

The Impact/Effects of GST on Consumer Behaviour

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Abstract: *The purpose of this study is to examine the impact of Goods and Services Tax (GST) on consumer behaviour. Goods and Services Tax (GST) is a core tax reform embraced by several nations around the world, redefining the landscape of taxation and significantly affecting consumer behaviour. GST, being a consumption tax, has broad ramification for consumer decision making and market trends. One of its primary effects is increased price consciousness among consumer. The clarity it provides, by showing the tax component in the end price, makes consumers more judicious shoppers. They carefully compare prices and opt for products or services with higher value of money. Consumers show a change in consumption patterns under GST. The structure of the tax rate determines how these preferences like necessary items at lower rates of GST are likely to see heightened demand, while higher rates of luxury or nonessential goods may discourage consumption of such items or encourage individual to seek alternative. Such behaviour changes heavily influence industries and markets. Furthermore, GST encourages the use of digital payments, inspired by the business need to have proper records of transaction and consumers quest for advantages such as input tax credits. This digitization helps to formalize the economy by minimizing cash transactions and increasing transparency. The effects of GST reach beyond prices and modes of payments. It effects consumers choice in favour of firms that comply with GST regulations, making the business environment more compliant and formalized. In addition, initiate cross-border shopping as consumers look for lower tax rates in adjacent regions, which could impact local business and government revenues. The study concludes that, GST isa revolutionary tax system with substantial impacts on consumers behaviour. It creates price sensitivity, alters patterns of consumption, facilitates digital payments and stimulates a preference for compliant enterprises. Nonetheless, it also presents challenges in terms of complexity and equity. It is crucial for policymakers, businesses, and consumers to understand these dynamics as they navigate the changing landscape of taxation and consumption.*

Keywords: Goods and Services tax (GST), Effects, Consumer behaviour etc

