

## INFLUENCE OF GST UPON FIVE STAR HOTEL BUSINESS IN KERALA

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### ABSTRACT

*It has been a year and ten months since the Goods and Services Tax (GST) introduced in India. Now it is right time to study Influence of GST on Five Star Hotels in Kerala. This paper attempts to assess the study the perception of employees towards the influence of GST on sales and tax administrating system. For the purpose of study the sample were collected from employees working in five star hotels in Cochin and collected data were analyzed using statistical techniques such as t test and ANOVA.*

**KEYWORDS:** Goods and Services Tax, Tax Administrating System

### INTRODUCTION

Goods and Services Tax (GST) is an indirect tax levied in India on the sale of goods and services. The One Hundred and Twenty-Second Amendment Bill of the Constitution of India, officially known as The Constitution (One Hundred and First Amendment) Act, 2016, introduced a national Goods and Services Tax in India from 1 July 2017. The importance of tourism to the hospitality industry is obvious and is increasing each year. The tourism industry is the collection of productive businesses and governmental organizations that serve the traveler away from home. These organizations include restaurants, hotels, motels, and resorts; all facets of transportation, including rental cars, travel agents, and gasoline service stations; national and state parks or recreation areas; and various private attractions. The industry also includes those organizations that support these firms' retail activities, including advertising companies, publications, transportation equipment manufacturers, and travel research and development agencies. Introduction of GST was regarded to be a revolutionary move done to the Indian economy. This study to understand the influence of GST upon the five-star hotel industries taken from Cochin

### REVIEW OF LITERATURE

GST would be a very important step in the field of indirect taxation. The cascading and double taxation effects can be reduced by combing central and state taxes (Poonam, 2017 ). Goods And Services Tax (GST) And Its Impacts on Hotel Industry in South Tamil Nadu the study examined that Most of the Budgeted, Luxury, 3-star & 4-star Hotels agree that Implementation Goods & Service Tax By central Government has strong Positive Impact and Less Negative Impact on their Hotels (Jasim, 2017). Companies specializing in food and beverages operations could be the biggest beneficiaries of GST within the hospitality sector. Food and beverages bills have multiple components and can inflate the bills by 30-35%. A single-slab tax will benefit consumers and should lead to savings of 10-15% on the overall bill. The restaurant industry has been burdened with high and multiple taxations. However, liquor should be included in GST. Exempting it defeats the

very purpose of bringing in a uniform single tax structure (Jonathan 2017).

## OBJECTIVES OF THE STUDY

- To study the perception of employees on the influence of GST on sales.
- To identify the perception of employees towards the influence of GST on tax administrating system.

## HYPOTHESES

**H<sub>01</sub>:** There is no statistically significant difference between years of experience and perception towards GST having a positive influence on sales volume

**H<sub>02</sub>:** There is no statistically significant difference between years of experience and perception on the positive influence of GST on tax administrative system.

## METHODOLOGY

For the study, population consist of 423 employees of 14 five star hotels in Cochin and a sample of 62 respondents were selected by using purposive sampling method. For the purpose of study, both primary and secondary data were collected. Primary data is collected by using structured questionnaire method and responses were measured by using a 5 point scale. SPSS (statistical package for social science) was used as a statistical software and one sample t-test, ANNOVA were used as statistical tools.

**Table 1: Personal Profile of the Respondents**

Variables	Classification	Frequency	Percent
Gender	Male	47	75.8
	Female	15	24.2
Work experience	Less than 5	12	19.4
	5 – 10	4	6.5
	11- 15	18	29.0
	16 – 20	1	1.6
	More than 20	27	43.5
Designation	Accountant	1	1.6
	Reservations	16	25.8
	Sales and marketing	4	6.5
	Managers	26	41.9

**Source: Primary Data N=62**

75.8 percent of the respondents are male and remaining respondents are female i.e., 24.2 percent of the total respondents. Survey result is shown as below.43.5 percent of total respondents are belonging to the category of having work experience more than 20 years in the hotel industry. 29 percent of respondents have work experience between eleven to fifteen years and 19 percent of respondents have work experience less than five years. For this survey, 41.9 percent of total respondents belong to managerial positions. 25.8 percent of respondents belong to reservations and 15 percent of the total respondents come under the category of senior managers and vice president of the hotel group. We have 4 percent representation from sales and marketing and 1.6 percent representation from accounts.

## Testing of Hypotheses on Influence of GST on Tax Administration System and Sales Volume

**H<sub>01</sub>:** There is no difference between years of experience and perception on the positive influence of GST on tax

administrative system.

**Table 2: GST on Tax Administration System**

	Item Acronym	Mean	Std. Deviation
One tax system (GST) will help clients to avoid confusions in tax structure	P1	4.10	.824
GST system will facilitate easy checkout and invoice preparation	P2	3.92	.708
Faced difficulty or ambiguity in the calculation of tax under GST	P3	2.81	1.265
Received proper training and technological advancement in your organization when GST introduced	P4	3.82	.878
Proper training would help to avoid ambiguity in tax structure under GST	P5	4.26	.541
Introduction of GST resulted in a better profitability of the firm	P6	3.39	1.014
GST will require revision in prices of the services provided	P7	3.68	.864

Source: Primary Data N=62

**Table 3: Positive Influence of GST on Tax Administrative System**

	Mean Square	F	P Value.
Between Groups	0.467	2.886	0.030
Within Groups	0.162		
<b>Total</b>			

Source: Primary Data N=62

From the above table, since the P value is less than 0.05  $H_0$  is rejected at five percent level of significance that, there is no significant variation between years of experience and perception on positive influence of GST on tax administrative system and accepted the alternative hypothesis that there is significant difference among employee's perception and years of experience.

**$H_{02}$ :** There is no difference between years of experience and perception towards GST has positively influenced sales volume.

**Table 4: GST and Sales Volume**

	Item Acronym	Mean	Std. Deviation
Introduction of GST resulted in decrease in the volume of inbound sales	P8	3.21	1.088
The high tax structure in India prompt foreigners to opt other countries as their travel destination	P9	3.76	.953
Increase in the tax structure for business class airlines reduced inbound sales	P10	3.69	.822
Tax revision has positively affected travel agents	P11	3.27	1.089
Due to the introduction of GST travel agents booking has been reduced	P12	3.55	1.066
GST and Input Tax Credit facility will prevent fraudulent travel agents	P13	3.82	.878
GST brought a reduction in domestic sales volume	P14	3.56	1.096
GST has affected online bookings and revenue	P15	3.27	.944
Introduction of GST reduced Foreign Fund Flow in tourism industry	P16	3.45	1.082
GST will boost Tourism Industry in for coming years	P17	3.10	.936

Source: Primary Data N=62

**Table 5: GST and Sales Volume**

	Mean Square	F	Sig.
Between Groups	0.206	0.438	0.781
Within Groups	0.470		
<b>Total</b>			

Source: Primary Data N=62

From the above table, since the P value is above 0.05  $H_0$  is accepted at five percent level of significance that, there is no significant variation between years of experience and perception towards GST has positively influenced sales volume.

## FINDINGS

- There exists difference among the perception of employees that GST has a positive influence on the tax administration system.
- There is no significant variation between years of experience and perception towards GST having a positive influence on sales volume.

## CONCLUSIONS

India enthused a step taken for the accomplishment of the goods and service tax (GST) regime with the parliament and approved by the constitution (122nd Amendments) Bill, 2014. The GST is implemented on April, 1.2017 to replace multiple state and central levies with a single tax. From the study, it is understood that employees possess a perception that GST has positively influenced sales volume. Hotel industry keeps a hope that one tax system will boost this industry in the coming years.

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