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Original Article

Impact of GST Reforms on Businesses and Customers: A Critical Analysis

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Abstract

In the present era of industrialization, the role of GST and the tax system is very important.Because while doing business, every businessman has to consider GST and the Indian tax system from the perspective of reducing costs. In the present modern era, taxes and GST have had a positive impact on some businesses while also having a significant negative impact on others. GST has reduced the ease of doing business and increased trade barriers. From an international trade perspective, GST has led to many restrictions or barriers for businesses. The prices of goods have increased significantly since the state government and the central government decided to levy 9% GST each. The increased price of goods has had a significant impact on the purchasing power of consumers. Taxation is levied on a large scale while buying and selling any type of goods.

Key words: *GST, Business, Customers, Industry, Production, Return, Economy etc.*

Introduction

In the digital age, every business has to keep taxation transparent. Therefore, the impact of GST is affecting every business, while consumers have to pay a large amount of tax to the government when purchasing goods. To create transparency in the organized sector, the Central Government and the State Government have levied GST at 9 % each. The complex process of filing tax returns has been simplified due to GST. The real power of the consumer has increased as the prices of manufactured goods have come down due to GST. Due to the increase in service and service tax rates in the banking sector, services in every sector have become expensive at present. The clarity of doing business has increased as consumers have an idea of how much tax they will have to pay in each business. GST has eliminated price disparities as the tax levied on a single item is the same across the country. The Government of India introduced the Goods and Services Tax across the country in 2016. This was a step taken with the aim of making the entire taxation process more flexible in India. The impact of GST has been felt very quickly in various sectors of the economy. GST has had an impact on important sectors in imports and exports. Exports and imports are important contributors to revenue generation in the country. Hence, it is also necessary to study the impact on GST.

Problems of the Study

For India, the prices of goods from big businesses are inflated for consumers because small businesses in developing countries are unable to pay GST. According to the GST Council, exports of goods and services have been considered as zero-rated supplies and hence no GST will be levied on such exports. Under the new law, GST scheme, duty drawbacks will be given to the customs duty and tariff paid on imported goods. The purpose of this import must be established. Central Excise Duty refund will also be given. This can be given for certain imported tobacco and petroleum products which are imported as fuel for captive power generation. Over, there is a lot of uncertainty among e-commerce entrepreneurs about the potential impact of GST on exports of various goods. So, if you are worried about this issue, don't worry. To start an export business as an e-commerce seller, you first need.

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Objectives of the Study

The main objective of this research is to study the impact of GST on business and consumers, and the main objectives are given by the researcher as follows.
1. To Study the impact of GST reforms on business.
2. To Study impact of GST on consumers.
3. To Study the impact of GST on businesses and consumers.

Significance of the Study

The impact of GST has been mixed in the export sector. The export industry was facing some problems like unavailability of timely refunds. To address this issue, the GST Council decided to provide a six-month tax break for exporters. Moreover, exporters have been exempted from major taxes. Exporters have been exempted from major taxes. With all these measures, it is hoped that the entire process will be streamlined soon. The implementation of Goods and Services Tax has not been smooth, and many challenges and problems have been faced by GST registered shops or businesses while filing GST returns.

Scope of the Study

Complex tax structure, technology glitches, high compliance costs, ITC issues, Goods and Services Tax rates and e-way bill system issues have had a significant impact on businesses, especially SMEs. The main objective of the Goods and Services Tax was to streamline the tax structure, reduce tax burden, and bring uniformity in tax rates across the country. One of the main challenges of the Goods and Services Tax is its complex tax structure.

Limitation of the Study

The multi-tax system has made it difficult for businesses to understand and comply with tax laws. The complexity of the tax structure has created confusion among taxpayers, resulting in increased compliance costs and an increase in litigation. The Goods and Services Tax system requires taxpayers to file their returns online through the Goods and Services Tax portal. However, the portal has faced several technical hurdles, making it difficult for taxpayers to file their returns on time.

Period of the Study:

The oppressive conditions for businesses and businesses are being addressed through this GST reform. GST is having a major impact on businesses as well as consumers who purchase goods. The researchers completed this study by reviewing data from 2025-26.

Research Methodology:

The founder has used a variety of regulatory research to study the positive and negative impacts of goods and tax systems on consumers and businesses. This includes research papers, articles, newspapers, audio videos, reference books, serials, annual reports, and treatises etc.

Research Method:

In developing countries like India, the impact of GST is having a major impact on small businesses as well as large businesses. Due to the massive impact of GST on consumers, doubts have started arising in the minds of consumers regarding the purchase and sale of goods. The research has been completed using the descriptive analysis method to conduct this research.

Results and Discussion:

A Goods and Services Tax return has been filed for technical issues, which has led to fines and penalties being levied. The Goods and Services Tax Network, which manages the Goods and Services Tax portal, has taken several measures to resolve the technical issues. However, the problem persists and taxpayers are facing difficulties in filing GST returns. Goods and Services Tax compliance involves various activities like Goods and Services Tax registration, filing of Goods and Services Tax returns, record keeping and auditing. The compliance costs under GST have increased significantly, especially for small and medium-sized enterprises. High compliance costs have made it difficult for SMEs to operate and compete with larger businesses.

GST and Business:

Which allows businesses to claim credit for taxes paid on inputs used in the production of goods or services. There are many problems that have arisen in the ITC mechanism under Goods and Services Tax. The main problem is the delay in getting ITC refund. Delays in repayments have created a shortage of working capital for businesses, which has created cash flow problems. The Goods and Services Tax rate has been a hot topic of discussion since the introduction of the tax regime. The high tax rates on essential goods and services have faced criticism. The government has made several changes to tax rates, reducing rates on some goods and services. However, high tax rates on some goods and services are a source of concern for businesses and consumers.

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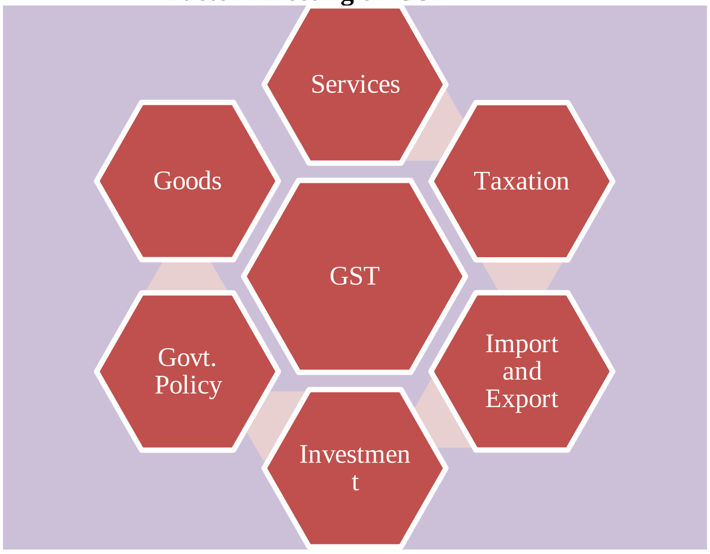
E-Bill System and GST:

E- Bill is a document which is required for the transportation of goods worth more than Rs. 50,000. The e-way bill system under Goods and Services Tax has faced several problems like technical glitches and delays in generating bills. Delays in generating e-way bills led to goods being held back and increased compliance costs for businesses. The challenges and issues in the Goods and Services Tax have had a targeted impact, especially on SMEs. MEs are challenged to reduce the complexity of GST reporting and maintain proper documentation.

Impact of Goods and Services Tax Challenges on Businesses:

The challenges and issues in Goods and Services Tax have had a targeted impact on businesses, especially SMEs. SMEs face the challenge of reducing the complexity of GST reporting and maintaining proper documentation. High compliance costs under the Goods and Services Tax have made it difficult for SMEs to operate and compete with larger businesses. Compliance costs include various activities such as Goods and Services Tax registration, filing of Goods and Services Tax returns, record keeping and auditing.

Chart No. 1
Factor Affecting on GST



Impact on Consumer Spending:

Higher tax rates on some goods and services have a direct impact on consumer spending. High costs have created a significant burden on SMEs, reducing their profitability and competitiveness. Businesses are finding paperwork and compliance burdensome. The increased cost of goods and services has reduced the disposable income of consumers, which has led to a decline in consumer spending. The decline in consumer spending has a negative impact on businesses, especially those that rely on consumer spending. The implementation of the Goods and Services Tax requires businesses to adapt to the new tax system, which is challenging for many. Changes in tax rates, compliance practices, and documentation requirements have made it difficult for businesses to understand and comply with the new system, resulting in increased compliance costs and reduced productivity.

Positive Impact of Goods and Services Tax on the Indian Economy:

Despite facing many challenges and problems, the Goods and Services Tax has had a positive impact on the Indian economy. The Goods and Services Tax has streamlined the tax system by replacing multiple indirect taxes with a single tax, reducing complexity and making compliance more manageable for companies. Technology-based implementation of Goods and Services Tax such as online registration, e-filing of returns and e-way bills has increased tax compliance. The tax base has increased, thereby increasing the tax revenue of the government.

Boosting Economic Growth:

The simplified tax code of Goods and Services Tax, removal of inter-state restrictions, and removal of state border checkpoints and entry barriers have increased efficiency and reduced logistical costs. By eliminating the cascading effect of taxes, the Goods and Services Tax aims to reduce the tax burden on consumers and businesses. The efficient input tax mechanism has benefited consumers by reducing the prices of goods and services. Consumers have benefited from the reduction in prices of goods and services due to an efficient input tax credit mechanism. Goods and services industries have been encouraged to join the formal tax system, tax collection has increased, tax burden has been reduced, and openness has improved.

Findings

In developing and mixed economy countries like India, GST has given a major boost to the living standards and employment status of middle-class families. GST has created opportunities for big business to indulge in corruption and has benefited India's GDP growth.

1. GST, as a key component of the Indian tax system, will make it easier to do business in India and boost Indian economic growth.
2. GST has curbed corruption in business by providing all types of businessmen with the opportunity to operate in a fair environment.
3. GST has brought about a major change in the prices of consumer goods and valuables. This has made it easier for common people to buy essential items.
4. GST will help increase the country's GDP and will greatly increase the welfare of the people.
5. The reduction in GST has helped to positively impact on the daily expenditure of middle-income families by shifting them from agriculture to agriculture.
6. The unusual moment in foreign taxation has helped to address the problem.
7. The permanent GST has helped government agencies and small businesses and has also boosted job creation.
8. GST has become an important factor in the development of developing nations and has helped India improve its international economic status.
9. India has become competitively stronger compared to other nations due to various elements of GST and has helped strengthen the Indian economy.

Conclusion

The introduction of Goods and Services Tax in India was an important step towards streamlining the tax structure and bringing uniformity in tax rates across the country. However, the implementation of Goods and Services Tax has not been smooth, and many challenges and problems have been faced by GST registered shops and businesses while filing GST returns. Complex tax structure, technology glitches, high compliance costs, ITC issues, Goods and Services Tax rates and e-way bill system issues have had a targeted impact on businesses, especially SMEs. The challenges include increased compliance costs, cash flow issues, increased litigation, difficulty in adapting to new systems, and a negative impact on customer spending. The government has taken several measures to address the challenges and problems in the Goods and Services Tax. Although the Goods and Services Tax has had a positive impact on the Indian economy, it needs to be further improved to make it a unified tax system in India.

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