

A Study On The Impact Of Goods And Services Tax On Imports With Special Reference To Cochin City

Snesha Antony^a

^{a*} M.Com, B.Ed., M.Phil

Abstract

This study emphasis on the impact of GST on imports who are frequently importing goods for more than 5 years in Kochi city. GST is a popular issue that people are discussing on a daily basis. For importers, there are several challenges and issues involved in a transition to a new tax regime. Imports of goods and services under the pre-GST regime are subject to multiple taxes such as special additional duty, customs duty and countervailing duty. All of these taxes have been replaced by the single integrated goods and services tax under the GST. However, the import of certain goods, in addition to the IGST, continues to attract basic customs duties, educational cess and other protective taxes such as anti-dumping duty and safe guard duty. This study is conducted to understand the impact of GST on importers who are frequently import goods from outside India. Data were collected from 50 respondents of Kochi City using questionnaire. The data were analysed via SPSS 20.0 for Windows. Descriptive statistics were used to describe and summarize the properties of the mass of data collected from the respondents. Parametric statistics like one-way ANOVA and Z-test were used. A level of 0.05 was established a priori for determining statistical significance. From the analysis of data collected and after testing the data using various statistical tools, it was concluded that majority of the importers are of the opinion that with the introduction of GST the government was able to increase the level of transparency in the transactions. . GST ensure that there is no tax cascading except in the case of confusion regarding the 5% GST applicable to the mode of transport. It was concluded that as it was newly introduced, there is some clarification and ambiguity regarding the GST rates applicable to different category of goods and increase in price of the product. But hope it will beneficial to all the stakeholders in the long run..

Keywords: IGST,CGST,SGST,CBDT

1. Introduction

Government plays an essential role in the development of the society. This requires an enormous amount of public finance. Tax is a major contributor in many countries to total government revenue, including India. Tax collection is generally divided into two-direct taxes and indirect taxes. A direct tax is a type of tax that is levied directly on the taxpayer and paid directly by the individuals to whom it is charged to the government. A direct tax is one that the taxpayer cannot transfer to another. On the other hand, indirect taxes are charges levied by the government at consumption, spending, privilege or right, but not on income or property.

The earlier indirect taxation that generates revenue for State and Central Government, helped our country's development. But it causes more cascading effects and tax burden for entire investors and end users. The indirect taxation which makes revenue for Indian state and central government helps for the development of our country. But it lends to create more cascading effects and tax burden for entire investors and final consumers. There were shortcomings like tax cascading, complexity in determining the nature of transactions of sales v/s services, lack of uniformity in provisions and rules, complexity in administration etc. are faced. To address the weakness of the existing indirect tax structure, the Indian government tried to structure by subsumes and to dip

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the number of taxes in the form of goods and service tax at the central state level and thus arises the need of GST. The implementation of goods and service tax helps in the commodity price to be centralised in all over the country. So is beneficial for the investors and end users.

2.Statement Of The Problem:

GST is conceived as one of the steps to make India a country with an efficient, transparent, comprehensive, and business-friendly high-income tax system. In economic activity, India is a country that uses more imported goods. Nevertheless, the import of certain goods continues to attract basic customs duties, cess of education and other protective taxes, such as the safeguard duty and anti-dumping duty in addition to the IGST (integrated goods into sales tax)

GST is a new tax system introduced on 1 July 2017. As a result, people are not well informed about the GST tax system and its effectiveness and transparency in tax collection. It's a problem if the importers are affected by this new tax system because most of our products we consume come from different countries. It is necessary to know whether the GST or previous method of tax collection is preferred by importers.

The purpose of the study is to analyse the impact of GST on importers who are frequently importing goods for business purposes. Hence, the problem is stated as "A study on the impact of GST on import with special reference to Cochin city".

3.Significance Of The Study

GST implementation would be a very important step in India's indirect tax reforms. By combining a large number of central and state taxes into a single tax and allowing early-stage taxes to be set-off, it would alleviate the cascading effect and pave the way for a common national market. It is a problem if people are still unaware of the GST tax system or are confused.

For importers, there are several challenges and issues involved in a transition to a new tax regime. Imports of goods and services under the pre-GST regime are subject to multiple taxes such as customs duty, countervailing duty and special additional duty. All of these taxes have been replaced by the single integrated goods and services tax under the GST. However, the import of certain goods, in addition to the IGST, continues to attract basic customs duties, educational cess and other protective taxes such as anti-dumping duty and safe guard duty. This study is conducted to understand the impact of GST on importers who are frequently import goods from outside India.

4.Objectives Of The Study:

- To study the impact of GST on import cost
- To identify the difference between taxes on imports pre and post GST
- To analyse the time taken for getting GST returns
- To analyse whether there is tax cascading even with the introduction of GST.

Hypotheses

- a) H₀: there is no significant impact of GST on import cost.
- b) H₀: there is no difference between tax on imports pre and post GST
- c) H₀: time taken to file GST is more
- d) H₀: there is no tax cascading even after the introduction of GST.

5.Research Methodology Of The Study

Nature of the study: The descriptive, analytical research is carried out to achieve the above objectives.

Sources of data: To obtain information, both primary and secondary data are used.

Scope of the study: The study is limited to imports in Cochin City and the period of study is six months.

Importers are being studied to study the impact of GST on imports.

Population: Importers of Cochin city forms the universe. All those who are importing goods from various countries were studied to obtain the objective of this research. Around 650 companies are there who are frequently importing goods from other countries for more than the past 5 years.

Sampling: Sample of 50 is selected from Cochin city using convenient and judgement sampling.

Technique of data collection: A structured questionnaire is used to gather the respondents' information. The respondents are asked a reasonable number of questions to get the required information.

6.Limitations Of The Study

- Limited availability of secondary data.
- The study depicts the present scenario, hence the result may not be applicable to another period of time as new notification of changes in duty structure are coming very often.
- Respondents may be reluctant to reveal the truth
- Lack of knowledge regarding GST rates and structure as most of their imports are done by Logistics Company.

7.Data Analysis And Discussion

For the study purpose 50 respondents were selected randomly using convenient and judgement sampling technique. The impact of GST on imports were studied through collecting data from importers of Cochin City through questionnaire. In order to include some valuable importers judgement sampling was used.

Mode Of Transportation Used To Import Goods

<i>Mode of transportation used to import goods</i>	<i>Always</i>	<i>Very often</i>	<i>Sometimes</i>	<i>Rarely</i>	<i>Never</i>
Road	0(0.0)	0(0.0)	1(2.0)	6(12.0)	43(86.0)
Ocean Freight	48(96.0)	2(4.0)	0(0.0)	0(0.0)	0(0.0)
Rail	0(0.0)	0(0.0)	0(0.0)	0(0.0)	50(100.0)
Air	0(0.0)	0(0.0)	0(0.0)	0(0.0)	50(100.0)

(Primary source)

The study also found that most of the importers, 96% are using ocean freight as a mode of transport used to import goods.

Is Additional 5% Service Tax Charged In The Form Of Gst In Your Mode Of Import?

<i>Is additional 5% service tax charged in the form of GST in your mode of import</i>	<i>Yes</i>	<i>No</i>
Road	44(88.0)	6(12.0)
Freight	47(94.0)	3(6.0)
Rail	44(88.0)	6(12.0)
Air	0(0.0)	50(100.0)

(Primary source)

5% is not applicable for air transport.

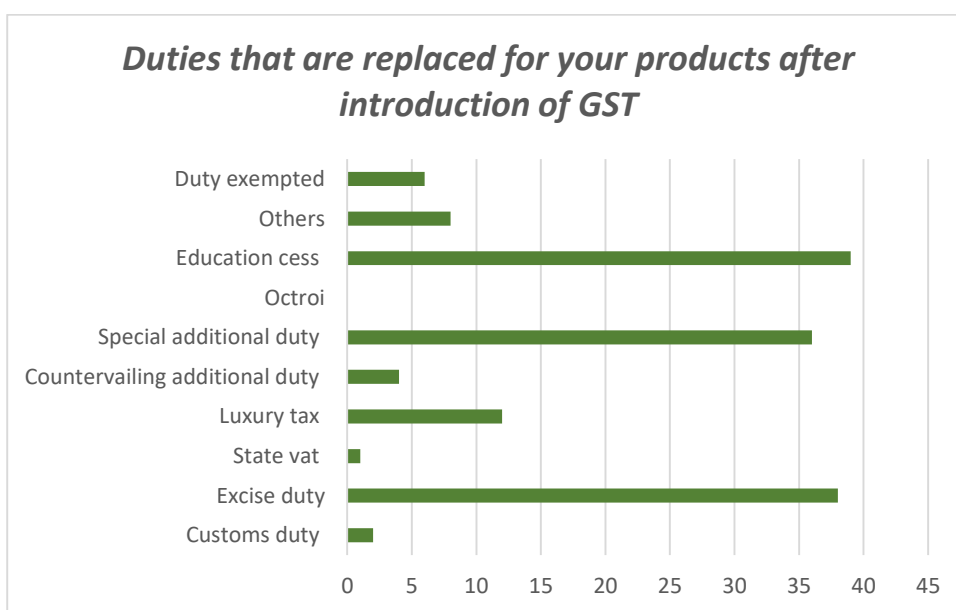
Type Of Duties Applicable For Your Products

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<i>Type of Duties applicable for your products</i>	<i>Frequency</i>	<i>Percent</i>
Customs duty	40	80
Social welfare surcharge	40	80
GST	50	100
Antidumping duty	1	2

(Primary source)

Duties That Are Replaced For Your Products After Introduction Of Gst

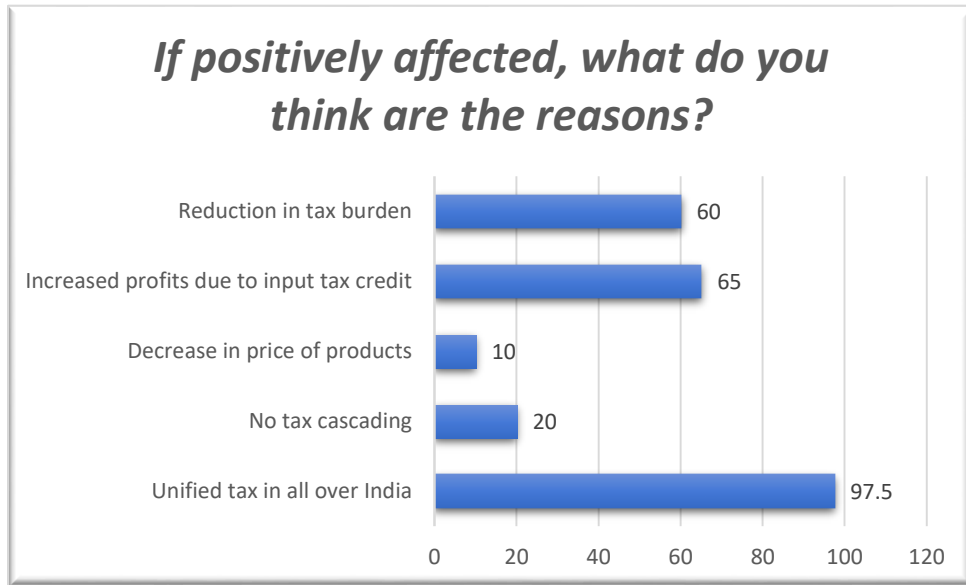


(From Primary source)

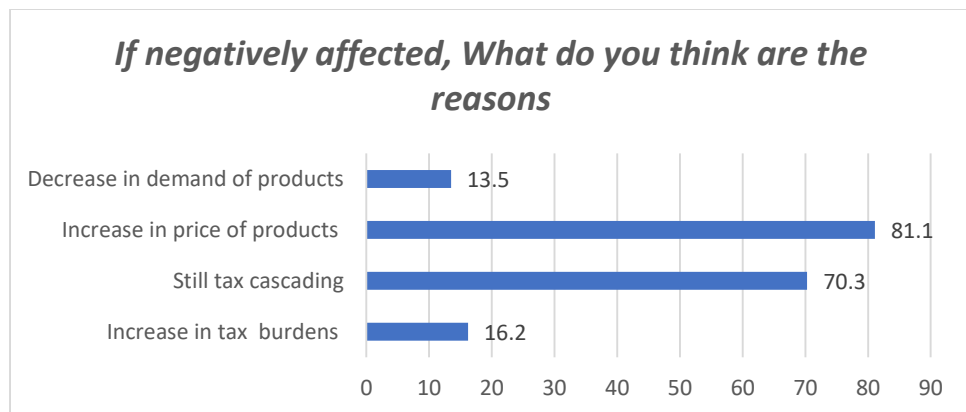
76%, 72% and 78% of the respondents said that Excise duty, special additional duty and educational cess respectively are replaced after the introduction of GST. 24% of the respondents says that introduction of GST had replaced Luxury Tax.

7.The Opinion Regarding The Effect Of Gst On Business

7.1.The Reasons For The Positive Effect



7.2.The Reasons For The Negative Effect



Hypothesis 1: To Study The Impact Of Gst On Import Cost

To identify the Impact of GST

To find out the impact of GST on import 14 questions are asked to the respondents on a 5 point Likert scale. Now we use Structural Equation Model to find out of impact of GST on import.

- H₁:** I1 has a significant Impact on GST
- H₂:** I2 has a significant Impact on GST
- H₃:** I3 has a significant Impact on GST
- H₄:** I4 has a significant Impact on GST
- H₅:** I5 has a significant Impact on GST
- H₆:** I6 has a significant Impact on GST
- H₇:** I7 has a significant Impact on GST
- H₈:** I8 has a significant Impact on GST
- H₉:** I9 has a significant Impact on GST
- H₁₀:** I10 has a significant Impact on GST

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H₁₁: I11 has a significant Impact on GST

H₁₂: I12 has a significant Impact on GST

H₁₃: I13 has a significant Impact on GST

H₁₄: I14 has a significant Impact on GST

Table 4.26 Model fit Indices for CFA – Impact of GST

	χ^2	DF	P	Normed χ^2	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
Impact of GST	100.482	67	.005	1.500	.793	.675	.789	.882	.913	.124	.101
Recommended value				<5	>0.9	>0.9	>0.9	>0.9	>0.9	<1	<1

All the attributes loaded significantly on the latent constructs. The value of the fit indices indicates a reasonable fit of the measurement model with data.

Table 4.27 The regression Coefficients – Impact of GST

Factors/ Latent Variables (Dependent Variable)	Construct (Independent Variable)	Regression Coefficient	t	P	Variance explained (%)
Impact of GST	I1	0.212	1.476	0.146	4.5
	I2	0.785	7.255	<0.001	61.6
	I3	0.244	1.707	0.094	6.0
	I4	0.897	9.986	<0.001	80.4
	I5	0.702	5.973	<0.001	49.3
	I6	0.908	10.393	<0.001	82.4
	I7	0.888	9.683	<0.001	78.9
	I8	0.554	4.279	<0.001	30.7
	I9	0.175	1.212	0.231	3.1
	I10	0.609	4.849	<0.001	37.1
	I11	0.706	6.027	<0.001	49.8
	I12	0.280	1.972	0.054	7.8
	I13	0.335	2.389	0.021	11.2
	I14	-0.208	-1.447	0.154	4.3

H₁: I1 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.212, which is less than the recommended value of 0.4. So the hypothesis H₁ (GST do not replaces all indirect taxes and reduces the compliance costs) is rejected and concludes that I1 has no significant impact on GST.

H₂: I2 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.785, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₂ (Corruption reduce from the part of both officers and importers) is accepted and concludes that I2 has a significant impact on GST.

H₃: I3 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.244, which is less than the recommended value of 0.4. So the hypothesis H₃ is rejected and concludes that I3 (Elimination of double taxation) has no significant impact on GST.

H₄: I4 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.897, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₄ is accepted and concludes that I4 (Input tax credit is allowed) has a significant impact on GST.

H₅: I5 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.702, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₅ is accepted and concludes that I5 (Elimination of check post in state borders) has a significant impact on GST.

H₆: I6 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.908, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₆ is accepted and concludes that I6 (Prices of goods and services are same in all over the country) has a significant impact on GST.

H₇: I7 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.888, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₇ is accepted and concludes that I7 (Chances of tax evasion are very low) has a significant impact on GST.

H₈: I8 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.554, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₈ is accepted and concludes that I8 (No personal interference from the officer) has a significant impact on GST.

H₉: I9 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.175, which is less than the recommended value of 0.4. So the hypothesis H₉ is rejected and concludes that I9 (High tax burden on business than pre GST period) has no significant impact on GST.

H₁₀: I10 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.609, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₁₀ is accepted and concludes that I10 (Need to hire professionals to deal with GST) has a significant impact on GST.

H₁₁: I11 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.706, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₁₁ is accepted and concludes that I11 (Increase cost of purchasing new software and other cost to train employees) has a significant impact on GST.

H₁₂: I12 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.280, which is less than the recommended value of 0.4. So the hypothesis H₁₂ is rejected and concludes that I12 (Increase in tax rates do not increases the price of final goods) has no significant impact on GST.

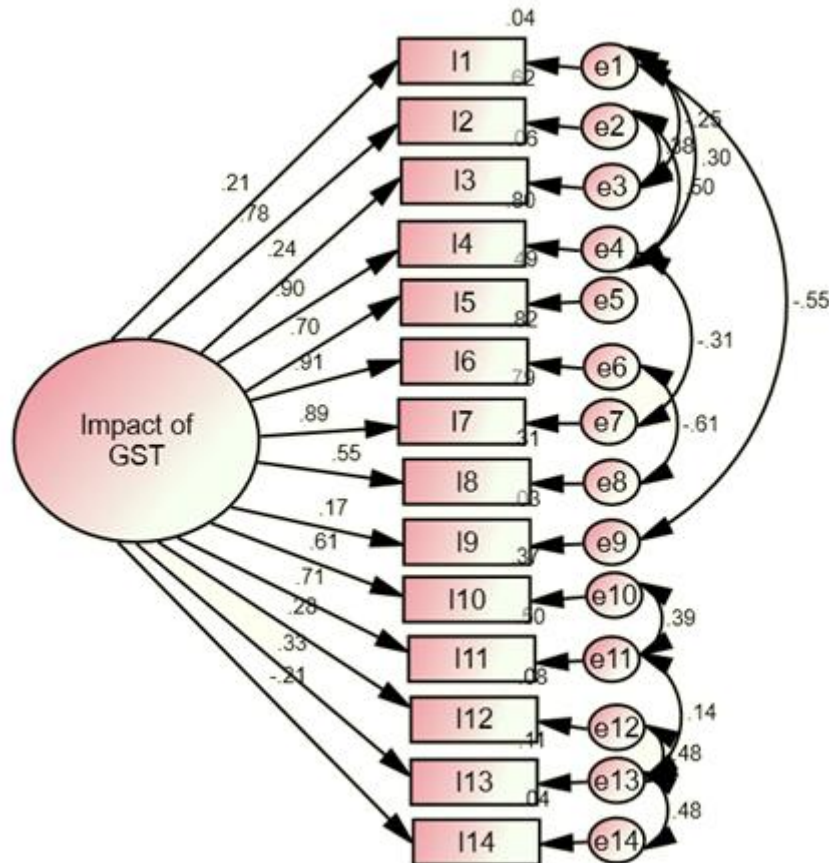
H₁₃: I13 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is 0.355, which is less than the recommended value of 0.4. So the hypothesis H₁₃ is rejected and concludes that I13 (Decreases in tax rates and which in turn decreases the price of final goods) has no significant impact on GST.

H₁₄: I14 has a significant Impact on GST

The standardised direct effect of this construct on Impact of GST is -0.208, which is less than the recommended value of 0.4. So the hypothesis H₁₄ is rejected and concludes that I14 (there is clarity and no confusion regarding the GST rate applicable to different categories of goods) has no significant impact on GST.

Figure 4.1: Figure showing the impact of GST



To find out the perception of importers on GST return

To find out the perception of importers on GST return 9 questions are asked to the respondents on a 5 point Likert scale. Now we use Structural Equation Model to find out perception of importers on GST return.

- H₁:** P1 has a significant positive influence on perception of importers on GST return
- H₂:** P2 has a significant positive influence on perception of importers on GST return
- H₃:** P3 has a significant positive influence on perception of importers on GST return
- H₄:** P4 has a significant positive influence on perception of importers on GST return
- H₅:** P5 has a significant positive influence on perception of importers on GST return
- H₆:** P6 has a significant positive influence on perception of importers on GST return
- H₇:** P7 has a significant positive influence on perception of importers on GST return
- H₈:** P8 has a significant positive influence on perception of importers on GST return
- H₉:** P9 has a significant positive influence on perception of importers on GST return

Table 4.28 Model fit Indices for CFA – Perception on GST return

	χ^2	DF	P	Normed χ^2	GFI	AGFI	NNFI	TLI	CFI	RMSEA	RMS EA
Perception on GST return	44.467	9	1.000	2.460	0.848	0.640	0.854	0.815	0.902	0.288	0.173

All the attributes loaded significantly on the latent constructs. The value of the fit indices indicates a reasonable fit of the measurement model with data.

Table 4.29 The regression Coefficients – Perception on GST return

Factors/ Latent Variables (Dependent Variable)	Construct (Independent Variable)	Regression Coefficient	t	P	Variance explained (%)	
Perception on GST return	P1	0.674	5.608	1	<0.00	45.5
	P2	0.225	1.569		0.123	5.1
	P3	0.596	4.709	1	<0.00	35.5
	P4	-0.054	0.371		0.713	0.3
	P5	0.132	0.910		0.367	1.8
	P6	-0.796	7.456	1	<0.00	63.3
	P7	0.975	14.978	1	<0.00	95.0
	P8	0.848	8.563	1	<0.00	71.8
	P9	0.619	4.959	1	<0.00	38.3

H₁: P1 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is 0.674, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₁ is accepted and concludes that P1 (I will get the same rate of GST return which I paid during the import) has a significant positive influence on perception of importers on GST return.

H₂: P2 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is 0.225, which is less than the recommended value of 0.4. So the hypothesis H₂ is rejected and concludes that P2 (I will get the same rate of GST return which I collected from my customers) has no significant positive influence on perception of importers on GST return.

H₃: P3 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is 0.596, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₃ is accepted and concludes that P3 (The paid rate and the collected rate are same) has a significant positive influence on perception of importers on GST return.

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H₄: P4 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is -0.054, which is less than the recommended value of 0.4. So the hypothesis H₄ is rejected and concludes that P4 (The GST paid to officers are more than the GST collected from customers) has no significant positive influence on perception of importers on GST return.

H₅: P5 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is 0.132, which is less than the recommended value of 0.4. So the hypothesis H₅ is rejected and concludes that P5 (The GST paid to officers are less than the GST collected from customers) has no significant positive influence on perception of importers on GST return.

H₆: P6 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is -0.796, whose absolute value is more than the recommended value of 0.4. So the hypothesis H₆ is accepted and concludes that P6 (I will get the refund only which I collected from the customers as GST even if the product charged by officers as GST is high) has significant negative influence on perception of importers on GST return.

H₇: P7 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is 0.975, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₇ is accepted and concludes that P7 (I will not get the refund which is charged by the officers as GST even if I collected the GST for the product from customers is low) has a significant positive influence on perception of importers on GST return.

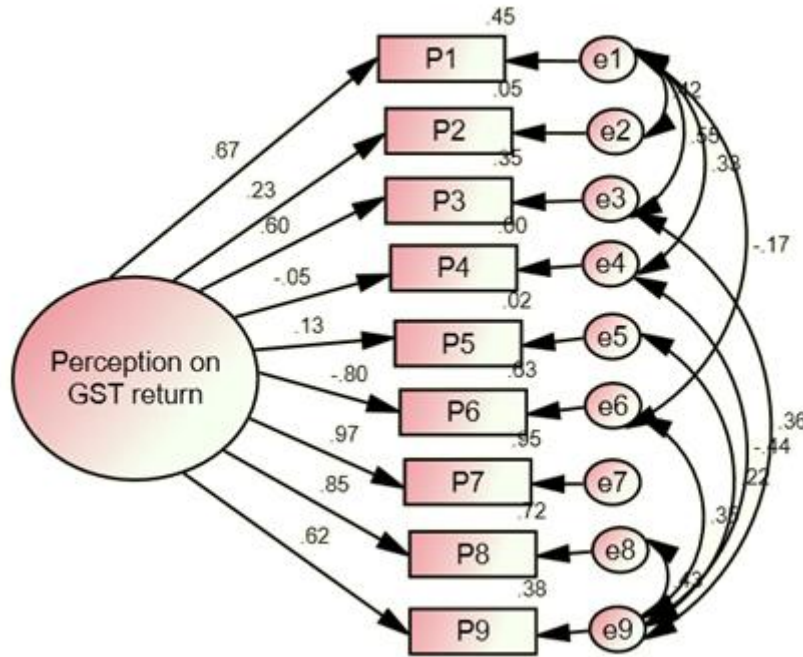
H₈: P8 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is 0.848, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₈ is accepted and concludes that P8 (I will get the return where the GST paid and collected from customer whichever is higher is false) has a significant positive influence on perception of importers on GST return.

H₉: P9 has a significant positive influence on perception of importers on GST return

The standardised direct effect of this construct on Perception on GST return is 0.619, which is more than the recommended value of 0.4 (p value significant). So the hypothesis H₉ is accepted and concludes that P9 (I will get the return where the GST paid and collected from customer whichever is lower is false) has a significant positive influence on perception of importers on GST return.

Figure 4.2: Figure showing the perception on GST return



Hypothesis 2: To Identify The Difference Between Taxes On Imports Pre And Post Gst

Ho: The taxes on imports before and after introduction of GST are the same

H1: The taxes on imports Post GST is greater than Pre GST

In order to identify the difference between taxes on imports pre and post GST, paired t test is carried out. The result is shown in Table 33. The result shows that significant difference exists between Accumulated tax rate between pre GST and post GST as the p value in this case is less than 0.05. So we reject Ho and conclude that the taxes on imports Post GST is greater than Pre GST.

Table 4.30 Mean, Standard deviation and t value for Accumulated tax rate

Accumulated tax rate	N	Mean	Standard Deviation	t	p value
Pre GST	50	31.90	21.44	-	<0.00
Post GST	50	38.32	23.40	4.975	1

Hypothesis 3: To Analyse The Time Taken For Getting Gst Returns

<i>How long do you take to get GST return that you have paid?</i>	<i>Frequency</i>	<i>Percent</i>
Below 1 month	23	46.0
1- 3 month	27	54.0
Total	50	100.0

54% of the importers says that it takes 1-3 months to get Input Tax Credit.

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Hypothesis 4: To Analyse Whether There Is Tax Cascading Even With The Introduction Of Gst.

<i>In your opinion is there any tax cascading occurring by importing goods after GST?</i>	<i>Frequency</i>	<i>Percent</i>
Yes	35	70.0
No	15	30.0
Total	50	100.0

70% of the respondents are of the opinion that there is still tax cascading occurs by importing goods after GST.

Table 4.31 Mean, Standard deviation and z value for level of impact of GST

Variable	N	Mean	Standard Deviation	Mean % score	CV	z	p value
Impact of GST	50	35.22	4.22	88.05	11.98	8.75	<0.001

The mean percentage score of level of impact of GST is 88.05% which indicate that the level of impact of $\frac{\text{Standard deviation} * 100}{\text{Mean}}$ GST is high or excellent. The CV= indicates that this score is stable as the value is less than 20%. To test whether the sample information that we observe exists in the population or to verify that the level of impact of GST is high or not, we formulate the hypothesis

H₀: The level of impact of GST is medium (is equal to the 75% of the maximum score)

H₁: The level of impact of GST is high (greater than the 75% of the maximum score)

To test the above hypothesis we use one sample Z test and the result is exhibited in Table 34. From the table the p value is less than 0.05 which indicates that the test is significant. So we conclude that the level of impact of GST is high.

To study the level Perception on GST return.

To find the level of Perception on gst return, the respondents are asked 9 questions on five point Likert scale. The responses are scored as 1 for 'Strongly disagree', 2 for 'Disagree', 3 for 'No opinion', 4 for 'Agree' 5 for 'Strongly agree'. Only 6 questions are remaining after the convergent validity test. The total score of the 6 questions for all 50 respondents is found out, based on which we calculate the mean % score of level of Perception on gst return. This score is classified into one of the four groups

Table 4.32 Mean, Standard deviation and z value for level of Perception on gst return

Variable	N	Mean	Standard Deviation	Mean % score	CV	z	p value
Perception on gst return	50	17.00	1.56	56.67	9.21	9.04	<0.001

The mean percentage score of level of Perception on GST return is 56.67% which indicate that the level of Perception on GST return is good or medium. The CV indicates that this score is stable as the value is less than

20%. To test whether the sample information that we observe exists in the population or to verify that the level of Perception on GST is medium or not, we formulate the hypothesis

H₀: The level of Perception on GST is average (is equal to the 50% of the maximum score)

H₁: The level Perception on GST is good (greater than the 50% of the maximum score)

To test the above hypothesis we use one sample Z test and the result is exhibited in Table 35. From the table the p value is less than 0.05 which indicates that the test is significant. So we conclude that the level of Perception on GST is good.

8. Findings

The following are the findings of the study.

- Most of the importers, 96% are using ocean freight as a mode of transport used to import goods.
- All the importers says that GST is applicable in all type of quotations in ocean transport along with the product cost. There is additional 5% service tax charged in the form of GST in their mode of import like road, ocean freight and rail (88%, 94% and 88% respectively). And cent percentage are of opinion that the additional 5% is not applicable for air transport.
- The respondents pay customs duty as well as social welfare surcharge. Only 2% pay antidumping duty. However, GST is applicable to all respondents.
- 76%, 72% and 78% of the respondents said that Excise duty, special additional duty and educational cess respectively are replaced after the introduction of GST. 24% of the respondents says that introduction of GST had replaced Luxury Tax.
- All the importers are charged IGST for their imports.
- Out of 40 respondents, 97.5% of the importers says that there is unified tax all over India. 65% and 60% of the importers says that there is increased profit due to input tax credit (ITC) and reduction in tax burden respectively. 20% says that there is no tax cascading and 10% says that there is decrease in price of products.
- 81% of the importers says that there is increase in price of products. 70% says that there is still tax cascading, 16% and 13.5% says that there is increase in tax burden and decrease in demand of the products respectively. 66% of importers says that GST would not be beneficial in the short run and 34% says that it would be beneficial in short run. 94% of importers says that GST would not be beneficial in the long run and 6% says that it would be beneficial in long run.
- All the importers file their returns on monthly basis.
- 98% of the importers says that it takes only hours to file GST returns.
- All the importers says that GST is applicable in all type of quotations regarding the mode
- 70% of the respondents are of the opinion that there is still tax cascading occurs by importing goods after GST.
- 68% of the importers are supporting post GST by considering the benefit of their company and 32% are supporting pre GST.
- The 10% of the importers need to pay GST which was duty exempted earlier.
- The input credit is allowed to all importers within a period of maximum 3 months.
- Regression coefficient test is used to find the impact of GST. The result shows that the statements such as 'GST do not replaces all indirect taxes and reduces the compliance costs, Elimination of double taxation, High tax burden on business than pre GST period, Increase in tax rates which do not increases the price of final goods, Decreases in tax rates and which in turn decreases the price of final goods, there is of clarity and no confusion regarding the GST rate applicable to different categories of goods' is rejected and concludes that there no significant impact on GST.
- The statements such as 'Corruption reduce from the part of both officers and importers, Input tax credit is allowed, Elimination of check post in state borders, Prices of goods and services are same in all over the country, Chances of tax evasion are very low, No personal interference from the officer, Need to hire professionals to deal with GST, Increase cost of purchasing new software and other cost to train employees, shows that there is significant impact on GST.

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- To find out the perception of importers on GST return regression coefficients was used. The result showed that statements like 'I will not get the same rate of GST return which I collected from my customers, The GST paid to officers are more than the GST collected from customers, The GST paid to officers are less than the GST collected from customers, I will get the refund which is collected from the customers as GST even if the product charged by officers as GST is high' has no significant positive influence on perception of importers on GST return.

- The statement such as 'I will get the same rate of GST return which I paid during the import, The paid rate and the collected rate are same, I will not get the refund which is charged by the officers as GST even if I collected the GST for the product from customers is low, I will get the return where the GST paid and collected from customer whichever is higher is false, I will get the return where the GST paid and collected from customer whichever is lower is false' has a significant positive influence on perception of importers on GST return.

- In order to identify the difference between taxes on imports pre and post GST, paired t test is carried out. It was concluded that the taxes on imports Post GST is greater than Pre GST without considering input tax credit.

- To study the level of impact of GST one sample Z test was used and the result shows that the level of impact of GST is high.

- To study the level Perception on GST return one sample Z test was used and the result shows that level of Perception on GST is good.

9. Conclusion

With the introduction of GST the government was able to increase the level of transparency in the transactions. GST ensure that there is no tax cascading except in the case of confusion regarding the 5% GST applicable to the mode of transport. GST would reduce the rate of locally produced goods and services, helping to improve the competitiveness of Indian goods and services on the international market and boost Indian exports.

The study concludes that the price of goods and services has risen to the end users with the introduction of GST, even if the importers receive input tax credit. The government should therefore take appropriate measures to lower the price of goods. And there is blocking of fund from the part of govt. as they failed to reimburse the input tax credit to importers within one month, which will affect the working cycle of the business. More training programs should be conducted for the importers to make them clear about the rates applicable to different categories of goods. It is concluded that with the implementation of GST, the importers benefit from a decline in the tax burden because of the input tax credit and also reduced the tax burden due to the absence of some indirect tax. But the business won't affect much as long as there is demand. The typical example of the lack of clarity in GST is that in the mode of transportation, only after 2 years of GST implementation, the importers filed a court case concerning the double taxation in GST of 5%.

The newspaper cutting below shows the court case concerning double taxation.

Ocean freight IGST: Importers in courts

INDIVIAL DHASMANA

New Delhi, 8 October

Importers have moved courts regarding the imposition of integrated goods and services tax (IGST) on the cost incurred through an agreement between two foreign parties to bring goods to India via ocean waters. This cost is termed ocean freight.

Petitions are pending before the high courts at Delhi and Mumbai. The Gujarat high court has concluded hearings on another case, reserving its judgment.

"The taxability of ocean freight for transactions between two non-residents will have to cross the constitutional barrier and the controversy is soon expected to be resolved," said Abhishek Rastogi, a counsel for the petitioners and partner at Khaitan & Co.

A provision in the Central GST Act allows levying of both the basic customs duty and IGST on the cost, insur-

ance and freight (CIF) value of goods brought into India, and an additional IGST on ocean freight between two foreign parties for movement of these goods.

For instance, assume goods come from Washington to London, before being shipped further to Mumbai port. There is an element of ocean freight between the parties in Washington and London. This could include steamship costs, broker commissions, duties and tariffs, vessel and port maintenance costs, labour costs, etc.

When the basic customs duty and IGST are already paid on the CIF value, argue the petitioners, why should there be another tax on the ocean freight element. This would, contends Rastogi, give rise to double taxation -- the ocean freight element includes CIF. Besides, how are Indian parties concerned with a transaction between two overseas entities?

To conclude, as it was newly introduced, there is some clarification and ambiguity regarding the GST rates applicable to different category of goods and increase in price of the product. But hope it will be beneficial to all the stakeholders in the long run.

10. Suggestions

1. The government should try to make the seminars and workshops more effective because the current data shows that there is still lack of clarity and confusions regarding the rates applicable to different types of goods.
2. The government should reduce the basic customs duty also as some products like black pepper are charging 70% customs duty even if the GST is 5%. It will help to reduce the price of the product.
3. The Government should try to reduce the GST tax rate as the benefits of introducing the new tax reforms has not brought the desired results to the end customers.
4. Frequent revision of GST rates without planning and study will affect the common people.

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5. Due to delay in input tax credit the working capital of importers get blocked. So the time to get input tax credit should be followed as per GST rules, i.e., 1 month.

Double taxation still exist for importers in the form of Freight. So necessary steps should be taken to avoid double taxation..

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