

Impact of GST on small business sector in Haryana

***Dr. Ritu**

****Monika**

Abstract

Haryana's small businesses have been greatly affected by India's GST. This abstract explores GST's effects on small enterprises' potential and problems. Small Haryana firms have benefited from GST. It consolidated indirect taxes under a single tax structure. This streamlining has made tax compliance simpler for small firms. Small enterprises have become more competitive by eliminating cascading effects using the input tax credit system. Small enterprises may now reach clients beyond their state and compete, which has improved product quality and efficiency. Haryana's small enterprises also face GST issues. Understanding the new tax structure, changing accounting systems, and using the GST site were initially challenging. These issues created company interruptions and demanded compliance efforts. Small firms spend more time and money on compliance needs like filing taxes and keeping records. GST has had both pros and cons for Haryana's small businesses. While tax simplification and streamlining have lowered compliance load and boosted competitiveness, small firms have faced early transition issues and increased compliance obligations. Understanding these distinctions may assist policymakers, business groups, and entrepreneurs develop strategies to optimise GST advantages and manage small company issues in Haryana.

Keywords: Goods and Services Tax (GST), Small business sector, Haryana, Tax reform, Simplification

INTRODUCTION

In an effort to streamline procedures and establish a uniform taxing system, India has implemented the Goods and Services Tax (GST). The small business sector in Haryana has been among the most positively and negatively affected by GST. This introductory piece will examine how the Goods and Services Tax (GST) has affected small companies in Haryana, touching on how the system has facilitated interstate commerce and made tax compliance easier while also addressing the difficulties that have arisen as a result of the transition. "The implementation of GST has fundamentally altered the way companies in Haryana operate, creating new openings for expansion but also demanding fresh thinking from entrepreneurs who want to succeed in the state's new tax climate.

GST Taxes are collected from the people of India in a confusing array, including value-added tax, excise duty, tax on entertainment, tax on luxury items, and so on. Due to political pressure, an agricultural economy, a low income level, and a lack of infrastructure capable of identifying personal income, India has historically depended primarily on indirect taxes as a source of revenue. The Indian government is always working to simplify and modernise the country's complex tax system via a variety of tax reforms. The state government made the decision to switch to a value-added tax, or VAT, in 2005. The Constitution's entry list II, included in the seventh schedule, mandated the amendment. While first welcomed, the imposition of VAT on both the federal and state governments eventually led to complaints about the system's inefficiency. The downside of CENVAT was that it did not include taxes like VAT, ACD, surcharge, and others. It aids in minimising the downward trend in taxes and simplifies the tax system at the state level by ensuring that credit for taxes paid on inputs is accessible to a taxpayer at the time of discharging his output tax burden. It also guarantees that input taxes may be deducted from the final tally. The variety of state and central taxes contributes to the tangled nature of India's indirect tax structure. Therefore, the GST was formed to address the problem of tax on tax and to simplify the tax structure". In 1954, France was the pioneer in global implementation of the goods and services tax (GST). Since then, another 165 nations have adopted the GST after seeing its success in France. The President of India, the Prime Minister of India, and the Finance Minister of India will unveil India's most extensive tax reform to date on July 1, 2017, in the main chamber of Parliament.

REVIEW OF LITERATURE

Subramanian (2015) Studied "*Report on the Revenue Neutral Rate and Structure of Rates for the Goods and Services Tax (GST)*" It discovered that while the economy of the globe continues to slow down, and increased financial volatility and turbulence become the newest normal, only a select few economies have the resilience to be a sanctuary of stability and the potential to be an outpost of opportunity. One of those select countries is India. As a result of the continued decline in the prices of oil and other commodities, as well as the efforts that have been taken by the Indian government and the Reserve Bank of India, India's macroeconomic stability seems to be relatively ensured. This bedrock of stability, when combined with reforms to unleash the entrepreneurial energies of India, has the potential to create the policy credibility and business environment necessary to demonstrate that India is, in fact, making the most of the historic opportunity presented by both domestic and international developments to propel the economy onto a high growth trajectory. The goods and services tax (GST), which has in

some respects already been priced into expectations about the government's reform agenda, is one of the most important aspects of these changes.

John Keats (2018) Studied *A New, Exciting Bird's-Eye View of the Indian Economy Through the GST* and discovered that When the poet first encountered the Greek epic, he felt as if a whole new universe had suddenly opened up to him. Policymakers and researchers may soon feel the same way about the Goods and Services Tax (GST), which is just one reason why they may soon share the poet's feeling of astonishment (GST). The Goods and Services Revenue (GST) has been praised for various reasons, but perhaps most notably for its ability to consolidate India's several markets into a single one, to broaden the tax base, and to encourage cooperative federalism. It will produce a tremendous store of knowledge, which will broaden and undoubtedly modify our understanding of India's economy. This advantage is virtually entirely overlooked, despite the fact that it is a significant one. There has been a significant increase in the number of businesses that are subject to indirect taxation; many of these businesses have voluntarily chosen to be a part of the Goods and Services Tax (GST), particularly small businesses that buy from large businesses and wish to make use of input tax credits;

Nandal, (2018) Studied *Perceptions of traders and manufacturers towards GST* I discovered that the Goods and Services tax, often known as GST, is a value-based tax that is calculated based on the value that is added by the supplier at the time that goods or services are being supplied. As of the 1st of July 2017, the Goods and Services Tax (GST) was put into effect in India with the intention of restructuring the Indian economy into one country, one market and one tax. The introduction of the Goods and Services Tax (GST) in India ushered in a period of revolutionary change in the country's taxation system. This all-encompassing, broad-based tax consolidated under a single, individualised header any and all indirect taxes or surcharges that had previously been imposed on the supply of goods or services prior to July 1, 2017. This removes the need for the several indirect taxes and surcharges that formerly existed, such as the central sales tax, value-added tax, tax on services, central excise duty, purchase tax, and luxury tax, among others. The Honorable Prime Minister of India, Narendra Modi, acknowledged that the Goods and Services Tax (GST) is not just a tax on goods and services but also a good and straightforward tax. The Products and Services Tax (GST) is a consumption tax that is based on the destination of the goods or services and is collected by the government of the state in which those goods or services are actually consumed.

PAWAR, (2019) Studied *impact of gst on various construction project* i discovered that in the construction sector, there is always a need to adapt the way that work is done in order to produce

better outcomes while also saving time, energy, and money. When this is done, a great number of shortcuts are taken, and a great number of actions that save time are carried out. This ultimately leads to insufficient data about all elements of the projects. When it comes to the documenting of all of the project data after the conclusion of the project, there are some elements that are entirely missing. There is room for advancement in all of these aspects; hence, the construction industry has been subjected to the Goods and Services Tax (GST), which was implemented by the Ministry of Finance in an effort to standardise the industry. Because it is not only a new thing to deal with but also because it will regularise the so-called Unorganized Sector, the introduction of the Goods and Service Tax (GST) by the government of India has led to a lot of ambiguity in the Construction industry. This is because it is not only a new thing to deal with but also because it will regularise the sector. In order to reach a conclusion, detailed studies need to be conducted beginning with the gestation phase and continuing through the handover phase". These studies should depict in detail which areas of concern are those in which the cost of the project has been affected as a result of the implementation of GST.

OBJECTIVE

To study the impact on GST on various sectors

IMPACT OF GST ON VARIOUS SECTOR OF INDIAN ECONOMY

E-commerce:

The introduction of a tax collection at source (TCS) method for e-companies in the GST legislation has not been warmly embraced by these enterprises, but the law's implementation has led to ongoing expansion in India's e-commerce industry. The adoption of GST will raise the administrative expenses faced by businesses engaging in e-commerce since GST makes it necessary to collect tax collection at source, which destroys the link between buyer and seller. Currently, TCS services in India are given at a 1% discount.

Pharma:

Goods and services tax will be particularly beneficial to the healthcare and pharmaceutical industries (GST). It will clarify the tax structure, boost medical tourism, and set a benchmark for the quality of generic medicine production. As a result, the pharmaceutical business will have a hard time dealing with the pricing and tax structure. As a consequence, the healthcare sector is hoping for tax cuts so that healthcare may become more affordable for everyone. Despite being exempt from the GST, the healthcare sector will see an increase in costs as a result of the tax's application to all of its inputs at an effective rate of 18%.

Telecommunication:

Telecommunications costs are expected to decrease if GST is applied. Companies may save costs by investing in expanded and improved storage facilities and practising effective inventory management. “The Goods and Services Tax (GST) makes it easier for phone businesses to sell their products throughout the nation without setting up shop in each individual state. This process will be eased by the ability to relocate goods while minimising transportation expenses. The GST has raised the tax rate for this industry from 15% to 18%. It's quite doubtful that a tax credit increase would generate more than 1% of overall revenue.

Textile:

It's common knowledge that the textile sector in India has hired a large number of people, both educated and uneducated. It accounts for 10% of overall exports and, under GST, will grow at the same rate as the rest of the industry. The cotton and textile sectors, which had been excluded from paying central excise tax, would be significantly affected by the implementation of GST, which would have a detrimental effect on small and medium-sized enterprises (optional). Taking into consideration GST, the expected rate is 15%, which would have a major impact on the industry”. The impact will be little to somewhat negative when compared to currently used taxation techniques. they'll reap the benefits of cheaper travel, savings, and more.

Real Estate:

One of the most vital sectors of the Indian economy, the real estate sector also contributes significantly to the country's labour force. Comprehensive study of the impacts of the Goods and Services Tax on real estate is not feasible since it is greatly reliant on the current tax rates. With the implementation of GST, this industry has gained substantially in the vital qualities of transparency and accountability. Land prices will go down as a consequence of the Goods and Services Tax (GST), bringing the effective tax rate on completed or partially completed real estate developments down to only 12 percent..

FMCG:

India's real estate business is one of its most important sectors and a major employer. The Goods and Services Tax's impacts on real estate are largely reliant on tax rates, making a complete study impossible. “This corporate sector now has a lot more openness and accountability thanks to GST. Because the Goods and Services Tax (GST) would lower land prices, the tax rate for real estate projects under construction will drop to 12 percent.

Freelancers:

Despite the lack of rules, freelancing is expanding in India. However, GST would make online tax filing for freelancers much simpler. The new tax model requires freelancers to be more transparent and accountable as service providers.

Automobiles:

The automotive industry produces many cars, most of which are used by India's huge population. This industry was once subject to road tax, value-added tax, sales tax, motor vehicle tax, and others. GST replaced all government taxes. GST cut taxes on most manufactured goods. The car industry's tax rate will be decreased, and the SUV sector will profit most.

IMPACT OF GST ON VARIOUS SECTORS OF HARYANA

GST is a single tax on goods and services. The GST simplifies a country's complex tax structure and boosts its economy. The GST will contain 18 taxes, 7 federal and 11 state. The Goods and Services Tax (GST) will be an indirect tax at each manufacturing stage for uniformity. The GST will merge state and federal taxes into one payment. This will boost India's status in local and global markets. The consumer pays the final tax, preventing future taxes. The GST has generated new data and given the Indian economy a new viewpoint. Taxpayers have grown by half. More firms have voluntarily registered. These companies buy from bigger companies and want input tax credits. India's economy has risen four percentage points faster than the global economy over the previous three years, making it one of the world's most successful. This study will help us understand how the Goods and Services Tax (GST) would influence different sectors of the Indian economy. Haryana is one of India's upper-middle states. It ranks 21st in size with 1.4 percent of India's land area. The capital of Haryana is Chandigarh, whereas the most populated city is Faridabad, part of the National Capital Region. Gurgaon is India's financial and industrial hub. Haryana has six management divisions, twenty-two districts, seventy-two sub-divisions, ninety-three tehsils, fifty sub-tehsils, 140 community development blocks, 154 cities, and 7,350 villages. Haryana has 32 SEZs, most of which are in industrial strip projects linking the National Capital Region. Gurgaon is India's IT and automobile hub. Human development index-wise, Haryana ranks 11th in India". Haryana ranks 13th in India's economy. Haryana contributed a record 4.7 percent to the GST national budget despite having 2.09 percent of the country's population and 1.8 percent of its land area.

CONCLUSION

Haryana's small businesses have suffered from GST. Small enterprises have been transformed by this. GST has simplified tax compliance and reduced Haryana's small enterprises'

administrative load. The input tax credit system eliminates cascading consequences, improving cost efficiency and competitiveness. Small firms may reach more customers and innovate thanks to a united market across states. Small firms have to adjust to the GST regime, upgrade accounting systems, and use the GST site. Raised compliance requirements have increased administrative burdens, diverting resources and time from vital corporate activity. Policymakers, business organisations, and entrepreneurs must work together to use GST and help Haryana's small enterprises. During the shift, small companies need training and help to manage the GST structure. Small firms may flourish by simplifying compliance and administrative processes. Haryana's small enterprises may benefit from GST by creating a competitive and innovative economy.

REFERENCES

- AGGARWAL, D. J. O. *STUDY OF ROLE AND CONSEQUENCES OF GOODS AND SERVICES TAX (GST) IN INDIAN ECONOMY. II*(Iii), 144–148.
- Ahmed, S., & Sur, S. Effects of Demonetization, GST & Covid-19 Pandemic in the Adoption of Digitalization by Rural MSMEs in India. *NMIMS Management Review*, 29(03), 32–58. <https://doi.org/10.53908/nmmr.290302>
- B, M. Gst and Its Impact on Small Scale Businesses in Tamilnadu: an Analysis. *International Journal of Pure and Applied Mathematics*, 120(5), 3519–3525.
- Bindal, M., & Gupta, D. C. Impact of GST on Indian Economy. *International Journal of Engineering and Management Research*, 8(02), 123–126. <https://doi.org/10.31033/ijemr.v8i02.11602>
- Daga, D. Iimpact of Gst on Small Business Enterprises. *Journal of Emerging Technologies and Innovative Research (JETIR)*, 6(2), 432–434.
- Dhillon, F. C. S. M. S., Gautam, R. K., & Gst, K. W. (2022). *A Critical Assessment of the Impact of GST on MSMEs in the state of Punjab MSME Importance and*. 2(2), 1–9. <https://doi.org/10.48165/gmj.2022.16.2.1>
- Digal, K. The Impact of Goods and Services Tax on Small Businesses in India. *International Journal in Management and Social Science*, 08(02), 194–199. <https://www.iimidr.ac.in/wp-content/uploads/WP-01-2021-22-ECO.pdf>
- Dubey, J. K., Gupta, S., & Upamannyu, N. (2020). *A Study on the Effect of GST and Demonetization on the Growth of the MSME*. 4, 1–5.

Durairaj, D., & Princy J, M. . Psychological Attitude Towards E-Tax Filing In GST Among MSME In Kanchipuram District. *Journal of Positive School Psychology*, 2022(6), 2876–2882. <http://journalppw.com>