Problems Faced by the Small Taxpayers in Post Implementation Phase of GST in India-A Study

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Abstract: *The introduction of Goods and Services Tax (GST) is a very significant in Indian economy. It is the largest indirect tax reforms since independence. After a long journey, the biggest indirect tax reforms of India, dual goods and services tax has been implemented in July 2017. It reduces numbers of indirect taxes into a single tax and makes Indian economy efficient in respect of the world business environment.*

In the implementation stages of GST, so many problems are being faced by the GST Council, businessman, software developers and tax professionals. In this situation and to help the taxpayers, the GST Council is constantly liberalising the norms of filling, extending the due date of submission of GST return, relaxing and waiving penalty and late fine.

In this paper an attempt has been made to assess the problems faced by small businessmen in the post implementation phase of GST in India.

Keywords: *GST, Problems, GSTR3B, Registration, GSTR1*

I. INTRODUCTION

The introduction of Goods and Services Tax (GST) is a very significant in Indian economy. After a long journey and debates, the GST Council of India as well as the finance department of India introduced Goods and Services Tax in India on and from 1-7-2017. It is now considered as the biggest indirect tax reform in India so far succeeding by value added tax in 2003. Most of the indirect taxes subsumed into a single tax with two components, namely, CGST(Central Goods and Services Tax)/IGST(Integrated Goods and Services Tax) and SGST(State Goods and Services Tax). As a result more than fifty indirect taxes have been converted in a single tax net making Indian economy efficient in respect of world business environment. The Indian GST is totally online- integrated tax system covering all tax payers, GST practitioners, TDS deductor in a single common portal.

Objective

- The objective of this study is to assess the problems of small businessmen in the post implementation era of GST in India.

Duration

The study has been conducted for the first six months in post implementation period of GST covering 1-7-2017 to 31-12-2017.

II. REVIEW OF LITERATURE

(1) Laha B Jadhav, RajpurTA(2016) examined the challenges and problems of GST in India. They also suggested some important issues before implementing the new tax
(2) Monika S and DhandaU(2015) made a study on GST in India and analysed key benefits and challenges of GST in India.
(3) Mujalde S and Vani A(2017) analysed Goods and Services Tax and its outcome in India in Journal of Madhya Pradesh Economic Association.
(4) Kour M, Chaudhary K et.al (2016) has made a study on the impact of GST afterits implementation in International Journal of Innovative Studies in Sociology and Humanities. They also mentioned some important problems of GST in India.

III. METHODS

For conducting the study, primary as well as secondary data have been collected. Primary data have been collected with a questionnaire consisting of five basic questions from 100 small businessmen respondents having less than ten employees of Kolkata, Hooghly, Bankura and Burdwan during last week of the December 2017. The respondents consist of 82 proprietorship concerns, 16 partnership firms and 2 private limited companies. In addition to that, secondary data have been collected from official website of GST Council, news reports published during July to December 2017.

After collection of primary data, the responses are summarised for interpretation. Simple statistics like mean, percentage, tables have been used data interpretation.

IV. FINDINGS

Registration

Q1 (a) - Problems while in GST registration/Attempts for registration

Table1: Registration Problems/Attempts

Nature of concerns/Attemts	Single Attempt	Multiple Attempts	Total
Proprietorship	54	26	80
Partnership	4	14	18
Private Limited Company	Nil	2	2
Total	58	42	100

As per Indian GST rules, all business and e-commerce operators carrying out a taxable supply of goods and services exceeding Rs 20 lakhs (Rs 10 lakhs for North Eastern and hill states) are responsible for registration. In addition to that every person who is registered under the Pre-GST law (VAT, Excise, Service tax etc.) or the person who is making interstate supply of goods or services, non-resident taxable person, person paying tax under reverse charge method, input service distributor ,person who supplies through e-commerce operator and person supplying online information from a place outside India to India are responsible for normal

GST registration

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 businessmentaxpayers, 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 2problems are related to DSC or authorised signatory related

Q1 (b) - Nature of problems in GST registration

Table2: Problems in Registration

Types of concern/Problems	Proprietorship (80) 26	Partnership (18)14	Pvt. Ltd Co. (2)	Total (100)
PAN Related Problems	6	3	0	09
OTP problems	32	6	0	38
Password Related	7	2	0	09
GST Portal Related	22	1	0	23
Other Documents Related	0	6	2	8
DSC/Authorised Signatory Related	0		2	2
Total	67	18	4	99

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 on31-12-2017 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 GSTin 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.

From Table 3 it is seen that out of 100 respondents, 81 have filed GSTR 3B in due time and 19 tax payers have not filed GSTR 3B or have filed in late. The causes of late filing have been identified and summarised in Table 4 and 11% respondents reported that they were not aware about filing GSTR 3B and its time. Similarly, 3% taxpayers reported that they had submitted GSTR 3B in time but because of knowledge they did not filed it and another 3% 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 filed GSTR 3B in time. From Table 5 it is seen that 62 taxpayers filed correct GSTR 3B and 38 taxpayers filed GSTR 3B with some error. The nature of errors as shown in GSTR 3B are relating to outward supply, tax related and ITC related. Out of total 38 error files, 19 errors are relating to outward supply related, 9 errors are tax related and 10 errors are ITC related.

Q2 (a) - Filling GST 3B in due time

Table3: GSTR 3B Filing

Nature of Concern	Due Date File	Late File	Total
Proprietorship	65	15	80
Partnership	15	3	18
Private Limited Company	1	1	2
Total	81	19	100

Q2 (b) - Causes of Late Filling GST 3B

Table4: Causes of Late Filing of GSTR 3B

Causes/Nature of concern	Proprietorship(80) 15	Partnership(18) 3	Pvt. Ltd Company(2) 1	Total(100)18
Not Aware about GSTR 3B	10	1	0	11
Submitted but not filed	1	1	1	03
Tax Payment	1	0	0	01
Password	1	0	0	01
Technical Problems	2	1	0	03
Total	15	03	01	19

Re: Q2(c) - Error in Filling GSTR 3B

Table5: Error in Filing GSTR 3B

Nature of concern	Correct File	Error File	Total
Proprietorship	49	31	80
Partnership	12	6	18
Private Limited Company	1	1	2
Total	62	38	100

Q2 (d)-Types of Errorin Filling GSTR 3B

Table6: Types of Error in Filing GSTR 3B

Errors in	Proprietorship(80) 31	Partnership(18) 6	Pvt. Ltd Company(2) 1	Total(100) 38
Taxable Value	16	3	0	19
Tax Related CGST/SGST/IGST	8	1	0	09
ITC Related	7	2	1	10
Total	31	6	1	38

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 7 it is seen that out of total 100 taxpayers, 87 taxpayers have filed GSTR 1 in extended date and 13 taxpayers have not filed GSTR 1 in extended due date. The causes of late file of GSTR1 is summarised in Table 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.

Q3 (a) - Filling GSTR-1 in due time (After Extending Date)

Table7: Filing GSTR-1

Concerns/Nature of file	Due Date	Late File	Total
Proprietorship	69	11	80
Partnership	16	02	18
Private Limited Company	02	00	2
Total	87	13	100

Q3 (b) - Causes of Late Filing GSTR 1

Table8: Causes of Late Filing GSTR 1

Causes/Concerns	Proprietorship (80)11	Partnership(18) 2	Pvt. Ltd Company(2)1	Total (100)13
Not Aware GSTR1	07	0	0	07
Submitted but not file	01	01	0	02
Password	01	0	0	01
Technical Problems	02	1	0	03
Total	11	02	00	13

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 22 taxpayers have computer and 78 have no computers till 31-12-2017. From Table 10 it is seen that out of 22 taxpayers having computers, only 16 have GST software and 6 have no GST software.

Q4 (a) HavingComputers as on 31-12-2017

Table9: Taxpayers having computer

Equipment and GST Software	Proprietorship(80)	Partnership(18)	Pvt. Ltd Company(2)	Total(100)18
Computers	15	5	2	22
No Computers	65	13	0	78
Total	80	18	02	100

Re: Q4(a) Having GST Software among those who have computers as on 31-12-2017

Table10: Taxpayers having computer and GST Software

Equipment and GST Software	Proprietorship(80) 11	Partnership(18) 5	Pvt. Ltd Company(2) 2	Total(100) 18
GST Software	11	3	2	16
No GST Software	4	2	0	6
Total	15	05	02	22

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.

V. CONCLUSION

The introduction of GST is a very significant step in the field of indirect tax in India. From the above analysis it is clear that the small businessmen are facing some problems in post implementation phases of GST in India. The problems have started with registration, system failure, continue with GSTR 3B filing and remain also in GSTR1 filing. But numbers of problems have reduced over the time and the taxpayers are habituating with the GST common portal and GST system gradually. The GST return system should be simplified, the

GSTN should be developed, help desk and grievances redressal system should be properly functioned, and GST paid by taxpayers who are below threshold limit should be refunded.

VI. REFERENCES

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