

PERCEPTION TOWARDS GST AMONG EMERGING ENTREPRENEURS

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Abstract: Goods and service tax (GST) is an indirect tax system of domestic consumption. GST is a single comprehensive tax, which act as a substitute for all indirect taxes levied by state and central government. Thus, the main objective of this research was to model the attitude and perception towards GST among emerging entrepreneurs with special reference to Chennai city. A descriptive and analytical study was conducted to achieve the objectives of the study with a purposive sample of 60 respondents in Chennai city. To analyze the data, descriptive statistics, independent t-test, ANOVA and the chi - square test were used. The analysis revealed that the perception level of emerging entrepreneurs wants GST to be implemented in the business community.

Key words: GST, emerging entrepreneurs, entrepreneur's perception

I. INTRODUCTION

The GST is one of the biggest reforms that likely to change the whole scenario of the current indirect tax system. In India, there are different indirect tax system is followed with imbrications of taxes imposed by union and state separately. GST will unify all the indirect taxes under an umbrella with seamless ITC and charged for both goods and services and which will create a smooth national market. It has a dual model, including Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST). GST will lead to an effective taxation of trade in goods and services, reducing processing and increasing the ease of doing business. One of the main objectives of GST would be to remove the cascading impact of tax on production and distribution cost of goods and services. The exclusion of these cascading effects will significantly improve the competitiveness of original goods and services which will create potential impact on GDP growth. Entrepreneurship plays a significant role in the economic prosperity of a country and it leads to generation of employment opportunities, contribution in national income, rural development, industrialization, advancement in technology, promotion of export, etc. The recent policy reforms of entrepreneurship have lightened the way for making India as a hotspot destination for startups. Goods and Service Tax (GST) has been described as the biggest reforms that undoubtedly creates an impact on Indian economy. GST will be act as enabler and facilitator for entrepreneurs when it comes to doing business and commerce. The emerging entrepreneurs must know about all the current trends on business sectors and also a transformational shift in the indirect tax administration in India.

NEED AND SIGNIFICANCE OF THE STUDY

Tax is a major source of revenue to the government in many countries, including India. Goods and service Tax (GST) is one of the financial reforms meant to make the existing tax system simpler, more transparent and more efficient. Tax reforms are necessary to enhance revenue and drive economic growth. GST will bring huge advantages to the emerging entrepreneurs by providing simplified and automated procedures for various process such as registration, refunds and tax payments. A simplified tax regime coupled with the interactive GSTN online portal will encourage more paper tail transactions. GST implementation will lead to immense scope for entrepreneurs, which form a major backbone of the country's economy.

STATEMENT OF THE PROBLEM

Entrepreneurs are the primary growth drivers of the economy and major contributors to the GDP. GST is a multistage tax system, that simplifies the gain tax structure by supporting and enhancing the economic growth of a country. The government of India adopted GST to levy tax on all the stages of production to bring uniformity in the system. GST is a new tax system which is moving towards an efficient indirect tax regime for promoting entrepreneurship in India. It becomes imperative for auspicious entrepreneurs to keep themselves updated with this new tax in the country's tax landscape. Thus, the present study seeks to investigate the perceptions towards GST among the emerging entrepreneurs.

RESEARCH OBJECTIVES

1. To understand the attitude and perceptions towards GST among emerging entrepreneurs.
2. To identify the level of perceptions towards GST among emerging entrepreneurs based on demographic characteristics.

II. RESEARCH METHODOLOGY

The study has been designed as descriptive and analytical one. It makes use of both primary and secondary data. The primary data necessary for the study has been collected from 60 respondents representing Chennai City, Tamil Nadu using structured questionnaire. Purposive sampling method was used for selecting samples. The secondary data required for the study were collected from the books and websites. The statistical tool employed was descriptive statistics, independent t-test, ANOVA and the chi - square test.

III. CONCEPTUAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

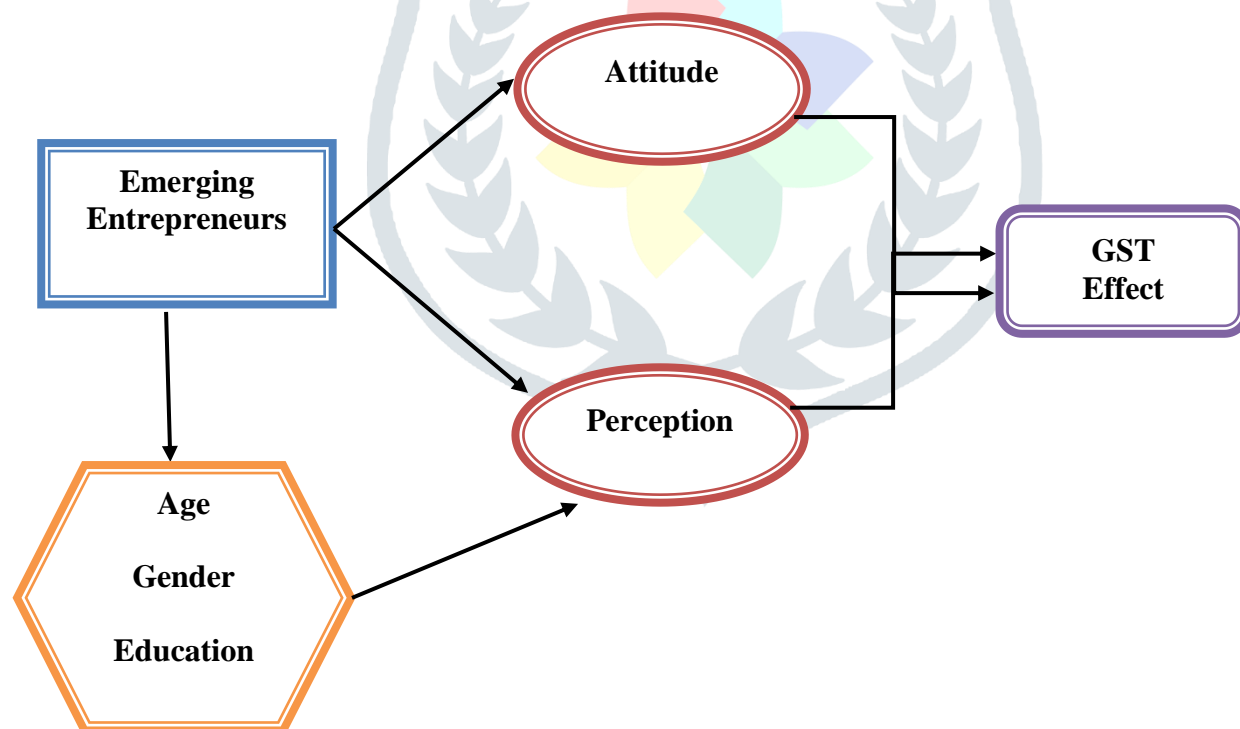


Figure 1. Model of perception towards GST among emerging entrepreneurs. Authors Own Study.

The model in Figure 1, is proposed for the measurement of the variables in this study. The direct relationship between the dependent variable (Effect of GST on the MSME in India) and the (attitude and perception) of emerging entrepreneurs based on demographic characteristics as independent variables.

The hypotheses of this study are stated as:

1. H1: There is no significant difference perception towards GST among emerging entrepreneurs according to their gender.
2. H2: There is no significant difference in the perception towards GST among emerging entrepreneurs according to their age group.
3. H3: There is no significant difference perception towards GST among emerging entrepreneurs, according to their education qualification.
4. H4: There is no significant difference attitude towards GST among emerging entrepreneurs with respect to the GST effect on the Micro Small Medium Enterprises (MSMEs) in India.

IV. RESULTS AND DISCUSSION

The emerging entrepreneurs have responded to the questionnaire and the investigators have classified and tabulated the data.

Table 1.

Attitudes towards GST implementation among emerging entrepreneurs

Statements	Yes		No	
	Frequency	Percentage	Number	Percentage
Business needs GST registration	34	57	26	43
GST is a fair tax	34	57	26	43
Agreement for GST in India	31	52	29	49

Source: Primary data

As shown in the table 1, out of 60 respondents who participated in the study, 57 percentage were agreed to the statement that all business needs GST registration and remaining 43 percent were not interested in registering all business under the GST. About 57 percentage of the respondent was considered GST as a fair tax and 47 percentage were not considered GST as a fair tax. Out of 60 respondents, 52 percentage agreed with implementation of GST in India, whereas 49 percentage not agreed to GST implementation in India.

Table 2.

Descriptive Statistics of the Perception levels of Emerging Entrepreneurs

Measures for Perception level	Mean	Standard Deviation
There is no difference between the VAT and GST	2.7833	1.22255
GST is not good as VAT	3.0667	1.19131
I think business community wants GST to be implemented	3.5667	1.12546
GST rate should be very low	3.1000	1.36170
It is very difficult to implement GST in India	3.2000	1.19036
Reduce material cost	2.4833	1.11221
Unified compliance procedure	3.2333	.99774
Faster movement of goods	2.5667	1.06352
Removal of cascading effect	3.1500	1.16190
GST will be easier to comply	3.3000	.88872
Higher exemptions to small business	3.4333	1.35755

Improve the efficiency of logistics	3.4167	1.16868
Launching new business becomes easier	2.9333	1.36378
The entire process of taxation become simpler	2.7000	1.04638
Bring uniformity in tax rates	2.9000	1.31097
Helps in improving liquidity and work flows of business	2.7333	.82064
It will result in a simple, transparent and is tax structure;	2.8500	1.23268
GST enhances the revenue growth	3.3667	1.11942
The cost of tax compliance likely to increase	3.3833	1.30308

Source: Primary data

The mean score revealed that the business community wants GST to be implemented with a mean score of 3.5667. And GST Reduce material cost is the least implemented with a score of 2.4833. The perception level of emerging entrepreneurs shows that they want GST to be implemented in the business community. Higher exemptions to small business and improve the efficiency of logistics are on the second rank in the order of the perception level of emerging entrepreneurs towards GST.

- H1: There is no significant difference perception towards GST among emerging entrepreneurs according to their gender.

Table 3.

Independent T -test

Independent Samples Test

Perception	Levene's Test for Equality of Variances					t-test for Equality of Means			
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variance assumed	1.506	.225	-.260	58	.796	-.56282	2.16325	-4.893	3.76
Equal variance not assumed			-.266	58.0	.791	-.56282	2.11906	-4.804	3.67

Source: Primary data

Table 3 shows Independent Sample test- t-test for Equality of Means. The result is insignificant at 95% confidence interval. Here null hypothesis is accepted. I.e., there is no significant difference in the level of perception towards among emerging entrepreneurs based on gender.

Table 4. ANOVA

Perception level of emerging entrepreneurs based on demographic characteristics

Demographic Profile	Perception level			
	Mean	Std. Deviation	F	P
Age				

Below 20 years	53.2579	10.23260		
20 to 30 years	56.8081	5.46319	1.671	.197
Above 30 years	52.3860	10.76470		
Educational Qualification				
Below Graduation	71.2632	.00000		
Graduation	56.7618	6.23307	9.903	.000
Above Graduation	52.7742	7.87636		

Source: Primary data

- H2: There is no significant difference in the perception towards GST among emerging entrepreneurs according to their age group.

As per Table 4, it is evidenced that the F value aroused was not significant at .05 levels. Thus, the null hypothesis that there is no significant difference in the perception towards GST among emerging entrepreneurs according to their age group was accepted.

- H3: There is no significant difference perception towards GST among emerging entrepreneurs, according to their education qualification.

The result shows that the perception level of emerging entrepreneurs based on educational qualification is below the assumed significance level of F at 0.05. Therefore, the null hypothesis is rejected and it can be concluded that there is a significant difference in the perception towards GST among emerging entrepreneurs according to their education qualification.

H4: There is no significant difference attitude towards GST among emerging entrepreneurs with respect to GST effect on the Micro Small Medium Enterprises (MSMEs) in India.

Table 5.

Association between attitude and effect of GST

Attitude	Effect of GST				
	Positive	No effect	Negative	Chi-square Value	P value
Registration					
Yes	3	12	19	5.005	.082
No	0	5	21		
GST is a fair tax					
Yes	3	17	18	17.368	.000
No	0	0	22		

Implementation of GST in India					
Yes	3	9	19	3.096	.213
No	0	8	21		

Source: Primary data

Table 5, it can be observed that p-value is more than 0.05 level, therefore we accept the null hypothesis at the 5-percentage level with regard to the attitude towards registration and implementation under the GST in India. And it can be concluded that there is no significant association in the attitude towards registration and implementation under the GST in India with respect to effect of GST.

Since p-value is less than 0.05, the null hypothesis is rejected at the 5-percentage level with regard to attitude towards GST as a fair tax and effect of GST. Hence there is a significant association in the attitude towards GST as a fair tax and effect of GST on MSMEs in India

FINDINGS AND CONCLUSION

- The Majority of the respondents agreed with the statement that all business needs GST registration (57%).
- Most of the respondents were considered GST as a fair tax (57%) and implementation of GST in India (52%).
- The perception level of emerging entrepreneurs shows that they want GST to be implemented in the business community.
- There is no significant difference in the level of perception towards among emerging entrepreneurs based on gender
- There is no significant difference in the perception towards GST among emerging entrepreneurs, according to their age group.
- There is no significant association in the attitude towards registration and implementation under the GST in India with respect to effect of GST.
- There is a significant association in the attitude towards GST as a fair tax and effect of GST on MSMEs in India.

The study tries to analyses the perception towards GST among emerging entrepreneurs. The statistical analysis evidenced that the emerging entrepreneurs show a positive light to implementation of GST in the business community. The present study clearly found that there is a significant association in the attitude towards GST as a fair tax and effect of GST on MSMEs in India. So, the major suggestions are, the government should try to adopt new coping strategies for maintaining a good tax system which will provide more opportunities to entrepreneurs that enhance the progressive growth of the country.

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