

A Study on Impact of GST in Day-to-Day Life

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Abstract: *The Goods and Services Tax (GST) implementation marked a significant fiscal reform in India, aiming to streamline the indirect tax structure and foster economic growth. This study delves into the multifaceted impact of GST on the day-to-day lives of Indian citizens. Employing a mixed-methods approach, data was collected through surveys, interviews, and secondary sources to analyse the perceptions and experiences of individuals regarding GST. The study finds that GST has brought about both positive and negative ramifications across various sectors of daily life. On one hand, the simplified tax structure has facilitated ease of doing business, reduced cascading effects, and streamlined compliance procedures, fostering a more transparent and efficient tax regime. However, challenges such as initial implementation hiccups, compliance burden on small businesses, and fluctuations in consumer prices have been observed. Furthermore, the study highlights the differential impact of GST across socio-economic strata. While certain segments have benefited from reduced prices and improved service quality, others have experienced disruptions in their budget allocations and purchasing power. Additionally, the study elucidates the influence of GST on consumer behaviour, with shifts in spending patterns and preferences noted in response to price fluctuations and tax incentives. Policy implications derived from the findings underscore the importance of targeted interventions to mitigate adverse effects and enhance the inclusivity of GST implementation. Recommendations include measures to simplify compliance procedures for small businesses, enhance consumer awareness, and refine tax slabs to align with socio-economic realities. In conclusion, this study provides valuable insights into the nuanced impact of GST on the day-to-day lives of individuals, informing policymakers, businesses, and stakeholders on strategies for optimizing the benefits of GST while addressing its associated challenges.*

Keywords: GST, Tax reforms, Tax filling.

I. INTRODUCTION

- GST is the most ambitious and remarkable indirect tax reform in India's post-Independence history. Its objective is to levy a single national uniform tax across India on all goods and services. GST has replaced a number of Central and State taxes, made India more of a national integrated market, and brought more producers into the tax net.
- By improving efficiency, it can add substantially to growth as well as government finances. Implementing a new tax, encompassing both goods and services, by the Centre and the States in a large and complex federal system, is perhaps unprecedented in modern global tax history.
- GST is a tax on goods and services with comprehensive and continuous chain of set-off benefits up to the retailer level. It is essentially a tax only on value addition at each stage, and a supplier at each stage is permitted to set-off, through a tax credit mechanism, the GST paid on the purchase of goods and services. Ultimately, the burden of GST is borne by the end-user (i.e. final consumer) of the commodity/service.
- With the introduction of GST, a continuous chain of set-off from the original producer's point and service provider's point up to the retailer's level has been established, eliminating the burden of all cascading or pyramiding effects of an indirect tax system.
- This is the essence of GST. GST taxes only the final consumer. Hence the cascading of taxes (tax-on-tax) is avoided and production costs are cut down. As already noted, prior to the introduction of GST, the indirect tax

system of India suffered from various limitations. There was a burden of tax-on-tax in the pre-GST system of Central excise duty and the sales tax system of the States.

- GST has taken under its wings a profusion of indirect taxes of the Centre and the States. It has integrated taxes on goods and services for set-off relief. Further, it has also captured certain value additions in the distributive trade.
- There is now a continuous chain of set-offs which would eliminate the burden of all cascading effects. Presently, services sector in India constitutes a tax base with vast potential which has not been exploited as yet. It is in this context that GST is justified as it has subsumed under it almost all the services for the purpose of taxation. Since major Central and State indirect taxes have got subsumed under GST, the multiplicity of taxes has been substantially reduced which, in turn, would decrease the operating costs of the country's tax system.
- The uniformity in tax rates and procedures across the country will go a long way in reducing compliance costs. In a nutshell, GST is a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level.

MEANING OF GST:

As per Article 366 (12A) of the Constitution of India, Goods and Services Tax means a tax on supply of goods or services, or both, except taxes on supply of alcoholic liquor for human consumption. For the time being, GST is not levied on petroleum products.

It is an indirect tax levied on supply of goods and services, except on exempted goods and services. The word used in Article 366(12A) is 'supply' and not 'sale'. Thus, stock transfers, branch transfers will also get covered under GST net. GST is a consumption or destination-based tax. It is payable in the State in which goods and services are finally consumed. Most of the indirect taxes have merged into Goods and Services Tax.

States can levy tax on sale, within the state of alcoholic liquor for human consumption and on petroleum products.

Every registered person/tax payer who makes supply of goods or services or both which were leviable to tax and his aggregate turnover in a financial year exceeds the prescribed limit is required to register himself in the State or Union Territory where he makes a taxable supply.

Goods and Service Tax is chargeable by a registered person/tax payer at the prescribed rates until goods and/or services reach their final destination, i.e. the consumer. After reaching the final destination, i.e., the consumer, they are not further supplied.

OBJECTIVES OF GST:

- To know how GST affects people in Day-to-Day life.
- To know how they were managing the GST in the life.
- To analysis customers perceptions regarding Goods and Services Tax (GST)
- To Simplify the Tax Structure, GST aims to simplify the complex indirect tax structure by replacing multiple taxes with a single tax, reducing compliance costs, and making tax administration more efficient.
- To Create a Common Market, GST creates a common national market by eliminating barriers to inter-state trade, enabling a seamless flow of goods and services across state borders.
- To Promote Economic Growth, GST is expected to reduce the tax burden on businesses, encourage entrepreneurship, and increase investment in the country, thereby promoting economic growth.
- To Ensure Social Justice, GST provides for a uniform tax rate across the country, ensuring social justice and reducing the tax burden on the common man.
- To Improve Tax Compliance, GST is expected to reduce tax evasion by creating a comprehensive and transparent tax system and promoting greater tax compliance among businesses and individuals.
- Investments from outside india were not high because of multiple indirect taxes.
- Introduction of GST and removal of multiple indirect taxes shall increase foreign direct investment (FDI) in India.
- The structure of GST is such that is levied at every stage of sales of goods and/or services.

- It means businesses will be largely through recorded transactions resulting in tax collection by the government due to recorded sales resulting in uplifting GDP.

EVOLUTION OF GST IN INDIA:

- The idea of a Goods and Services Tax (GST) for India was first mooted sixteen years back, during the Prime Ministership of Shri Atal Bihari Vajpayee.
- Thereafter, on 28th February, 2006, the then Union Finance Minister in his Budget for 2006-07 proposed that GST would be introduced from 1st April, 2010. The Empowered Committee of State Finance Ministers (EC), which had formulated the design of State VAT was requested to come up with a roadmap and structure for the GST.
- Joint Working Groups of officials having representatives of the States as well as the Centre were set up to examine various aspects of the GST and draw up reports specifically on exemptions and thresholds, taxation of services and taxation of inter-State supplies.
- Based on discussions within and between it and the Central Government, the EC released its First Discussion Paper (FDP) on GST in November, 2009.
- The FDP spelled out the features of the proposed GST and has formed the basis for the present GST laws and rules.
- In March 2011, Constitution (115th Amendment) Bill, 2011 was introduced in the Lok Sabha to enable levy of GST. However, due to lack of political consensus, the Bill lapsed after the dissolution of 15th Lok Sabha in August 2013.
- On 19th December, 2014, The Constitution (122nd Amendment) Bill 2014 was introduced in the Lok Sabha and was passed by Lok Sabha in May 2015. The Bill was taken up in Rajya Sabha and was referred to the Joint Committee of the Rajya Sabha and the Lok Sabha on 14th May, 2015.
- The Select Committee submitted its report on 22nd July, 2015. Thereafter, the Constitutional Amendment Bill was moved on 1st August 2016 based on political consensus. The Bill was passed by the Rajya Sabha on 3rd August 2016 and by the Lok Sabha on 8th August 2016.
- After ratification by required number of State legislatures and assent of the President, the Constitutional amendment was notified as Constitution (101st Amendment) Act 2016 on 8th September, 2016. The Constitutional amendment paved way for introduction of Goods and Services Tax in India.
- After GST Council approved the Central Goods and Services Tax Bill 2017 (The CGST Bill), the Integrated Goods and Services Tax Bill 2017 (The IGST Bill), the Union Territory Goods and Services Tax Bill 2017 (The UTGST Bill), the Goods and Services Tax (Compensation to the States) Bill 2017 (The Compensation Bill), these Bills were passed by the Lok Sabha on 29th March, 2017. The Rajya Sabha passed these Bills on 6th April, 2017 and were then enacted as Acts on 12th April, 2017. T 2015. 6 on 08.09.2016
- Thereafter, State Legislatures of different States have passed respective State Goods and Services Tax Bills. After the enactment of various GST laws, GST was launched with effect from 1st July 2017 by Sh. Narendra Modi, Hon'ble Prime Minister of India in the presence of Sh. Pranab Mukherjee, the then President of India in a mid-night function at the Central Hall of Parliament of India.

FEATURES OF GST:

- Single Indirect Tax GST is a single, unified tax, meaning you don't have to pay a myriad of other taxes anymore, such as value-added tax, excise duty, service tax, and others. This unification has made tax compliance easier for businesses as well as reduced the cost of several goods and services.
- The GST system applies a single tax rate to goods and services based on their classification under the Harmonized System of Nomenclature (HSN). The GST rates vary depending on the nature of the goods or services and can range from 0% to 28 %.
- Registration exemptions for small businesses, every business with a total turnover exceeding Rs.40 lakhs in a financial year is mandated to register under GST For special category states and the state of Telangana, the

limit is Rs 20 lakhs. For service providers under GST, the threshold limits are Rs.20 lakh and Rs.10 lakh for normal category and special category states, respectively. Small businesses that do not exceed the threshold limits do not need to register under GST and collect and pay taxes. You can refer to this article to understand the individual GST registration threshold limits for every state and Union Territory.

- The tax structure under GST is divided into four rates:
- 5% — Essential goods, such as food items and life-saving drugs
- 12% — Goods such as certain apparel items, packaged food, nuts, medicines, etc.
- 18% — Goods such as electronic items, consumer durables, and most services
- 28% — Luxury and sin goods such as cars, tobacco, and aerated drinks.
- In addition to these four tax rates, there is also a Nil rate imposed on several essential goods, such as food grains, as well as special tax rates of 0.25% and 3% imposed on certain luxury goods like precious stones and jewellery. There are also special rates for taxpayers under the composition scheme.
- The four-tier rate structure intends to bring uniformity in taxation across the country while reducing the cascading effect of taxes and promoting the ease of doing business. However, some experts believe the multiple tax rates complicate compliance and add to business costs.
- The GST composition scheme allows eligible businesses to pay GST at a lower rate on their taxable turnover. It also reduces the number of compliances a business needs to adhere to.
- Manufacturers that have a turnover of up to Rs 1.5 crore are allowed to opt into the composition scheme. In North-Eastern states and Himachal Pradesh, this limit is Rs.75 lakhs. There is also a special composition scheme for service providers with a turnover of up to Rs.50 lakh. However, a business paying tax under the composition scheme cannot claim the input tax credit, as explained in the next pointer.

NEEDS FOR GST:

There are various taxes that have to pay at every stage and differently collected by State and Central Government and rates differ from one state to another. If we talk about GST, it will unified whole nation and taxes will be divided among Central and State Government, which will make easier to provide services and goods across country, as no more additional state taxes will be imposed.

SCOPE FOR GST:

- Taxable Goods and Services - GST typically applies to the supply of goods and services made for consideration within a country's jurisdiction. This includes tangible goods, such as electronics, clothing, and groceries, as well as intangible services like consulting, transportation, and banking.
- Imported Goods and Services - GST often applies to imported goods and services, ensuring that imported items are subject to similar tax treatment as domestically produced goods and services. This helps prevent tax evasion and promotes fair competition among businesses.
- Exemptions and Zero-Rated Supplies - While GST generally applies to most goods and services, certain items may be exempt or zero-rated. Exempt supplies are not subject to GST, while zero-rated supplies are subject to a 0 % tax rate. Examples of zero-rated supplies may include basic food items, exported goods, and certain healthcare services.

LIMITATION OF STUDY:

The Sample size is 100 and cannot be applied to entire population.

GST tax regime may need to be simplified further for small and medium-sized enterprises (SMEs).

Companies with yearly turnover of more than Rs.40 lakhs (for goods) and Rs.20 lakhs (for services) are required to register for GST and pay taxes on their taxable goods and Services.

II. REVIEW OF LITERATURE

1. **Ahmad et al. (2020)**, found that the level of awareness of the GST is still not reached a satisfactory level. This is because the study involved only general questions that should be known by the respondents as end users. This cause the respondents gave high negative perception of the impact of implementation of GST.
2. **Times of India dated (2021)**, stated that the GST implication across different places for the same product has wider differences which the consumers are unaware, resulting them in surprise. Ex: A Rasamalai sold in counter at a shop is taxed with 5% but if it is served in the hotel it is taxed with 18% this has resulted in difference of consumers shopping to purchase the similar products.
3. **Tulu (2021)**, indicate that other factors such as taxpayers’ attitude or morale found to be the result of lack of awareness has found to have little impact on taxpayers’ attitude towards taxation. A lot of individuals or taxpayers might want to comply in full with the tax systems, but are unable to do so because they are not aware of and lack of understanding their full obligations. Even they understand their obligations they may not know how to comply with it because of there is no two-way communications between the authorities and taxpayers. Dup (2014) claimed that the ability of taxpayers to comply with the tax laws have a strong relationship with tax awareness.
4. **Nitin Kumar (2020) studied**, “Goods and Service Tax- A Way Forward” that implementing GST in India would help in removing current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations. Nishita Gupta (2014) in her study stated that by implementing GST would give many benefits to our country which is not given by current tax structure and will benefit the economy.

III. RESEARCH METHODOLOGY:

Research methods refers to the systematic approach and techniques used by researchers to gather, analysand interpret data to answer research questions. It encompasses overall strategy, design, and methods employed in a research study. Methodology outlines the framework for conducting research, including the selection of participants, data collection methods, data analysis techniques, and interpretation of findings.

It is crucial for ensuring the validity, reliability, and credibility of research results.

SOURCE OF DATA

The main source of data for the study was:

Secondary Data

SECONDARY DATA:

The secondary data were collected from articles published in newspaper, internet website, magazines, and journals.

SAMPLING DESIGN:

The data collected are original in nature. It is first-hand information. Samples of 100 respondents of business through internet were selected. The researcher adopted simple random sampling method.

FRAME WORK ANALYSIS:

The information collected was analysed by using the following statistical tool namely:

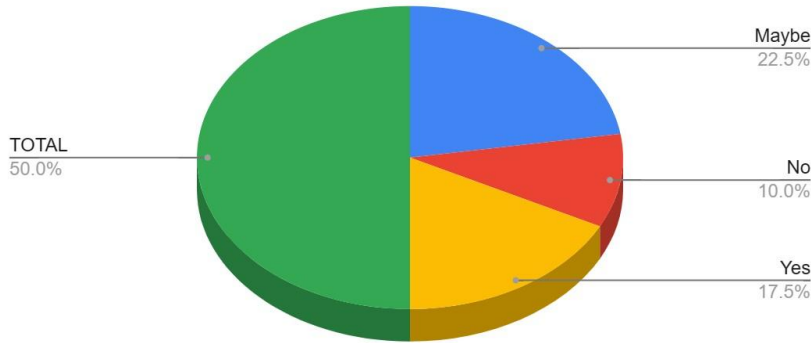
Percentage Analysis.

IV. DATA ANALYSIS AND INTREPRETATION

Table 1: ARE YOU AFFECTING FROM GST DAY TO DAY LIFE?

Options	No of response	Percentage
Maybe	45	45
No	20	20
Yes	35	35
TOTAL	100	100

No of response and Percentage



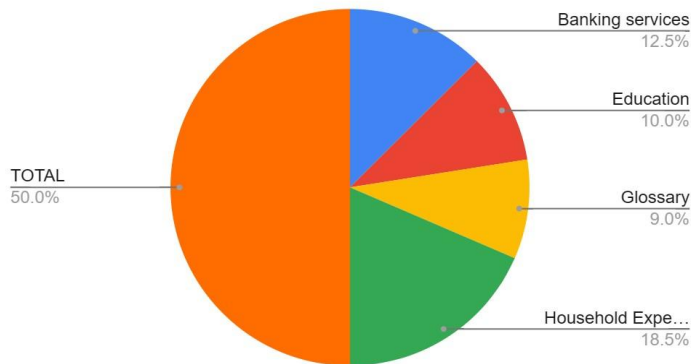
INTREPRETATION:

From the chart we can we observe that 22.5% of people said MAYBE.10.0% of respondents said NO. 17.5% of respondents said YES.

Table : 2 IN WHICH GST IS AFFECTING TO YOUTABLE

Options	No of response	Percentage
Banking services	25	25
Education	20	20
Glossary	18	18
Household Expenses	37	37
TOTAL	100	100

No of response and Percentage



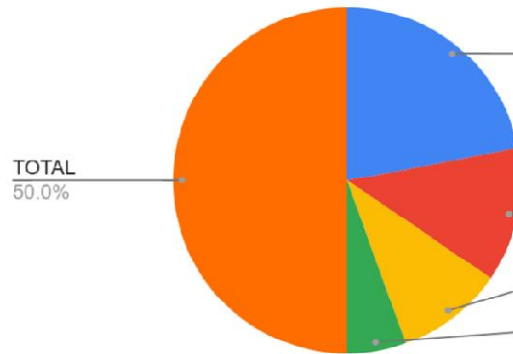
INTREPRETATION:

In the chart we can we observe 12.5% of respondents affecting in Banking services. 10.0% of respondents affecting in Education. 9.0% of respondents affecting in Glossary. 18.5% of respondents affecting in Household Expenses.

Table 3: GST IS TO PAY DIFFICULT BEFORE AND NOW

Options	No of response	Percentage
Agree	44	44
Strongly agree	25	25
Strongly disagree	20	20
Neutral	11	11
TOTAL	100	100

No of response and Percentage



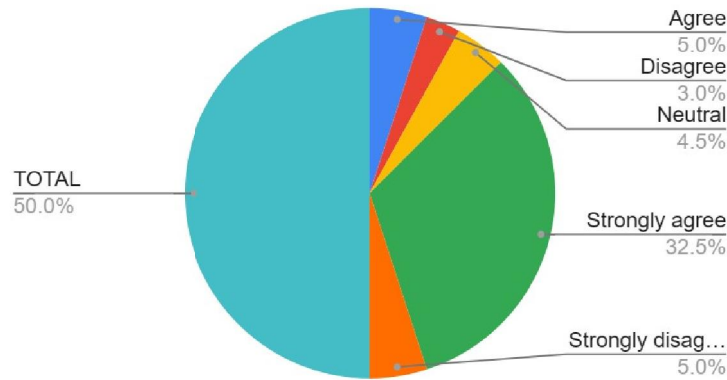
INTREPRETATION:

In the chart we can we observe 22% of respondents are Agree in difficult to pay. 5.5% of respondents have a Neutral level. 12.5% of respondents in difficult to pay strongly agree. 10.0% of respondents in difficult to pay strongly disagree.

Table:4 GST IS A VERY GOOD TAX FORMS FOR INDIA

Options	No of response	Percentage
Agree	10	10
Disagree	6	6
Neutral	9	9
Strongly agree	65	65
Strongly disagree	10	10
TOTAL	100	100

No of response and Percentage



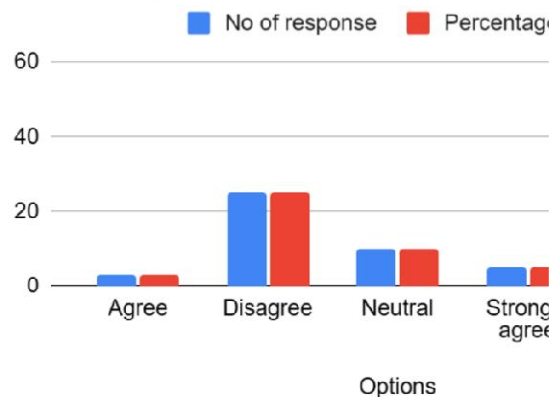
INTREPRETATION:

• In the chart we can we observe 5.0% of respondents are Agree. 3.0% of respondents are Disagree. 4.5% of respondents have a Neutral level. 32.5 % of respondents in strongly agree. 5.0% of respondents in strongly disagree.

Table:5 GST HAS INCREASED THE TAX BURDEN DAY TO DAY

Options	No of response	Percentage
Agree	3	3
Disagree	25	25
Neutral	10	10
Strongly agree	5	5
Strongly disagree	57	57
TOTAL	100	100

No of response and Percentage



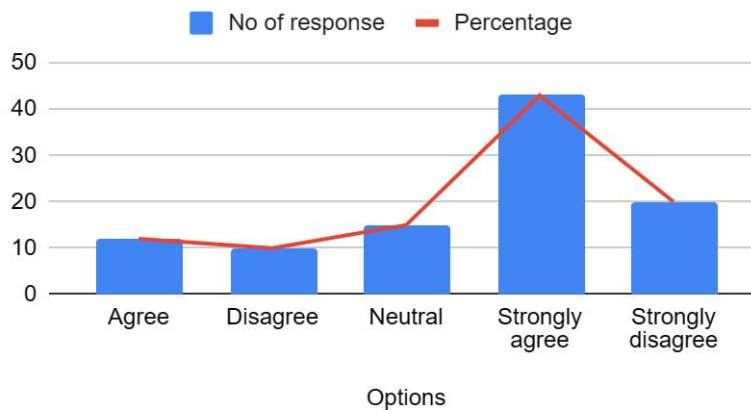
INTREPRETATION:

In the chart we can we observe 3% of respondents are Agree. 25% of respondents are Disagree. 10% of respondents have a Neutral level. 5% of respondents in strongly agree. 57% of respondents in strongly disagree.

Table: 6 GST WILL INCREASE THE TAX COLLECTION OF GOVERNMENT

Options	No of response	Percentage
Agree	12	12
Disagree	10	10
Neutral	15	15
Strongly agree	43	43
Strongly disagree	20	20
TOTAL	100	100

No of response and Percentage



INTREPRETATION:

In the chart we can we observe 10% of respondents are Agree. 9.8% of respondents are Disagree. 10.5% of respondents have a Neutral level.40.1% of respondents in strongly agree. 10.9% of respondents in strongly disagree.

V. FINDINGS AND SUGGESTIONS

- The Principle outcomes of a research project, what the project suggested, revealed or indicated. This usually refers to the totality of outcomes, rather than the conclusions or recommendations drawn from them.
- Majority of 35% respondents are between the ages of 30-45.
- Most of the respondents are Female(55%).
- More than 36% respondents are related to business category.
- 60% of people are not affecting by GST in day to day life.
- Majority of respondents 37% is Household expenses.
- Majority of respondents 44% for smaller businesses,especially in the manufacturing sector have faced difficulties to pay under GST.
- Majority of the respondents 65% have strongly agreed that the GST is a very good tax reforms for india.
- Majority of respondents saying the GST decreases the tax burden day to day.
- Most of the customers saying that the GST will increase the tax collection for the government.
- Most of the respondents saying that the GST encourage the youngsters to save their part of income.
- Respondents are that opinion GST is very good tax reform for India and it is the turning point of the taxation system.
- Most of the customer’s opinion that GST is fair tax. And also GST is predominantly compliance tax.

SUGGESTIONS:

We must do reduce the tax burden on household goods because of stable income of people.

There should be incentive for people who are below poverty line.

We should maintain this same process to GST continuously for customers sake.

VI. CONCLUSION

- This study highlighted the overall overview of GST in friends and relatives. The Government to put in more effort to ensure that Consumers have a clear understanding and develop a positive perception towards GST, leading to its acceptance.
- Good understanding among customers is important as it can generate a positive perception towards the taxation policy.
- In day to day life have to save money from their income. The implementation of GST will demystify the complexity of the taxes associated with the services we use on a daily basis.
- With all that said it will certainly eliminate, or at the very least control, the lack of uniformity in prices and service tariff rates across the country, making it fair for the earning class of every state.
- GST will give more relief to industry ,trade and agriculture through a more comprehensive and wider coverage of input tax set-off and service tax set-off, subsuming of several central and state taxes in the GST and phasing out of CST.
- This is likely to increase the competitiveness of Indian goods and service in the international market and to boost Indian exports.

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