

An Empirical Study of Attitude of Chartered Accountants of Ahmedabad City towards Implementation of GST

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ABSTRACT

Goods and Service Tax law in India is a Comprehensive multi-stage, destination based tax that is levied on every value addition. In other words, Goods and Service Tax is an indirect tax levied on the supply of goods and services. GST law has subsumed many indirect tax laws that previously Goods and Service Tax law in India. Under this regime, the tax will be levied at every point of sale. In the pre GST regime, tax on tax was calculated and paid by every purchaser including the final consumer. GST avoids these cascading effects as the tax was calculated only on the Value added at each stage of transfer of ownership. The Goods and Service Tax has a reason to give numerous opportunities to the financial care takers of companies and organizations who rely on Chartered Accountant for all their statistical and accounting data maintenance. We are developing countries where a large number of startups and small companies are working independent. After the GST implementation these companies has started working according to the new taxation system. So the awareness about the new tax system and proper training on GST laws is required For CA's. The objective of this paper is to study the awareness and perception of GST by the Chartered Accountants from Udaipur district. The research is based on primary data collected from various CA's practicing as financial consultants for small business and small scale industries by preparing a questionnaire and the data is also collected from the published articles and research engines. The research studies the perception of the Chartered Accountant towards their clients that how much they understand the current tax system. The research will help the CA'S to analyze the various perception and training required for the CA's to implement the GST law on various medium and small scale business.

1. Introduction

Tax policies play an important role on the economy. The main source of revenue for government in India is from tax. Direct and Indirect taxes are the two main sources of tax revenue. When the impact and incidence falls on same perso it is called Direct Tax, when the impact and incidence falls on different person, that is when the burden can be shifted to others person it is called indirect tax. The indirect tax system which was in multilayered taxes levied by the central and state governments at different stages of the supply chain such as excise duty, octroi, central sales tax and value added tax, among others .First Indirect tax reform occurred in India when the modified value added tax (MODVAT) was introduced for selected commodities in 1986 to replace Central Excise Duty .The other reforms are the introduction of service tax in 1994, decision to introduce VAT in 1999, introduction of Constitution Amendment Bill on GST in 2011. The one hundred and first Amendment of the Constitution of India, officially known as the Constitution (one hundred & first Amendment) Act, 2016 introduced a national goods &service tax in India from 1st April 2017. Goods and Service Tax (GST) is most ambitious and biggest tax reform plan, which aims to stitch together a common market by dismantling fiscal barriers between states .It is a single national uniform tax levied across India on all goods and services. In GST, all the indirect taxes except custom duty will be subsumed under a single regime. The GST taxation laws will put an end to multiple taxes which are levied

on different products, starting from the source of manufacturing to reaching the end consumer. GST works on the fundamental principle of 'One Country One Tax'. The tax compliance is going to be easy as all the laws are subsumed and only one GST law to be implemented. The four GST slabs have been set at 5%, 12%, 18% and 28% for different goods or services. GST is to be levied at final destination of consumption and not at various points. This brings transparency and corruption free tax administration.

Table: 1 Nature of GST in India

DUAL GST		
Transactions within the state		Interstate Transactions
SGST	CGST	IGST
Levied by state	Levied by Centre	Levied by Centre
Implemented through Multiple Statues	Implemented through Single Statue	Implemented through Single Statue
Paid to the account of State Govt.	Paid to the account of Central Govt.	Paid up to the account of Central Govt.
		IGST = CGST + SGST
		Add. Levy@1% on goods for a period of 2 years

Source: Goods and Service Tax (GST)in India-Challenges Ahead

2. Review of Literature

Chouhan, Shaktwippee, & Khan (2017) identified the awareness about GST among 148 small business owners of Rajasthan state. They analyzed that customer refused to pay GST & submit the report. They suggested that more training for GST should be provided & software's should be easily available & GST will improve the revenue growth to the state & country.

Kalyani (2017) examined the impact of GST & its benefits & opportunities on different sectors and industries. She revealed that introduction of GST is likely to improve the tax collections; efficient formulation of GST will lead to resource and revenue gain for both Centre and States majorly through widening of tax base and improvement in tax compliance. It can be further concluded that GST have a positive impact on various sectors and industry. Although implementation of GST requires concentrated efforts of all stake holders namely, Central and State Government, trade and industry.

Muthupandi & Dr. Xavier (2017) examined the awareness of implementation of GST among 100 college Students. They suggested that Providing them adequate and relevant fundamental information to better understand the general principle of GST by organizing seminar, talk, training, course and forum in order to increase awareness and knowledge and also conform to regulation. They also discussed various challenges in way of GST implementation.

Noormahayu & Ashimah (2015) examined public awareness towards Goods and Services Tax (GST) in Kuala Lumpur. In this study, several variables were selected concerning tax knowledge, tax morale and tax compliance. Multiple regression analysis was used to test the cause of relationship among tax knowledge, tax morale, and tax compliance with taxpayer's awareness on GST. The results revealed that all of three independent variables were found to have significant impact toward the publics' awareness on GST.

Garg (2014) focused on the impact of GST (Goods and Services tax) with a brief description of the historical scenario of Indian taxation and its tax structure and the researcher discussed the possible challenges, threats and opportunities that GST brings to strengthen our free market economy.

Raymond (2007) surveyed on the Goods and Services Tax with which the Hong Kong Special Administrative Region Government proposes to broaden the tax base. It shows the opinions of 310 accountants on the tax and also investigates the different views of practicing, non-practicing and retired/unemployed accountants as well as those who have lived and who have never lived in a country with GST or the like. The result shows that 62.8% of the responding accountants object to GST and suggest other measures to broaden the tax base if the economy requires it.

R. N. & Dr. Rajani (2007) examined the role of GST in India and analyzed the public opinion about awareness on GST implementation with a sample size of 150, by using convenient sampling technique. The study revealed that Goods and Services Tax will improve the collection of taxes as well as boost the development of Indian economy by removing the

indirect tax barriers between states and integrating the country through a uniform tax rate.

3. Challenges in the Implementation of GST

The central government of India has implemented GST in July 2017, but there are certain bottlenecks which need to be taken care of –

- 1) What are the preparations done by the central and state government before implementing the GST?
- 2) Whether the government machinery is efficient enough for such an enormous change. Whether the tax payer is ready for such a change?
- 3) What will be the impact on the government's revenue?
- 4) How will the manufactures, traders and ultimate consumers be affected?
- 5) Will GST help the small enterers and small traders?
- 6) Whether the IT network & infrastructure ready to make the implementation seamless.
- 7) Whether the professionals (CA's) have been aware of the implementation of GST regime.
- 8) Whether the sufficient awareness programmes have been organized to implement the GST law.
- 9) Whether the tax payer have proper awareness of the process of filling returns.
- 10) Whether the professionals have been complete knowledge of accounting related changes.
- 11) What will be the price impact on the marketing department?
- 12) Whether the fiscal administration have verified the changes & filling required.

Thus, there is going to be a need for training at many levels, which is from operations to decision makers in different domains. Everyone from individual service providers, small, medium and large firms have to adopt GST from the second quarter of the financial year 2017-18. Thus shows need for training millions of professionals. Unless different stakeholders rise up to the need for delivering the same, the transaction could be difficult.

4. Objectives of the Study

- 1) To study the chartered Accountant's Awareness about GST.
- 2) To study the chartered Accountant's Perception about GST.

5. Hypothesis of the Study

H01 Chartered Accountant's Perception about GST does not differ significantly with respect to their experience.

6. Research Methodology

Research methodology is divided into following parts:

Nature of Study: Descriptive

Type of Data: Primary Data

Closed Ended Structured Questionnaire with Likert 5 Point Scale [(1) strongly agree (2) Agree (3) neutral (4) Disagree (5) Strongly Disagree]

Population of the Study : Ahmedabad based Chartered Accountants
 Sampling Technique : Non-probability convenience sampling technique
 Sample Size : 61 samples (Approached 75 but 61 are complete error free questionnaires)

7. Analysis & Interpretations

1. Demographic Profile of Respondents

Descriptive statistics are illustrated in Table 2, which indicates demographic wise distribution of respondents. 53.97% respondents were male & rest (N=29, Percentage=46.03) were female. Majority number of customers belongs to the age group of 25 to 30 years (N=40, Percentage=63.49) followed by 30 to 35 years (N=11, Percentage=17.46).

Table 2: Demographic profile of respondents

Gender	N	Percentage
Male	34	53.97
Female	29	46.03
Total	63	100
Age (In Years)	N	Percentage
25 to 30	40	63.49
30 to 35	11	17.46
35 to 40	7	11.11
40 & above	5	7.94
Total	63	100.00

Out of the total chartered accountants majority of respondents (N=21 , Percentage=33.33) were having work experience of more than 5 years and 12.70% respondents (N=8) were having work experience of 3 to 5 years. Equal number of respondents (N=17, Percentage=26.98) were having work experience of 1 to 3 years or less than 1 year.

Table 3: Experience

Experience	N	Percentage
less than 1 year	17	26.98
1 to 3 Years	17	26.98
3 to 5 Years	8	12.70
More than 5 Years	21	33.33
Total	63	100.00

2. Respondents' Opinion about Workshop on GST :

Respondents were asked that have you ever attended any workshop on GST and as a response majority of respondents (N=42, Percentage=66.67) said that they have attended the GST workshop. Out of those respondents (N=42) who have attended GST workshops 78.57% respondents (N=33) found the workshop helpful in better understanding of GST. 93% feel need of more workshop /seminar on GST for Chartered Accountants.

Table 4: Respondents' Opinion about Workshop on GST

Attended Workshop on GST	N	Percentage
Yes	42	66.67
No	21	33.33
Total	63	100
Workshop was Helpful	N	Percentage
Yes	33	78.57

No	9	21.43
Total	42	100
Need of More Workshops	N	Percentage
Yes	59	93.65
No	4	6.35
Total	63	100

3. Respondents' opinion about Impact of GST on Revenue

Respondents were asked that Do you think GST will increase revenue for the country and as a response majority of respondents (N=61, Percentage=96.83) opined that GST will increase the revenue of the country. Further these respondents were asked that how much time it will take and as a result maximum number of CAs (N=38, Percentage=62.30) said that it will take less than a year. 19.67% respondents (N=12) said that GST will increase country's revenue in 1 to 3 years and 18.03% respondents (N=11) said that it will take 3 to 5 years.

Table 5: Impact of GST on Revenue

GST will Increase Revenue	N	Percentage
Yes	61	96.83
GST will Increase Revenue	N	Percentage
Yes	61	96.83
No	2	3.17
Total	63	100
Time Needed	N	Percentage
0 to 1 Year	38	62.30
1 to 3 Years	12	19.67
3 to 5 Years	11	18.03
More than 5 Years	0	0.00
Total	61	100

4. Respondents' opinion about Impact of GST on Workload

According to 93.65% respondents (N=59) GST has increased their workload while rest of the respondents (N=4, Percentage=6.35) said that GST does not has any impact on CAs workload.

Table 6: Respondents' opinion about Impact of GST on Workload

GST will Increase Workload	N	Percentage
Yes	59	93.65
No	4	6.35
Total	63	100

5. Chartered Accountants' Perception about GST

To identify the respondents' perception about GST they were asked to indicate their level of agreement towards various statements on the 5 point scale ranging from strongly agree (5) to strongly disagree (1). Final result is obtained with the help of mean.

In addition following criteria is used for analysis part:

- The score among 1.00-1.80 means Strongly Disagree
- The score among 1.81-2.60 means Disagree
- The score among 2.61-3.40 means Neutral
- The score among 3.41-4.20 means Agree
- The score among 4.21-5.00 means Strongly Agree

The final scores for various factors are presented in table-

According to the chartered accountants GST will make Tax system more efficient, comprehensive & transparent (Mean Score=4.22), GST will prove more support to trade & industry (Mean Score=3.60), GST will check tax evasion (Mean Score=3.76), GST will be improvement over value added tax system (Mean Score=4.14), GST will tax reform take our country in pace of leading economies of world (Mean Score=4.17), GST is the best tax system (Mean Score=3.7) but Small companies were not prepared for GST (Mean

Score=2.38). Respondents have projected no clear opinion with the statements that clients understand GST structure (Mean Score=3.27), GST will be a burden on people (Mean Score=2.97), GST will increase Inflation (Mean Score=3.37) and GST will improve refund procedure & helps in improving accounting procedures (Mean Score=3.29). It can be inferred that CAs has perceived positive aspects of GST but at the same time they are also not sure with some of the declared benefits of GST.

Table 7 : Perception about GST

	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 1	Between Samples	5.338	3	1.779	2.44	Not Significant
	Within Samples	43.074	59	0.730		
	Total	48.412	62	2.509		
	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 2	Between Samples	3.526	3	1.175	2.44	Not Significant
	Within Samples	35.332	59	0.599		
	Total	38.857	62			
Statement 3	Between Samples	3.356	3	1.119	.75	Not Significant
	Within Samples	88.581	59	1.501		
	Total	91.937	62	2.62		
	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 4	Between Samples	4.435	3	1.478	1.40	Not Significant
	Within Samples	62.168	59	1.054		
	Total	66.603	62			
	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 5	Between Samples	3.44	3	1.147	1.40	Not Significant
	Within Samples	33.449	59	0.567		
	Total	36.889	62			
	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 6	Between Samples	6.235	3	2.078	1.40	Not Significant
	Within Samples	44.845	59	0.760		
	Total	51.079	62			
	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 7	Between Samples	8.671	3	2.890	1.40	Not Significant
	Within Samples	56.757	59	0.962		
	Total	65.429	62			
	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 8	Between Samples	10.695	3	3.565	2.19	Not Significant
	Within Samples	96.162	59	1.630		
	Total	106.857	62			

	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 9	Between Samples	1.794	3	0.598	1.26	Not Significant
	Within Samples	27.92	59	0.473		
	Total	29.714	62			
	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 10	Between Samples	1.899	3	0.633	1.40	Not Significant
	Within Samples	31.18	59	0.528		
	Total	33.079	62			
	Source of Variation	Sum of Squares	Degree of Freedom	Mean Sum of Squares	F-Ratio	Result
Statement 11	Between Samples	1.686	3	0.562	0.51	Not Significant
	Within Samples	65.584	59	1.112		
	Total	67.27	62			

Level of Significance = 5%, Tabulated Value = 2.76

To find the difference of opinion of various CAs ANOVA test is used. At 5% level of significance majority of F-statistic values are not significant which provides enough evidence not to reject the null Hypothesis. So it can be inferred that Chartered Accountant's Perception about GST does not differ significantly with respect to their experience.

8. Conclusion

The main workload of the implementation of GST has been on the professionals as they have to deal directly with the tax payer, i.e. small businessman, middle man, manufactures etc. Many training programmes & workshops have been organized by the government for the awareness of the implementation of GST law. Still the professionals need more training as they are facing the practical problems for implementation of GST law. In the present study following are the main findings.

- 96.83% of the respondents were of the view that GST will increase the revenue of country within a year.
- 93.65% of respondents found that GST has increased their workload.
- GST will make tax system more efficient, comprehensive and transparent.
- It was future analyzed by applying ANNOVA to test the perception of CA's about GST with respect to their experience & it was found that Chartered Accountants perception about GST doesn't differ significantly with respect to experience. Providing adequate and relevant fundamental information is necessary to make them better understand the general principal of GST by organizing seminar, talk, training course and knowledge & also confirm to regulation.

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