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## AN ANALYTICAL STUDY OF PERCEPTION OF AUDITORS FROM GREATER MUMBAI TOWARDS INNOVATIVE METHODS APPLIED IN THEIR PROFESSION IN POST GST REGIME

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**Abstract:** GST has brought drastic changes in tax structure system in India by subsuming many Indirect taxes. Due to change in tax compliances role of auditors have become significant. The present study aimed to study and analyse Auditors Perception towards GST being beneficial for their profession. The study was under taken by referring various secondary sources and primary data about perception of professional auditors was collected through well-structured questionnaire. The data was collected from, the sample size of 400 respondents from Mumbai. In order to analyse the study, frequency, percentage and weighted average method is used to draw conclusion of the study. The study concluded that Overall, the perception of Auditors from Mumbai is positive towards various innovative practices applied towards their work in GST era being beneficial to them in reporting financial statement and also to their profession.

**Keywords:** GST, Auditors, Perception, Benefits.

### 1. INTRODUCTION:

Audit under GST is the process of examination of records, returns and other documents maintained by a taxable person. The purpose is to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess the compliance with the provisions of GST. GST audit is necessary at times to maintain a check and examine various physical and digital records to ensure whether all compliances of GST law have been fulfilled.

#### 1.1 GST AUDIT BACKGROUND

The concept of audit by a Chartered Accountant in the area of Indirect Taxes was confined to only State Value Added Tax and Central Sales Tax laws of certain States till some time ago. In Central Excise and Service Tax, only in case of suspicion of undervaluation or excessive credit, special audits were prescribed (not much used) which continue in GST. While the GST regime emphasises self-assessment processes, the complexities involved in the new statute make one wary of errors leading to unintended leakage of revenue. The level of tax compliances prevailing and the complex nature of tax laws in our country make it necessary for audit of records under various laws. Therefore, the GST law provides for audit by professionals above certain limits.

#### 1.2. TYPES OF GST AUDIT IN INDIA:

- Mandatory GST Audit under Section 35(5) of CGST Act 2017 done by professional auditors
- Departmental GST Audit under Section 65 of CGST Act 2017, conducted by Tax Authorities
- Special Audit under Section 66 of CGST Act 2017 performed by Tax Authorities

### 2. PROBLEM OF THE STUDY:

With respect to various review of literature undertaken, it has been observed that GST regime may or may not be beneficial as per the perceptions of all the stakeholders in India. Various studies has been undertaken to identify the effects of GST on indirect taxation regimes but not on individual stakeholder group or as per perception of professionals such as auditors from Mumbai. Thus, present research study is an academic attempt to study various review of past literature relating to perception of stakeholders for GST and to analyse the auditors Perception towards innovative methods used in their profession in GST regime being Beneficial for reporting financial statements and more opportunities to their profession.

### 3. OBJECTIVES OF THE STUDY:

- To study the profile of auditors in Greater Mumbai
- To Study the perception of auditors towards innovative methods used in their profession in post GST Era

### 4. RESEARCH METHODOLOGY:

For the present study, data has been collected through primary and secondary data. Primary data has been collected through well-structured questionnaire which were filled by sample size of 400 respondents from Mumbai who are working as auditors and professional auditors like chartered accountants and cost accountants which were selected on Random Convenient Non-probability Sampling Method. Secondary data were collected through review of articles, research papers, government documents, online blogs, dissertations, thesis and working papers.

### 5. REVIEW OF LITERATURE:

**Landrigan, Kerr, Dhaliwal, Savage and Pollard (2017)** explained “Removing the Australian tax exemption on healthy food adds food stress to families vulnerable to poor nutrition” to study the effect of changing Australian GST on household food stress. Four GST scenarios were compared: 1) status quo; 2) increasing GST to 15%; 3) expanding base to include exempt foods at 10% GST; and 4) expanding base to include exempt foods and increasing the tax to 15%. Scientists concluded that there is food stress risk among single-parent, low income and welfare dependent families particularly those residing in very remote areas. Researchers have recommended that the Australian Government needs to consider the potential health impacts for families when considering changes to the GST.

**Nath (2017)** supervised “Goods and Services tax: A milestone in Indian economy” to describe a brief overview of the Goods and Services Tax (GST) and its timeline for implementation in India. This study aimed to understand GST, to examine how GST affects Indian economy growth, to analyse the benefits of GST and to prepare some records for further study. Research system for the investigation is totally found on auxiliary information. Content examination was utilized to reach determination of the investigation. As a result of GST, the impact of current tax assessment framework will be lessened, providing relief to makers and purchasers by subsuming a few backhanded fees. GST has benefited a wide variety of sectors, including manufacturing, employment, FMCG, IT, etc. Therefore, GST implementation will benefit commercial interests, create more jobs, and ultimately boost the GDP.

**A.Dash (2017)** described “Positive and Negative Impact of GST on Economy” to study an analysis of the GST's overall impact in India is being conducted. The study aimed to understand GST, to consider its highlights, to assess its points of interest and difficulties and to equip the data for further research into GST. Research strategy for the examination was totally founded on optional information. Content investigation was utilized to reach inferences of the examination. GST cannot be estimated until the Government communicates more about the framework and we must wait. After Demonetization in 2016, India could take appropriate measures to reduce dark cash. After familiarising with GST system entire taxation system will be streamlined.

**Nayyar (2017)** derived “A Comprehensive Analysis of Goods and Services Tax (GST) in India” to study the effect of GST on GDP and controlling corruption. According to the researcher, GST will adversely affect all sectors in India, including manufacturing, services, telecommunications, automobiles, and small businesses. GST will increase tax revenues, speed up India's economic development, and remove all tax barriers between the central government and the states, according to the report. The GST will also make taxation more transparent

**Khan and Singh (2018)** studied “Impact of GST on different Industrial sectors” with the object to identify the effects of GST on important sectors such as FMCG, pharmaceuticals, the hospitality industry, and the automobile industry. The purpose of this study is to evaluate India's progress at international level. In conclusion, the researcher found that every sector of the economy is affected, including the government by rollout in indirect tax system. If there is an increase in cost competitiveness, an increase in tax GDP ratio, transparency, a reduction in prices, ease of doing business, and a reduction in duty on duty effect, system will give best results.

**Nischitha and Sunitha (2018)** explained “A study on implementation of GST in India: On Common man's Prospect” aim to study common man prospect under GST regime. The study discussed benefits of new tax regime and difficulties suffered by common man in execution. Observations were drawn through secondary data. The researcher concluded that common man faces a number of challenges related to GST implementation such as tax awareness and tax compliance. Government should organize awareness programs regarding tax compliances under GST for various stakeholders.

**Swamy and Mamilla (2019)** studied “GST in Indian context” with the object to study the progress of GST in 2 years and comparison with other countries. Secondary data was used for expressing the opinions. Authors concluded that contribution from GST is moving towards overall growth and prosperity. Researchers concluded that GST has simplified the existing indirect tax system and helps to overcome the duty on duty effect of tax which has controlled the prices and prevent inflation.

**Das (2020)** studied “Post-GST impact on different industrial sectors” with the aim to highlight that GST has brought inflation in the Indian economy. The research paper is based on explanatory research based on different journals, annual reports, newspapers, and magazines covering a wide collection of academic literature on Goods and Service Tax. Available secondary data are extensively used for the study. It is concluded that GST does not have a positive impact on banking, financial sector, hospitality, textile, entertainment industry from the viewpoint of the consumers. It is further concluded that some commodities like automobile products became costlier with GST

### 6. SCOPE OF THE STUDY:

The present study covers the profile of employed auditors and professional auditors in Mumbai and to analyse their Perception towards reporting of financial statements and their perceived effect on their profession in post GST regime.

**7. SIGNIFICANCE OF THE STUDY:**

The present study has its significance with respect to benefits of GST towards the profession of auditors as they contribute towards tax compliances and helping government for fulfilling GST regulations. This academic research study highlights the perception auditors from Mumbai for GST being enhance importance, bring more opportunities and the scope of their profession towards reporting of financial statements.

**8. LIMITATION OF THE STUDY:**

The present study has limitation with respect to number of respondents 400 with respect to place which is only in Mumbai and with respect to perception of respondents towards reporting of financial statements and their perceived effects on profession.

**9. FINDINGS AND DISCUSSIONS:****9.1. DESCRIPTIVE ANALYSIS:****Table no.9.1.1 Classification of respondents according to Gender**

Gender	Frequency	Percent
Male	260	65.0
Female	140	35.0
Total	400	100.0

Source: Compiled from primary data

In our analysis we have collected responses from 400 auditors include employed, self-employed and professional auditors from various small and medium firms and employees from companies. It is evident from the table that number of male auditors are 260 and whereas as number of female auditors are 140 i.e out of total respondents 65 percentages are male whereas 35 percentages are females. It is clear that male respondents are more than female respondents.

**Table no.9.1.2 Classification of respondents according to age group**

Group	Frequency	Percent
20- 30 years	250	62.5
30- 40 years	37	9.3
40- 50 years	66	16.5
50- 60 years	43	10.8
60 years above	4	1.0
<b>Total</b>	<b>400</b>	<b>100.0</b>

Source: Compiled from primary data

The above table represents the age of the respondents of sampled data. It is noted that out of total of 400 respondents 250 falls in the age group of 20-30 years which is substantial amongst all i.e 62.5 percentages. Out of total of 400 respondents 37 fall in the age group of 30-40 years which is 9.3 percentages. 66 respondents fall in the age group of 40-50 years which is 16.5 percentages. 43 respondents fall in the range of 50-60 years which is 10.8 percentages whereas 4 respondents are above 60 years which is lowest as 1 percentage.

**Table no.9.1.3 Auditor's perception on Technology Compatibility and Complexity in post GST regime****Table no.9.1.3**

	SDA	DA	N	A	SA	Total	Mean
<b>Statement 1</b>	<b>0</b>	<b>4</b>	<b>94</b>	<b>246</b>	<b>56</b>	<b>400</b>	<b>3.89</b>
<b>Statement 2</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>199</b>	<b>51</b>	<b>400</b>	<b>3.75</b>
<b>Statement 3</b>	<b>0</b>	<b>0</b>	<b>128</b>	<b>209</b>	<b>63</b>	<b>400</b>	<b>3.84</b>
<b>Statement 4</b>	<b>0</b>	<b>0</b>	<b>123</b>	<b>209</b>	<b>68</b>	<b>400</b>	<b>3.86</b>
<b>Statement 5</b>	<b>0</b>	<b>0</b>	<b>142</b>	<b>206</b>	<b>52</b>	<b>400</b>	<b>3.78</b>
<b>Overall Mean Score → → →</b>							<b>3.82</b>

Source: Compiled from primary data

**Questionnaire Statement****TECHNOLOGY COMPATIBILITY AND COMPLEXITY**

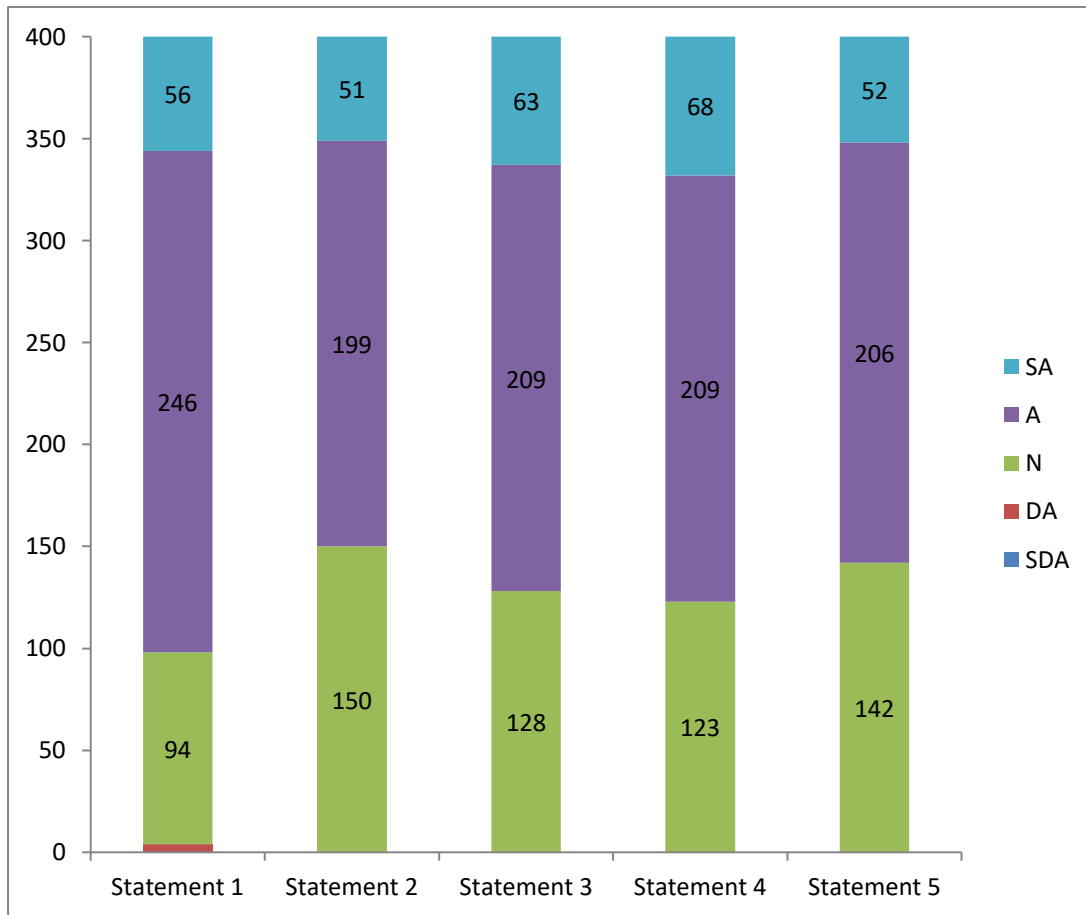
1. Auditor has to use tax-specific technologies for changing tax data flows, data analytics and data requirements.
2. Auditors are increasingly becoming more techno-savvy for performing audit due to GSTN
3. Digitalized Accounting of GST is able to undertake more value-adding functions for the audit report.
4. Technology needs to be adopted by auditor to integrate finance and other functions to have seamless data extraction
5. Auditor must have a techno-savvy competent audit team for performing GST audit

In statement 1 out of 400 total respondents 4 respondents are disagree, 94 respondents are neutral, 246 respondents are agree and 56 respondents are strongly agree. Mean score of statement 1 is 3.89.

In statement 2 out of 400 total respondents 150 respondents are neutral, 199 respondents are agree and 51 respondents are strongly agree. Mean score of statement 2 is 3.75.

In statement 3 out of 400 total respondents 128 respondents are neutral, 209 respondents are agree and 63 respondents are strongly agree. Mean score of statement 3 is 3.84  
 In statement 4 out of 400 total respondents 123 respondents are neutral, 209 respondents are agree and 68 respondents are strongly agree. Mean score of statement 4 is 3.86  
 In statement 5 out of 400 total respondents 142 respondents are neutral, 206 respondents are agree and 52 respondents are strongly agree. Mean score of statement 5 is 3.78. The overall mean score of all statement is above 3 which means respondents are agree that technology compatibility and complexity is involved in auditing and reporting financial statements in post GST era.

Chart no.9.1.1



Source: Compiled from primary data

**9.2. INFERENCE ANALYSIS:**

**H0: GST does not create better opportunities to auditors regarding innovative methods applied in their profession as per the perception of Auditors in Mumbai. (Weightage average score is not less than 3)**

**H1: GST does create better opportunities to auditors regarding innovative methods applied in their profession as per the perception of Auditors in Mumbai towards reporting of financial statements. (Weightage average score is more than 3)**

In order to test the above hypothesis, as per one sample and one variable under study i.e. perception, weighted average method is used. With respect to Table No. 9.1.1 weightage average score has been calculated to draw inferential conclusion towards the perception of respondents (auditors from Mumbai) towards GST being create more professional opportunities to auditors towards reporting of financial statements. Overall weightage average score for all the parameters under study was 3.8 which supports alternative hypothesis and failed to accept null hypothesis. Thus, GST creates better opportunities to auditors regarding innovative methods applied in their profession as per the perception of Auditors in Mumbai.

**10. CONCLUSION OF THE STUDY:**

As per the respondent’s perception towards GST being beneficial to auditors for application of innovative techniques, it has been concluded and generalized for the population of accountants in Mumbai as follows:

- GST has brought new changes in taxation system which is favourable for effective reporting of financial statements.
- GST can generate more and better professional opportunities to auditors and increase their earnings by using innovative methods.

The overall, perception of Auditors in Mumbai towards GST being beneficial to them for Reporting Financial Statements and also to their profession by applying innovative methods in GST era.

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