

# Psychological Attitude Towards E-Tax Filing In GST Among MSME In Kanchipuram District

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## ABSTRACT:

There are roughly 6.3 crore MSMEs in India. As of May 16, 2021, according to statistics from the MSME Ministry. (IBEF, 2021). All MSME – registered businesses should fill out the tax MSME - 1 form on the platform using the GSTIN number issued. e-Invoice is a mechanism through which GSTN authenticates B2B invoices electronically before allowing them to be used on the common GST site. (NIC, 2021)

This is paper main purpose is to find the impact on tax-filing in post-GST on MSME. The various demographic factor was enquired and in that turnover of the MSME's was taken as prime factor. In tax – filling the awareness, difficulties and role of the government satisfaction-based question were raised to the MSME owners. With all the factors Friedman test was calculated to find the significance. For this paper, the analysis was done by the primary data which was taken from the Kanchipuram district through the online questionnaire. Through this analysis findings and suggestions were stated.

**Keywords:** GSTN, Goods and Services Tax, Awareness by GOI, Turnover of MSME and GST portal.

## 1. Introduction:

### 1.1 GST E- filing:

Businesses registered under GST must file monthly, quarterly, and yearly returns through the Government of India's GST site, depending on the kind of company. They must disclose product and service sales and purchases, as well as taxes received and paid. Individual taxpayers will file four types of GST returns: supply returns, purchase returns, monthly returns, and yearly returns. Small taxpayers that choose the composition plan will have their tax burden reduced. (GST Returns, 2021)

Depending on the kind of transaction and the taxpayer's registration, multiple forms might be used to complete a GST return. (GSTR, 2020)

Since independence, the remarkable expansion of small and medium companies (SMEs) has been a consistent aspect of the

country's economic development. It has contributed to the country's total GDP growth, as well as job creation and exports in the global economy. Poor capital foundations, difficulties in gaining access to technology, credit limits, limited access to business services, quality human resource constraints, a lack of market expertise, limited lobbying power, and infrastructural constraints have all been identified as concerns that hurt SMEs. (Tax Research Department, The Institute of Cost Accountants of India, 2019)

### 1.2 GST and MSME:

B2B includes the invoices which the manufacturer sends to the whole seller on purchase of goods by the whole seller and B2C includes the invoices which the whole seller maintains selling the goods to the retailers. The whole process of tax filing with GST and network comes under GSTN (Goods and

Services Tax Network). Management of the whole IT system of GST portal is done by GSTN, and government tracks every financial transaction using this portal, and services such as registration, filing and maintaining all the tax details is provided to the tax. (Kaushal, 2021)

The following small and medium businesses are exempt from GST registration as a trade facilitation measure depending on turnover:

- (i) Individuals involved in intra-State taxable goods supply;
- (ii) Individuals engaged in intra-State taxable services supply
- (iii) Only persons engaged in interstate taxable service provision (Government of India Ministry of finance )

Manufacturing and Service Enterprises are the classification of Micro, Small and Medium Enterprises (MSME) according to MSMED Act, 2006.

Goods made and/or employed mostly in the unstructured MSME sector have been retained at lower rates or have been exempted. Electrical switches and cables, pipelines, plastic goods, and other items are often produced by MSMEs, and they previously did not pay Central Excise Duty, thus the tax rate on these items has been reduced from 28 percent to 18 percent. Similarly, the GST rate on jute and coir commodities such as handbags, ropes, and other items produced mostly in the cottage sector has been decreased from 12 to 5%. The rate on fishing hooks, which are mostly used by fishermen, has been reduced from 12 to 5% due to the industry's high labour intensity and low ITC. (GST, 2020)

There are three types of classifications: (a) turnovers below the threshold do not need to register for GST; (b) turnovers between the threshold and composition will have the choice of paying a turnover-based tax or joining the GST regime; and (c) turnovers above the threshold will be included in the GST framework. After the GST is implemented, manufacturers and dealers will pay less tax. (NAYYYAR, 2018)

### 1.3 MSME and GST E- Filing system:

The GST Network was established as a Section 25 (not for profit) non-government private limited business to meet the principal goal. The firm was formed with the goal of providing IT infrastructure and services to the federal and state governments, as well as taxpayers and

other stakeholders, in order to help them implement the GST. (rao, 2019)

For the majority of larger States, the present goods threshold under State VAT is Rs. 5 lakhs, with a lower barrier for North Eastern States and Special Category States. However, under the planned GST, businesses with a turnover of more than Rs. 10 lakh in both products and services will be required to register. Small businesses and sectors will be properly protected by this rise in the threshold. (Vasanthagopal, 2011) According to the GSTN website, the allowed capital for establishing IT infrastructure under the GST regime is Rs 100 million. The switch from a manual to an online tax filing system (GSTN) has caused many issues, particularly for small and medium-sized enterprises. (fintrakk, 2017)

Every firm that buys products or services from micro or small businesses should make sure that their debts are paid within 45 days or according to the terms of the contract. This compliance would undoubtedly aid in the preservation of the interests of MSME businesses that are usually short on operating cash. It will guarantee that businesses pay their dues to micro and small businesses on time. Otherwise, they'd have to pay the whole amount owed plus interest. (MSME, 2020)

## 2. Theoretical background and literature discussion:

Assessment of the Implications of GST (Goods and Services Tax) Rollout on Indian MSMEs Vidit Mohan, Salman Ali (2018): This study's conclusions have ramifications for MSME owners. For starters, kids will have a greater awareness of the challenges that their peers confront, which will enable them to be more prepared for certain scenarios. The data also reveal a link between GST structure understanding and business profitability, which should encourage MSME owners to spend time and effort learning about the GST structure not just for compliance but also for higher returns on their investments. (mohan, 2018)

The findings of this study also highlight to a number of structural flaws and operational concerns with GST implementation that require institutional attention. Furthermore, policymakers may wish to emphasise the necessity of MSME owners receiving training and awareness initiatives in order to bring them into the GST main-stream taxation system, which may lead to improved compliance and

increased tax collections for the state. (Vidit Mohan, 2018)

Perception of msme towards favourable aspects of goods and service tax (gst) in India, Abhishek Kumar Gupta & Dr. Bharat Kumar Meher (2021): These results of the study should be well noted by the government and policy makers that there are also many MSMEs who are completely disagree with the positive phenomenon of GST. The study also justifies that the various purpose of implementing GST has not yet been fulfilled as about 31% of total number of MSMEs in the study opined that have not yet brought uniformity in indirect tax rates and about 41% of total of MSMEs in the study also opined that the creation of black money has not yet been checked through GST. (Meher, 2021)

The performance of MSME's during pre and post implementation of GST, Dr. Challa Madhavi Latha & Dr. K. Siva Nageswara Rao (2020): On the impact of GST on MSMEs' performance, there are differing viewpoints. On the one hand, some believe that MSMEs are unable to detect abrupt shocks such as those created by the GST implementation in 2017. Furthermore, due to its consistency across the country, the adoption of GST has helped MSMEs to readily join the financial markets by removing undesired entrance limitations, double taxation, and other issues. (Dr. Challa Madhavi Latha, 2020)

An Evaluation on the Influence of Goods and Service Tax (GST) on Micro Small and Medium Enterprises (MSMEs), Dr Jojo K Joseph & Rani Jacob (2020): The purpose of this research was to learn how MSMEs are affected by the implementation of GST, what their main concerns are, and what potential advantages they might expect. Despite certain difficulties in handling compliance requirements, the adoption of GST is considered as a benefit for MSMEs, and they are adapting to the new situation. The success of GST on SMEs is largely determined by how fast enterprises adapt to the digital taxing model. (Joseph, 2020)

Impact of Goods and Services Tax on Micro, Small & Medium Enterprises of India, Dr. G.P. Dang, Jyotika Kaur & Divneet Kaur (2020): In this research paper have mentioned the impacts on MSME in implication of the GST in various factors. Lowering the threshold to 1.5 crore made easy for the tax payer. Operating cost is high for the training purposes

for the employee as per GST. Digital mode of operation in GSTN (Goods & Services Tax Network) is initiated by the government. (Dang, 2020)

According to the report, trust is vital in growing GSTN adoption, which is one of the new tax regime's needed usage systems. Trust in technology influences attitude, SNs, and behavioural control, which in turn impacts the intention to use technology (GSTN). As a result, if the government wants to increase corporate GSTN adoption, it must first develop trust in the system (GSTN). Organizing seminars and trainings, as well as spending money on GSTN advertising, might be advantageous. (shukla, 2019)

Awareness and Perception of Taxpayers towards Goods and Services Tax (GST) Implementation, Mohamad Ali Roshidi Ahmad (2016): Respondents received less information and advancement from authorities, according to the survey's findings. The majority of respondents were unclear whether or not the goods and services are GST free. Furthermore, due to a lack of knowledge, respondents had a negative perception of GST. (Ahmad, 2016)

GST: Impact and Implications on Various Industries in Indian Economy, SANKAR R (2019): So, the GST is India's most significant tax reform since independence, it must be approached with prudence and fully scrutinised before going into effect. Furthermore, both the federal and state governments must run GST education and awareness campaigns for their various audiences. (r, 2019)

GST: Consumers Awareness and Adoption – A Study, Dr.D. Dilip (2018): This study states the government should take the necessary efforts to raise GST knowledge among the public, particularly in rural areas, and aim to cut tax rates on the most essential goods and services. Finally, the inquiry assisted in gaining a practical grasp of the subject and the many GST metrics. (Dr.D.Dilip, 2018)

Perception Of Service Tax Payers Towards Gst-An Exploratory Study, Mrs. Preeti Singh Chouhan (2018): The study's conclusions may aid policymakers and organisations in rethinking policies that benefit the trade community, society, and economy as a whole. It might also be valuable in assisting the government in developing the best system for supplying the most up-to-date information on tax legislation, since taxpayers are

supportive of improvements that would increase tax revenue collections. GST is a long-term strategy that the government has designed, and its advantages will only be realised over time. (Chouhan, 2018)

### 3. Hypotheses development:

Ho: There is no significance difference among ranks towards Factors Influencing E Tax Filling.

Do tax structures affect aggregate economic growth? Empirical evidence from a panel of OECD countries, Jens Matthias Arnold (2008): Through integrating tax structure indicators into a set of panel growth regressions for 21 OECD nations, accounting for both physical and human capital accumulation, this study explores the connection between tax structures and economic development. Income taxes, as opposed to consumption and property taxes, are generally associated with lower economic growth, according to the research. Corporate income taxes tend to have the largest negative influence on GDP per capita. (Arnold, 2008)

Tax Knowledge, Tax Complexity and Tax Compliance: Taxpayers' View, Natrah Saad (2014): This research investigates taxpayers' opinions of their tax knowledge, the perceived complexity of income tax systems, and the root reasons of non-compliance. Based on the interviews, taxpayers appeared to be unaware of the technical aspects of the income tax system. As a result of the tax issues, they may have to incur additional compliance costs. The tax structure was also thought to be overly complex. The large amount of paperwork they had to fill out in order to satisfy their tax obligations only made things worse. (Saad, 2014)

### 4. Research design

The purpose of this research is to better understand the phenomena and complexity of the t Factors Influencing E Tax Filling variable, which plays a significant influence in the acceptance and adoption of E Tax Filling by a large number of taxpayers. In this study, it was more appropriate to use a quantitative research design.

**4.1 Sampling and Data Collection:** The geographical area for sampling was chosen as

Kanchipuram district. The non-probability convenient sampling approach was used to identify small and medium-sized organisations. Respondents were requested to fill out a printed questionnaire with their replies, and data was obtained by physically presenting a structured questionnaire to them. During this epidemic, data was collected via an online approach. 66 questionnaires were judged to be appropriate for further investigation based on the completeness of the material and the first screening procedure.

**4.2 Control Variables:** To decrease the impact of extraneous influences, a few variables were controlled at the time of sampling and data collection. One of them was the company's size. Micro, small, and medium-sized businesses made up the sample. In terms of educational attainment, every respondent was at least an upper secondary school graduate. To maintain the homogeneity of the sample, the geographical spread of sampling was confined to Kanchipuram district.

**4.3 Research Methodology:** The Friedman test is a non-parametric alternative to the repeated measurements one-way ANOVA. When the dependent variable being measured is ordinal, it is utilised to test for differences across groups. It may also be used to analyse continuous data that deviates from the assumptions required to conduct a one-way ANOVA with repeated measurements. (Laerd statistics, 2018)

## 5. Results

**5.1 Demography Analysis:** Births, deaths, income, and illness incidence are examples of data that show the changing structure of human populations. (demography, 2021). As there was 66 respondent which was taken for the analysis from Total number of respondent Male (41.7%) and Female (58.3%). Age categorised 18 – 22 years (5.6%), 23- 32 years (27.8%), 33 – 38 years (45.8%) and Above 38 years (20.8%). Education Qualification Up to schooling (15.3%), Commerce (26.4%), Vocational (25%) and others (33.3%). Marital Status classified Married (51.4%), Unmarried (27.8%), Widow (19.4%) and Widower (1.4%).

**Table 1 Friedman Test Analysis:**

FACTORS INFLUENCING E TAX FILLING	MEAN RANK	RANK	CHI-SQUARE	P-VALUE	N
GOVERNMENT GIVES CLEAR VIEW OF FILLING.	3.21	1	5.42354	.024	63
PROCEDURE OF TAX FILLING BEING FLEXIBLE.	3.09	3			
OECD FOCUSES TAX POLICY CAN AID GOVERNMENT	2.64	6			
MONTHLY TAX RETURN IS BENEFICIAL.	2.98	5			
AUDITORS ARE MANDATORY IN FILLING RETURN	3.08	4			

**FRIEDMAN TEST ON FACTOR INFLUENCING TAX FILLING**

\*OECD= Organisation for Economic Co-operation and Development

1. CBIC urged its top brass in various zones to undertake focusses outreach programmes. Schemes for the relief program were cleared and organised by the GST Council at 43<sup>rd</sup> meeting. Awareness Campaign has been conducted every year to enhance the motive of "A nation is made, when taxes are paid" (GST Awareness, 2021). Government gives clear view of filing was been strongly agreed upon the most of the respondent and got rank 1 in Friedman test.
2. In Friedman test Procedure of tax filling being flexible have been ranked 3th in the test, Goods and Services Tax help and Taxpayer Facilities is available in the GST website to make flexible tax filing for the taxpayer. There is free accounting, billing services, GST Suvidha providers and site map for GST Portal. (taxpayer services, 2021) From business registration through invoice uploading to return submission, the GSPs are intended to provide taxpayers and other stakeholders with new and provided guidance to interact with the GST System. As a result, there will be two separate sets of interactions: one between the App user and the GSP, and another between the GSP and the GST System. (GSP, 2021)
3. There is no requirement for an Auditor's certification because the Form is now self-certified. On the same day, another notice, Notification No. 31/2021 - Central Tax, was released, exempting registered persons with an aggregate revenue of up to Rs.2 crore from submitting GSTR 9. (gstr audit, 2021). Auditors are mandatory in filling return was ranked four in Friedman test.
4. GSTR – 1,2,3,5,6,7 & 8 Monthly tax return is mandatory. (CBIC, 2021) Monthly return process is more work done and financial expenditure incurred every month. So, most respondent disagreed on the monthly return filing process mandatory by the CBIC.
5. Taxpayers are not aware about OECD. The Organisation for Economic Co-operation and Development (OECD) is a global organisation dedicated to creating better policies for a healthier lifestyle. We build evidence-based guidelines and discover answers to a variety of social, economic, and ecological in conjunction with governments, policymakers, and consumers. (Tax policy, 2021)

**Conclusion:**

As per the study, the Goods and Services Tax awareness was given mostly about the importance of filing the tax but awareness about the slabs rates of GST and procedures was not given in the full picture to the taxpayers. Economic backbone of the nation is based on the taxes but filling the taxes is the great procedure which have to be followed. The units will be unable to pay both GST and income tax before the July/August deadlines. As a result, the deadline for filing taxes should be extended. The late costs that apply to late GSTR 1 filing should be waived. Interest and penalties on GST payments due between April 2021 and July 2021 should be totally eliminated. Some taxpayers who are illiterate will definitely find difficult in filling the tax properly. Though they can take help from the auditor it will be an expenditure incurred for the MSME owners.

GSTR monthly return is consider to be a heavy burden of the taxpayers. It can be ruled out by the Government of India for the benefit of the taxpayer to reduce the burden of the

taxpayers. Though tax filing is an easy procedure, tax filling awareness is very low. In 2020 there was only two campaigns conducted by CBIC. More campaigns should be conducted to make awareness to the taxpayers. ITC term is not familiar among the MSME owners, ITC has many allowances in tax filing but all these information is not available to the taxpayers. During pre-pandemic auditors was mandatory but after covid 19 situation CBIC made many concussions in GST tax filing one among that was releasing auditor's mandatory from the tax filing procedure. These government reforms in tax filing made an increase in the goodwill of the nation.

CRedit authorship contribution statement:

Mrs. Princy J: conceptualization, investigation and writing- original draft.

Dr.D. Durairaj: supervision, validation, writing-Review& editing.

Declaration of competing interest:

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