

# A Study on Awareness & Perception of Retail Traders towards Goods and Service Tax with Special Reference to Kottayam District

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**Abstract – A uniform Goods and Service Tax for the entire nation was first proposed in the union budget of 2007-08. This uniform GST was intended at reducing the cascading effect of indirect taxes levied on sale of goods/services so that our sales and service taxation system can be simplified for ease of doing business. GST which was initially intended to be introduced with effect from April 1, 2010 is now expected to be implemented from 1st July 2017. For GST to be success every trader should be aware about the new GST rules and regulations. This study measured the awareness and perception of retail traders towards the GST in Kottayam district. This study has revealed that only 32% of the traders are aware about GST and the balances 68% are unaware/indifferent about GST. This study also revealed that only 43% of traders presume GST to be beneficial.**

**Key Word: GST, Goods and Services Tax**

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## I. INTRODUCTION

GST is considered to be the greatest Indirect Tax reform since independence. GST took its root from Amaresh Baghchi Report, 1994. Based on the recommendations of 2004 Vijay Kelkar task force the first announcement about GST was made in union budget of 2007-08 by Shri P. Chidambaram then Union Finance Minister. It was initially intended to be introduced with effect from April 1, 2010. Subsequently due to very many factors and reasons its implementation was deferred time and again. As of now it is expected that GST will be implemented from 1<sup>st</sup> July 2017.

In this juncture its worth investigating as to how far is our traders have comprehended the GST. This study covers the awareness of traders towards the registration, administration, tax rates, composite scheme and various other aspects of GST impacting the traders once implemented. This study secondly is aimed at finding out the general perception of traders towards GST.

## STATEMENT OF THE PROBLEM

Assessment and settlement of tax is very important for the survival and growth of every business concern. Tax assessment is based on the existing direct and indirect tax laws. For the efficient compliance and assessment every trader should aware about existing

rules and regulations. Presently our existing indirect tax system is getting replaced by Goods and Service Tax (GST).

For the smooth running of business, firms or traders should be aware and willing to fulfil the various requirements of the new GST law.

In the study, we measure the awareness and perception of retail traders towards the GST with special reference to Kottayam district.

## OBJECTIVE OF THE STUDY

The researcher has carried out this research with the following objectives:

- To find out the awareness of GST among retail traders.
- To find out the perception towards GST among retail traders.

## METHODOLOGY OF THE STUDY

The following is the methodology which the researcher has implemented to carry out this study:

## PERIOD OF STUDY:

The period that is covered in this study is from January 2017 to March 2017.

## SAMPLE:

Following are the details relating to Sample and the methodology of collection of data:

- A sample size of 110 traders who are located across Kottayam District is taken for study.
- Ten retail traders are taken on the basis of convenient sampling from each of the 11 block panchayats of Kottayam district.

## LIMITATION OF THE STUDY

- The study is limited to Kottayam district of Kerala.
- This study is limited to retail traders only.
- The study is based on data collected between 1st March 2017 to 31st March 2017.

## II. THEORETICAL FAMEWORK

### GST Factors - CGST, SGST & IGST

Since the time of independence; India adopted federal system where both the Central govt. and the State govt. have been assigned the powers to levy and collect taxes. Both Governments have distinct responsibilities to perform as per the provisions of constitution, for which they need to raise resources. A dual GST system is therefore implemented, keeping with the Constitutional requirement of successfully execution of fiscal federalism.

The GST to be levied by the Central government on intra-State supply of goods and services is referred as Central GST (CGST) and that by the State government is referred as State GST (SGST) under Article 269A (1) of the Constitution. On inter-state supply of goods and services, Integrated GST (IGST) will be collected by Central government. IGST will be applicable on imports also.

GST is a consumption based tax. So the tax under GST will be received by the state where the goods or services are consumed and not by the state where the goods are manufactured.

The IGST method has been implemented to ensure continuous flow of input tax credit from one state to another. The interstate seller would pay IGST to central government on his sales after adjusting credit of IGST, CGST and SGST on the purchases made by him.

The exporting State also transfer the credit of SGST used in payment of IGST to the central government. The importing dealer under GST will claim credit of IGST while discharging his output tax liability in his own State. Since GST is a destination based tax all SGST of final products are in relation with the consumed state. ("What is SGST, CGST & IGST?," n.d.)

### Taxes Subsumed

As per the recommendations of the Empowered Committee eight central government Taxes and six state government Taxes have been subsumed under GST. The following are the Central Govt. taxes which are subsumed in GST.

- 1) Central Excise Duty
- 2) Additional Excise Duties
- 3) Additional Customs Duty, commonly known as Countervailing Duty (CVD)
- 4) The Excise Duty levied under the Medicinal and Toiletries Preparation Act
- 5) Service Tax
- 6) Special Additional Duty of Customs - 4% (SAD)
- 7) Cesses and
- 8) Surcharge

Following State taxes which are subsumed under GST:

- 1) VAT / Sales tax
- 2) Luxury tax
- 3) Taxes on lottery, betting and gambling.
- 4) Entertainment tax (unless it is levied by the local bodies).
- 5) State Cesses and Surcharges related to supply of goods and services.
- 6) Entry tax which are not in lieu of Octroi. ("Frequently Asked Questions: Empowered Committee of State Finance Ministers, constituted by Government of India," n.d.)

### Alcoholic and Petroleum Products

A major portion of state's revenue is generated from the tax imposed on alcohols. For example in Kerala it contributes 22 percent of revenue, and in case of

Tamil Nadu it is near to Rs. 21,000 crore per year. As a way of support for the states, petroleum products and alcoholic items which are for human consumption have been kept outside the jurisdiction of GST. Sales tax or VAT will be continued to be levied on the alcoholic products as per prevailing practice. The state governments earn 35 percent of their sales tax revenues from transport fuels like petrol and diesel which are presently taxed at 20 percent. ("Petroleum products, alcohol excluded from GST regime," n.d.)

### **GST Exemption Limit**

GST Council has fixed the annual turnover limit for exemption of the tax at Rs 20 lakh. This exemption limit is intended at keeping the small businesses outside the purview of the GST. This annual exemption threshold is Rs 10 lakh in case of north-eastern and hill states instead of Rs 20 lakh. ("Rs 20 lakh annual turnover threshold for GST exemption: Jaitley- The New Indian Express," n.d.)

### **GST Identification Number (GSTIN)**

Currently all dealers registered in state VAT has a unique TIN number assigned by state tax authorities. Similarly, Central Board of Excise and Customs (CBEC) also assigns service tax registration number to a service provider. Through the implementation of GST, all these parties come under one single authority and the various identification numbers will be replaced by a single type of registration number called (GSTIN). GSTIN or GST Identification Number is a unique number which is assigned by the authorities for all persons registering under GST. It will help the GST authorities to ensure effective administration and greater compliance from taxpayers which will in turn lead to increased tax collections.

- Every registered person under GST is assigned a state-wise PAN-based Goods and Services Taxpayer Identification Number (GSTIN) which is 15 digit long.
- The first two digits of GSTIN represent the state code. All states have a unique two digit code like "27" for Maharashtra and "10" for Bihar.
- PAN number of the taxpayer is the next ten digits of GSTIN.
- Number of registrations an entity is having using same PAN within a state is the 13th digit.
- The fourteenth digit is "Z" by default.
- The fifteenth digit is a check code which assists in the detection of errors. ("Centre, states divided on sharing of GST administrative powers - Livemint," n.d.)

### **GST Registration Schedule**

To ensure the success of GST, CBEC has taken various steps for the registration of existing taxpayers. 01-01-2017 to 15-01-2017 were the initial dates for enrolment under GST for traders in Kerala, which are now extended till 31-03-2017.

All existing Central Excise and Service Tax assesseees were migrated to GST from 7th January 2017 using the GST migration process. Provisional ID and Password were provided by CBEC to these of the assesseees.

### **Administration of tax under GST**

During the initial stages the central and the state governments face a major problem related with the sharing of administrative responsibilities under the newly formed goods and services tax (GST) regime. There were two solutions for this dispute. Firstly to divide the entire tax base horizontally. It was suggested that the tax payers below a limit of Rs1.5 crore may be under the administration of the state governments and those above this limit be divided between the central and state governments. The second alternative option was to divide the whole tax base vertically, that means all taxpayers are to be divided between the centre and the states in a predetermined proportion. Finally the first option was selected by the GST council on the second and final day of the fourth GST council meeting based on the compulsion from state governments. Accepting this demand of state governments is a reason for deduction in the number of taxpayers under the jurisdiction of central tax authorities.

### **Return Submission**

Every registered dealer is required to submit periodical returns to both the central GST authority and to the concerned state GST authorities. A Return needs to be filed even if there is no business activity (i.e. Nil Return) during the specified tax period of return submission.

Government entities / PSUs , etc. who are not dealing in GST supplies or persons exclusively dealing in exempted / Nil rated or non-GST goods or services would neither be required to obtain registration nor will be required to file returns under the GST law. However, State tax authorities may assign a Departmental ID to such government departments / PSUs or other persons and will ask the suppliers to compulsorily quote this ID in the supply invoices for all inter-State purchases being made to them.

Offline generation and preparation of returns is also possible under GST. Filing of returns is possible only

through online mode. Those returns which prepared in the offline mode will have to be uploaded.

Under GST there will be a common e-return for CGST, SGST, IGST and Additional Tax. Every registered TaxPayer shall file GST Return at the GST Common Portal either by himself or via his authorised representative.

### **GST rates - 5%, 12%, 18% & 28%**

A four-tier GST tax structure of 5%, 12%, 18% and 28%, with low rate for essential items and the higher rate for luxury and de-merits goods also aims to attract an additional cess, was decided by GST Council. The lowest rate of 5% would be for common use items while there would be two standard rates of 12% and 18% and 28% for luxury items. ("GST Rates: Final GST rates out, slabs fixed at 5%, 12%, 18% & 28% - Times of India," N.D.)

### **Composition Scheme Under GST**

Large organizations have the resources and expertise to meet the requirements of GST system. Startups and Small and Medium Enterprises (SMEs) may struggle to comply to these tax provisions. As a remedy for this situation government has implemented composition scheme under GST, which is similar to the current scheme under VAT laws.

As per the Composition Scheme under GST, a taxpayer is needed to submit one summarized return on quarterly basis called GSTR-4 and an annual return in FORM GSTR-9A. For normal businesses three monthly return statements are applicable. Nominal rates for a composition dealer are between 1% to 2.5%.

Service providers are not eligible for this scheme, and also small restaurants have exemption from this. Under composition scheme assesses are taxed at rate not less than 2.5% for manufacturers and 1% for others on their turnover.

Since composition dealer is not allowed to avail input tax credit, such dealer cannot issue a tax invoice as well. A buyer who purchases from composition dealer will not be eligible to claim input tax on such goods and reverse charge mechanism will not be covered under the composition scheme.

If a dealer's aggregate turnover in a financial year does not exceed Rs. 50 Lakh, he can opt GST's composition scheme. Only intra state dealers can choose this scheme.

If a dealer opt this scheme by hiding his ineligibility he will liable to pay all the taxes as per the provisions of normal scheme. Also, dealer will be liable to pay a penalty equivalent to such tax payable.

Taxpayer registered under composition scheme under current regime will be allowed to take credit of Input tax held in stock / semi-finished goods / finished goods on the day immediately preceding the date from which the assessee opts to be taxed as a regular tax payer. ("Composition Scheme under GST Explained," N.D.)

### **Offences and Penalties under GST**

Goods and service tax GST will bring in "One nation one tax" to unite indirect taxes under one umbrella and facilitate Indian businesses to be globally competitive.

To prevent tax evasion and corruption, the Revised Model GST Law lists the offences and penalties in Chapter XIX. There are 21 offences under GST in section 85, apart from the penalty u/s 8 for availing compounding by a person who is not eligible for it.

#### **Fake/wrong invoices**

1. A taxable person supplies any goods/services without any invoice or issues a false invoice.
2. He issues any invoice or bill without supply of goods/services in violation of the provisions of GST
3. He issues invoices using the identification number of another bonafide taxable person

#### **Fraud**

1. Submission of false information while registering under GST
2. Submission of fake financial records/documents or fake returns to evade tax
3. Does not provide information/gives false information during proceedings

#### **Tax evasion**

1. If he collects any GST but does not submit it to the government within 3 months from collection.
2. Even if he collects any GST in contravention of provisions, he still has to deposit it to the government within 3 months. Failure to do so will be an offence under GST.
3. If dealer obtains refund of any CGST/SGST by fraud.
4. If a dealer takes and/or utilizes input tax credit without actual receipt of goods and/or services

5. Dealer intentionally suppresses his sales to evade tax.

#### Supply/transport of goods

1. Transportation of goods without proper documents
2. Destroys/tampers goods which have been seized.
3. Destroys/tampers goods which have been seized

#### Others

1. Dealer has not registered under GST although he is required registration.
2. Dealer does not deduct TDS or deducts less amount where applicable.
3. Dealer does not collect TCS or collects less amount where applicable.
4. Being an Input Service Distributor, he takes or distributes input tax credit in violation of the rules.
5. Dealer obstructs the proper officer during his duty (for example, he hinders the officer during the audit by tax authorities)
6. Dealer does not maintain all the books that he required to maintain by law.
7. If a Dealer destroys any evidence.

For any offence committed by a company, both the officer in charge (such as director, manager, secretary) as well as the company will be held liable.

#### Penalties under GST

##### For fraud

An offender has to pay a penalty amount of tax evaded/short deducted etc., i.e., 100% penalty, subject to a minimum of Rs. 10,000.

Not only the taxable person but any person who-

- Helps any other person to commit fraud under GST
- Acquires or receives any goods or services with full knowledge in violation of GST rules
- Fails to appear before the GST authority upon receiving summon

- Fails to issue an invoice according with GST rules
- Fails to account/vouch any invoice appearing in the books

-Will have to pay a penalty up to Rs. 25,000

For cases of fraud, additional penalties as follows-

Tax amount involved	50 lakhs	100 lakhs	250 lakhs
Jail term	Upto 1 year	Upto 3 years	Upto 5 years
Fine	In all three cases		

For other cases (no intention of fraud or tax evasion)

An offender not paying tax or making short-payments has to pay a penalty of 10% of the tax amount due subject to a minimum of Rs.10,000.

Therefore, the penalty will be high at 100% of the tax amount when the offender has evaded i.e., where there is a deliberate fraud. For other genuine errors, penalty is 10% of tax.

#### General Penalty

Any offence under GST for which penalty is not specifically mentioned will be liable to a penalty of Rs. 25,000.

For minor breaches (tax amount less than Rs. 5,000) or errors which are easily rectifiable and made without any motive of fraud there will not be substantial penalties. The tax authority will issue a warning in such cases.

This will be beneficial to businesses, especially SMEs, who might may make genuine mistakes especially in the first few months of GST implementation. ("Offences and Penalties under GST," N.D.)

## IV. FINDINGS

### 4.1 DEMOGRAPHIC DETAIL

Apart from the respondents name and legal name of business, six demographic details were collected from the 110 traders spread across 11 block panchayat. They are as follows:

#### A. Years of existence

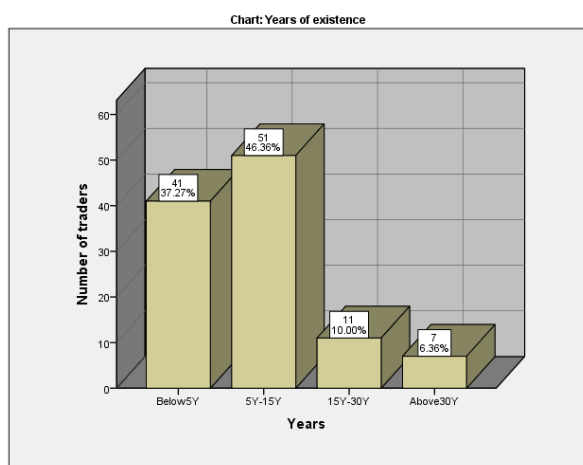
Traders were being asked as to how many years they were in the business.



Table 4.1 Years of existence

	Frequency	Percent
Below5Yrs	41	37.3
5to15Yrs	51	46.4
15to30Yrs	11	10
Above30Yrs	7	6.4
<b>Total</b>	<b>110</b>	<b>100</b>

Out of the 110 traders; 41 Nos. (37%) of traders are in the business for less than 5 years, 51 Nos. (46%) of traders are in the category of 5 to 15 years, 11 Nos. (10%) of traders are in category of 15 to 30 years and 7 Nos. (6%) of traders are in existence for more than 30 years.

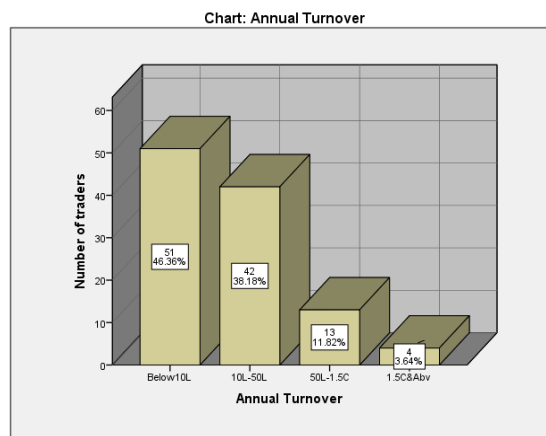


## B. Annual Turnover

Out of 110 traders; 51 Nos. (46%) of traders are below the annual turnover of 10 lakh, 42 Nos. (38%) of traders are in the annual turnover of 10 to 50 lakh, 13 Nos. (12%) of traders are in the annual turnover of 50 lakh to 1.5 crores and 4 Nos. (4%) of traders are in the annual turnover of 1.5 crore and above.

Table 4.2 Annual Turnover

	Frequency	Percent
Below10L	51	46.4
10L-50L	42	38.2
50L-1.5C	13	11.8
1.5C&Abv	4	3.6
<b>Total</b>	<b>110</b>	<b>100</b>



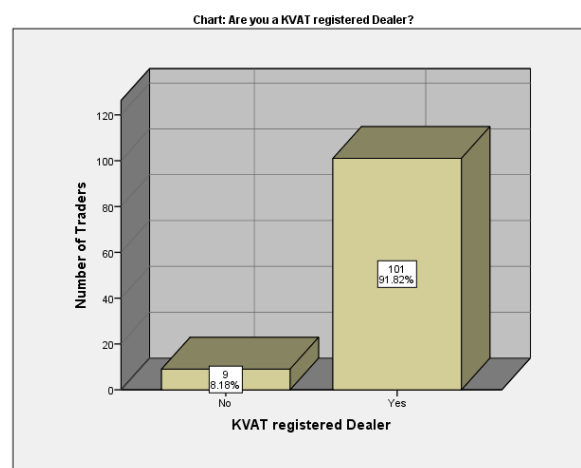
## C. Registered under KVAT

Traders were asked 'Are you a KVAT registered Dealer?'. Their responses are summarised in table 4.3.

Table 4.3 KVAT registered Dealer

	Frequency	Percent
No	9	8.2
Yes	101	91.8
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; 9 Nos. (8%) of traders have not registered under KVAT and 101 Nos. (92%) of traders are KVAT registered traders.



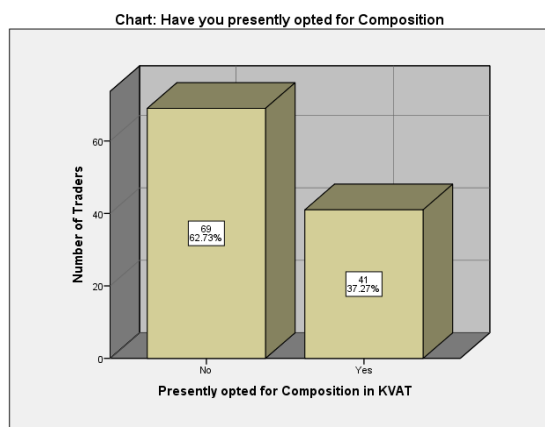
## D. Presently opted for Composition under KVAT

Traders were asked 'Have you presently opted for Composition under KVAT?'. Their responses are summarised in table 4.4.

**Table 4.4 Presently opted for Composition**

	Frequency	Percent
No	69	62.7
Yes	41	37.3
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; 69 Nos. (62%) of traders have not opted for composition under KVAT and 41 Nos. (37%) of traders have presently opted composition scheme under KVAT.



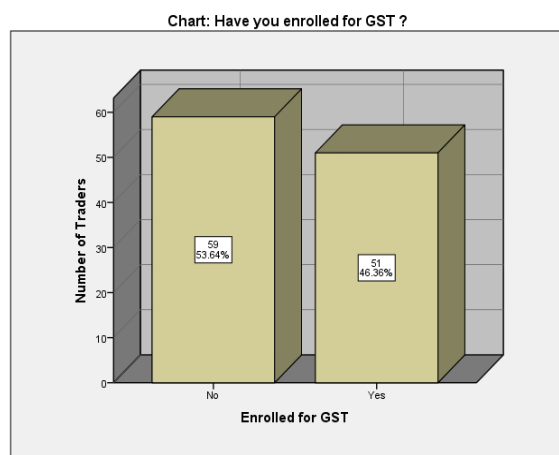
#### E. Enrolled for GST

Traders were asked 'Have you enrolled for GST ?'. Their responses are summarised in table 4.5.

**Table 4.5 Enrolled for GST**

	Frequency	Percent
No	59	53.6
Yes	51	46.4
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; 59 Nos. (54%) of traders have not enrolled in GST and the balance 51 Nos. (46%) of traders have presently enrolled in GST.



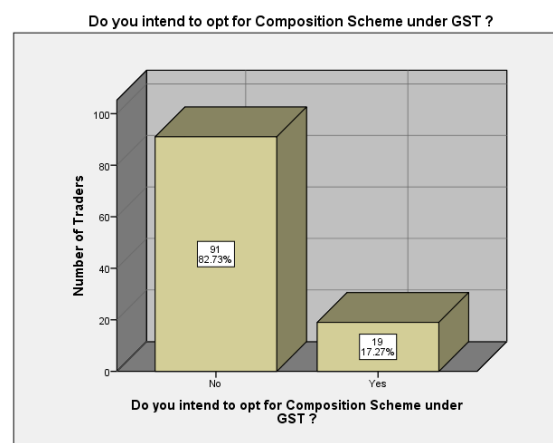
#### F. Opting Composition in GST

Traders were asked 'Do you intend to opt for Composition Scheme under GST?'. Their responses are summarised in table 4.6.

**Table 4.6 Opting for Composition Scheme in GST**

	Frequency	Percent
No	91	82.7
Yes	19	17.3
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; 91 Nos. (83%) of traders do not intend to opt for composition under GST and the balance 19 Nos. (17%) of traders intend to opt for composition under GST.



#### 4.2 Awareness of GST

A total of 16 questions were asked to respondents to assess their awareness level related to Goods and Service Tax. These 16 questions were classified under 7 groups namely; General, Registration Related, Administration of GST, Return Related, Tax Related, Composition scheme Related and Penalty Related.

##### 4.2.1 General

A total of three questions were asked to find out the general awareness of traders towards GST. They are as follows:

Respondents were asked; to how far they are aware on the following:

- 'A total of 8 Central Govt. & 6 state Govt. Duties/taxes will be subsumed in GST'.
- 'GST will have three components: one levied by the Centre (referred to as CGST), secondly levied by the State (referred to as

SGST) and thirdly levied on inter-state sale (referred to as IGST)'.

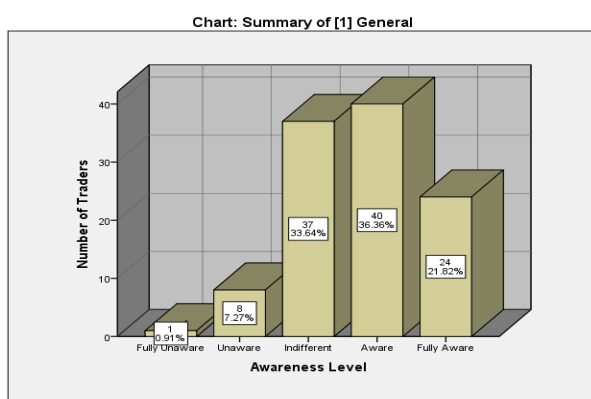
- 'Alcoholic beverages & Petroleum Products are kept out of the purview of GST. Sales Tax/VAT will continued to be levied on alcoholic beverages as per the existing practice'

The three questions asked to assess the general awareness were given equal weights and the same is summarised in Table 4.7

**Table 4.7 General Awareness**

Awareness Levels	Frequency	Percent
Fully Unaware	1	.9
Unaware	8	7.3
Indifferent	37	33.6
Aware	40	36.4
Fully Aware	24	21.8
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; one (1%) trader is 'Fully Unaware', 8 Nos. (7%) of traders are 'Unaware', 37 Nos. (34%) of traders are 'Indifferent', 40 Nos. (36%) of traders are 'Aware' and 24 Nos. (22%) of traders are 'Fully Aware' with respect to general awareness of GST.



## 4.2.2 Registration Related

A total of three questions were asked to find out GST Registration related awareness. They are as follows:

Respondents were asked; to how far they are aware on the following:

- 'GST Registration is required if a dealer's Aggregate Turnover in a financial year exceeds Rs. 20 Lakh'.
- 'Each registered GST taxpayer would be allotted a 15 digit PAN linked taxpayer identification number'.

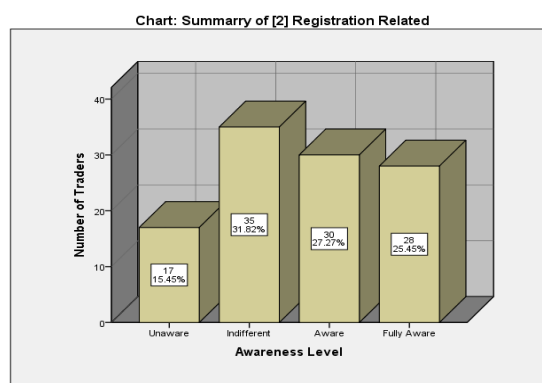
- '01-01-2017 to 15-01-2017 were the initial dates for enrolment under GST for traders in Kerala, which are now extended till 31-03-2017'.

The three questions asked to assess the GST registration related awareness were given equal weights and the same is summarised in Table 4.8

**Table 4.8 Registration Related**

Awareness Levels	Frequency	Percent
Fully Unaware	0	0.0
Unaware	17	15.5
Indifferent	35	31.8
Aware	30	27.3
Fully Aware	28	25.5
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; none of the traders are 'Fully Unaware', 17 Nos. (15%) of traders are 'Unaware', 35 Nos. (32%) of traders are 'Indifferent', 30 Nos. (27%) of traders are 'Aware' and 28 Nos. (25%) of traders are 'Fully Aware' with respect to registration related matters of GST.



## 4.2.3 Administration of GST

To assess the awareness related to Administration of GST; respondents were asked; on how far they are aware that 'Traders with turnover above Rs.1.5 Crore will be administered (assessment, enforcement, scrutiny and audit) by Central Govt. and those below the threshold will be administered by State Govt.'. Their responses are summarised in table 4.9

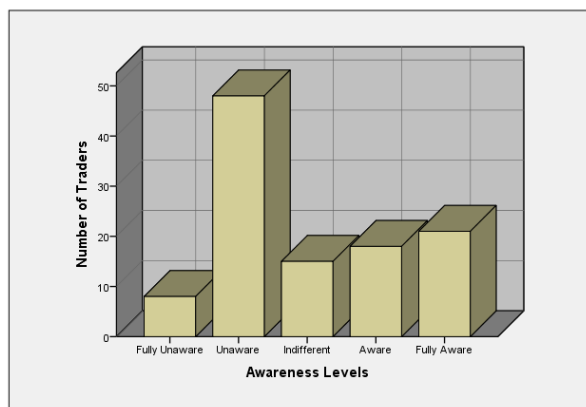
**Table 4.9 Administration of GST**

Awareness Levels	Frequency	Percent
Fully Unaware	8	7.3
Unaware	48	43.6
Indifferent	15	13.6
Aware	18	16.4
Fully Aware	21	19.1
<b>Total</b>	<b>110</b>	<b>100.0</b>



Out of 110 traders; 8 Nos. (7%) of the traders are 'Fully Unaware', 48 Nos. (44%) of traders are 'Unaware', 15 Nos. (14%) of traders are 'Indifferent', 18 Nos. (16%) of traders are 'Aware' and 21 Nos. (19%) of traders are 'Fully Aware' with respect to administration related matters of GST.

Chart: Administration of GST



#### 4.2.4 RETURN RELATED

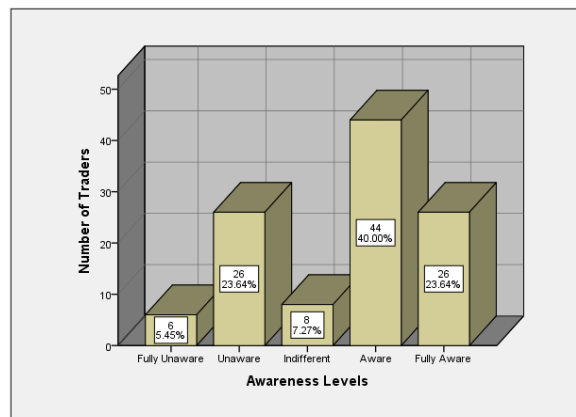
To assess the GST Return (monthly/ quarterly/ half-yearly/ annual) related awareness; respondents were asked on how far they are aware that 'The taxpayer would need to submit periodical returns to both the Central GST authority and to the concerned State GST authorities'. Their responses are summarised in table 4.10

**Table 4.10 Periodic Returns to both the CGST & SGST authorities.**

Awareness Levels	Frequency	Percent
Fully Unaware	6	5.5
Unaware	26	23.6
Indifferent	8	7.3
Aware	44	40.0
Fully Aware	26	23.6
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; 6 Nos. (5%) of the traders are 'Fully Unaware', 26 Nos. (24%) of traders are 'Unaware', 8 Nos. (7%) of traders are 'Indifferent', 44 Nos. (40%) of traders are 'Aware' and 26 Nos. (24%) of traders are 'Fully Aware' with respect to periodic returns related matters of GST.

Chart: Periodical returns to CGST/ SGST authorities.



#### 4.2.5 Tax/Rate Related

Two questions were asked to find out the awareness level of traders on tax/rate related matters. They are as follows:

Respondents were asked; to how far they are aware on the following:

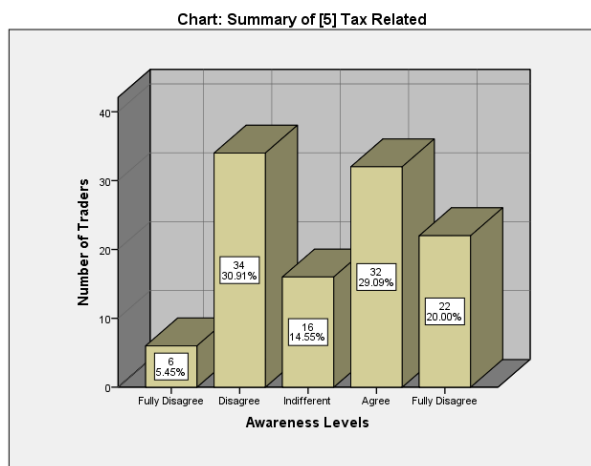
- 'Central GST + State GST will have to be charged on all intra-state transactions and IGST + Central GST will have to be charged on all inter-state transactions'.
- 'The rates of tax under GST are 5%, 12%, 18% and 28% respectively'.

The two questions which were asked to assess the tax/rate related awareness were given equal weights and the same is summarised in Table 4.11

**Table 4.11 Tax/Rate Related**

Awareness Levels	Frequency	Percent
Fully Unaware	6	5.5
Unaware	34	30.9
Indifferent	16	14.5
Aware	32	29.1
Fully Aware	22	20.0
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; 6 Nos. (5%) of the traders are 'Fully Unaware', 34 Nos. (31%) of traders are 'Unaware', 16 Nos. (14%) of traders are 'Indifferent', 32 Nos. (29%) of traders are 'Aware' and 22 Nos. (20%) of traders are 'Fully Aware' with respect to taxes and rates of GST.



#### 4.2.6 Composition Scheme Related

A total of five questions were asked to find out awareness of traders towards Composition Scheme in GST. They are as follows:

Respondents were asked; to how far they are aware on the following:

- 'Composition scheme is available only for intra-state dealers'.
- 'This scheme is available only for traders below the turnover of 50 Lakh.'
- 'They cannot claim input tax credit and they will not be permitted to collect GST/Composition Tax (in any form) from customers'
- 'The tax rate applicable for traders opting Composition scheme is 1%'
- 'Composition scheme is not available for service providers. (Except for small hotels).'

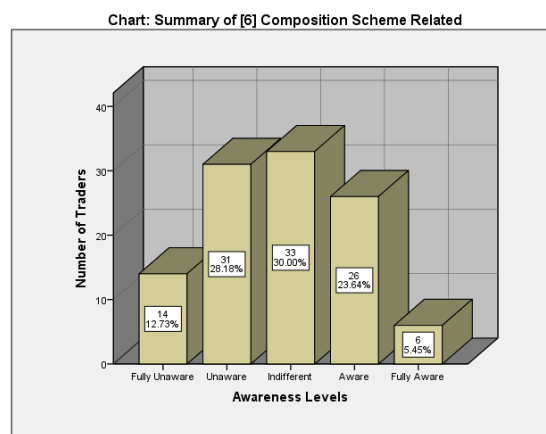
The five questions asked to assess the Composition Scheme related awareness were given equal weights and the same is summarised in Table 4.12

Table 4.12 Composition Scheme Related

Awareness Levels	Frequency	Percent
Fully Unaware	14	12.7
Unaware	31	28.2
Indifferent	33	30.0
Aware	26	23.6
Fully Aware	6	5.5
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; 14 Nos. (12%) of the traders are 'Fully Unaware', 31 Nos. (28%) of traders are 'Unaware', 33 Nos. (30%) of traders are 'Indifferent',

26 Nos. (24%) of traders are 'Aware' and 6 Nos. (5%) of traders are 'Fully Aware' with respect to composition scheme under GST.

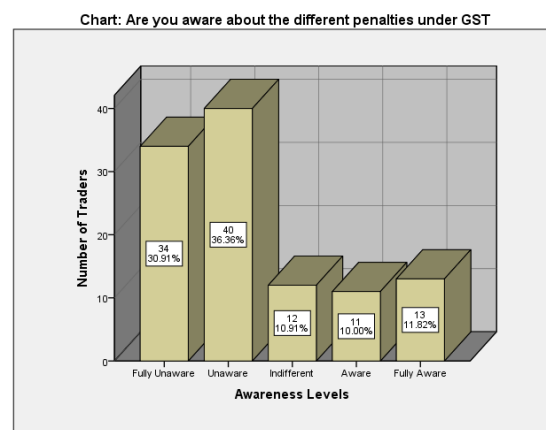


#### 4.2.7 Penalty Related

To assess the penalty related awareness of GST; respondents were asked on how far they are aware about the different penalties related to various defaults. Their responses are summarised in table 4.13

Table 4.13 Awareness of different penalties under GST

Awareness Levels	Frequency	Percent
Fully Unaware	34	30.9
Unaware	40	36.4
Indifferent	12	10.9
Aware	11	10.0
Fully Aware	13	11.8
<b>Total</b>	<b>110</b>	<b>100.0</b>



Out of 110 traders; 34 Nos. (31%) of the traders are 'Fully Unaware', 40 Nos. (36%) of traders are 'Unaware', 12 Nos. (11%) of traders are 'Indifferent', 11 Nos. (10%) of traders are 'Aware' and 13 Nos.

(12%) of traders are 'Fully Aware' with respect to penalty related matters of GST.

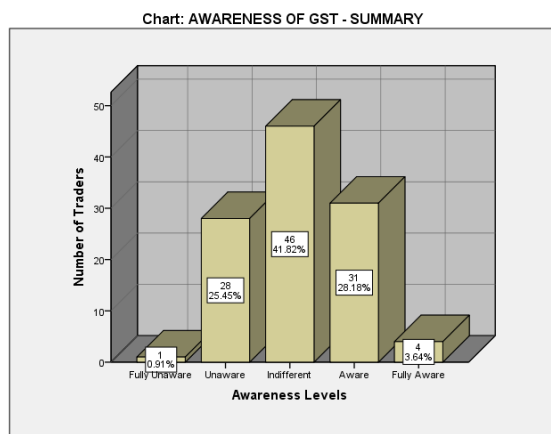
#### 4.2.8 Overall Awareness

The sixteen questions asked to assess the Awareness of GST under General, Registration Related, Administration of GST, Return Related, Tax Related, Composition scheme Related and Penalty Related sub heads were given equal weights and the same is summarised in Table 4.14 to assess the overall awareness.

**Table 4.14 Overall Awareness**

Awareness Levels	Frequency	Percent
Fully Unaware	1	0.9
Unaware	28	25.5
Indifferent	46	41.8
Aware	31	28.2
Fully Aware	4	3.6
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; one (1%) trader is 'Fully Unaware', 28 Nos. (25%) of traders are 'Unaware', 46 Nos. (42%) of traders are 'Indifferent', 31 Nos. (28%) of traders are 'Aware' and 4 Nos. (4%) of traders are 'Fully Aware' while considering the overall awareness of GST.



#### 4.3 Perception towards GST

Traders perception towards GST was evaluated by asking three questions. Respondents were asked to state as to how far they agree or disagree with those statements. They are the following:

Respondents were asked; on how far they agree on:

- 'GST will bring in 'Ease of doing Business'
- 'With the introduction of GST, all the cascading effects of CENVAT and service tax will be more comprehensively removed which

will in turn benefit common consumers in the form of reduced prices'.

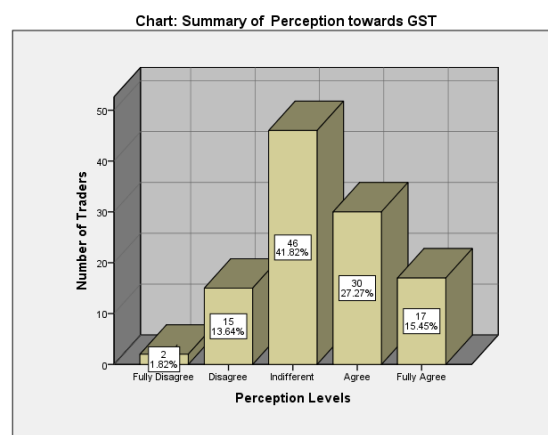
- 'GST will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports'.

The three questions asked to assess the perception towards GST were given equal weights and the same is summarised in Table 4.15

**Table 4.15 Overall Perception**

	Frequency	Percent
Fully Disagree	2	1.8
Disagree	15	13.6
Indifferent	46	41.8
Agree	30	27.3
Fully Agree	17	15.5
<b>Total</b>	<b>110</b>	<b>100.0</b>

Out of 110 traders; 2 Nos. (2%) of the traders 'Fully Disagree', 15 Nos. (14%) of traders 'Disagree', 46 Nos. (42%) of traders are 'Indifferent', 30 Nos. (27%) of traders 'Agree' and 17 Nos. (15%) of traders 'Fully Agree' on overall with the perception related matters of GST.



## V. DISCUSSION

### 5.1 AWARENESS OF GST

#### 5.1.1 Traders are generally unaware on the following:

##### 5.1.1.1 Administration of GST

It can be summarised that 56 Nos. (51%) of the traders are unaware about the administration related matters of GST (Refer Table 4.9). 15 Nos. (14%) are 'Indifferent' and only 39 Nos. (36%) are aware about the administration related matters of GST.

### 5.1.1.2 Composition Scheme Related

It can be summarised that 45 Nos. (41%) of the traders are unaware about the composition scheme related matters of GST (Refer Table 4.12). 33 Nos. (30%) are 'Indifferent' and only 32 Nos. (29%) are aware about the composition scheme related matters of GST.

### 5.1.1.3 Penalty Related

It can be summarised that 74 Nos. (67%) of the traders are unaware about the penalty related matters of GST (Refer Table 4.13). 12 Nos. (11%) are 'Indifferent' and only 24 Nos. (22%) are aware about the penalty related matters of GST.

## 5.1.2 Traders are generally aware on the following:

### 5.1.2.1 General Matters

It can be summarised that 64 Nos. (58%) of the traders are having general awareness about GST (Refer Table 4.7). 37 Nos. (34%) are 'Indifferent' and only 9 Nos. (8%) are unaware about the general matters of GST.

### 5.1.2.2 Registration Related

It can be summarised that 58 Nos. (53%) of the traders are aware about GST registration (Refer Table 4.8). 35 Nos. (32%) are 'Indifferent' and only 17 Nos. (15%) are unaware about the registration related matters of GST.

### 5.1.2.3 Return Related

It can be summarised that 70 Nos. (64%) of the traders are aware about return related matters GST (Refer Table 4.10). 8 Nos. (7%) are 'Indifferent' and 32 Nos. (29%) are unaware about the return related matters of GST.

### 5.1.2.4 Tax/Rate Related

It can be summarised that 54 Nos. (49%) of the traders are aware about tax/rates of GST (Refer Table 4.11). 16 Nos. (14%) are 'Indifferent' and 41 Nos. (36%) are unaware about the tax/rate related matters of GST.

## 5.1.3 Overall Awareness

It can be summarised that only 34 Nos. (32%) of the traders are aware about GST (Refer Table 4.14). 46 Nos. (42%) are 'Indifferent' and 29 Nos. (26%) are unaware about GST.

## 5.2 PERCEPTION TOWARDS GST

GST has been brought with the intention of increasing Ease of doing Business. With the introduction of GST, all the cascading effects of CENVAT and service tax are intended to be more comprehensively removed

which will in turn benefit common consumers in the form of reduced prices.

GST once implemented will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports.

47 Nos. (43%) of the traders agree with the above positives of GST (Refer Table 4.15). 46 Nos. (42%) are 'Indifferent' and 17 Nos. (15%) disagree with GST.

## VI. CONCLUSION

GST is considered as the greatest tax reform that India has witnessed. Awareness of GST is essential for its compliance and efficient tax management. However this study has revealed that only 32% of the traders are aware about GST and the balance 42% are 'Indifferent' and 26% are unaware about GST.

A great percentage of traders (68%) who are in the indifferent and unaware category throws light on the ground reality that if necessary steps are not taken then this will lead to huge non-compliance of GST once it is implemented.

In the perception front 42% of traders are indifferent about the outcome of GST and 15% of traders disagree that GST will bring down prices of goods/services and they presume that it will not amount to ease of doing business.

The fact that only 43% of the traders agree with the above positives of GST throws light on the fact that; a great amount of efforts will be required on the part of government to remove the uncertainties revolving around GST in the minds of different stakeholders.

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