

Impact of GST on Business: A study of perception of Chartered Accountants of Punjab



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The implementation of Goods and Services Tax (GST) is a landmark in the history of Indian taxation since independence. This new GST law has made revolutionary reforms in the existing taxation system and impacted the economy and business transactions in various ways. This research has been undertaken with the purpose of understanding the perception of Chartered Accountants regarding the impact of GST on businesses in India. The data for the study was collected from 209 respondents and the results revealed that Chartered Accountants have a positive perception about the influence of GST on business and opine that GST has impacted the business by enhancing financial feasibility, procedural effectiveness, and ease of doing business.

Introduction

GST was introduced in India on 1st July 2017 by making the 101st amendment and inserting Article 246A in the Constitution. GST has simplified the existing tax structure in India by subsuming various central taxes such as excise duty, service tax, and state taxes such as Central Sales Tax (CST), Value-Added Tax (VAT), and numerous other indirect taxes (Rajeseakaran & Pavithran, 2020). It also resulted in the ease of doing business as it has removed various barriers to the free movement of goods and the factors of production from one state to another. It has transformed the whole country into a unified economic market.

GST is a multistage tax levied on value addition and has the provision of an Input Tax Credit (ITC) mechanism which allows

the set off of the input tax paid against the output tax liability. This ITC mechanism has resulted in eradicating the cascading effect (Revathi, Madhushree & Sreeramana, 2019) and a reduction the tax burden on consumers. (Lincy & Kanthi, 2019). GST law has lowered procedural and compliance costs and reduced corruption and tax evasion by bringing more transparency in the taxation system (Tondon & Tondon, 2017). GST implementation in India has been beneficial for various sectors of society in the short run and will be much more beneficial for all sectors of society in the long run (Deepaware & Dwivedi, 2022).

Review of Literature

A number of studies have been conducted in India to evaluate the impact of GST on various aspects of the Indian economy. Sharma and Indapurkar (2020)



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investigated the awareness and perception of small traders regarding GST and found that there is the lack of initiatives taken by the government to sensitize and educate respondents regarding the new tax laws. Agrawal (2019) concluded in his study that there is the reduction in the transportation cost and prices of goods due to GST implementation in the case of FMCG companies. Sharma & Singh (2018) conducted a comprehensive study on the industry and concluded that respondents are finding GST procedures complex and time-consuming. Das (2020) executed research to understand the perception of consumers about the impact of GST on prices and found that the majority of consumers hold a neutral opinion regarding reduced prices of goods and services in post-GST era. Kiran and Somasekharan (2019) observed in their study that the majority of businessmen are satisfied with the software equipped to handle GST procedures but hold the opinion that GST has not resulted in a change of MRP as projected in the GST policy document.

Relevance of the study

GST is a remarkable step towards a comprehensive indirect tax reform in the country. Since its implementation, GST has been deliberated across various stakeholders. The review of the literature on GST has highlighted that there has been a wide gap between the vision of the government and the way this law has been perceived by the different stakeholders. Among these stakeholders, Chartered Accountants are privileged to be well-versed with the scope of GST implementation in India. They are actually involved in the execution of GST and act as a major conduit between government and taxpayers. Therefore, when it comes to analysing the impact of GST on business it is a judicious decision to include the perspective of Chartered Accountants. A number of studies have been conducted on GST to date but most of them intended to explain the importance of GST for the economy and taxpayers. The researcher has come across no study that evaluates the opinion of Chartered Accountants regarding GST implementation with a focus on the business sector. Therefore, the study has been undertaken to study the perspective held by Chartered

Accountants with regard to their perception of how GST has contributed to the growth and expansion of business in India. The study further explores how gender, age, and experience of Chartered Accountants influence their perception of GST.

Objectives of the study

- To study the impact of GST on financial feasibility in business as perceived by Chartered Accountants and its relation with the demographic characteristics of the respondents.
- To study the impact of GST on the procedural effectiveness of business as perceived by Chartered Accountants and its relation with the demographic characteristics of the respondents.
- To study the impact of GST on ease of doing business as perceived by Chartered Accountants and its relation with the demographic characteristics of the respondents.

Hypotheses

- Demographic characteristics of Chartered Accountants influenced their perception regarding the impact of GST on financial feasibility in business.
- Demographic characteristics of Chartered Accountants influenced their perception regarding the impact of GST on the procedural effectiveness of business.
- Demographic characteristics of Chartered Accountants influenced their perception regarding the impact of GST on ease of doing business.

Research Methodology

This descriptive research has been conducted on the Chartered Accountants practicing in the State of Punjab. The sample respondents (209) have been randomly selected and the distribution has been shown in Table 1.

Table 1 shows that data for the study has been collected from 66% male Chartered Accountants. Almost equal

Table 1: Sample distribution

Group	Gender		Age			Experience				Total
	Male	Female	21-35	35-50	Above 50	0-10	10-20	20-30	Above 30	
N	138	71	68	67	74	47	28	91	43	209
%	66	34	32.5	32.1	35.4	22.5	13.4	43.5	20.6	100

(Source: Compiled data)

representation has been made from the age groups. 43.5% of respondents fall in the experience group 20-30 years followed by 22.5% with less than 10 years of experience.

The impact of GST on business in India has been evaluated on a 5-point Likert scale developed by the researcher. The scale intends to cover the impact of GST on following three parameters:

Financial feasibility: It covers the impact of GST on the cascading effect of taxes, tax burden, prices for goods and services, cost of doing business, working capital requirement, and overall profitability of the business.

Ease of doing business: It includes the statements related to clarity in GST rates of goods and services, movement of goods from one state to another, delivery time involved in the case of goods, stock transfers between distinct persons, and scope for expansion of business.

Procedural Effectiveness: It encompasses the opinion of Chartered Accountants with respect to the procedure for registration & invoice preparation, the process for payment of taxes, the refund process and processing time involved, compliance time and compliance costs, etc.

The collected data has been analysed with respect to demographic characteristics (gender, age and experience) using statistical tools viz, t-test and ANOVA.

Table 2: Descriptive statistics for total sample

		Statistic	Std. Error
Financial feasibility	Mean	3.5837	.06920
	Median	3.8000	
	Std. Deviation	1.00035	
	Minimum	1.00	
	Maximum	5.00	
	Skewness	-.628	.168
	Kurtosis	-.509	.335
Procedural effectiveness	Mean	3.5549	.05567
	Median	3.4200	
	Std. Deviation	.80484	
	Minimum	2.00	
	Maximum	5.00	
	Skewness	.165	.168
	Kurtosis	-.345	.335
Ease of doing business	Mean	3.9046	.04668
	Median	3.7100	
	Std. Deviation	.67483	
	Minimum	2.28	
	Maximum	5.00	
	Skewness	.448	.168
	Kurtosis	-.881	.335

(Source: Compiled data)

Table 3: Descriptive statistics and t-statistics – Financial feasibility with respect to gender

Group	N	Mean	S.D	t-stat	Remarks
Male	138	3.5739	.94021	-0.197	Non-significant
Female	71	3.6028	1.11483		
Total	209	3.5549	.80484		

(Source: Compiled data)

Results

The descriptive statistics in the case of all variables (financial feasibility, procedural effectiveness, ease of doing business) covered in the study are depicted in Table 2. The mean score for financial feasibility is 3.58, procedural effectiveness mean score is 3.55, and ease of doing business mean score is 3.90 with standard deviations of 1.00, 0.80, 0.67, and median 3.80, 3.42, 3.71 respectively. The skewness for financial feasibility, procedural effectiveness, and ease of doing business is -.628, .165, .448 and the standard error of skewness is 1.68. The negative values of skewness indicate negatively skewed data and positive values indicate positively skewed data. The value of kurtosis was -0.509, -0.345, -.881, and the standard error of kurtosis was .335. The negative value of kurtosis indicated that the distribution curve is platykurtic. The values of

kurtosis and skewness for all variables fall within the satisfactory array of -2 to +2 (Bachman, 2004). Besides, the standard error of skewness and kurtosis also falls within the acceptable range of -1.96 to +1.96 (Peat & Barton, 2008). As all the values lie within the norms, hence, it can be interpreted that data used in the study is normally distributed. This lays down the foundation of applying parametric tests (t-test, ANOVA).

The results in Table 3 indicate that the opinion of male and female Chartered Accountants is similar (Male: Mean = 3.57, Female: Mean=3.60) regarding financial feasibility. The application of the t-test also signifies the non-existence of differences in the perception of male and female Chartered Accountants of Punjab with regard to the influence of GST implementation on financial feasibility in the business sector ($t = -0.197, p > .000$).

Table 4: Descriptive statistics and F-statistics – Financial feasibility with respect to age

Group	N	Mean	S.D	F-stat	Remarks
21-35	68	4.1824	.63691	37.624	Significant
35-50	67	3.6866	.97311		
Above 50	74	2.9405	.92735		
Total	209	3.5549	.80484		

(Source: Compiled data)

Table 4 depicts that young Chartered Accountants have the highest level of perception regarding financial feasibility (21-35: Mean = 4.18) in comparison to others (35-50: Mean=3.69; Above 50: Mean= 2.94). The use of the F-test

indicates that there exists a significant difference in age-based perception of Chartered Accountants of Punjab with regard to the influence of GST implementation on financial feasibility in the business sector ($F = 37.624, p < .000$).

Table 5: Descriptive statistics and F-statistics – Financial feasibility with respect to experience

Group	N	Mean	S.D	F-stat	Remarks
0-10	47	4.0511	.81344	4.675	Significant
10-20	28	3.4929	1.15660		
20-30	91	3.4308	.96881		
Above 30	43	3.4558	1.02104		
Total	209	3.5549	.80484		

(Source: Compiled data)

Table 5 depicts that fresh Chartered Accountants have the highest level of perception regarding financial feasibility (0-10: Mean = 4.05) in comparison to experienced Chartered Accountants. The use of the F-test highlights that there exists a significant difference in the experienced-based perception of respondents of Punjab with regard to the influence of GST implementation on financial feasibility in the business sector ($F=4.675$, $p<.000$).

On the basis of the above results (Table 3 to 5) hypotheses 'Demographic characteristics of Chartered Accountants influenced their perception regarding the impact of GST on financial feasibility in business' stands accepted only for the age and experience of respondents.

Table 6 Descriptive statistics and t-statistics – Procedural effectiveness with respect to gender

Group	N	Mean	S.D	t-stat	Remarks
Male	138	3.4717	.81465	-2.099	Significant
Female	71	3.7165	.76536		
Total	209	3.5549	.80484		

(Source: Compiled data)

The results in Table 6 depict the higher perception among female Chartered Accountants regarding procedural effectiveness. (Male: Mean = 3.47, Female: Mean=3.72). The application of the t-test also indicates that there

exists a significant difference in the perception of male and female Chartered Accountants of Punjab with regard to the influence of GST implementation on procedural effectiveness in the business sector ($t= -2.099$, $p<.000$).

Table 7: Descriptive statistics and F-statistics – Procedural effectiveness with respect to age

Group	N	Mean	S.D	F-stat	Remarks
21-35	68	3.8691	.79669	15.771	Significant
35-50	67	3.6527	.69503		
Above 50	74	3.1776	.76243		
Total	209	3.5549	.80484		

(Source: Compiled data)

Table 7 depicts that young Chartered Accountants have the highest level of perception (21-35: Mean = 3.87) regarding procedural effectiveness in comparison to others (35-50: Mean=3.65; Above 50: Mean= 3.18). Further F-test indicates that there exists

a significant difference in age-based perception of Chartered Accountants of Punjab with regard to the influence of GST implementation on procedural effectiveness in the business sector ($F=15.771$, $p<.000$).

Table 8: Descriptive statistics and F-statistics –Procedural effectiveness with respect to experience

Group	N	Mean	S.D	F-stat	Remarks
0-10	47	4.1402	.74946	13.127	Significant
10-20	28	3.4943	.50797		
20-30	91	3.4056	.82108		
Above 30	43	3.2705	.68211		
Total	209	3.5549	.80484		

(Source: Compiled data)

Table 8 depicts that less experienced respondents have the highest level of perception (0-10: Mean = 4.14) regarding procedural effectiveness in comparison to more experienced respondents. Further, the F-test highlights that there exists a significant difference in the experienced-based perception of Chartered Accountants of Punjab with regard to the influence of

GST implementation on procedural effectiveness in the business sector ($F=13.127$, $p<.000$).

On the basis of the above results (Table 6 to 8) hypotheses 'Demographic characteristics of Chartered Accountants influenced their perception regarding impact of GST on procedural effectiveness in business' stands accepted.

Table 9: Descriptive statistics and t-statistics –Ease of doing business with respect to gender

Group	N	Mean	S.D	t-stat	Remarks
Male	138	3.9278	.67869	.691	Non-significant
Female	71	3.8596	.66974		
Total	209	3.5549	.80484		

(Source: Compiled data)

The results in Table 9 depict the same level of perception among male and female respondents. (Male: Mean = 3.93, Female: Mean=3.86) regarding ease of doing business. The use of a t-test indicates that there exists

no significant difference in the perception of male and female Chartered Accountants of Punjab with regard to the influence of GST implementation on ease of doing business ($t=0.691$, $p>.000$).

Table 10: Descriptive statistics and F-statistics – Ease of doing business with respect to age

Group	N	Mean	S.D	F-stat	Remarks
21-35	68	4.0932	.68442	4.208	Significant
35-50	67	3.8457	.68239		
Above 50	74	3.7846	.62903		
Total	209	3.5549	.80484		

(Source: Compiled data)

Table 10 depicts that young Chartered Accountants have the highest level of perception (21-35: Mean = 4.09) in comparison to others (35-50: Mean=3.85; Above 50: Mean= 3.78) regarding ease of doing business. F-stat

indicates that there exists a significant difference in age-based perception of Chartered Accountants of Punjab with regard to the influence of GST implementation on ease of doing business ($F=4.208$, $p<.000$).

Table 11: Descriptive statistics and F-statistics – Ease of doing business with respect to experience

Group	N	Mean	S.D	F-stat	Remarks
0-10	47	4.3291	.63124	10.445	Significant
10-20	28	3.6036	.59468		
20-30	91	3.8630	.66222		
Above 30	43	3.7247	.59394		
Total	209	3.9046	.67483		

(Source: Compiled data)

Table 11 depicts that fresh Chartered Accountants have the highest level of perception (0-10: Mean = 4.32) regarding ease of doing business in comparison to experienced Chartered Accountants. F-test highlights that there exists a significant difference in the experience-based perception of Chartered Accountants of Punjab with regard to the influence of GST implementation on ease of doing business ($F=10.445, p<.000$).

On the basis of above results (Table 9 to 11) hypotheses 'Demographic characteristics of Chartered Accountants influenced their perception regarding impact of GST on ease of doing business' stands accepted only for the age and experience of respondents.

Discussion

The results have highlighted that the majority of Chartered Accountants believe that GST has positively impacted the business sector in terms of financial feasibility, procedural effectiveness, and ease of doing business. Respondents have a strong positive perception about the influence of GST on financial feasibility in business. Thus, it can be inferred that GST has mitigated the cascading effect, reduced the tax burden, cut down the cost of doing business, decreased the working capital requirements, and has led to improved overall profitability of the business houses. Chartered Accountants agree with the notion that GST has improved procedural effectiveness as it has introduced simplified procedures for registration, preparation of invoices, payment of taxes, filing of returns and claiming refunds, facilitated cross-verification of returns, and has also reduced compliance time and compliance cost for the business units. In terms of ease of doing business, respondents hold the opinion that the implementation of GST in India helped in the free inter-state movement of goods and the factors of production, eliminated ambiguity between goods and services, reduced the delivery time for goods, eased the expansion of business, relieved the business operations for multi-state organizations and cut down the scope for litigations between the taxpayer and the government.

Comparing the perception of Chartered Accountants on the basis of their gender, age, and experience it has been found that both male and female respondents have similar perception regarding the influence of GST on financial feasibility and ease of doing business but in the case of procedural effectiveness in business female respondents have high perception than male respondents. Age and experience are found to be the crucial factors influencing their perception. It has been observed that young Chartered Accountants are more positive about the impact of GST on financial feasibility, procedural effectiveness, and ease of doing business

Chartered Accountants agree with the notion that GST has improved procedural effectiveness as it has introduced simplified procedures for registration, preparation of invoices, payment of taxes, filing of returns and claiming refunds, facilitated cross-verification of returns, and has also reduced compliance time and compliance cost for the business units.

in comparison to Chartered Accountants of upper age groups. Also, fresh Chartered Accountants have been found more optimistic about how GST has influenced the various components of business than experienced Chartered Accountants.

Conclusion

The study has been conducted with the purpose of understanding Chartered Accountants' perception regarding the extent of influence created by GST implementation on financial feasibility, ease of doing business, and procedural effectiveness in the business sector. A wide range of opinions has been collected by approaching to both male and female Chartered Accountants falling in different age groups and having varied levels of experience. The study has concluded that GST has improved financial feasibility, procedural effectiveness, and ease of doing business for the businessmen. The perception of Chartered Accountants who play a key role in the successful and widespread implementation of GST has been found quite positive. The positive perception of Chartered Accountants indicates that GST has played a significant role in improving efficiency and effectiveness of business units which will eventually escalate the overall development of the Indian economy.

Implications of the study

The study has wider implications for businessmen, consumers in general, and policy-makers in particular. The study put stress on the need to improve the GST provisions to further enhance the perception of different stakeholders. Reviewing GST slabs, technical structure of the GST portal, the process for claiming refund, the return filing process, provisions related to the Input tax credit, and complex HSN structure would improve the impact of GST on financial feasibility, ease of doing business, procedural effectiveness for the business sector.



Limitations and direction for future research

The study is restricted to understanding how far the objectives of GST as laid down in the policy document have been accomplished. This has been done by covering the opinion of Chartered Accountants who are experts in this specific field and act as mediators between the businessmen and government. Future studies can cover the opinions of other stakeholders like consumers, businessmen, government. The study does not cover the implementation issues in GST which itself is a broad topic to be covered in further studies. The impact of GST on various indicators of national growth can also be covered by future studies in this field.

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