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**"COMPLIANCE OF GOODS & SERVICES TAX PROVISIONS BY
ASSESSEES IN MADURAI DISTRICT"**

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ABSTRACT

Goods & Services Tax is the emerging field of taxation for raising Government revenue. It offers tremendous revenue potential to the Government. Compliance is an important issue for both tax administrators and tax payers so that the total tax collections are accurate and finally could reduce the tax gap. It would, therefore, be desirable for every person, concerned with tax on GST to be equipped with intricacy governing service tax laws. Considering the above aspect, an earnest attempt has been made to analyse the opinions of Goods & Service tax assesseees on the compliance of GST provisions in Madurai District and to exhibit the sources that would lead to effective voluntary compliance on part of the taxpayers. For the purpose of the study a sample survey of Goods & Service tax assesseees constitutes 150 respondents from Madurai District. In this study the predictors (which tend to influence Goods & Service tax compliance) tested were based on Awareness level of Goods & Service tax assesseees, Goods & Service tax Education, Knowledge on Goods & Service tax, Attitudes of Goods & Service tax assesseees and Administrative measures.

INTRODUCTION

GST is known as the Goods and Services Tax. It is an indirect tax which has replaced many indirect taxes in India such as the excise duty, VAT, services tax, etc. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017. India moved to a new tax system one that aims at converting the entire nation into a single market. GST is levied on the supply of goods and services. Goods and Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value

addition. GST is a single domestic indirect tax law for the entire country. Under the GST regime, the tax is levied at every point of sale. In the case of intra-state sales, Central GST and State GST are charged. All the inter-state sales are chargeable to the Integrated GST. GST has mainly removed the cascading effect on the sale of goods and services. Removal of the cascading effect has impacted the cost of goods. Since the GST regime eliminates the tax on tax, the cost of goods decreases. Also, GST is mainly technologically driven. All the activities like registration, return filing, application for refund and response to notice needs to be done online on the GST portal, which accelerates the processes. GST introduced a centralized system of waybills by the introduction of “E-way bills”. This system was launched on 1st April 2018 for inter-state movement of goods and on 15th April 2018 for intra-state movement of goods in a staggered manner. Under the e-way bill system, manufacturers, traders and transporters can generate e-way bills for the goods transported from the place of its origin to its destination on a common portal with ease. Tax authorities are also benefited as this system has reduced time at check - posts and helps reduce tax evasion. The e-invoicing as made applicable from 1st October 2020 for businesses with an annual aggregate turnover of more than Rs.500 crore in any preceding financial years (from 2017-18). Further, from 1st January 2021, this system was extended to those with an annual aggregate turnover of more than Rs.100 crore.

REVIEW OF LITERATURE

Barhate G H (2017) has studied that the lack of information coupled with the apathy towards reforms may paralyze the speedy implementation of this system especially in small towns where still not a single orientation programs have been planned and executed till date by competent authorities. The association of business turnover with the apprehensions can be issue worth considering when designing training programs and modules. In lieu of this it is suggested associations, NGO's should come forward to organize such programs at town level to orient small traders so that nobody is left out of this biggest tax reform in the country. Poonam (2017) The biggest problems in Indian tax system like Cascading effect & tax evasion, distortion can be minimized by implementing GST. A single rate would help to maintain simplicity and transparency by treating all goods and services as equal without giving special treatment to some 'special' goods and/or services. The launch of GST would transform Asia's third largest economy into a single market for the first time. Shakti Dwivedi (2017) in his paper inquiring the level of awareness towards Barhate G H (2017) has studied that the lack of information coupled with the apathy

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Shakdwipee 2018 in his paper inquiring the level of awareness towards GST among the small business owners in Rajasthan State, found that the main areas to be focused include training errors and computer software availability.

OBJECTIVES OF THE STUDY

1. To review the sources for effective enhancement on compliance of Goods & Service tax provisions by the assesseees.
2. To analyze the opinion of the Goods & Service tax assesseees with regard to compliance of service tax provisions considered for the study.

3. To offer suggestions for better compliance and revenue generation of Goods & Service tax.

ANALYSIS OF THE STUDY

The sample survey of Goods & Services tax assesseees constitutes 150 respondents from Madurai District. In this study the predictors (which tend to influence Goods & Services tax compliance) tested were based on Awareness level of Goods & Services tax assesseees, Goods & Services tax Education, Knowledge on Goods & Service tax, Attitudes of Goods & Services tax assesseees and Administrative measures. The objective of study is to analyse whether the identified key enablers tend to enhance effective compliance of Goods & Services tax provisions by reducing the difficulties faced by the assesseees in meeting their tax liability.

DESCRIPTIVE ANALYSIS

The data collected from the sample survey of 150 Goods & Service tax assesseees are exhibited as under.

DEMOGRAPHIC PROFILE AND CHARACTERISTICS OF GOODS & SERVICES TAX ASSESSEES (N=150)

| S.No | Characteristics | Categories | No. of Respondents | Percentage to Total |
|------|---------------------------|--------------------|--------------------|---------------------|
| 1 | Gender | Male | 114 | 76 |
| | | Female | 36 | 24 |
| 2 | Age | Below 30 years | 19 | 12.7 |
| | | 30- 40 years | 44 | 29.3 |
| | | 41-50 years | 49 | 32.7 |
| | | Above 50 years | 38 | 25.3 |
| 3 | Educational Qualification | HSC/Diploma | 5 | 3.3 |
| | | Under Graduate | 54 | 36.0 |
| | | Post Graduate | 65 | 43.3 |
| | | Tax Professional | 26 | 17.4 |
| 4 | Type of Ownership | Proprietorship | 58 | 38.7 |
| | | Partnership | 33 | 22.0 |
| | | Trust | 6 | 4.0 |
| | | Company | 53 | 35.3 |
| 5 | Years of Experience | Below 5 years | 32 | 21.3 |
| | | 6-10 years | 54 | 36.0 |
| | | 11-15 years | 30 | 20.0 |
| | | 16-20 years | 21 | 14.0 |
| | | Above 20 years | 13 | 8.7 |
| 6 | Locality of Business | Urban | 121 | 80.7 |
| | | Semi Urban | 29 | 19.3 |
| | | Rural | 0 | 0.0 |
| 7 | Jurisdiction (Division) | Madurai Division I | 102 | 68.0 |

| | | | | |
|---|--|---------------------|----|------|
| | | Madurai Division II | 48 | 32.0 |
| 8 | Annual turnover of the Business as on 31 st March, 2019 | Below 1 Crore | 86 | 57.3 |
| | | 1 Crore -5 Crores | 27 | 18.0 |
| | | 5 Crores-15 Crores | 23 | 15.3 |
| | | Above 15 Crores | 14 | 9.4 |

Source: *Primary Data*

The above table summarizes the demographic characteristics of the respondents in terms of gender, age, formal education, years of experience in their business operation, locality of the business, area of jurisdiction, annual turnover of the business of Goods & Service Tax assesseees on 31st March, 2019.

As summarised from table elicited as above, out of 150 Goods & Service Tax assesseees 76% were male and 24% were female respondents. Men draw a high level of participation in engagement of service rendering business than female.

With regard to the age group of respondents 32.7% of the respondents were between 41-50 years of age, followed by 29.3% of the respondents in the age group of 30-40 years. Respondents below 30 years of age witnessed a low percentage share of participation with 12.7% followed by 25.3% participation of respondents in the age group of above 50 years.

As presented in the above table most of the respondents have good academic qualification where 65 respondents constituting 43.3% were post graduates and 36% (54) of the respondents were under graduates followed by 26 (17.4%) tax professionals of the total respondents. Only 5 respondents with 3.3 % had low level of education including diploma or secondary level.

With reference to type of ownership of business held by the respondents, 58 (38.7%) of the respondents were proprietors followed by 53 with 35.3% of the respondents from company registered form of business. Only 6 respondents with 4.0% were from trust ownership which forms a least score in the total level of participation followed by 22 respondents from partnership form of business with percentage of 22.0% of the total respondents.

The collected data reveals that in terms of years of experience, 36.0% of the respondents have been operating their business for 6-10 years. Respondents having experience below 5 years and 11-15 years were observed with more or less equal share of percentage of 21.3% (32) and 20.0% (30) respectively. Only few respondents gaining experience for about 16-20 years (21 respondents) and above 20 years (13 respondents) were witnessed with 14.0% and 8.7% respectively of the total respondents considered for the study.

As far as the locality of the business is considered, since Madurai District is a combination of semi-urban area the entire respondents considered for the study where from urban and semi-urban place constituting 121 (80.7%) and 29 (19.3%) respondents respectively of the total share of the respondents.

The annual turnover of the tax assesseees extracted from the business revealed that majority of the assesseees' annual turnover were below 1 crore comprising of 86 (57.3%) respondents, followed by 27 respondents (18.0%) in the range between 5-

15 crores. Only 9.4% (14) of the respondents were generating annual turnover of more than 15 crores from their business operation.

INFERENTIAL ANALYSIS

MEAN AND STANDARD DEVIATION OF DIMENSION OF COMPLIANCE OF GOODS & SERVICES TAX PROVISIONS

| Dimensions Of Compliance Of Goods & Services Tax Provisions | Mean | SD |
|---|-------|------|
| Goods & Services Tax Awareness | 54.89 | 6.03 |
| Goods & Services Tax Education | 30.05 | 4.91 |
| Goods & Services Tax Knowledge | 27.21 | 3.70 |
| Attitudes of Goods & Services Tax Assesseees | 43.48 | 7.38 |
| Administrative Measures | 40.32 | 3.80 |

Source: Primary Data

The above table highlights the mean and standard deviation of the key enablers that plays a predominant role in influencing the compliance provisions of Goods & Services Tax assesseees. From the table it could be observed that the mean for Goods & Services Tax Awareness is more with 54.89 followed by Attitudes of Goods & Services Tax Assesseees with mean of 43.48. Goods & Services tax knowledge has lowest mean of 27.21, which implies that though Goods & Services tax assesseees has much awareness level and positive perception in remittance of their tax liability, the acquaintance of gaining tax knowledge on GST related matters is comparatively less. The reason could be due to the complicated rules and provisions in service tax related laws and regular updating of these provisions.

PEARSON CORRELATION ANALYSIS ON VARIOUS DIMENSIONS IN COMPLIANCE OF SERVICE TAX PROVISIONS

| Dimensions in compliance of Goods & services tax provisions | Goods & Services Tax Awareness | Goods & Service Tax Education | Goods & Services Tax Knowledge | Attitude s of Goods & Service Tax Assessee s | Administrativ e measures | Complianc e of Goods & Services Tax Provisions |
|---|--------------------------------|-------------------------------|--------------------------------|--|--------------------------|--|
| Goods & Service Tax Awareness | 1.000 | 0.404** | 0.644** | 0.280** | 0.674** | -0.491** |
| Goods & Services Tax Education | - | 1.000 | 0.534** | 0.445** | 0.296** | -0.516** |
| Goods & Services Tax Knowledge | - | - | 1.000 | 0.130* | 0.535** | -0.360** |
| Attitudes of Goods & Services Tax Assesseees | - | - | - | 1.000 | 0.174** | -0.784** |

| | | | | | | |
|---|---|---|---|---|-------|----------|
| Administrative measures | - | - | - | - | 1.000 | -0.441** |
| Compliance of Goods & Services Tax Provisions | - | - | - | - | - | 1.000 |

Source: Primary Data

Note: ** denotes significance at 1% level, * denotes significance at 5% level

To test whether the five key enablers or predictor variables namely, Goods & Services tax Awareness, Goods & Service tax Education, Goods & Service tax knowledge, Attitudes of Goods & Services tax Assesseees and Administrative measures have significant impact in influencing the compliance of Goods & Service tax provisions, Pearson Correlation was applied. From table, it could be studied that all the five predictor variables have positive and significant relationship among them and exhibit a significant negative relationship with Compliance of Goods & Services tax provisions.

The table clearly brings to light that there is high positive correlation coefficient between Goods & Services Tax Awareness and Goods & Services Tax Knowledge with 0.644, which indicate 64.4 percentage positive relationships at 1% level. Goods & Services tax Awareness also shows high positive correlation coefficient with Administrative measures of 0.674 significant at 1% level.

With regard to Goods & Services tax education, it exhibits a high positive correlation with Goods & Service tax knowledge of 0.534, which indicates 53.4 percentage positive relationship at 1% level. Goods & Service tax knowledge reveals a high positive correlation with Administrative measures of 0.535, indicating 53.5 percentage positive relationships at 1% level.

Of the five key enablers, Attitudes of Goods & Services tax assesseees(-0.784) and Goods & Service tax education (-0.516) has a strong significant negative impact with Compliance of service tax provisions, which measures 78.4 percentage and 51.6 percentage negative relationships at 1% level respectively. Other predictor variables namely Goods & Services tax Awareness with -0.491, Goods & Services tax knowledge with -0.360 and Administrative measures with -0.441 also exhibit a negative significant relationship with compliance of service tax provisions at 1% level. This implies that significant increase in these predictor variables, tend to reduce or minimise the difficulties faced by the assesseees in compliance of GST provisions.

CONCLUSION

India being a developing nation relies on tax revenue to meet her expenditure. The contribution of income from indirect taxes is witnessed at a declining trend for the past few years. The striking disclosure of the study is that Goods & Services tax assesseees are of strong opinion the existing rules and regulations are tedious to be complied on part of the assesseees. The study affirms that the awareness level of the Goods & Services tax assesseees and gaining tax education on tax related areas could create positive impact in acquiring knowledge on GST which in turn leads in

minimising the difficulties faced in the compliance mechanism together with attitudes of GST assesseees and effective administrative measures that play a critical role in enhancing effective compliance of Goods & Services tax provisions. Thus the study provides an indicator for tax administrators of the relative importance of tax knowledge in assisting with the design of tax education programmes, simplifying tax systems and developing a wider understanding of taxpayers' behaviour. The research attempts in contributing to current global literature in this field of the relative importance of key enablers in affecting tax compliance which could make people pay taxes in a self assessment system that would invariably lead in increasing voluntary compliance for further enhancement of Goods & Service tax revenues to the government.

As it is the duty of every citizen of India to contribute his dues towards the Government it would, therefore, be desirable for every person, concerned with tax on GST to be equipped with intricacy governing tax laws. The Goods & Services taxpayers liable to pay GST are required to have basic knowledge about tax liability, scope of levy, taxable event, value of taxable GST, maintenance of records, submission of returns and e-filing of GST returns. This would no doubt, would have far reaching implications in the Indian economy.

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