Annexure I

REFORMS IN SALE TAX STRUCTURE:
A STUDY WITH SPECIAL REFERENCE TO VAT IN KERALA

Interview Schedule for Consumers

1. Sampling Details
1.1 Sl. No. □ □ □
1.2 Zone □ South □ Central □ North
1.3 District □ □ □

2. Personal Profile
2.1 Name □ □ □
2.2 Age □ □
2.3 Sex □ Male □ Female
2.4 Education □ Below matriculates □ Matriculate
□ Under graduate □ Graduate
□ Postgraduate/ Professional
2.5 Employment □ Govt. □ Private □ Agriculture
□ Business/ Professional □ Others (Specify)
2.6 Income of the family
(Per month) □ Less than 3000 □ 3000-6000
□ 6000-9000 □ 9000-12000
□ 12000 and above

3. Perception on VAT in Kerala
3.1 Are you aware that Kerala is following VAT system for levy of sales tax from 1.4.2005?
□ Yes □ No
3.2 (If yes) where did you get the awareness?
(Rank in the order of relative importance)
□ Newspapers □ Audio Visual Media □ Friends
□ Dealers □ Seminars/Workshops □ Others (Specify)
### 3.3 (If yes) please state your awareness on the following

<table>
<thead>
<tr>
<th></th>
<th>AWARE</th>
<th>NOT AWARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>All registered traders under VAT have to issue bills in the prescribed forms</td>
<td></td>
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<tr>
<td>ii)</td>
<td>By not collecting your bill you are inadvertently letting dealers evade tax legitimately due to the Govt.</td>
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<tr>
<td>iii)</td>
<td>All registered traders have to show the tax element in the bills</td>
<td></td>
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<tr>
<td>iv)</td>
<td>Dealers will have to pass the input tax credit on to the consumers</td>
<td></td>
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<tr>
<td>v)</td>
<td>Different tax rates under VAT</td>
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<tr>
<td>vi)</td>
<td>VAT dealers and non VAT dealers</td>
<td></td>
</tr>
<tr>
<td>vii)</td>
<td>Classification of goods under VAT generally based on HSN coding</td>
<td></td>
</tr>
</tbody>
</table>

### 3.4 Do you demand bills while buying something?
- Yes
- No

### 3.5 Do the dealers issue bills on demand?
- Yes
- No

### 3.6 Do you think that introduction of VAT has resulted in decrease in the price of goods?
- Yes
- No

### 3.7 Have you tried buying goods from a VAT dealer as well as non VAT dealer?
- Yes
- No

### 3.8 (If yes) did you find any decrease in the price of goods supplied by VAT dealer?
- Yes
- No

### 3.9 Will the Government go back to KGST?
- Yes
- No

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Interview Schedule for Manufacturers/ Traders

1. Sampling Details
   1.1 Sl. No.
   1.2 Zone   □ South   □ Central   □ North
   1.3 District

2. Personal Profile
   2.1 Name
   2.2 Age
   2.3 Sex   □ Male   □ Female
   2.4 Education   □ Graduate   □ Postgraduate
                   □ Professional   □ Technical
                   □ Others (Specify)

3. Business Profile
   3.1 Name of the concern
   3.2 Year of establishment
   3.3 Location of the business   □ Urban   □ Semi-urban   □ Rural
   3.4 Form of the business   □ Sole proprietorship
                              □ Partnership
                              □ Co-operative society
                              □ Company
                              □ Others (Specify)
   3.5 Type of the product manufactured
                              □ Consumer Goods
                              □ Industrial Goods
                              □ Others (Specify)
   3.6 Total no. of employees working in the concern
3.7 Total amount of investment (Rs.) ___________________
3.8 Average annual production (units) __________________
3.9 Average annual turnover (Rs.) _____________________
3.10 Average annual amount of export (if any) (Rs.) ______________

4. Perception on VAT in Kerala

4.1 Do you find difficulty in understanding VAT system?
☐ Yes ☐ No

4.2 (If yes) how could you learn? (Rank in the order of relative importance)
☐ Govt. publications
☐ Books and journals
☐ Seminars/ workshops
☐ Tax officials
☐ Tax consultant
☐ Own employees
☐ Friends
☐ Others (Specify)

4.3 Are you able to file the returns and other forms by yourself?
☐ Yes ☐ No

4.4 (If no) how do you file the returns and other forms? (Rank in the order of relative importance)
☐ Tax consultant/ Chartered accountants
☐ Own employees
☐ Tax officials
☐ Friends
☐ Others (specify)

4.5 Are you making e-filing of return?
☐ Yes ☐ No

4.6 When are you filing the return?
☐ Before seven days
☐ Before 6 to 4 days
☐ Before 3 to 1 day
4.7 Have you been punished for the default in filing the returns and other forms?

☐ Yes  ☐ No

4.8 (If yes) how many times?

☐ One  ☐ Two  ☐ Three  ☐ Four  ☐ Five and more

4.9 Is VAT more beneficial than sales tax?

☐ Yes  ☐ No

4.10 (If yes) how are you benefited by VAT?

(Rank in the order of relative importance)

☐ Low tax burden
☐ Simplified procedure
☐ Input tax credit
☐ More transparent
☐ Others (Specify)

4.11 Have you passed on the input tax credit to the consumers?

☐ Yes  ☐ No

4.12 (If no) why are you not passing on the input tax credit to the consumers?

☐ Consumers do not demand it
☐ Market governs the consumer price
☐ Consumers are ignorant about it
☐ Delay in getting input tax credit
☐ Difficult to compute input tax credit
☐ Others (specify)

4.13 Are the suppliers passing on the input tax benefit or refund benefits to you?

☐ Yes  ☐ No

4.14 (If yes) how do you get it?

☐ On demand
☐ Voluntarily
☐ Legally

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4.15 Do you find any positives in the VAT system?
☐ Yes  ☐ No

4.16 (If yes) please state the positives (Rank in the order of relative importance)
☐ Tax evasion came down
☐ Product price decreased due to input tax credit
☐ Present system of filing returns and self assessment resulted tax administration simple
☐ Voluntary compliance made the industry more truthful
☐ Corruption has come down
☐ Others (Specify)

4.17 (If no) please state the shortcomings
(Rank in the order of relative importance)
☐ Lack of transparency
☐ Delay in getting the refunds
☐ Delay in getting input tax credit
☐ More complicated than the earlier KGST
☐ Disparity in VAT rates is not appropriate
☐ Classification of goods under VAT is not appropriate
☐ Electronic filing of return along with manual filing in parallel doubled the task
☐ Imposition of advance tax
☐ Multitude of formats for invoices
☐ Required to maintain large amount of information regarding input tax credit, output tax, reverse tax special rebate, refund, etc.
☐ Illegal denial of input tax credit by the dept. after benefit has been passed on to the consumers
☐ Frequent changes in law
☐ Cascading system is being built into the system
☐ Others (Specify)

4.18 Do you think that the self assessment system visualized in the VAT law actually works?
☐ Yes  ☐ No
4.19 (If No) what defeats the system of self assessment?
☐ Self-assessment is complete only when the return is acknowledged by the assessing authority. But such acknowledgement is seldom given or is inordinately delayed
☐ No awareness programme for newly registered dealers
☐ No advisory visit by the officers at the business place

4.20 According to you, whom does the present VAT system favour?
(Rank in the order of importance)
☐ Customers
☐ Dealers
☐ Tax officials
☐ Governments
☐ Other (Specify)

4.21 How do you rate the present VAT system with the earlier system of levy under KGST?
☐ Excellent
☐ Good
☐ Effective
☐ Somewhat effective
☐ Not effective

4.22 Do you want the Govt. to go back to KGST?
☐ Yes ☐ No

4.23 If you are not satisfied with present VAT system what change do you suggest for its improvement? (Give in the order of importance)

5. Performance of Administrative Machinery for VAT in Kerala
5.1 Do you know the various administrative machineries under the earlier KGST?
☐ Yes ☐ No

5.2 Do you know the various administrative machineries under the present VAT system?
☐ Yes ☐ No
5.3 How do you rate the following aspects with regard to the VAT administrative machinery?

<table>
<thead>
<tr>
<th>Variables</th>
<th>Agree</th>
<th>Disagree</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Officers are friendly with the assessee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Officers find time to give assistance</td>
<td></td>
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</tr>
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<tr>
<td>vi) No delay in the assessment</td>
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<td></td>
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<tr>
<td>vii) Penalties are not heavy</td>
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<td></td>
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<tr>
<td>viii) Do not deny input tax credit on minor ground</td>
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<tr>
<td>ix) Machinery failed to benefit the end users and added more burden</td>
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</table>

5.4 Do you think that the existing tax machinery under the VAT system is sound enough to curb tax evasion?

☐ Yes ☐ No

5.5 (If no) please give your suggestions for improving the working of the machinery (Give in the order of relative importance)
Annexure III

REFORMS IN SALE TAX STRUCTURE:
A STUDY WITH SPECIAL REFERENCE TO VAT IN KERALA

Interview Schedule for VAT Officials

1. Sampling Details
   1.1 Sl. No. 
   1.2 Zone   
     □ South    □ Central    □ North
   1.3 District 

2. Personal Profile
   2.1 Name 
   2.2 Age 
   2.3 Sex   
     □ Male    □ Female
   2.4 Education   
     □ Graduate    □ Postgraduate
     □ Professional    □ Technical
     □ Others (Specify)

3. Perception on VAT in Kerala
   3.1 1. Do you find difficulty in understanding VAT system?
     □ Yes    □ No
   3.2 2. (If yes) How could you learn? (Rank in the order of relative importance)
     □ Books and Journals
     □ Govt. publications
     □ Seminar/ Workshops
     □ Colleagues
     □ Higher officials
     □ Self study
     □ Others (Specify)
   3.3 According to you, whom does the present VAT system favour?
     (Rank in the order of relative importance)
     □ Customers    □ Dealers    □ Government
     □ Tax Officials    □ Others (Specify)
3.4 If the system favours customers, please state the benefits to customers (Rank in the order of importance)

- [ ] Low price
- [ ] Prompt billing
- [ ] More transparent
- [ ] Different tax rate
- [ ] Avoid cascading effect of tax
- [ ] Others (Specify)

3.5 If the system favours dealers, please state the benefits to dealers (Rank in the order of importance)

- [ ] Low tax burden
- [ ] Input tax credit
- [ ] More transparent
- [ ] Simplified procedure
- [ ] Timely refund
- [ ] Others (Specify)

3.6 If the system favours government, please state the benefits to government (Rank in the order of relative importance)

- [ ] High tax revenue
- [ ] Simple tax administration
- [ ] More transparent
- [ ] No tax evasion
- [ ] No chance of corruption
- [ ] Others (Specify)

3.7 Do you find any shortcomings in the present VAT system?

- [ ] Yes
- [ ] No

3.8 (If yes) please state the shortcomings. (Rank in the order of importance)

- [ ] No appellate authority to hear petitions
- [ ] More complicated than the earlier KGST
- [ ] Disparity in VAT rates is not appropriate
- [ ] Multitude of formats for invoices
- [ ] No method to detect tax evasion
- [ ] Lack of transparency in the provisions
- [ ] Audit system is not effective
- [ ] Others (Specify)

3.9 How do you rate the dealers’ compliance with VAT system?

- [ ] Very high
- [ ] High
- [ ] Moderate
- [ ] Low
- [ ] Nil

3.10 How do you rate the present VAT system with the earlier system of levy under KGST?

- [ ] Excellent
- [ ] Effective
- [ ] Good
- [ ] Somewhat effective
- [ ] Not effective
3.11 Do you want the Govt. to go back to KGST?  
☐ Yes  ☐ No

3.12 If you are not satisfied with the present VAT system what change do you suggest for its improvement? (Give in the order of relative importance)

4. Performance of Machinery for VAT in Kerala

4.1 How do you rate the following aspects with regards to the VAT administrative machinery?

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<tr>
<td>ix) Getting assistance from the higher officers</td>
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<tr>
<td>x) Able to complete the verification of returns on the date of filing</td>
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<tr>
<td>xi) Officers have discretionary power</td>
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<tr>
<td>xii) Officers are overburdened with works</td>
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</tr>
<tr>
<td>xiii) Giving input tax credit in time</td>
<td></td>
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<tr>
<td>xiv) Small dealers are punished on a pat with big dealers</td>
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<tr>
<td>xv) Tax administration has not been geared up for implementing VAT</td>
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<td></td>
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<tr>
<td>xvi) Machinery failed to benefit the end users and added more burden</td>
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<tr>
<td>xvii) The role of assessing authorities has been degraded as a result of VAT</td>
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<tr>
<td>xviii) Giving periodic training to administer VAT</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2 Do you think that the existing tax machinery under the VAT system is sound enough to curb tax evasion?  
☐ Yes  ☐ No

4.3 (If no) Please give your suggestions for improving the working of the machinery (Give in the order of relative importance)