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Awareness and Perception of Tax Payer's towards Goods and Service Tax – a Study

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Abstract

The introduction of the Goods and Services Tax (GST) in 2017 marked a significant shift in India's taxation landscape. GST aimed to simplify the complex indirect tax structure, promote economic growth, and enhance the ease of doing business. However, the success of GST hinges on the awareness and perception of the public, including taxpayers, businesses, and consumers. But, Some of the people are not ready to accept the implementation of GST because in India most of the people are middle class they feel that the tax rates are high for the products of daily use and methods being followed for GST is highly complicated for them due to lack of awareness about GST. This study seeks to explore the level of awareness and perception of the public towards before and after implementation of GST, examining the factors that influence their understanding and attitudes towards this tax reform. By investigating the public's awareness and perception, this research aims to provide insights into the challenges and opportunities surrounding GST implementation and identify strategies to improve public understanding and compliance.

Key Words: GST, Tax payers, Business and Consumers.

1.Introduction:

The “one nation one tax” reform as proclaimed by Finance Minister, Arun Jaitley, has been 16 years in the making as it was initially proposed by the prime minister of India, Atal Bihari Vajpayee, back in 2000. The unified GST is proposed to come into effect from July 1, 2017. The term GST stands for “goods and services tax”, as the name implies 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. A single form of tax known as GST or goods and

services tax will be applied through the country, replacing a number of other indirect

taxes like VAT, services tax, CST, CAD etc. so, a bundle of indirect taxes got replaced by a new tax in india known as GST or goods and services tax. Hence, leading to a much simplified tax regime as compared to the earlier complicated tax structure comprising of numerous taxes. In India GST is a “Dual GST” with both central GST and state GST components levied on the same base. If supply takes place within the state, Central GST + state GST will be charged; and if supply takes place from one state to another,

IGST will be charged. To maintain the uniformity across India, GST council has been created. In spite of there being almost 33 statutes, including one each for every state, there are, to maintain uniformity, same provisions and charging sections, same set of rates of tax, same procedure and manner of compliance and same penal actions, in all the states.

As and when a new reform or bill comes and a new law is imposed, it surely leaves its impact especially on the common man. It is ultimately the common man who is directly or indirectly affected by the implementation of any new tax. And this time too there's no exception; they common man had to get ready for the imprecations. Who is the common man here? This includes not only the final consumer of goods but all the small trades and service providers who are directly affected after the introduction of GST.

GST slab rates:

0% Tax Slab: Essential goods and services, such as: Fresh fruits and vegetables, Milk and dairy products, Bread and cereals, Healthcare services and Education services etc. 5% Tax Slab: Skimmed milk powder, Tea and coffee, Spices and herbs, Medicines and pharmaceuticals, Rail and road transportation services etc.,

12% Tax Slab: Butter and cheese, Dry fruits and nuts, Oil seeds and spices, Footwear and leather goods, Services provided by restaurants and hotels etc.,

18% Tax Slab: Hair oil and shampoo, Soaps and detergents, Toothpaste and toothbrushes, Computers and laptops, Telecommunication services etc.,

28% Tax Slab:- Luxury cars and SUVs, Air conditioners and refrigerators, Washing

machines and dishwashers, Cement and steel, 5-star hotel services etc.,

Positive impact of GST:

Economic Benefits:

1. Simplified Taxation: GST simplified the indirect tax structure, reducing complexity and compliance costs.
2. Increased Tax Revenue: GST broadened the tax base, leading to increased tax revenue for the government.
3. Improved Economic Efficiency: GST reduced cascading taxes, promoting economic efficiency and competitiveness.
4. Boost to GDP: GST is expected to boost India's GDP by 1-2% in the long run.

Business Benefits:

1. Reduced Compliance Costs: GST reduced the number of taxes and compliance costs for businesses.
2. Improved Supply Chain Efficiency: GST enabled businesses to optimize their supply chains and reduce logistics costs.
3. Increased Competitiveness: GST reduced taxes on inputs, making Indian businesses more competitive globally.
4. Easier to Do Business: GST simplified the tax system, making it easier for businesses to operate in India.

Social Benefits:

1. Reduced Prices: GST reduced prices of essential goods and services, benefiting consumers.

2. **Increased Transparency:** GST introduced a transparent tax system, reducing corruption and tax evasion.
3. **Improved Public Services:** GST increased tax revenue, enabling the government to improve public services.
4. **Job Creation:** GST is expected to create new job opportunities in industries such as logistics and e-commerce.

Environmental Benefits:

1. **Reduced Tax on Eco-Friendly Goods:** GST reduced taxes on eco-friendly goods, promoting sustainable consumption.
2. **Increased Use of Public Transport:** GST encouraged the use of public transport, reducing carbon emissions.
3. **Promoting Swachh Bharat:** GST promoted the Swachh Bharat initiative by reducing taxes on sanitary products.

Negative impacts of GST:

Economic Impacts:

1. **Inflation:** GST led to increased prices of essential goods and services.
2. **Job Losses:** Automation and consolidation in industries led to job losses.
3. **Small Business and Trader Distress:** Compliance burden and tax rates hurt small businesses and traders.
4. **Reduced Competitiveness:** GST rates and compliance costs reduced competitiveness for Indian businesses.

Social Impacts:

1. **Increased Burden on Common Man:** GST increased the tax burden on essential goods and services.
2. **Uneven Distribution of Benefits:** Benefits of GST accrued mainly to large businesses and corporations.
3. **Negative Impact on Low-Income Households:** GST increased prices of essential goods, affecting low-income households.

Administrative Impacts:

1. **Complexity and Compliance Burden:** GST compliance requirements were complex and burdensome.
2. **Technical Issues:** GSTN portal glitches and technical issues hindered compliance.
3. **Lack of Awareness and Education:** Insufficient awareness and education led to non-compliance and confusion.

Other Impacts:

1. **Environmental Impact:** GST encouraged consumption and production, potentially leading to environmental degradation.
2. **Impact on Startups and MSMEs:** GST compliance and tax rates posed challenges for startups and MSMEs.
3. **Inter-state Disparities:** GST rates and compliance requirements varied across states, leading to inter-state disparities.

Major problems in implementation of GST

The government has taken much initiative to making the India as better one than other country. It is also one of the programmes that are GST (one nation one tax). Before GST many people were paying many taxes

but and also most of the people in India are middle class, That's why they cannot digest about this, even now some people are don't aware about GST. Pre-GST, the statutory tax rate for most goods was about 28%, and many businesses used to report a different stock value in their IT returns, usually with the aim to commit tax fraud or for maintaining a better credit score. There are also some problems faced by the public after implementation of GST, most of the things are going to get costly and also the tax rates are increased, when come to the point of old stock the sellers are already facing a lot of trouble here's another one the old inventory which was bought with old tax rates need to be sold as once the GST is applied the tax rate will be different for purchase and sale. And after the GST the people have to do 3x tax fillings that extra burden and cost for them. Not only the public's but also tax and accounting professionals faces some challenges i.e., lack of clarity on GST provisions (rules and regulations), increased compliance, with increase in the number of returns to be filed annually, and lack of skilled resources and need for re-skilling.

2.Objectives of the study:

- To study the awareness of respondents towards before and after implementing the GST
- To study the perception of respondents towards before and after implementing the GST.

3.Data analyses:

The data analyzed with the different factors of awareness and perception of people of shivamogga district towards implementing the GST mechanism

4.Hypotheses of the study:

1. There is no significant relationship between Gender of the respondents and Awareness about GST Mechanism
2. There is no significant relationship between Place of the respondents and Awareness about GST Mechanism
3. There is no significant relationship between Education of the respondents and Awareness about GST Mechanism
4. There is no significant relationship between Occupation of the respondents and Awareness about GST Mechanism
5. There is a negative perception towards GST mechanism among residents of Shivamogga District.

5.Research methodology:

The study will be based on the both primary and secondary sources. The primary data will be collected through the direct interview with the concerned respondents in the study area. The secondary data will be collected from published sources like journals, newspaper and websites. Simple random sampling method has been used for selection of sampling.

Hypothesis - 1

H1: There is no significant relationship between Gender of the respondents and Awareness about GST Mechanism

| Gender wise * Aware about GST Mechanism Cross tabulation | | |
|--|---------------------------|-------|
| | Aware about GST Mechanism | Total |

| | | | Yes | No | |
|--------|--------|-----------------|-------|-------|--------|
| Gender | Male | Count | 42 | 15 | 57 |
| | | % within gender | 73.7% | 26.3% | 100.0% |
| | Female | Count | 39 | 10 | 49 |
| | | % within gender | 79.6% | 20.4% | 100.0% |
| | Total | Count | 81 | 25 | 106 |
| | | % within gender | 76.4% | 23.6% | 100.0% |

Test Statistics – Gender of the respondents and Awareness of GST Mechanism

| | |
|-------------|-------|
| N | 106 |
| Chi-Square | 7.510 |
| Df | 1 |
| Asymp. Sig. | 0.57 |

In the above table the respondents of the sample comprised 57 were male and remaining 49 were female. Out of 57 males 73.7% were aware about GST and remaining 26.3% were not aware. When it comes to female out of 49, 79.6% were aware about GST and remaining 20.4% were not aware about GST mechanism. A Chi-square test was used to determine whether gender of the respondents

has any significance relationship for awareness about GST mechanism. The result from the above table reveals that significance value is 0.57 ($p > 0.05$). Therefore, the alternative hypothesis is rejected and null hypothesis is accepted. Hence, **“There is no significance relationship between Gender of the respondents and Awareness about GST Mechanism”**.

Hypothesis - 2

H2: There is no significant relationship between Place of the respondents and Awareness about GST Mechanism

| Place wise * Aware about GST Mechanism Cross tabulation | | | | | |
|---|-------|----------------|---------------------------|-------|--------|
| | | | Aware about GST Mechanism | | Total |
| | | | Yes | No | |
| Place | Urban | Count | 76 | 20 | 96 |
| | | % within place | 79.2% | 20.8% | 100.0% |
| | Rural | Count | 5 | 5 | 10 |
| | | % within place | 50.0% | 50.0% | 100.0% |
| Total | | Count | 81 | 25 | 106 |
| | | % within place | 76.4% | 23.6% | 100.0% |

Test Statistics – place of the respondents and Awareness of GST Mechanism

| | |
|-------------|-------|
| N | 106 |
| Chi-Square | 2.275 |
| Df | 1 |
| Asymp. Sig. | 0.39 |

The above table shows descriptive statistics for the variable “awareness about GST mechanism among publics”. In this survey out of 106 respondents 76.4% know about GST and remaining 23.6% people are don’t aware about GST. A Chi-square test was used to determine whether place of the respondents has any significance relationship for

awareness about GST mechanism. The result from the above table reveals that significance value is 0.39 ($p < 0.05$). Therefore, the alternative hypothesis is accepted and null hypothesis is rejected. Hence, **“There is a significance relationship between place of the respondents and Awareness about GST Mechanism”**.

Hypothesis - 3

H3: “There is no significant relationship between Education and Awareness about GST Mechanism”

| Education * Aware about GST Mechanism Cross tabulation | | | | | |
|--|------------------|--------------------|---------------------------|-------|--------|
| | | | Aware about GST Mechanism | | Total |
| | | | Yes | No | |
| Education | Illiterate | Count | 5 | 15 | 20 |
| | | % within Education | 25.0% | 75.0% | 100.0% |
| | Upto SSLC | Count | 11 | 5 | 16 |
| | | % within Education | 68.8% | 31.2% | 100.0% |
| | PUC or Equalient | Count | 30 | 5 | 35 |
| | | % within Education | 85.7% | 14.3% | 100.0% |
| | Graduation | Count | 25 | 0 | 25 |
| | | % within Education | 100.0% | 0.0% | 100.0% |
| | PG & Others | Count | 10 | 0 | 10 |
| | | % within Education | 100.0% | 0.0% | 100.0% |
| Total | | Count | 81 | 25 | 106 |
| | | % within Education | 76.4% | 23.6% | 100.0% |

Source: Survey Data

Test Statistics – Education of the respondents and Awareness of GST Mechanism

| | |
|-------------|--------|
| N | 106 |
| Chi-Square | 14.118 |
| Df | 4 |
| Asymp. Sig. | 0.007 |

The table shows descriptive statistics for the variable “awareness about implementing GST among common people”. We can see here out of 106 respondents, illiterate people are 20 members out of this 75% are aware

about GST remaining 25% are don’t aware about GST, when it comes to the SSLC out of 16 respondents 68.8% are aware about GST and 31.2% are unaware & 35 respondents are who completed PUC out of

this 85.7% are aware about GST and remaining 14.3% are don't aware and finally in this survey 100 % graduate holder are aware about GST and as like 100% respondents of post graduate are aware about GST. Hence the result shows that the majority of people are aware about GST that is 76.3% and remaining 23.6% people are don't aware about GST. A Chi-square test was used to determine whether literacy level

of the respondents has any significance relationship for awareness about GST mechanism. The result from the above table reveals that significance value is 0.00 ($p < 0.05$). Therefore, the alternative hypothesis is accepted and null hypothesis is rejected. Hence, **“There is a significance relationship between place of the respondents and Awareness about GST Mechanism”**.

Hypothesis - 4

H4: There is no significant relationship between Occupation of the respondents and Awareness about GST Mechanism

| Occupation* Aware about GST Mechanism Cross tabulation | | | | | |
|--|---------------------|---------------------|---------------------------|-------|--------|
| | | | Aware about GST Mechanism | | Total |
| | | | Yes | No | |
| Education | Student | Count | 20 | 5 | 25 |
| | | % within occupation | 80.0% | 20.0% | 100.0% |
| | Business man | Count | 41 | 5 | 16 |
| | | % within occupation | 89.1% | 10.9% | 100.0% |
| | Workers or labour | Count | 9 | 15 | 24 |
| | | % within occupation | 37.5% | 62.5% | 100.0% |
| | Govt. employee | Count | 11 | 0 | 11 |
| | | % within occupation | 100.0% | 0.0% | 100.0% |
| Total | Count | | 81 | 25 | 106 |
| | % within occupation | | 76.4% | 23.6% | 100.0% |

Test Statistics – occupation of the respondents and Awareness of GST Mechanism

| | |
|-------------|--------|
| N | 106 |
| Chi-Square | 27.867 |
| Df | 3 |
| Asymp. Sig. | 0.000 |

This statistic table shows the information about occupation of people who belong both in urban and rural area. Here we can see the result, when comes to the student out of 100%, 80% students aware about GST mechanism the remaining 20% are not aware about GST. When it comes to the

business man out of 100%, 89.1% are aware about GST remaining 10.9% are not aware about GST. And out of 100% of worker 37.5% aware about GST and remaining 62.5% are not aware about GST. When it comes to the government employees they fully aware about GST mechanism. A Chi-

square test was used to determine whether Occupation of the respondents has any significance relationship for awareness about GST mechanism. The result from the above table reveals that significance value is 0.000 ($p < 0.05$). Therefore, the alternative

hypothesis is accepted and null hypothesis is rejected. Hence, **“There is a significance relationship between occupation of the respondents and Awareness about GST Mechanism”**.

Hypothesis - 5

H5: There is a negative perception towards GST mechanism among residents of Shivamogga District.

| Descriptive Statistics – Perceptions of Publics | | | | | | |
|---|----|------|----------------|---------|---------|-----------|
| | N | Mean | Std. Deviation | Minimum | Maximum | Mean Rank |
| Reduce the frauds | 72 | 4.00 | .53074 | 3.00 | 5.00 | 6.17 |
| Helpful for Economic Development | 72 | 3.79 | .55507 | 3.00 | 5.00 | 5.47 |
| Helpful for reduction of tax for publics | 72 | 3.65 | .47943 | 3.00 | 4.00 | 5.09 |
| Effectively executed in India | 72 | 3.23 | .56899 | 2.00 | 4.00 | 3.56 |
| Legal Issues are increased | 72 | 3.36 | .48369 | 3.00 | 4.00 | 3.99 |
| It is difficult to understand | 72 | 2.08 | .46724 | 1.00 | 3.00 | 1.33 |
| Enhance the tax income of the Government | 72 | 3.77 | .56224 | 3.00 | 5.00 | 5.42 |
| Encourages fair business Mechanism | 72 | 3.63 | .48369 | 3.00 | 4.00 | 4.97 |

Source: Survey Data

The table shows descriptive statistics for the variable “perception about implementing the GST among resident of Shivamogga District”. The results show the variance in the individual awareness variable analyses. Accordingly, if the mean score was high (>3), the result will be statistically insignificant. And if the mean score was less

(<3) and result will be statistically insignificant. Accordingly, the mean was high (>3) and statistical significant for reduce the frauds mean score is (4.00), helpful for economic development (3.79), helpful for reduction of tax for public (3.65), effectively executed in india (3.23), legal issues are increased (3.36), enhance the tax

income of the government (3.77) and encourages fair business mechanism (3.63). However, of the mean score was less (<3) than test value for variable that is difficult to understand (2.08). Hence the results of individual variable analysis highlight that there is a positive perception about GST among resident of Shivamogga District.

6.Findings:

The findings of study are as follows:

- The survey result shows 76.4% people are aware about the GST mechanism and remaining respondents are not aware about the GST mechanism in Shivamogga district
- When it comes to the perception of respondents towards before and after implementation of GST they give positive opinion in the survey results about the GST mechanism.
- The survey result shows that the majority of the people perceived that it reduces the frauds.
- It was found from the study that, the majority of the respondents perceived that GST helps for economic development.
- This survey tells as per the response GST reduces the tax burden.
- Through this we came to know about that it encourages the fair business mechanism when compare to the earlier taxation system in India
- The results show that some people are feel as difficult to understand the GST mechanism.
- In this survey as per respondents GST reduces illegal activity of business as compare to earlier.
- And also result shows that GST enhance tax income of the government.

7.Suggestion

- The government should liberalize the process of taxpaying system.
- Government should collect the perception from the people about GST mechanism and then restructure the system.
- Government should reduce the high tax rates on the daily consumable goods.
- Government should give awareness to the rural people about the GST mechanism.

8.Conclusion:

The goods and services tax is considered as the important tax reform for the nation. It seeks to make the country one common economic market. However, the concept of goods and services tax followed in our country is different from the way it is followed abroad. The five tier goods and services tax rates is useful in taxing luxury products at higher rates and frequent revisions of items included in various rates seems to have reduced the aftermath of new tax regime. We found from the study that awareness about the GST mechanism is more urban area people compare to rural area. So the government should conduct some programmes in rural area about the GST mechanism. Literacy plays vital role in understanding the GST mechanism. And also we get a positive opinion about the implementation of GST mechanism there is no any negative opinion it shows that implementation of GST mechanism. It is very good system, which is helpful for common people as well as economic development.

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