

Effects of GST Implementation on the Retail Industry and its Business Impact

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Abstract

The implementation of the Goods and Services Tax (GST) marked a significant change in India's indirect taxation system, with important implications for the retail industry and business operations. This study examines the effects of GST implementation on the retail sector, focusing on taxation, pricing, supply-chain management, compliance, accounting practices, and overall business performance. GST replaced multiple central and state indirect taxes with a unified tax framework intended to simplify taxation and reduce cascading effects. For retailers, the transition required changes in billing systems, inventory management, tax reporting, documentation, and accounting procedures. The study explores how GST has influenced procurement decisions, distribution networks, working capital requirements, pricing strategies, and relationships with suppliers and customers. It also considers the challenges experienced by small and medium-sized retailers, particularly during the initial stages of implementation, including compliance costs, technological adaptation, working-capital adjustments, and the need for greater awareness of tax procedures. At the same time, the standardized tax structure and increased digitization of transactions have created opportunities for improved transparency, formalization, and efficiency in retail business operations. The study highlights that the impact of GST can vary across retail segments depending on product categories, business size, supply-chain structure, and compliance capabilities. It concludes that GST has significantly influenced the operational and financial environment of the retail industry and that effective tax management, digital accounting systems, and continued regulatory awareness are important for retailers to adapt successfully to the evolving taxation framework.

Keywords: GST, Goods and Services Tax, Retail Industry, Taxation, Business Impact, Supply Chain, Tax Compliance, Retailers, Pricing, Working Capital, Digitalization, Indian Economy.

