

‘A Study on GST Implementation Challenges for Small Businesses in India’

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ABSTRACT

The implementation of the Goods and Services Tax (GST) in India, introduced on July 1, 2017, was a landmark reform aimed at streamlining the indirect tax structure and fostering a unified national market. However, its rollout has presented significant challenges, particularly for small businesses. This study explores the multifaceted hurdles faced by small enterprises in the wake of GST implementation. The research identifies key areas of concern, including compliance costs, technological barriers, and the complexity of the GST framework. Through a mixed-method approach, combining quantitative data analysis and qualitative interviews with small business owners, this study reveals that many small businesses struggle with the transition to the new tax regime due to limited resources and inadequate digital infrastructure. Additionally, the frequent changes and updates in GST regulations have exacerbated compliance burdens. The study also examines the effectiveness of government support measures aimed at easing the GST transition for small businesses.

Findings indicate that while GST has potential benefits such as reducing tax evasion and simplifying the tax system, these advantages are not fully realized by small businesses due to the aforementioned challenges. The study concludes with recommendations for policymakers to enhance GST compliance among small businesses, including simplified procedures, better access to digital tools, and targeted training programs. These measures are essential for ensuring that small enterprises can fully capitalize on the benefits of GST and contribute to India's economic growth.

1.1 Background of topic:

The Goods and Services Tax (GST) was announced in India on July 1, 2017, as a significant tax reform aimed at creating a unified taxation system across the country. The implementation of GST replaced the complex and fragmented tax structure that existed previously, which included various indirect taxes imposed by the central and state governments. While GST was heralded as a transformative step towards simplifying taxation and enhancing ease of doing business, its implementation posed numerous challenges, particularly for small businesses. Small businesses in India form the backbone of the economy, contributing significantly to employment generation and economic growth. However, their limited resources and often informal nature make them particularly vulnerable to changes in the regulatory environment.

The transition to GST presented several hurdles for small businesses, including:

Compliance Burden, Minor businesses, which regularly lack dedicated accounting and compliance teams, struggled to understand and adhere to the complex GST regulations. The requirement to file multiple returns and maintain detailed records added to their administrative burden.

Technological Readiness, GST implementation necessitated the use of technology for tasks such as invoice generation, return filing, and tax payment. Many small businesses lacked the infrastructure and expertise to adopt digital systems, leading to difficulties in compliance.

Cost Implications, Compliance with GST requirements often incurred additional costs for small businesses, including expenses related to software purchase or customization, hiring professionals for tax compliance, and training employees.

Impact on Cash Flow, the shift to GST altered the cash flow dynamics for minor businesses, mainly those operating on tight margins. Delays in input tax credit refunds and uncertainties regarding tax liabilities disrupted their financial planning and liquidity management.

Interstate Transactions, for small businesses engaged in interstate trade, GST introduced complexities related to registration, compliance, and tax calculation. Understanding and adhering to the varying taxes across different states posed a challenge.

Awareness and Education, many small businesses lacked adequate knowledge about the nuances of GST, including its applicability, registration process, and compliance requirements. The lack of awareness further compounded their difficulties in adapting to the new tax regime.

Transition Issues, the transition from the previous tax regime to GST was not seamless for small businesses, with concerns regarding the treatment of existing inventory, valuation of goods and services, and adjustment of input tax credits.

1.2. Importance of topic:

Impact on Small Businesses: Small businesses constitute a significant portion of India's economy, contributing to employment generation and economic growth. Understanding the challenges they face due to GST implementation is crucial for ensuring their sustainability and growth.

Compliance Burden: GST introduced a complex compliance framework, including filing returns, maintaining records, and adhering to tax rates. Small businesses often lack the resources and expertise to navigate these requirements efficiently, leading to compliance challenges.

Financial Strain: The transition to GST necessitated changes in accounting practices, software adoption, and cash flow management for small businesses. These changes often require investments in technology and training, which can strain the financial resources of small enterprises.

Competitive Disadvantage: Small businesses may face a competitive disadvantage compared to larger counterparts, as they may lack the scale and resources to adapt to GST requirements seamlessly. This imbalance could hinder their capability to compete in the market.

Supply Chain Disruptions: GST introduced changes in the supply chain dynamics, including invoicing requirements, input tax credit mechanisms, and interstate transactions. Small businesses, especially those operating in supply chains, may encounter disruptions and inefficiencies, impacting their operations.

Policy Implications: Identifying and addressing GST-related challenges for small businesses is crucial for policymakers. Insights from this study can inform policy interventions aimed at simplifying compliance procedures, providing financial assistance, and promoting technology adoption among small businesses.

Economic Growth: Small businesses play a vital role in driving economic growth, employment generation, and poverty alleviation. Resolving GST implementation challenges can create a more conducive environment for small business growth, thereby contributing to broader economic development goals.

3.Theoretical implication of the topic:

Taxation Theory: The study offers insights into the practical implications of implementing a value-added tax system like GST in a developing economy like India. It provides empirical evidence on how taxation policies affect small businesses, validating or challenging theoretical frameworks in taxation economics.

Transaction Cost Economics: Business cost economics posits that firms incur costs when engaging in transactions. The study can shed light on how GST implementation alters transaction costs for small

businesses, including compliance costs, administrative burdens, and information acquisition costs. Understanding these changes contributes to transaction cost theory by examining how institutional changes affect firm behaviour.

Agency Theory: Agency theory examines relationships between principals (such as business owners) and agents (such as managers or government regulators). The study can highlight how GST implementation alters the agency connection between minor business owners and government regulators. It may reveal conflicts of interest, information asymmetries, and mechanisms to mitigate agency problems in the context of tax compliance.

Institutional Theory: Institutional theory emphasizes the influence of institutional environments on organizational behaviour. The study can explore how GST implementation shapes institutional pressures on small businesses, including regulatory compliance, normative expectations, and cognitive legitimacy. Understanding these dynamics contributes to institutional theory by examining how institutional changes affect organizational responses.

Resource Dependence Theory: Resource dependence theory suggests that organizations depend on external resources for survival and success. The study can analyze how GST implementation affects small businesses' resource dependencies, including financial resources, technology infrastructure, and regulatory expertise. It may reveal strategies employed by small businesses to manage resource dependencies in response to GST challenges.

Dynamic Capabilities Theory: Dynamic capabilities theory focuses on how firms build and leverage capabilities to adapt to changing environments. The study can investigate how GST implementation influences small businesses' dynamic capabilities, including their ability to innovate, learn, and reconfigure resources. It may identify factors that enhance or inhibit small businesses' adaptive capacity in response to GST challenges.

Legitimacy Theory: Legitimacy theory suggests that organizations seek to maintain legitimacy by conforming to societal norms and expectations. The study can explore how GST implementation affects small businesses' legitimacy perceptions among stakeholders, including customers, suppliers, and regulators. It may reveal strategies employed by small businesses to manage legitimacy threats arising from GST challenges.

4. Recent trends of Gst:

Simplified Compliance Measures: In response to feedback from small businesses regarding the complexity of GST compliance, there has been a trend towards simplifying compliance measures. The government has announced measures such as three-monthly filing of returns for businesses with turnover up to a certain threshold, easing the compliance burden for small taxpayers.

Digital Adoption and Technology Solutions: Minor businesses are increasingly adopting digital technologies and software solutions to streamline GST compliance processes. This trend includes the use of accounting software, GST compliance platforms, and electronic invoicing systems, which help minor industries manage their tax obligations more efficiently.

Capacity Building and Training Initiatives: Recognizing the need to enhance small businesses' understanding of GST regulations and compliance procedures, there has been an emphasis on capacity building and training initiatives. Government agencies, industry associations, and private entities are organizing workshops, seminars, and online training programs to educate small businesses about GST compliance.

Focus on Access to Finance: Access to finance remains a significant challenge for small businesses, particularly concerning working capital requirements and investments in technology infrastructure for GST compliance. Recent trends include efforts by financial institutions and government schemes to provide easier access to credit and financial support specifically targeted at addressing GST-related challenges.

Policy Reforms and Stakeholder Consultations: The rule has been actively engaging with stakeholders, including small business associations and industry bodies, to gather feedback on GST implementation challenges and identify areas for policy reforms. Recent trends include consultations, workshops, and committees formed to review GST laws and regulations from the perspective of small businesses.

GST Rate Rationalization: Another trend observed is the periodic rationalization of GST rates to comfort the tax burden on small businesses. This includes reducing rates for certain goods and services relevant to small enterprises and simplifying the tax structure to make it more conducive to business operations.

Cross-Border Trade and E-commerce Impact: With the growth of cross-border trade and e-commerce activities, small businesses engaged in online selling face unique GST compliance challenges. Recent trends include efforts to clarify regulations and streamline GST procedures for e-commerce sellers, ensuring a level playing field for small businesses operating in the digital economy.

Review of literature

1. Title of the paper is A study on application of goods and services tax (gst) in India: prospectus and challenges. Name of the journal is international journal of applied research. Author is Lourdunathan f and xavier p and year of publication is 2017. Issue / volume 3(1). Society about the Goods and Services Tax (GST), which the Indian government plans to enact on January 1st and which is a government accomplishment. India became the hub of the world economy after the Rajya Sabha approved the Goods and Services Tax Bill. The history, the prospectus, and the difficulties in implementing the goods and services tax (GST) in India are highlighted in this article.

Lastly, the study looks upon broad and thorough discussion of the set-off of input tax credits, the set-off of service taxes, and the subsumption of various taxes.

2. Title of the paper is GST: opportunities and challenges for Indian msme. Name of the journal is Inspira-Journal of Commerce, Economics & Computer Science (JCECS). Author is Seema Pandit and Year of Publication is 2017. Issue / Volume 03. The Goods and Services Tax (GST) is being implemented. This essay investigates the potential effects on msme in India of the implementation of the Goods and Services Tax (GST). The possibilities and difficulties that Indian msme have experienced since the GST's implementation are covered in this article. The goods and services tax (GST) is undoubtedly a long-term plan, but the literature assessment generally notes that compliance costs have gone up. Phase of its implementation, which is expected to result in more administrative challenges and costs associated with compliance. While it would not be operationally viable for MSME's to rebuild their business processes and systems in line with compliances as needed by this law, they would be able to benefit from GST.

3. Title of the paper is AWARENESS AND IMPACT OF GST AMONG SMALL BUSINESS OWNERS: A STUDY OF MANDSAUR CITY IN M.P. Name of the journal is Indian Journal of Accounting (IJA). Author is Dr. Mukesh K. Sharma and Suniti Saini. year of publication is 2019. Issue / volume 51(1). The study, which is survey-based and collected data from 50 businesses informed about GST implementation and their opinions that it's a fair tax system but it needs more work, aims to rationalize. The study attempted to examine the real effects of GST and suggested that it would not only result in complex tax rates but also in a cascading increase in the price of products. The respondents to the survey were well-informed on the GST Act and the product rates that were in place, however the small company owners expressed dissatisfaction with the rates criteria. Respondents concurred that the application of the Goods and Services Tax (GST) had reduced corruption. However, the majority of respondents said that the GST would undoubtedly accelerate economic growth.

4. title of the paper is the acceptance level on gst implementation in Malaysia. name of the journal is gading journal for the social sciences. Author is nur syazwani mohammad fadzillah and zuhariah husin. year of publication is 2016. Issue / volume 1(2). Services and products are subject to gst. The cost of traded goods

and services includes the tax. On the other hand, the way in which the gst is applied by taxpayers impacts the price of items, either higher or lower. To look into how accepting taxpayers are of the gst rollout. Taxpayers' acceptability level of gst to the tax authorities. The study's goal is to find out how accepting taxpayers are of the gst. The implementation of the goods and services tax (gst), but the acceptability rate is rather high—below 50%. Lowering the gst rate to 4% might be a good first step toward ensuring high gst acceptance through safeguards against being harmed by the new tax system. Only then will the acceptance level of the gst implementation improve, and ideally all consumers will be willing to contribute to the nation's

5. Title of the paper is A study of impact and trials of gst on various constituents of Indian economy. Name of the journal is International Journal of Research and Analytical Reviews (IJRAR). Author is Dr. Manisha Shinde. Year of publication is 2019. Issue / volume 6. The Indian economy has seen rapid development in a very short amount of time. The foundation for the implementation of the Goods and Services Tax (GST) in India is made up of nations. An economy's tax system is its taxation structure. The main and most significant indirect tax change since 1947 has been the good and services tax (GST). It will be applied to the production, selling, and use of products and services. of the current tax system and lead to the economic unification of the nation. the history, goals, and effects of the planned GST on several sectors of the Indian economy. The study also covered a number of GST possibilities and advantages. Tax policies play an important role on the economy as it is the revenue source, it has a positive impact on both efficiency and equity. In view issues of income distribution, a good tax system should keep pace with it and at the same time it should also endeavor to generate tax revenues to support government outflows on public services and infrastructure development.

6. Title of the paper is GST and Its Versatility: The Case of Indian Micro, Small and Medium Enterprises. Name of the journal is An International Multidisciplinary Online Journal. Author is Meryn R George and Tisa Maria Antony Year of publication is 2023, Issue / volume 3, The Goods and Services Tax (GST), in addition to many other taxes, holds significant relevance since it has measures that are applicable to MSMEs. impacting compliance procedures and whether the overhead associated with tax compliance has gone up with the introduction of the GST.

Using a sample group of 90 MSMEs made up of manufacturers, service providers, and other the study's conclusions are as follows: the implementation of the GST has benefited MSME; adequate facilitation measures are provided for GST compliances; the overhead cost of tax compliance has increased since the GST was implemented; profits have not increased; and GST compliances have been impacted by network or server connectivity issues. Indian startups have grown at an exponential rate during the past seven years. Government, from 445 in 2016 to 86713 in 2022, there were more startups. assist the MSME sector as a whole as well as these startups.

The government has implemented significant facilitation measures to lessen the cost of GST compliance for MSMEs in the five years since the implementation of the GST. However, in order to support MSMEs, who have a major role in the expansion of India's economy, the government should offer greater facilitation measures.

7. Title of the paper is A STUDY ON IMPACT OF GST AFTER ITS IMPLEMENTATION. Name of the journal is International Journal of Innovative Studies in Sociology and Humanities. Author is Milan deep Kour, Kajal Chaudhary, Surjan Singh³ and Baljinder Kaur⁴. Year of publication is 2016, Issue / volume 1. The government has chosen to create the Goods and Services Tax (GST) as its single tax system. All indirect taxes are included in GST, which will support economic expansion and demonstrate its worth. Additionally, GST will assist in illustrating the effects of GST, the advantages of GST, and the existing indirect tax system in India is essentially intended to be made simpler by the GST System. The government's guarantee that GST will lower taxes at the same pace makes it an appealing way to eliminate distortion. Since there would only be one tax system, the GST, many indirect taxes, such as sales tax and value-added tax, will be eliminated.

8. Title of the paper is GST: An economic overview: Challenges and Impact ahead. Name of the journal is International Research Journal of Engineering and Technology (IRJET). Author is Prof. Pooja. S. Kawle and Prof. Yogesh. L. Aher Year of publication is 2017. Issue / volume 4. When applied nationally, the goods and services tax framework is quite extensive. One of the largest tax revolutions is that businesses are required to pay several taxes, driving up the cost of goods and decreasing firm profit margins. Several taxes and a complicated tax structure are among the main obstacles to the nation's economic development. When the GST system is implemented, there will only be one tax rate that applies to both goods and services, marking a significant shift in the tax system. Taxation has a big influence on how much money is spent on public services, hence the creation of the GST would benefit Indian Only time will tell if it will benefit consumers, who will now have a new, single-level tax structure. At the state level, the new tax system is called the tax system. There will be major indirect tax revisions in the nation as a result of the new tax. In addition to being VAT + service tax, GST represents a significant advancement above prior VAT and services.

9. title of the paper is gst: impact and challenges faced by Indian economy. name of the journal is international journal on recent and innovation trends in computing and communication. author is dr. habiba abbasi. year of publication is 2018. issue / volume 6. the goods and services tax is a comprehensive indirect tax imposed on the production, sale, and consumption of commodities. it is a major step towards the growth of the nation and is intended to streamline India's indirect tax system by supplanting a number of different taxes with a single one. the key components of the gst idea are highlighted, along with the challenges India experienced in implementing it effectively and the impact it would have on the Indian economy. the government implemented the goods and services tax model in an attempt to streamline its indirect tax system and conduct a thorough analysis of the gst country's overall structure. however, the main goal of the goods and services tax (gst) was to have one tax for the entire nation. this was a disadvantage since the government's drive for a positive shift in the economy led to the unanticipated employment of the gst, which may cause interruptions in the process of simplifying the gst transition.

10. title of the paper is a detailed study on impact of gst in India. name of the journal is international journal of behavioral social and movement sciences. author is poonam Sharma. Year of publication is 2023. issue / volume 12. India will impose a value-added tax known as the goods and services tax (gst). the decision the only indirect tax that has a direct impact on every area and industry of our economy is the gst. learn about gst to save the expense of ignorance. the goal of the goods and services tax (gst) is to unite the market and create a single, unified market that will benefit businesses and the whole economy. india intends to implement the revised goods and services tax (gst) in direct tax structure. the first nation to establish the goods and services tax (gst) was France, followed by a number of other nations.

RESEASARCH DESIGN

RESEARCH DESIGN

GST registration process consists of two stages. In the first stage of registration process, the taxpayers have to apply with PAN, mobile number and a valid email ID. After successful validation of these three information with the email OTP (one time password) and mobile OTP, TRN (Transaction Receipt Number) is generated by the GST common portal.

In the next step, the taxpayers have to fill GST REG Form 1 using TRN in GST common portal (www.gst.gov.in) with the scanned copy of photo, copy of paper mentioning place of business-like electric bill or tax receipts from proper authority or trade licence, photo copy of bank details.

After successful submission and validation of GST REG Form 1, an ARN (Application Receipt Number) is generated by the GST common portal within 15 minutes of submission. After successful generation of ARN, normally GSTN is generated within 3 common working days of respective state and the Centre. Initially, a temporary user Id and password is issued by the GSTN common portal to the taxpayer through the registered

email Id and an intimation of GSTN generation is also sent to the applicant in registered mobile number. The taxpayers must change the said user Id and password after first login with some special features for security purposes.

In the subsequent login the taxpayers have to use change login ID and password. From the Table1, it is seen that out of total 100 small businessmen taxpayers, 58% have completed GST registration without any problems and in single attempt and remaining 42% tax payers have completed GST registration in more than one attempt. The nature of problems faced by the respondents are depicts in Table 2. From the Table 2 it is seen that 99 problems arise in 42 multiple attempts. Out of 99 problems, 9 problems are relating to PAN, 38 problems are relating to OTP, 9 problems are relating to password formation, 23 problems are relating to GST common portal related, 8 problems are document related other than PAN, and 2 problems are related to DSC or authorised signatory related

Research Gap: Despite extensive literature exploring the challenges of Goods and Services Tax (GST) implementation in India, there remains a significant gap in understanding the nuanced and context-specific obstacles faced specifically by small businesses. While existing studies often provide a broad overview of GST challenges, there is a dearth of research focusing on the unique constraints, perspectives, and coping mechanisms of small enterprises operating within the Indian economic landscape. Addressing this research gap is crucial for policymakers and stakeholders to develop targeted interventions and support mechanisms tailored to the needs of this vital sector of the economy.

Statement of problem

The implementation of the Goods and Services Tax (GST) in India, hailed as one of the most significant tax reforms, aimed to streamline the country's complex tax system and enhance compliance. However, small businesses have encountered numerous challenges in adapting to this new tax regime. These challenges include difficulties in understanding and complying with GST regulations, increased administrative and compliance costs, technological barriers related to the GST filing portal, and cash flow disruptions due to delayed input tax credit refunds. Moreover, the frequent changes in GST rules and rates have added to the confusion and operational burden for small business owners. This study seeks to investigate these multifaceted challenges, providing a comprehensive analysis of their impact on small businesses in India, and aims to suggest actionable solutions to mitigate these issues, thereby facilitating smoother GST compliance for small enterprises.

Objective of the study

To evaluate and identify the specific GST compliance burdens faced by small businesses in India.

To identify and categorize the primary challenges faced by small businesses in India due to the implementation of GST, including compliance, administrative burden, and technological issues.

Research methodology and data collection

The data for this research is collected from reliable sources like Government Reports and Publications from the Ministry of Finance, GST Council, and the Central Board of Indirect Taxes and Customs (CBIC), which provide insights into policy changes, compliance guidelines, and statistical data on GST collection and compliance rates and Reputable news sources like The Economic Times, Business Standard, and The Hindu Business Line provide real-time updates and case studies on GST issues faced by small businesses. The methodology ensures a thorough examination of secondary data to draw meaningful conclusions about the GST implementation challenges for small businesses in India. This approach provides a well-rounded perspective, leveraging existing research and data to highlight the critical issues and suggest potential solutions.

LIMITATIONS OF THE STUDY

- The quality of secondary data may vary, and have limited control over the data collection process
- The data may be subject to biases introduced by the original data collectors or sources.
- The data are difficult to find

RESULT OF ANALYSIS & INTERPRETATION

Data processing, analysis and interpretation

According to Indian GST regulations, any company and online retailer that makes a taxable supply of products and services that cost more than Rs. 20 lakhs (Rs. 10 lakhs in the hill and North Eastern regions) are accountable for signing up. Furthermore, any individual registered under the Pre-GST legislation (VAT, excise, and service tax etc.) or the individual supplying goods or services over state lines, non-resident taxable individual, person paying taxes using the reverse charge technique, distributors of input services, and suppliers via e-commerce Operators and anyone that provide internet data to India from locations outside of India are accountable for typical

GST REGISTRATION

There are two parts to the registration procedure. Taxpayers must apply in the initial step of the registration procedure using their PAN, cell phone number, and active email address. Following the successful verification of these three pieces of information using the mobile and email one-time passwords, the GST common portal generates a Transaction Receipt Number (TRN). Subsequently, taxpayers must complete GST REG Form 1 utilizing TRN on the GST common portal (www.gst.gov.in) by providing a scanned copy of their photo, a copy of a document indicating their location of business (such as an energy bill, tax receipts from the appropriate authorities, or a trade license), and a photocopy of their bank account data. Following the successful filing and validation of GST REG Form 1, the GST generates an ARN (Application Receipt Number). Within 15 minutes of submission, the GST common site generates an ARN (Application Receipt Number). Following the successful development of the ARN, the corresponding states and the centre's GSTN is typically created in three common working days. Initially, the taxpayer receives a temporary user ID and password from the GSTN common site via their registered email address. They also receive notification about the GSTN generation on their registered cell phone number. For security reasons, the taxpayers are required to update the aforementioned user ID and password following their initial login with certain capabilities. The taxpayers must use a new login ID and password for each successive access attempt.

Q1.GST REGISTRATION PROBLEMS FACED BY SMALL SCALE INDUSTRIES?

TABLE 5:1 - GST REGISTRATION ATTEMPTS

TYPES	ATTEMPT 1	MORE THEN ONE	TOTAL
PROPRIETOR	4	3	7
PARTNERSHIP	2	1	3
PVT LMT	0	0	0
TOTAL	6	4	10

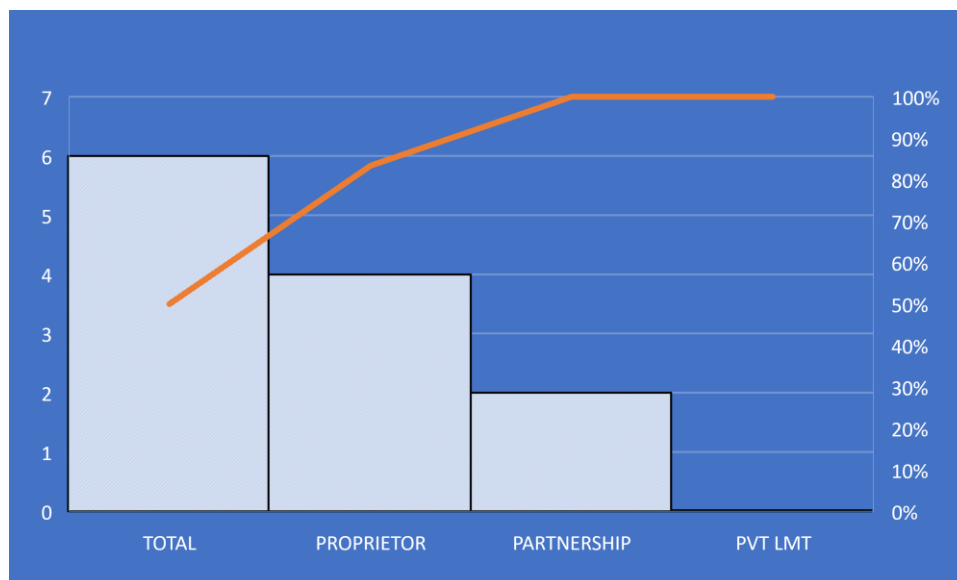


Figure no 5.1 GST registration attempts

Out of ten small company taxpayers, six percent completed the GST registration process in one try without any problems, while the remaining four percent completed the process more than once.

TABLE 5.2 REGISTRATION PROBLEMS

Types of problems	PROPRIETOR	PARTNERSHIP	PVT LTD CO	TOTAL
Pan related problems	7	3	0	10
Password related issues	3	1	0	4
Other documents related issues	2	1	0	3
Gst portal related issues	7	3	0	10

Dsc/authorised signatory related	3	2	0	5
OTP problems	6	3	0	9
Total	28	13	0	82

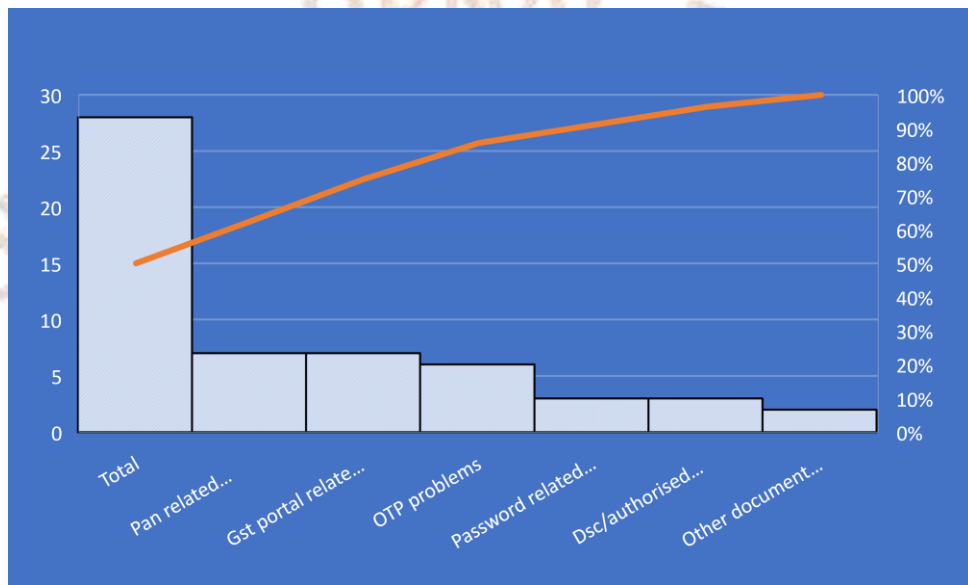


Figure no 5.2: Registration problems

The nature of problems faced by the respondents are depicts in Table 5.2. From the Table 5.2 it is seen that 82 problems arise. Out of 99 problems, 10 problems are relating to PAN, 3 problems are relating to OTP, 4 problems are relating to password formation, 10 problems are relating to GST common portal related, 3 problems are document related other than PAN, and 5 problems are related to DSC or authorised signatory related

Goods and Services Tax Return

As per draft rules relating to return of goods and services tax, there are 27 GST return forms. The widely used GST return forms are as follows

GSRT-1: Outward details of supply of goods and services

GSRT-2: Details of inward supply of goods and services

GSTR-3: Consolidated monthly return

GSTR 3B: Summarised return of outward and inward supply

GSTR 4: Quarterly return for composition levy

GSTR 5: Return of non-resident taxable person

GSTR 6: Input service distributor return

GSTR7: Tax deduction at source return

GSTR 8: E-commerce operator supply return

GSTR 9: Annual Return

GSTR 10: Final Return

GSTR11: Inward supplies statement for person having unique identification number

In addition to above mentioned return forms, as per draft of the GST rules there are another 16 return forms which are to be used for different special purposes of GST related return. Out of above-mentioned return forms, as on 31-12-2017 only GSTR 3B, GSTR 1 and GSTR 4 are active in the common GST portal. So the technical team of common GST portal still is not in a position to complete the portal as per draft rules of goods and services tax of India. As the GST common portal is not completed after introduction of GST in first few months after July of 2017, the government has introduced GSTR 3B for filing summarised GST return of output supply as well as input supply. GSTR 3B is a temporary arrangement of filing GST return in summarised form.

TABLE 5.3-GSTR3B FILING

NATURE OF CONCERN	DUE DATE FILE	LAST FILE	TOTAL
PROPRIETOR	5	2	7
PARTNERSHIP	1	2	3
PVT LMT CO	0	0	0
TOTAL	6	4	10

From Table 5.3 it is seen that out of 10 respondents, 6 have filed GSTR 3B in due time and 4 tax payers have not filed GSTR 3B or have filed in late. The causes of late filing have been identified and summarised in Table 5.4

and 4% respondents reported that they were not aware about filing GSTR 3B and its time. Similarly, 2% taxpayers reported that they had submitted GSTR 3B in time but because of knowledge they did not file it and another 2% respondents reported that due to technical problems they could not file GSTR 3B in time. On the other hand, 1% of respondents reported that due to GST payment and not having ID and password with them, they cannot file GSTR 3B in time. From Table 5

it is seen that 6 taxpayers filed correct GSTR 3B and 38 taxpayers filed GSTR 3B with some error.

From table 6, The nature of errors as shown in GSTR 3B are relating to outward supply, tax related and ITC related., 10 errors are relating to outward supply related, 5 error are tax related and 10 errors are ITC related.

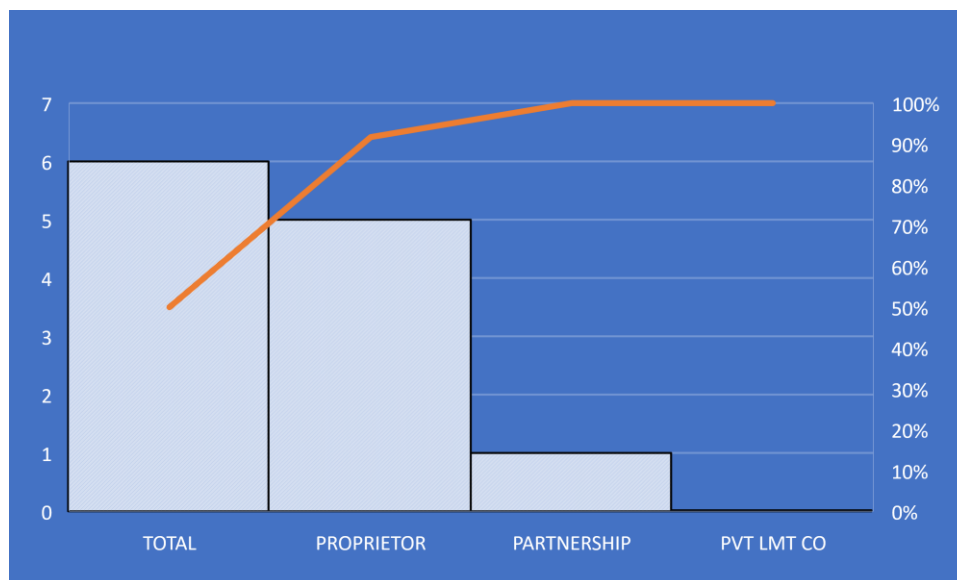


Figure no 5.3: GSTR 3B Filing

TABLE 5.4 -CAUSES OF LATE FILING OF GST 3B

Nature of concern	Proprietor [7]	Partnership [3]	Pvt. Ltd Company	Total [10]
Not Aware about GSTR 3B	3	1	0	4
Submitted but not filed	1	1	0	2
Tax Payment	1	0	0	1
Password	1	0	0	1
Technical Problems	1	1	0	2
TOTAL	7	3	0	10

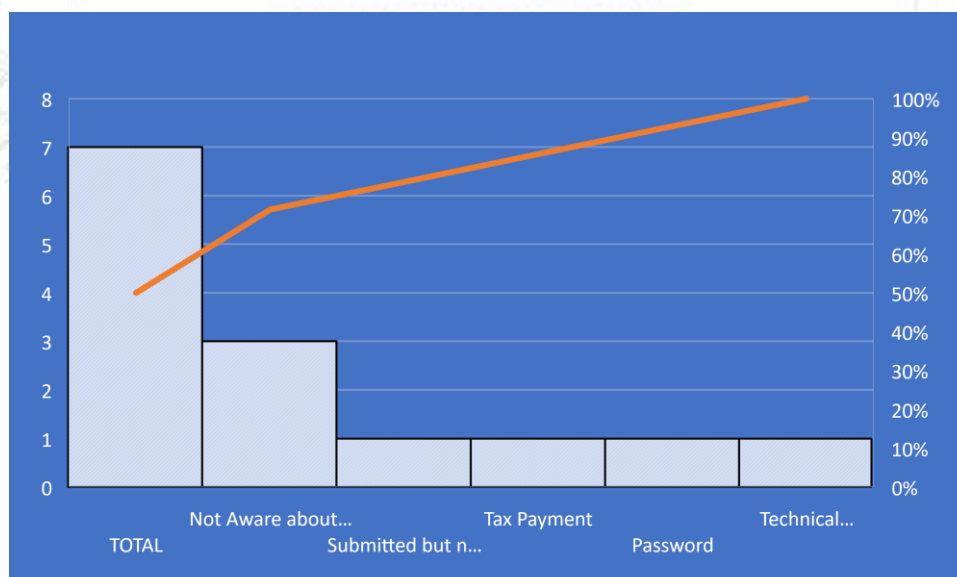
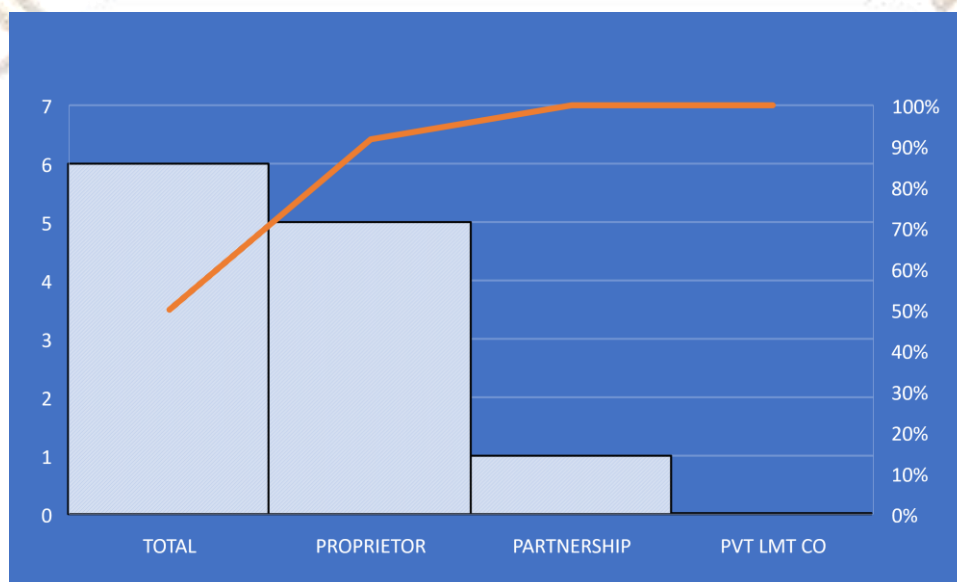


Figure no 5.4: Causes of late filing of GSTR 3B

TABLE 5.5 ERROR FILING GSTR 3B

NATURE OF CONCERN	Correct File	Error File	TOTAL
PROPRIETOR	5	2	7
PARTNERSHIP	1	2	3
PVT LMT CO	0	0	0
TOTAL	6	4	10

**Figure no 5.5: Error filing GSTR 3B****Table 5.6 - Types of Error in Filing GSTR 3B**

Errors in	Proprietor (7]	Partnership (3)	Pvt. Ltd Company	Total [10]
Taxable Value	8	2	0	10
Tax Related CGST/SGST/IGST	4	1	0	5
ITC Related	5	6	0	11
Total	17	9	0	26

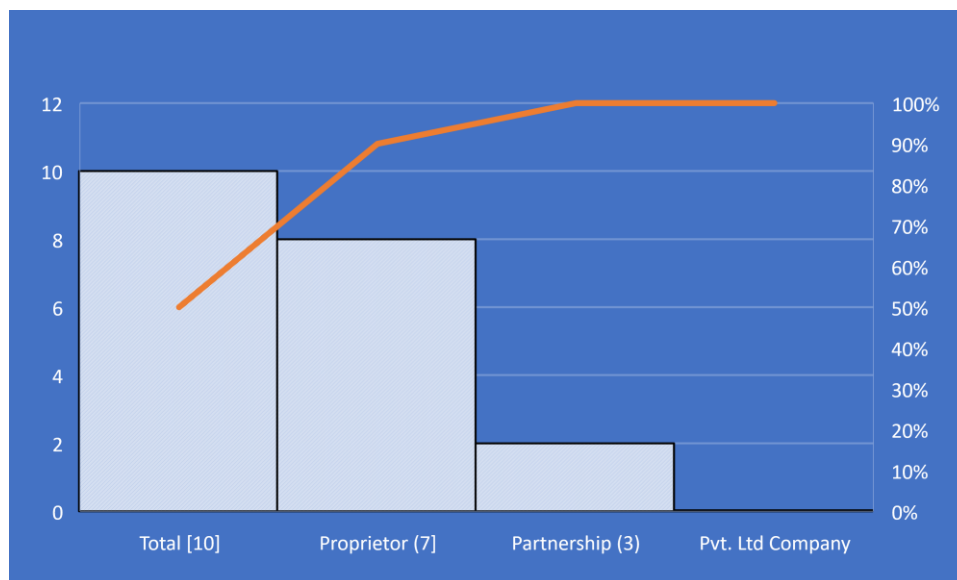


Figure no 5.6: Types of error in filing GSTR 3B

GSTR 1 is filed for return of monthly details of output supply. It includes details of output supply, CGST, SGST and IGST. The output supply includes supply to registered dealer, unregistered dealer, composition dealer, and retail customer. GSTR 1 can be filed in online or with offline mode but if the number of monthly vouchers exceeds 500 then it should be filed in offline mode.

From Table 5.7 it is seen that out of total 10 taxpayers, 6 taxpayers have filed GSTR 1 in extended date and 4 taxpayers have not filed GSTR 1 in extended due date. The causes of late file of GSTR1 is summarised in

TABLE 5.7-GSTR1 FILING

NATURE OF CONCERN	DUE DATE FILE	LAST FILE	TOTAL
PROPRIETOR	5	2	7
PARTNERSHIP	1	2	3
PVT LMT CO	0	0	0
TOTAL	6	4	10

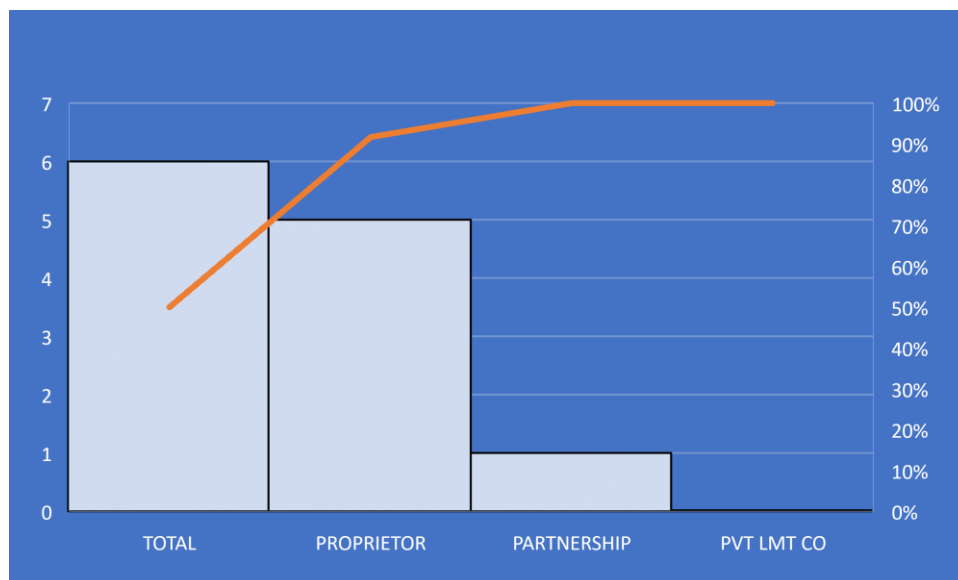


Figure no 5.7: GSTR 1 Filing

Table 5.8 which depicts that lack of awareness about the GSTR1 return, and technical problems are the main causes of late filing of GSTR1. Another two problems as shown in the same table are clarity about the submission and file, and password problem.

TABLE 5.8 -CAUSES OF LATE FILING OF GST 3B

Nature of concern	Proprietor [7]	Partnership [3]	Pvt. Ltd Company	Total [10]
Not Aware about GSTR 1	3	1	0	4
Submitted but not filed	1	1	0	2
Password	1	0	0	1
Technical Problems	1	1	0	2
TOTAL	7	3	0	10

Indian present GST system is totally online based and therefore computer, GST software and internet are important elements for successful GST implementation. Table 9 exhibits that only 5 taxpayers have computer and 5 have no computers till 31-12-2017. From Table 10 it is seen that out of taxpayers having computers, only 2 have GST software and 8 have no GST software.

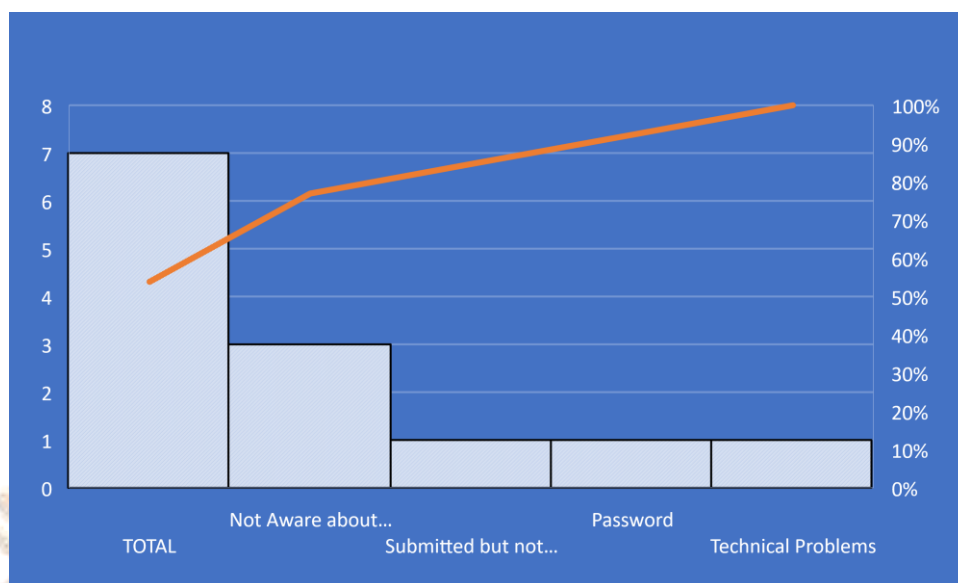


Figure no 5.8: Causes of late filing of GST 3B

Table 5.9- Taxpayers having computer

Equipment and GST Software	PROPRITOR	Partnership	PVT.LMT	TOTAL
Computers	2	3	0	5
NO Computers	5	0	0	5
TOTAL	7	3	0	10

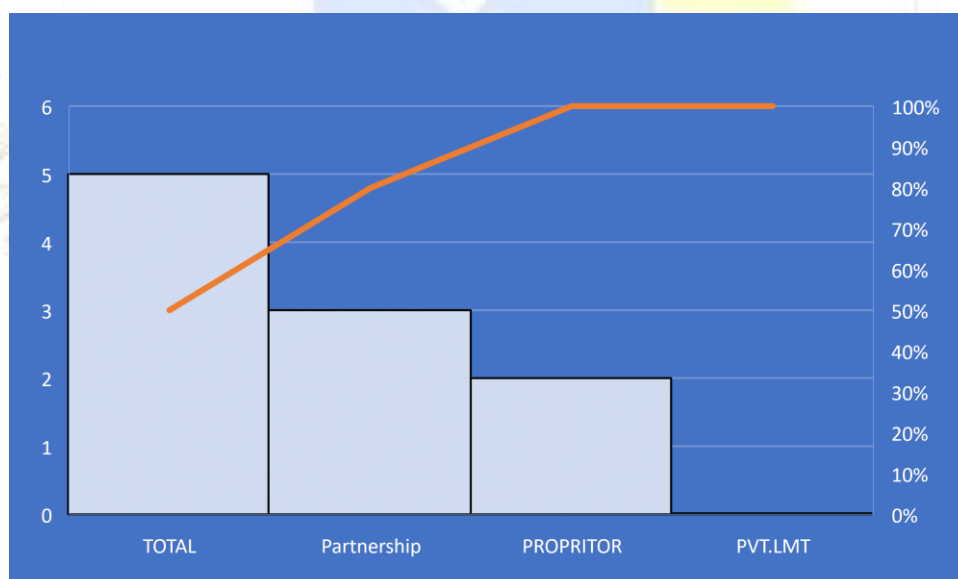


Figure no 5.9: Taxpayers having computer

Table 5.10 -Taxpayers having computer and GST Software

Equipment and GST Software	PROPRITOR	Partnership	PVT.LMT	TOTAL
GST SOFTWARE	1	1	0	2
NO GST SOFTWARE	6	2	0	8
TOTAL	7	3	0	10

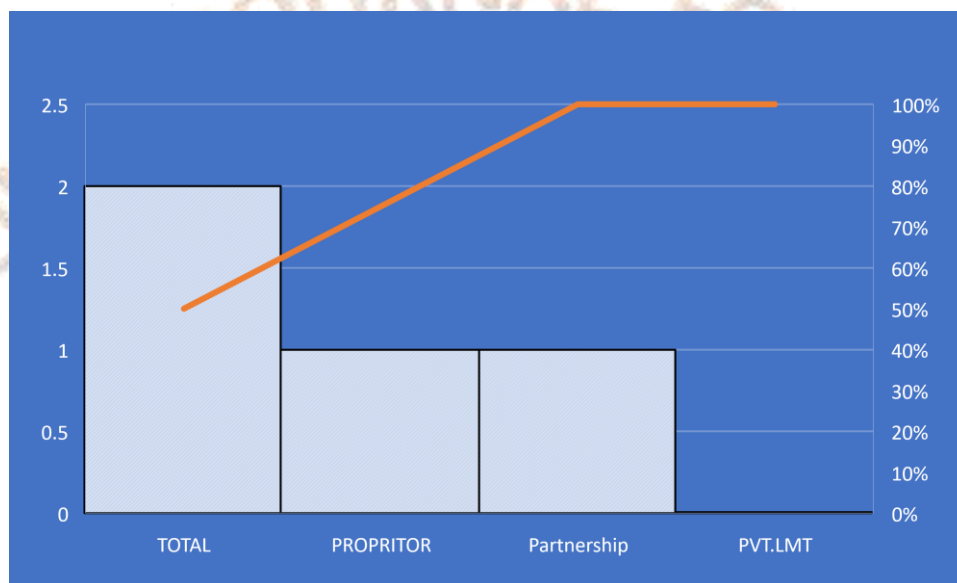


Figure no 5.10: Taxpayers having computer and GST software

Findings and Recommendations

- For smooth running of the GST system, it is recommended
- Easy Return: The filing of GST return for small taxpayers should be simplified
- GSTN Development- The GSTN portal is not properly working all-time and which should be technically developed.
- Help-Desk- The help desk is not properly working and it should be developed with excellent support
- Grievance Redressal System-A well equip grievance Redressal system is to be built very soon to help the small taxpayers.
- Refund of GST for Exempted Limit-Taxpayers who are belonging to below threshold limit of GST, but have got registration, the GST paid by them should be refunded like income tax.

CONCLUSION

An important development in India's indirect tax landscape is the implementation of the Goods and Services Tax (GST). This information makes it evident that small company owners in India are having some difficulties with the GST once it has been implemented. The issues began with registration, continued with system failure, persisted with GSTR 3B filing, and continued with GSTR1 filing. However, as time goes on, fewer issues have stand up, and taxpayers are progressively growing used to the GST system and shared interface. Simplifying the GST return process, creating the GSTN, ensuring the correct operation of the help desk and complaint redressal system, and implementing GST Refunds should be given to taxpayers who have paid less than the threshold limit.

VI. REFERENCES

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