

The Impact of Goods and Services Tax (GST) on Retailers

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Abstract: *The Goods and Services Tax (GST) has significantly transformed the retail sector by consolidating multiple indirect taxes into a single, unified taxation system. This study evaluates the effects of GST on retailers, considering both its benefits and challenges. The research investigates GST's impact on pricing strategies, tax compliance, supply chain efficiency, and profitability. While GST has simplified tax administration, reduced tax evasion, and enhanced transparency, small retailers have encountered difficulties with compliance costs, digital tax filing, and cash flow due to delayed input tax credit refunds. The study adopts a mixed-method approach, incorporating surveys, interviews, and secondary data analysis to assess the real-world implications of GST. Comparative analysis of pre-GST and post-GST business operations indicates that large retailers have gained from the structured tax framework, while small businesses struggle with regulatory burdens. The findings suggest that GST has improved supply chain management and tax compliance, but further policy refinements are necessary to reduce compliance burdens on small businesses. Recommendations include simplifying tax filing processes and expediting tax refunds to support retailers. This study contributes to a broader understanding of GST's impact on the retail sector and provides actionable insights for policymakers.*

Keywords: GST, Retailers, Tax Compliance, Supply Chain, Profitability, Indirect Taxation, Digital Compliance, Small Businesses, Policy Reform, Tax Refunds

I. INTRODUCTION

The introduction of the Goods and Services Tax (GST) has revolutionized taxation in [Country], replacing multiple indirect taxes such as VAT, service tax, and excise duty with a single, comprehensive tax system. The retail sector, a crucial part of the economy, has experienced significant changes in pricing strategies, tax compliance, and supply chain management due to GST. This study explores the implications of GST on retailers, focusing on its advantages and challenges.

Research Objectives

- To examine the impact of GST on pricing strategies and profitability.
- To analyze compliance challenges faced by retailers, particularly small businesses.
- To evaluate GST's influence on supply chain and business operations.
- To provide recommendations for improving GST policies for the retail sector.

II. METHODOLOGY

2.1 Research Approach

This study employs a mixed-method approach, integrating both qualitative and quantitative data collection techniques.

2.2 Data Collection

Primary Data: Surveys and structured interviews with retailers, categorized into small businesses, medium enterprises, and large retail chains.

Secondary Data: Analysis of government reports, academic papers, industry white papers, and tax policy documents.

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2.3 Data Analysis

Comparative analysis of pre-GST and post-GST business performance.

Thematic analysis of qualitative responses to identify trends in GST adoption.

Statistical evaluation of survey responses to measure the impact of GST on profitability and compliance.

III. LITERATURE REVIEW

3.1 Understanding GST and Its Objectives

GST aims to streamline tax collection, enhance compliance, and eliminate cascading taxation effects. Studies indicate that it has significantly improved tax transparency.

3.2 GST's Impact on Retail Business

Research highlights the positive effects of GST in reducing logistics costs, improving inventory management, and simplifying tax compliance. However, smaller retailers struggle with the digital filing process and compliance costs.

3.3 Global GST Implementations

Countries such as Canada, Australia, and Malaysia have implemented GST with mixed results. While compliance has improved, small businesses in these countries have faced adaptation challenges.

IV. ADVANTAGES OF GST FOR RETAILERS

- Simplified tax compliance with a single tax structure.
- Elimination of cascading tax effects, reducing the overall tax burden.
- Improved supply chain efficiency due to seamless inter-state movement of goods.
- Uniform tax rates, providing clarity and predictability in pricing.
- Enhanced transparency and digital invoicing, reducing tax evasion.

V. DISADVANTAGES OF GST FOR RETAILERS

- Increased compliance costs, particularly for small retailers.
- Delayed input tax credit refunds, affecting cash flow and working capital.
- Complex digital filing requirements, making compliance challenging for businesses unfamiliar with technology.
- Frequent changes in tax rates, leading to pricing instability.
- Higher tax burden on certain retail goods, affecting demand and sales.

VI. CHART: COMPARATIVE ANALYSIS OF GST IMPACT ON RETAILERS

Factors	Pre-GST Impact	Post-GST Impact
Tax Compliance	Multiple indirect taxes	Single, simplified tax system
Profit Margins	Higher tax burden	Reduced cascading tax effect
Supply Chain	State-wise tax barriers	Seamless logistics
Cash Flow	Delayed refunds	ITC benefits but refund delays
Retailer Adaptation	Easier for small retailers	Digital compliance challenges



VII. RESULTS & DISCUSSION

7.1 Positive Impacts of GST

- **Elimination of double taxation:** Reduction in overall tax burden.
- **Boost in logistics and inventory efficiency:** No state-wise tax barriers.
- **Greater compliance and transparency:** Digital tax collection ensures fair trade.

7.2 Challenges Faced by Retailers

- **Higher compliance costs:** Small retailers struggle with tax filing software and compliance.
- **Working capital issues:** Delays in ITC refunds impact business liquidity.
- **Pricing instability:** Frequent tax revisions disrupt pricing strategies.

7.3 Comparative Study: Pre-GST vs. Post-GST Retail Business Operations

- **Profitability:** Large retailers benefit from structured taxation, while small businesses face compliance hurdles.
- **Inventory Management:** Supply chain efficiency has improved, but financial liquidity issues persist.
- **Retailer Sentiments:** Mixed responses; large businesses adapted well, while small retailers struggle.

VIII. CONCLUSION

The implementation of GST has significantly altered the retail sector by improving transparency and tax compliance. While larger retailers benefit from the simplified tax structure, smaller businesses face challenges related to compliance, tax filing, and working capital management. The study recommends policy amendments to ease the digital compliance burden and ensure timely tax refunds. Further research should explore the long-term implications of GST reforms on different retail segments.

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