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This is to certify that Dr./ Mr./ Ms. HARSHA . C. MATHAD has participated /
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A study on GST (Goods and Services Tax) impact on small and medium business

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Introduction

Tax is a major revenue part of the Government. In India we have two types of tax one is the direct tax and another one is an indirect tax. A country like India it is too difficult to bring uniform tax system. But our government made a good approach in bringing the unique tax system in India. India is having 29 states and 7 union territories and in all these places different tax system was followed in early days. Now a unique tax system is followed in whole India. And that tax system is called as GST (Goods and Services Tax). The genesis of the GST took place in the year 1954 in France. Presently more than 150 countries are following GST. So now the question arises what is GST, in a simple term if we define it, it is nothing but goods and services tax. GST is an indirect tax on goods and services, which is applicable uniquely in all part of India when product or service is supplied, except petroleum products like (crude petroleum, high-speed diesel, motor spirit, natural gas, aviation turbine fuel) and alcoholic liquor for human consumption. When new goods and service tax introduced its effect must be reflected on the supplier of the goods and services that means business persons, consumer, and government revenue. Here we will be focusing on how this GST is reflected on supplier and customer.

History of GST in India

In India, it took almost 17 years to introduce one nation one tax. In the year 2000, a committee was formed for the assessment of pros and cons of GST and also assigned responsibility to find the suitable technology and logistics required for the GST. And later in the year, 2009 basic structure of GST is announced, but it was not accepted. Again in the year 2011, 2012 and 2013 bill was introduced in parliament but not accepted. In India, GST bill was passed in Lok Sabha and Rajya Sabha on 8th August 2016 and 3rd August 2016 respectively. From 1st of July 2017, it came into existence across India by passing the Goods and service Act 2017.

Literature review

Ms. Rani Jacob (2017) defined the impact of GST on MSME in her journal. According to her at present MSME sectors work is increased from GST. Major MSME came in tax slab, earlier these MSME were exempted from the tax liability. So MSME cost and tax liability are increased but in long run, they will be beneficiaries because central and state government will observe the impact and advise them periodically. May be in this research she concluded impact of GST on MSME by using secondary data.

Ms. R. Lavanya Kumari (2017) described the impact of GST on Indian MSME as follows. GST may make more work for MSME, and in earlier days most of the MSME were exempted from tax and now they may come under GST because of change in the conditions. She also assumed that one nation one tax will create more advantages for MSME in long run.

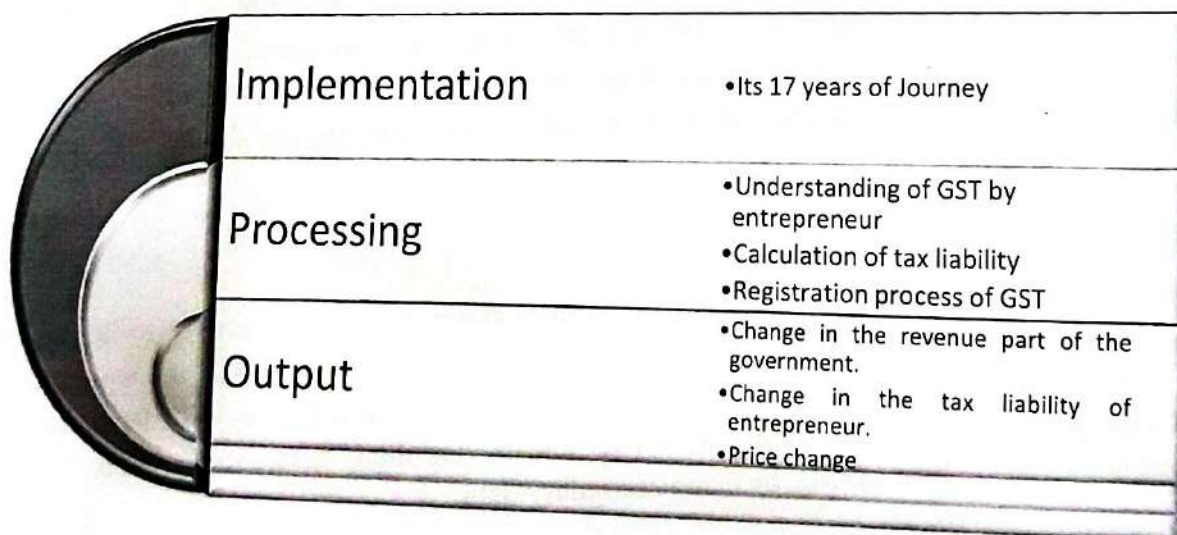
Saurabh Suman (2017) explained GST impact on small business entrepreneur as follows. To study the GST impact they divided the entrepreneur into four categories and categories were made according to their

profit. For impact first, they concentrated on satisfaction, then change in profit and major problems. In all three factors still, some percentage of entrepreneurs confused to say anything because of short-term. The major problem is paper work, registration, bargaining power of customer and customer satisfaction.

Statement of the Problem

GST is a re-engineering process which is done for the existing tax system of India. Re-engineering is not a simple task, it is a complicated task. Continuous feedback and its adoption are very much required for the betterment of GST re-engineering. This re-engineering process we can divide into three steps. First one is implementation, the second one is processing and the third one is output. Implementation is a difficult task which took almost 17 years, now we have to study the next two steps that are processing and output. Processing step involves the understanding of GST by entrepreneur, registration process of GST, calculation of tax liability and change in the accounting software system. And output steps focus on change in the revenue part of the government, change in the tax liability of entrepreneur, GST impact on business growth and price level variation (When a product reaches to the customer). If GST wants to success last two steps should give a positive impact on both entrepreneur and customer. So far a lot of changes has been made for the GST from the day when it was implemented because; negative impact on last two steps of GST. GST rates are changed by 40 times and lot more has to be changed because of the betterment of GST. Goods and service tax system is a continuous process and it has lot of scope for further betterment. All these define that still there is a problem and more scope for the study on GST impact.

GST re-engineering process



Scope of the Study

The main scope of this study is to identify the GST impact on small and medium business of Shivamogga city. To understand the impact we considered processing and output of reengineering. So study, focus on how much knowledge does business people are having on GST regarding to registration, calculation of tax liability, and returning the fillings, and it also focus on what changes happened in the business after it is implemented.

Objectives of the Study

Following are the major objectives of the study

- To understand the technical terms of GST and identify the entrepreneur knowledge on GST.
- To identify the impact of GST on small and medium business.
- To identify the GST impact on the price of the consumer product or services.

Limitation of the study

Following are the major limitation of the study

- This study is restricted to understand the GST impact on business entrepreneur of Shimoga.
- The GST impact is examined on the firm business and not on product wise.

Hypothesis of the study

This study aims to test the following hypotheses.

- Ho: Chosen factors are not significantly affected by the goods and service tax.
- Ho: There is a significant relationship between GST and its impact on business profit, GST and its impact on Economic growth of the country.

Research Methodology

For this research, we considered both primary and secondary data. To understand the impact on business and customer we used primary data, and to find the impact on economic development of the country we used the secondary data. Convenience sample method was followed for the study.

Theoretical background of the GST

Our dual GST system is further classified into four parts and they are as follows, CGST (Central goods and service tax), SGST (State goods and service tax), UTGST (Union Territory goods and service tax) and IGST (Integrated Goods & Services Tax). CGST and IGST will be levied by the central government; SGST and UTGST are levied by the state government. There are five tax slabs in the GST and they are 0%, 5%, 12%, 18% and 28%. When transaction happened within the state half of the tax will be lived by the state government (SGST) and the remaining half will be levied by central government (CGST). When interstate (one state to another state) supply took place tax will be lived by the central government.

If any business turnover exceeds the threshold limit of Rs. 20 lakh they are eligible for GST, except the Special Category States (Arunachal Pradesh, Assam, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand). In special category states threshold limit is Rs. 10 lakh. Important requirement for GST registration are permanent account number, mobile number and e-mail address. For registration normally it takes 3 to 7 working days. Important returns filling dates are as follows.

Return Form	Particulars	Frequency	Due Date
GSTR-1	Details of outward supplies of taxable goods and/or services effected	Monthly	10th of the next month
GSTR-2	Details of inward supplies of taxable goods and/or services effected claiming input tax credit.	Monthly	15th of the next month
GSTR-3	Monthly return on the basis of finalization of details of outward supplies and inward supplies along with the payment of amount of tax.	Monthly	20th of the next month
GSTR-3B	Simple return for Jul 2017- Mar 2018	Monthly	20th of the next month
GSTR-4	Return for compounding taxable person	Quarterly	18th of the month succeeding quarter
GSTR-5	Return for Non-Resident foreign taxable person	Monthly	20th of the next month
GSTR-6	Return for Input Service Distributor	Monthly	13th of the next month
GSTR-7	Return for authorities deducting tax at source.	Monthly	10th of the next month
GSTR-8	Details of supplies effected through e-commerce operator and the amount of tax collected	Monthly	10th of the next month
GSTR-9	Annual Return	Annually	31st December of next financial year
GSTR-9A	Annual Return	Monthly	31st December of next financial year
GSTR-10	Final Return	Once. When registration is cancelled or surrendered	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR-11	Details of inward supplies to be furnished by a person having UIN and claiming refund	Monthly	28th of the month following the month for which statement is filed

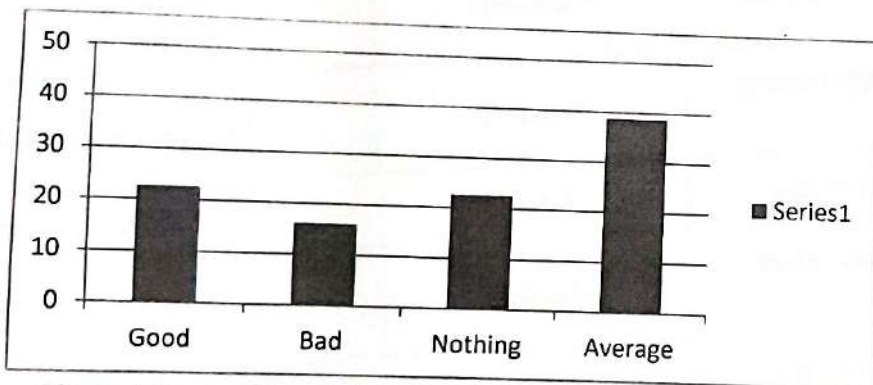
Sources: <https://cleartax.in/s/returns-under-the-gst-law>

Data Analysis

To collect the primary data eleven question was framed and those analyses are as follows.

a. Impact of GST on Growth or turnover of the business.

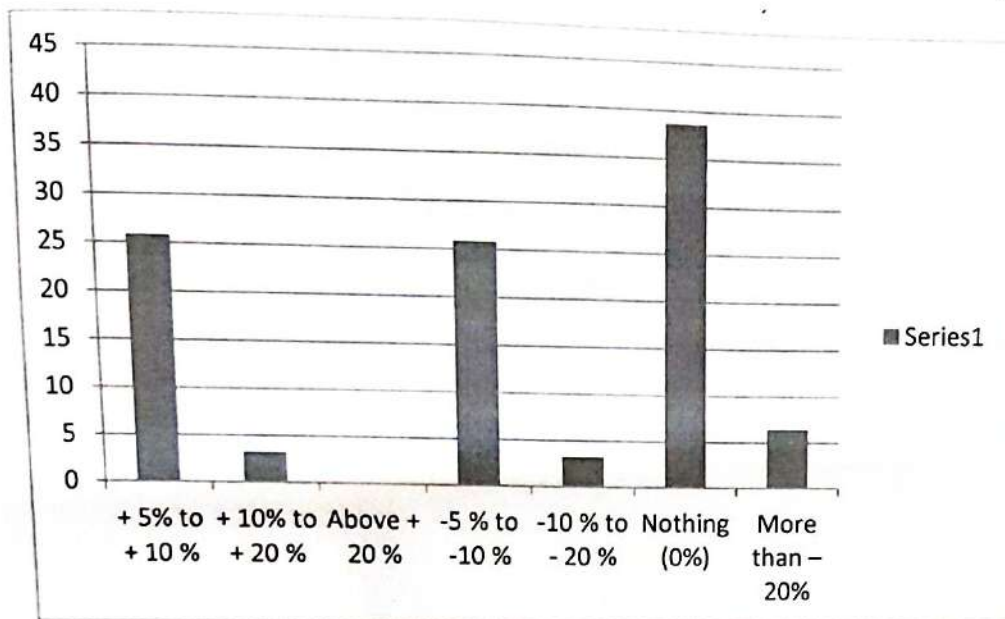
Condition	Percentage
Good	23
Bad	16
Nothing	23
Average	39



Above table and graph indicates that GST impact on business turnover is not much. Most of the business people say that GST impact is not much, and if it is there also that is in a good manner. Demonetization was made business slow and now GST is making growth for the business.

b. Impact on Profit margin

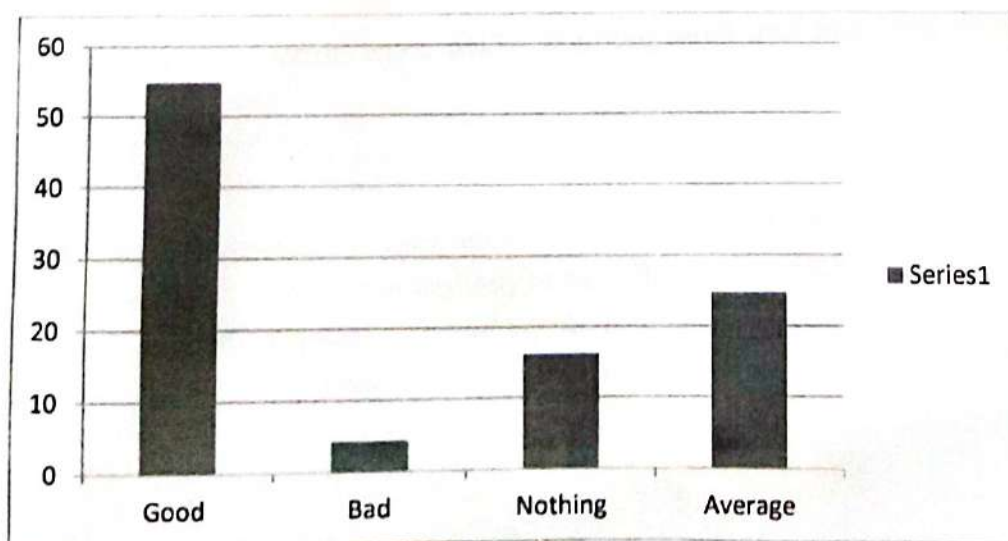
Condition	Percentage
+ 5% to + 10 %	26
+ 10% to + 20 %	3
Above + 20 %	0
-5 % to -10 %	26
-10 % to - 20 %	3
Nothing (0%)	39



Most of the respondents told that when the tax rate is changed for them, the profit margin was shifted. If the tax rate is reduced then profit margin will increase them.

c. Impact on Business Management, Vendor Relations and Customer Relations

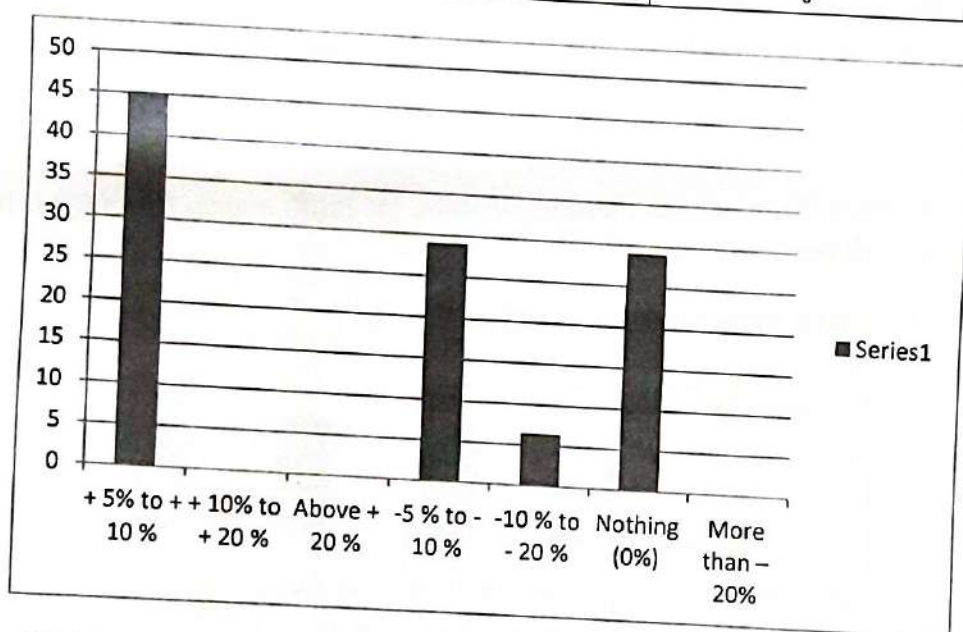
Condition	Percentage
Good	55
Bad	4
Nothing	16
Average	25



Impact of GST on Business Management, Vendor Relations, and Customer Relations is good for most of the business people.

d. Impact on product price

Condition	Percentage
+ 5% to + 10 %	45
+ 10% to + 20 %	0
Above + 20 %	0
-5 % to -10 %	29
-10 % to - 20 %	6
Nothing (0%)	29
More than - 20%	0



GST impact on product price both good and bad, those products which come under 28% tax slab that price is increased and vice versa.

Conclusion

Overall GST impact on business is good and the main drawback in Indian GST is different tax slab. Most of the business people like that there should be a unique rate for all kind of product or services. Demonetization made a huge impact on Indian trade and simultaneously GST came so doing business becomes difficult for few business people. But most of the Business people are given the positive opinion on the GST.

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