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GOODS AND SERVICES TAX



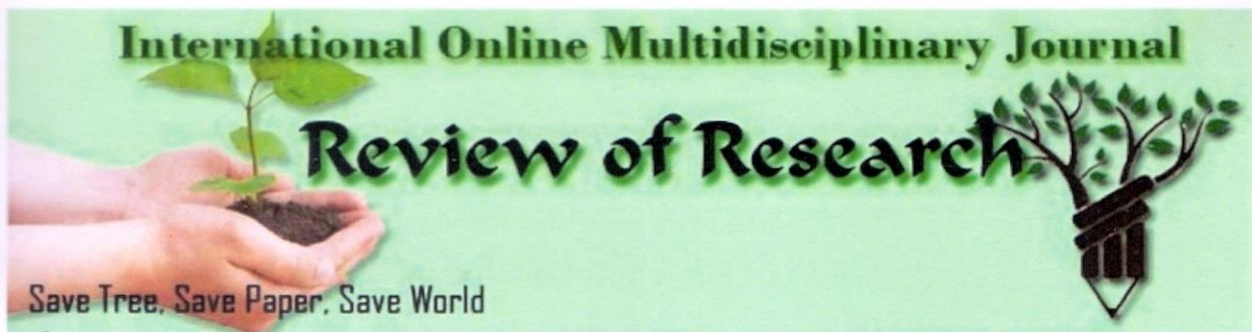
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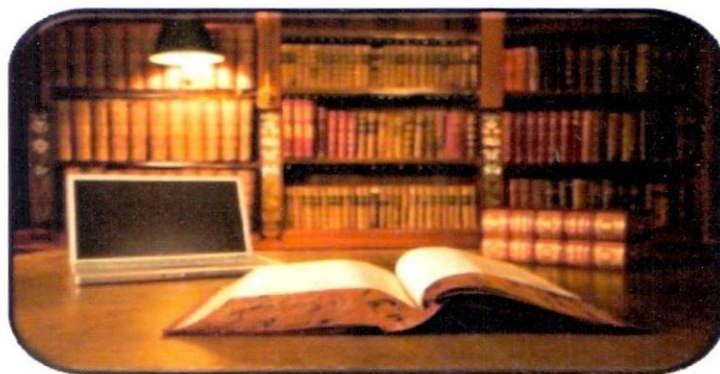
Assistant professor in Commerce (S.F), Holy Cross College (Autonomous),
Nagercoil.

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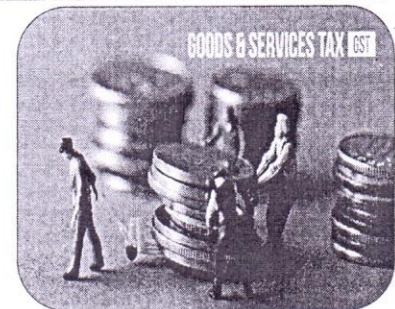
Sr. No	Title And Name Of The Author (S)	Page No
1	GST- Positive And Negative Impacts On Small Scale Industries Dr. C. Eugene Franco and Dr. T.Chellammal	1
2	Influence Of Advertisements In Youngsters In Their Buying Decision Making Process: Model Based Study Auxline Medona M.	7
3	Green Supply Chain Management (GSCM) – Path For Sustainable Growth Dr.S.Bulomine Regi and M.Rani Subathra	15
4	Significance Of Service Quality In TNSTC With Special Reference To Tirunelveli And Nagercoil, Madurai Division. Dr. C. Eugene Franco and J. Shyla	19
5	Entrepreneurial Inhibitions Among College Students T. Ponceelia and Dr. C. Eugene Franco	26
6	Consumers’ Purchase Intention Of Green FMCG Products: The Drivers And Motivating Variables Dr. C. Eugene Franco and Jijimon	32

7	A Study On Consumer Behaviour, Perception And Preference Of Using Malted Food In Kanyakumari District Dr. C. Eugene Franco and S. Shiny	37
8	A Study On Problems Faced By Consumers In Buying A Car In Tirunelveli District By Using Factor Analysis Dr. C. Eugene Franco and Dr. S.Rubha	43
9	Deposit Mobilisation Of Punjab National Bank In Thoothukudi Main Branch Dr. C. Eugene Franco and A. Indra Refline Missier	50
10	Growth Of Banana Cultivation In Tamil Nadu Districts Dr. A. Kathiresan and Dr.Poul Denim	57
11	A Comparative Study On Service Quality of Public Sector And Private Sector Bank Towards E-Banking In Tirunelveli District Dr. C. Eugene Franco and K. Thanga Glara	61
12	Goods And Services Tax Dr. C. K. Sunitha	70
13	A Study On Customer Satisfaction Towards Reliance Jio Network In Tirunelveli Dr. C.Geetha and Mrs. S.Anita Pushpaleela	75
14	Customer Preference Towards Technology Usage In Existing Branches In Kancheepuram District- A study With Special Reference To Tambaram City Mrs. S. Kalyani and Dr. Florence John	83
15	Students' Attitude On Spot Guidance With Special Reference To +1 Accounting Students In Tiruppur District - An Analysis Mr. N. Rajmohan and Dr. R. Arumugarajan	92



GOODS AND SERVICES TAX

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ABSTRACT:

Goods and services Tax (GST) is a value- added tax levied on most goods and services sold for domestic consumption. The Goods and Services Tax (GST) is paid by consumers, but it is remitted to the government by the business selling the goods and services. Goods and Services Tax (GST) provide revenue to the government. Goods and Services Tax (GST) is a Canadian tax on goods and services for domestic consumption. Goods and Services Tax will reduce the tax burden on the assessee, since it will avoid the cascading effect. In Goods and Services Tax there is no scope to levy for resale tax, special tax, additional tax, turnover tax etc. Goods and services Tax (GST) implies Zero rating of exports and interstate sale of goods and supply of services. Goods and Services Tax will reduce effective rates of tax to one or two- floor rates. There is no scope for multiple taxation on goods and services such as sales tax, entry tax, octroi, entertainment tax, luxury tax etc. It will increase tax collections due to the wide coverage of goods and services. Even though Goods and services Tax is very convenient for the consumers, there are also many problems faced by the respondents. So the researcher tries to find out the benefits as well as the problems faced by the respondents. So seventy five respondents were met and data were collected from them regarding the Goods and services Tax (GST).

KEYWORDS : Goods, Services, Tax, Rates, Benefits, Problems.

INTRODUCTION:

Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. Goods and Services Tax (GST) referred to as the constitution (120) amendment Bill, 2014, initiates a Value Added Tax to be implemented on a national level in India. Goods and Services Tax (GST) will be an indirect tax at all the stages of production to bring out uniformity in the system. On bringing Goods and Services Tax (GST) into practice, there would be amalgamation of central and state taxes into a single tax payment. It would also enhance the position of India in both, domestic as well as international market. At the consumer level, Goods and Services Tax (GST) would reduce the overall tax burden which is currently estimated at 25-30%. Under this system the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes; tax paid on inputs goes into manufacturing the goods. In order to avoid the payment of multiple taxes such as excise duty and service tax at central level and Value added tax at the state level, Goods and Services Tax (GST) would create a uniform market throughout the country. Integration of various taxes into a Goods and Services Tax (GST) system will bring an effective cross-utilization of credits. The current system aims at tax production, whereas the Goods and Services Tax (GST) aims at tax consumption.

REVIEW OF LITERATURE:

- ❖ AgogoMawuli (May 2014) studied, Goods and Services Tax - An Appraisal" and found that Goods and Services Tax is not good for low- income countries and does not provide broad based growth to poor countries. If still these countries want to implement Goods and Services Tax, then the rate of Goods and Services Tax should be less than 10% for growth.
- ❖ NishithaGuptha (2014) in her study stated that implementation of Goods and Services Tax in the Indian framework will lead to commercial benefit which were untouched by the Value Added Tax system and would essentially lead to economic development.
- ❖ Nitin Kumar (2014) Studied "Goods and Services Tax-A way forward" and concluded that implementation of Goods and Services Tax in India helps in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.

STATEMENT OF THE PROBLEM:

Now-a-days Goods and Services Tax (GST) is becoming more popular among people. If the business concern earns more than 20 lakhs, they must register Goods and Services Tax (GST). All the goods and services are taxed under Goods and Services Tax (GST). Because of Goods and Services Tax (GST) each state has uniform tax system. So it is important to analyze the benefits as well as the problems regarding Goods and Services Tax (GST).

SCOPE OF THE STUDY:

This project aims to evaluate the benefits of Goods and Services Tax (GST). It also aims to analyse the problems faced by the respondents while levying the tax.

OBJECTIVES OF THE STUDY:

The following are the objectives of selecting this topic.

- To find out the benefits of Goods and Services Tax.
- To examine the problems faced by the respondents.

AREA OF THE STUDY:

The area of operation is in Nagercoil town. Information is collected from the respondents in and around Nagercoil town.

PERIOD OF THE STUDY:

The field work for this study was carried out for a period of five months from November 2017 to March 2018.

METHODOLOGY:

This study is carried out on the basis of both primary and secondary sources. Primary data were collected by means of systematically prepared questionnaire. Secondary data were collected from books, journals, magazines and websites.

SAMPLE DESIGN:

The study is descriptive and analytical. It is descriptive in the sense it exist at present and it includes facts and findings. It is analytical in the sense it involves analysis of the collected data and information. The researcher has selected 75 samples from the tax payers in Nagercoil town. The relevant data were collected through interview schedule and Questionnaire. The researcher used the method of convenient sampling technique. Convenient sampling method does not provide equal opportunity to all the taxpayers.

LIMITATIONS OF THE STUDY:

The limitations of the study are

- The present study is based on the primary data collected from the sample respondents. Possibility of sampling error is inevitable.
- The time at the disposal of the researcher was very short.
- It is difficult to know whether willing respondents are truly representative.

FRAMEWORK OF ANALYSIS:

GARRETT'S RANKING TECHNIQUE

Garrett's ranking is used to find out the benefits towards Goods and Services Tax (GST). The percent position for the rank is obtained by using the following formula.

$$\text{Percent position} = 100(R_{ij} - 0.5) \div N_j$$

Where

R_{ij} = Rank given by the i^{th} factor, by the j^{th} respondents

N_j = Number of items ranked by j^{th} respondents

The ranks obtained are converted into score with the help of Garrett's table.

LIKERT'S 5 POINT SCALING TECHNIQUE

Likert's 5 point scaling technique is used to analyze the problems faced by the respondents. Scores were allotted as follows:

Highly satisfied-5 points Satisfied-4 points Neutral-3 points Dissatisfied- 2 points
Highly dissatisfied- 1 point.

RESULTS AND DISCUSSION:

BENEFITS OF GOODS AND SERVICES TAX

In the modern world, everything is more beneficial particularly the new tax system, Goods and Services Tax replaced the Value Added Tax. Garrett's ranking technique is used to rank the benefits regarding GST. It is represented in the following Table.1

TABLE.1
BENEFITS OF GOODS AND SERVICES TAX

Sl.No	Benefits	Garrett's mean score	Rank
1	Remove bundle of indirect tax	53.24	II
2	Reduce cascading	50.6	IV
3	Less tax compliance	49.97	V
4	Stability in the rate	52.03	III
5	Easy to run a business across all the states	53.75	I
6	Registration procedure	49.31	VI
7	Faster transportation of goods	49	VII
8	Beneficial to the businessman	44.08	IX
9	Corruption free administration	46.84	VIII

Source: Primary data

From the above table it is inferred that the first rank is given to “Easy to run a business across all the states” with a mean score of 53.75, whereas second rank is given to “Remove bundle of indirect tax” with a mean score of 53.24, and the last rank is given to a “Beneficial to the businessman” with a mean score of 44.08. This shows that Goods and Services Tax is beneficial to run a business across all the states, because the Goods and Services Tax is equal to all the states.

PROBLEMS FACED BY THE RESPONDENTS WHILE LEVYING GOODS AND SERVICES TAX

In the competitive world everything is complicated and risky particularly new implementation, Goods and Services Tax too. Likert's 5 point scaling technique is used to find out the problems faced by the respondents while levying Goods and Services Tax.

TABLE.2
PROBLEMS FACED BY THE RESPONDENTS WHILE LEVYING GOODS AND SERVICES TAX

Sl. No	Problems	SA	A	N	DA	SDA	Total	Rank
1	Multiple tax rates	(185) 37	(108) 27	(9) 3	(12) 6	(2) 2	316	I
2	High tax rate	(110) 22	(156) 39	(30) 10	(6) 3	(1) 1	303	II
3	Anti-profitteering	(120) 24	(100) 25	(48) 16	(16) 8	(2) 2	286	III
4	Hesitate to purchase	(75) 15	(136) 34	(48) 16	(16) 8	(2)	277	IV
5	Dual control	(95) 19	(64) 16	(87) 29	(14) 7	(4) 4	264	VI
6	Lack of trustworthy	(95) 19	(76) 19	(60) 20	(26) 13	(4) 4	261	VII
7	Higher risk to the service industry	(125) 25	(60) 15	(69) 23	(14) 7	(5) 5	273	V
8	Taxation procedure	(75) 15	(68) 17	(54) 18	(22) 11	(14) 14	233	VIII

Source: Primary data

The above table depicts that the first rank is given to “Multiple tax rates” with a score of 316 whereas the second rank is given to “High tax rate” with a score of 303. The last rank is given to “Taxation procedure” with a score of 233. This shows that Goods and Services Tax provides multiple tax with high rates. So the people hesitate to accept the Goods and Services Tax.

POLICY IMPLICATIONS:

Based on the findings, the following suggestions are recommended by the researcher.

1. The government should take immediate and necessary steps to bring some control in the Goods and Services Tax.
2. The rates on the necessary goods are very high. So the government should take necessary measure to reduce the tax rates.
3. Goods and Services Tax has multiple tax slabs, so many people do not know the percentage of tax regarding Goods and Services Tax. So the government can conduct awareness programs to the public.

CONCLUSION:

In the digital world, government introduces Goods and Services Tax. Tax is an important income of the country. From the study, the researcher came to the conclusion that Goods and Services Tax provides some benefits to the businessman. So from this, the researcher came to the conclusion that tax evasion can be avoided and the respondents are very much confused with regard to multiple tax rates.

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