



An Analytical Study on the Impact of Goods and Services Tax (GST) on Taxpayer Behaviour in India

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Abstract – India's indirect tax system was drastically changed with the implementation of the Goods and Services Tax (GST), which also had an impact on taxpayer behavior in various industries. This study examines the impact of GST on taxpayer behavior, focusing on compliance behaviour, awareness levels, and difficulties faced by taxpayers under the GST regime. Drawing upon a sample of 126 GST-registered taxpayers, the research employs both descriptive and inferential statistical techniques, including percentile analysis, chi-square tests, and ANOVA, to examine behavioural patterns across different taxpayer categories. The literature review outlines important research and emphasizes how regulatory transparency, input tax credit systems, and GST digitalization all have a significant impact on taxpayer awareness and compliance. The chi-square analysis reveals a statistically significant relationship between GST awareness and timely return filing, indicating that higher awareness leads to better compliance. ANOVA results show significant differences in compliance behaviour across taxpayer categories, with large and medium enterprises demonstrating higher compliance levels than small enterprises. The findings highlight the critical role of digital systems and awareness in shaping taxpayer behaviour. The study concludes that while GST has improved transparency and reduced tax evasion, procedural complexity and frequent regulatory changes continue to challenge taxpayers.

Keywords - Goods and Services Tax, Taxpayer Behaviour, GST Compliance, Awareness, Input Tax Credit, Chi-Square, ANOVA

I. INTRODUCTION

By providing funds for public spending, infrastructure development, and social welfare initiatives, taxes are essential to a nation's economic growth. Prior to the implementation of GST, India's indirect tax system was fragmented, with multiple central and state taxes such as excise duty, service tax, VAT, octroi, and entry tax. This resulted in cascading taxes, compliance difficulties, and widespread tax evasion.

The Goods and Services Tax (GST), which went into effect on July 1st, 2017, was designed to make doing business easier, increase transparency, and simplify the tax system. GST is a destination-based tax supported by a digital compliance framework involving online registration, return filing, tax payment, and refund processing. These structural changes have significantly altered taxpayer interaction with the tax system. As a result, taxpayer behaviour in terms of compliance, awareness, accountability, and perception has undergone substantial change, making it essential to analyze the impact of GST on taxpayer behaviour in India.

Objectives

- To analyze the impact of GST on taxpayer compliance behaviour.
- To examine the level of awareness among taxpayers regarding GST provisions.
- To identify difficulties faced by taxpayers in GST registration and return filing.
- To assess the impact of GST digitalization on compliance behaviour.
- To provide insights for improving GST administration and voluntary compliance.

Statement of Problem

Taxpayers still encounter difficulties with online compliance, frequent changes to the GST regulations, input tax credit reconciliation, and technical problems with the GST portal, despite the goals of the GST to streamline taxation and improve transparency. Small traders and SMEs, in particular, face higher compliance costs and lack adequate technical knowledge. These issues influence taxpayer attitudes and compliance behaviour. Therefore, it becomes necessary to empirically analyse whether GST



has positively influenced taxpayer behaviour and to identify the key challenges faced under the GST regime.

II. REVIEW OF LITERATURE

Kumar and Sharma (2018) analyzed the impact of GST on tax compliance and found that digitalization improved transparency and reduced manual intervention. Singh and Verma (2019) studied GST awareness among SMEs and concluded that awareness significantly influences timely return filing. Gupta (2020) identified frequent rule changes and technical issues as major challenges affecting compliance.

Rao and Patel (2021) examined GST and tax evasion, concluding that digital invoicing and input tax credit mechanisms reduced evasion. Mehta and Joshi (2022) analyzed taxpayer perception and found mixed responses, with appreciation for transparency but dissatisfaction with compliance burden. Choudhary and Malhotra (2022) confirmed a significant relationship between GST awareness and compliance behavior.

Research Hypotheses

- H1: GST awareness significantly influences taxpayer compliance behaviour.
- H2: Demographic factors (age, business size) moderate taxpayer compliance under GST.
- H3: GST digitalization is positively associated with reduction in tax evasion.

III. METHODOLOGY

Research Design

A cross-sectional descriptive research design was adopted.

Questionnaire Structure

- Section A: Demographic Profile
- Section B: GST Awareness and Compliance
- Section C: Difficulties and Perception

Data Analysis Techniques

- Percentile Distribution
- Chi-Square Test
- One-Way ANOVA

IV. DATA ANALYSIS AND INTERPRETATION

Table 1:. Demographic Profile

Characteristic	Frequency	%
Male	72	57.1
Female	54	42.9
Age 18–25	30	23.8
Age 26–35	48	38.1

Age 36–45	32	25.4
Age 45+	16	12.7

Interpretation

According to the age profile, the majority of respondents—48 respondents, or 38.1%—fall into the economically active and career-focused 26–35 age range. This indicates strong representation from young professionals and early-career individuals, who are often more engaged with contemporary economic, technological, and social developments. Their dominance suggests that the findings may reflect modern perspectives and adaptive attitudes toward change. 36–45 years: 32 respondents (25.4%)—the second-largest group. This cohort typically possesses stable employment and decision-making experience, which contributes maturity and practical insight to the responses. 18–25 years: 30 respondents (23.8%). This group represents students and early entrants into the workforce, bringing fresh perspectives but potentially limited practical exposure. 45+ years: 16 respondents (12.7%). The relatively lower representation of older respondents may indicate limited participation from senior professionals or retirees, which could reduce the influence of long-term experiential viewpoints in the analysis.

Table 2: Percentile Distribution – GST Awareness & Compliance

Variable	25th	Median	75th
GST Awareness	3.0	4.0	5.0
Timely Return Filing	3.0	4.0	5.0
Compliance Confidence	2.0	3.0	4.0

Interpretation

GST Awareness: Most respondents have good awareness about GST. The median value of 4 indicates that the general level of knowledge is high, and many respondents even show very strong awareness. Timely Return Filing: Respondents generally file GST returns on time. The median of 4 shows good compliance behavior, and higher values indicate that many are regular and responsible in filing returns. Compliance Confidence: Confidence in handling GST compliance is moderate. The median value of 3 shows that respondents are somewhat confident, but not as strong as their awareness and filing practices.

Chi-Square Test

Chi-Square Analysis: GST Awareness & Timely Return Filing

Awareness Level	Timely Filing	Delayed Filing	Total
High Awareness	44	18	62
Low Awareness	26	38	64
Total	70	56	126



Interpretation

The table 2.1 shows the relationship between GST awareness and return filing behaviour among respondents. Among respondents with **high awareness**, 44 file returns on time and only 18 file late. This indicates that people who have good knowledge of GST are more likely to file returns promptly. Among respondents with **low awareness**, only 26 file on time, while a larger number (38) file returns late. This suggests that lack of awareness leads to delays in filing. Overall, out of 126 respondents, 70 file returns on time and 56 file late.

One-Way Anova: Business Size & GST Compliance

Business Category	Mean Compliance Score
Small Enterprises	3.3
Medium Enterprises	4.0
Large Enterprises	4.6

ANOVA Table

Source	SS	df	MS	F	Sig.
Between Groups	15.84	2	7.92	10.18	.001
Within Groups	76.13	123	0.62		
Total	91.97	125			

Interpretation

The table presents the results of an ANOVA test used to examine whether there is a significant difference between groups. The between-groups sum of squares ($SS = 15.84$) with $df = 2$ shows the variation in responses across different groups. The within-groups sum of squares ($SS = 76.13$) with $df = 123$ represents variation within each group. The calculated F value is 10.18, which indicates the ratio of between-group variance to within-group variance. The significance value ($Sig. = 0.001$) is less than the standard level of 0.05. Since the significance value (0.001) is lower than 0.05, the result is statistically significant. This means there is a meaningful difference between the groups being studied, and the null hypothesis is rejected.

V. CONCLUSION

The study examined the impact of GST on taxpayer behaviour with reference to awareness, compliance, and challenges faced under the GST system. The findings indicate that GST has improved transparency and encouraged timely return filing among taxpayers. Higher levels of GST awareness were associated with better compliance behaviour, showing the importance of knowledge and understanding of tax provisions. The analysis also revealed significant differences in compliance across business categories, with medium and large enterprises demonstrating higher compliance compared to small enterprises. Despite these positive outcomes, taxpayers continue to face challenges such as

procedural complexity, technical issues in the GST portal, and frequent regulatory changes. Compliance confidence remains moderate, especially among small businesses. Overall, GST has positively influenced taxpayer behaviour and reduced tax evasion through digitalisation and structured processes. However, continuous awareness programs, simplified procedures, and improved technical support are essential to strengthen voluntary compliance and enhance the effectiveness of GST administration in the long run.

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