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Impacts of perceived tax fairness & tax complexity for GST structure on tax compliance: The perspectives of small and medium enterprises (SMEs)

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ABSTRACT

GST is an indirect tax imposed on consumptions of goods & services. Current study evaluated the prevalence of tax compliance, tax fairness and tax complexity for GST among Indian SMEs by taking sample of 728 from Haryana. Also, impacts of tax fairness and tax complexity on GST compliance were examined. We found GST's complexities among SMEs are intense and their GST compliance and perceived GST fairness are low. Tax complexities are adversely affecting tax compliance but tax fairness has positive influence. Clearly, in order to improve GST compliance, policymakers need to improve GST's fairness and reduce its complexities for taxpayers.

KEY WORDS: GST (Goods & Services Tax), Indirect tax, Tax fairness, Tax complexity, Tax compliance, SMEs (Small & Medium Enterprises)

INTRODUCTION

Tax is the major source of revenue for government to finance the infrastructure facilities and other social & economic developmental expenditures (Ibrahim et al., 2015; Musimenta, 2020). That's why to generate sufficient amount of tax revenue for sustainable development of economy, the compliance of taxpayers with tax obligations is necessary (Das-Gupta et al., 2004; Nkundabanyanga et al., 2017). The compliance of tax regulations occurs when taxpayers correctly calculate and report their tax liabilities, file their tax returns for income & expenses on proper timing, honestly pay their tax liabilities when due and also fulfill their other tax obligations which are required according to tax laws (Franzoni, 2000; Olaoye et al., 2017). Tax noncompliance is the major challenge for policymakers of all developed and developing countries, as taxpayers always try to reduce their tax liabilities and to persuade them for complying with tax obligations is not an easy task (Abrie & Doussy, 2006; James & Alley, 2009). Therefore, in order to achieve the high level of tax compliance it is mandatory that tax regulations should be simple as much as possible and tax burden on taxpayers should also be fair. Otherwise, unfairness and complexities in tax structure reduce

the compliance of tax obligations among taxpayers (Chan et al., 2000; Chau & Leung, 2009; Gambo et al., 2014; Jackson & Milliron, 1986; Scott & Grasmick, 1981; Spicer & Lundstedt, 1976).

In India, GST is implemented on 1st July 2017 to eliminate the prevailing unfairness and tax complexities in indirect tax structure and their negative effects on tax compliance and tax revenue generation. As, previous structure of single-staged multiple taxes was unfair because under this credits of paid input taxes were not available which further cascaded the taxes, inflated the prices and also distorted the production and consumption choices (Benge, 1998). Also, previous structure was complicated and costly in complying due to non-uniform tax rates and multiple tax reporting (Virmani & Bhasin, 2020). However, under customized GST structure, input tax credit freely moves without any disruption and only one tax imposes on consumption of goods & services with uniform tax rates in overall nation instead of multiple taxes (Benge, 1998). Furthermore, GST is usually considered as an efficient and effective way to reduce tax unfairness, tax complexities & tax evasions and also raise tax compliance, government revenue & economic growth (Haron & Ayojimi, 2019; Tan et al., 2018; Venkadasalam, 2014). Under GST, all tax obligations are fulfilled easily and quickly on a single window with the help of e-taxation system, while in previous structure manual taxation system was adopted in most of the tax reporting activities. Therefore, GST was mainly implemented to remove the imperfections of previous indirect tax structure, simplify indirect taxation rules, remove cascading effect of taxation, reduce tax evasion & avoidance chances, reduce tax compliance & tax administration costs and improve tax compliance & tax revenue generation (Virmani & Bhasin, 2020). Notwithstanding, GST is an efficient and good & simple tax system in improving tax compliance & tax revenue but unfortunately its implementation in Indian economy is poor (Dang et al., 2020; Virmani & Bhasin, 2020). Its unfamiliar tax rules and frequent changes are creating so many complexity challenges for Indian taxpayers, especially for SMEs sector (Shukla & Kumar, 2019).

In present study, we focused on small and medium enterprises, as small and medium enterprises play an important role in country tax system and economic development, as these work as ancillary units of large enterprises and stimulate economic growth through generating more wealth and employment opportunities at low capital costs (Pope & Abdul-Jabbar, 2008). However, as compared to large enterprises, these enterprises usually face more tax complexity challenges, especially, in maintenance of accounting records and these also perceive more unfair tax burden (Ahmed & Braithwaite, 2005; Evans et al., 2005; Hanefah & Al-Mureshi, 1991). Additionally, these enterprises don't have enough skilled accounting staff and awareness to deal with compliance issues, and therefore, they expend more tax compliance costs (Abrie & Doussy, 2006; Chittenden et al., 2003). Therefore, we attempted to investigate the perceived tax complexity challenges and tax fairness of small and medium enterprises (SMEs) for GST structure in Indian economy. Moreover, we aim to study the tax compliance level of SMEs for GST regime and examine the impacts of their perceived tax fairness and tax complexity for GST structure on their GST compliance.

The current study is significant, as taxation authorities and policymakers would get aware about the levels of tax compliance and perceived tax fairness and tax complexity among small and medium enterprises for GST structure. Also, they would understand the role of perceived tax complexities and tax fairness of taxpayers for GST structure in their compliance of GST rules & regulations. They would get significant

directions from findings of current study in designing tax policies for improving GST compliance and GST collections among taxpayers, especially, in SMEs sector.

The rest of the article is structured in different sections. First, we discussed the review of existing literature in regards of GST, tax compliance, tax complexity and tax fairness on the basis of which we designed our research objectives and hypotheses. In second section, we outlined the research methodology used in our study. In third section, we demonstrated the results obtained from analysis of collected data. In further sections, we discussed our results and concluded our study with policy implications, limitations and future directions.

LITERATURE REVIEW

Goods & Services Tax (GST)

GST is a consumption based indirect tax which imposed on consumptions of goods & services (Zabri et al., 2016; Zainol & Soon, 2015). Moreover, GST is a value-added based tax which levies only on value added in goods & services by providing credits of input tax paid at previous stage of supply chain (Benge, 1998; Shamsuddin et al., 2014). Usually, GST is considered as an efficient and effective way to reduce tax unfairness, tax complexities & tax evasions and also raise tax compliance, government revenue & economic growth (Haron & Ayojimi, 2019; Tan et al., 2018; Venkadasalam, 2014). In India, GST has got introduced on 1st July 2017 by enactment of 101st constitution amendment act, 2016. Initially, France was the first economy that introduced GST in 1954 and till now GST has implemented in approximately 160 countries. In worldwide, GST is commonly referred as VAT (value added tax) (Urif, 2018). In Indian taxation history, GST's implementation is a first major taxation reform since independence, as it replaced total seventeen major indirect taxes and multiple surcharges and cess such as sale tax, services tax, VAT etc. that previously charged on consumption of goods & services. As compared to previous single-staged taxes, GST is a multi-staged tax which levies on value added by suppliers in each stage of supply chain (Shamsuddin et al., 2014). In India, GST is levied on the basis of destination based principle, and accordingly, tax is collected on place of supply. The Indian GST structure is being administered through four important acts such as CGST (central goods & services tax), SGST (state goods & services tax), IGST (integrated goods & services tax), UTGST (union territories goods & services tax).

Tax Compliance

The compliance of tax regulations occurs when taxpayers correctly calculate and report their tax liabilities, file their tax returns for income & expenses on proper timing, pay their tax liabilities when due and also fulfill their other tax obligations which are required according to tax laws (Franzoni, 2000; Olaoye et al., 2017). Also, Braithwaite (2009) stated that tax noncompliance occurs when amount of actual tax paid differentiates from amount of actual tax due. The tax compliance literature has considered mainly two approaches on which tax compliance is based; one is economic deterrence approach and other is behavioral approach (Frey & Feld, 2002). The economic deterrence approach assumes that the taxpayers are rational investors and profit-seekers whose main motive is utility maximization and according to it, taxpayers always make costs-benefits analysis of compliance and noncompliance outcomes and their tax compliance decision relies on tradeoff of its costs, benefits and enforcement efforts (Allingham & Sandmo,

1972; Nkundabanyanga et al., 2017; Yong, 2006). However, the problem of economic deterrence model is that taxpayers pay more tax than the prediction of this model and this realization pushed the researchers on behavioral factors to explain the tax compliance behavior (Abrie & Doussy, 2006). The behavioral approach assumes that taxpayers voluntarily comply or not to comply with tax regulations which depends on various psychological factors such as personal attitude (Nkwe, 2013; Shaharuddin et al., 2012), social norms (Chan et al., 2000; Jackson & Milliron, 1986; Kirchler et al., 2006), perceived behavioral control (Shaharuddin et al., 2012), tax knowledge & understanding (Musimenta, 2020), tax equity or fairness (Jackson & Milliron, 1986; Scott & Grasmick, 1981; Spicer & Lundstedt, 1976), tax morale (Frey & Feld, 2002), tax complexity (Chan et al., 2000; Chau & Leung, 2009; Gambo et al., 2014) and noncompliance opportunities (Robben et al., 1990) etc. These behavioral factors are not based on rationality of costs-benefits tradeoff but affected from emotions & psychology of taxpayers.

Tax Fairness & Tax Compliance

Tax fairness is a normative concept and it reflects the taxpayers' perceptions of equal, fair and justifiable tax burden (Sheffrin, 1993). In tax literature, researchers have widely used the equity theory of motivation given by J. Stacey Adam in 1963 in assessing the impacts of perceived fairness of taxpayers about any tax structure on their tax compliance behavior. This theory is based on the positive correlation of individual's motivation to his perceptions of equity, fairness and justice practiced by management. According to equity theory, in order to motivate an individual for achieving a particular performance level, the rewards for performance should be fair and justifiable and also similar to others individuals who are achieving same performance level, otherwise individual would feel demotivation (Lăzăroiu, 2015). By using same principle of equity theory, various studies have exhibited that taxpayers report less income when they perceive horizontal and exchange inequities in any tax structure (Jackson & Milliron, 1986; Kinsey et al., 1991; Porcano, 1984; Scott & Grasmick, 1981; Spicer & Lundstedt, 1976). Horizontal inequity means when taxpayers perceive they are inequitably treated as compared to other taxpayers of same level of income, expenses etc. While, exchange inequity arises when taxpayers perceive their exchange with government is inequitable and they perceive they pay more taxes in exchange of benefits of public goods or services that they receive. Also, Moser et al. (1995); Pope & Abdul-Jabbar (2008) stated that taxpayers report less income when they perceive they are inequitably treated relative to others from change in tax rates but if they perceive they are getting equal treatment then tax rates change doesn't influence their tax reporting behavior. Thus, in light of aforesaid literature, we assumed positive influence of perceived tax fairness of small and medium enterprises for GST structure on their GST compliance.

H_1: Perceived tax fairness for GST structure have positive influence on its tax compliance.

Tax Complexity & Tax Compliance

Tax complexity is a multidimensional concept and it has defined from different perspectives by Tran-Nam & Evans (2014). For a tax accountant, tax complexity may be time taken in understanding tax laws, prepare tax returns & calculate tax liabilities, tax planning and giving advice & consultancies. For a tax lawyer, tax complexity is the difficulties faced in reading and understanding tax legislations and applying them in practical situations. For a businessman, tax complexity is the time, money and efforts spent in complying

with those tax regulations that are required to fulfill for business purpose. Tax complexity may be of various types such as technical complexity, forms complexity, structural complexity, compliance complexity, computational complexity and rules complexity (McCaffery, 1990; Pau et al., 2007; Saw & Sawyer, 2010).

The complicated tax returns, uncertainty of tax rules and demand of legal competence are some of tax complexities that prevent a taxpayer to comply with tax regulations (Vogel, 1974). Furthermore, tax laws are become too complicated to understand when these are frequently change (Loo et al., 2010) and therefore, taxpayers have to get services of external tax professionals to deal with complex tax issues (Marcuss et al., 2013; Sapiei & Kasipillai, 2013). The complexities of tax laws usually become the reason of unintentional tax non-compliance (Isa, 2014; Musimenta, 2020; President's Economic Recovery Advisory Board, 2010). It can be obstacles in tax compliance for the taxpayers who really want to comply with tax regulations (Abrie & Doussy, 2006). Also, Gambo et al. (2014) revealed significant and negative influence of tax complexity on tax compliance. So, unintentional tax noncompliance may be decrease from reducing tax laws complexities (McKerchar, 2002). The tax simplicity that reflects tax complexity reduction is the key determinant that improve voluntarily tax-related compliance and reduce costs of tax compliance and tax administration (Isa, 2014; Jackson & Milliron, 1986; Loo et al., 2010; Musimenta, 2020; Sapiei & Kasipillai, 2013). A tax system that includes simple, predictable, clearly communicated and consistent rules ultimately increases tax compliance (McKerchar, 2002). In the light of existing literature on relationship of tax complexity and tax compliance, we assumed the negative influence of perceived tax complexities of small and medium enterprises for GST structure on their GST compliance.

H_2: Perceived tax complexities for GST structure have negative influence on its tax compliance.

RESEARCH METHODOLOGY

Sampling & Data Collection

As our main research objectives were to measure the SMEs' tax compliance and their perceived tax fairness and tax complexity for GST regime, and further, examine the impact of tax fairness and tax complexity on tax compliance. Therefore, to achieve our predefined objectives, we focused on population of SMEs in Haryana state that registered under GST regime. According to MSMEs, Act 2006 in India, the enterprises whose investment limit in plant and machinery or equipment is between Rs 1 crore to Rs 10 crore and annual turnover is between Rs 5 crore to Rs 50 crore are termed as small enterprises (Revised Classification for Micro, Small and Medium Enterprises (MSMEs), 2020). Also, the enterprises whose investment limit in plant and machinery or equipment ranges from Rs 10 crore to Rs 50 crore and annual turnover ranges from Rs 50 crore to Rs 250 crore are termed as medium enterprises (Revised Classification for Micro, Small and Medium Enterprises (MSMEs), 2020). Thus, we have taken small enterprises and medium enterprises as sampling units for present study that belong to Haryana state and are also registered under GST regime.

Our study is primary data-based study, and therefore, for collecting primary data from SMEs, we used quota sampling and purposive sampling. In this study, we collected cross-sectional responses, as variables of tax fairness, tax complexity and tax compliance are not change at large in a short period. In data

collection, self-administered structured questionnaire was used. For data collection, approximately 500 small enterprises owners and 500 medium enterprises owners were approached and they were requested to give their responses on printed questionnaire. Due to less computer literacy in small and medium enterprises owners, the physical mode of data collection was preferred and online mode was avoided. Finally, the total of 400 and 350 responses were collected from small enterprises and medium enterprises, respectively. However, after data screening process, only 728 responses out of total 750 collected responses were found suitable and 22 responses were completely discarded due to outliers and incomplete responses. Thus, total of 383 responses from small enterprises and 345 responses from medium enterprises were found suitable for further analysis. In addition, at the time of data collection, respondents were also interviewed by using open-ended and unstructured questions to give responses in regards of their tax compliance, tax complexity challenges and perceived tax fairness under GST regime.

Data Collection Instrument

As explained earlier, we collected primary data from SMEs by using self-administered structured questionnaire. In questionnaire, close-ended questions were asked from respondents in two parts. In the first part, close-ended questions corresponding to their demographic profile such as level, nature, form and tax management were asked on a nominal scale. While, in second part, close-ended questions related to tax compliance, perceived tax fairness and tax complexity under GST regime were asked on a continuous scale by using 5 point Likert scale ranging from strongly disagree (1) to strongly agree (5). In second part, total 30 items related to constructs/latent variables of tax compliance, perceived tax fairness and tax complexity and 10 items for each construct were included. All 30 items corresponding to constructs of tax complexity, tax fairness and tax compliance are shown in Table A1 of appendix section.

To measure tax complexity (TCX) of GST structure for SMEs, we used tax complexity scales of Isa, (2014) and Vogel, (1974) and also designed one item according to need of study. In total 10 items/observed variables of tax complexity construct/scale; TCX1, TCX2, TCX3, TCX4, TCX5 and TCX6 were taken from study of Isa, (2014) and then slightly modified in context of GST regime. Also, TCX7, TCX8 and TCX9 were taken from study of Vogel, (1974) and then slightly modified according to context of GST regime. However, TCX10 was designed by authors of this study. Thus, we used adapted scale to measure the tax complexity of GST regime for SMEs in this study.

Furthermore, to measure perceived tax fairness (TF) of SMEs for GST regime, we similarly used adapted scale. In total 10 items of tax fairness construct; TF1, TF2, TF3, TF4 and TF5 were taken from study of Khasawneh et al., (2008) and then also slightly modified in context of GST regime. The items of TF6, TF7, TF8, TF9 and TF10 were taken from study of Musimenta et al., (2017) and then slightly modified according to context of GST regime.

Same way, the tax compliance (TCP) of SMEs under GST regime was measured by using adapted scale. In total 10 items of tax compliance construct; TCP1 was designed by authors and TCP2, TCP3, TCP4, TCP5 and TCP6 were taken from study of Nurkhin et al., (2018) and then modified in context of GST and TCP7, TCP8, TCP9 and TCP10 were taken from study of Kirchler & Wahl, (2010) and then modified according to GST context.

However, the content validity and appropriateness of the structured questionnaire were also pre-tested by some experts and potential respondents before initiating final data collection. During the pre-testing stage, content validity was confirmed and no any ambiguous and jargon words found by experts and potential respondents. So, our structured questionnaire was found appropriate for the final survey.

Theoretical Model Formulation

In this study, we formulated a theoretical model to examine the impact of perceived tax fairness and tax complexity of SMEs for GST structure on their tax compliance. The formulated model is described below and shown in Figure 1:

$TCP = \alpha + \beta_1 TF + \beta_2 TCX + \varepsilon_i$

Where, TCP stands for tax compliance of SMEs under GST regime, TF for perceived tax fairness of SMEs for GST regime and TCX for perceived tax complexity of SMEs for GST regime, α is constant, β_1 is standardized estimate of perceived tax fairness, β_2 is standardized estimate of perceived tax complexity and ε_i is error terms. In this model, tax compliance of SMEs under GST structure has taken as dependent variable. Furthermore, perceived tax fairness and tax complexity of SMEs for GST structure have taken as independent variables. The dependent variables of tax compliance and independent variables of perceived tax fairness and tax complexity have measured on continuous scale by using 5 point Likert scale of strongly disagree (1) to strongly agree (5).

However, to examine the influence of perceived tax fairness and tax complexity on tax compliance from different perspectives of small enterprises and medium enterprises, we assessed the moderating effect of business level on assumed relationships of perceived tax fairness and tax complexity with tax compliance. This moderation effect will help in assessing the significant differences that may exist in small and medium enterprises for the impact of perceived tax fairness and tax complexity on tax compliance. The moderating variable of business level has been measured on a dichotomous scale of 0 and 1, where small enterprises have kept in the 0 category and medium enterprises placed in the 1 category. In examination of the moderation effect, we used the famous Gaskin stats tool package developed by Prof. Gaskin in 2012.

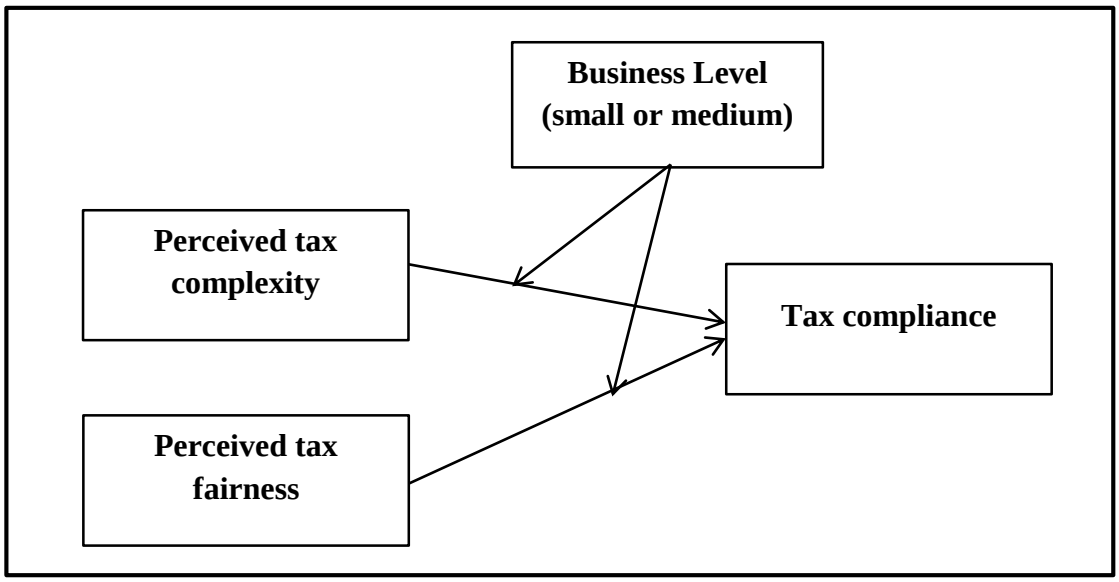

Figure 1: Theoretical model
Source: Authors

Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM)

In analysis of formulated theoretical model, the statistical technique of structural equation modeling (SEM) was applied. The structural equation modeling simultaneously assesses the variances of observed variables explained by latent variables and structural relationship of exogenous variables with endogenous variables (Byrne, 2010). Moreover, in order to confirm the goodness fit of model and reliability and validity of constructs/latent variables of tax fairness, tax complexity and tax compliance, the confirmatory factor analysis (CFA)/measurement model technique was used. The statistical techniques of CFA and SEM were applied by using software of AMOS version 24 that adopts "maximum likelihood estimates" algorithm to measure the regression weights of exogenous variables on endogenous variables.

Control Variables

In order to maintain homogeneity in sample and reduce the effects of others independent variables on GST compliance of SMEs that were not taken in our formulated theoretical model; we controlled few variables at the time of sampling and data collection. In our controlled variables; business level, geographical location, GST registration scheme, investment limit and annual turnover were included. We have collected data only from those enterprises whose business level is small or medium. We have focused only on those SMEs which are registered under regular scheme of GST regime. Moreover, in order to get more representative sample, we have restricted the investment limit from Rs 1 crore to Rs 50 crore and annual turnover limit from Rs 5 crore Rs 250 crore by referring the definition of MSMEs under MSMEs act 2006. Lastly, to generalize our study's findings, we have restricted geographical spread of sampling only upto the Haryana state of India.

Descriptive Statistics and Independent Sample t-test

In present study, to assess the level of tax complexity, tax fairness and tax compliance for GST structure among SMEs, we used descriptive statistics such as arithmetic mean and standard deviation for all observed and latent variables corresponding to tax complexity, tax fairness and tax compliance. We also ranked the independent variables of tax complexity and tax fairness and dependent variable of tax compliance on the basis of their mean scores. Additionally, we used independent sample t-test to identify the significant differences that may exist in small enterprises and medium enterprises for tax complexity, tax fairness and tax compliance. The independent sample t-test is used to identify the significant differences in mean scores for a particular variable in two independent sample groups (Fradette et al., 2003; Rasch et al., 2007; Zimmerman, 1997).

ANALYSIS & RESULTS

Demographic Analysis

Table 1 shows that total of 383 small enterprises and 345 medium enterprises participated in cross-sectional survey of GST regime's tax compliance, perceived tax fairness and tax complexity.

Moreover, business nature of 190 enterprises was manufacturing, 118 enterprises were from wholesaling business, 274 were retailers and 146 were engaged in service distribution business. However, in 383 small enterprises, 91 were from manufacturing business, 45 were from wholesaling business, 153 were from retailing business and 94 were from service distribution business. Also, in 345 medium enterprises, 99 were from manufacturing business, 73 were from wholesaling business, 121 were from retailing business and 52 were from service distribution business.

Table 1 shows that majority of respondents i.e. 543 enterprises were outsourcing their tax management functions to tax experts or professionals and only 185 enterprises were doing their tax management internally by own. Same way, in small enterprises also, majority of enterprises i.e. 286 were outsourcing their tax management functions and 97 were doing their tax management internally by own. In medium enterprises also, the majority of enterprises i.e. 257 were outsourcing their tax management functions and 88 were doing their tax management internally by own.

In total 728 enterprises, 489 enterprises were in sole-proprietorship legal entity, 44 were in partnership business and 195 were registered as corporate legal entity. Out of 383 small enterprises, 274 enterprises were in sole-proprietorship legal entity, 27 were in partnership business and 82 were registered as corporate legal entity. In 345 medium enterprises, 215 enterprises were in sole-proprietorship legal entity, 17 were in partnership business and 113 were registered as corporate legal entity

Table 1: Demographic summary

Demographic features	Category	Pooled data	Small enterprises data	Medium enterprises data
Level	Small enterprises	383		
	Medium enterprises	345		
	Total	728		
Nature	Manufacturing	190	91	99
	Wholesaling	118	45	73
	Retailing	274	153	121
	Service distribution	146	94	52
	Total	728	383	345
Tax management	Inbound	185	97	88
	outsourcing	543	286	257
	Total	728	383	345

Form	Sole-proprietorship	489	274	215
	Partnership	44	27	17
	Corporate entity	195	82	113
	Total	728	383	345

Source: Field survey

Levels of Tax Compliance and Perceived Tax Fairness and Tax Complexity for GST Regime

Table 2 exhibits the mean scores and standard deviation of SMEs' responses for observed and latent variables of tax complexity, tax fairness and tax compliance. The values of standard deviation are low and close to their corresponding mean values which implies that mean values truly represent their samples. It is evident from Table 2 that overall mean scores of both small and medium enterprises' responses for tax complexity are higher than 3 which indicate that both small and medium enterprises are facing high level of tax complexity challenges in GST regime. In addition, the overall mean scores for tax compliance and tax fairness in small and medium enterprises are less than 3 which indicate about low levels of tax compliance and perceived tax fairness for GST structure in both small and medium enterprises. The results of polled model, small enterprises model and medium enterprises model show that after GST's implementation both communities of small and medium enterprises are facing tax complexity challenges of GST regime such as estimating tax liabilities, record keeping burden, understanding GST's rules, complicated tax returns and short time in filing tax returns, GST's rules uncertainty and dealing with tax experts and GST council etc. Also, both small and medium enterprises are disagreed with GST's fairness, as they responded that GST tax rates are not reasonable, rates are not same for same level taxpayers, rates are not based on ability to pay and they are not receiving any compatible benefit in exchange of tax rates. Moreover, results state both communities are not fully complying with their tax obligations for GST framework. The tax compliance results indicate that both small and medium enterprises are not voluntarily fulfilling their tax obligations under GST regime and both are not able to fill their tax returns and submit on time and calculate their tax liabilities correctly and pay them on proper time.

It is added here that during data collection we also personally interviewed the owners of small and medium enterprises with unstructured questions of what opportunities, challenges, tax complexities, tax fairness, benefits, compliance requirements etc. they experienced after GST's implementation. The results of the unstructured interview were also found similar to the analysis results of the data collected by using questionnaire. Most of the respondents stated that they didn't receive any compatible benefit after GST's implementation. Most of the respondents, however, believed that GST's implementation has seriously influenced their business and tax management in negative ways. Similarly, mostly respondents also talked about higher and unfair tax rates, computer literacy deficiency for e-tax filing, technical issues of GSTN portal, short time in filing returns, delay in getting input tax credits (ITC), complex and ambiguous rules of tax reporting and tax credits, mismatching of purchase & sale invoices, psychological burden in fulfillment of tax requirements etc. Additionally, mostly respondents talked about increased burden of accounting and book-keeping, increased tax experts hiring requirements, increased working capital requirements and confusion about taxable supplies and tax rates. The quotes of one surveyed owner of small enterprise and one surveyed owner of medium enterprise in this study are stated below:

One small enterprise's owner stated that I really felt GST's implementation has severally influenced the small business sector, as tax rates are not fair, mostly businesses' turnover has declined, we are facing accounting and book-keeping pressure, our working capital investment requirements have increased, we always face problems of delay in getting ITC, our tax experts hiring requirements have also increased due to our less computer literacy for e-taxation and ambiguous and uncertain GST's rules and all these problems have ultimately reduced our business profitability and GST compliance. Also, our small business sector was already seriously affected by the demonetization move and this GST's implementation has further contributed to negatively affect our sector's growth.

One medium enterprise's owner stated that GST's rules & regulations are so much complex, ambiguous and uncertain, and therefore, I always have to face problems in complying with my tax obligations for GST regime. I generally face problem in filing my tax returns on time due to technical issues of GSTN portal. Sometimes I paid unnecessary penalties due to unintentionally delay in tax return filing & calculating incorrect tax liabilities and filing wrong tax returns by mistake. Therefore, GST's implementation is reducing my tax morale in compliance of tax obligations.

Moreover, we also ranked observed and latent variables of tax complexity and tax fairness on the basis of their mean scores. In overall mean ranking results, we found that in both small and medium enterprises tax complexities of GST are highly influencing on GST compliance in comparison of perceived GST fairness. We also found that in comparison of other tax complexities small enterprises are facing tax return complications at highest level and medium enterprises are facing complexity of short time in tax returns filing at highest level. Also, both communities are expressing high level of disagreement with reasonability of tax rates under GST regime.

However, we also computed t-statistics for mean scores to assess the significant differences that may exist in small and medium enterprises for tax complexity, tax fairness and tax compliance. In independent sample t-test results we found no any significant difference in small and medium enterprises for overall mean scores of tax complexity, tax fairness and tax compliance which implies that both communities have high level of tax complexity challenges, low perceived tax fairness and low tax compliance. In other words, both communities are giving almost similar responses for tax complexity, tax fairness and tax compliance. While, in mean scores of small and medium enterprises' responses for complexities of short time lodging tax returns, tax experts dealing, GST council dealing and tax credit rules, we found significant differences and seen that medium enterprises are facing these complexities at higher level as compared to small enterprises. We also found a significant difference in the mean score of fulfillment of tax registration formalities and seen that small enterprises are fulfilling this obligation but medium enterprises are not fully complying this obligation.

Measurement Model

Figure 2 represents the measurement model of tax compliance and perceived tax fairness and tax complexity for GST regime. The measurement model or CFA technique was applied to assess the overall goodness fit of model and reliability and validity of constructs of tax compliance, tax fairness and tax complexity. Table 3 describes the analysis results of the measurement model and Table 4 shows the

goodness fit of the overall model. Table 3 shows that unstandardized regression weights of all observed variables/items corresponding to tax complexity (TCX), tax fairness (TF) and tax compliance (TCP) are significant at 0.001 level ($p < 0.001$). Also, standardized regression weights of all items meet the recommended level of 0.05 by Hair et al. (2010), and therefore, all items were retained in measurement model.

Table 2: Tax complexity, Tax fairness and Tax compliance for GST structure

Variables	Pooled model			Small enterprises model			Medium enterprises model			t-statistics
	Mean	S.D.	Rank	Mean	S.D.	Rank	Mean	S.D.	Rank	
TCX1	3.8365	1.22083	5th	3.7546	1.28108	5th	3.9275	1.14525	3rd	-1.923
TCX2	3.8599	1.08365	4th	3.8486	1.10119	3rd	3.8725	1.06529	8th	-.297
TCX3	3.9093	1.18218	1st	3.8590	1.23261	2nd	3.9652	1.12268	2nd	-1.217
TCX4	3.7514	1.37175	10th	3.6214	1.50227	10th	3.8957	1.19622	5th	-2.737**
TCX5	3.8681	1.24083	3rd	3.7598	1.37850	4th	3.9884	1.05648	1st	-2.525*
TCX6	3.7679	1.31741	9th	3.6684	1.41688	9th	3.8783	1.18969	7th	-2.171*
TCX7	3.8942	1.11810	2nd	3.9034	1.15254	1st	3.8841	1.08016	6th	.233
TCX8	3.7857	1.24262	7th	3.7180	1.30198	8th	3.8609	1.17052	9th	-1.559
TCX9	3.7761	1.24259	8th	3.7389	1.31831	6th	3.8174	1.15323	10th	-.857
TCX10	3.8187	1.23568	6th	3.7285	1.29817	7th	3.9188	1.15604	4th	-2.093*
TF1	2.5907	1.37276	13th	2.5352	1.35685	15th	2.6522	1.38960	11th	-1.148
TF2	2.4931	1.49275	17th	2.4856	1.49840	17th	2.5014	1.48857	15th	-.143
TF3	2.4973	1.43257	16th	2.5170	1.43593	16th	2.4754	1.43060	16th	.391
TF4	2.5865	1.47634	14th	2.5849	1.47846	13th	2.5884	1.47612	13th	-.032
TF5	2.5014	1.45638	15th	2.5379	1.48041	14th	2.4609	1.43028	17th	.712
TF6	2.4313	1.38501	19th	2.4595	1.38723	18th	2.4000	1.38388	19th	.579

TF7	2.4382	1.50251	18th	2.4595	1.50837	18th	2.4145	1.49780	18th	.404
TF8	2.3874	1.55803	20th	2.3890	1.56620	19th	2.3855	1.55119	20th	.030
TF9	2.6058	1.34126	11th	2.6188	1.33454	12th	2.5913	1.35047	12th	.276
TF10	2.5948	1.47862	12th	2.6423	1.50739	11th	2.5420	1.44637	14th	.913
TCP1	3.0481	1.70416	2nd	3.2115	1.71830	1st	2.8667	1.67216	6th	2.738**
TCP2	3.0563	1.64475	1st	3.0574	1.65692	2nd	3.0551	1.63355	1st	.019
TCP3	2.9011	1.55808	5th	2.9373	1.54555	4th	2.8609	1.57314	7th	.661
TCP4	2.9354	1.60722	3rd	2.8877	1.60837	5th	2.9884	1.60663	2nd	-.844
TCP5	2.8640	1.50905	7th	2.8355	1.52006	8th	2.8957	1.49830	5th	-.537
TCP6	2.9162	1.66520	4th	3.0131	1.70841	3rd	2.8087	1.61153	8th	1.655
TCP7	2.4478	1.41227	9th	2.4047	1.40890	9th	2.4957	1.41652	10th	-.867
TCP8	2.8434	1.58316	8th	2.8799	1.62158	6th	2.8029	1.54072	9th	.655
TCP9	2.8970	1.59835	6th	2.8799	1.62802	6th	2.9159	1.56688	4th	-.304
TCP10	2.8970	1.65251	6th	2.8721	1.68200	7th	2.9246	1.62112	3rd	-.428
Tax complexity (TCX)	3.8268	.98774	1st	3.7601	1.06856	1st	3.9009	.88513	1st	-1.943
Tax fairness (TF)	2.5126	1.29148	2nd	2.5230	1.30080	2nd	2.5012	1.28285	2nd	.227
Tax compliance (TCP)	2.8806	1.18195		2.8979	1.20570		2.8614	1.15645		.415
Note: ***, **, *; indicate that P values of t-statistics are < 0.001, 0.01 and 0.05, respectively.										

Source: Authors' own computations

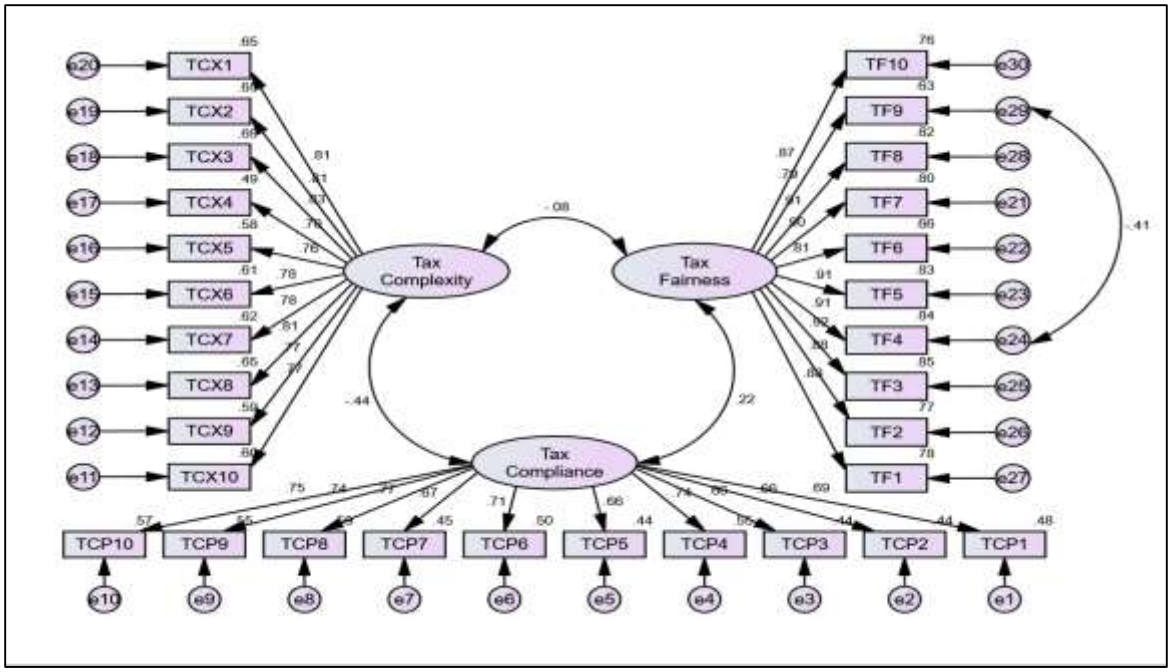

Figure 2: Measurement model
Source: Authors

Table 4 shows that the overall fitness of the measurement model was also good enough, as all fitness indices achieved their minimum required values. In fit indices, when CMIN/DF is less than or equal to 3 then it is excellent and if it is close to 5 then it is also acceptable (Hair et al., 2010; Wang et al., 2021). Furthermore, goodness indices such as CFI, NFI, IFI, GFI, TLI, RFI etc. should be equal or higher than 0.90 but if they are higher than 0.80 then it is also acceptable (Hu & Bentler, 1999; Wang et al., 2021). Lastly, badness indices such as RMR, RMSEA etc. should be lower than 0.10 (Hair et al., 2010; Wang et al., 2021). The fitness results of Table 4 show that CMIN/DF =2.818 which is excellent, all goodness indices such as GFI (.905), NFI (.937), RFI (.932), IFI (.959), TLI (.955) and CFI (.959) are higher than 0.90 which is also admirable and badness indices such as RMR (.068) and RMSEA (0.50) are also less than 0.10 which is also good enough. Thus, the overall fitness of the model was considered good enough. However, to achieve this fitness level, we connected one modification indices between e24 and e29 error terms.

Table 3: Results of measurement model (confirmatory factor analysis)

Item	Unstandardized regression weight	S.E.	C.R.	P	Standardized regression weight	Squared multiple correlation
TCX1	1.028	.044	23.620	***	.805	.648
TCX2	.914	.039	23.685	***	.807	.651
TCX3	1.027	.042	24.574	***	.831	.690
TCX4	1.008	.050	20.022	***	.703	.494
TCX5	.989	.045	22.078	***	.762	.581

TCX6	1.078	.047	22.800	***	.783	.612
TCX7	.917	.040	22.881	***	.785	.616
TCX8	1.046	.044	23.620	***	.805	.648
TCX9	1.000	.045	22.338	***	.770	.592
TCX10	1.000				.774	.599
TF1	.900	.025	36.625	***	.883	.780
TF2	.973	.027	36.080	***	.878	.770
TF3	.979	.024	40.769	***	.921	.848
TF4	1.002	.025	39.894	***	.914	.835
TF5	.983	.025	39.368	***	.909	.826
TF6	.833	.027	30.366	***	.810	.657
TF7	1.000				.896	.803
TF8	1.049	.027	39.114	***	.907	.822
TF9	.788	.027	28.893	***	.791	.626
TF10	.958	.027	35.605	***	.873	.762
TCP1	1.000				.694	.482
TCP2	.925	.055	16.715	***	.665	.442
TCP3	.873	.052	16.665	***	.663	.439
TCP4	1.009	.054	18.552	***	.743	.552
TCP5	.843	.051	16.616	***	.661	.437
TCP6	.999	.056	17.770	***	.709	.503
TCP7	.801	.048	16.854	***	.671	.450
TCP8	1.026	.054	19.096	***	.766	.587
TCP9	1.004	.054	18.551	***	.743	.552
TCP10	1.052	.056	18.787	***	.753	.567
Note: ***; P values of estimate are < 0.001						

Source: Authors' own computations

Table 4: Fitness Indices of measurement model and structural model

Fitness Indices	Measurement model	Structural model	Minimum required value
CMIN	1130.083	1130.083	
DF	401	401	
P	.000	.000	<0.05
CMIN/DF	2.818	2.818	<5
GFI	.905	.905	>.90
NFI	.937	.937	>.90

RFI	.932	.932	>.90
IFI	.959	.959	>.90
TLI	.955	.955	>.90
CFI	.959	.959	>.90
RMR	.068	.068	<.10
RMSEA	.050	.050	<.10

Source: Authors' own computations

Constructs' Reliability & Validity

After achieving the overall fitness of the measurement model, we checked the reliability and validity of constructs of tax complexity, tax fairness and tax compliance. In order to confirm the reliability and validity of constructs, we tested their internal consistency, convergent validity and discriminant validity. Generally, internal consistency/reliabilty of constructs/scales are checked by using Cronbach's alpha measure and if alpha coefficient of scale/construct is higher than 0.7 then scale or constructs have internal consistency (Churchill, 1979; Nunnally, 1978). Moreover, CR (composite reliability) is considered as superior measure than Cronbach's alpha for testing internal consistency/reliability of constructs (Chin, 2010). If CR values are higher than 0.7 then scales/constructs are also termed as reliable (Nunnally, 1978). For confirming the validity of constructs, convergent validity and discriminant validity are tested. If CR values are higher than 0.7, AVE (average variance explained) values are greater than 0.5 and CR values are also bigger than AVE values then convergent validity of constructs are confirmed (Fornell & Larcker, 1981; Hair et al., 2010). Also, for discriminant validity; AVE values of constructs should be greater than MSV (maximum shared variance) and ASV (average shared variance) values of constructs (Fornell & Larcker, 1981; Hair et al., 2010). In other words, if square roots of AVE values of constructs are higher than correlational values of corresponding construct with other constructs then discriminant validity of constructs are confirmed (Fornell & Larcker, 1981; Hair et al., 2010).

The results of Table 5 show that the constructs of tax complexity, tax fairness and tax compliance had high internal consistency, as their Cronbach's alpha values (TCX= 0.939, TCP= 0.909 and TF=0.971) and CR values (TCX= 0.941, TCP= 0.909 and TF=0.971) were higher than the recommended level of 0.7. The convergent validity of all constructs were also confirmed, as their CR values (TCX= 0.941, TCP= 0.909 and TF=0.971) were higher than 0.7, AVE values (TCX= 0.613, TCP= 0.501 and TF=0.773) were higher than 0.5 and CR values were also greater than AVE values. Furthermore, discriminant validity of all constructs were also confirmed, as all AVE values (TCX= 0.613, TCP= 0.501 and TF=0.773) of constructs were higher than ASV (TCX= 0.100, TCP= 0.121 and TF=0.027) and MSV (TCX= 0.194, TCP= 0.194 and TF=0.048) values of corresponding constructs. In other words, higher square roots of AVE values of constructs than correlational values of corresponding constructs with others had confirmed the discriminant validity of constructs. Thus, constructs/latent variables of tax complexity, tax fairness and tax compliance were found reliable and valid for checking hypothesized structural relationship between them.

Table 5: Reliability and validity results of latent variables/constructs

	Convergent validity		Discriminant validity					Reliability/internal consistency
			1st approach		2nd approach			
Variable	CR	AVE	MSV	ASV	TCX	TCP	TF	Cronbach's α value
TCX	0.941	0.613	0.194	0.100	0.783			0.939
TCP	0.909	0.501	0.194	0.121	-0.440	0.708		0.909
TF	0.971	0.773	0.048	0.027	-0.084	0.218	0.879	0.971

Note: TCX, Tax complexity; TCP, Tax compliance; TF, Tax fairness; CR, Composite reliability; AVE, Average variance explained; MSV, Maximum shared variance; ASV, Average shared variance. In second approach column, diagonal elements are square root of AVE of construct and off-diagonal elements are correlation of a particular constructs with other constructs.

Source: Authors' own computations

Structural Model (Path Analysis)

After confirming the reliability and validity of constructs/latent variables of tax complexity, tax fairness and tax compliance we moved on next step ahead of testing our hypothesized relationship of tax complexity and tax fairness with tax compliance. In testing the regression coefficients of exogenous variables of tax complexity and tax fairness on endogenous variables of tax compliance we applied structural equation modeling (SEM) technique. Figure 3 demonstrates the structural model of the impact of perceived tax fairness and tax complexity of GST structure on GST compliance. However, before assessing our hypothesized structural relationships we also tested the overall fitness of the structural model which was also similar to the fitness of the measurement model. Table 4 shows that CMIN/DF =2.818, the goodness indices such as GFI (.905), NFI (.937), RFI (.932), IFI (.959), TLI (.955) and CFI (.959) are higher than 0.90 and badness indices such as RMR (.068) and RMSEA (0.50) are also less than 0.10. Thus, overall fitness of structural model was also found good enough.

In addition, Table 6 shows the correlational results between tax complexity, tax fairness and tax compliance and Table 7 shows the results of hypothesized paths of tax complexity and tax fairness on tax compliance. Table 6 shows the correlation between tax complexity and tax compliance is approximately 44% and Table 7 shows that tax complexity is explaining approximately 43% of variance of tax compliance. Also, Table 6 shows the correlation between tax fairness and tax compliance is approximately 22% and Table 7 shows that tax fairness is explaining 18% of variance of tax compliance. The results of path analysis show that the coefficient of determination (r^2) is 22.3% which implies that both tax complexity and tax fairness are explaining approximately 23% variance of tax compliance. However, the tax complexity is strongly affecting tax compliance as compared to tax fairness. Furthermore, the results of path analysis shown in Table 7 support the hypothesized relationship of tax complexity (β_{TCX} = -.424 and p <0.01) and tax fairness (β_{TF} =.183 and p <0.01) with tax compliance, as regression weights of both relationships are significant at 0.01 level. Table 6 and Table 7 also show the significant negative relationship between tax complexity and tax compliance and significant positive relationship between tax fairness and tax compliance. The negative structural relationship between tax complexity and tax compliance indicates the negative impact of tax complexity on tax compliance and suggests if taxpayers face more tax

complexities in GST structure then their tax compliance for GST regime will negatively influence. Similarly, the positive structural relationship between tax fairness and tax compliance indicates the positive impact of tax fairness on tax compliance and suggests if taxpayers have more perceived tax fairness for GST structure then their tax compliance for GST regime will positively influence.

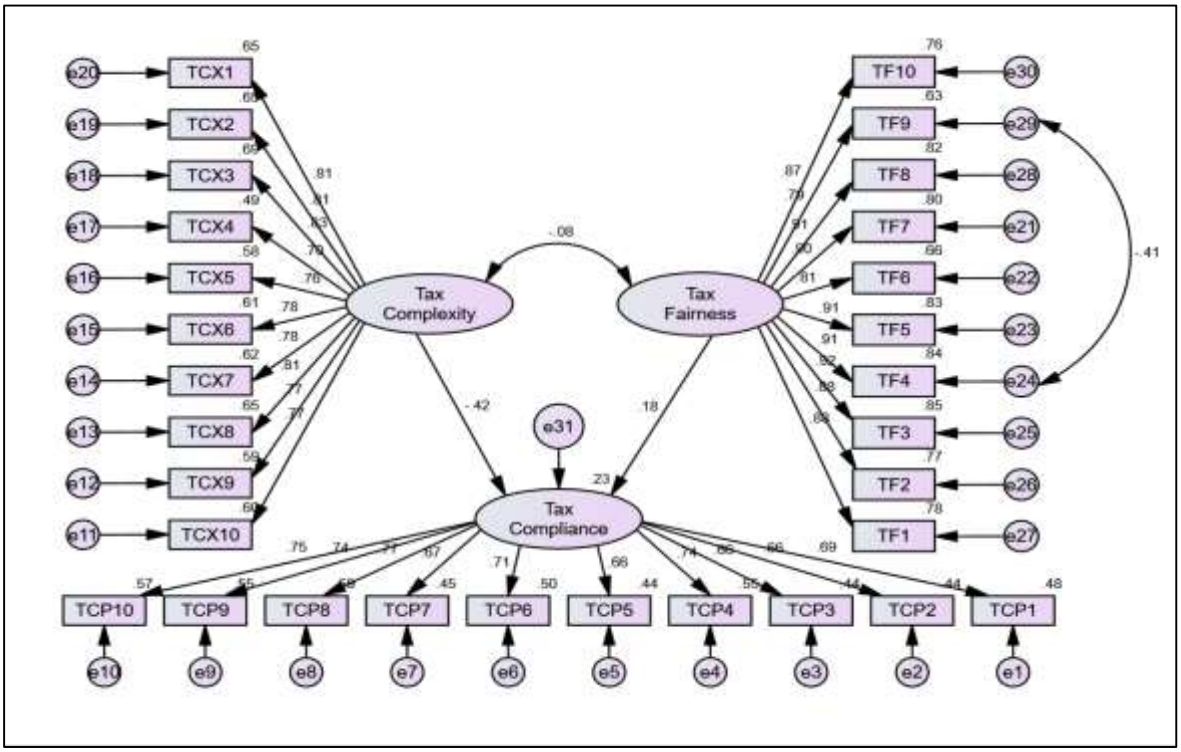

Figure 3: Structural model
Source: Authors

Table 6: Standardized parameter estimates of measurement model and structural model

Measurement model		Structural model	
Correlational relationship	**Standardized parameter estimates (r)**	**Structural relationship**	**Standardized parameter estimates (β)**
TCP <--> TCX	-.440	TCP <--- TCX	-.424
TCP <--> TF	.218	TCP <--- TF	.183
TCX <--> TF	-.084	TCX <--> TF	-.084
Note: TCP, Tax compliance; TCX, Tax complexity; TF, Tax fairness.			

Source: Authors' own computations

Table 7: Path parameter estimates

Relationship	Regression weights	S.E.	C.R.	P	Standardized Regression weights (β)	Hypothesis
TCP <--- TCX	-.525	.051	-10.196	***	-.424	Supported
TCP <--- TF	.160	.032	5.042	***	.183	Supported
R^2=.226						
Note: ***, P values of regression weights are <0.001.						

Source: Authors' own computations

Moderator Effect of Business Level

In this study, to examine the impact of perceived tax fairness and tax complexity of GST structure on tax compliance for GST regime from separate perspectives of small and medium enterprises, we assessed the moderator effect of business level (small or medium) on hypothesized relationships of tax fairness and tax complexity with tax compliance. Table 8 shows that the moderation effect of business level on both relationships of tax complexity and tax fairness with tax compliance is insignificant. The impact of tax complexity on tax compliance in small enterprises is approximately 47% (β=-.465, p<0.001) and in medium enterprises it is approximately 38% (β=-.377, p<0.001) but this difference is not significant because the moderation effect of business level on relationship of tax complexity and tax compliance is not significant at 0.05 level (Z= -0.429, p>0.05). Similarly, the impact of tax fairness on tax compliance in small enterprises is approximately 19% (β=.190, p<0.001) and in medium enterprises it is approximately 17% (β=.169, p<0.001) but this difference is also not significant because the moderation effect of business level on relationship of tax fairness and tax compliance is not significant at 0.05 level (Z= 0.299, p>0.05). It seems that on tax compliance for GST regime, in compare of medium enterprises the small enterprises are facing more negative influence of tax complexities and also having more positive influence of tax fairness but this difference is not significant. The moderating result implies that in both communities of small and medium enterprises, tax complexities of GST structure are almost equally and adversely affecting their GST compliance. Also, the perceived tax fairness of both small and medium enterprises for GST structure has also almost equal and positive influence on GST compliance.

Table 8: Moderating effect of business level

Relationship	Small enterprises model		Medium enterprises model		Z score of moderation	Result
	Regression weights	β	Regression weights	β		
Level ⇣ TCP <--- TCX	-.499***	-.465	-.545***	-.377	-0.429	Not moderated
Level ⇣ TCP <--- TF	.148***	.190	.168**	.169	0.299	Not moderated

	R^2=.275	R^2=.174		
Note: ***, ** indicates that P values of regression weights are <0.001 and 0.01.				

Source: Authors' own computations

DISCUSSION & CONCLUSION

As, our study's results suggest that GST's implementation has brought so many tax complexities challenges for small as well as medium enterprises. The outsourcing of tax management by majority of small and medium enterprises is ultimately reflecting their inability to deal with tax complexity challenges of GST regime. The data reflects SMEs are facing complexities related to tax returns complications and short time period in filling tax returns at highest level. The responses of unstructured interview suggest the computer literacy deficiency, ambiguous and uncertain GST's rules and technical issues of GSTN portal are the foremost hurdles that SMEs experienced at the time of filing returns. There are also other complexities challenges that SMEs are facing after GST's implementation such as estimating tax liabilities, record keeping burden, understanding of GST's rules, dealing with tax experts and GST council, mismatching of purchase & sale invoices, psychological burden in fulfillment of tax requirements, increased tax experts hiring requirements etc. Furthermore, our data has shown that majority of respondents were disagree with the reasonability and fairness of tax rates under GST regime. GST has put an unnecessary tax burden on SMEs sector and that's why majority of enterprises' profitability and turnover have got reduced. The penalty and interests for unintentional noncompliance due to ambiguous and uncertain rules, no change allowed in return filing and technical issues of GSTN portal are contributing in perceived unfairness for GST structure among SMEs. The delay in input tax credits, tax on stock transfer, negative price effects, increased accounting burden, increased compliance costs, no compatible benefits, no elimination of cascading effect of taxation at large, increase in working capital & fund raising requirements etc. all are forming negative perceptions of SMEs for GST's fairness. In addition, small and medium enterprises are not fully and voluntarily complying with their GST obligations.

Moreover our path analysis results have shown the tax complexity challenges of GST and perceived fairness of SMEs for GST regime as the strong antecedents of GST compliance of both small and medium enterprises. Tax complexity was found to have negative influence on GST compliance, whereas, tax fairness was found to have positive influence on GST compliance. Also, tax complexity was found as the strongest explanatory factor of GST compliance as compared to GST's fairness. It may be added here that small as well as medium enterprises are not able to fully and voluntarily comply with GST requirements due to intense tax complexity challenges and unnecessary & unfair burden under GST regime. So, government should consider the role of tax simplicity and tax fairness in tax compliance for GST regime at the time of designing tax policies, especially, for small and medium enterprises.

Lastly, our study has concluded that tax simplicity and tax fairness under GST regime have an important role in GST compliance of taxpayers. This study gives insights to policymakers for focusing on improvement of tax simplicity and tax fairness under GST regime during any policy initiative for improvement of GST compliance & collections. So, in order to improve GST compliance of taxpayers, government should work on simplifying the tax rules and eliminating the unfair tax burden under GST regime. Indeed, in India, computer literacy deficiency is one of the crucial hurdles in success of e-taxation

system, therefore, government should provide computer training to taxpayers, especially to SMEs, in free of costs to make them able to understand and use e-taxation services. Government should immediately solve technical issues of GSTN portal and their consequences should not be fall on taxpayers. Policymakers should invest more funds on digital technologies and infrastructure. Furthermore, government should develop various guiding user-friendly tax software and organize various communications programs and skill-development training campaigns to eliminate the ambiguousness of GST's rules. To improve the understanding of GST's rules, GST should not only teach in professional courses but also in all primary, secondary, graduation and post-graduation levels. In order to reduce the chances of unawareness, uncertainty, unfamiliar rules and mistakes, GST council should make consistency in GST rules and not frequently change them. If council amends any tax rules then it should be properly communicate to taxpayers by using some authentic sources such as special magazines, newspapers or Tv channels. At the time of lodging tax returns, amendments option in returns should also be allowed which will be helpful in solving problems of unnecessary penalties and mismatching of tax invoices. If taxpayers do any unintentionally mistake in calculating tax liabilities or filling tax returns, he should not be unnecessarily penalized and proper hearing opportunity should also be given to him. Also, policymakers should not discriminate between tax evaders and honest taxpayers through tax amnesty schemes. If government is using these schemes in order to reduce tax evasions then concessions should also be provide to honest taxpayers through tax incentives or waiving penalties and interests. Otherwise, tax morale of honest taxpayers will get negatively influence. Government should charge reasonable, fair and equitable tax rates under GST regime and provide various tax incentives and compatible benefits to taxpayers in order to improve their tax morale and perceived tax fairness for GST regime. Taxation authorities should provide input tax credits as soon as possible and in case of any discrepancy tax matter should also be solve immediately. Government should ask time to time from taxpayers about any ambiguousness and complexity of rules and unfair burden under GST through giving opportunities for filing complaints at GSTN portal or complaint box etc. Moreover, to remove the cascading effects of taxation till last level, all other local & municipal indirect taxes, petroleum products and customs duties should be include under the scope of GST. Tax administration should lengthen the time period of filing tax returns atleast for three months for all taxpayers and reduce returns complications. The unnecessary accounting and booking burdens should not be fall on taxpayers. Thus, if government really wants to improve GST compliance then it has to do each and every effort in improving the tax simplicity and perceived tax fairness for GST structure among taxpayers, especially in small and medium enterprises. Policymakers should realize that GST regime will become successful in achieving its main theme of good & simple indirect tax only when its rules & regulations are simple and taxpayers friendly and tax burden on taxpayers under its structure is fair, equitable and justifiable. Otherwise, taxpayers' morale will reduce and ultimately they will try to shift towards tax noncompliance.

LIMITATIONS & FUTURE DIRECTIONS

Our study is based on small and medium enterprises of Haryana state of India. Large enterprises are excluded from present study, as these may not face tax complexities challenges of GST at large level due to abundance of resource. Second, we have focused on those enterprises which were registered under GST regular scheme and we didn't study unregistered or any other scheme's registered taxpayers. Third,

we have studied influence of only tax complexity and tax fairness for GST structure on GST compliance of small and medium enterprises. Thus this study gives significant insights for future studies that may explore the influence of other financial and behavioral factors on GST compliance of taxpayers. Future studies may also focus on large enterprises for exploring the effects of GST on large enterprises sector. Furthermore, future studies may also study the moderating influence of other demographic variables such as age, registration scheme, state, investment limit etc.

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72. APPENDIX

Table A1: Questions asked in part 2 of questionnaire to assess GST structure's tax complexity, tax fairness and tax compliance among small and medium enterprises (SMEs)

Coding	Variables/Items	Source
	Tax complexity (TCX)	
TCX1	Estimating tax payable under GST is complex	Taken from Isa, (2014) and then adapted
TCX2	Facing burden of record keeping	
TCX3	Understanding GST legislations is complex	
TCX4	Dealing with external advisors/tax agents is complex	
TCX5	Short period of time to lodge tax returns creating tax complexities	
TCX6	Dealing with GST council is complex	
TCX7	Tax returns under GST are complicated	Taken from Vogel, (1974) and then adapted
TCX8	GST rules & regulations are uncertain	
TCX9	Facing complexities of demand of legal competence for GST legislations	
TCX10	Rules & regulations of tax credits and refunds are complex	contextual
	Tax fairness (TF)	
TF1	I believe that in general, the GST system in India is fair	Taken from Khasawneh et al., (2008) and then adapted
TF2	I think that GST in India is based on taxpayers ability to pay	
TF3	I believe that business taxpayers in India do not pay more than their fair share in GST	
TF4	Comparing my tax burden of GST with others, I do not pay more than my fair tax	

TF5	I feel that I do not pay high amount of taxes under GST, when I compare those benefits with benefits I receive	
TF6	The tax rate under GST is fair as it is the same for every business at the same level	Taken from Musimenta et al., (2017) and then adapted
TF7	The manner in which the tax burden of GST is distributed across taxpayers is fair	
TF8	The tax rates which organizations pay under GST are reasonable	
TF9	Considering all taxpayers, no taxpayer pays less than their fair share of taxes under GST	
TF10	The GST laws don't require taxpayers to pay more than the fair share of taxes	
	Tax compliance (TCP)	
TCP1	Fulfilled all necessary requirements for registration under the GST network	(contextual)
TCP2	Doing bookkeeping or recording for GST compliance purpose.	Taken from Nurkhin et al., (2018) and then adapted
TCP3	Calculate the taxes correctly under GST and pay them on time	
TCP4	Fill out the tax return by the provisions of GST legislations and report on time.	
TCP5	Pay the GST underpayment before inspection	
TCP6	Submit the tax return to the GST Officers on time before the deadline for submission.	
TCP7	When I pay my taxes as required by GST regulations, I do without spending a long time thinking how I could reduce them.	Taken from Kirchler & Wahl, (2010) and then adapted
TCP8	I pay GST dues even if tax audits did not exist	
TCP9	I pay GST liabilities because I regard it as my duty as citizen	
TCP10	I pay taxes under GST because I am sure I am doing the right thing	