



## **Awareness about Goods and Service tax among undergraduate students- special reference with Modern College of commerce and computer studies, Pune**

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### **ABSTRACT**

*Traditionally India's tax regime relied heavily on indirect taxes. Revenue from indirect taxes was the major source of tax revenue till tax reforms were undertaken during nineties. The major argument put forth for heavy reliance on indirect taxes was that the India's majority of population was poor and thus widening base of direct taxes had inherent limitations. GST also known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhance the economic growth of a country. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Lok Sabha on 6th May 2015 but is yet to be ratified by the Rajyasabha. It would be interesting to understand why this proposed GST regime may hamper the growth and development of the country. There are endless taxes in present system few levied by Centre and rest levied by state, to remove this multiplicity of taxes and reducing the burden of the tax payer a simple tax is required and that is Goods and Service Tax (GST). There are various reactions, arguments and opinions among the society as a result of the government's plan in implementing the Goods and Services Tax (GST). Some of them gave positive responds and some others gave negative feedbacks as the implementation has resulted in higher prices for goods and services and thus this tax may cause burden to people. Therefore, this study was carried out to identify student's awareness and knowledge about GST. The sample comprised of 50 students ranging from different course of study.*

**KEYWORDS:** *Goods and service tax awareness, Implementation of Tax.*



### **OBJECTIVE OF STUDY**

In general, the study conducted on undergraduate students achieve the following objectives:

- i) To identify the level of student's awareness about GST.
- ii) To identify the level of student's knowledge on issues of GST.
- iii) To have an overview about the new GST Bill in India.

### **1. INTRODUCTION**

Tax is a way of collecting revenue from individuals, companies or other entities by the government in order to finance state expenditure. It is considered as the most important sources of government's income to drive the economic growth and achieve the status of a developed country and high income. Thus, there are various taxes levied on the users such as direct taxes and indirect taxes. Taxes have a significant function in determining the direction of economic and social system of a country.

"The goods and services tax law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition". Taxation policy plays a very crucial role on the economy of a country. The main source of revenue of the government comes from the taxes levied on the citizens who can be direct or indirect. When the impact and incidence falls on same person it is called as direct tax and when the impact and incidence falls on two different people i.e. the burden can be shifted to any other person it is called as indirect tax. Before the introduction of GST India had a complicated indirect tax system with multiple taxes imposed by union and state separately, with the introduction of GST all the indirect taxes will be under an umbrella and ensuring a smooth national market with high economic growth rate. GST is a single point tax levied on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stages on value addition, thus making GST an essential tax only on value addition at each stage which ensures that there is no cascading of taxes. GST will reduce the overall tax burden of customer which is currently estimated at 25-30%. The Goods and services tax or GST which is popular as what it is all over the world was first introduced in France in the year 1954. India had adopted the dual system of GST as CGST and SGST. The idea of GST in India was proposed by Atal Bihari Vajpayee in 1999 and a committee was set up under the leadership of Asim Das Gupta the then finance minister of West Bengal to design a GST model. It was supposed to be implemented from 1st April 2010 under flagship of P Chidambaram the finance minister of UPA government but due to political issues and conflicting interests of various stakeholders it did not come into force. In May 2016 the constitutional amendment bill for GST was passed by Lok Sabha and deadline of 1st April 2017 to implement GST was set by Arun Jaitley the finance



minister of India. Finally the goods and service tax was launched at midnight on 1st July 2017 by the president of India, Pranab Mukherjee and Prime minister of India, Narendra Modi. Experts have enlisted the benefits of GST as under:

- It would introduce "one country one tax"
- It would absorb all the indirect taxes at the central and state level thus eliminating the cascading effect of tax.
- It would bring down the prices of goods and services which in turn will help the companies as consumption will increase.

## 2. BACKGROUND OF GST IN INDIA

Goods and Services Tax (GST) is an indirect tax (or consumption tax) levied in India on the supply of goods and services. GST is levied at every step in the production process, but is meant to be refunded to all parties in the various stages of production other than the final consumer. Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. However, Petroleum products, alcoholic drinks, electricity, are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax regime. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. Pre-GST, the statutory tax rate for most goods was about 26.5%, Post-GST, most goods are expected to be in the 18% tax range.

The tax came into effect from July 1 2017 through the implementation of One Hundred and First Amendment of the Constitution of India by the Indian government. The tax replaced existing multiple cascading taxes levied by the central and state governments. The tax rates, rules and regulations are governed by the GST Council which consists of the finance ministers of central and all the states. GST is meant to replace a slew of indirect taxes with a unified tax and is therefore expected to reshape the country's 2.4 trillion dollar economy, but not without criticism. Trucks' travel time in interstate movement dropped by 20%, because of no interstate check posts.

The reform of India's indirect tax regime was started in 1986 by Vishwanath Pratap Singh, Finance Minister in Rajiv Gandhi's government, with the introduction of the Modified Value Added Tax (MODVAT). Subsequently, Prime Minister P V Narasimha Rao and his Finance Minister Manmohan Singh, initiated early discussions on a Value Added Tax (VAT) at the state level. A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between the Prime Minister Atal Bihari Vajpayee and his economic advisory panel, which included three former RBI governors IG Patel, Bimal Jalan and C Rangarajan. Vajpayee set up a committee headed by the Finance Minister of West Bengal, Asim Dasgupta to design a GST model.



The Ravi Dasgupta committee which was also tasked with putting in place the back-end technology and logistics (later came to be known as the GST Network, or GSTN, in 2017). It later came out for rolling out a uniform taxation regime in the country. In 2002, the Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms. In 2005, the Kelkar committee recommended rolling out GST as suggested by the 12th Finance Commission.

In the 2014 Lok Sabha election, the Bharatiya Janata Party-led NDA government was elected into power. With the consequential dissolution of the 15th Lok Sabha, the GST Bill – approved by the standing committee for reintroduction – lapsed. Seven months after the formation of the Modi government, the new Finance Minister Arun Jaitley introduced the GST Bill in the Lok Sabha, where the BJP had a majority. In February 2015, Jaitley set another deadline of 1 April 2017 to implement GST. In May 2016, the Lok Sabha passed the Constitution Amendment Bill, paving way for GST. However, the Opposition, led by the Congress, demanded that the GST Bill be again sent back for review to the Select Committee of the Rajya Sabha due to disagreements on several statements in the Bill relating to taxation. Finally in August 2016, the Amendment Bill was passed. Over the next 15 to 20 days, 18 states ratified the Constitution amendment Bill and the President Pranab Mukherjee gave his assent to it.

A 21-member selected committee was formed to look into the proposed GST laws. After GST Council approved the Central Goods and Services Tax Bill 2017 (The CGST Bill), the Integrated Goods and Services Tax Bill 2017 (The IGST Bill), the Union Territory Goods and Services Tax Bill 2017 (The UTGST Bill), the Goods and Services Tax (Compensation to the States) Bill 2017 (The Compensation Bill), these Bills were passed by the Lok Sabha on 29 March, 2017. The Rajya Sabha passed these Bills on 6 April, 2017 and were then enacted as Acts on 12 April, 2017. Thereafter, State Legislatures of different States have passed respective State Goods and Services Tax Bills. After the enactment of various GST laws, Goods and Services Tax was launched all over India with effect from 1 July 2017. The Jammu and Kashmir state legislature passed its GST act on 7 July 2017, thereby ensuring that the entire nation is brought under a unified indirect taxation system. There was to be no GST on the sale and purchase of securities. That continues to be governed by Securities Transaction Tax (STT).

### **3.COMPARISON BETWEEN GST AND VAT**

The Goods and Service Tax, commonly known as GST is a reality now and it has brought the Indian taxation system under its unique ideology ‘one nation, one tax’. The advent of GST has subsumed all the indirect taxes in India, including Value Added Tax (VAT), Service tax, Excise duty, and Octroi. These indirect taxes or VAT were levied on each step of value addition of the product, thus creating a cascading effect. Therefore, GST was introduced to bring down unwanted inflation in the economy. Both VAT and GST are levied on the value of sale or supply of goods. But still, there are lots of differences between VAT and GST. Read on to know how GST is different from VAT. In the words of many eminent economists, VAT and GST are just two names for one tax, but on evaluating



minutely, you observe the contrast. First and foremost, it's important to understand how valuation of goods is considered under their respective perspective.

VAT is calculated on the market price of the goods. Further, excise duty and VAT add up to it.

S.no	Basis	GST	VAT
1	<i>Taxable event</i>	On every supply of goods or service.	On Sale of goods.
2	<i>Tax between state and center</i>	GST is collected under SGST and CGST for every sale from same state. The corresponding center and state amount then gets bifurcated.	Only State govt. gets the whole share for welfare of state's public.
3	<i>Input Credit</i>	As GST is applicable on goods as well as services provided, the GST portal system calculates the Input credit which is used for payment during the next GST liability.	Dealer has right to deposit his net VAT liability by deducting input VAT on goods purchased and from output VAT on goods sold.
4	<i>Input tax credit on services of goods</i>	The paid GST on services adds up to total input GST comparable to total output GST, which may be on goods sold. Finally the tax payer gets the input credit on tax for the services availed by the products you purchased.	Not applicable, as VAT is only for goods, not services.
5	<i>Taxation on services</i>	GST rates for services depend on nature of service. It may be 12% and 18% and 28% depending on the sector. Most services come under 15% GST.	VAT is not applicable on provided or sold services. Service tax is charged additionally @ 14.5%.



6	<b>Return Filing</b>	Must file return for sales by 10th, purchase by 15th and payment by 20th of succeeding month.	Must file return by 20th of succeeding month.
7	<b>Compulsion for VAT No. &amp; GST No.</b>	If turnover is or beyond Rs.20 Lakh.	If turnover is or beyond RS. 10 Lakh.

#### 4. REVIEW OF LITERATURE BY COMMITTEE

**4.1 Expert Committee on General Anti-Avoidance Rules (GAAR) (2012):** In July 2012 the then Prime Minister Dr. Manmohan Singh constituted an expert committee under the chairmanship of Dr. ParthasarathiShome. The terms of reference of the committee were to receive comments from stakeholders and general public on the draft of GAAR guidelines which have been published by the Government on its websites and finalise the GAAR guidelines.

**4.2 John Mathai Committee (1953):** The Taxation Inquiry Commission was appointed by the Government of India on April 1, 1953 under the chairmanship of John Mathai. The terms of reference of the commission were to examine the incidence and suitability of Central, State and Local taxation on various classes of people and in particular with regard to modifications required in the present system of taxation and fresh avenues of taxation. The committee made several recommendations to the Government.

#### 5. REVIEW OF LITERATURE BY AUTHORS

**5.1** Dr. G. Sunitha and P. Satischandra broadly discussed about GST in their research paper titled “Goods and Service Tax (GST): As a new path in Tax Reforms in Indian Economy”. The authors have tried to explain the concept of GST and different models of GST. They also focused on the impact of GST on Indian markets. According to them the current tax structure is the main hurdle for growth of Indian economy. New tax structure of GST will remove this hurdles and boosts Indian economy.

**5.2** Garg summarizes in the article “**Basic Concepts and Features of Good and Services Tax in India**” published in International Journal of scientific research and Management, 2(2), 542-549 about impact of GST on Indian Tax structure and find out that GST will strengthen nation’s economy and development.

**5.3** Nor Iza Binitilshak et al., in their article “**Students’ perception towards the newly Implemented goods and Services Tax (GST) in Malaysia**” explained that the majority of the students disagree with the methods taken to implement the GST and also taxation is the main source of revenue for the government.



## 6. NEED FOR THE STUDY

There are many research projects regarding the students’ perception towards GST, Public Awareness, Impact of GST and so on. “**Awareness about Goods and Service tax among undergraduate students- special reference with Modern College of commerce and computer studies**” is an untouched topic, hence the present study has been undertaken to fill up thatgap between students.

## 7. RESEARCH METHODOLOGY

The research was based on both primary data and secondary data .An explanatory research is studied based on secondary data collected from various journals, books, government reports, articles and newspapers which focus on different aspects of Goods and Services Tax. Primary data was collected by using questionnaire. For the purpose of this research, there were 50 undergraduate students ranging from different course of study. The method used in this study was quantitatively using questionnaire as the main instrument. A set of questionnaire which consists of twoparts was designed to gain primary data from the respondents about the student’s awareness and knowledge on the implementation of Goods and Service Tax (GST). The questionnaire is formed in Google and get the data in percentages.

## 8. ANALYSIS AND INTERPRETATION

The study was conducted at MCCCCS College Pune of undergraduate students with target of 50 respondent but 51 respondent has given their feedback about GST. The result of the questionnaires received as in the respondents involved in this study consisted of male students (37.3 %) and female students (62.7%). It clearly showed that the female students have dominated the overall number of students at the college. The respondents came from BCOM and BBA background.

S.No.	Particulars		No of Respondents	Percentage
1	Gender	Male	33	62.7
		Female	18	37.3
	<b>Total</b>		<b>51</b>	<b>100</b>

Source: Primary data



### 8.1 Analysis of student’s awareness.

The first objective of this study is to identify the awareness of undergraduate students on the implementation of GST. In my first question 49 % students are aware about GST through Media. 25.5% are aware about GST through internet and remaining are from friends and other sources. . Therefore, media social plays a very significant role in delivering and conveying information to the public. The opinion of students about burden of GST is 51% and 49 % approx. students are thinking that GST will not burden the people. However, 71 % of the respondents were thinking that implementation of GST will cause higher price of goods and services. My study shows that 84.3% of the respondents think that every businessman has to register under GST, 15.7 % are against of it. 82% respondent are thinking that GST system will affect the purchasing power of country and 18% are think that GST system will not affect the purchasing power. 52 % of respondent are agree with the existing service tax on statement and remaining are disagree or strongly disagree with this system. 61% respondent are having difficulties with current GST system, 39% respondent don't have any type of problem with current system. However, 55% of respondent are clear about Goods and Service tax but 45 % want more clarification about same. The next statement, people were promised that the system implemented is the best because it has been implemented in 160 countries.

S.No.	Particulars		No of Respondents	Percentage
1	GST will burden the people/consumer	Yes	26	51
		No	25	49
		<b>Total</b>	<b>51</b>	<b>100</b>
2	Implementing GST will cause higher price of goods & services	Yes	36	71
		No	15	29
		<b>Total</b>	<b>51</b>	<b>100</b>
3	GST Affected on your purchase power	Yes	42	82
		No	9	18
		<b>Total</b>	<b>51</b>	<b>100</b>
4	Difficulties in compliance under the current service tax requirements	Yes	20	39
		No	31	61
		<b>Total</b>	<b>51</b>	<b>100</b>
5	Legislation in relation to the proposed GST satisfactory or do you feel need for more clarity	Yes	28	55
		No	23	45
		<b>Total</b>	<b>51</b>	<b>100</b>



Source: Primary Data

The overall findings show that even though the students were aware of the government's initiative to implement Goods and Services Tax (GST) but they still have limited knowledge in relation to this matter. This is because most of the respondents chose to answer unsure when they were asked question related to GST issue. It shows that the information provided by the government pertaining to GST is inadequate. Therefore, there is also a need for the government to give and provide a comprehensive understanding of relevant GST.

## 9. LIMITATION

The limitations of the study include

1. The area of the study is restricted to college students only.
2. The content of the study is subject to change since the GST Bill has been passed in the Parliament.
3. The researcher has collected data only from 51 students due to time constraint.

## 10. CONCLUSION

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 160 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate. Until the consensus is reached, the government should resist from implementing such regime.

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