



Goods and Services Tax: A Study on Small Business Entities Taxpayers in Chennai

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Abstract. Any nation's ability to succeed is based on its different economic sectors and other influencing factors; these factors determine the priorities that are best for the people in terms of trade, investment, economic development, personal growth, and technology support for a higher standard of living. Small business entities are essential to all of these activities. To ensure the ceaseless movement of transparent dealings without any tricky tax compliance that burdens the dealers, businesspeople and consumers this GST was implemented. During the early stage of implementing GST, most small business units found it difficult to adapt because of compulsory registration and digitalization. This study examines the trouble and handicaps that small business entity entrepreneurs confront. To evaluate the effect of different factors that determine the challenges faced by small business entities after the GST implementation in Chennai, Tamil Nadu. 200 small business entities and business owners were selected for the investigation. The research's statistical instrument was a one-way ANOVA. The transformation through GST has an impact on various factors that affect small business entities are evaluated using an ANOVA. It was found that the GST can have both advantages and drawbacks for the Indian small business entities sector.

Keywords: GST, Small business entities, Entrepreneur.

1. INTRODUCTION

Small business entities are key contributors to a country's economic development for several reasons, small business entities may reduce unemployment problems

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entrepreneurship which help to create clusters of industries in various regional development results in benefaction to the nations GDP. The government has also initiated initial measures to boost exports. Based on the report from the India Ministry of MSMEs, it was found that approximately 63.4 million units were generated through MSMEs. The manufacturing and services sectors contributed 6.11% and 24.63% respectively to the nation's GDP (PIB Delhi, 2020). Small businesses are now seen as the "backbone" and "growth engine" of the Indian economy. Considering the importance of the Indian small business entities sector, combative political orientation among states, as well as policies of the central government, explicitly promote small enterprises to thrive. Recent policy changes and efforts for the booming sector of small firms include Skill India, Make-In-India, Start-Up India, MUDRA YOJANA, and the most recent AATMA NIRBHAR BHARAT.

1.1 PROBLEM STATEMENT

The biggest cities of India boast of their robust industrial sectors, which contribute to India's leading position. The current matter is the expansion and influence of micro and small enterprises in Chennai, a prominent industrial and commercial hub in India. It is vital to comprehend the evolution, obstacles, and prospects encountered by this firm.

1.2 REVIEW OF THE LITERATURE

According to Venkatesh J (2021), this study highlights the challenges faced in adopting GST due to the COVID-19 epidemic and the negative consequence of sudden demonetization. These challenges have resulted in a decrease in the production of goods and services and a shortage of essential inputs, leading to supply disruptions. ² In his study on the Goods and Services Tax. **Venkatesh J. and Kumara L.R (2018)** gathered information from several nations that implemented the GST system. The researcher has emphasized the presence of issues associated with significant administrative and compliance expenses, as well as compulsory registration, which is necessitated by the inclusion of many small organizations. These elements may unintentionally lead to a greater extent of tax evasion. ³**P. Xavier (2017)** - Exploratory research was conducted, according to the report, a lack of technological awareness obstacles the MSMEs to the input tax credit system that benefits both producers and

merchants. These obstacles can be eliminated by creating a well-equipped IT support infrastructure and providing proper training and awareness programs for many stakeholders to help the GST. ⁴**Mishu Tripathi et al.** address six challenges and provide detailed insights into each of them, Small and medium-sized enterprises face a multitude of challenges, such as limited access to funding, complex regulations, outdated technology, limited marketing opportunities, inflexible labour laws, and a shortage of skilled personnel. To promote economic growth and offer vital assistance to small businesses, it is imperative for the government to promptly and efficiently implement customized initiatives that tackle these obstacles. **Gisha.P. Mathai**⁵ (2015) in an article discussing the challenges faced by small and medium enterprises in India, a researcher has made recommendations to address these obstacles. These challenges include outdated technological support and skilled managerial policies, inadequate financial assistance for credit facilities and infrastructure, limited access to raw materials, competition from large companies, and difficulty in accessing research and development facilities and consultants. By implementing these suggestions, SMEs can establish a solid foundation for growth and development, ultimately contributing to India's economic prosperity.

1.3 RESEARCH GAP

The recent implementation of the GST has had a significant influence on all industries in India. There are fresh insights on the impact of indirect taxation on Chennai's Micro, Small, and Medium Enterprises. As a result, the current studies seek to fill the research void. As a result, the current study has filled a need to elicit the perspectives of small businesses entities entrepreneurs on GST.

2. OBJECTIVES

❖To provide an understanding of the goods and services tax for small business owners in the city of Chennai.

❖To analyse the influence of GST on small business entity entrepreneurs.

3. METHODOLOGY

The nature of the current research study was descriptive and empirical. The researcher uses both primary and secondary sources of information. A sample of Chennai-based respondents (Entrepreneurs) provided the bulk of the study's data. Several journals, official publications, yearly reports, handbooks, the Chennai Centre for Commerce, and the small business entities report were used to collect secondary data. These have furthermore been gathered.

3.1 STATISTICAL TOOLS

The researcher used Percentage analysis, Analysis of Variance (ANOVA), and Multiple Regression as statistical tools.

3.2 SAMPLING DESIGN

In the present study, the researcher used convenient sampling methods. The sampling size is 200 samples of the respondents.

3.3 STUDY HYPOTHESIS

- ❖ Ho: No significance exists in the education and the factors that influence the GST on small business entities.
- ❖ Ho: No significance exists in the monthly earnings and the GST impact factor on small business entities.

3.4 STUDY LIMITATION

- ❖ The present study restricts the scope of the GST impact on small business entities.
- ❖ The sample size for this study is restricted to 200 respondents.
- ❖ The study's geographic coverage is confined to the Chennai city region of Tamil Nadu.

4. DATA ANALYSIS AND INTERPRETATION

The social economic profile of a selected human group includes both quantitative and qualitative features. The section that follows gives the respondents' social and economic profiles, which comprise demographic profiles.

DESCRIPTIVE ANALYSIS

The following sections contain the demographic profile of the respondent.

Demographic Factors	Number of Respondents	Percentage of Total
Gender		
Male	105	53
Female	95	47
Age		
less -25	18	9
25 – 35	90	45
35 – 45	54	27
Above 45	38	19
Education		
Illiterate	21	10.5
School level	20	10
College level	122	61
Professional courses	37	18.5
Monthly Income		
Below - 1,00,000	99	49.5
1,00,000 - 5,00,000	68	34
5,00,000 - 10,00,000	20	10
Above - 10,00,000	13	6.5
Total Respondents	200	100

Table I - Descriptive Analysis

The data demonstrates that the vast majority of respondents are men. The majority of respondents (45%) fall under the age group 25 to 35, 27% are under the category of 36 to 45, and 19% are above the age of 46. In Chennai, the majority of respondents (61%) are college graduates, with professional courses (18.5%) coming in second. The majority of respondents' monthly income is less than one lakh (49.5%), followed by one lakh to five lakh (34%) and only a few respondents (6.5%) earn more than ten lakhs.

Examine the effects of the GST on small business owners

Table - II COEFFICIENT OF CONSISTENCY TEST

S.No	GST IMPACT	COEFFICIENT OF CONSISTENCY
1	Online compliance procedure	.856
2	Mandatory registration for E-Commerce suppliers & operators	.818
3	Taxpayers' knowledge, perception & experience	.816
4	Government initiatives & political climate	.802
5	Inadequate Information Technology infrastructure	.821
	Cronbach's Alpha	.853

The table above demonstrates that only five-dimension solutions were used for Cronbach's alpha test in this study and that all five assertions received a coefficient of consistency Alpha value of more than 0.8. As the numbers are sufficient to proceed with its data analysis for the upcoming examination, the coefficient of consistency alpha value 0.853 indicates good dependability among the five statements.

ANALYSIS OF FACTORS THAT INFLUENCE GST ON SMALL BUSINESS ENTITIES

Table - III COEFFICIENT OF CONSISTENCY

S.No	Factors	COEFFICIENT OF CONSISTENCY
1	GST training and awareness	.861
2	GST Knowledge regulations & policies	.885
3	The attitude of the bank to new business owners	.825
4	Technology & Financial difficulties	.871
	Total value	.875

The coefficient of reliability 0.875 shows that the four claims are extremely reliable, implying that the answer for the four elements in this statement is more than 0.8. As a consequence, the values are adequate, and the data analysis for the study was completed before analysing the study's results.

Ho: No significance exists in the education and the factors that influence the GST on small business entities.

RELATIONSHIP BETWEEN EDUCATION AND THE FACTORS INFLUENCE GST ON SMALL BUSINESS ENTREPRENEURS

TABLE - IV: ANOVA

Statement	Sum of Squares	df	Mean Square	f	Sig.
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GST training and awareness	Between Groups	4.45	3	1.483	0.862	0.468*
	Within Groups	338.804	197	1.72		
	Total	343.254	200			
GST Knowledge regulation & policies	Between Groups	5.723	3	1.908	1.43	0.235*
	Within Groups	262.825	197	1.334		
	Total	268.547	200			
Attitude of banker to new business owners	Between Groups	9.938	3	3.313	2.507	0.060 *
	Within Groups	260.281	197	1.321		
	Total	270.219	200			
Technology & Financial difficulties	Between Groups	29.052	3	9.684	9.345	0.000
	Within Groups	204.152	197	1.036		
	Total	233.204	200			

*significant@5% denoted **

The researcher did a study to see if academic qualifications and other characteristics influence GST for small business entities. The ANOVA test was used to test the hypothesis at a 5% difference alpha between categories was used to determine significance, the results showed that there is no significant between education and the factors that influence GST on small business owners such as GST training and awareness, GST knowledge, regulation and policies, and attitude of bank towards new business owners. However, according to the respondents technology and financial difficulties were found to have a significant impact. Based on the acceptance of the null hypothesis at a 5% level of significance, it may be inferred that education and most other criteria do not have a substantial influence on GST for small company owners.

TO ANALYSIS THE GST IMPACT ON SMALL BUSINESS ENTITIES AND MONTHLY PROFIT

Ho: No significance exists in the monthly earnings and the GST impact factor on small business entities.

To test the mean difference between GST impact and revenue use a hypothesis test tool as ANOVA and the results are interpreted below.

TABLE -V - ANOVA

Statement			Sum of Squares	Df	Mean Square	F	Sig
1	Problems in online compliance	Between Groups	3.758	3	1.253	0.871	0.045
		Within Groups	283.267	197	1.438		
		Total	287.025	200			
2	Mandatory registration for E-Commerce	Between Groups	10.343	3	3.448	3.216	0.024
		Within Groups	211.18	197	1.072		
		Total	221.522	200			
3	Taxpayers' knowledge, perception & experience	Between Groups	9.535	3	3.178	2.749	0.044
		Within Groups	226.62	197	1.156		
		Total	236.155	200			
4	Government initiatives &	Between Groups	1.117	3	0.372	0.292	0.831*

	political climate	Within Groups	251.251	197	1.275		
		Total	252.368	200			
5	Inadequate Information Technology infrastructure	Between Groups	1.417	3	0.472	0.318	0.813*
		Within Groups	292.951	197	1.487		
		Total	294.368	200			

*significant@5% denoted **

Table 5 illustrates that GST has had a significant influence on key sectors, such as mandatory registration of suppliers and operators in the E-Commerce industry, as well as knowledge, perception and experience of taxpayers and online compliance. The alternative hypothesis was deemed statistically significant with a p-value below 0.05. However, there was no significance seen in the implementation of GST and the monthly profit in terms of higher costs in service industries and inadequate information technology infrastructure.

REGRESSION ANALYSIS OF SOCIO-ECONOMIC ASPECTS AND THE GST IMPACT ON SMALL BUSINESS ENTITIESs ENTREPRENEURS

This research used regression analysis to ascertain the impact of a certain socioeconomic component on the dependent variable. Below is the outcome.

TABLE -VI: REGRESSION

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.334 ^a	.112	.092	5.912	.112	5.708	.001
a. Predictors: (Constant), monthly revenue, level of education, age, gender.							

Socio-Economic Aspects	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.35	0.648		6.71	0.000
Education Qualification	-0.114	0.105	-0.079	-1.086	0.279
Monthly Revenue	-0.034	0.097	-0.025	-0.351	0.005*
Gender	0.112	0.188	0.046	0.593	0.554
Age	0.214	0.106	0.16	2.012	0.046*

Dependent variable: effect of the GST impact on small business entities.

The regression study examines the relationship between the dependent variable, which is the effect of GST on small business entities, and the independent variable, which is the socio-economic aspect of the respondent. The R2 score of the multiple regression analysis is .112, indicating that 1.12% of the variation in the effect of GST can be explained by the independent variable. The f value is 5.708 (p<0.001), indicating a substantial link between the independent variable socio-economic characteristics and the dependent variable, the effect of GST on small business entities.

5. FINDINGS OF THE STUDY

1. The Cronbach's Alpha score indicates the coefficient of consistency for variables evaluating the amount of effect (.853) and the variables influencing the GST on small business entities (.875) is excellent.

2. The majority of respondents' monthly income is less than \$100,000, followed by \$100,000 to \$50,000,000. This demonstrates that the majority of respondents are micro and small businesses.
3. The majority of respondents have earned their college degree, most of the respondents fall under the category ages of 25 to 35 (45%), with the age group 36-45 (27%).
4. According to the ANOVA, no significance exists in the education and factors that influence GST on small business owners, which include GST awareness, GST knowledge, regulation and policies, and the respondent's banker's attitude towards new company owners.
5. From the ANOVA test, it's determined, that there is an associated mean difference between education and the factors influencing the Technology & Financial difficulties based on the respondents.
6. The Turkey HDS test discovered that applying GST has a significant impact on the monthly income of E-Commerce suppliers and operators who require mandatory registration. This impact varies depending on the level of knowledge and experience of taxpayers especially in GST online compliance.
7. The regression analysis shows that the socio-economic factors have a strong correlation with the effect of GST on small businesses. This implies of GST on small businesses, especially the education and monthly profit of the respondent.

6. CONCLUSION

The study focuses on determining the specific characteristics that influence the overall GST performance of small businesses. While the research was limited to the Chennai city, the finding is still remarkable. Small and medium-sized businesses show remarkable adaptability to new technology, despite facing challenges while dealing with E-Commerce suppliers and operators and finding financial aid from the banking sector, especially for the socio-economically disadvantaged. The research highlights the importance of knowledge and experience in GST online compliance. The study also emphasises the need to investigate additional aspects in the future, especially when the government revises its framework to enhance the GST system

and reduce the burden on small business taxpayers. Overall, the findings are inspiring and offer valuable insights into the resilience and adaptability of small businesses in the face of challenges and that further research is necessary to improve our understanding of the unique challenges faced by small businesses in the context of the GST system.

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