

IMPACT OF GOODS AND SERVICES TAX (GST) ON SMALL AND MEDIUM ENTERPRISES (SMEs): A COMPREHENSIVE ANALYSIS

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ABSTRACT

Because the economy and taxes are inextricably intertwined, it is of the utmost importance to evaluate the effects that any modifications to the tax law will have on the relevant industries and businesses. The purpose of this study is to investigate the factors that influence the functioning of Micro, Small, and Medium-Sized Businesses (SMEs) in India in relation to the Goods and Services Tax (GST). In order to collect information from the 404 micro, small, and medium-sized enterprises (SMEs) that had registered, a comprehensive questionnaire was employed. Based on the results of partial least square equation modelling, it was determined that the Goods and Services Tax (GST) had a typically positive impact on the performance of companies. The route model demonstrated that elements that influence the Goods and Services Tax (GST), such as technology developments, systemic changes, and tax awareness and understanding, have all contributed to an improvement in performance in terms of ease of doing business, operational effectiveness, and profitability, while also reducing the amount of money that are blocked away in working capital. Nevertheless, the Goods and Services Tax (GST) compliance system has resulted in increased compliance among firms, which has had a detrimental effect on their overall performance. In addition, the study investigated how the size, turnover, and structure of small and medium-sized enterprises (SMEs) influence their performance as evaluated by their GST compliance system. With the support of the better performance of small and medium-sized enterprises (SMEs), the results may assist policymakers and those in other developing nations in concentrating on aspects of tax reform that boost performance and ultimately lead to greater economic growth for developing countries.

Keywords: Goods, Services, Comprehensive, Enterprises.

Introduction

Reforming taxes is a deliberate technique that may be taken to reduce fiscal imbalance and provide a stable environment that encourages economic growth and the smooth functioning of the economy. Tax rules not only stimulate investment, which in turn boosts revenue, but they also unify and rationalise trade processes, all of which have a significant influence on innovation. Whether they are in the public or private sector, businesses have the potential to aid a tax policy or system in accomplishing its objectives. Tax adjustments, which are implemented via improvements in corporate tax design, have an effect on the establishment, expansion, and operation of a company. Tax regulations have an impact on the investment strategies and decisions made by businesses. They paved the way for businesses to expand their operations to other countries, contributed to the reduction of taxes levied on businesses, and assumed the position as moderators in the process of modernising business procedures via the use of new technology.

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As a result of the fact that companies directly contribute to the economy by delivering valuable goods and services, they have the power to enhance economic growth and efficiency via enhanced performance. Within this group of organizations, micro, small, and medium-sized enterprises (SMEs) have a significant place due to the fact that they account for ninety percent of all firms around the globe. They have greater opportunity for development in terms of increased sales, profitability, and productivity when compared to large units. However, they are still relatively small. The majority of new employment in the world are created by them, accounting for seven out of ten of all new occupations.

The globalization of the industry led to the creation of research on the proliferation of micro, small, and medium-sized enterprises (MSME). Because they have less economies of scale, micro, small, and medium-sized enterprises (SMEs) are more open to change, particularly national tax reforms. Following the implementation of tax reform, the micro, small, and medium-sized enterprise (MSME) sector in a number of countries has seen a variety of repercussions. Once the tax adjustment was implemented, research revealed that business companies, especially small enterprises in Australia, saw an improvement in their cash flow. a spike in the tax burden that corporations are required to bear as a consequence of revenue losses brought about by changes in the tax rates in the United States was seen. It has been shown that the entrepreneurial acts of small businesses have a significant influence on tax modifications, particularly with regard to the creation and use of new tax benefits. Businesses in Malaysia and New Zealand had challenges with compliance as a result of modifications made to their respective tax systems. The consequences of further tax modifications on the commerce of micro, small, and medium-sized enterprises (MSME), compliance behaviour, and costs were evaluated. The conversation on fiscal policy that is taking place among policymakers, academic economists, and the government to discuss the effect of a change in the tax system on the performance of companies has come to a standstill. Recent years have seen a shift in the focus of policymakers away from the generation of money and towards the enhancement of business performance, which ultimately has an impact on economic growth.

Objectives of the Study

- To look at making submitting tax returns for SMEs easier.
- To research how the Goods and Services Tax (GST) could impact business performance.

It was in India, which is considered to be one of the emerging countries of the world, that the present research was conducted. On July 1, 2017, India changed its indirect tax system by implementing the Goods and Services Tax (GST), which introduced a new tax structure. As far as we are aware, there is not a lot of written material on how the Goods and Services Tax (GST) impacts the operational and financial performance of micro, small, and medium-sized enterprises (SMEs). What is the procedure that determines how the corporation is affected by the numerous changes that are made to the tax code? What are the several ways in which the Goods and Services Tax (GST) taxation structure affects businesses? need immediate attention. This article was written with the purpose of investigating the influence that the Goods and Services Tax (GST) has on the commercial performance of micro, small, and medium-sized enterprises (SMEs). SMEs are also highly significant in India, as they are responsible for around 95% of the country's industrial output, 29% of the country's GDP, and 49% of the country's exports. Their net earnings from foreign exchange climbed to INR 343,743 million from INR 171,706 million in 2017 to 2018, a significant rise from the same period in 2018.

Furthermore, for the purpose of our inquiry, we have selected one of the industrial states that are located in North Punjab. Between the years 2019 and 2020, the micro, small, and medium-sized enterprises (SMEs) in Punjab had a 10% increase in job creation and a 5% increase in economic activity. In addition, they contributed 26.66% of the Gross State Value Added to the state. The Micro, Small, and Medium-Sized Enterprise (MSME) sector has shown an overall progressive development in Gross Capital formation of 14.1% in the Gross State Domestic Product by 2019, as mentioned by the Economic and Statistical Organisation, Punjab 2019-2020, which was retrieved. Additionally, micro, small, and medium-sized enterprises (SMEs) make a substantial contribution to India's social and economic development by providing a fair approach to the distribution of wealth and income, enhancing employment opportunities, and supporting regional development via industrialization in regions that are undeveloped. As a result of the recent tax adjustment, foreign investors are still eager to participate in the micro, small, and medium-sized enterprise (MSME) sector. This study may supply them with genuine data that assists them in making safer investments.

On the basis of a survey that was conducted on Indian micro, small, and medium-sized enterprises (SMEs), we conduct an analysis of how the Goods and Services Tax (GST) has impacted the

performance of their businesses. Through a variety of means, this effort contributes to the existing body of knowledge and practice. First and foremost, one of the most significant contributions that this research line has made is the examination of the direct consequences that the change in the tax system has had on the performance of companies in comparison to the tax system that was in place before. Through the process of system restructuring, the inviolable advantages and loopholes that were present in the previous tax system have been abolished. In order to determine whether or not the objectives of the reform have been accomplished, policymakers need to have an understanding of the effect of the new system.

This section examines the impact that the GST compliance system has on the performance of the organisation as well as the amount of effort that is required to comply with it. The effects of tax reform on taxpayer attitudes towards tax compliance, the cost of compliance, and tax compliance itself were investigated in previous study. However, the most important addition that this research makes is that it has not yet been determined how the tax compliance system would affect the performance of corporations following the implementation of tax reform.

In the final portion of the paper, the impacts of the technical change brought about by the GST are also examined. When the government initiates a reform initiative, it takes every effort to include technological advancement and innovation into the programme. Innovation in technology provides businesses with the opportunity to expand their operations on a global scale. The establishment of the Goods and Service Tax Network (GSTN) tax site was undertaken by the government of India with the intention of simplifying the process of tax administration for all taxpayers. The study assisted in determining how the technological change in GST impacted the capacity of micro, small, and medium-sized enterprises (SMEs) to function as a business.

In the fourth part of the study, the researchers investigated how degrees of tax knowledge and awareness influenced performance levels. In accordance with the human capital theory, firms make investments in human capital in order to encourage innovation and boost profitability for their operations. When the reform is put into reality in a country, therefore, business owners provide programmes that facilitate the development of skills in addition to activities that raise awareness and understanding about taxes. Education and understanding about taxes have the potential to debunk misconceptions and ideas that are unfavourable about the new tax system. Additionally, it enables a company to demonstrate compliance with tax regulations and assists the company in adhering to and carrying out the system in its operations.

The link between the performance of corporations and the Goods and Services Tax is the primary topic of discussion in this article. The corpus of study on corporate performance was expanded as a result of our investigation into the consequences of changes to the tax system, technical improvements, tax compliance systems, compliance burdens, as well as tax awareness and knowledge. In addition to this, the study contributes to a better understanding of the ways in which the characteristics of micro, small, and medium-sized firms (SMEs) (size, turnover, and form: partnerships, corporations, proprietorship enterprises) influence the tax compliance regulatory framework. In conclusion, it demonstrates how differences in turnover rates, unit sizes, and forms have an effect on the compliance mechanism, which in turn has an effect on performance.

When it comes to appreciating the many aspects and components of the Goods and Services Tax (GST) that may have an effect on the performance of enterprises, the government and other developing countries may find the empirical data to be valuable. Understanding the impact that indicators of the indirect tax system (GST) have on the performance of companies is essential for the conduct of future research since this may have an impact on the economic cycles of the countries. Furthermore, the results of this research strand may be of use to the governments of other countries in the near future who are interested in implementing indirect tax arrangements that are comparable to those that have been implemented or in making modifications to the tax structures that they now have in place.

Modifications to the Tax System

The implementation of policy that involves making adjustments and alterations to the tax system in order to reduce inefficiencies, circumvent the deficiencies of the existing tax regime, and speed up the economic growth of the country by generating more money is referred to as tax reform. In addition, according to the Theory of Optimal Taxation, modifications to the tax system are undertaken in order to get rid of economic distortions and inefficiencies.

In India's indirect tax system, the Value-Added Tax (VAT) was decommissioned on July 1, 2017, and replaced with the Goods and Services Tax. When it came to the value-added tax (VAT) system, different states had different tax rates for the same goods. It led to the creation of a complex tax system that was difficult to manage and made it more difficult to get tax credits for products that were manufactured and sold over state boundaries. All commodities in India are subject to the same tax rates as a direct consequence of the implementation of the commodities and Services Tax (GST). The administration was made more difficult and costs were disorganised as a result of VAT. Additionally, there was a possibility of double taxation by virtue of the value-added tax system in India.

Previous studies that were conducted in a number of countries that had indirect tax systems that were similar to one another verified the fact that the Goods and Services Tax (GST) had different impacts on the performance of corporations. It increased the number of people who may get refunds and made the tax structure more equal. Additionally, it has helped to minimise the tax burden that is placed on producers and end users, both of which have contributed to the balanced growth of the economy. This has been accomplished via centralised distribution. It has encouraged people to save money and invest it.

System of GST Compliance

The manner in which the compliance framework functions is also impacted by any modifications that are made to the tax system. Both new compliance strategies and systems need to be implemented and modified by SMEs. When compared to direct taxes such as income tax, personal income tax, or capital gains tax, the Goods and Services Tax (GST) requires a longer period of time for micro, small, and medium-sized enterprises (SMEs) to comply with. For the purpose of ensuring compliance with tax laws, rules, and regulations, small and medium-sized enterprises (SMEs) rely on external services such as auditors, tax consultants, and attorneys. After adding everything up, we find that the rates for professional services, audits, consultations, and other services are rising. A comparative study conducted in Australia discovered that the Goods and Services Tax (GST) tax regime leads in higher tax compliance expenses when compared to the Value-Added Tax (VAT) and sales tax systems.

GST has an effect on the accounting systems, paperwork, and compliances of small and medium-sized enterprises (SMEs) in Malaysia, Australia, and New Zealand. As a result of the extra compliance procedures that need more time to perform, the load has grown as a consequence. Furthermore, the complex structure may make it difficult for businesses to expand, and it may also foster an atmosphere that is favourable to activities such as tax evasion and corruption. Small and medium-sized enterprises (SMEs) in Malaysia face significant obstacles while attempting to comply with the procedures of the Goods and Services Tax (GST). As a consequence of the time-consuming nature of monthly returns, the allocation of GST and non-GST goods, the recording of each product and service under the proper category, and their respective tax rates, the company has seen a decline in its financial performance.

Literature Review

Shalini Shukla & Ram Singh (2018) When it comes to the Goods and Services Tax (GST), various market intermediaries, including service providers, manufacturers, and others, have varying expectations and responses. These kinds of research are uncommon, particularly when it comes to India, and they do not provide any clear information about the advantages or disadvantages of the Goods and Services Tax (GST). In the present study, the objective was to conduct an experimental investigation on the performance of companies one year after the Goods and Services Tax (GST) was implemented. The use of probability sampling was used in order to get the suitable sample. Included in the research were a total of 192 enterprises that were listed on the BSE. A combination of financial measures (total assets, profits, and market capitalization for FY2017 and FY2018) and demographic characteristics (business size and experience) were used in order to investigate the impact of the implementation of the Goods and Services Tax (GST). From the three different financial measures, only total assets shown a substantial change from the period before to the implementation of GST (FY2017), as indicated by the statistics. Following further analysis, it was discovered that the characteristics of the firm, such as its age and size, had a significant influence on the equation as well as the performance of the enterprises following the implementation of the GST. In the next section, this report summarises the results and the in-depth study. The purpose of the study was to fill the gap in the existing body of research by offering novel insights into the ways in which the newly implemented indirect tax system influences the financial performance of enterprises. Because of the results of the research, managers, strategists, and policymakers will be better equipped to deal with the challenges that are posed by GST.

M. Jayalakshmi & G.Venkateswarlu (2018) GST stands for the Goods and Services Tax, which is an indirect tax that was implemented on July 1, 2017, and it is applicable across the whole of India. It was a replacement for a variety of cascading taxes that were imposed by the federal and provincial governments. To say that the Goods and Services Tax (GST) in India is an acronym that stands for "Great Step towards Transformation" and "Great Step towards Transparency" is an accurate statement. Another thing that is true is that while one person "nurtures" something, another person "gives it birth." For a very long time, one of the most pressing concerns has been the implementation of a "single taxation" system and the streamlining of all the many indirect tax types. It is possible that the products and Services Tax (GST) will apply to both the products and the offers. At the moment when goods and services are provided, the Goods and Services Tax (GST) is a tax that is payable. The products and Services Tax (GST) is applied to anybody who presents or provides products and services. For micro, small, and medium-sized businesses, as well as for our economy as a whole, we are now seeing directly how this recently implemented tax reform is transforming the business landscape. Over the course of the last several years, the Small and Medium Enterprises (SMEs) in India have seen a wide range of highs and lows, despite the challenging environment in which they operate. Because the Indian economy is projected to become one of the biggest in the world and produce \$5 trillion by the year 2025, it is expected that the small and medium-sized enterprise (SME) sector, which serves as the basis of our economy, would see tremendous growth. Understanding the link between the Goods and Services Tax (GST) and micro, small, and medium-sized enterprises (SMEs) and how it impacts them is the primary emphasis of this article.

Tax on Goods and Services

A consumption tax on products and services that is implemented in many stages is known as the products and Services Tax (GST). This tax is referred to as Value-Added Tax (VAT) in a great number of other nations. Products and services are subject to the Goods and Services Tax (GST) across the whole supply chain, beginning with the supplier and continuing all the way to the retail stage of distribution. Even when the Goods and Services Tax (GST) is applied at each and every level of the supply chain, the tax component does not represent a portion of the product's cost. This is due to the fact that the GST that is paid on business inputs is refundable (Padmashree, 2010). In this sense, the number of stages that a certain product or service travels through in the supply chain is unimportant since the businesses that are located at the next link in the chain constantly deduct input tax from the level that came before them. The Goods and Services Tax (GST) is a consumption tax that is applicable to all areas of the economy. As an example, all goods and services that are manufactured in Malaysia, including imports, are categorised as falling under zero-rated supply and exempt supply arrangements. These arrangements are supervised by the Minister of Finance and are published in the Gazette. The self-policing aspects of the Goods and Services Tax (GST) are very important since they make it possible for businesses to claim their input tax credit by automatically subtracting it from their accounting system. Plans for the administration of the government and other organisations are simplified as a result of this. In accordance with this, the government will go on with the process of enhancing its delivery system.

SMEs, or Small and Medium-Sized Businesses

The term "small and medium-sized enterprises" (SMEs) is defined differently in each nation. Small and medium-sized firms (SMEs) have been defined in a variety of ways by the authorities in Malaysia, depending on the kind of companies that they consider to be SMEs. In spite of this, the Small and Medium Industries Development Corporation (SMIDEC) has provided the most up-to-date consensus definition for small and medium-sized enterprises (SMEs) as of January 1, 2014. First and foremost, small and medium-sized enterprises (SMEs) in the manufacturing and allied services sector should have a revenue of less than RM50 million annually and less than 200 full-time workers. On the other hand, small and medium-sized enterprises (SMEs) in the service industry and other sectors should not have more than seventy-five full-time employees and sell no more than twenty million Malaysian ringgit annually. According to the law, small and medium-sized businesses (SME) have the potential to be classified as entities under either the Companies Act of 1965 (Act 125) or the Registration of enterprises Act of 1956 (Act 197 respectively).

Malaysian small and medium-sized enterprises (SMEs) are a widely diverse group, much like their counterparts in other nations. They engage in a diverse array of activities, ranging from small-scale salespeople, grocery store owners, medium-sized contract manufacturers, and suppliers of parts and components to large corporations and providers of professional services, such as medical analysts and programming companies that cater to international markets. They are involved in a wide range of

activities. In the business world, small and medium-sized enterprises (SMEs) operate in a wide range of situations, including online, offline, urban, rural, local, regional, and international settings. These small and medium-sized enterprises (SMEs) may be classified as either formal or informal, and their skill levels vary depending on the nature of their operations. Both the characteristics of Malaysian small and medium-sized enterprises (SMEs) and the framework for government actions are influenced by these variables. Mokhtar (2004) states that small and medium-sized enterprises (SMEs) constitute 84% of Malaysia's industrial establishment.

Conceptual Structure

The goal of this research was to find out how small and medium-sized enterprises (SMEs) in Johor Bahru felt about the implementation of the Goods and Services Tax (GST). In order to draw a conclusion from the inquiry, three independent variables were chosen: the subjective norm, the amount of knowledge, and the demographic features. The field of research known as demographics examines the characteristics of a population, including but not limited to elements such as age, gender, race, level of education, and years of experience. To have a better understanding of how the Goods and Services Tax (GST) is applied, taxpayers should have a high degree of knowledge about the GST. The term "subjective norm" refers to the perspective that determines whether the majority of individuals consider a certain behaviour to be acceptable or objectionable. Consequently, the Theoretical Framework that was constructed for this study can be seen in Figure 1 which can be seen below. An in-depth discussion of the variables, both dependent and independent, may be found in the section on the creation of hypotheses.

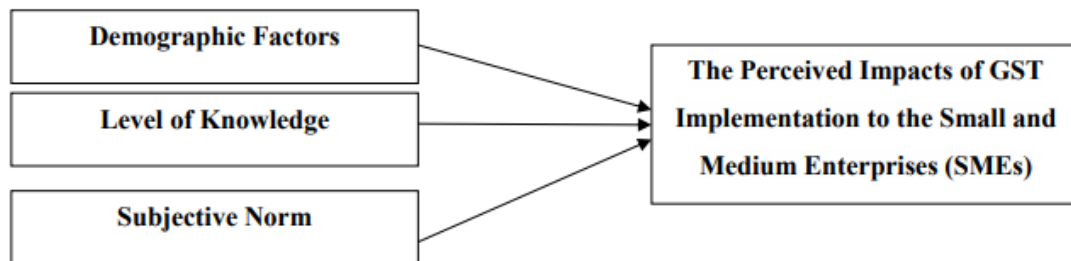


Figure 1: Factors affecting small and medium-sized enterprises' adoption of the GST

Research Methods

The information required for this investigation was acquired via the use of questionnaires and surveys. Using survey questionnaires is one of the better ways to get information when working with large sample sizes, according to Sekaran and Bougie (2013), who state that you should use whenever possible. They continue by stating that this type of research is more appropriate because the information that is gathered through the use of survey questionnaires is only collected once, sometimes distributed over a period of a few days, weeks, or months. Therefore, if this method were used to collect data, it would reduce the amount of money spent and the amount of time needed. In addition, once the surveys were delivered to the respondents, they would have a complete comprehension of the situation that was being investigated, which the researchers had been able to establish. For any questions or concerns that the respondents might have, it is possible that they will receive answers right away. Therefore, the investigator would get timely responses from the individuals who participated in the study.

The small and medium-sized enterprises (SMEs) based in Johor Bahru were the subjects of this study. There are a number of manufacturing and service industries that can be found in Johor Bahru, including plastics, food processing, engineering and construction, and manufacturing. Finance and Business: In the realm of the arts and culture, hospitality and entertainment services The MICE Retail establishments that sell goods. There was not a single sector that was chosen; rather, a diverse assortment of companies were selected to take part in the response. In general, the researchers have distributed 300 surveys to small and medium-sized enterprises (SMEs) from a wide range of industries. Respondents who filled out the questionnaire came from a variety of positions, including those of owner, manager, or administrator of small and medium-sized enterprises (SMEs), accountant, or account executive, and others. Out of the three hundred surveys that were distributed, the researchers were successful in returning two hundred of them. Johor Bahru was selected by the researchers to carry out the study because it is a well-known entry point into Malaysia for tourists and business travellers alike, and it is a more affordable alternative to Singapore, which has significantly higher costs of living.

Data Collection Procedure

A survey-based questionnaire was used to collect the data for the investigation. The questionnaire was altered from the one that was used in the earlier research on the implementation of the GST that was conducted by Amanuddin et al. (2014). The changes that are required are performed in order to achieve the objectives of the study. The purpose of the survey is to collect responses from participants about the impact that the implementation of the Goods and Services Tax (GST) has had on small and medium-sized enterprises (SMEs). In order to collect data, questionnaires are used (Sekaran and Bougie, 2010). This is due to the fact that questionnaires are the most extensively utilised method for obtaining data in a quick and cost-effective manner.

The first portion of the questionnaire covers the respondent's history, which includes their gender, age, race, degree of education, present employment, and years of experience and includes all of these details. The history of the firm is discussed in the second part. This background comprises the kind of business, the average monthly sales, the fact that the company is registered for GST, the year it was established, and the number of employees. The third question of the survey inquired about the respondents' degree of awareness about the introduction of the Goods and Services Tax (GST). The subjective criteria that the respondent held with respect to the application of GST was discussed in the fourth part. In the last part of the attempts, the respondents were asked on the effect that small and medium-sized enterprises (SMEs) have had on the implementation of the Goods and Services Tax (GST). The question presents a total of five different scales of measurement. On the scales that are supplied, the responder is requested to indicate their level of agreement or disagreement by marking the appropriate number on the scales 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree Nor Disagree, 4 = Agree, and 5 = Strongly Agree.

Statistical Analysis

After the data gathering phase of the study, the next step was the data analysis phase. A correlation analysis and a descriptive analysis were used in the study project in order to investigate the data. For the purpose of this research, descriptive statistics were used. These statistics encompass methods for organising, presenting, and characterising data via the utilisation of tables, graphs, and summary measures. Within the context of a data collection, it is used to provide a quantitative description of the underlying structures. The provision of fundamental surveys on the measures and the example is the purpose of this article. Through the use of simple drawings, the analysts were able to practise the foundations of information delineation. The substance is condensed and altered as a result of the one-of-a-kind measures. 2013 publication by Kumar, Abdul Talib, and Ramayah. During the course of this investigation, descriptive statistics were used in order to characterise the demographic profiles of the respondents, in addition to other independent and dependent conditions.

In this particular research, correlation analysis was used in order to determine the relationship that exists between two variables, which are referred to as independent and dependent variables. According to Kumar et al. (2013), the ordinal scale is used in order to express them. A proportional, intermediate, or ordinal scale will be used in order to evaluate the connection between two variables using Spearman's correlation. Spearman's link, on the other hand, will be used in circumstances in which information is not often sent to many parties. Whenever there is no evidence to support the suspicion of typicality, nonparametric testing will be carried out accordingly.

When doing this investigation, the relationship examination will be used in order to ascertain whether or not there is a connection between two or more variables that have been identified. According to Kumar et al. (2013), these correlations are the Spearman's and Pearson's correlations. If this is the case, and if so, what is the connection and quality of essence? For the purpose of determining the impact that the implementation of the Goods and Services Tax (GST) will have on small and medium-sized firms, there are two types of correlation studies that may be used.

The Pearson's correlation coefficient is a statistical tool that is used to determine the point at which two variables have a consistent link with one another on either an interim or percentage scale or both. If the data were to be extensively distributed, which is an extremely rare occurrence, the Pearson relationship would be used to characterise the link between the independent factors and the dependent variables. When there is a rise in a certain independent variable, there is likewise an increase in the dependent variable. An indication that the connection coefficient is positive may be drawn from this. When the link coefficient is negative, on the other hand, the independent variable will be decreasing, and as a consequence, the dependent variable will likewise be decreasing.

Findings and Discussion

The descriptive analysis method was used in order to examine both the independent variable (IV) and the dependent variable (DV) of the data that was collected for this research. In Table 1, you will see the results of the descriptive analysis that was performed on the IV and DV of this study.

In light of the fact that the mean score of the LOK (3.42) is higher than the mean score of the SN (3.40), it may be inferred that the respondents' knowledge of GST is better and is not influenced by any external variables. According to the results, the level of knowledge (LOK) is much higher than the subjective norm (SN), which is not as high. These findings provided support for the hypothesis put out by Tan and Chin-Fatt (2000), which said that a comprehensive understanding of tax law might be the explanation for tax knowledge. In the meanwhile, the impact of the GST implementation (IMP) on the DV shows a mean of 3.41, which indicates that small and medium-sized enterprises (SMEs) are in agreement with the implementation of the GST.

Table 1: Analysing Independent and Dependent Variables Descriptively

	LOK	SN	IMP
N Valid	200	200	200
Missing	0	0	0
Mean	3.4207	3.4025	3.4100
Median	3.4286	3.2500	3.4000
Std. Deviation	.56151	.66442	.59097
Skewness	-.684	-.454	-.668
Std. Error of Skewness	.172	.172	.172
Kurtosis	1.533	.742	1.561
Std. Error of Kurtosis	.342	.342	.342
Minimum	1.00	1.00	1.00
Maximum	4.71	5.00	4.60

Correlation Test

Correlation studies were carried out in order to study the connection between the DV, which stands for the impact (IMP) of small and medium-sized enterprises (SMEs) on the implementation of the Goods and Services Tax (GST), and the IV, which stands for demographic factors, local norms, and social norms. This study's data are not distributed in a consistent manner. When doing the analysis for this research, non-parametric tests were used as a consequence. In order to establish the nature of the connection between the variables, the Spearman's rho correlation coefficient was used.

Analysis of Correlation for LOK

Table 2 illustrates that there is a positive and strong correlation between the impact of the implementation of GST on small and medium-sized enterprises (SMEs) and LOK. It is possible to draw the conclusion that there is a substantial link between LOK and IMP due to the fact that the p-value is lower than 0.05. Haruhiko Fukuda (1997) and Mohani (2003) conducted research in Japan, and the results found in this study are consistent with their findings. It is thus clear that the LOK of the respondents will have an effect on the manner in which the implementation of the GST would have an effect on small and medium-sized enterprises (SMEs). It has been determined that the degree of the correlation coefficient is 0.948. It reveals that there is a significant positive correlation between the LOK and the impact that the implementation of the GST has had on small and medium-sized enterprises (SMEs). This conclusion is supported by the data presented by Mohani (2003). On the basis of this result, we are able to draw the conclusion that small and medium-sized enterprises (SMEs) have enough and clear information on the recently implemented GST. As stated by Mohani (2003), the LOK is considered to be one of the most effective methods for increasing public awareness of the Goods and Services Tax (GST).

Table 2: Analysis of the Relationship Between GST Implementation and Knowledge Level

		LOK	IMP
Spearman's rho	LOK	Correlation Coefficient	1.000
		Sig. (2-tailed)	.000
		N	200
	IMP	Correlation Coefficient	.948**
		Sig. (2-tailed)	.000
		N	200

Analysis of Correlation in SN

The findings that are shown in Table 3 demonstrate that there is a significant positive correlation between the impacts of SN and SMEs on the implementation of the Goods and Services Tax (IMP). It is possible to draw the conclusion that there is a significant correlation between SN and IMP due to the fact that the p-value is lower than 0.05. Once again, the findings are consistent with those that were published by Haruhiko Fukuda in 1997. On the other hand, the correlation coefficient (0.620) is lower when compared to the positive link (0.948) that exists between LOK and IMP. Ramli (2012) performed a research that likewise discovered a substantial positive correlation between SN and the impacts of the introduction of the GST on small and medium-sized enterprises (SMEs).

Table 3: Subjective Norm and GST Implementation Correlation Analysis

			SN	IMP
Spearman's rho	SN	Correlation Coefficient	1.000	.620**
		Sig. (2-tailed)	.000	.000
		N	200	200
	IMP	Correlation Coefficient	.620**	1.000
		Sig. (2-tailed)	.000	.000
		N	200	200

** At the 2-tailed 0.01 significance level, there is a correlation.

Correlation Analysis of the Demographic Factors of the Respondents

Table 4 displays the outcomes of the correlation analysis to determine the relationship between the respondent's background and the impact of the introduction of the GST (IMP). There are six characteristics that make up the correlation result of responder background. These parameters include years of experience, gender, age, race, and educational achievement. Only the respondents' current work and educational achievement were shown to have a significant connection with IMP, out of the six characteristics that were considered important. The coefficient values for the current job are 0.145, and the coefficient values for educational level are 0.179. Despite the fact that the relationships are statistically significant, they are not very strong. According to the data, it is possible to draw the conclusion that employees who have higher positions and higher levels of education have a better understanding of the Gross Domestic Product (GDP) implementation. These findings are consistent with the research conducted by Benno Torgler in 2007.

Table 4: Analysis of the Relationships Between the Respondent's Background and the Implementation of the GST

			Gender	Age	Race	Educational Level	Current Position	Years of Experience	IMP
Spearman's rho	Gender	Correlation Coefficient	1.000	.352**	-.019	-.097	-.211**	.215**	.033
		Sig. (2-tailed)	.000	.000	.789	.171	.003	.002	.642
		N	200	200	200	200	200	200	200
	Age	Correlation Coefficient	.352**	1.000	.035	.004	-.411**	.605**	.050
		Sig. (2-tailed)	.000	.	.621	.959	.000	.000	.486
		N	200	200	200	200	200	200	200
	Race	Correlation Coefficient	-.019	.035	1.000	.034	-.099	.169	-.088
		Sig. (2-tailed)	.789	.621	.	.632	.162	.017	.214
		N	200	200	200	200	200	200	200
	Educational Level Correlation		-.097	.004	.034	1.000	.174	.006	.179
	Coefficient Sig. (2-tailed)		.171	.959	.632	.	.014	.932	.011
	N		200	200	200	200	200	200	200
	Current Position Correlation		-.211**	-.411**	-.099	.174	1.000	-.233**	.145
	Coefficient Sig. (2-tailed)		.003	.000	.162	.014	.	.001	.041
	N		200	200	200	200	200	200	200
	Years Experience	ofCorrelation	.215**	.605**	.169	.006	-.233**	1.000	-.049
		Coefficient Sig. (2-tailed)	.002	.000	.017	.932	.001	.	.494
		N	200	200	200	200	200	200	200
	IMP	Correlation Coefficient	.033	.050	-.088	.179*	.145*	-.049	1.000
		Sig. (2-tailed)	.642	.486	.214	.011	.041	.494	.
		N	200	200	200	200	200	200	200

** At the 2-tailed 0.01 significance level, the correlation is significant. The correlation is significant at the two-tailed 0.05 level.

Conclusion

SMEs in Johor Bahru are overwhelmingly in support of the adoption of the Goods and Services Tax (GST), according to the findings of the descriptive analysis of the dependent variable. In spite of this, the findings of the correlation analysis indicate that two of the three independent variables have a positive

link with the dependent variable of the research, which is the views of the consequences of the implementation of the GST regarding the small and medium-sized enterprises (SMEs). In contrast, the demographic components have produced conclusions that are in conflict with one another. One's level of comprehension is the single most critical factor that determines how the impacts of the Goods and Services Tax (GST) are perceived. The statistical significance of the connection is increased when this variable is compared to the subjective standards. It is only the educational level of the respondents and their present work situation that are key demographic indicators that are connected with international migration. When it comes to the history of the firm, the only aspect that has a major impact on the implementation of GST is the average monthly sales of the company. According to the results, the adoption of GST in Johor Bahru's small and medium-sized enterprises (SMEs) is encouraged by better levels of management, more staff education, and a greater grasp of General Sales Tax (GST). Other demographic factors, such as age, gender, and others, should not be included since they are irrelevant.

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