Abstract

One of the main sources of governments’ revenue is collection from taxes. Goods and Services Tax (GST) is one of several taxes that may make significant contribution in governments’ income. The Goods and Services Tax (GST) is a value added tax to be implemented in India, on which the decision is still pending. However, Indian Government is still waiting for the right time to implement GST because it is still doing surveys to ascertain the social impact of GST. This study attempts to examine awareness among Indian masses towards the implementation of upcoming GST that is proposed to be implemented in India starting from April 1, 2017. This study aims at measuring the level of people satisfaction and attitudes towards the implementation of GST. This paper is an analysis of the impact of GST in Indian Tax Scenario.

I. INTRODUCTION

The present structure of Indirect Taxes is very complex in India. There are so many types of taxes that are levied by the Central and State Governments on Goods & Services. We have to pay ‘Entertainment Tax’ for watching a movie. We have to pay Value Added Tax (VAT) on purchasing goods & services. And there are Excise duties, Import Duties, Luxury Tax, Central Sales Tax, and Service Tax. As of today some of these taxes are levied by the Central Government and some are by the State governments. How nice will it be if there is only one unified tax rate instead of all these taxes?  

1.1 What is GST?

It has been long pending issue to streamline all the different types of indirect taxes and implement a “single taxation” system. This system is called as GST (GST is the abbreviated

1 http://www.relakhs.com/gst-goods-services-tax-in-india/
form of Goods & Services Tax). The main expectation from this system is to abolish all indirect taxes and only GST would be levied. As the name suggests, the GST will be levied both on Goods and Services.

GST was first introduced during 2007-08 budget session. On 17th December 2014, the current Union Cabinet ministry approved the proposal for introduction GST Constitutional Amendment Bill. On 19th of December 2014, the bill was presented on GST in Loksabha. The Bill will be tabled and taken up for discussion during the coming Budget session. The current central government is very determined to implement GST Constitutional Amendment Bill. GST is a tax that we need to pay on supply of goods & services. Any person, who is providing or supplying goods and services, is liable to charge GST.

1.2 How is GST applied?

- GST is a consumption based tax/levy. It is based on the “Destination principle,” GST is applied on goods and services at the place where final/actual consumption happens.
- GST is collected on value-added goods and services at each stage of sale or purchase in the supply chain. GST paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. The manufacturer or wholesaler or retailer will pay the applicable GST rate but will claim back through tax credit mechanism.
- But being the last person in the supply chain, the end consumer has to bear this tax and so, in many respects, GST is like a last-point retail tax. GST is going to be collected at point of Sale.

![Figure 1: Applicability & Mechanism of GST](http://www.relakhs.com/gst-goods-services-tax-in-india/)
Let us understand the above supply chain of GST with an example:

<table>
<thead>
<tr>
<th>Supply of Goods</th>
<th>GST Flow</th>
<th>Input Costs (ex-GST)</th>
<th>Sale Price (ex-GST)</th>
<th>GST Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>A weaver sells a fabric to a tailor for Rs 108 per metre</td>
<td>The weaver pays GST of Rs 8</td>
<td>0</td>
<td>Rs 100</td>
<td>Rs 8</td>
</tr>
<tr>
<td>The tailor sells a ready made completed shirt to a retailer for Rs 270</td>
<td>The tailor pays GST of Rs 12 (After input tax claim. Weaver claims tax credit for Rs 8)</td>
<td>Rs 100</td>
<td>Rs 250</td>
<td>Rs 12</td>
</tr>
<tr>
<td>The retailer sells the readymade shirt in his showroom for Rs 540</td>
<td>The retailer pays GST of Rs 20 (After input tax claim. Tailor claims tax credit for Rs 12)</td>
<td>Rs 250</td>
<td>Rs 500</td>
<td>Rs 20</td>
</tr>
<tr>
<td>You purchase the shirt for Rs 540</td>
<td>No Tax credit claim. You pay entire GST Rs 40 @ 8%</td>
<td>NA</td>
<td>NA</td>
<td>Total : Rs 40</td>
</tr>
</tbody>
</table>

Figure 2: GST Supply Chain
Source: http://www.relakhs.com/gst-goods-services-tax-in-india/

II. OBJECTIVE OF THE STUDY
1) To study the collection mechanism tax under GST regime
2) To find out level of public awareness on Goods and Services Tax in Hisar

III. RESEARCH METHODOLOGY
The study presents the statistical analysis of 130 respondents from Hisar. It measures the public perceptions towards goods and services tax (GST). A total of 150 sets of survey were distributed within the Hisar but only 130 were returned and valid. The data are later analysed using multiple regression and descriptive analysis. Multiple regression analysis was used to test the cause of relationship among independent variables with people’s awareness on GST.

IV. DATA ANALYSIS
Table 1 below is the summarization of descriptive statistics performed. Panel A reported that 85 percent of respondents are male while female only accounted a percentage of 15. Panel B showed that most of the respondents are from the age group of 20 – 30 years old, charting a percentage of 45, followed by 31 – 40 years old (28 percent), 41 – 50 years old (18 percent) and above 50 years old (9 percent).

Table – 1 Descriptive Statistics

<table>
<thead>
<tr>
<th>Panel A</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
</tr>
<tr>
<td>Frequency</td>
<td>110</td>
</tr>
</tbody>
</table>
Panel C showed majority of the respondents holds a Degree qualification with a percentage of 45, followed by 22 percent with a Master, followed by 25 percent with 10+2 and 8 percent with a PhD.

Panel D clearly shown that the respondents (20 percent) have an income level of less than 10000, followed by those with an income level of 10000–20000 (41 percent), 20000-30000 (26 percent) and those 30000 and above (13 percent).

Panel F exhibited 48 percent of the respondents are businessmen, followed by 15 percent are Professionals, 27 percent are Employees and 9 percent are students.

4.1 MULTIPLE REGRESSION ANALYSIS

Table 2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.866*</td>
<td>.750</td>
<td>.729</td>
<td>.473</td>
</tr>
</tbody>
</table>

Predictors: (Constant), x10, x4, x2, x3, x1, x8, x9, x6, x7, x5

Table 3: Coefficients of Satisfaction Function of GST

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.791</td>
<td>.289</td>
</tr>
<tr>
<td>x1</td>
<td>.213</td>
<td>.145</td>
</tr>
</tbody>
</table>
The results indicate that 75 percent of the variation in the dependent variable, i.e. satisfaction, is explained by the set of 10 independent variables. The variable X₇, X₈ and X₉ are significant variable. The coefficient of the variable X₉ indicates that the public do not perceive GST to be better than when GST is introduced the price of product will become reduced and that has resulted in a negative and significant coefficient of the variable. This shows that the GST can perceive price of product will become reduced as a potential threat. Further, the variable X₇ that GST also reduces much paperwork as a negative sigh, which is surprising. Moreover, the coefficient of this variable is significant. Similarly, the eighth variable, that GST prevention of unhealthy competition among states, is significant and positive. This shows that this variable is very important and contributing to the satisfaction of the public. Therefore, the government should try to cash on this and this should be reflected in their awareness programmes. All other variables have correct signs.

V. CONCLUSION
The issue of GST is being discussed much recently. Indian Government proposing to implement GST as a tool to increase its revenue and reduce its deficit. An earlier plan by the government was to implement GST in the beginning of April 2017; however this plan was being deferred. Findings of this study show that the level of awareness among Indians is still relatively low. Is could be due to the lack of knowledge or information regarding GST. For this reason, the government should reflect on how to increase the knowledge of GST among citizen. Furthermore, they should put more effort in delivering information and educating the citizen regarding GST, so that the citizen will have positive view about this GST implementation. The results revealed that all of these independent variables were found to have significant impact toward the publics’ awareness on Goods and Services Tax (GST).

VI. RECOMMENDATION
The level of education could also affect the publics’ awareness on tax. As for now, the fact that basic tax education is not currently taught in any schools or higher institutional, the
publics’ general knowledge of tax are low. It is suggested that government to make an effort to provide or add subject about basic taxation as main subject at schools to educate students at an early age and also the teachers. This could improve their tax knowledge, tax morale, and could change their perception towards the tax (Nasir, N. B., Abdullah Sani, A. B., Mohtar, N. M., & Zainurdin, Z. K., 2015).

VII. REFERENCES


