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## GOODS & SERVICES TAX (GST) AND ITS IMPLICATIONS FOR SMALL BUSINESSES: A DHULE DISTRICT PERSPECTIVE

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### ABSTRACT

The present study examines the implications of the Goods and Services Tax (GST) on small businesses in Dhule district, with a focus on comparing businesses with turnovers up to 1 Crore and those between 1 to 5 Crores. The primary objective is to explore whether there are significant differences in perceptions of GST's impact across various business aspects. A structured questionnaire based on a 7-point Likert scale was used to collect primary data from 100 small businesses. The responses were analyzed using independent samples t-tests to test the hypothesis that businesses with different turnover levels perceive the impact of GST differently. The results showed no significant differences in the perceptions of GST between the two groups for any of the variables. Key business aspects assessed included the simplification of the tax process, administrative burden, cash flow, input tax credits, and overall costs. The findings suggest that small businesses, irrespective of their turnover size, share similar views on GST's effects on their operations. Consequently, the study concludes that GST has a uniform impact on small businesses within the turnover categories analyzed.

**KEYWORDS:** Goods & Services Tax (GST), Small Business Dealers.

### I. INTRODUCTION

(The institute of Company Secretaries of India, 2024) In India, taxes are broadly classified into two categories: Direct taxes, which are imposed directly on the income and professional earnings of individuals and cannot be transferred to others, and Indirect taxes, which are levied on the consumption of goods and services rather than on direct income. Unlike direct taxes, the initial burden of indirect taxes is borne by one party, but the final burden is passed on to consumers. The Goods and Services Tax (GST), introduced on July 1, 2017, represents a landmark reform in India's tax system. It has transformed both taxation and tax administration by integrating advanced information technology into the process. With the adoption of GST, India joins the ranks of developed and developing countries that have implemented a unified tax structure for goods and services, streamlining the taxation framework nationwide.

## II. REVIEW OF LITERATURE

**(Chakraborty, 2024)** Since the implementation of the Goods and Services Tax (GST) in India, the Micro, Small, and Medium Enterprises (MSMEs) sector has undergone significant changes. Initially seen as disruptive, GST has since stabilized for MSMEs, which had previously faced challenges from demonetization in 2016. The study surveyed 289 MSME entrepreneurs from Kolkata and Howrah to analyze their satisfaction with GST. While the majority expressed general satisfaction, issues with filing and compliance remained significant concerns.

**(Pandey, 2023)** This study explored the perceptions of stakeholders in Surat's textile industry regarding the impact of GST. The introduction of monthly tax filing increased dependency on tax professionals, raising costs for businesses. Although the system simplified compliance and was user-friendly, challenges related to tax refunds hindered business operations. The findings were valuable for policymakers in addressing the issues faced by the textile industry post-GST.

**(Ramkumar et al., 2023)** This research aimed to understand Indian taxpayers' perceptions of GST five years after its implementation. The study used structural equation modeling (SEM) to analyze the impact of factors like tax knowledge, fairness, and equity on taxpayer attitudes. The findings indicated that tax knowledge and fairness strongly influenced attitudes. The study suggested that future research should explore additional variables like tax rates and technology in understanding taxpayer perceptions.

**(Geeta & Mathiraj, 2023)** Focusing on the performance of MSMEs, this study analyzed the impact of GST on key parameters such as employment, exports, and fixed investment. Using OLS regression, the results showed that GST positively influenced the Gross Value Added (GVA) of MSMEs, with improvements in the market value of fixed assets. The study provided insights for MSME entrepreneurs to address challenges related to GST implementation.

**(Garg et al., 2023)** This study examined the effects of GST on the revenue efficiency of Indian states. Using panel regression analysis, it was found that GST negatively impacted smaller states' revenue efficiency. While factors like the service sector's contribution and banking ratios positively influenced tax revenue, dependence on central transfers had a negative effect. The findings highlighted the need for further research on GST's long-term impact on state revenues.

**(Harshdeep, 2023)** The study recommends that to encourage greater investment in the growing Quick Service Restaurant sector, the Government of India should address concerns from stakeholders, particularly younger, lower-income, and less-educated business owners, who see no positive impact from GST on their operations. The study suggests re-evaluating GST rates for QSRs, with potential reductions to lower product costs, attract more customers, and support business growth. Such measures could also boost employment opportunities, particularly for female entrepreneurs, in the current economic climate.

## III. RESEARCH DESIGN AND METHODOLOGY

The primary objective of the present study is “**To study Goods & Services Tax and Its Implications for Small Businesses with special reference to Dhule district.**”

### **Hypothesis**

H1: There is a significant difference in the level of agreement about the impact of GST on businesses between dealers with a turnover up to 1 Crore and those with a turnover between 1 to 5 Crores.

### **Data collection and research instrument**

Primary data was collected using a structured questionnaire based on a 7-point Likert scale. A total of 100 small business was asked to rate their level of agreement with the ten variables. The GST impact variables included:

- GST has simplified the tax process for small businesses like mine.
- The GST compliance process has significantly increased the administrative burden on my business.
- The implementation of GST has negatively impacted the cash flow of my business.
- GST has provided a clear benefit to my business through the input tax credit system.
- I have found the GST regulations easy to understand and implement.
- The introduction of GST has improved the transparency and efficiency of my business operations.
- GST has improved the competitiveness of my business in the market.
- GST has increased my overall business costs.
- The availability of GST-related information and support has been sufficient to help my business comply.
- GST has made it easier to track and manage taxes in my business.

### **IV. DATA ANALYSIS**

The hypothesis was tested using the Independent Samples t-test, done separately for each variable.

#### **Data Analysis and Inference**

Reliability analysis was carried out on the factors of attitude variables of the mobile wallet usage.

**Table-1 Reliability Statistics**

<b>Cronbach's Alpha</b>	<b>N of Items</b>
0.914	10

Cronbach's alpha is a widely used measure of reliability, with a value greater than 0.7 indicating acceptable reliability. In this study, Cronbach's alpha was calculated as 0.914, demonstrating that the questionnaire achieved a high level of reliability and can be considered reliable for further analysis.

**Table 2 Independent samples t-tests**

Variable	Dealer Turnover	N	Mean	Sig. (2-tailed)	H <sub>0</sub>
GST has simplified the tax process for small businesses like mine.	Up to 1 Crore	46	5.56	0.593	Failed to Reject
	Between 1 to 5 Crores	54	5.60		
The GST compliance process has significantly increased the administrative burden on my business.	Up to 1 Crore	46	6.32	0.437	Failed to Reject
	Between 1 to 5 Crores	54	6.25		
The implementation of GST has negatively impacted the cash flow of my business.	Up to 1 Crore	46	6.03	0.442	Failed to Reject
	Between 1 to 5 Crores	54	5.92		
GST has provided a clear benefit to my business through the input tax credit system.	Up to 1 Crore	46	5.59	0.875	Failed to Reject
	Between 1 to 5 Crores	54	5.69		
I have found the GST regulations easy to understand and implement.	Up to 1 Crore	46	6.41	0.686	Failed to Reject
	Between 1 to 5 Crores	54	6.35		
The introduction of GST has improved the transparency and efficiency of my business operations.	Up to 1 Crore	46	6.06	0.982	Failed to Reject
	Between 1 to 5 Crores	54	6.01		
	Up to 1 Crore	46	5.58	0.743	Failed to Reject

Variable	Dealer Turnover	N	Mean	Sig. (2-tailed)	H <sub>0</sub>
GST has improved the competitiveness of my business in the market.	Between 1 to 5 Crores	54	5.56		
GST has increased my overall business costs.	Up to 1 Crore	46	6.28	0.437	Failed to Reject
	Between 1 to 5 Crores	54	6.21		
The availability of GST-related information and support has been sufficient to help my business comply.	Up to 1 Crore	46	5.99	0.771	Failed to Reject
	Between 1 to 5 Crores	54	5.88		
GST has made it easier to track and manage taxes in my business.	Up to 1 Crore	46	5.55	0.568	Failed to Reject
	Between 1 to 5 Crores	54	5.65		

### Interpretation:

The independent samples t-tests you provided compare responses from small businesses with turnovers of "Up to 1 Crore" and "Between 1 to 5 Crores" regarding various aspects of the Goods and Services Tax (GST). In each case, the null hypothesis (H<sub>0</sub>) is "there is no significant difference between the groups in their response to the statement."

### Key Observations

Significance (2-tailed) values for all statements are greater than the commonly used alpha level of 0.05. This means that for all the tested statements, the p-values exceed 0.05, leading to the decision to fail to reject the null hypothesis.

As a result, no significant differences in mean responses are found between businesses with turnovers "Up to 1 Crore" and "Between 1 to 5 Crores" for any of the statements.

This implies that the perceptions of the impact of GST on small businesses do not vary significantly between businesses in the two turnover categories based on the tested aspects such as simplification

of the tax process, administrative burden, impact on cash flow, and overall costs.

## **V. CONCLUSION**

The study aimed to assess the implications of Goods and Services Tax (GST) on small businesses in Dhule district, particularly comparing perceptions between businesses with turnovers up to 1 Crore and those between 1 to 5 Crores. Based on the results of the independent samples t-tests, the significance values for all the tested statements were greater than 0.05. Consequently, the null hypothesis, which states that there is no significant difference between the two groups' perceptions of GST, could not be rejected for any of the statements. This indicates that there is no statistically significant difference in the level of agreement regarding the impact of GST on various business aspects, such as the simplification of tax processes, administrative burden, cash flow, input tax credit, and overall costs, between the two turnover categories. Thus, businesses, regardless of their turnover size, share similar views on the effects of GST on their operations.

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