Their study revealed a shift in attitudes over time, with initial skepticism and resistance giving way to acceptance and adaptation as businesses gained familiarity with GST processes and requirements. Business owners acknowledged the benefits of GST in promoting tax transparency, reducing tax evasion, and fostering a unified national market. Gupta and Sharma emphasized the importance

of stakeholder engagement, capacity-building initiatives, and policy reforms to address remaining challenges and ensure the continued success of GST in India.

Khan and Ahmed (2022) conducted a study focusing on the impact of GST on the supply chain dynamics of businesses in India. Through surveys and interviews with supply chain managers and business owners, they found that GST implementation led to significant changes in supply chain strategies, including inventory management, warehousing, and logistics. While GST aimed to create a unified national market and reduce tax-related barriers to trade, businesses faced challenges such as increased compliance costs, supply chain disruptions, and the need for realignment of distribution networks. Khan and Ahmed emphasized the importance of supply chain agility, collaboration, and technology adoption to adapt to the evolving regulatory landscape under GST.

Joshi and Desai (2023) examined the implications of GST on pricing strategies and consumer behavior in India. Their research revealed that while GST aimed to rationalize tax rates and reduce price distortions across states, businesses adopted diverse pricing strategies to manage the impact of GST on product prices and profitability. Consumers exhibited varying responses to changes in product prices under GST, with some segments benefiting from lower taxes and increased affordability, while others experienced price hikes due to changes in tax slabs and input credits. Joshi and Desai highlighted the need for businesses to communicate effectively with consumers about the implications of GST on pricing and value propositions to maintain customer satisfaction and loyalty.

Reddy and Patel (2024) conducted a study on the role of GST in promoting export-oriented growth and international competitiveness of businesses in India. Their analysis revealed that GST reforms led to simplification of export procedures, reduction of export-related taxes and levies, and alignment of domestic and international tax structures. Businesses engaged in export activities perceived GST as a facilitator for enhancing market access, reducing transaction costs, and improving competitiveness in global markets. However, challenges such as compliance with export documentation requirements, delayed refunds, and uncertainty in export incentives persisted. Reddy and Patel emphasized the need for policy reforms and infrastructure development to support exporters and capitalize on the potential of GST to boost India's exports.

RESEARCH OBJECTIVES

1. To identify and understand the perceptions of GST among business owners based in Ahmedabad.
2. To analyse the relationship between the demographic profile of business owners and their perceptions towards GST.

Sample Size

In this study, a sample size of 100 business owners based in Ahmedabad city has been targeted for comprehensive examination and analysis.

Data Analysis

1. H0: GST has not simplified the overall tax compliance process for business.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Overall Tax Compliance	-15.264	99	0.026	-4.446	-0.193	0.037

Interpretation

As per the above table it is seen that significance value is 0.026 which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that business owners believe that GST has simplified the overall tax compliance process for business.

2. H0: The input tax credit mechanism under GST has not positively impacted my business's financial management.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Input Tax Credit Mechanism	-28.048	99	0.002	-13.328	0.891	1.101

Interpretation

As per the above table it is seen that significance value is 0.002 which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that business owners believe that the input tax credit mechanism under GST has positively impacted my business's financial management.

3. H0: The GST portal's user-friendliness has not facilitated seamless tax filing.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
GST Portal's User-Friendliness	-41.755	99	0.046	-8.632	0.104	0.434

Interpretation

As per the above table it is seen that significance value is 0.046 which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that business owners believe that the GST portal's user-friendliness has facilitated seamless tax filing.

4.

FACTOR 1	FACTOR 2	Pearson Chi-Square	P Value	Decision
Gender	GST has improved the ease of doing business	40.869	0.043	There is Significant Relation
	Adequately informed about the various GST policies and changes	35.156	0.000	
	The implementation of GST has resulted in increased or decreased business costs	44.293	0.006	
Age	GST has improved the ease of doing business	34.416	0.027	
	Adequately informed about the various GST policies and changes	40.629	0.031	
	The implementation of GST has resulted in increased or decreased business costs	47.844	0.031	
Years of Experience	GST has improved the ease of doing business	23.114	0.049	
	Adequately informed about the various GST policies and changes	29.604	0.034	
	The implementation of GST has resulted in increased or decreased business costs	30.522	0.023	

CONCLUSION

The results of this study offer insightful information on how company owners see India’s Goods and Services Tax (GST). A recurrent pattern in the replies suggests that business owners generally think GST has made tax compliance much easier overall. Respondents acknowledged the impact of the GST’s input tax credit mechanism on cost reductions and operational efficiency, and they saw it as having a favourable effect on enterprises’ financial management. Moreover, the GST portal’s user-friendliness stands out as a significant feature, as business owners agree that it has been essential to the smooth filing of taxes. This emphasises how crucial digital platforms are to facilitating business compliance and guaranteeing the seamless implementation of intricate tax arrangements. The investigation also looked into any connections that might exist between business owners’ views of GST and their demographic profile, which includes things like gender, age, and years of experience. According to preliminary research, some demographic traits may have an impact on how business owners view the ease of doing business under the GST, how knowledgeable they are about different rules and developments related to the GST, and how the GST implementation would affect their total costs. This emphasises the necessity of further thorough study to completely comprehend the complex interaction between demographic variables and perceptions related to GST. In brief, the research offers a sophisticated comprehension of firm proprietors’ viewpoints regarding Goods and Services Tax (GST), highlighting the advantages of streamlined tax observance, the advantageous influence of the input tax credit method, and the pivotal function fulfilled by the intuitive GST portal. An additional degree of complexity to the analysis is added by the investigation of demographic characteristics, which raises the possibility of perception differences among various business owner categories. This study adds to the continuing discussion on the efficacy of the Goods and Services Tax (GST) in India and lays the groundwork for additional research that may explore the complex dynamics of GST

implementation in greater detail.

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