

# An Analytical Study of Ethical Values of Accountants in Post GST Era Towards Financial Reporting

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**Abstract:** GST has brought drastic changes in indirect tax system in India. It has amalgamated various central and state indirect taxes and minimised compliances. Under the GST regime, there are 3 kinds of Goods and Services Taxes such as IGST, CGST and SGST. The present study aimed to study and analyse ethical values of accounting profession through accountants' perception. GST has given added responsibility towards financial reporting and increase the role of accountants. The study was under taken by referring various secondary sources and primary data about perception of working accountants was collected through well-structured questionnaire. Five-point likert scale was used for making inferences. The data was collected from, the sample size of 400 respondents from Mumbai. In order to analyse the study, frequency, percentage and weighted average method is used to draw conclusion of the study. The study concluded that presentation of financial statements requires compliance with GST and tax provisions. Accountant should not be influenced by management's undue pressure regarding alteration of accounts to create a rosy picture of the business.

**Keywords:** GST, Accountants, Perception, Ethical values and presentation.

## INTRODUCTION

Tax generates revenue for government for running the nation. In India after introduction of GST there is significant changes in compliances and reporting pattern. Various indirect taxes were prevailing in India such as Central Excise Duty, Customs duty, Cess, State VAT, Central Sales Tax, Purchase Tax, Luxury Tax, Entertainment Tax, Entry Tax, Taxes on advertisements and Taxes on lotteries, betting, and gambling. With the introduction of GST in India, majorly all the indirect taxes were merged except Custom duty, Stamp Duty, indirect tax on Petroleum, Electricity Tax and tax on Alcohol.

### 1.1 GST – Maiden Tax

A new tax system called the Goods and Service Tax (GST) was introduced and implemented in India on July 01, 2017 under the concept of "One Nation, One Tax". As a result of combining several previously existing indirect taxes, the Indian economy can benefit in several ways, including ease and efficiency, common national market and removal cascading effect.

### 1.2. TYPES OF GST TAXES IN INDIA:

Under the Goods and Service Tax regime, Goods and Services Taxes is categorised in to three separate ways as follows:

- CGST: It stands for Central Goods and Service tax where the revenue is collected by the central government.
- SGST: It stands for State Goods and Service tax where the revenue is collected by the state governments for intra-state sales
- IGST: It stands for Integrated Goods and Service tax where the revenue is collected by the central government for inter-state sales and will be shared by both Central and State government.

## 2.PROBLEM OF THE STUDY

With respect to various past literature undertaken, it has been noted that GST regime may or may not be advantageous as per the opinion of all the stakeholders in India. Various studies have been undertaken to identify the effects of GST on indirect taxation regimes but not on individual stakeholder group or as per insight of professionals such as accountants from Mumbai. Thus, present research study is an academic attempt to study various review of past literature relating to perception of stakeholders for GST and to

analyse the accountants Perception towards ethical values in reporting financial statements.

### 3.OBJECTIVES OF THE STUDY

- To study the profile of accountants in Greater Mumbai
- To Study the perception of accountants towards ethical values in post GST Era

### 4.RESEARCH METHODOLOGY

For the present study, data has been gathered through primary and secondary data. Primary data has been collected through well-structured questionnaire which were filled by sample size of 400 respondents from Mumbai who are working as accountant and professional accountants like chartered accountants and cost accountants which were selected on Random Convenient Non-Probability Sampling Method. Auxiliary data were collected through review of articles, research papers, government documents, online blogs, dissertations, thesis and working papers.

### 5.REVIEW OF LITERATURE

Debnath (2016) explained “Implementation of Goods and Service Tax (GST) in India and its Control over the Tax Collection” aimed to study and guide regarding duty and gathering of GST and sharing between center and state. Goal of the examination was to know the discernment behind the development towards GST model to ponder the accumulation system charge under GST system and to recognize the chances and difficulties of GST execution. Research procedure for the investigation was completely founded on optional information. Content examination was utilized to reach inference of the investigation. Scientist presumed that all supplies of merchandise and arrangements of administrations, as well as mixes thereof, are chargeable at alternate stages of manufacturing, appropriating products, and providing services. 17 taxes will be subsumed and won through GST, making it a single, brought together Indian aberrant duty.

Sunitha and Chandra (2017) studied “Goods and Service Tax (GST): As a new path in tax reforms in Indian economy” aimed to highlight the impact of new taxation system on selected various Industries in India.

For drawing appropriate inferences author has used auxiliary information which is gathered from reliable sources. Rather than different taxes like central sales tax, excise duty, VAT, services tax, entertainment tax, etc., researchers concluded that GST is a single tax applied across the entire nation. Various goods and services are taxed in this way, thereby improving the market at large. By avoiding duplicate taxes, our country will move at a faster pace. As a result of GST's applicability, the indirect tax system has been reformed greatly. This system contributes to the economic growth of a nation, so all kinds of businesses accept it. Compared with the current tax rate system of 35%-40%, the actual tax rate system reaches about 16% to 18%. As a result, the government is willing to use GST for new reforms in our country.

Jha (2017) studied “A study on implementation of GST and its repercussion on Indian automobile sector” with the intention to understand the effect of GST on automobile industry. Author has compiled data systematically from optional information for drawing logical and practical conclusions. They concluded that Implementation of GST seemed to be favourable for automobile industry in terms of better operations in road logistics, affordable price of small car and two-wheeler. It further concluded that Proper GST administration mechanism and resolving disputes between inter-state transactions is very crucial.

Mishra (2018) explained “Impact of GST on Indian Economy” for studying the impact of GST on Indian Economy from a solitary sector perspective. Data is mainly obtained from websites and books. A study concluded that GST only applies to consumption of goods and services. This eliminates taxation distortions among states and facilitates free movement of goods. In the event of GST, there would be a reduction in prices leading to an increase in consumption, which would have a significant impact on the GDP and foreign exchange reserve. Scientists concluded that GST creates more and better employment opportunities for professionals.

Nayyar (2018) studied “A Comprehensive Analysis of Goods and Services Tax (GST) in India” With the objective of comparing Indian GST taxation rates with those of other world economies, as well as describing in detail the benefits that GST brings to various sectors of the Indian economy. GST will boost India's economic development, increase revenue collection, and remove all tax barriers between the Central and

State governments. As GST provides India with a precise and easy-to-understand taxation system, it faces challenges from a robust IT structure and government mechanisms to implement it.

Songara (2019) studied “Goods and Services Tax (GST) in India – An Overview and impact” with the aim to highlight the pros and cons of GST on Indian economy. Secondary data was selected for research study. Researcher concluded that GST would help to control tax evasion. Researcher further concluded that to achieve success under GST government has to build strong mechanism so that it would simplify and ease of doing business. But it would increase the compliance cost as well as consultants cost.

Das (2020) studied “Post-GST impact on different industrial sectors” with the aim to highlight that GST has brought inflation in the Indian economy. The research paper is based on explanatory research based on different journals, annual reports, newspapers, and magazines covering a wide collection of academic literature on Goods and Service Tax. Available secondary data are extensively used for the study. It is concluded that GST does not have a positive impact on banking, financial sector, hospitality, textile, entertainment industry from the viewpoint of the consumers. It is further concluded that some commodities like automobile products became costlier with GST.

Perween and Hajam (2021) studied “Tourism in India: An overview of Public Expenditure and GST” with the view to highlight the GST effect on behaviour of Tourism. This paper attempts to provide an overview of expenditures made and taxation on the tourism sector in India. The data for the study is secondary in nature which is taken from multiple sources. After analysing the expenditure side of the tourism sector and Tax system of the tourism sector, it is found that the expenditure made by the Government of India on the tourism sector is very low, which is just 0.18 to 0.19 per cent of the total expenditure. Whereas the tax burden that the Indian tourism sector is facing is very high that ranges between 5 to 18 per cent where tourism sector pays 18% GST on services and 5% GST on food and beverages along with income tax and profession tax. Thus, in order to promote the tourism sector and enjoy fruits from its growth, government of India must spend more towards development of tourism industry out of their budget allocation and give some tax concessions to tourism industry.

## 6.SCOPE OF THE STUDY

The present study covers the profile of employed accountants and professional accountants in Mumbai and to analyse their Perception towards ethical practices to be adopted in reporting of financial statements and their perceived effect on their profession in post GST regime.

## 7.SIGNIFICANCE OF THE STUDY

The present study has its significance with respect to benefits of GST towards the profession of accountants as they contribute towards maintenance of up to date records, preparation of financial statements as per statute requirement and helping government for satisfying GST regulations. This academic research study highlights the perception of accountants from Mumbai for GST being enhance importance, bring healthy practices and create the value to the accounting profession.

## 8.LIMITATION OF THE STUDY

The present study has limitation with respect to number of respondents from Mumbai and restricted to only 400 with respect to perception of respondents towards ethical values in reporting financial statements.

## 9.FINDINGS AND DISCUSSIONS

### 9.1DESCRIPTIVE ANALYSIS:

Table No. 9.1.1: Gender wise classification of Respondents

Gender	Frequency	Percent (%)
Male	224	56.0
Female	176	44.0
Total	400	100.0

Source: Compiled from primary data

In our analysis we have collected responses from 400 accountants includes employed, self-employed and professional accountants from various fields and specialization. It is evident from the table that number of male accountants are 224 and whereas as number of female accountants are 176 i.e., out of total respondents 56 percentage are male, whereas 44 percentage are females. It is clear that male respondents are more than female respondents.

Classification of respondents according to age group

Category	Frequency	Percent
20- 30 years	202	50.5
30- 40 years	67	16.8
40- 50 years	66	16.5
50- 60 years	55	13.8
60 years above	10	2.5
Total	400	100.0

Source: Compiled from primary data

The above table represents the age of the respondents of sampled data. It is noted that out of total of 400 respondents 202 fall in the age group of 20-30 years which is substantial amongst all i.e. 50.5 percentages. Out of total of 400 respondents 67 fall in the age group of 30-40 years which is 16.8 percentages. 66 respondents fall in the age group of 40-50 years which is 16.5 percentages. 55 respondents fall in the range of 50-60 years which is 13.8 percentages whereas 10 respondents are above 60 years which is lowest as 2.5 percentages.

Accountant’s perception on Ethical Values in post GST regime

Chart no.9.1.3

	SDA	DA	N	A	SA	Total	Mean
Statement 1	0	16	45	159	180	400	4.26
Statement 2	4	14	67	157	158	400	4.13
Statement 3	0	6	54	196	144	400	4.2
Statement 4	0	13	34	209	144	400	4.21
Statement 5	0	4	31	181	184	400	4.36
Overall Mean Score → → →							4.23

Source: Compiled from primary data

Questionnaire Statement

1. E-invoicing prevents fake invoicing.
2. Online GST filling has eradicated corruption.
3. Accountant has to disclose related party transactions by way of note separately.
4. GST promotes ethical practices as it produces accurate and concise financial reports.
5. Ethical activities by accountant affect an organization trustworthiness and reputation to its stakeholders.

In statement 1 out of 400 total respondents 16 respondents are disagree, 45 respondents are neutral, 159 respondents are agreeing and 180 respondents are strongly agreed. Mean score of statement 1 is 4.28.

In statement 2 out of 400 total respondents 4 respondents are strongly disagree, 14 respondents are disagreed, 67 respondents are neutral, 157 respondents

are agreeing and 158 respondents are strongly agreed. Mean score of statement 2 is 4.13.

In statement 3 out of 400 total respondents 6 respondents are disagree, 54 respondents are neutral, 196 respondents are agreeing and 144 respondents are strongly agreed. Mean score of statement 3 is 4.2.

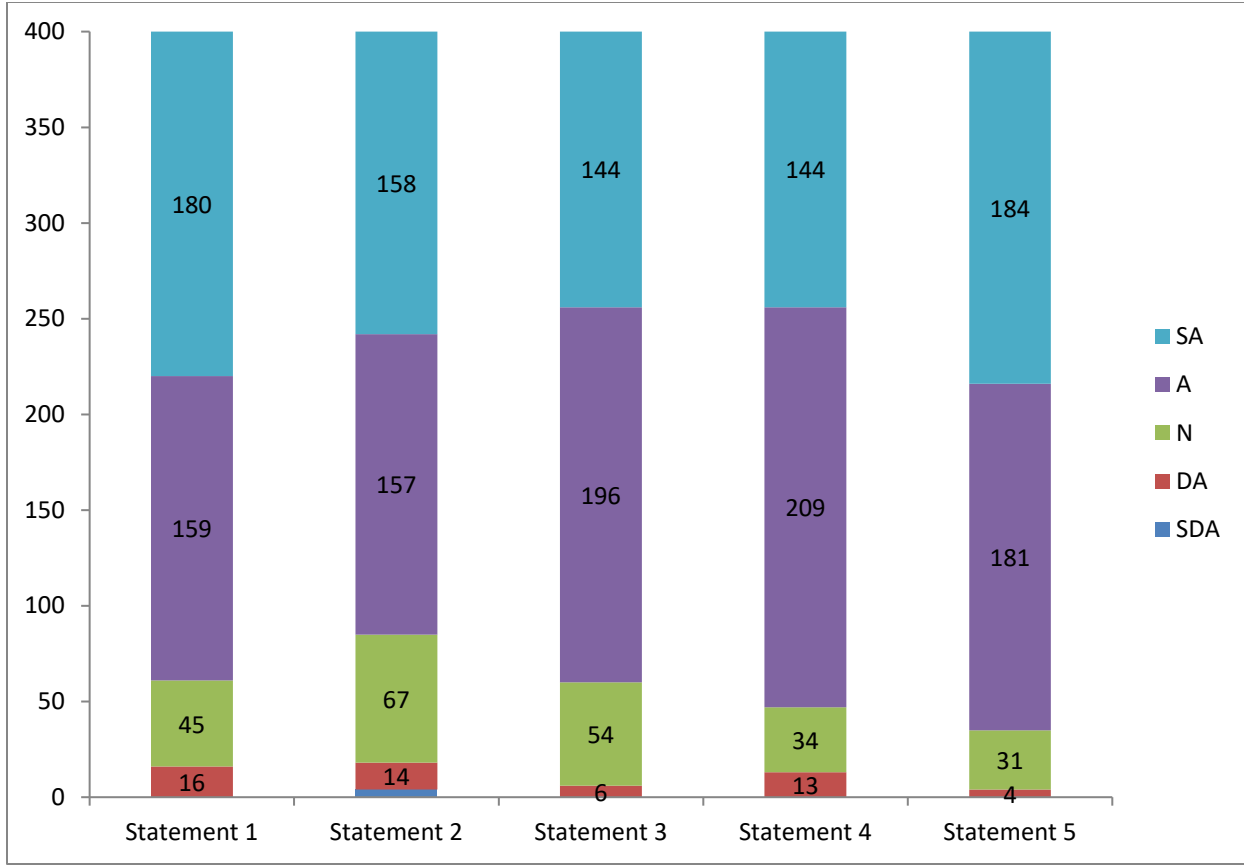
In statement 4 out of 400 total respondents 13 respondents are disagree, 34 respondents are neutral, 209 respondents are agreeing and 144 respondents are strongly agreed. Mean score of statement 4 is 4.21.

In statement 5 out of 400 total respondents 4 respondents are disagree, 31 respondents are neutral, 181 respondents are agreeing and 184 respondents are strongly agreed. Mean score of statement 5 is 4.36.

The overall mean score of all statement is above 4 which means respondents are strongly agree that ethical values are significant for accountant for preparation and reporting of financial statements in post GST regime.

Accountant’s perception on Ethical values in post GST regime

Chart no.9.1.1



Source: Compiled from primary data

9.2 INFERENTIAL ANALYSIS:

H0: GST does not create ethical practices and ethical values to accountants as per the perception of Accountants in Mumbai. (Weightage average score is not less than 3)

H1: GST does create ethical practices and ethical values to accountants as per the perception of Accountants in Mumbai. (Weightage average score is more than 3)

In order to test the above hypothesis, as per one sample and one variable under study i.e., perception, weighted average method is used. With respect to Table No. 9.1.1 weightage average score has been calculated to draw inferential conclusion towards the perception of respondents (accountants from Mumbai) towards GST being create more professional opportunities to accountants. Overall weightage average score for all the parameters under study was 4.23 which supports alternative hypothesis and failed to accept null hypothesis. Thus, GST creates ethical practices and ethical values to accountants as per the perception of Accountants in Mumbai.

9. CONCLUSION OF THE STUDY

As per the respondent’s perception towards GST being create transparency and reliability towards financial reporting due to ethical practices and ethical values to accountants. It has been concluded and generalized for the population of accountants in Mumbai as follows:

- GST has brought favourable changes in taxation system which is suitable for effective reporting of financial statements.
- GST can create more ethical practices to accountants and increase their credibility.

Due to ethical practices and fair representation on account of GST law the overall, perception of Accountants in Mumbai towards GST being beneficial to them for Reporting Financial Statements and also to their profession.

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