

A Study on GST Compliance Issues Faced by MSMEs with Special Reference to the State of Karnataka

Pramod Kumar Pandey and Jesmon Raj N.***

ABSTRACT

Ease of compliance is always desirable to foster the growth of small businesses in India. Goods and Services Tax (GST) was introduced in India to curb the limitations of earlier indirect tax laws. It has addressed many of the compliance issues faced by MSMEs in India. However, still there are a lot of compliance issues that need urgent attention. This pilot study aims to explore post-implementation compliance issues being faced by MSMEs with special reference to the state of Karnataka. Data has been collected through a survey questionnaire for 35 MSMEs and analyzed in this regard. This study has found many teething problems regarding GST compliance being faced by MSMEs which is acting as a hurdle in their growth. There is an urgent need for policy interventions to improve cumbersome compliance procedures for the overall growth of the MSME sector in India.

Keywords: *MSMEs; GST; Compliances; Return; Registration; Input tax credit.*

1.0 Introduction

Before GST came into operation in India, many Central taxes, States taxes and local levies were in existence. These multiplicity of taxes, complexity of structure, high rates of taxes, lack of transparency were creating confusions, acting against free play of market forces and more particularly were encouraging tax evasion practices due to non-linkage between taxes. The cascading effect was not only adding cost but also putting

**Corresponding author; Associate Professor, Department of Management, Presidency University, Bengaluru, Karnataka, India (E-mail: cadrpramodpandey@gmail.com)*

***Assistant Professor, Department of Management, St. Francis College, Koramangala, Bengaluru, Karnataka, India (E-mail: jesmon1618@yahoo.co.in)*

India into disadvantageous position (Poddar & Ahmad, 2009). GST was implemented in India with effect from 1st of July 2017 as an integrated nationwide tax by subsuming most of the indirect taxes existed earlier. It is a part of Make in India and Make one India initiative. It may be regarded as a remarkable historical reform and can be seen as a game changing reform where thrust is on creating a common market (Kelkar, 2009).

Small business may be considered as the engine of job creation in the. These not only provides entrepreneurial job opportunities but also contribute in creating meaningful jobs in local communities. As compared to large business houses these require lesser resources and infrastructure however, these may immensely contribute towards tax revenue by enhancing the tax base.

Already when small businesses in India were facing many problems, importantly technological and finance issues, the advent of COVID-19 pandemic rendered this manifolds. Introduction of Goods and Services tax (GST) definitely provided relief by providing ease of compliances, however, many researchers are of view that GST has not been very much beneficial in terms of compliance procedures and cost for small businesses in India.

Thus, to foster growth of small business modest tax rates with ease of compliances is always desirable. The concept of tax compliance is based on the notion of equity, efficiency and incidence. For formulating any law it is necessary that needs of small business are kept in mind. However, it is also necessary to take into consideration the broad economic objectives, revenue considerations and current business situation in the country. Taxation for small business should be simple and convenient, putting less cost burden and most importantly should be conducive to growth. Tax compliance cost may adversely affect the performances of small business. A fair and understandable system will help small businesses to accurately compute tax liability. However, a common challenge that every economy facing is to develop a conducive environment for growth of small business along with ensuring tax compliances (Weichenrieder, 2017).

The problem of tax noncompliance can be viewed from many angles. It may be ethical considerations of the tax payers, administrative problems, legal design, technological issues or a blend of all these. Tax noncompliance, whatever may be the reason, has an adverse impact on the government's tax revenue. The tax authorities should implement a strategy after taking into consideration the three broad factors; persons' willingness, ability and daring.

No generally acceptable definition of small business exists in India Different statutes have defined the term "small business" in its own ways. As per section 2.85 of Indian companies act 2013 small company means a company which is not a public company and where paid up share capital does not exceed fifty lakhs rupees or such higher

amount as may be prescribed but which shall not be more than five crores rupees or a company other than a public company whose turnover does not exceed two crores rupees or such higher amount as may be prescribed but which shall not be more than twenty crore rupees. The Ministry of Micro, Small and Medium Enterprises as per its notification the 1st June, 2020 defined micro and small enterprises as per investment in plant and machinery and equipment. A micro enterprise in manufacturing sector includes an enterprise where investment in plant and machinery does not exceed rupees one crore and turnover does not exceed Rupees five crores whereas a small enterprise in manufacturing sector includes an enterprise where investment in plant and machinery exceeds rupees one crore but does not exceed rupees ten crores and turnover exceeds Rupees five crores but does not exceed Rupees 50 crores. However, Goods and Services tax (GST) law does not define a small business. It only specifies a taxable person. As per section 2.107 of The Central Goods and Services Act 2017, taxable person means a person who is either registered or liable to be registered. The threshold limit for registration based on aggregate turnover has been kept forty lakhs rupees (twenty lakhs rupees for North ease States) for goods and twenty lakhs rupees (ten lakhs rupees for North ease States) for service.

Goods and Services tax has addressed many of the compliance issues faced by small business in India. However, still small business in India are facing a lot of burden on procedural compliances and as well as regarding compliance cost.

2.0 Literature Review

NIPFP (1994) and Government of India (2009) and GST concept and status CBIC, RBI (2018) had promised many convincing benefits of GST for consumers, business man and other stakeholders of GST. NIPFP (1994) quoted several problems that were prevalent before the introduction of GST. These were High cost in industry and trade, Problem of free flow of trade within the country, Handicap for exports, High cost of compliance, Multiplicity of taxes, Complex laws and archaic administration.

Government of India (2009) emphasized many benefits of GST including the following: Increase in compliances, Removal of cascading effect, Removal of multiplicity of taxes, Lower compliance effort and cost, No blockage of funds and Self-monitoring model. CBIC in its GST and concept and status described GST as a revolution in India tax history and emphasized that GST will bring a lot of benefits including the following: Removal of cascading effect, Lower cost burden and Removal of multiplicity of taxes.

RBI (2017) promised many benefits of GST including the following: Easy compliance, Common tax rates across country, Removal of cascading effects, Reducing

compliance cost, Lower cost of goods and Encouragement of investment in capital goods. GST was expected to remove all problems faced by earlier indirect taxes and bring ease of compliances and lower cost to the business houses. However, after four years since introduction of GST, small businesses in India is facing a lot of problems in GST regarding compliance burden and compliance cost.

Rao (2019) suggested to improve technological platform and at the same time bringing tax rates to be lower. He added that both petroleum and electricity should be brought within the purview of GST. On-line platform under GST was created to provide ease in filing GST return. However, it has been noticed that GSTR filing is declining. Thus, it can be argued that after introduction of GST, compliances are not improving. Further, GST administration has also reported that tax information in GSTR-1 and GSTR-3B is not matching in many cases (Mukherjee *et al.*, 2019). Government of India had a lot of expectations from GST, however, GST revenue is not improving due to difficulty in compliances and at the same time tax evasion (NIPFP-2020).

Not only there are there are issues in preparing returns but at the same time business houses are also encountering problems in refund and e-way bill (World Bank, 2018). Policies and procedures both are important for a good tax system. However, when walked through reports of some reputed agencies, it is found that GST is also suffering from policy and procedural issues which are creating challenges in GST (Delloite, 2020).

Further, Mukherjee *et al.*, (2019) quoted that there are compliance gap in GST and due to which GST return filing is not improving. Even though GST had promised that both compliance cost and compliance burden will decrease, it has been seen that after GST most business houses are facing challenges in compliance burden and cost.

Mohan & Ali (2018) emphasized that GST is complex, costly to implement and affect profit margin. Business houses faces poor connectivity in addition to other functional problems.

Sharma & Saini, (2019) quoted that more simplicity is required. It can however be noted that GST has impacted different sectors in different ways as far as tax rates are concerned. Singh (2017) argued that manufacturer suffered greater loss than wholesaler and retailer. Murari & Chettri (2020) emphasized that effect of GST are influenced by the nature of business and added that manufacturing sector has encountered greater effect than services sector. Thus, GST has not been very much effective for a small business in India. Biggest hurdle in their growth is the compliance burden and cost. Further, All India Federation of tax practioners in their letter to Ministry of Finance, Government of India dated 19th July 2021 has brought several problems of GST. Guna & Anuradha (2021) suggested that implications of GST on MSMEs across various industries would be diverse and also vary from politically sensitive industries of each state.

Lichchavi & Greeshma (2021) stated that it has also clearly established that the composition scheme has been a non-performer and the reverse charge mechanism must be reintroduced later or revamped to its cost and benefits. Dang *et al.*, (2020) suggested that it would be easy to set up business with Less Logistical overhead, Lower threshold limit, Hike in Operation cost, Digital mode of operation.

Sharma & Saini (2019) quoted that 82% of the respondents insist on more simplicity in GST law and procedures, more than 50% of respondents believe GST has not reduced inflation, more than 60% respondents have an appreciation for e-way bill format, around 88% of the answerers acknowledge that GST is better off than the old tax system.

Beemabai & Kumar (2019) stated that the MSME sector will act as a mechanism to bring about socio-economic renovation. Attempts have been made to find the sector wise contribution to GDP after implementation of GST.

Naskar (2019), suggested that GST has made the indirect taxation system more transparent and as a result makes the entities liable for proper tax payment.

As per Daga (2019) GST fundamental is of 'One country one Tax' was created with an intention to easy tax filing, reduction on price of goods, It has increased the technology dependency of every enterprise, as every transaction is made online.

Kapoor & Punjabi (2019) suggested to develop guidelines for suitable implementation of GST regime to enable the effective deployment for suitable implementation. Prakasam (2019) quoted that GST will help and provide to boost the domestic leather footwear industry and help it compete globally.

Kuchibhotla (2019) stated that major tax reform can only be stabilised through an ear to the ground approach and a continuous coordination between Government (both centre and state). Abhishek *et al.*, (2019) in the article An Analysis of Future Road Map of Goods and Services Tax in Indian Scenario stated that GST will give more fruitful benefits to the development of the country than the presently experiencing benefits and makes the country into the favourable place for both national and international business people.

Joy *et al.*, (2019) suggested that GST is both a boon and bane for share broking businesses. The enhanced ITC helped the sector to reduce its tax expenditure. But the compliance burden and compliance costs intensified in the GST era.

The loopholes are the technical glitches of GSTN Network and taxpayer's non-compliance. The GST Council can surely overcome these issues and ensure proper compliance by taking measures like educating people through social network websites as well as NGOs.

Mohan & Ali (2018) quoted that many enterprises perceive GST to be complex, costly to implement and affects profit margin, functional or technical problems of GST site, poor internet connectivity and feedback circuit, MSMEs expect government training and awareness programmes.

GST is fundamentally different from the existing tax structure and if the government can take corrective measures in a proactive manner, we can minimize the potential negative effects of the new tax regime on the MSME's and In the long term, the GST system will prove to be a boom for the Indian industry in general, and MSME's in particular. As per Jayalakshmi & Venkateswarlu (2018) GST in the long run will turn these SMEs more competitive with a level playing field between large enterprises.

3.0 Research Gap

We found many studies on GST and its impact on MSMEs. Even though some of the studies highlighted some problems that MSMEs are facing in GST, however no study specifically focused on problems of GST compliances for MSMEs. As per India innovation index 2020 ranking, Karnataka topped second time as the most innovative state in the country for offering conducive environment for business. According to ease of doing business ranking released by Department for promotion of Industry and internal trade (DPIIT) of the Centre, Karnataka has been the top achiever in ease of doing business ranking. Thus, we have selected the state of Karnataka for our study to capture in detail the problems faced by the MSMEs in GST compliances in the state of Karnataka so that the Karnataka state may further outperform by resolving the issues faced by MSMEs concerning GST. For the purposes of study, we have collected primary data from the state of Karnataka. However, initially researchers thought to conduct one pilot survey so that extensive research may be conducted latter on.

4.0 Objectives of Study

Thus, the study frames the following two objectives for the purpose of study:

- To examine the issues being faced by the MSMEs in GST compliances
- To compare compliance procedures and cost in GST with pre-GST laws

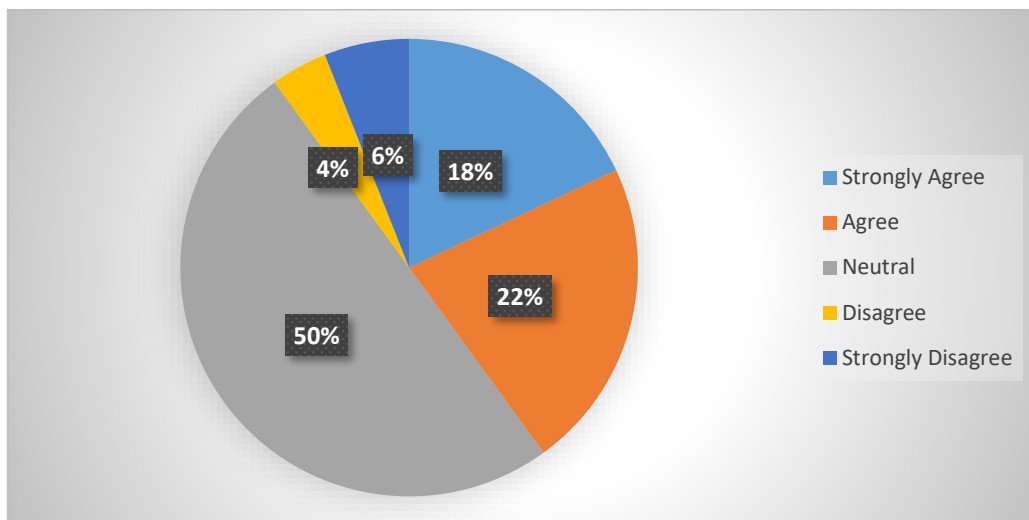
5.0 Data and Methodology

Thus, the study collected data from 35 MSMEs in the state of Karnataka based on survey questionnaire. The questionnaire was divided in three parts. Part - A included basic

questions on company, Part-B included 16 statements based on Likert scale of 1 to 5 and part C was open ended questions about the problems they are facing on specific components like return, registration, refund etc. Since the number of data is smaller, no statistical tests could be applied. The data has been analysed using pie charts and diagrams so that one gross opinion may be formed for latter extensive study.

6.0 Data Analysis

Figure 1: You are Satisfied Due to Implementation of GST



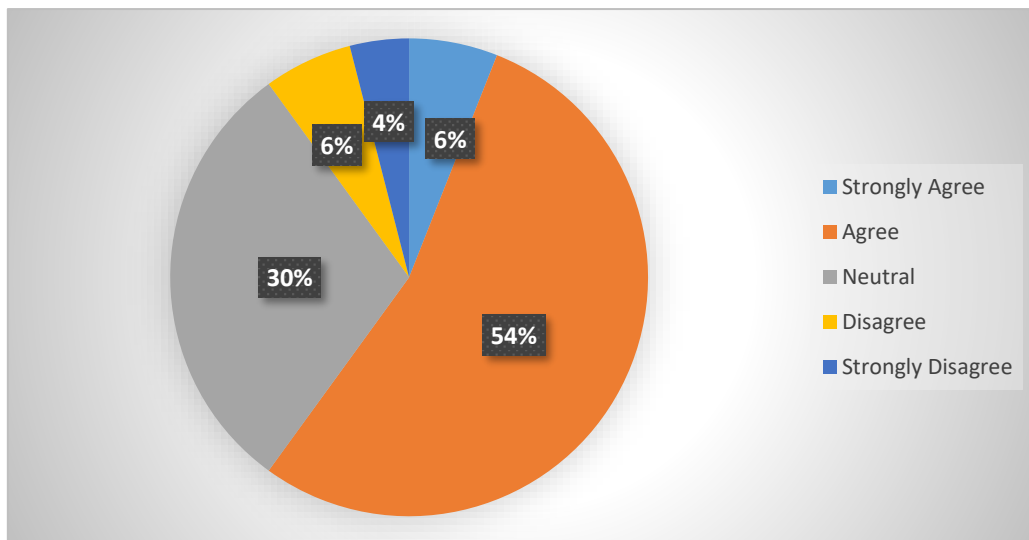
Source: Author's computation

First we will analyse the part-B of our questionnaire where we had included sixteen statements based on literature review. We are here producing the statements, pie chart for the same and interpretations for each such statement included in questionnaire.

Interpretation: Figure 1 shows that 18% of the respondents were strongly agree, 22% agree and 50% neutral on this statement. The number of respondents who were dissatisfied were found very less, only 10%. Thus, we can say that mostly MSMEs are satisfied due to implementation of GST.

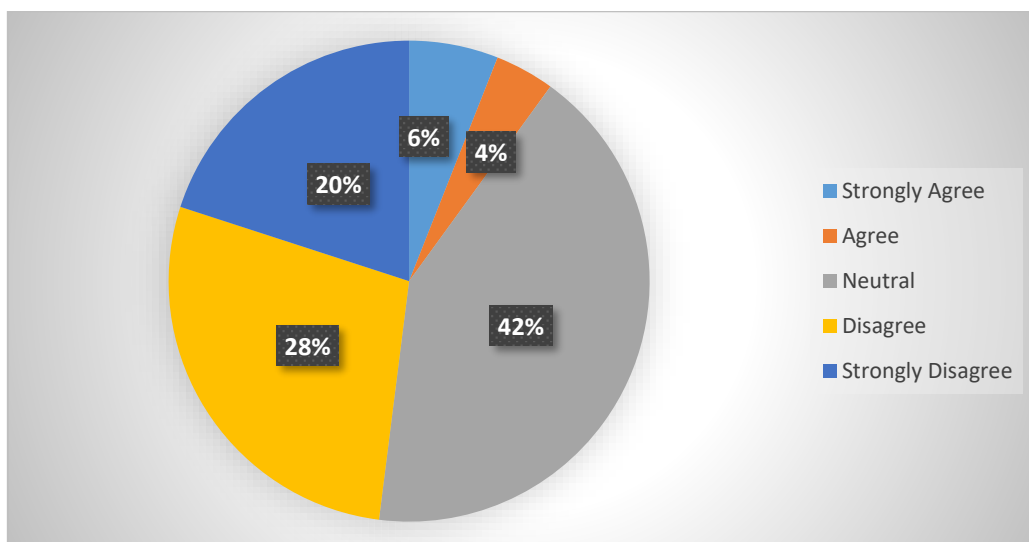
Interpretation: As per Figure 2, 6% respondents were found to be strongly agree, 54% agree and 30% were neutral. The number of respondents who found the decrease in employee and software cost were very less. Thus, we can say that there has been increase in employee cost and software cost on an overall basis after implementation of GST.

Figure 2: Your Employee Cost and Software Cost has been Increased as Compared to Earlier Taxes



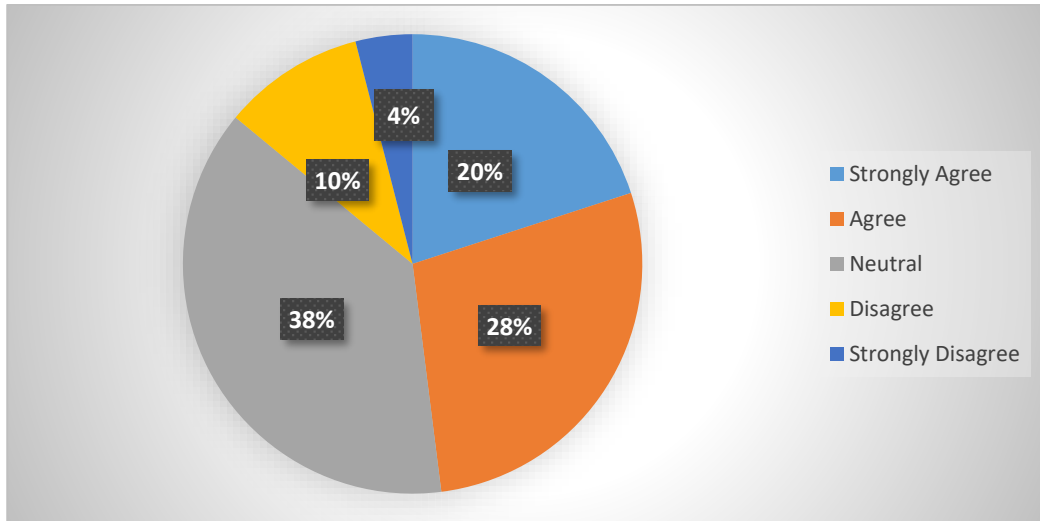
Source: Author's computation

Figure 3: Number of Returns has been Increased in GST as Compared to Earlier Indirect Taxes



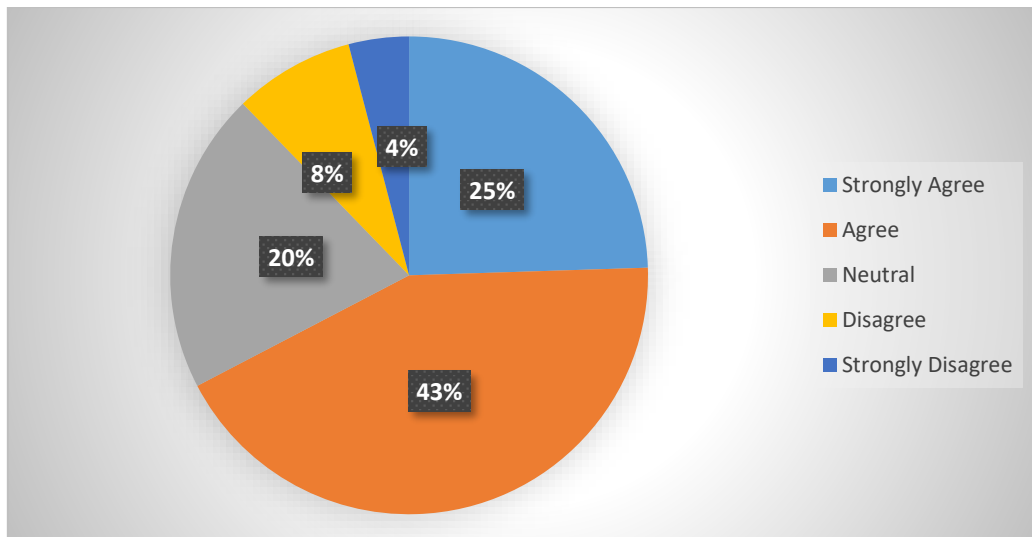
Source: Author's computation

Figure 4: Process to File Return has been Simplified in GST as Compared to Earlier Indirect Taxes



Source: Author's computation

Figure 5: Registration Process has been Simplified in GST as Compared to Earlier Indirect Taxes



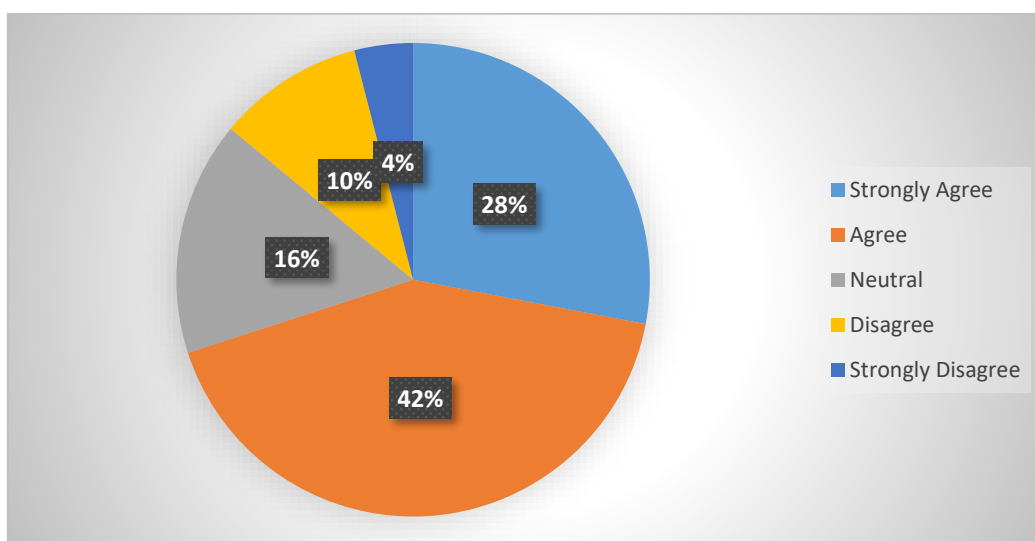
Source: Author's computation

Interpretation: Figure 3 shows that 20% were strongly disagree, 28%, disagree and 42% neutral. Only 6% were strongly agree and 4% agree with this statement. Thus, here we can conclude that under GST number of returns have not increased.

Interpretation: Figure 4 shows that 20% were strongly agree, 28% agree and 38% neutral. Only 4% were strongly disagree and 10% disagree with this statement. Thus, we can say that the process to file return has been simplified in GST as compared to earlier laws.

Interpretation: As per Figure 5, 25% were strongly agree, 43% agree and 20% neutral. Only 4% were strongly disagree and 8% disagree with this statement. Thus, we can say that the registration process has been simplified in GST as compared to earlier laws.

Figure 6: Payment Process has been Simplified in GST as Compared to Earlier Indirect Taxes

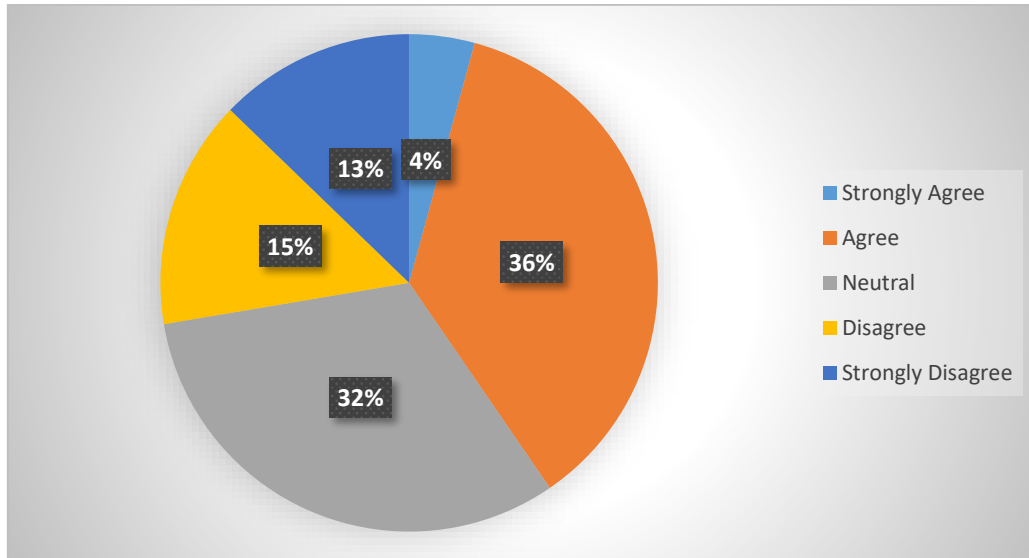


Source: Author's computation

Interpretation: Figure 6 points out that 28% were strongly agree, 42% agree and 16% neutral. Only 4% were strongly disagree and 10% disagree with this statement. Thus, we can say that the payment process has been simplified in GST as compared to earlier laws.

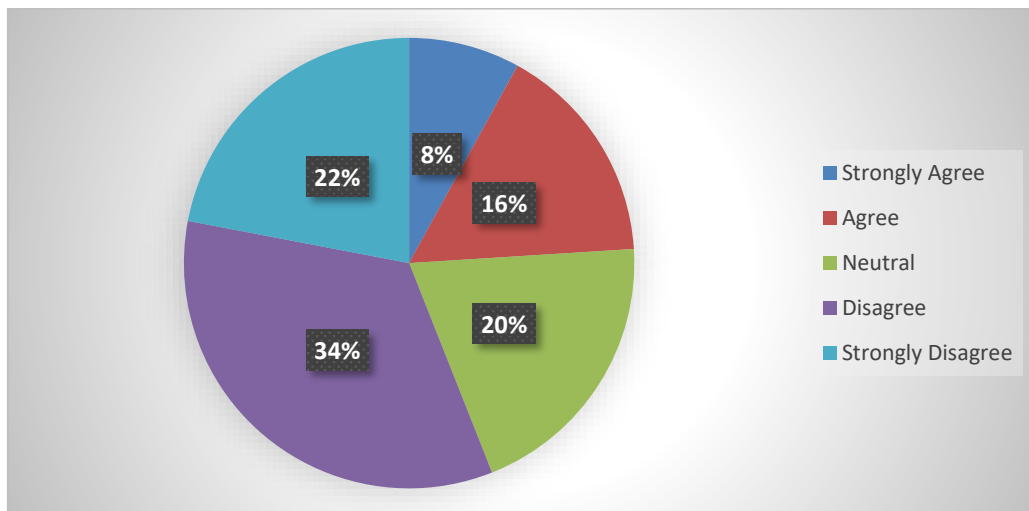
Interpretation: Figure 7 shows that 13% were strongly agree, 36% agree and 32% neutral. Only 4% were strongly disagree and 13% disagree with this statement. Thus, we can say that the refund process has been simplified in GST as compared to earlier laws.

Figure 7: Refund Process is Simple and Effective in GST as Compared to Earlier Indirect Taxes



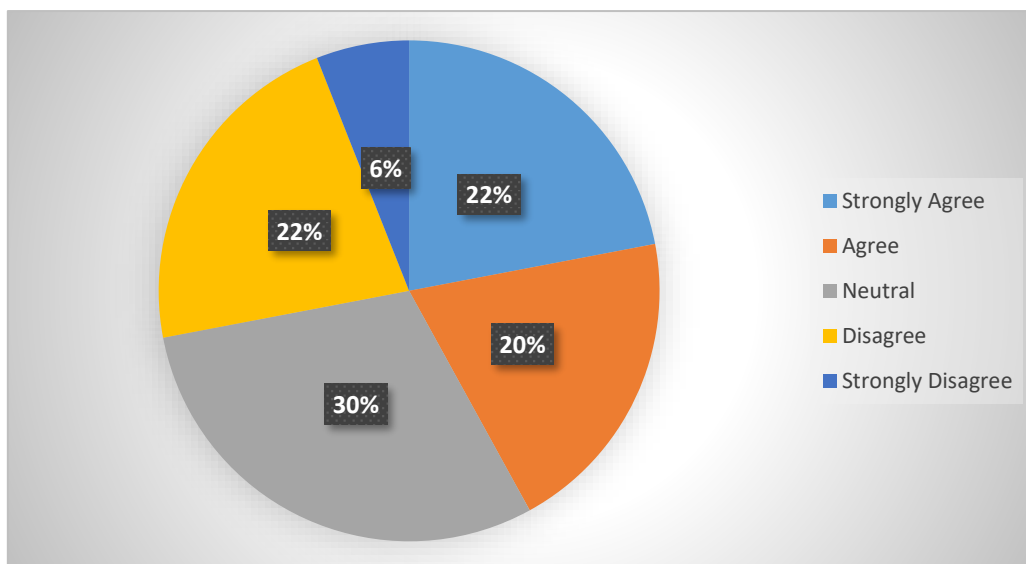
Source: Author's computation

Figure 8: ITC Process has been Simplified in GST as Compared to Earlier Indirect Taxes



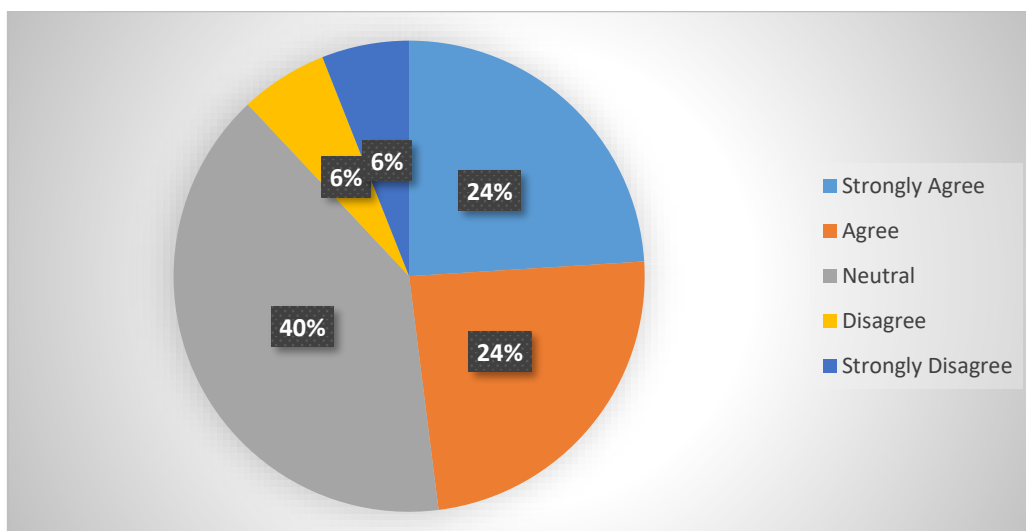
Source: Author's computation

Figure 9: Threshold Limit for Registration has been Deteriorated in GST as Compared to Earlier Indirect Taxes



Source: Author's computation

Figure 10: Invoicing System has been Improved in GST as Compared to Earlier Indirect Taxes



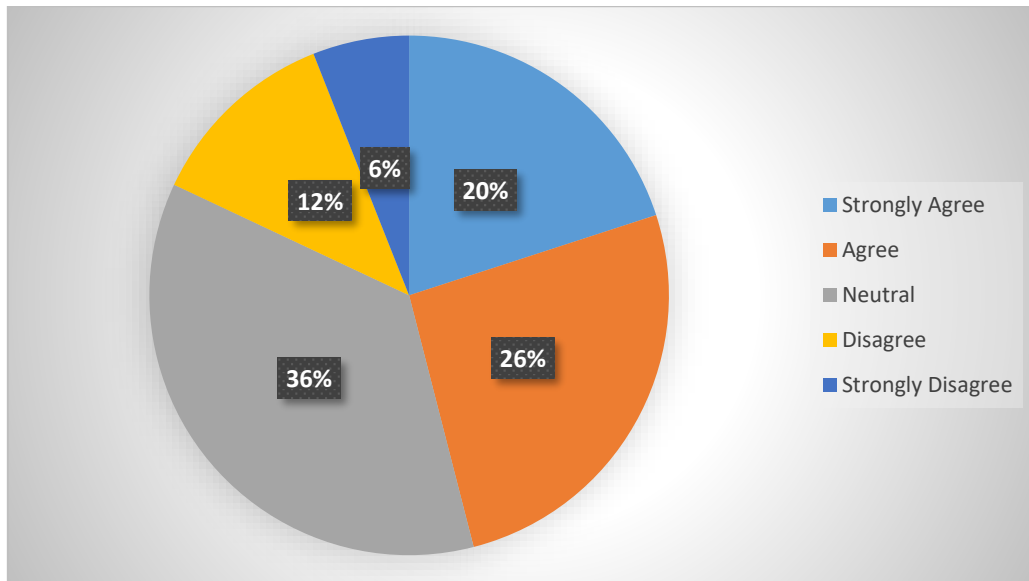
Source: Author's computation

Interpretation: As per Figure 8, only 8% were strongly agree, 16% agree and 20% neutral. While 22% were strongly disagree and 34% disagree with this statement. Thus, we can say that the ITC process has not been simplified in GST as compared to earlier laws.

Interpretation: As per Figure 9, 22% were strongly agree, 20% agree and 30% neutral. While 6% were strongly disagree and 22% disagree with this statement. Thus, we can say that the threshold limit for registration has been deteriorated in GST as compared to earlier laws.

Interpretation: Figure 10 shows that 24% were strongly agree, 24% agree and 40% neutral. While 6% were strongly disagree and 6% disagree with this statement. Thus, we can say that the invoicing system has been improved in GST as compared to earlier laws.

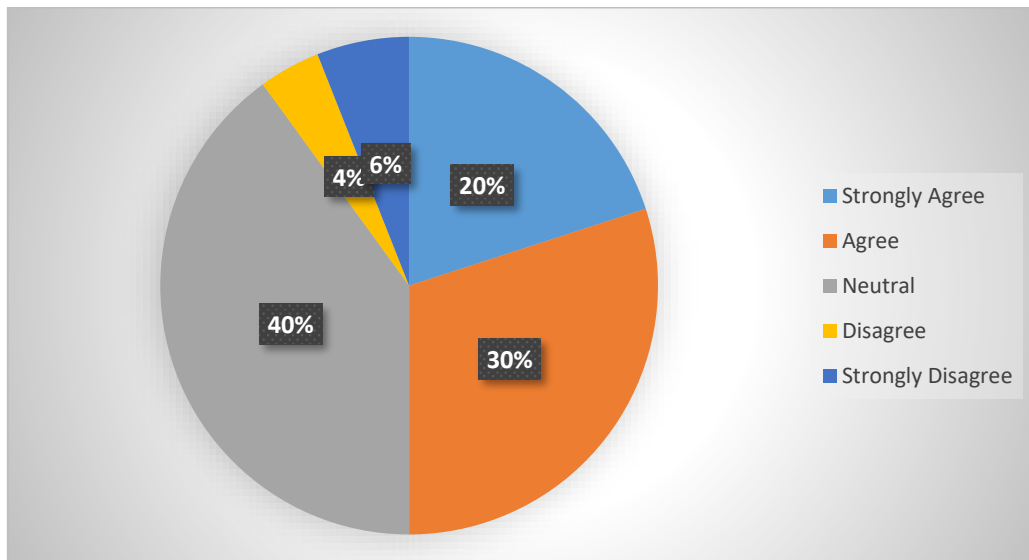
Figure 11: Penalty and Interest Amount is More in GST as Compared to Earlier Indirect Taxes



Source: Author's computation

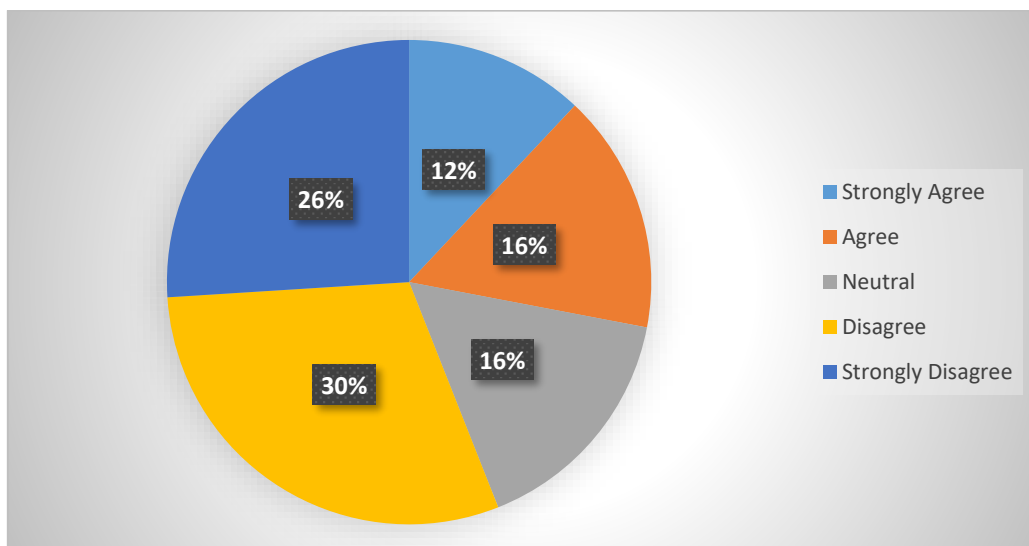
Interpretation: Figure 11 reflects that 20% were strongly agree, 26% agree and 36% neutral. While 6% were strongly disagree and 12% disagree with this statement. Thus, we can say that the penalty and interest amount is more in GST as compared to earlier laws.

Figure 12: Export Procedures have been Simplified in GST as Compared to Earlier Indirect Taxes



Source: Author's computation

Figure 13: Overall Tax Rate has Come Down in GST as Compared to Earlier Indirect Taxes

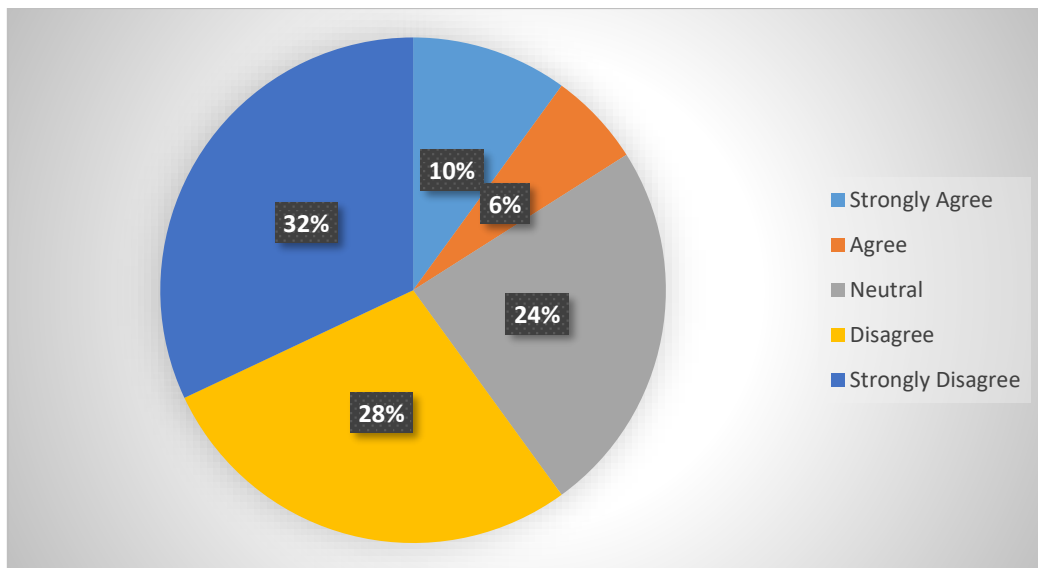


Source: Author's computation

Interpretation: As per Figure 12, 20% were strongly agree, 30% agree and 40% neutral. While 6% were strongly disagree and 4% disagree with this statement. Thus, we can say that the export procedures have been simplified in GST as compared to earlier laws.

Interpretation: Figure 13 shows that Only 12% were strongly agree, 16% agree and 16% neutral. While 26% were strongly disagree and 30% disagree with this statement. Thus, we can say that the overall tax rate has not come down in GST as compared to earlier laws.

Figure 14: Inter-state Supply has Become More Complex in GST as Compared to Earlier Indirect Taxes

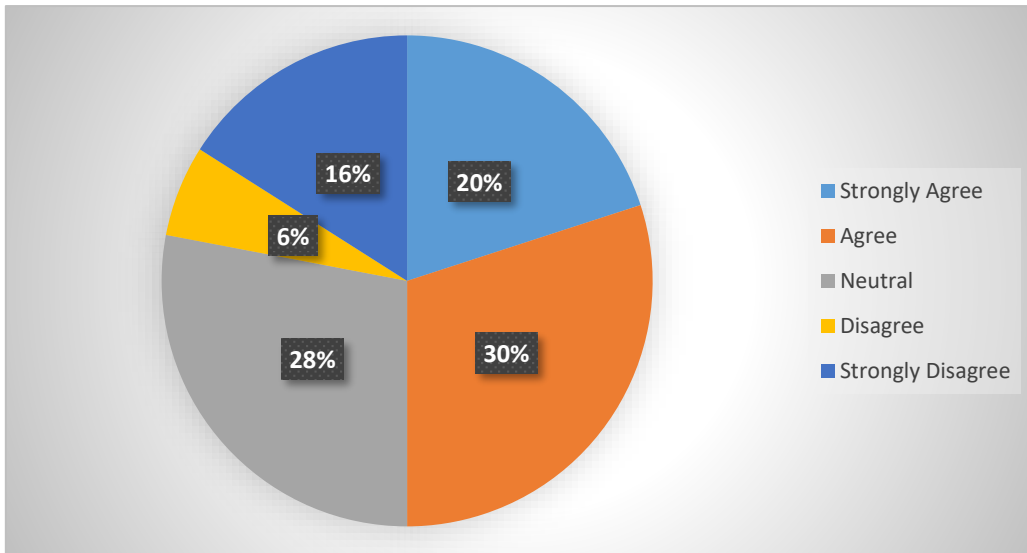


Source: Author's computation

Interpretation: Figure 14 shows that 10% were strongly agree, 6% agree and 24% neutral. While 32% were strongly disagree and 28% disagree with this statement. Thus, we can say that the interstate supply has been simplified in GST as compared to earlier laws.

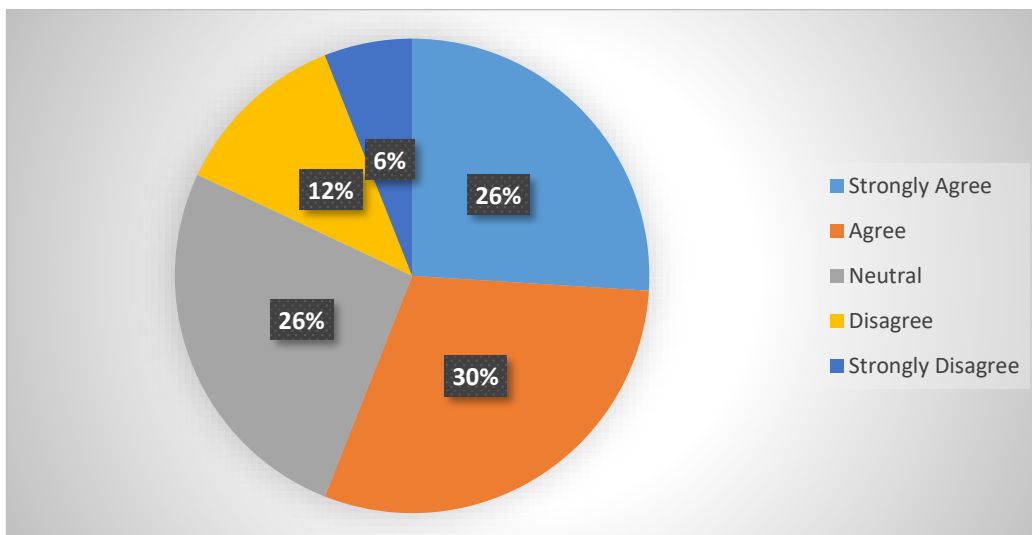
Interpretation: As per Figure 15, 20% were strongly agree, 30% agree and 28% neutral. While 16% were strongly disagree and 6% disagree with this statement. Thus, we can say that the stock transfers across the branches have been simplified in GST as compared to earlier laws.

Figure 15: Stock Transfers Across Branches have been Simplified in GST as Compared to Earlier Indirect Taxes



Source: Author's computation

Figure 16: You Find Lesser Records and Documentation Requirement in GST as Compared to Earlier Indirect Taxes



Source: Author's computation

Interpretation: Figure 16 shows that 26% were strongly agree, 30% agree and 26% neutral. While 6% were strongly disagree and 12% disagree with this statement. Thus, we can say that MSMEs find lesser records and documentation in GST as compared to earlier laws.

7.0 Common Problem Areas

Based on responses of questionnaire, we are here presenting common problems faced by MSMEs in respective areas which we received from part-C of our questionnaire.

- Mention the problems that you are facing in GST registration
 - Extensive Data and documents required
 - Linking of personal details (like Aadhar) of the director with GST registration
- Mention the problems that you are facing in GST return
 - Responsibility of matching GST credit has been put on the recipient.
 - GST credit if not appearing in GSTR 2B is disallowed
 - Need to obtain E-invoice from vendor for availing credit
 - GSTR3B cannot be amended once filed, therefore some solution can be given to GSTR3B filing for modification of returns
- Mention the problems that you are facing in GST refund
 - Extensive data and documents requirement
 - Mapping HSN code and nature of supply for each invoice line item
 - No resolution for tax payer if officer does not issue refund within the prescribed timeline of 15 days
 - In spite of an annual self-audit as well as department audit, we still need to provide CA certificate at the time of claiming GST refund
- Mention the problems that you are facing in ITC in GST
 - Unclear provisions and unresolved grey areas of credit
 - Responsibility of matching GST credit has been put on the recipient.
 - GST credit if not appearing in GSTR 2B is disallowed
 - Need to obtain E-invoice from vendor for availing credit
 - With respect to reconciliation of ITC every month ad what is been reflected in GSTR2B alone can be taken
- Mention the problems that you are facing in E-way bill
 - Bulk upload option is extremely time consuming
 - Complicated process for generating E-waybills in case of imports

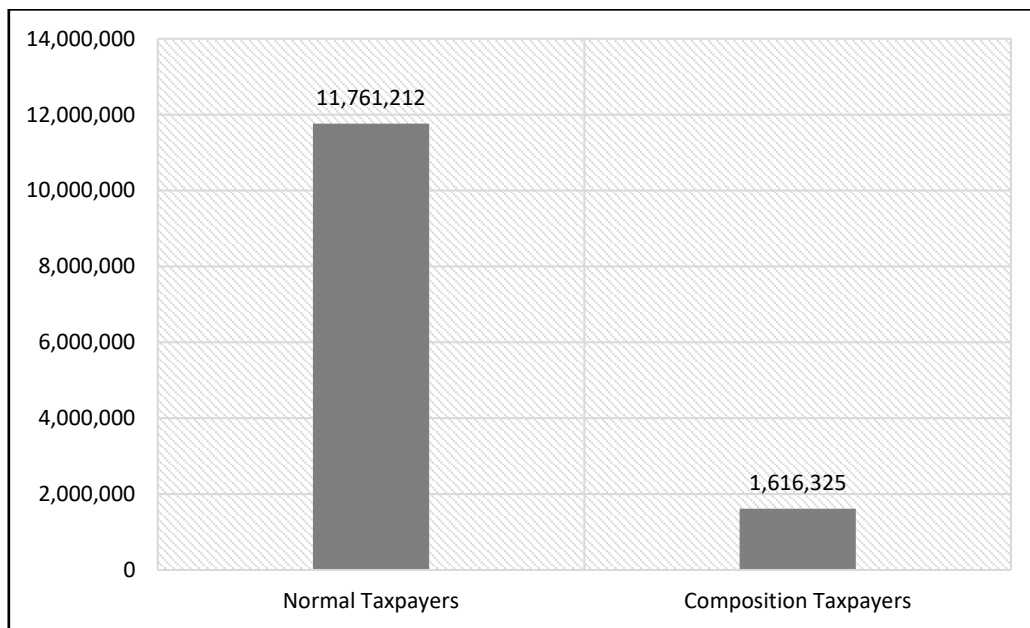
- Low threshold of INR 50,000 for generating E-waybills
- Mention the problems that you are facing in exports
 - E-invoice needs to be generated even for imports
 - Bifurcation of export revenue between various locations
- Mention the problems that you are facing in Reverse charge mechanism
 - Payment needs to be made for RCM transactions
 - Credit should be available for RCM transactions
 - RCM credit does not appear separately on the credit ledger
- Mention the problems that you are facing in services provided by GST Seva Kendra
 - Untrained and unresponsive staff
 - High turnaround time

8.0 Findings and Discussion

GST was expected to curb limitations of earlier indirect tax laws. It had promised to reduce not only procedural compliances but also compliance cost. However, after passing around five years from the roll out of GST, small businesses are facing many difficulties in compliances. They require multiple registrations on pan India basis in every state in which they are involved in operations. They are required to file three monthly returns as well as one annual return, which is itself is cumbersome. Further for many small business registration has been made compulsory irrespective of their turnover like e-commerce operators. There is a massive blockage of working capital which is increasing cost of doing business. Examples include GST on advances, GST on inter-state stock transfers, GST on free distribution of samples as part of promotion. Practitioners Report, All India Federations of Tax Practitioners (2021) in its letter written to Ministry of Finance, Government of India made representations on several issues relating to GST which needed immediate attention. One of these issues included restrictions on claiming of input tax credit by the September month of next financial year. It has been argued that many times unclaimed or short claimed input tax credit comes to the knowledge when annual return is filed. Thus many input tax credit lapses by that time. This causes huge cost burden to a small business. Again, input tax credit is not allowed to the buyer unless supplier has deposited GST to the credit of Government. Here, administrative burden of Government has been shifted to the buyer to ensure that supplier deposits GST in time to the Government. Further, there is no system of adjustment if GST is paid in wrong heads by mistake. For example payment of SGST in place of CGST or vice versa. Now in this case GST requires to claim refund from wrong head and deposit it in the right head.

This is not only a time taking process but also practically not possible in many cases. At times traders are required to pay CGST even if he has a credit in SGST. This goes against the notion of one tax one country. Further, ITC on goods and services used in construction of immovable property is not allowed seamlessly. This is adding cost burden to the builders. Refund is most crucial in case of exporters. Many refund cases are pending owing to technical reasons or the others which are not only creating scarcity of funds to the exporters but also adding to the cost of funds. Reverse charge mechanism is again a hardship for small businesses. This is acting as ease of doing business hurdle as well as creating unnecessary complexities. Further, there is no GST on petroleum products and hence the manufacturers who are using petroleum products as input are facing cascading effects and increase in cost. GST law does not permit filing of revised returns and there is no remedy for filing a wrong return by mistake. Due to above inconsistencies the small businesses are suffering in India due to GST.

Figure 17: Total Number of Registrations in India under GST Till Date



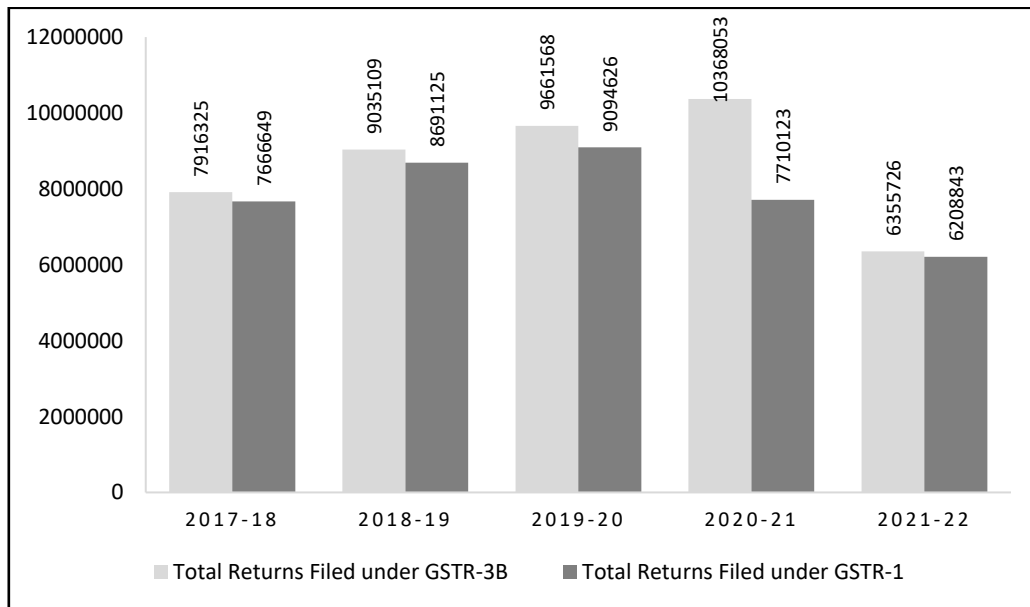
Source: gst.gov.in

For reducing the compliance burden and cost for a small business, GST has provided a composition scheme. Any trader having turnover below 1.5 crores may opt this

scheme. For a composition dealer not only quarterly filing of return has been prescribed but also they are required to pay taxes at lower rate. Thus, there are immense benefits for a small trader who opts this composition scheme. However, there are lot of restrictions for a composition dealer. He neither can sale on inter-state basis, nor can involve in import-export trade. Further, no input tax credit is allowed to him as a result of which the trader himself bears the amount of GST from his own pocket. Further, a composition dealer is also barred from selling through electronic commerce platform. Due to so much restrictions and limitations, the number of registrations of dealers who opted composition scheme is very less (Figure 17)

One of the greatest problems lies in return filing under GST. GST portal is not very much user friendly. Once a mistake is committed in filing any return in any month, it cannot be rectified latter. Portal does not allow any changes in previous filings. This increases cost burden on MSMEs as their payment of interest and penalty increases. MSMEs frequently encounters mismatch problems of GSTR-1 with GSTR-3B and thereafter faces demand notice from the department. Figure 18 discloses return filing status year wise for GSTR-3B and GSTR-1. It is evident that in all the last five years there is mismatch of GSTR-3B and GSTR-1. This mismatch is highest in the year 2020-21.

Figure 18: Year wise Return Filing Status of GSTR-3B and GSTR-1



Source: gst.gov.in

9.0 Conclusion

The roll out of GST has simplified many of the complexities existed in earlier indirect tax laws. It is a very convincing law and in fact one major revolution in tax history. It's on line platform has rendered the life easier by removing many of the complexities existed under earlier laws. It has also improved the rank of India in ease of doing business ranking. However, some problems are still existing which is acting as hindrances in the growth of small business in India. Some major issues identified in this pilot survey includes increase in employee and software cost after implantation of GST, cumbersome process to file return particularly uploading of invoices on GSTN portal, slow refund process, increase in cost of MSMEs due to blocked input tax credit, decreased threshold limit for registration as compared to earlier indirect taxes, increase in amount of penalty and interest, increase in tax rates, more particularly on services, complexity in inter-state supply and increase in cost in inter-branch transfer, complex data requirement for GST registration, issues concerning E-way bill, exports and reverse charge mechanism. After COVID-19 regime, when the businesses are recovering from financial shock, procedures needs to be further simplified to give them a boost. GST council is consistently meeting to resolve issues for bring further simplification and cost reduction for MSMEs. It is hoped that after certain adjustments and amendments, GST will become a unique law in the world.

Reference

Abhishek, N., Kaikamba, S., & Divyashree, M. S. (2019). An analysis of future road map of goods and services tax in Indian scenario. *IOSR Journal of Business and Management*, 21(2), 12-17. Retrieved from <https://www.iosrjournals.org/iosr-jbm/papers/Vol21-issue2/Series-3/J2102036267.pdf>.

Beemabai, K., & Kumar, K. (2019). Impact of goods and services tax on MSME's in India. *International Journal of Innovative Technology and Exploring Engineering*, 8(9S3), 1235-1239. Retrieved from https://www.researchgate.net/publication/357575928_Impact_of_Direct_and_Indirect_Tax_Reforms_in_India

CBIC (2018) GST concept and status. Retrieved from <https://www.cbic.gov.in/resources/htdocs-cbec/gst/GST-Concept%20and%20Status01072019n.pdf>

Daga, D. (2019). Impact of GST on small business enterprises. *Journal of Emerging Technologies and Innovative Research*, 6(2), 432-434. Retrieved from <https://www.jetir.org/papers/JETIRY006081.pdf>

Dang, G. P., Kaur, J., & Kaur, D. (2020). Impact of goods and services tax on micro, small & medium enterprises of India. *An International Bilingual Peer Reviewed Refereed Research Journal*, 10(37(II)), 145-155. Retrieved from https://www.researchgate.net/publication/348447734_Impact_of_Goods_and_Services_Tax_on_Micro_Small_Medium_Enterprises_of_India.

Government of India. (2009). First discussion paper on GST Retrieved from <https://gstcouncil.gov.in/sites/default/files/First%20Discussion%20Paper%20on%20GST.pdf>

Guna, C. & Anuradha, P. S. (2021). Dimensions of GST on small and moderate business units: A systematic review. *The Journal of Business Perceptive MDI Gurgaon*, 25(3), 275-284. Retrieved from <https://doi.org/10.1177/09722629211002931>

Jayalakshmi, M., & Venkateswarlu, G. (2018). Impact of GST on micro, small and medium enterprises (MSMEs). *International Journal of Engineering and Management Research*, 8(2), 91-95. Retrieved from [https://www.semanticscholar.org/paper/Impact-of-GST-on-Micro%2C-Small-and-Medium-\(MSMEs\)-Jayalakshmi-Venkateswarlu/1b139b5bba1d1af0e2557c2f211497ae3e1f2c6c](https://www.semanticscholar.org/paper/Impact-of-GST-on-Micro%2C-Small-and-Medium-(MSMEs)-Jayalakshmi-Venkateswarlu/1b139b5bba1d1af0e2557c2f211497ae3e1f2c6c).

Joy, E., Thomas, T., & Puthussery, J. (2020). Decoding the impact of GST law on Indian share market operations. *The Management Accountant*, 55(7), 50-53. Retrieved from <http://dx.doi.org/10.33516/maj.v55i7.50-53p>.

Kapoor, N., & Punjabi, S. (2019). A study on impact of GST on MSMEs in Ulhasnagar. *Journal of Xi'an University of Architecture & Technology*, 11(12), 1840-1843. Retrieved from <https://www.xajzkjdx.cn/gallery/201-dec2019.pdf>.

Kelkar, V. (2009). Impact of goods and services tax on customers' perception in Odisha: An empirical study. *International Journal of Management*, 11(12), 669 - 678.

Kuchibhotla, R. S. (2019). A study on the impact of GST on MSME in India. *International Journal of Engineering and Management Research*, 9(10), 1-8

Lichchavi, H., & Greeshma, M. (2021). Gst and its impact on small and medium scale enterprises- A study of peenya industrial area in Bangalore, Karnataka. *Studies in Business and Economics, Lucian Blaga University of Sibiu, Faculty of Economic Sciences*, 16(1), 81-94. Retrieved from <https://ideas.repec.org/a/blg/journal/v16y2021i1p81-94.html>.

Mohan, V., & Ali, S. (2018). Assessment of the implications of GST (Goods and Services Tax) rollout on Indian MSMEs. *Theoretical Economics Letters*, 8(15), 3567-3579. Retrieved from https://www.researchgate.net/publication/329535440_Assessment_of_the_Implications_of_GST_Goods_and_Services_Tax_Rollout_on_Indian_MSMEs.

Mukherjee, V., Shetty, D., Thangam, G., Mathiraj, S. P., Devi, R. S. & Nagalakshmi, N. (2019). Performance and consequences of GST for Micro, Small & Medium enterprises. *International Journal of Research and Analytical Reviews (IJRAR)*, 6(1), 26-38. Retrieved from https://scholar.google.com/citations?view_op=view_citation&hl=en&user=QJluLY8AAAAJ&alert_preview_top_rm=2&citation_for_view=QJluLY8AAAAJ:4TOpqqG69KYC.

Murari, K. & Chettri, S. (2020). Perceived impact of goods and services tax (GST) and growth of micro, small and medium enterprises (MSMEs) in Sikkim. *Orissa Journal of Commerce*, XXXXI(I), 96-117. Retrieved from https://www.researchgate.net/publication/342665921_Perceived_Impact_of_Goods_and_Services_Tax_GST_and_Growth_of_Micro_Small_and_Medium_Enterprises_MSMEs_in_Sikkim.

Naskar, D. (2019). Implications of goods and services tax on micro, small and medium enterprises in India: An explorative study. *International Journal of Research in Engineering, IT and Social Sciences*, 9(1), 86-89. Retrieved from http://www.indusedu.org/pdfs/IJREISS/IJREISS_2614_25424.pdf.

NIPFP (1994) First discussion paper on goods and services tax. Retrieved from <https://gstcouncil.gov.in/sites/default/files/First%20Discussion%20Paper%20on%20GST.pdf>

Poddar, S. & Ahmad, E. (2019). GST reforms and intergovernmental considerations in India. New Delhi: Department of Economic Affairs, Ministry of Finance Government of India. Retrieved from <https://dea.gov.in/sites/default/files/GST%20Reforms%20and%20Intergovernmental%20Considerations%20in%20India.pdf>

Practitioners Report (2021). All India Federation of Tax Practitioners, Mumbai.

Prakasam, C. (2019). The impact of GST on leather manufacturing sector in Vellore district. *GIS Business*, 14(6), 553-557. Retrieved from <https://www.gisbusiness.org/index.php/gis/article/view/14577>.

Rao, M. G. (2019). Goods and Services Tax in India: Progress, Performance & Prospects. Working paper no. 2019-02. Columbia, SIPA.

RBI (2017). State Finances: A Study of Budgets of 2016-17. Retrieved from https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=40437

Sharma, M., & Sain, S. (2019). Awareness and impact of GST among small business owners: A study of Mandasaur city in M.P. *Indian Journal of Accounting (IJA)*, 51(1), 91-100. Retrieved from <https://indianaccounting.org/downloads/12%20Dr.%20Mukesh%20K.%20Sharma%20&%20Suniti%20Saini.pdf>

Singh, N. (2017). The impact of GST law on Indian share market operations. *The Management Accountant*, 55(7), 50-25

Vivek, T. S. & Ravi, G. (2019). A study on the impact of GST on MSME in India. *International Journal of Engineering and Management Research*, 9(10), 1-8. Retrieved from <https://ijemr.in/wp-content/uploads/2019/11/A-Study-on-the-Impact-of-GST-on-MSME-in-India.pdf>.

Weichenrieder, A. J. (2017). Survey on the taxation of small and medium-sized enterprises. Draft report on responses to the questionnaire. Centre for tax policy and administration. Retrieved from <https://www.oecd.org/tax/tax-policy/39597756.pdf>.