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## A Change over Tax System in India Impact of Goods and Services Tax on Behavior of Tax Payers

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### **ABSTRACT:**

*A change is the route of development but a change must upgrade the people by way of decreasing time, work and increasing the transparency, easy understandable and all benefits must reach the end beneficiaries, like that Indian Tax system has made a drastical change ie move towards value added tax, services tax to Goods and services Tax payers are one who adopt new scheme or system of taxing, tax payers behaviour influences by many factors situations factors, physical factors, social factors and time factors ,many times tax payers give negative behaviour towards implemented new system reason behind this is people may have difficulty in understanding the tax system, it may also effect on many people like chartered accountants, corporate people, industrialists, small and medium business persons, investors so the implemented Goods and service tax will definitely affected the behaviour of tax payers in India. This paper attempts to research that behaviour of tax payers towards change over tax system in INDIA*

### **KEYWORDS:**

*Tax payer behaviour, VAT, GST*

### **INTRODUCTION:**

A perfect tax system is the basis to the development of a nation's economy and prerequisite for sustainable growth. Managing of taxation is an extremely difficult issue. Government of India by Central Value Added Tax (CENVAT) and sales tax system of the State governments by the VAT marked a major mile stone in the reform process of indirect taxes in India. It addressed the pouring effect under the previous system by giving set-off for tax paid on inputs as well as tax paid on previous purchases and resulted in a major simplification of the rate structure and lengthening of the tax base. But both the CENVAT and the State VAT have certain incompleteness. Though a number of initiatives by the various machineries at the Centre, the present taxation regime is marked as burdensome, complicated and unfriendly. Over the past few decades, the worldwide trend has been for the introduction of a multi-stage GST system. Today, almost 90% of the world's populations live in countries with GST, including China, Indonesia, Thailand and Singapore.

It is in this point of view, the Central government has delegated Dr. Vijay Kelkar, Chairman of 13th Finance Commission to suggest a rational, scientific and modern but unified system of taxation in tune with developed nations form the base behind the introduction of Goods and Service Tax (GST) in India. Although there are many hurdles crossed behind implementation of GST the Central government restated its commitment towards the adoption of a 'flawless' GST for the survival of the India's economy in the face of increasing international competition consequent to globalization and liberalization. Even though the various impediments to the transition, GST is implemented, it would be worthwhile to assess its positive impacts on the various development areas viz. agriculture, manufacturing industry, MSME, housing, poverty reduction, employment, price level, EXIM trade, GDP, government revenue, etc.

Tax is a base which constitutes a large part of revenue of the Indian government, changes in tax system or rules and regulation of the government influence the behavior of tax payers directly.

Goods and Service Tax is a tax on goods and services with comprehensive and continuous chain of set of benefits from the producer's point and the service provider's point up to retailer's level. It is essentially tax on value addition in each stage and supplier at each stage is permitted to set off through a credit mechanism.

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Goods and Service Tax has been defined in article 366(2A) of the 122<sup>nd</sup> constitutional amendment bill as “any tax on supply of goods and services or both except alcoholic, liquor for human consumption”.

Goods and Service Tax is proposed to be an indirect tax levy. There is no distinction between rate for goods and services. Goods and service tax is extended version of value added tax. All indirect taxes should be merged in to one tax called Goods and Service Tax it will be a indeed for further significant the next logical step towards a comprehensive indirect tax reform in the country.

Indirect taxes subsumed under Goods and service taxes:

- ) Taxes which are levied and collected by center like central excise duty, excise duties levied under the medical and toiletries preparation, surcharges, services tax, custom duty
- ) State taxes like value added tax, sales tax, entry tax, entertainment tax, tax on lotteries and gambling, etc.....

All the mention above central and state taxes which comes under goods and services tax, all these tax payers affected by the implemented of goods and services taxes

### **Impact of goods and services tax on different tax payers like**

#### **A. Impact on Tourism, Hospitality and restaurants**

India already has a higher hotel tariff due to multiple taxes both at the centre and those levied by states with revenue neutral state being higher than the present tax rates. The industry likely to suffer higher rates will discourage users of services and tourist. In case of restaurants presently there is double taxation in the form of VAT and services being levied on the same transitive by implemented goods and service tax reduces burden of tax.

#### **B. Impact on Electronic commerce**

Implemented goods and service tax big positive for e commerce industry with no tax laws in place for the industry currently, tax imposed based on goods understandings of various state governments it will resolve many supply chain issue surroundings e commerce the shipment and returns across the country will done more efficiently and less paper work more important uniform tax structure across India

#### **C. Impact on certain petroleum, liquor and tobacco products:-**

Petroleum, liquor and tobacco be kept outside the purview of goods and service tax. At present these products are known as demerit goods and are taxable not only higher rate but also subjected to multiple taxes. By excluding products from goods and service tax its manufacturer would be adversely affected by cascading effect since they could not claim full input tax credit

#### **D. Impact on general public:**

On account of Implemented GST leads to changes in the prices of goods and service, initially it mirroring rises in the prices but in the long run it's like a basket of benefits in terms of higher input credits and decreasing cascading effect.

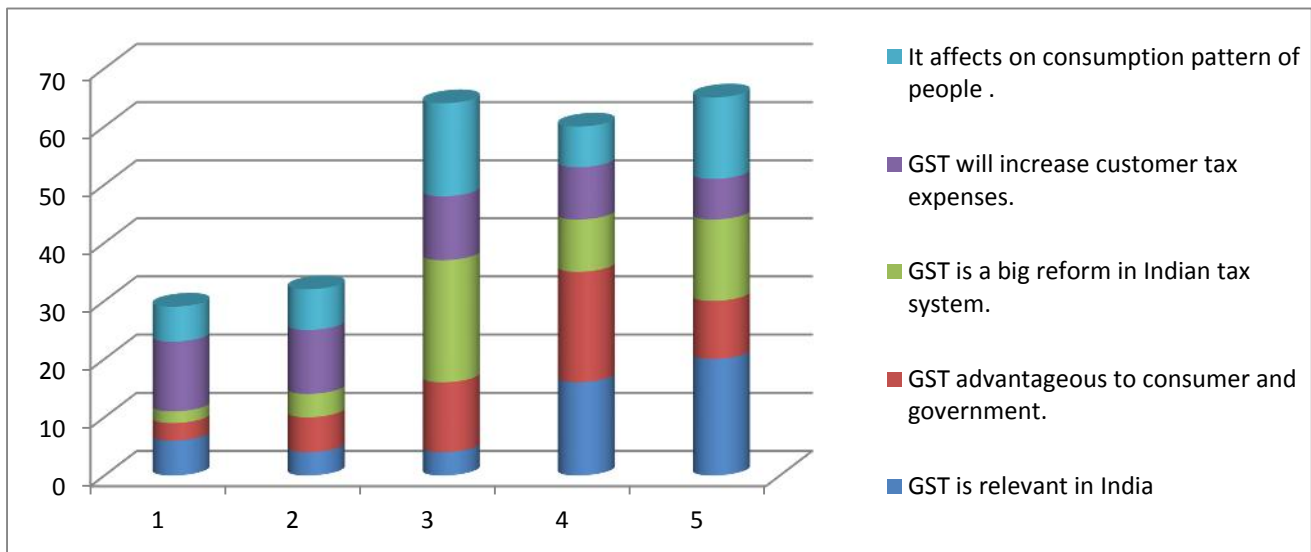
### **Perception of tax payers towards GST**

We collected data about perception towards implemented GST from respondents like chartered accounts, business people, researchers and students and others, totally 50 respondents we are taken to study different perceptions about GST

We collected data about perception towards implemented GST from respondents like chartered accounts, business people, researchers and students

It is clear that out of 50 respondents, 12% of the respondents are strongly disagreed, 8% of the respondents are disagreed, 8% of the respondents are neutral, 32% of the respondents are agreed and remaining 40% of the respondents are strongly agreed with Goods and Service tax is related to India.

Sl. No.	Particulars	Strongly disagree	%	Disagree	%	Neutral	%	Agree	%	Strongly agree	%	Total respondents	Total Percentage
01	GST is relevant in India	06	12	04	8	04	8	16	32	20	40	50	100
02	GST advantageous to consumer and government	03	6	06	12	12	24	19	38	10	20	50	100
03	GST is a big reform in Indian tax system.	02	4	04	8	21	42	9	18	14	35	50	100
04	GST will increase customer tax expenses.	12	24	11	22	11	50	9	18	7	14	50	100
05	It affects on consumption pattern of people.	06	12	7	14	16	32	7	14	14	28	50	100



6% of the respondents are strongly disagreed, 12% of the respondents are disagreed, 24% of the respondents are neutral, 38% if the respondents are agree and remaining 20% of the respondents are strongly agreed to find, it is advantageous to both Government and Consumers. 4% of the respondents are strongly disagreed, 8% of the respondents are disagreed, 42% of the respondents are neutral, 18% of the respondents are agree and remaining 35% of the respondents are strongly agreed with that it would be GST is big reform in Indian tax system.

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24% of the respondents are strongly disagreed, 22% of the respondents are disagreed, 50% of the respondents is neutral, 18% of the respondents are agree and remaining 14% of the respondents are strongly agreed with that many respondents are not having enough information about GST increases customer tax expenses. 12% of the respondents are strongly disagreed, 14% of respondents in disagreed, 32% of the respondents are neutral, 14% of the respondents are agree and remaining 28% of the respondents are strongly agreed that the GST affects on consumption pattern of people.

It is interpreted that majority of the respondents are agreed that GST is related to Indian economy. It will be advantageous to both government and the consumers and up to some extent it affects on consumption pattern of people.

### SUGGESTION

- ) There must be a dispute settlement or redressal cell
- ) Necessary of training for both taxpayers and authorities who are handling GST
- ) Advanced technology (special software)base is acts as a backbone of GST
- ) Only few number of people were aware about GST, government must take some measures GST concept must reach each and everyone
- ) A poor understanding of the tax structure and difficulty in maintaining books are the major reasons for tax – evasions so there must be a need of simple tax structure with minimal paperwork
- ) Ultimate users are the consumers or general public, government must give attention towards public and take their opinion while framing major policy

### CONCLUSION:

The main purpose of GST is to make the current taxation system more comprehensive, efficient, effective, and transparent and business friendly. GST is expected to increase government income and dependency. It will encourage an unbiased tax structure. It will more likely to improve tax collections and boost's economic development by braking tax barriers between states and integrating India through uniform tax rate under this system tax burden will be divided equitably between manufacturing and services through a lower tax rate by increasing the tax base and minimizing exemptions, however it will affect the behavior of tax payers negatively at the initial stages but it is a basket of benefits it will be helpful for all categories of tax payers like business people, government, general public, industrialists, chartered accountants, it leads to a developed economy

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