

GST KNOWLEDGE ON REGISTERED PERSONS. WITH REFERENCE TO COIMBATORE CITY

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Abstract:

Since GST is implemented suddenly the knowledge about it cannot be measured with the registered persons. This study is done to find out the result because for every new reforms knowledge is an important matter .The present research is exploratory in nature. The study tries to find the registered persons in GST. With a sample size of 100 respondents, the study has been conducted within Coimbatore city. The sampling method was simple random sampling and the data collection tool was a structured questionnaire. The data analysis tools used in the study were factor analysis, cluster, correlation, correlation analysis. Result of the study has a positive knowledge on GST reforms.

Key Words: GST, Registered Person's, Knowledge, Tax Reforms

Introduction:

Indian taxation system has undergone through set of reforms during the previous decade and is still continuing the process through advent of goods and service tax system. The tax rates have been updated and tax laws have been cut down resulting in improved compliance, ease of tax payment and better enforcement. A resonance tax system is very important for development of the public finances of any country, Tax reform is the process of varying the way taxes are composed or managed by the government (Datey, 2017). Taxation plays a significant and important role in the process of advancement and growth of the

country. A number of countries implemented this tax system followed by France, the first country introduced GST. A new story of VAT is Goods and service tax which gives an extensive setoff for input tax credit and subsuming many indirect taxes from national level and state (Poonam, 2017). The GST is introduced not only to get rid of the present patch work of indirect taxes that are partial and suffer from infirmities, mostly exemption and multiple rates but also to improve tax compliance it can be judged by studying the perception of tax payers. So, the study tried to explore the knowledge of Wholesalers, Retailers, Chartered Accountants, and Tax practitioners towards GST and tried to get answer of the following questions, Are they have sufficient knowledge with current vat structure, they are ready to accept GST in place of VAT (Datey, 2017).

Review of Literature:

1. (Asmuni & Yusoff, 2017) Introduction of Goods and Services Tax (GST) in India is a milestone of Indian taxation system. GST is the replacement of existing indirect tax structure into one single method of tax calculation which is directly linked with the manufacturer, distribution and sales of goods and Services in India. The Objectives of the study are to evaluate the difference of current indirect tax system and upcoming GST in India to understand that the effects and the benefits of Goods and Service Tax on various sectors in India.
2. (Ambili, 2018) We know that the prevailing taxes in India are mainly divided into direct taxes and indirect taxes. The indirect taxes levied by central governments are service tax, excise duty, CST, Custom duty etc. and the state governments levying VAT, Entry Tax, Octroi and luxury taxes etc. From July 1st 2017 onwards, all these indirect taxes will be replaced by GST. After a long wait of 10 years, the goods and services tax (GST) is now a reality. Most of the work required for implementation of GST from July 1 has been completed. The GST Act was enacted. GST Laws are mainly consisting of 14 rules. The tax payers will be allotted a state wise pan or GSTIN (Goods and Service Taxpayer unique Identification Number). The people of India are going to be a part of the biggest tax reforms in the history of India. ‘One Nation, One Tax’ is the slogan for GST. Through GST, we can mitigate the ill effects of cascading and pave the way for a common national market. We are expecting an increase in trade volumes and improved tax compliance due to widening of tax base. In this context, it is felt necessary to discuss about some challenges in this regard.

3. (Arora, Marwah, & Sarpal, 2017) The GST will consolidate all state economies. It will be one of the biggest tax reforms to take place in India. The basic idea is to create a single, cooperative and undivided Indian market to make the economy stronger and powerful. The GST will make a significant breakthrough paving way for an all-inclusive indirect tax reform in the country. The main objective of the study is to discuss various transitional provisions in case of GST in India. The main provisions discussed here include basic transitory provisions in GST dealing with migration of existing registrants, amount of CENVAT credit held by Registrants, taking credit of eligible duties on input (not capital good) held in stock, input service distributor, refund in case of tax deposited in various cases and provisions relating to periodic supply, etc. These provisions will help the businessmen in understanding their queries relating to various issues relating to transitional provisions of GST in India.
4. (Bidin & Marimuthu, 2016) The goods and service tax is a major transformational move leading to a new tax regime. The new structure will result into “one country, one tax”. Goods and Service tax is a destination based tax applied on sale of goods and services rather than manufacture/production. The game changer GST will provide seamless input tax credit at all levels of value addition leading the ultimate consumer to bear the GST of only the last dealer. It would lead to abolition of multiple taxes applied in the present tax structure leading to mitigation of cascading effect of taxes, widening of tax base, ease of doing business, increased competitiveness of domestic products. With the roll out of GST on July 1, 2017, a plethora of opinions and views have aroused. The understanding and cooperation in the implementation of GST is crucial for the people of the nation as it has a major impact on them. Youth are the pillars of the nation who will lead a better tomorrow. Therefore, this paper carries a study to identify the level of awareness and opinion regarding the new tax regime among the youth of India. With a random sample, questionnaire based survey was adopted as a tool for the study.
5. (Bidin & Marimuthu, 2016) Tax has been recognized as one of the main sources of governments’ income. Goods and Services Tax (GST) is an example of tax that contributes to the governments’ income. Is tax has been implemented in many countries such as Canada, Australia and New Zealand. GST is a tax imposed on the sale of goods and services. In recent years, this issue on GST has been raised by the Malaysian Government as an approach to reduce its deficit. However, the Malaysian Government is still finding the right time to implement GST as they are still conducting studies on the

social impact of GST. This study attempts to investigate Malaysian awareness towards the upcoming of GST implementation.

Problem Statement:

GST is deemed as one of the steps in making India as a country which has a high income tax system, comprehensive, efficient, transparent and business-friendly. It is also considered the world's best tax system based on the implementation of the country which has implemented the GST. GST has just being applied in India. The government and its crew are still in their way to spread out the information of GST in order to combat confusion among people (Duman & Mohankumar, 2017). Sales and contracts are made almost every day and some of these transactions required people to pay the GST. It is an issue if people are still unaware or confuse with the tax system of GST and become worst when people ignore and boycott not to pay the tax. This paper is focusing on the knowledge on GST among register persons in Coimbatore city. GST is a popular issue that is being discussed by people day to day, it is necessary to know whether the register persons are have knowledge on various aspects of GST reforms.

Objective of the study

- To evaluate the level of knowledge of GST among the registered person's

Research methodology

The research is descriptive in nature. Descriptive research involves describing the characteristics of the population without attempting to change the environment. The present study measures the register person's knowledge on various aspect of GST. Both primary and secondary data are used in the study. Primary data have been collected from 100 registered persons a well-structured interview schedule. Secondary data used for theoretical background of the study. 14 scale questions used for this study. Simple random sampling technique followed by this study. Factor analysis, cluster analysis, correspondence analysis and correlation analysis used in this study all the analysis done by R studio.

Reliability test

Cronbach's Alpha	N of Items
.838	14

It can be inferred from above table that Cronbach alpha value of all constructs exceeds the threshold limit of 0.6 (Nunnally, 1978). Hence, all the variables included under the construct possess the desirable internal consistency and are reliable for further analysis.

Analysis and interpretation

Factor analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.757
Bartlett's Test of Sphericity	Approx. Chi-Square	461.764
	df	91
	Sig.	.000

Above from the Table shows the results of KMO and Bartlett's Test of Sphericity. Extracted KMO value is 0.757, which is higher than the acceptable threshold of 0.5. Chi-square derived from Bartlett's Test of Sphericity is also high at 461.764 and significant at $p < 0.05$ thereby confirming that the data is satisfactory enough to perform factor analysis.

Variance Explained

Component	Eigenvalues	% of Variance	Cumulative %
1	4.843	34.596	34.596
2	1.469	10.490	45.086
3	1.203	8.595	53.681

Above table presents the factor extraction with satisfactory Eigenvalue score greater than 1 and the percentage of variance explained by these factors. First factor accounts for 34.596 percent of the variance extracted. Second factor accounts for 10.490 percent and third factor contributes about 8.595 percent of the total variance. All three factors explain 53.681 of total

variance, which is significantly good enough to explain the construct validity of the fourteen items to the construct.

Rotated Component Matrix

	Component		
	1	2	3
Content of the Forms	.795		
Appeal Procedure	.753		
Maintenance of Record	.730		
Input Tax Credit	.599		
Input Tax Credit	.581		
Periodical Return Filling		.574	
E-Way Bill		.804	
Computation of Taxable Turnover		.716	
Job Work		.628	
Deposit of Security			.750
Registration Procedure			.712
Assessment of Tax			.529
Mode of Payment			.840
Refund of Tax			.558

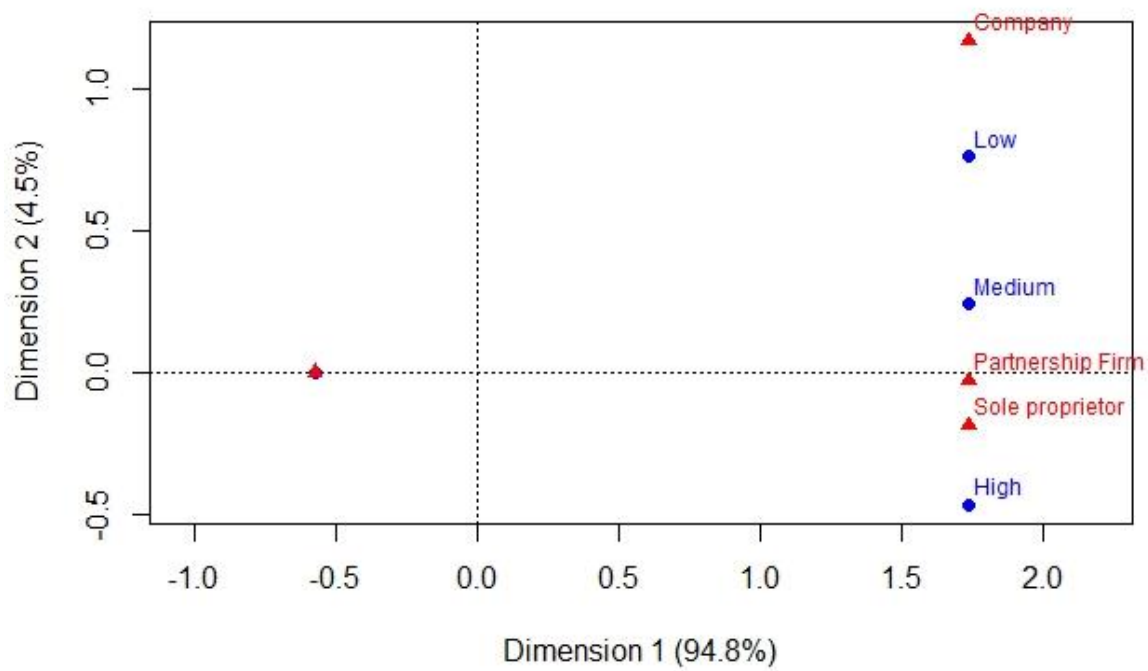
Above table shows factor loadings of three factors extracted through factor analysis. First factor consists of five sub-factors; Appeal Procedure, Content of the Forms, Maintenance of Record, Input Tax Credit and Input Tax Credit. First factor is named as 'New reforms' as it contains items that explain many of the new armaments of GST. Second factor contains four sub-factors; Periodical Return Filling, E-Way Bill, Computation of Taxable Turnover and Job Work. Hence, it is named as 'Pay related'. Finally, third factor contain a five item; Deposit of Security , Registration Procedure , Assessment of Tax , Mode of Payment and Refund of Tax, hence the factor is named as 'Maintenance related'. It is therefore concluded that registered persons knowledge have three knowledge inGST – New reforms, Pay related, Maintenance related.

Cluster analysis

Final Cluster Centres					
Factors	Cluster			Annova	
	1	2	3	F	Sig.
New Reforms	2.62	3.47	4.35	103.945	.000
Pay related	3.42	3.81	4.44	37.388	.000
Maintenance related	3.12	3.76	4.48	67.464	.000
Mean	3.05	3.68	4.42		
No of respondents	12	45	43		
Percentage	12	45	43		

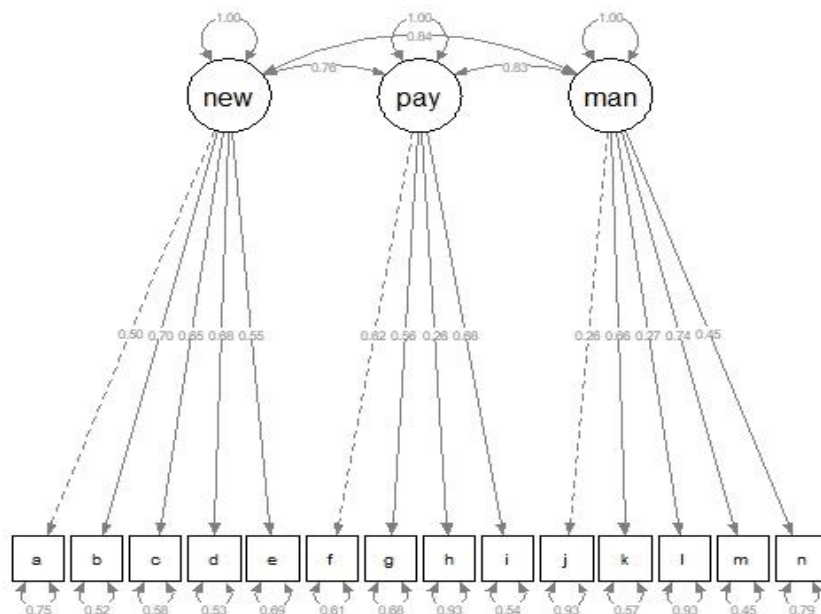
Inferred from the above table shows the results of K-means cluster analysis segmenting registered persons into three clusters. The first cluster or one-tenth of the persons (12%) is named as 'Low knowledge' because the mean score for all three factors is low compared to other cluster groups. Second cluster groups half of persons and is named as 'moderate or medium knowledge' because for mid mean score in all three factors. The third cluster group less than half of the persons (45%) is named as 'high knowledge' cluster groups as it is found with high mean score on all information sources. Observation of F value shows that information through outreach activities is the most significant information source used by registered persons to inform potential knowledge persons. However, all information sources are found with high and satisfactory F values. However, those three factors found to be significant at 0.000. This means that all sources are significantly contribute to segmentation of bankers into three clusters.

Correspondence analysis



Above figure shows the correspondence analysis examining the relationship between type of organisation and knowledge of various aspect of GST reforms.

Correlation analysis



Correlations				
		New Reforms	Pay related	Maintenance related
New Reforms	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	100		
Pay related	Pearson Correlation	.765**	1	
	Sig. (2-tailed)	.000		
	N	100	100	
Maintenance related	Pearson Correlation	.844**	.836**	1
	Sig. (2-tailed)	.000	.000	
	N	100	100	100
**. Correlation is significant at the 0.01 level (2-tailed).				

The correlation between new reforms and pay related is $r = 0.765$ and significant values is 0.000, new reforms and maintenance related is $r = 0.844$ and significant values is 0.000 and maintenance and pay related is $r = 0.836$ and significant values is 0.000. This indicates that new reforms, pay related and maintenance related factors are not independent to each other. Here those variables value are above 0.7 so it is considered to be a strong correlation between this variables.

Suggestions and conclusion

The present study on GST is all about the registered person’s knowledge in various aspects of GST reforms. The result of cluster analysis shows that almost all the persons have knowledge in new reforms that happened everywhere since GST has newly implemented tax system so that the registered persons can learn slowly. On the other side the result of correspondence analysis shows sole proprietorships have high knowledge, partnership firm have medium knowledge and companies have low knowledge because small scale industries are doing their tax filling on their own, but companies have separate department or they have auditors, therefore they don’t have much knowledge in GST reforms. Correlation analysis shows all the three variables have a strong relationship, and those variables are important for indirect tax filling. This study concludes that most of the registered persons have a sufficient knowledge in new tax reforms of GST.

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