



Research Paper

A Study on the Impact of GST in Retail Shops at Kerala South Coastal Regions

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ABSTRACT: On 1st July 2017, GST has implemented and all the retailers whose annual turnover above 40 lakhs is required to file GST return. So, it is important to study retailers' attitude towards implementation and return of GST. The study is intended to carry out the impact of GST in retail shops at Kerala South Coast. GST has replaced indirect taxes such as service tax, VAT, Excise tax, CST etc., and shall simplify business and accounting process. GST is applicable on both goods and services. So, this study entitled, the impact of GST on retail shops has much scope in the present scenario.

KEY WORDS: GST, GST return, GSTIN, Retailing etc.

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I. INTRODUCTION

Goods and Service Tax, commonly known as GST, is a new tax system launched to replace the various taxes already in place at the state level and central level in India. GST has been introduced with the aim to devise a one tax system for all goods and services through the country. Many indirect taxes like VAT, service tax etc. were replaced with GST by an ACT of the Parliament in 2017.

The retailers can file GST in two ways i.e.; regular and composite. In the case of regular dealers, they have to file GST monthly returns (GSTR 3B, GSTR 1, 2, 3) + Annual returns, whereas in the case of composite dealers, they file quarterly returns (GSTR 4) + Annual returns. And also, regular dealers can make interstate sales as well as local sales and higher sale of tax is applicable for them. (5%, 12%, 18%, 28%). It is applicable for large assesses having turnover more than 1.5 crores. If the turnover is less than 1.5 crores, still normal scheme can be chosen. While, the composite dealers cannot make interstate sales and they can only sell within the state and their rates of tax are lower ie; 1% for traders, 1% & 2% for manufactures and 5% for restaurants. It is applicable for small assesses having turnover up to 1.5 crores in previous year.

The impact of GST on retail sector is going to be positive as it will bring down total indirect taxes, increase supply chain efficiency and facilitate seamless input tax credit. After the implementation of GST, state boundaries will be irrelevant from taxation and documentation point of view. Vanishing state boundaries will reduce the complexity for retailers and increase the distribution reach as well as efficiency.

Retail is the process of selling consumer goods or services to customers through multiple channels of distribution to earn profit. Retailers satisfy demand identified through a supply chain. Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable.

Significance of the study

The significance of the study is to ascertain the fair attitude of retailers towards the implementation of GST in their shops in Kerala South coast. Now-a-days most of the retail shops are registered under GST. The study gives the attitude of retailers about implementation of GST. It is compulsory that all the retailers who are registered under GST have to file the GST returns. The GST can be filed in 2 ways by the retailers, i.e. Regular and Composite. In the case of regular retailers, they can make interstate sales as well as local sales whereas a composite dealer cannot make interstate sales. The normal retailers calculate GST payable by deducting output GST – input GST and in the case of composite dealer, they calculate GST payable by paying output GST. If they are not filing GST, the govt. will cut their E-way bills and also, they have to pay fine (Rs.10000) for them.

Objectives of the study

- i) To analyse the impact of implementing GST.

- ii) To analyse the problem faced due to GST implementation.
- iii) To study the retailer's overall attitude towards GST implementation.

Research methodology

Sampling technique:

Sampling technique selected for the study is Random Sampling Technique.

Sample size:

The sample selected for the study is 140 retail shops in Kerala South Coastal region

Population

The total number of retail shops in Ernakulam, Alappuzha, Kollam and Thiruvananthapuram includes more than 1000

Sources of data

Primary data

Primary data are the data originally collected for an investigation. They are collected from some primary sources. Primary data are collected through questionnaire.

Secondary data

Secondary data are those which are collected from published and unpublished sources. Secondary data for this study is collected from internet and books.

Tools for collection of data

The tool used for collecting information is a structured questionnaire consisting of 5 questions. Questionnaire is sent to respondents and the respondents send reply by filling in the questionnaire and the information is then fed into the final report.

Tools for analysis

After the collection of data, it was analysed. For making the analysis easier, the raw data was tabulated and analysed. The main tool used for data analysis and interpretation is column charts.

II. THEORETICAL FRAMEWORK

GST history

The implementation of the Goods and Services Tax (GST) in India was a historical move, as it marked a significant indirect tax reform in the country. The amalgamation of a large number of taxes (levied at a central and state level) into a single tax is expected to have big advantages. One of the most important benefit of the move is the mitigation of double taxation or the elimination of the cascading effect of taxation. The initiative is now paving the way for a common national market. Indian goods are also expected to be more competitive in international and domestic markets post GST implementation.

From the viewpoint of the consumer, there would be a marked reduction in the overall tax burden that is currently in the range of 25% to 30%. The GST, due to its self-policing and transparent nature, is also easier to administer on an overall scale.

History of GST Based on Country

Several countries have already established the Goods and Services Tax. France was the world's first country to implement GST Law in the year 1954. Since then, 159 other countries have adopted the GST Law in some form or other. In many countries, VAT is the substitute for GST, but unlike the Indian VAT system, these countries have a single VAT tax which fulfills the same purpose as GST. In Australia, the system was introduced in 2000 to replace the Federal Wholesale Tax. GST was implemented in New Zealand in 1986. A hidden Manufacturer's Sales Tax was replaced by GST in Canada, in the year 1991. In Singapore, GST was implemented in 1994. GST is a value-added tax in Malaysia that came into effect in 2015.

- France – The first country to implement GST in 1954 and many other European Countries introduced GST in 1970 – 1980s.
- China – Introduced VAT in 2016 to replace the Business Tax System that was already existing. GST is applied on selected goods.
- Japan – It introduced GST in the name of Consumption Tax in the year 1989.
- Malaysia – Introduced GST in 2015.
- Australia – GST was introduced in 2000 with the rate of 10% and with the plans to increase it to 15%.
- Singapore – Introduced GST in the year 1994.
- Canada – GST was introduced in 1991 and has a dual model like India i.e. State GST and Central GST.

After the implementation of GST, all the retailers whose annual turnover above 40 lakhs is required to file GST return. The government has proposed five tax slabs at 0%, 5%, 12%, 18% & 28% for a different type of items and services.

Goods and Services Tax Identification Number (GSTIN)

GSTIN or Goods and Services Tax Identification Number is a unique 15-digit number, which was replaced the Tax Identification Number (TIN). Before GST was implemented, dealers registered under the state VAT law were given a unique TIN number by the respective state tax authorities. Business entities registering under GST will be provided a unique identification number known as the GSTIN, as the name suggests, is a unique identification number assigned to a dealer or supplier, under the GST regime. Obtaining GSTIN and registering for GST are free of cost. There are two ways to register for GST:

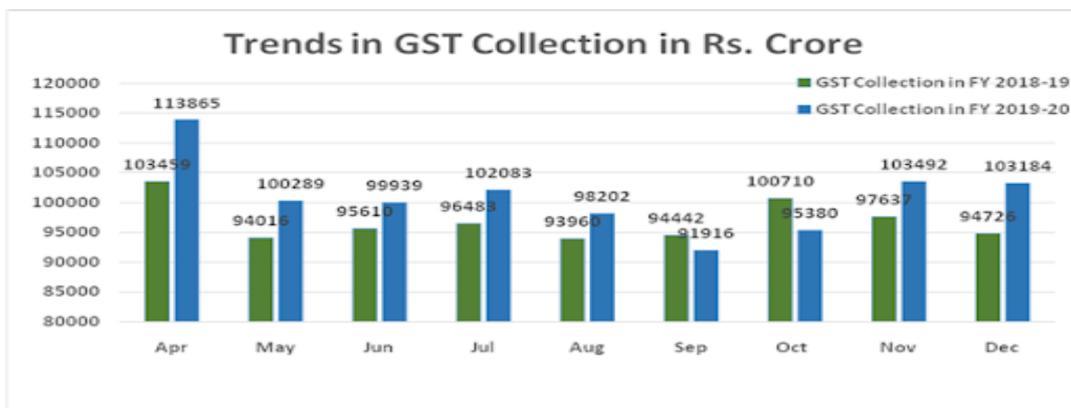
- GST Online Portal
- GSTSeva Kendra set up by the government.

Format of GSTIN

- First two digits of GSTIN is your state code, for instance, state code of Delhi is 07.
- The next 10 digits denotes the PAN or Permanent Account Number of business entity / proprietor.
- 13th digit is based on the number of registrations done by the business entity within a state.
- 14th digit is “Z” by default.
- The last digit is the check code, this can be a number or an alphabet.

Tax collection from 2018-19-20

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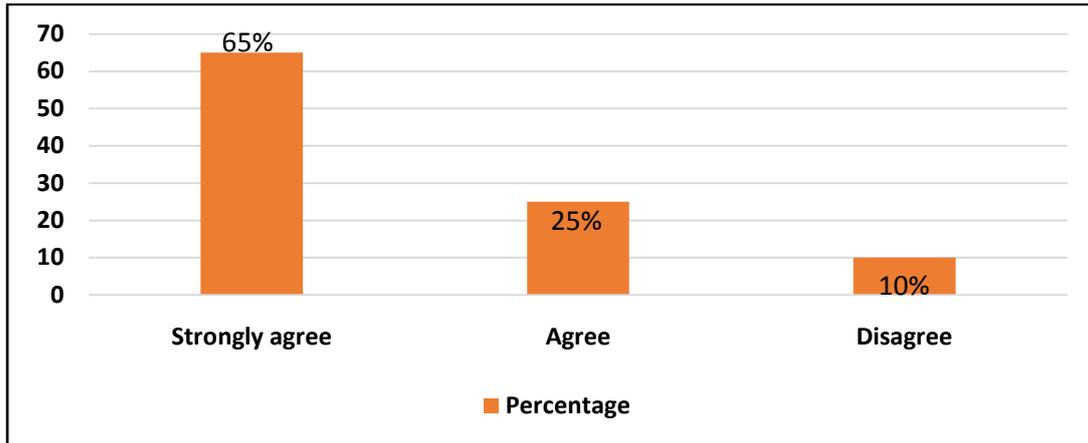
This graph shows the GST collection in two years that is 2018-2019 & 2019-2020. From this graph we can understand that the GST collection is higher in 2019-2020 than 2018-2019.

Analysis and Discussions

Table-1

Implementing GST will cause higher price of goods and services

Sl.No	Opinion	No. of respondents	Percentage
1	Strongly agree	91	65
2	Agree	35	25
3	Disagree	14	10
	Total	140	100

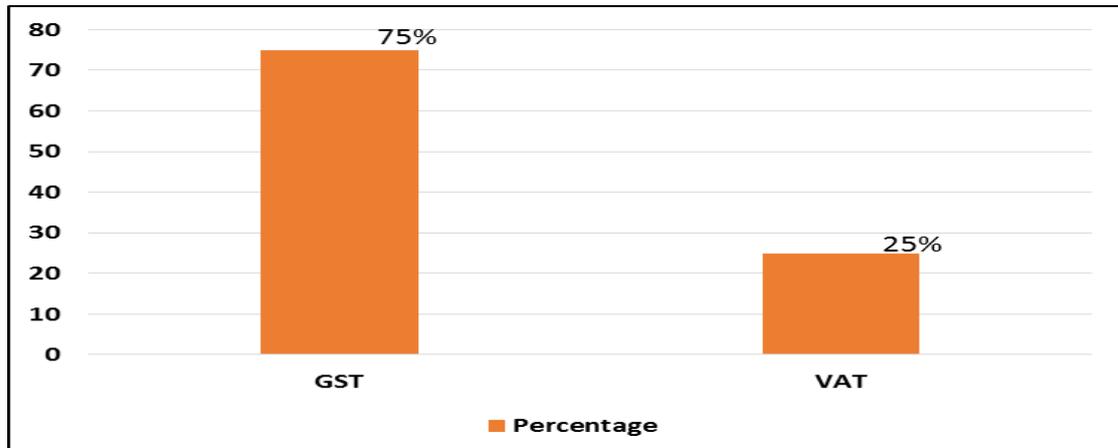


Interpretation

65% of the respondents strongly agree that GST will cause higher price for goods and services and 25% of respondents agree and the remaining 10% of respondents disagree that GST will cause higher price for goods and services. Thus, the survey analysis shows implementing GST will cause higher price of goods and services

Table-2
GST is beneficial to government

Sl.No	Opinion	No. of respondents	Percentage
1	GST	105	75
2	VAT	35	25
	Total	140	100

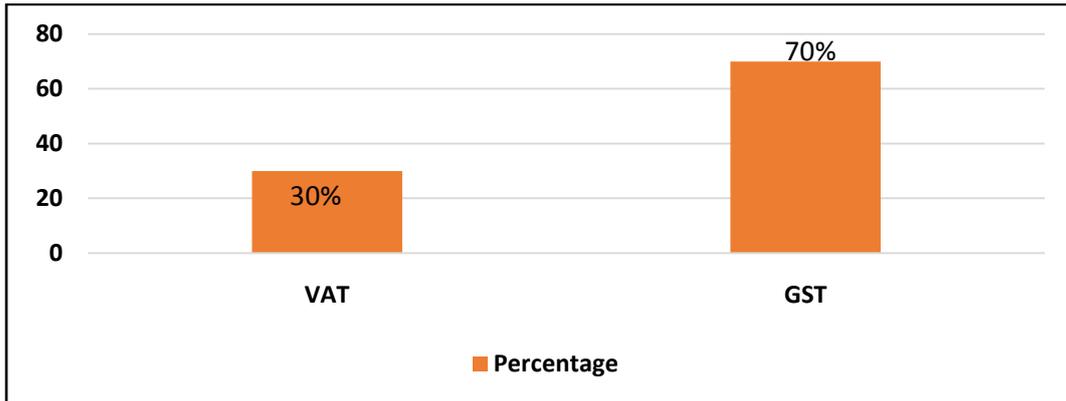


Interpretation

75% of the retailers says that GST is more beneficial to govt and 25% tells that VAT is more beneficial to the govt.

Table-3
GST or VAT give more profit margin to retailers

Sl No.	Opinion	No. of respondents	Percentage
1	VAT	42	30
2	GST	98	70
	Total	140	100

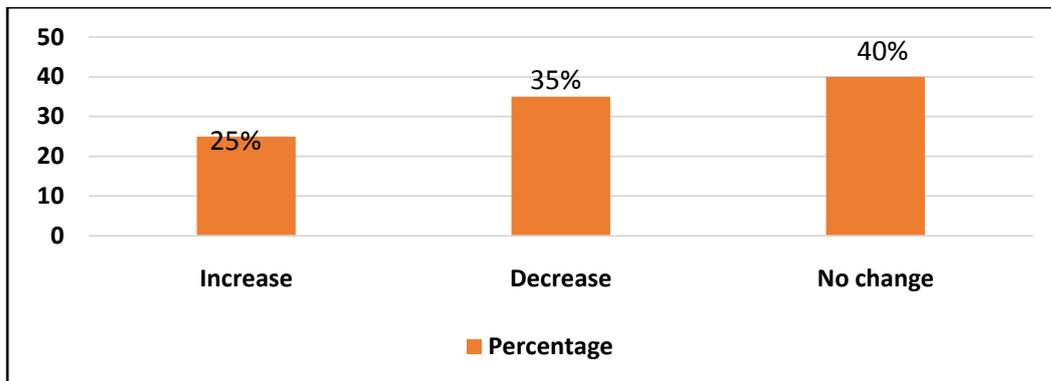


Interpretation

70% of the retailers stated that GST will give more profit margin to them and 30% stated that VAT give more profit margin. Retailers may have a negative attitude to GST in the earlier stage, but still, they are more beneficial with this system.

Table-4
Any increase or decrease in the volume of sales due to implementing GST

Sl No.	Opinion	No. of respondents	Percentage
1	Increase	35	25
2	Decrease	49	35
3	No change	56	40
	Total	140	100

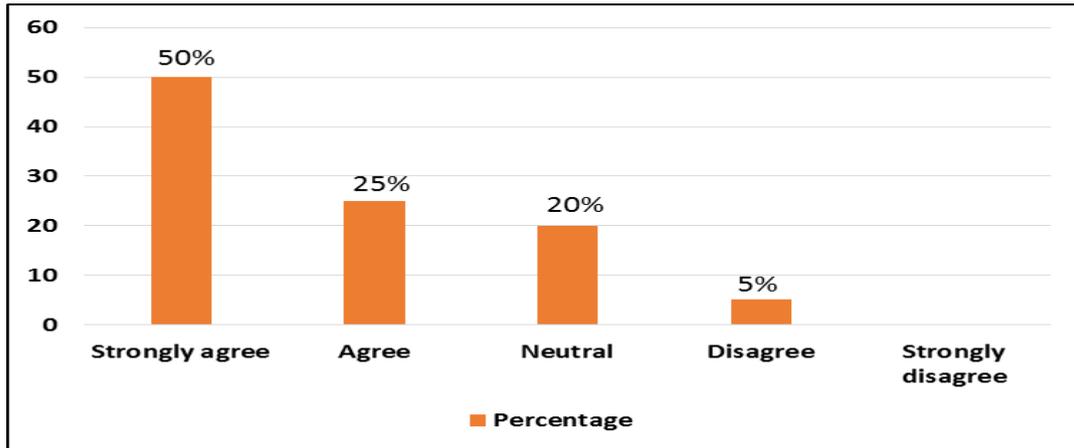


Interpretation

40% of retailers stated that no change in the volume of sales and 35% retailers stated that decrease in the volume of sales and 25% stated that there is an increase in the sales. So, it is assumed that, implementation of GST does not have much change in the volume of sales.

Table-5
GST is a very good tax reform in India

Sl.No	Opinion	No. of respondents	Percentage
1	Strongly agree	70	50
2	Agree	35	25
3	Neutral	28	20
4	Disagree	7	5
5	Strongly disagree	0	0
	Total	140	100

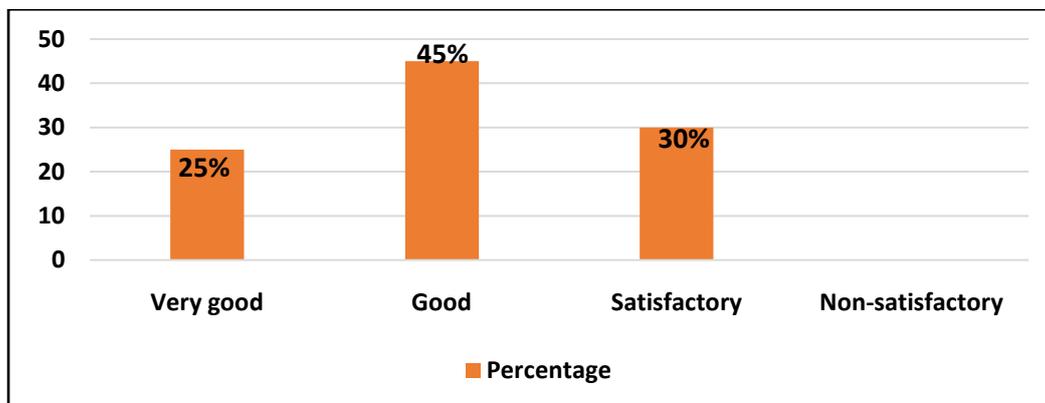


Interpretation

50% of the retailers strongly agreed that GST is a very good tax reform in India. 25% of the retailers agree to this opinion. And only 5% disagree that GST is not a good tax reform in India. Remaining 20% of retailers neutral to this opinion. As far as the above concerns are there GST is a very good tax reforms in India

Table-6
Overall attitude towards GST

Sl.No	Opinion	No. of respondents	Percentage
1	Very good	35	25
2	Good	63	45
3	Satisfactory	42	30
4	Non-satisfactory	0	0
	Total	140	100



Interpretation

45% retailers opined that GST is good and 30% opined that it is satisfactory and 25% of them are opined that GST is very good and no one makes the opinion non-satisfactory. Most of the retailers have some hurdles with GST in the initial stages and some negative attitude towards GST, but the overall attitude of them shows its good.

III. CONCLUSION

The implementation of GST in retail shops affects our everyday lives in different ways. Implementation of GST is one of the best decisions taken by the Indian government. The impact of GST on retail sector is going to be positive from taxation and operation point of view. During the implementation stage of GST, the retailers faced some complexities because they were not fully aware about GST. Sometimes consumers feel higher price for goods and services after the implementation of GST. But in certain circumstances, they will also get benefits from GST. They were relieved from earlier overall tax burden. Whether the impact of GST is good or bad, its implementation in retail shops helps our society work in more efficient and cost-effective manner.

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