

Psychological Attitude And Perception Of Students Towards Goods And Services Tax In Metro City

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ABSTRACT:

The Goods and Services Tax (GST) is one of the most discussed topics in India after revised rates on certain items. The GST was implemented in India in July 2017 and has affected every member of the country but still perception of the GST is very low in the society. GST removed cascading effect of taxes which eventually reduced the burden on the common man. GST made products more competitive in the domestic and international market, hence it's very important for everyone is should be aware of various sides of the GST to understand the transparency and administration which leads to sustainable growth for the economy. Thus, a study has to be carried out to identify college students' awareness of GST in India. It helps a full view of the degree of student's awareness of GST and focuses on the actual knowledge among the students. It also contributes to a more comprehensive understanding of awareness of GST among the students. Additionally, this could also assist the government in their policy-making, especially in the area of awareness-raising pertaining to the benefits of GST and enhancing society's confidence. Through the structured questionnaire survey was carried and responses were gathered from the students. Hypothesis testing was performed through Confirmatory Factor Analysis and Mean. Therefore, this study contributes to the perception of the students about the GST in the trending items most purchased through online mode by the students and gives an overall view on the understanding of the impact of GST rates and economic stability.

Keyword: GST, Awareness, Indian economy, perception and GST rates on FMGC.

I. Introduction:

Taxation is a necessary and critical component of a nation's functioning machinery. The tax revenue is utilised to provide goods and services as well as enhanced infrastructural facilities for the public utility.[1] In India, the Goods and Services Tax (GST) has replaced numerous indirect taxes. The administration believes that this is the most effective strategy to transfer wealth across the country. While direct tax is focused on an individual's earnings and profits, indirect tax is focused on collecting tax from the producer or retailer of the supply chain and paying it to the government, though it is frequently passed on to the customer as part of the purchase price, burdening the customer even more.[2] GST is projected to eliminate the tax cascade effect, boost the economy's gross domestic product, and lower prices. The central and state governments in India imposed

various indirect taxes on products and services.[3] This category includes the GST tax system. Initially, it was agreed that there would be a national level of goods and service tax, but after various discussions, it was decided that India would have a "Dual GST," with the centre and states sharing responsibilities for levying taxes on products and services. [4] The abrupt and dramatic change in the system led many to believe that the government is averse to structural changes that would benefit and advance the country's economy. The introduction of the Goods and Services Tax, which would replace excise, service tax, and state value added taxes, is part of the One Nation, One Tax agenda.[5]. GST, it was argued, is a better and fairer tax system than SST (Sales and Service Tax), because it has the advantages of lowering business costs, improving compliance, increasing global

competitiveness, lowering business operational costs, reducing red tape, providing fairer pricing to consumers, and most importantly, creating transparency in the existing taxation system.[6].

Beginning in January 2022, the government will hike the goods and services tax

on completed items such as clothing, textiles, and footwear from 5% to 12%. Beginning in January 2022, the GST rate on textiles will be raised from 5% to 12.5%. In addition, the GST rate on all clothes has been hiked from 5% to 12%. Previously, products worth up to Rs. 1,000 were subject to a 5% GST.

TAX GST RATE	PRODUCTS
5% - 12%	STATIONERY
12% - 18%	ENTERTAINMENT (GAMES, MOVIES ETC)
12% - 28%	ELECTRONICS (GADGETS, ACCESSORIES ETC)
18% - 28%	COSMETICS
5% - 28%	HOUSEHOLD PRODUCTS (DÉCOR ITEMS)
12% - 18%	HEALTH SUPPLEMENT
5% - 28%	APPEARL AND ACCESSORIES
0% - 12%	HYGIENE PRODUCTS
12% - 18%	FOOD PRODUCT
18% - 28%	SPORTS EQUIPMENT AND BOARD GAMES

2. Literature Review

The following literature was studied in order to raise GST awareness.

Ms. Shanthi Palani et, al., “Perception Towards Goods and Services Tax (GST) Reference to Chennai City” GST reduced costs across the business cycle, from the manufacturer to the retailer to the end customer. Throughout the business cycle, the installation of GST has resulted in lower product pricing. However, there is a trade-off in terms of product cost reduction. The amount of satisfaction with GST varies by firm. However, after four years, GST has not met the expectations of the entire government and business community. In all circumstances of refund and filing procedures, the GST network has a low level of transparency. According to the law, the GST network has a low level of transparency. More than 80% of respondents believe that GSTN's transparency should be improved because there is a lack of it.[7]

Susan Hydra Sikayu et, al., “Fairness, Transparency and attitude towards Tax Evasion amongst owners of SME's” The research has a number of research implications. For starters, it stressed the relevance of psychological factors in influencing business owners' attitudes. The findings may aid policymakers in developing interventions by

incorporating fairness and openness into the policy framework. Second, the findings may be useful to the IRBM in creating persuasion techniques to improve SMEs' tax compliance. Finally, the research can contribute to the body of knowledge in the field of taxation. Furthermore, there is a dearth of study on justice and openness in the context of tax evasion. Finally, the findings show that the SMEs society is dissatisfied with the wealth sharing policies. Because SMEs are the backbone of the country's economy, such hostility can stymie tax revenue collection. As a result, it emphasises the need of obtaining the trust of business owners.[8]

Anusree S & Dr. A. S. Ambily “Awareness of Goods and Services Tax Among College Students with Special Reference to Ernakulam District” Cultivating knowledge among them contributes to the nation's progress and development. As a result, it is critical to give enough and relevant information to aid in the understanding of the Goods and Services Tax. Students who specialise in taxation have better awareness of the Goods and Services Tax than other students, according to the study, and they are aware of how to apply it. Despite the study's limitations, the results showed that the majority of respondents (90 percent) believe the Goods and Services Tax system is more advantageous to individuals than the former taxation system. Thus, the Goods and Services

Tax (GST) is a single tax on the provision of goods and services, and it is one of India's most significant indirect tax reforms. By eliminating the shortcomings of indirect tax, it will result in a transparent and corruption-free tax administration. The Goods and Services Tax (GST) can make the Indian market more stable than before, allowing Indian enterprises to compete more smoothly with global firms.[1]

Dr. Dipti Arora “Students’ Knowledge and Perception towards the Newly Implemented Goods and Services Tax (GST) in Surat City” Students have a good understanding of the different tax rates and the GST registration threshold limit. Respondents, on the other hand, lack adequate knowledge or comprehension of provisions such as taxable and non-taxable supplies, the reverse charge mechanism, the place and time of delivery, and the value of supply. Overall, the findings suggest that students' GST knowledge is lacking. Furthermore, it was shown that all pupils have a negative opinion toward the recently implemented GST. Respondents were divided into groups based on their perceptions of GST as a step toward becoming a developed nation, with a well-defined mechanism, an efficient and transparent tax system, a reduction in tax burden, a boon to the country, an increase in the cost of living, and an increase in the price of goods. [3]

Siew Ling Sim & and Khairunnajwa Binti Kadir “Undergraduates’ Spending Behaviours Subsequent the Implementation of Goods and Services Tax (GST)” According to this study, subjective standards and perceived behavioural control have a substantial association with students' behavioural intention to change their spending habits. The goal of the study is to provide useful information to tax policymakers so that they may gain a better understanding of the concerns of adolescents when adjusting the upcoming indirect tax rate. On the other side, the government should engage in proactive engagement with adolescents, such as hosting a conversation session to share cutting-edge statistics and information about the indirect tax system in a more thorough and transparent manner. Instead, then gathering data mostly from Sarawak, the researchers urge that the study be reproduced in a different and more diversified community. [9]

Jaspreet Kaur et, al., “Perception of Tax Payers Towards GST: A Fiscal and Social Psychology Model Approach” Tax Fairness, Morals, and Exchange Equity were major characteristics that influenced tax payers' attitudes and behaviour in favour of GST implementation. It can be viewed as a tax payer's perception of justice in the tax system, which is based on both social and fiscal psychological factors, and hence informs their actions and behaviour. Another component, exchange equity, was discovered to explain the tax payers' benefit/fiscal psychology as a result of the GST introduction. If GST is adopted, variables such as increased profits, reduced risk, and increased convenience of conducting business will be offered. As a result, we can deduce that he is performing a Cost–Benefit Analysis and so determining his behaviour. Individual behaviour is mostly influenced by social and financial psychology.[10]

Dr. E. Sambasivan & Mr. Hariharan “A Study on Commerce Students’ Awareness Towards Goods and Service Tax in India” Students are valuable assets to the country and will be future leaders. They will continue to devote their time and talents to the advancement of our country. Young people or students have a huge impact on the country's changes, progress, and development. It is necessary to provide adequate and relevant fundamental information to help them better understand the general principles of GST by holding seminars, talks, debates, training courses, guest lectures, and forums to pique their interest in learning about the fundamental knowledge, rules, regulations, slab rate, and provisions relating to GST. GST will undoubtedly provide India with a world-class tax system by giving manufacturing and service industries separate treatment.[11]

3. Objectives of the study

1. To develop, construct, and standardise a metric to assess students' psychological perception toward GST.
2. To determine the fundamental elements that influence students' attitudes toward GST.
3. To compare how people feel about GST based on demographic factors such as education, age, and gender.

4. Research Methodology

About the study

The investigation is exploratory in nature and empirical in nature. Its goal is to figure out what factors influence people's attitudes on the GST. It also intends to investigate the impact of demographic characteristics on tax payers' perceptions of GST.

The population of the study is the respondents from Chennai city. The sample size of the study is 104 respondents. Individual respondent is the sample elements. Purposive sampling technique is used to collect the data from the sample. Purposive approach allows the researcher more leeway to perform and extract the most information feasible from the samples, and it is heavily reliant on the researcher's expertise, judgement, and intellect.[12] Target samples for the study are college students in the Chennai city in seeking of the psychological perception towards GST.

Tool used for Data collection

In order to achieve the objectives of the study, following tools were used.

1. Reliability test of the questionnaire was done, by estimating Cronbach Alpha value.
2. Individual confirmatory factor analysis (CFA) to show the proven statement of the factors in the study.
3. To prove the statement used in each factor is analysed through CFA and some statements in the factors eliminated for good study.

5. Results and Discussions

Reliability Measure

Reliability test was carried out by using SPSS software and the reliability test measure is given below:

Cronbach's Alpha: 0.780

It was considered that reliability value more than 0.7 is highly reliable; so, all the questions were found reliable to measure the perception of tax payers towards GST.

Demography Profile

Table 1 Demography profile of respondent

Measurable Variables	Items	Percentage
Gender	Male	40.7%
	Female	59.3%
	Total	100%
Geographical Indication	North Chennai	18.5%
	South Chennai	64.8%
	West Chennai	11.1%
	East Chennai	5.6%
	Total	100%
Educational Qualifications	Under graduate	88.9%
	Post graduate	11.1%
	Total	100%
Occupation of the family	Business	31.5%
	Employed	46.3%
	Professional	22.2%
	Total	100%
Monthly income of the family	Up to Rs50000	38.9%
	Rs 50000 – Rs 100000	29.6%
	Rs 100000 – Rs 200000	18.5%
	Above Rs 200000	13%
	Total	100%
Mode of getting idea about GST	New/Media	66.7%
	Friends/Colleague	13%
	Practice/Experience	9.3%
	Market/Seller	11.1%
	Total	100%

(Source: Primary data)

The majority of the respondents are female who comes from south Chennai and holds the educational qualification undergraduate belongs to the family of the employed parents whose monthly income are up to Rs 50000 and have gained knowledge about the GST through news/media.

Confirmatory Factor Analysis

Null Hypothesis: The model “Tax fairness, Moral and Exchange Equity” has a good fit.

Table 2 Model fit Indices

Fit Indices	Result of Tax fairness	Result of Morals	Result of Exchange equity	Suggest Value
Chi-square	0.97	1.1	1.2	“Greater than 0.0”
CFI	1	0.97	0.9	“Greater than 0.9”
GFI	0.97	0.96	0.98	“Greater than 0.9”
AGFI	0.93	0.92	0.93	“Greater than 0.9”
NFI	0.88	0.83	0.7	“Greater than 0.9”
IFI	1	0.97	0.94	“Approaches 1”
TLI	1	0.95	0.83	“Greater than 0.9”
RMSEA	0.00	0.04	0.04	“Less than 0.8 or 0.5”
PGFI	0.4	0.48	0.46	“Within 0.5”
No of statement before CFA	7	7	7	
No of statement after CFA	6	7	5	

(Source: Amos output)

“Amos graphics” had been used in this study to prove the model fit of the statement. The researcher used “Confirmatory factor analysis” to eliminate similar questions and evaluate the model’s quality.

I. Tax Fairness

Individual judgments of fairness are based on assessments that include readily available and relevant comparison groups. In other words, not just in the tax context, but also in organisations where fairness is essential to cooperative behaviour, fairness is a function of the comparisons regarded significant to the individuals constructing their fairness

views.[13]. The tax fairness is derived through the review of literature and statements were constructed for the study.

Measurement of the Scale:

The measurement of the statement of the Tax fairness, TF1 denotes “Tax rate 5% - 28% on the products”, TF2 denotes “If a tax is a fixed percentage of a product’s ultimate retail price”, TF3 denotes “Defines final product”, TF4 denotes “Reduce error in tax determination”, TF5 denotes “Final destination principle”, TF6 denotes “Reduce the cost of collection” and TF7 denotes “Input Tax Credit”.

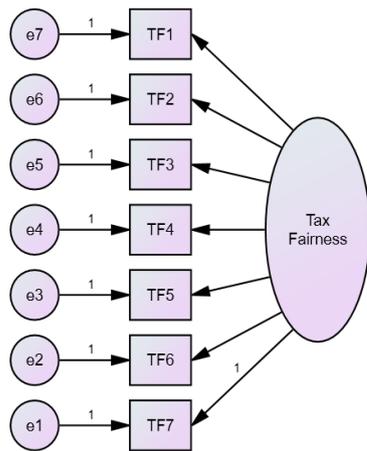


Figure 1 Proposed statement Model

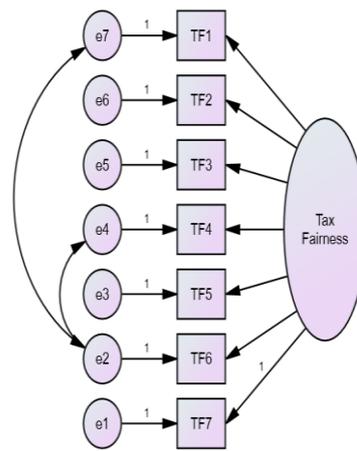


Figure 2 modification

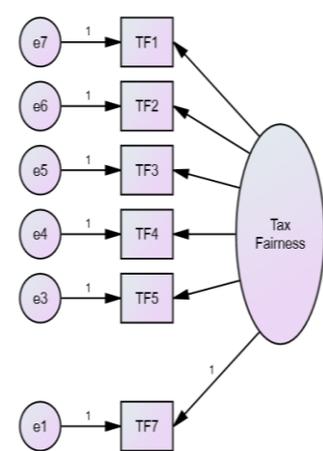


Figure 3 Proved

Figure 1 refers to the statement of tax fairness which is derived from the previous study. Figure 2 denotes the influences of E2 on E4 and E7. Therefore, the researcher found the similarity in the E2 statement. Figure 3 denotes that the influential effort has been removed from the factor and comes to a conclusion that the other statements in the tax fairness factors are not influencing or similar to the statements of the tax fairness factor.

In table 2, the second column indicates the model fit of the tax fairness model and satisfied the suggested value.

2. Morals

Transparency improves tax morality, which in turn promotes tax compliance. Indeed, there is a link between tax morality and budget openness, according to studies. The findings revealed that transparency about the process of using budgetary funds boosts tax morale, which is a key factor in reducing tax evasion. demonstrated that increased openness reduces aversion, implying that information accessibility is critical in dealing with discontent with government programmes. Similarly, researchers discovered that a transparent tax system boosted taxpayers' trustworthiness and that trust mediated the relationship between openness and tax compliance.(Sikayu et al., 2022)]

Measurement of the Scale:

The measurement of the scale of the Moral, M1 denotes "Enhances transparency", M2 denotes "Decreased inequality of income", M3 denotes

"Clear distinction between of GST", M4 denotes "Government provide aid for getting ready for GST", M5 denotes "To a large government were prepared for GST implementation and complete functioning thereafter", M6 denotes "GST rate are actually is a cost burden, make changes in purchase behaviour" and M7 denotes "GST install caused boom for the country".

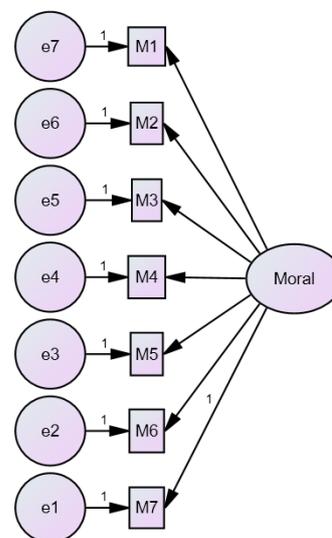


Figure 4 Proved Model

Figure 4, There is no influence among the statement as like tax fairness and exchange equity therefore in proved model all the statements are apt to study the morality of the GST. In Table 2 the model fit satisfied the indices as follows, Chi-square, CFI, GFI,

AGFI, NFI, IFI, TLI, RMSEA, PGFI and apt for the study of moral in the taxation.

3. Exchange Equity

Measurement of the statement:

The measurement of the statement of the exchange equity, EE1 denotes “states should

have full autonomy of GST”, EE2 denotes “Consumption behaviour towards GST”, EE3 denotes “Promote ease of doing business”, EE4 denotes “Lead to inflation”, EE5 denotes “Influenced of GST in time, value and place of supply”, EE6 denotes “Time, value and place of supply of product influenced by GST” and EE7 denotes “Cascading effect altered post GST”.

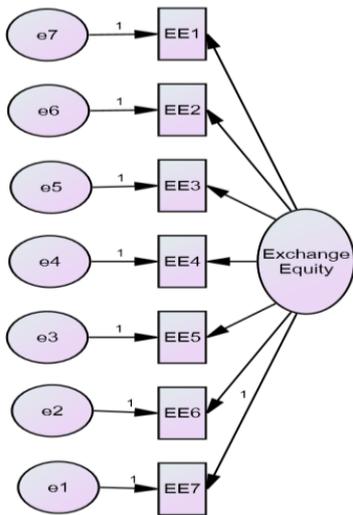


Figure 5 Proposed Model

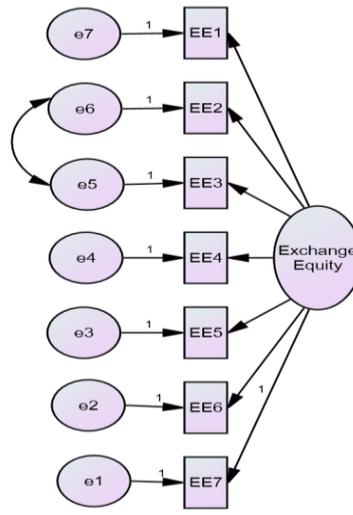


Figure 6 Modification 1

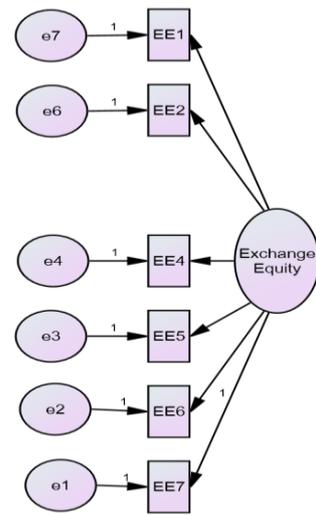


Figure 7 Altered Model

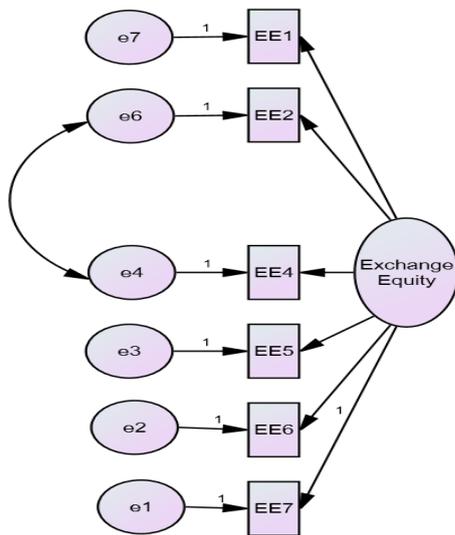


Figure 8 Modification 2

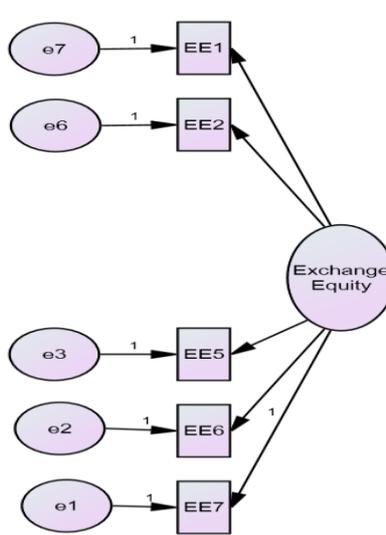


Figure 9 Proved Model

Figure 5 refers to the statement of exchange equity which is derived from the previous study. Figure 6 denotes the influences of E5 on E6. The researcher found the similarity in the E5 statement. Therefore, in Figure 7 denotes

that the influential effort has been removed. Figure 8 denotes an influencing statement such as E4 on E6 in the EE factor. Therefore, in figure 9 the influencing statement has been removed from the factor and comes to a

conclusion that the other statements in the Exchange equity factors are not influencing or similar to the statements.

Table 2 the model fit satisfied the indices as follows, Chi-square – 1.2, CFI – 0.9, GFI – 0.98, AGFI – 0.93, NFI – 0.72, IFI – 0.94, TLI – 0.85, RMSEA – 0.04, PGFI – 0.04 and apt for the study of moral in the taxation.

Therefore, the null hypothesis is accepted.

Table 3 Mean for Tax Fairness

Particulars	Mean	Ranking
Tax rate 5% - 28% on the products	3.45	2
If a tax is a fixed percentage of a product's ultimate retail price.	3.36	4
Defines final product	3.46	1
Reduce errors in tax determination	3.41	3
Final destination principle	3.32	5
Input Tax Credit	3.19	6

According to the mean derived from the SPSS for the three factors such as tax fairness, moral and exchange equity. “Defines final product” stands in 1st rank with mean range 3.46 in tax fairness which is the company does tax evasion against the taxing system. Tax should be filed which give goodwill for the brand name. “Tax rate 5% - 28% on the product” takes 2nd rank

6. Implementation

This study offers several research implications. For starters, it stressed the relevance of psychological factors in influencing students (Tax payers) attitudes. The findings may aid policymakers in developing interventions by incorporating fairness and openness into the policy framework.

with mean range of 3.45 in tax fairness, all products used by the students will be in the range from 5% to 28%. “Reduce errors in tax determination” takes 3rd rank with the mean range 3.41 in tax fairness, Country can determine the tax for the nation in the financial year through payment of tax promptly.

Table 4 Mean for Moral

Particulars	Mean	Ranking
Enhances transparency	3.56	1
Decreased inequality of Income	3.03	7
Clear distinction between of GST	3.37	6
Government provide aid for getting ready for GST.	3.30	5
To a large extend government were prepared for GST implementation and complete functioning thereafter.	3.41	3
GST rate are actually is a cost burden, makes changes in purchase behaviour.	3.46	2
GST install caused boom for the country.	3.40	4

“Enhances transparency” takes 1st rank with mean of 3.56 which states that moral of the company enhances the transparency improves the tax filing more and the nation’s income will be increased. “GST rate are actually is a cost burden, makes changes in purchase behaviour” holds 2nd rank with mean of 3.46 moral of the tax filers indirectly affects the cost of the

product, creates the burden and purchase behaviour changes of the customer. “To a large extend government were prepared for GST implementation and complete functioning thereafter” takes 3rd rank with 3.41 changes can be made through government therefore preparations were made for smooth instalment.

Table 5 Mean for Exchange Equity

Particulars	Mean	Ranking
States should have full autonomy of GST.	3.38	3
Consumption behaviour towards GST	3.14	4
Time, value and place of supply of product influenced by GST.	3.53	2
Cascading effect altered post GST.	3.62	1

“Cascading effect altered post GST” holds 1st rank with 3.62 mean in exchange equity states during the goods transferred to many owners, many cost gets include and for each cost tax will be paid by the buyer or seller, so, that affects the cost of the product after GST implementation. “Time, value and place of supply of product influenced by GST” takes 2nd rank with mean rage of 3.53 denotes that during the sale and purchase of any goods will be influenced by the tax rate slab of GST and also the time, value and place of the product. “States should have full autonomy of GST” holds 3rd rank with 3.38 mean among the questions in the exchange equity factor which states that the state government should have full clear statement about the GST.

7. Conclusion

Students are valuable assets to the country and will be future leaders. They will continue to put in their best efforts and talents in order to help our country prosper. The 'youngster or student' group has a considerable impact on the country's changes, progress, and development. It is necessary to provide adequate and relevant fundamental information to help them better understand the general principles of GST by holding seminars, talks, debates, training courses, guest lectures, and forums to pique their interest in learning about the fundamental knowledge, rules, regulations, slab rate, and provisions relating to GST. GST, without a question, will provide India with a world-class tax system by giving manufacturing and service industries separate status.

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