

# TRADER'S ASSESSMENTS ON ENACTMENT OF GOODS AND SERVICE TAX IN KARAİKUDI

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**Abstract:** *GST or Goods and Services Tax as the name implies, it is an indirect tax applied both on goods and services at a uniform rate. This means goods and services will be subject to a uniform tax rate and both will be treated at par. GST is applicable to Professionals, Service providers, Freelancers and Businesses whereas it is not applicable to Salaried Individuals GST has brought a uniform taxation across the country and allows full tax credit from the procurement of inputs and capital goods which can later be set off against GST output liability. This reform gives equal footing to the big enterprises as well as SMEs. The aim of GST is thus to simplify tax hurdles for the entire economy. In the present study were used correlation analysis and percentage analysis and also the researcher has been analyzed the relationship between turnover of the respondent and issues in claiming refund under the GST regime. Result was found that there is a significant relationship between mentioned considered variables such as R2, R5, R7, R9 while for the rest of the variables the significant value is greater than 0.5, hence, the null hypothesis is accepted or there is no significant relationship between turnover of the respondent and issues in claiming refund under the GST regime.*

**Key Words:** *GST, Paint Trader, Service Tax.*

## 1. INTRODUCTION:

India's complex and multi-layered tax structure came to an end with the GST implementation on 1st of July 2017. Goods and Services Tax (GST) is applicable throughout India, which replaced multiple cascading taxes levied by the Central and State Governments. GST is a blanket of Indirect Tax that will subsume several taxes on production, sale and consumption of goods and services at National and State level. It is introduced to replace many indirect taxes and services like State VAT, Central Sales Tax, Entertainment and amusement Tax, Entry Tax, Purchase Tax, Luxury Tax, Tax on Betting, Lottery and gambling by the Indian State and Central Government. GST is consumption based tax, it means that the State in which final sale to consumer is made to entitled to get the tax and is applicable to all goods other than crude petroleum, motor spirit, diesel, aviation turbine fuel and natural gas. GST or Goods and Services Tax as the name implies, it is an indirect tax applied both on goods and services at a uniform rate. This means goods and services will be subject to a uniform tax rate and both will be treated at par. GST is applicable to Professionals, Service providers, Freelancers and Businesses whereas it is not applicable to Salaried Individuals. In a short span of time, all the States (excluding Jammu and Kashmir) approved their State GST (SGST) laws. Union Territories with Legislature, i.e., Delhi & Pondicherry, have adopted SGST Act and the balance 5 Union Territories without Legislatures have adopted Union Territories Goods and Services Tax (UTGST) Act. GST has brought a uniform taxation across the country and allows full tax credit from the procurement of inputs and capital goods which can later be set off against GST output liability. This reform gives equal footing to the big enterprises as well as SMEs. The aim of GST is thus to simplify tax hurdles for the entire economy. The term GST is defined in Article 366 (12A) to mean "any tax on supply of goods or services or both except taxes on supply of the alcoholic liquor for human consumption". In terms of Section 2 (52) of the Central Goods and Services Tax (CGST) Bill "Goods" means every kind of movable property other than money and securities but includes actionable claims, growing crops, grass and other things attached to or forming part of land which are agreed to be severed before supply or under a contract of supply. In terms of Section 2(102) of the Central Goods and Services Tax (CGST) Bill "Services" means anything other than goods, money and securities but includes activity relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged. Thus, all supply of goods or services or both would attract CGST (to be levied by Centre) and SGST (to be levied by State) unless kept out of the purview of GST.

## 2. LITERATURE REVIEW:

**Mawuli (2014)**<sup>1</sup> in his study, Expressed Goods and service Tax An Appraisal “and found that GST is not good that low income countries and does not provide broad growth to poor countries. If still countries want to implementation GST then the rate of GST should be less than 10 % for growth. **Guptha (2014)**<sup>2</sup> in her study, stated that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development. **Pinki et., al (2014)**<sup>3</sup> in his study, Expressed, “Goods and service Tax” Panacea for indirect tax system in India “and concluded that the new NAD government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is backed by strong it infrastructure. **Sehrawat,(2015)**<sup>4</sup> in his study, GST is one of the most crucial tax reforms in India which has been long pending. It was supposed to be implemented from April 2010, but due to political issues and conflicting interests of various stakeholders it is still pending. It is a comprehensive tax system that will subsume all indirect taxes of states and central governments and unified economy into a seamless national market. It is expected to iron out wrinkles of existing indirect tax system and play a vital role in growth of India. This paper presents an overview of GST concept, explains its features along with its timeline of implementation in India. The paper is more focused on advantages of GST and challenges faced by India in execution.

### 3. METHOD:

Research methodology is the way of systematically solving a problem. In the present study, the descriptive and analytical type research design has been administered. Since this research describes the profile of the Paint sellers of traders at Karaikudi. This study is based on both primary and secondary data are collected from the questioner of the Paint trader's views on implementation of GST through structured Questionnaire. Secondary data are collected from the published sources: i.e., books, journals and websites.

#### 3.1 SIGNIFICANCE OF THE STUDY :

The significance of study has to fill the gap that has identified in the previous researchers. Under this study we know that how much level of understanding the GST and opinion towards GST well as traders, taxpayers concerned by GST.

#### 3.2 STATEMENT OF THE PROBLEM:

Tax collection is the backbone of our economy. Effective tax system enhances our country. India set to complaint two years of the roll out of the GST, its biggest tax reform of the wealth, since independence. Authorities are now looking for ways to improve compliance and shore up tax receipts. An independent living and development is the real freedom to State and as the whole country. The State welfare is fully depends on a good taxation system and it should satisfy the canon of taxation in towards the public, traders and the government. When both the Union and States are vested with the authority to levy tax on the same subject matter, difference may arise regarding the understanding, appropriate State to levy tax, rate of tax, sharing of revenue, compensation to States and levy of tax on destination, and impact of new tax system of (GST) goods and services taxes on various business and moreover on common public etc Hence, the present study has made an attempt to the Traders' views on implementation of GST and practices in karaikudi.

#### 3.3 OBJECTIVE OF THE STUDY:

- To analyze the relationship between turnover of the respondent and issues in claiming refund under the GST regime.
- To study the implementations of GST in India
- To offer valuable suggestions for successful implementation of GST

#### 3.4 HYPOTHESES:

**Ho:** There is no significant relationship between turnover of the respondent and issues in claiming refund under the GST regime

<sup>1</sup>Agogo Mawuli “Goods and service tax” , An appraisal paper presented at the PGN taxation research and review symposium. Holiday import Moresby, April 2014

<sup>2</sup> Gupta Nishiyta, “Goods and Service Tax its implementation on Indian economy “volume 5 issues 3 (year 2014)

<sup>3</sup>Pinki, Supriyakamna, RichaVerma “Goods and services Tax”for indirect tax system in India, “Tactful management research journal”, Voll 2, issue 10 July 2014

<sup>4</sup>Sehrawat, M. (2015). " GST in India: a key Tax reform". International Journal of Research - granthaalayah,ISSN- 2350-0530(O) ISSN- 2394-3629(P),Vol.3 (Iss.12), 133-141.

**3.5 SCOPE OF THE STUDY:**

This study is conducted to find out the views of common in to know about their expenditure pattern and the variation. The respondents selected group of Paint Selling Traders .which will give wider difference in understanding. The scope of the study is limited KaraiKudi only to the concerned area of study which cannot be justified for any other place. The area of study is semi-urban

**3.6 SAMPLE DESIGN:**

Convenience sampling technique has been used in this study to decide sample size is 120 Traders in Karaikudi. Structured questionnaire is constructed covering questions based on the objectives of this study. It is used to collect primary data from 120 traders in the Karaikudi town.

**3.7 LIMITATIONS OF THE STUDY**

There are many factors affecting the challenges for the traders’ views on implementation of GST. In this study, only traders factors alone taken for research.

1. The study was conducted within a short period.
2. The accuracy is limited as the data collection was strictly confined to primary sources.

**4. DATA ANALYSIS AND INTERPRETATION:**

**Interpretation**

The table 1 indicates that out of 120 respondents surveyed, 37.5% of the respondents fall under the category of 31-40,15% under the category of above 50.Thus a majority of the respondents fall in the 31-40. The researcher had categorized the respondents based on their educational qualification. Educational qualification is one of the factors which helps researcher to assess the aim of the traders views on implementation on GST. The table 2 indicates that out of 120 respondents, 40(33.3%) of the respondents fall under the category of PG. 16.7% under the category of SSLC. Thus a majority of the respondents fall in the PG. The researcher had categorized the respondents based on their Annual Income Annual income is one of the important factors which helps researcher to assess the aim of the traders views on implementation of GST. From the above table 3 indicates that out of 120 respondents 50.0% of the respondents fall under the category of 25-40 lakhs,8.3% under the category of below 25 lakhs. Thus a majority of the respondents fall in the 25-40 lakhs. The table 4 shows that correlation analysis for turnover of the respondent and issues in claiming refund under the GST regime. The calculated significant value is which is less than .05 for R1,R3,R4,R6,R8, hence null hypothesis is rejected. There is significant relationship between before mentioned considered variables. R2, R5, R7, R9 while for the rest of the variables the significant value is greater than 0.5, hence, the null hypothesis is accepted or there is no significant relationship between turnover of the respondent and issues in claiming refund under the GST regime.

**5. RECOMMENDATIONS:**

**Table - AGE OF THE RESPONDENTS**

Age of the Respondents	Frequency	Percent	Cumulative Percentage
21-30	22	18.33	18.3
31-40	45	37.5	55.83
41-50	35	29.17	85
Above 50	18	15	100.0
Total	120	100.0	

Source: Primary data

**TABLE- EDUCATIONAL QUALIFICATION OF THE RESPONDENTS**

Source: Primary data

Educational qualification of the respondents	Frequency	Percent	Cumulative percent
SSLC	20	16.7	16.7
HSC	40	33.3	50.0
UG	20	16.7	66.7
PG	40	33.3	100.0
Total	120	100.0	

**TABLE- ANNUAL INCOME WISE TRADERS OF THE RESPONDENTS**

Annual Income of the Respondents	Frequency	Percent	Cumulative Percent
Below 25 lakhs	10	8.3	8.3
25-40 lakhs	60	50.0	58.3
41-55 lakhs	20	16.7	75.0
Above 55	30	25.0	100.0
<b>Total</b>	120	100.0	

Source: Primary data

**TABLE- TURN OVER WITH CLAIMING REFUND UNDER THE GST REGIME FOR THE STUDY**

Source: Primary data

		R1	R2	R3	R4	R5	R6	R7	R8	R9
R1	Pearson Correlation	1								
	Sig. (2-tailed)									
R2	Pearson Correlation	-.124	1							
	Sig. (2tailed)	.179								
R3	Pearson Correlation	-.184*	.746**	1						
	Sig. (2tailed)	.044	.000							
R4	Pearson Correlation	.234*	.189*	.081	1					
	Sig. (2-tailed)	.010	.039	.382						
R5	Pearson Correlation	.262**	.092	-.039	.348**	1				
	Sig. (2tailed)	.004	.317	.670	.000					
R6	Pearson Correlation	.195*	.553**	-.539**	.299**	.116	1			
	Sig. (2-tailed)	.032	.000	.000	.001	.205				
R7	Pearson Correlation	-.314**	-.110	.330**	.083	.630**	-.140	1		
	Sig. (2-tailed)	.000	.230	.000	.365	.000	.128			
R8	Pearson Correlation	.342**	.085	.236**	.516**	-.149	.512**	-.217*	1	
	Sig. (2-tailed)	.000	.354	.009	.000	.104	.000	.017		
R9	Pearson Correlation	.132	.000	.091	.000	.039	.405**	.047	.382**	1
	Sig. (2tailed)	.152	1.00	.323	1.00	.670	.000	.610	.000	

**6. CONCLUSION:**

The present study is concluded that the GST rate is the most influencing factors in pricing decision to all products and services. Government has been on reducing 28% to 18% for paint will leads to strength the paints industry. Allowing credits on inter-state purchases and stock transfers is the main positive impact of GST. The researcher has been analyzed the relationship between turnover of the respondent and issues in claiming refund under the GST regime. Result was found that there is a significant relationship between mentioned considered variables such as R2, R5, R7, R9 while for the rest of the variables the significant value is greater than 0.5, hence, the null hypothesis is accepted or there is no significant relationship between turnover of the respondent and issues in claiming refund under the GST regime.

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