

# An Analysis of GST on Pre and Post Accounting

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## Abstracts

The Goods and Services Tax (GST) came into effect on July 1, 2017. A broad value-added tax that is levied on both goods and services. The GST promotes and stimulates a country's economic growth while streamlining a complicated tax system. The study aims to learn how professionals in Udaipur, Rajasthan, feel about the goods and services tax. A survey of professionals, including chartered accountants and tax experts, was conducted to assess their level of satisfaction on accounting prior to and after the GST implementation.

**Keywords:** GST, Accounting, Experience, Pre and Post

## Introduction

GST is regarded as a substantial Indirect Tax reform in the country. As a result of the reduction in double taxes, Goods and Services Tax makes goods less expensive and more competitive in the global market. GST adoption in India has significantly impacted the public's view and lives. The rapid and dramatic change in the system has caused many to believe that the government is hesitant to make structural changes for the better. The development of the country's economy. One nation, one tax plan has been implemented by substituting Excise with Goods and Services Tax, Service tax and state value-added taxes.

GST appears to benefit consumers by lowering costs, companies by simplifying indirect taxes, and the Indian government by increasing tax revenues. However, another stakeholder in the corporate ecosystem who stands to benefit enormously from the commencement and steady roll out of GST is the chartered accountant.

## Review of literature

**Prakash Jai (2014)** According to author, the implementation of the GST at both the Central and State levels is intended to provide additional relief to business, trade, agriculture, and consumers through the expansion of input tax set-off and service tax set-off, the inclusion of numerous levies in the GST, and the gradual phase-out of the CST. When conditions are ideal and offer consistent growth with minimal risk, GST helps us to broaden our tax base, and we should utilize it.

**Garg Girish (2014)** The most logical path toward a complete indirect tax reform in our nation since independence, according to the author of "Basic Concepts and Features of Good and Service Tax in India". GST will result in a single, integrated Indian market, strengthening the economy. According to experts, the GST is projected to increase tax revenues and support India's economic growth by removing tax barriers between States and bringing India together through a stable tax rate. Through a lower tax rate, a larger tax base, and fewer exemptions, GST will evenly distribute the tax burden between manufacturing and services.

**CA Portal (2018)** Along with adjustments in the way of commercial enterprise in India, GST is also going to affect the existence of the expert chartered accountants. It will be favorable for our nation's increase and prosperity. During this phase they would learn a lot and would get a range of new opportunities. It will also help the professional accounting services and help India in the digital endeavor.

**Rengamani J.(2018)** As per this survey report only 21 person out of 32 prepare the return from their system others did not respond positively thus it is a tough situation and a big challenge and other users approx 33 from 49 were not satisfied with this system.

**Dr. Agrawal Yogesh, Kailashchandra (2019)** GST has both positive and negative effects on the Indian economy, according to their investigation "Goods and Services Tax and Its Impact on the Indian Economy." The GST system is set up in a way that both the federal government and state governments are expected to get a sizable amount of income from it. In the long run, it will be profitable for businesses, corporations, and service providers. Indirect tax collection would become more transparent, benefiting both the Indian government and its citizens.

**ZIP BOOKS (2019)** As per this site many users have to change their software because old software could not be used in GST like tally 4.5, tally 7.2, tally 9. Clients have to purchase new updated software to fulfill the requirement of CAs which increased the cost for clients.

## Research Gap

Despite numerous research on GST, none have examined the significant difference between pre and post GST accounting.

## Objective

- To understand the basic concepts and needs of GST.
- To study and analyze the difference between pre and post GST accounting.

## Research Hypotheses:

$H_0$  = There is no significant difference between pre and post GST accounting.

$H_1$  = There is significant difference between pre and post GST accounting.

## Research Methodology

The study has covered the views of professionals, who are from Udaipur City in Rajasthan. This study is being concentrated on the overview of the GST, thus the focus is to find out the views of professionals on Goods and Services Tax in Udaipur City. The study was conducted on professional's personals, for instance, Chartered Accountant, Tax Consultant etc., in Udaipur city. Moreover, this study has compared the views of professionals' pre and post- application of GST.

**Total population:** NA

**Sample area:** Udaipur City, Rajasthan

**Sample size for the research study:** 455

The structured questionnaire was distributed among the 455 professionals from Udaipur city, out of which 318 questionnaires were filled out by respondents of in which 6 were incomplete, hence they were not considered.

**Sample technique:** Simple Random Sampling

**Data Analysis**

### 1.1 Normality Test:

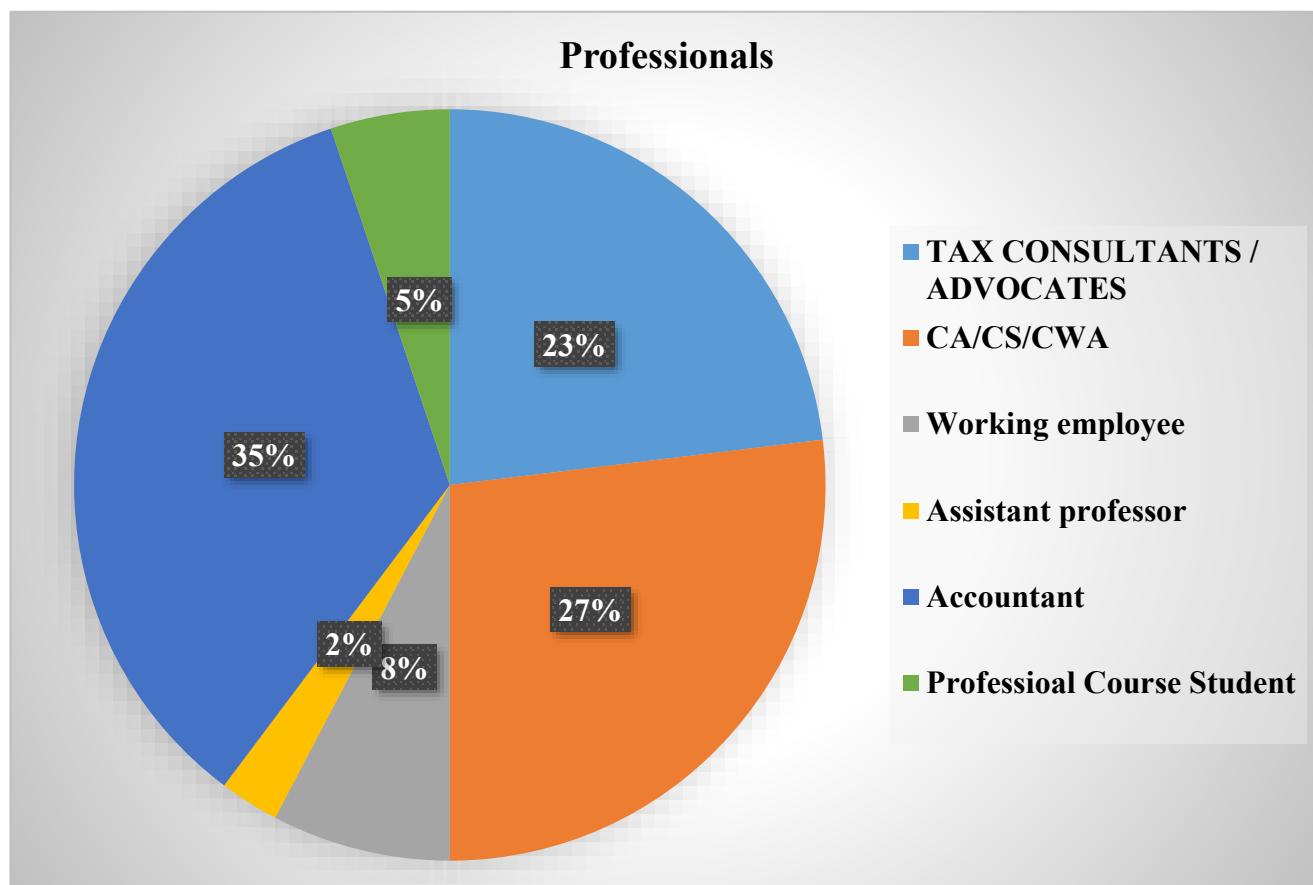
**Table: 1.1 Normality Test**

Statement	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Total Post GST	0.153	156	<b>0.000</b>	0.956	156	<b>0.000</b>
Total Pre GST	0.149	156	<b>0.000</b>	0.944	156	<b>0.000</b>
a. Lilliefors Significance Correction						

Above table explain the results of Kolmogorov-Smirnov and Shapiro-Wilk's test for the purpose of normal distribution. The table shows that all variables under study stand normally distributed at 5% level of significance because calculated p – Value is greater than 0.05 under Kolmogorov – Smirnov as well as Shapiro – Wilk test.

**Table: 1.2 Professions of Respondents**

Professionals	No. of Respondents	Respondents Percentage
<b>Tax Consultants / Advocates</b>	72	23.08%
<b>CA/CS/CWA</b>	84	26.92%
<b>Working Employee</b>	24	7.69%
<b>Assistant Professor</b>	8	2.56%
<b>Accountant</b>	108	34.62%
<b>Professional Course Student</b>	16	5.13%
<b>Grand Total</b>	<b>312</b>	<b>100.00%</b>

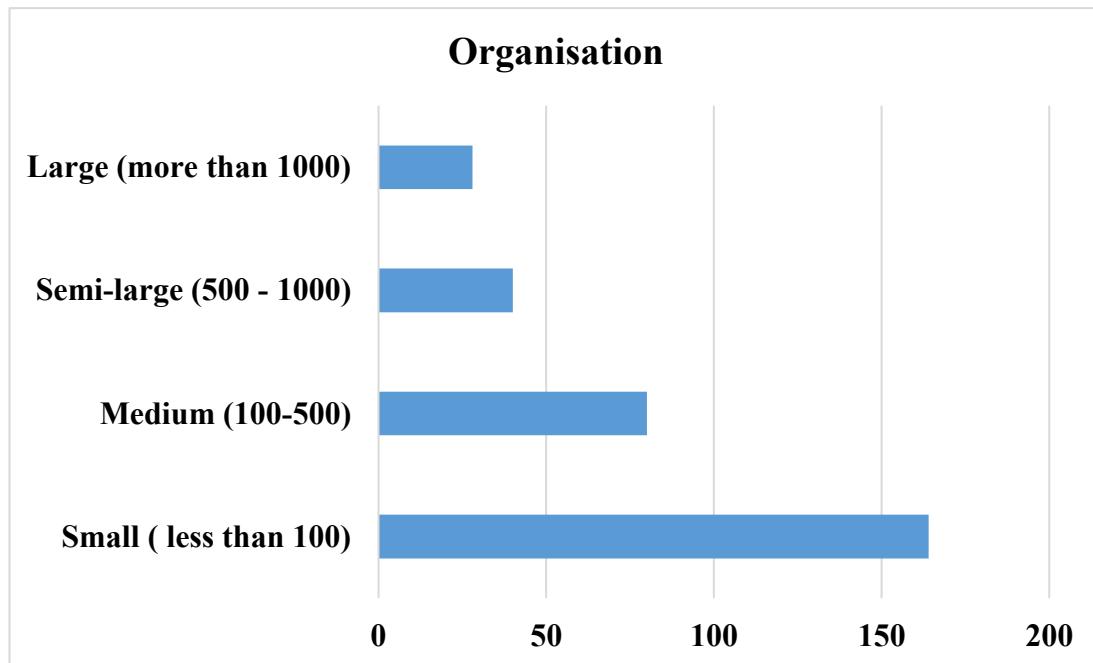

**Figure:1.1 Profession Wise Respondents**

**Observation:** In the above table 1.2, 312 respondents were divided on the basis of professionalism. The study includes 72 Tax consultant/Advocates which were 23.08% of total respondents, 84 Chartered Accountant/Company Secretary/Cost and Work Accountant which were 26.92% of total respondents, 24 were working employees which are 7.69%, 8 were assistant professor which is 2.56%, 108 respondents were an accountant which are 34.62% whereas 16 respondents were professional course students which are 5.13% of total respondents.

**Table:1.3 Shows Size of Organization**

Organization files	No. of Respondents	Respondents Percentage
<b>Small (less than 100)</b>	164	52.56%
<b>Medium (100-500)</b>	80	25.64%

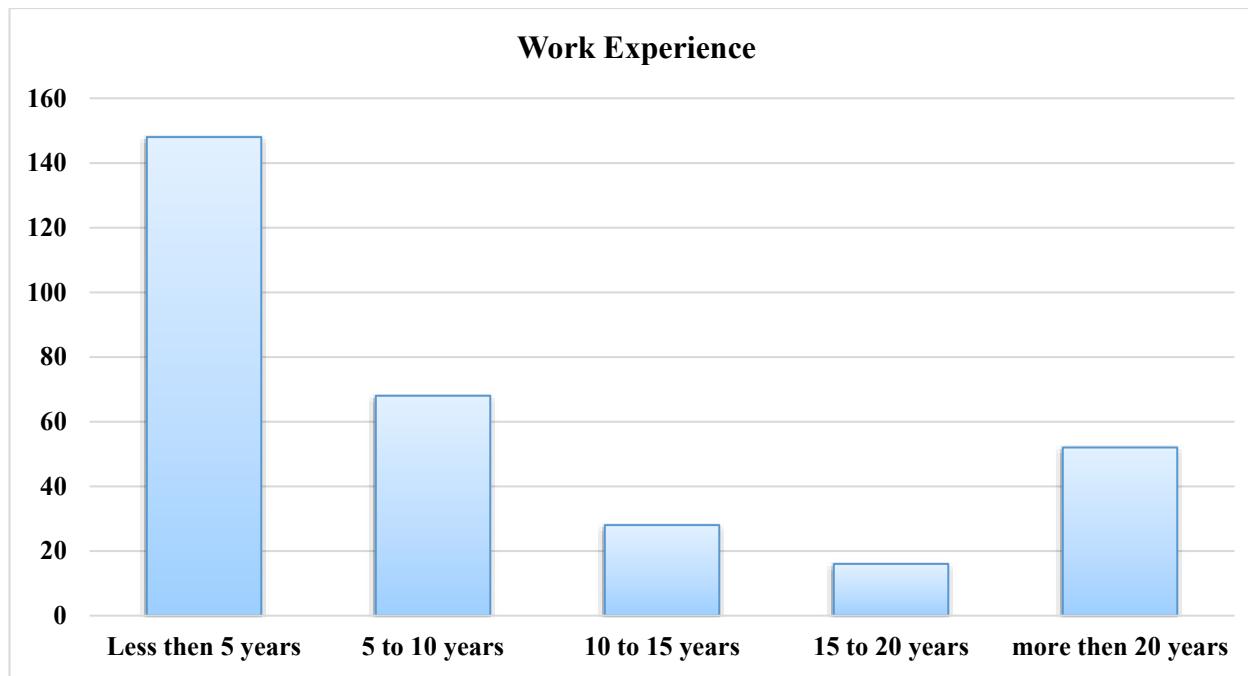
<b>Semi-large (500 - 1000)</b>	40	12.82%
<b>Large (more than 1000)</b>	28	8.97%
<b>Grand Total</b>	<b>312</b>	<b>100.00%</b>


**Figure: 1.2 Size of Organization**

**Observation:** In the study organizations were divided on the basis of total numbers of file handle by an organization. Organizations which handle less than 100 files were considered as small organization whereas Organizations which handles more than 1,000 files considered as large organizations. In the study responses were taken from different organizations. Out of total respondents 164 respondents were from small organization which is 52.56%, 80 respondents were from medium organization which is 25.64%, respondents were from semi-large organization which is 12.82% whereas 28 respondents were from large organization which is 8.97% of total respondents.

**Table:1.4 Work Experience**

Work Experience	No. of Respondents	Respondents Percentage
Less than 5 years	148	47.44%
5 to 10 years	68	21.79%
10 to 15 years	28	8.97%
15 to 20 years	16	5.13%
More than 20 years	52	16.67%
<b>Grand Total</b>	<b>312</b>	<b>100.00%</b>



**Figure:1.3 Work Experience of Respondents**

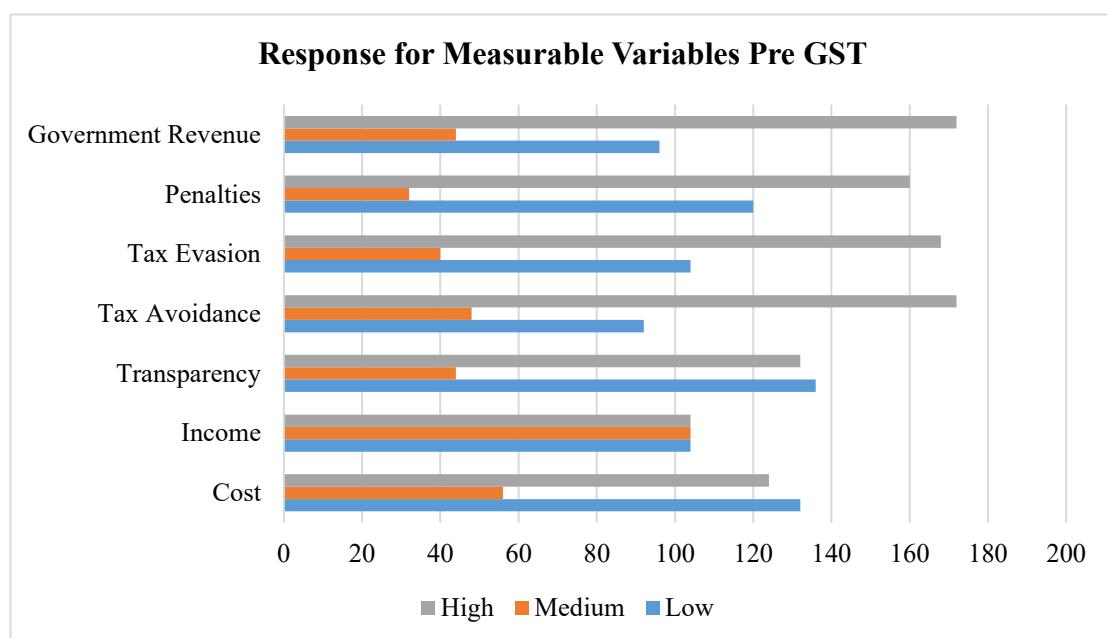
**Observation:** Above table 1.4 shows the results of respondents on the basis of their experience. 148 respondents which are 47.44% have less than 5 years of Experience, 68 respondents which are 21.79% have more than 5 years but less than 10 years of Experience, 28 respondents which are 8.97% have more than 10 years but less than 15 years of Experience, 16 respondents which are 5.13% have more than 15 years but less than 20 years of Experience whereas 52 respondents which are 16.67% have more than 20 years of Experience out of total respondents.

**Table:1.5 Showing Results of Variables Affecting Pre and Post GST**

Statement	Pre GST						
	Low	Medium	High	Mean	Std. Deviation	Skewness	Kurtosis
<b>Cost</b>	132	56	124	1.97	0.91	0.051	-1.788
<b>Income</b>	104	104	104	2.00	0.82	0.000	-1.505
<b>Transparency</b>	136	44	132	1.99	0.93	0.026	-1.845
<b>Tax Avoidance</b>	92	48	172	2.26	0.88	-0.526	-1.521
<b>Tax Evasion</b>	104	40	168	2.21	0.91	-0.418	-1.674
<b>Penalties</b>	120	32	160	2.13	0.94	-0.259	-1.825
<b>Government Revenue</b>	96	44	172	2.24	0.90	-0.499	-1.572
Statement	Post GST						
	Low	Medium	High	Mean	Std. Deviation	Skewness	Kurtosis
<b>Cost</b>	72	28	212	2.45	0.84	-1.003	-0.839
<b>Income</b>	108	56	148	2.13	0.90	-0.255	-1.717
<b>Transparency</b>	28	32	252	2.72	0.62	-2.021	2.640
<b>Tax Avoidance</b>	188	32	92	1.69	0.90	0.646	-1.450
<b>Tax Evasion</b>	200	28	84	1.63	0.88	0.801	-1.230

<b>Penalties</b>	76	32	204	2.41	0.86	-0.898	-1.031
<b>Government Revenue</b>	20	12	280	2.83	0.52	-3.007	7.561

**Observation:** Above table 1.5 shows the views of professionals' on measurable variables pre and post the implementation of GST. Measurable variables divided into 7 parameters which were Cost, Income, Transparency, Tax avoidance, Tax evasion, Penalties and Government revenue.



**Figure:1.4 Shows Response for Measurable Variable Pre GST**

Before implementation of GST, 124 (39.74%) respondents answered that there was Increase in cost, 56 (17.94%) respondent answered that cost was medium whereas 132 (42.30%) respondents answered in favor that there was decrease in cost. The mean as well as standard deviation for the cost were 2.45 and 0.84 respectively.

104 (33.33%) respondents replied that their Income had increased, 104 (33.33%) respondent replied that Income was neutral whereas 104 (33.33%) respondents replied in favor that there was decrease in Income. The mean as well as standard deviation for the Income were 2.00 and 0.82 respectively.

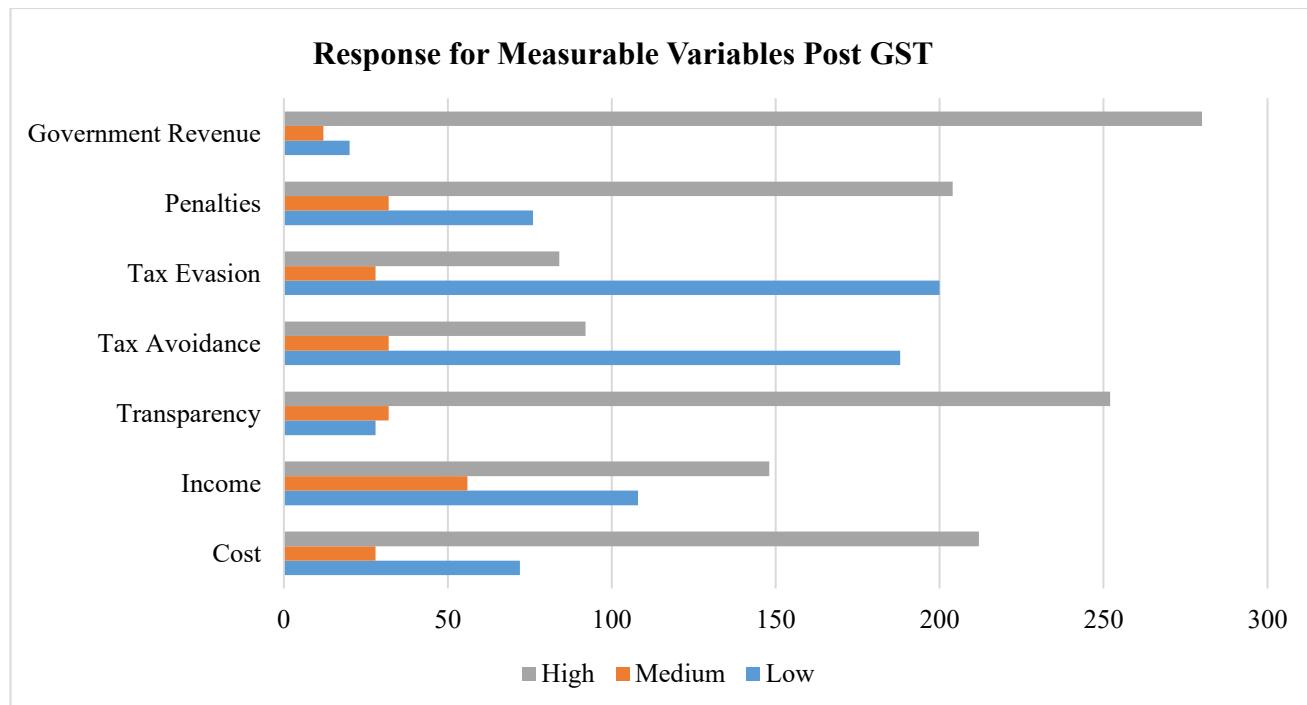
132 (42.30%) respondents answered that there was Increase in Transparency, 44 (14.10%) respondent answered that Transparency was average whereas 136 (43.58%) respondents answered in favor that there was decrease in Transparency. The mean as well as standard deviation for the Transparency were 1.99 and 0.93 respectively.

172 (55.12%) respondents replied that Tax Avoidance was at extreme level, 48 (15.38%) respondent replied that Tax Avoidance was at moderate level whereas 92 (29.48%) respondents replied in favor that there was little Tax Avoidance. The mean as well as standard deviation for the Tax Avoidance were 2.26 and 0.88 respectively.

168 (53.84%) respondents replied that Tax Evasion was high, 40 (12.82%) respondent replied that Tax Evasion was moderate which means average whereas 104 (33.33%) respondents replied in favor that there was decreased in Tax Evasion. The mean as well as standard deviation for the Tax Evasion were 2.21 and 0.91 respectively.

160 (51.28%) respondents answered that Penalties were at extreme level, 32 (10.25%) respondent answered that Penalties were moderate whereas 120 (38.46%) respondents answered in favor that Penalties were less. The mean as well as standard deviation for the Penalties were 2.13 and 0.94 respectively.

172 (55.12%) respondents answered that there was increase in Government revenue, 44 (14.10%) respondent answered that Government revenue was moderate which means average whereas 96 (30.76%) respondents answered in favor that there was decrease in Government revenue. The mean as well as standard deviation for the Government revenue were 2.24 and 0.90 respectively.



**Figure:1.5 Showing Response for Measurable Variable Post GST**

After implementation of GST, 212 (67.94%) respondents answered that there was Increase in cost, 28 (8.97%) respondent answered that the cost was moderate whereas 72 (23.07%) respondents answered in favor that there was decrease in cost. The mean as well as standard deviation for the cost were 2.45 and 0.84 respectively.

148 (47.43%) respondents replied that there was Increase in Income, 56 (17.94%) respondent replied that Income was Neutral whereas 108 (34.61%) respondents replied in favor that there was decrease in Income. The mean as well as standard deviation for the Income were 2.13 and 0.90 respectively.

252 (80.76%) respondents replied that Transparency was Increased, 32 (10.25%) respondent replied that Transparency was average whereas 28 (8.97%) respondents replied in favor that there was decrease in Transparency. The mean as well as standard deviation for the Transparency were 2.72 and 0.62 respectively.

92 (29.48%) respondents replied that Tax Avoidance was at extreme level, 32 (10.25%) respondent replied that Tax Avoidance was average whereas 188 (60.25%) respondents replied in favor that there was little Tax Avoidance. The mean as well as standard deviation for the Tax Avoidance were 1.69 and 0.90 respectively.

84 (26.92%) respondents replied that Tax Evasion was high, 28 (8.97%) respondent replied that Tax Evasion was moderate which means average whereas 200 (64.10%) respondents replied in favor that there was decrease in Tax Evasion. The mean as well as standard deviation for the Tax Evasion were 1.63 and 0.88 respectively.

204 (65.38%) respondents answered that Penalties were high, 32 (10.25%) respondent answered that Penalties was moderate whereas 76 (24.35%) respondents answered in favor that Penalties were low. The mean as well as standard deviation for the Penalties were 2.41 and 0.86 respectively.

280 (89.74%) respondents answered that there was increase in Government revenue, 12 (3.84%) respondents answered that Government revenue was moderate whereas 20 (6.41%) respondents answered in favor that there was decrease in Government revenue. The mean as well as standard deviation for the Government revenue were 2.83 and 0.52 respectively

**Table : 1.6 Shows Results of Significance of Measurable Variable Pre and Post GST Implementation**

Statement		N	Mean Rank	Sum of Ranks	Test Statistics	
Accounting	Post GST	312	350.94	109492.00	Mann-Whitney U	36680
	Pre GST	312	274.06	85508.00	Wilcoxon W	85508
	Total	624			Z	-5.373

Asymp. Sig. (2-tailed)	0.000
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**Observation:** Above table 1.6 shows the results of significance of measurable variables pre and post GST Implementation. According to Mann-Whitney U test, calculated value was 36680 and significant value is 0.000 which was less than 0.01 at 1% level of significance. As a result, the null hypothesis is disproved and the alternative hypothesis, which finds a significant difference between pre- and post-GST accounting, is accepted.

### Conclusion

GST is a life-saving medicine for both new and prospective chartered accountants. The reason for this is that India is implementing GST for the first time. In other words, it's something new, both for seasoned and inexperienced CAs. Thus, both are in the same boat. Newly qualified chartered accountants can take advantage of this opportunity to advance their careers during the GST wave. GST gives new dimension of accounting also there is slight difference in working style of GST accounting as compare to previous law.

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