

SOCIAL AND SUSTAINABLE ENTREPRENEURSHIP

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**GST TRANSPARENCY AND CONSUMER TRUST:
EXAMINING THE MEDIATING ROLE OF TAX AWARENESS
AND THE IMPACT ON CONSUMER PURCHASE BEHAVIOUR**

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ABSTRACT

The study examines the relationship among GST transparency, consumer trust, tax awareness, and consumer purchase behavior. The study focuses on whether consumers' understanding of the GST strengthens the connection between perceived transparency and trust, and whether trust, in turn, is linked to purchase behavior in a context where indirect taxation affects pricing, awareness, and the decisions people make when buying goods. The research employed descriptive and analytical methods and collected primary data through a structured questionnaire distributed via Google Forms. Of the 200 people who were meant to take part, 170 replied. The responses were coded in Excel and then moved into SPSS for analysis. The descriptive results show that there are positive attitudes towards GST transparency (mean = 3.82; standard deviation = 0.74), consumer trust (mean = 3.67; standard deviation = 0.79), purchase behavior (mean = 3.59; standard deviation = 0.81), and tax awareness (mean = 3.45; standard deviation = 0.88). The chi-square analysis shows a significant association between education and tax awareness, with a chi-square value of 34.12 and a p-value of < 0.001 ; on the other hand, there is no significant association between age and trust level, with a chi-square value of 10.45 and a p-value of 0.105. The results indicate that GST transparency is positively related to consumer trust and

that tax awareness plays a part in this relationship. The study stresses the importance of clear GST information, transparent billing, digital receipts, and specific tax education.

Keywords: GST transparency; consumer trust; tax awareness; purchase behavior; mediation; tax perception; consumer decision-making.

1. INTRODUCTION

The Goods and Services Tax (GST) is a major part of India's system of indirect taxation. When looking at the tax system from the consumer's point of view, this is felt not only through statutory rules but also through prices, invoices, digital receipts, and the explanations provided when purchasing a product or service. As a result, the level of transparency in the way tax is presented can affect how consumers understand the final price of a product or service. It is still important for consumers to understand the Goods and Services Tax (GST), since many encounter prices that include tax, tax breakdowns, and digital invoices without a full grasp of the various tax elements. When tax information is explained clearly, consumers are better able to compare prices, which in turn increases their sense of fairness regarding those prices. On the other hand, if people are unclear about the tax details, they may become skeptical about the prices and place less trust in the seller.

The study focuses on four key areas: GST transparency, tax awareness, consumer trust, and buying behavior. When we talk about GST transparency, we refer to how clear and easy it is to get information on GST. Tax awareness is the extent to which consumers know about GST and its impact. Consumer trust relates to the amount of confidence people have in the seller and in the accuracy of the tax information given during a transaction. Buying behavior concerns how consumers make and plan their purchasing decisions.

The key point is that transparency can provide consumers with enough information to understand the tax component of a transaction. Since consumers who understand GST are better positioned to interpret transparent tax information, greater awareness may reinforce this effect. Trust can then serve as the mechanism by which transparency and awareness influence people's purchasing decisions.

The results of this study are of interest to policymakers, retailers, and consumers. Policymakers may use these findings to improve how they communicate tax information and to design more effective awareness campaigns. Similarly, retailers can make their invoices and receipts easier to understand by providing more information, thus helping consumers compare prices and make more informed purchasing decisions.

2. LITERATURE REVIEW

Muneendra, Ravikumar, and Asha (2026) analyzed consumer awareness of GST in Bangalore and its effect on their behavior when making online purchases. The study focused on people's knowledge of GST, their interactions with digital services, and their perceptions of prices when shopping online. The study is pertinent to the current research since it links GST awareness, price understanding, and consumer buying behavior in the context of online shopping.

Parkavi and Shanmuga Priya, in their 2026 study, examined consumers' awareness and views regarding the 2025 GST reforms in India's everyday essentials market. They found that consumer awareness was moderate, though there were still gaps in understanding of GST rates, billing transparency, and the real impact of GST on prices. The study also showed that consumers' perceptions were shaped more by how retailers communicated with them and by noticeable price changes than by the technical details of the tax reform.

In **2025, Rizkina** examined the digital transformation of tax administration and its connection to both tax compliance and public trust. The study showed that digital tax systems, such as electronic invoicing and integrated tax platforms, can enhance administrative efficiency and reduce information gaps. It also stressed transparency, simplicity, and trust as key results of digital tax administration. These findings help us understand consumer behavior, as clear digital information can make tax-related details easier to grasp.

Research Gap

The literature review in the source paper indicates that research has been conducted in several areas, including GST awareness, digital tax administration, price perception,

and consumer behavior. Yet there remains a need for further investigation into the relationships among GST clarity, tax awareness, consumer trust, and buying behavior. In particular, to determine whether awareness mediates the effect of clarity on trust for each individual, individual-level statistical analysis is required. The present study addresses this gap by using consumer survey data.

3. OBJECTIVES OF THE STUDY

- To evaluate what consumers think about the transparency of the GST.
- To look into the level of tax awareness among consumers.
- To examine the effect of GST transparency on consumer trust.
- To examine whether tax awareness acts as a mediating variable.
- To examine the effect of trust on consumers' purchasing behavior.

4. RESEARCH METHODOLOGY

Methodology Component	Description
Research Design	Descriptive and analytical research design
Data Source	Primary data collected directly from respondents
Data Collection Method	Structured questionnaire administered through Google Forms
Sample Size	200 respondents planned; 170 completed responses received
Research Area	Metropolitan Cities
Sampling Method	The source study does not specify a probability sampling method.
Research Instrument	Structured questionnaire covering demographic details, GST awareness, GST transparency, consumer trust, and purchase behavior
Statistical Software	SPSS was used for statistical analysis
Frequency and Percentage	Used to describe the demographic profile of respondents
Mean and Standard Deviation	Used to summarize responses relating to the major research variables
Chi-Square Test	Used to examine associations between selected categorical variables

Correlation Analysis	Used to examine the direction and strength of relationships among the major variables
Regression Analysis	Used to examine the effect of GST awareness, transparency, and consumer trust on purchase behavior
Mediation Analysis	Used to examine the indirect effect of tax awareness or consumer trust on the relationship between GST transparency and purchase behavior
Valid Responses	170 completed responses were considered for analysis
Study Variables	GST awareness, GST transparency, consumer trust, and purchase behavior
Ethical Consideration	The collected information should be kept confidential and used only for academic purposes.

5. RESPONDENT PROFILE

Variable	Category	Percentage	Frequency
Age	18–25	22%	37
Age	26–35	35%	60
Age	36–45	20%	34
Age	46+	23%	39
Gender	Male	52%	88
Gender	Female	47%	80
Gender	Other	1%	2
Education	High school	10%	17
Education	Undergraduate	45%	77
Education	Postgraduate	35%	60
Education	Professional	10%	17

Income	Low	28%	48
Income	Middle	50%	85
Income	High	22%	37

Interpretation: The age profile indicates that the largest reported group is 26–35 years (35%), followed by respondents aged 46 years and above (23%), 18–25 years (22%), and 36–45 years (20%). Thus, the sample contains representation from multiple adult age groups rather than being concentrated in a single age category.

The number of men is about the same as that of women, with men making up 52% and women 47%, with 1% falling into the 'other' category. This shows that the gender distribution among the respondents is wide, though the study does not prove that the population is representative.

Undergraduate and postgraduate students together make up a larger share of respondents—45% and 35%, respectively—while the figures for those who have completed high school and those in professional occupations are each 10%. This distribution is important because it later shows that education is significantly linked to tax awareness.

Income is most heavily concentrated among the middle-income group (50 percent), with 28 percent in the low-income group and 22 percent in the high-income group. Since the given profile includes respondents from all income categories, the largest share is in the middle-income group.

6. DESCRIPTIVE STATISTICS AND INTERPRETATION

Construct	Mean	SD	Interpretation
GST Transparency	3.82	0.74	Relatively favourable perception
Tax Awareness	3.45	0.88	Moderate level

Consumer Trust	3.67	0.79	Relatively favourable level
Purchase Behaviour	3.59	0.81	Relatively favourable response

Interpretation: GST transparency has the highest mean score (3.82) with a standard deviation of 0.74. This indicates that, on the reported measurement scale, respondents generally expressed a favorable perception of GST transparency. The comparatively lower dispersion suggests that responses were reasonably clustered around the mean.

Tax awareness has a mean of 3.45 and an SD of 0.88. Compared with the other constructs, awareness is lower and more dispersed. This pattern is substantively important: consumers may perceive the presentation of tax as reasonably transparent while still having varying levels of detailed GST knowledge.

Consumer trust has an average of 3.67 and a standard deviation of 0.79, which indicates a generally positive reaction. The conceptual model supports the expectation that clear, easy-to-understand GST tax information could help build confidence in the transaction.

The average purchase behavior score is 3.59, with a standard deviation of 0.81, indicating a reasonably favorable purchase response. Yet the mean alone does not prove that GST transparency affects purchase behavior, since inferential modeling on individual-respondent data is necessary to make causal or predictive statements.

7. CHI-SQUARE ANALYSIS

7.1 Education and Tax Awareness

Test	Value	df	p-value	Decision
Pearson Chi-Square	34.12	4	<0.001	Significant

Interpretation: The reported Pearson chi-square statistic for education and tax awareness is $\chi^2(4) = 34.12$ with $p < 0.001$. At the 5% significance level, the null hypothesis of no association is rejected. Therefore, the reported data provide evidence

of a statistically significant association between education category and tax-awareness category. The practical interpretation is that tax awareness is not distributed identically across the education groups. However, the chi-square result alone does not show which education categories have higher awareness, nor does it measure the strength of association.

7.2 Age and Trust Level

Test	Value	df	p-value	Decision
Pearson Chi-Square	10.45	6	0.105	Not significant

Interpretation: The reported Pearson chi-square statistic for age and trust level is $\chi^2(6) = 10.45$ with $p = 0.105$. Since the p-value is greater than 0.05, the null hypothesis of no association is not rejected. The reported evidence therefore does not establish a statistically significant association between age category and trust level. The fact that this result is obtained means that, in the sample referred to, the differences in trust among the various age groups are not large enough, when viewed descriptively, to be regarded as statistically significant at the 5% level. It must not be taken as proof that age can never affect trust; it only shows that the present sample does not provide statistically significant evidence of an association, as indicated by the test.

8. DISCUSSION

The findings support the idea that increased transparency reduces uncertainty in tax transactions. When consumers can clearly see the tax amount, they are better able to judge the final price. The clear presentation of the tax can help promote a sense of fairness and reduce suspicions about hidden or unexpected charges. The fact that the average level of tax awareness is fairly low shows a large gap between seeing tax information and actually understanding it. Even if a receipt is clearly displayed, consumers may still be unsure how to interpret tax rates, the taxable value, or the differences among the various components. Consumer education thus has a complementary role.

The connection between education and tax awareness lends support to this explanation. Because people from different educational backgrounds may have varying levels of familiarity with financial and tax information, tax awareness campaigns can be more effective for specific groups when communication is tailored to consumers' levels of knowledge.

The survey's positive results in trust and purchasing behavior suggest that transparency may have effects that extend beyond simple compliance. If taxpayers are given clear information about taxes, it can become part of the consumer experience, contributing to confidence in both sellers and transactions. Yet the evidence from the cross-sectional survey should be seen as showing only an association, not as proof of causation. The findings also have significant implications for digital commerce, as e-receipts, online invoices, and digital payment records provide a simple, accessible way to present GST information. Tax information can stay visible even when the design is improved.

9. FINDINGS OF THE STUDY

- GST transparency achieved the highest mean score reported (3.82), which shows a fairly positive perception.
- The level of tax awareness averaged 3.45, which shows a fairly moderate degree and a considerable amount of variation in responses.
- The average level of consumer trust was 3.67, indicating an overall positive attitude towards trust.
- The purchase behavior showed an average of 3.59, which indicates a fairly positive response.
- There was a significant association between education and tax awareness, with the chi-squared value being 34.12 and a p-value less than 0.001.
- There was no significant association between age and trust level, $\chi^2(6) = 10.45$, $p = 0.105$.
- The paper cited shows that there is a positive relationship between GST transparency and consumer trust.
- The paper cited as the source states that awareness of taxes partly mediates the relationship between transparency and trust.

- The paper cited states that consumer trust predicts purchase behavior significantly.
- The paper referred to suggests that invoices should be clearer, e-receipts should be introduced, tax information should be linked via QR codes, and specific tax education should be provided.

10. RECOMMENDATIONS

- Hold targeted GST awareness programs for consumer groups who have a lower level of knowledge of tax.
- Make the GST breakdown clearly visible on both physical and electronic invoices.
- Use plain language and give examples instead of employing complicated tax terminology when communicating with consumers.
- Encourage the use of digital receipts and promote access to information explaining the GST via QR codes.
- Where possible, make the way taxes are presented the same across both online and offline retail channels.
- Use content aimed at educating consumers to explain the way in which GST affects the final price.
- Future studies ought to employ samples that are both larger in size and drawn from a more geographically varied area.
- To strengthen causal inference, longitudinal or experimental research should be carried out.

11. LIMITATIONS OF THE STUDY

- The study makes use of consumer perceptions which were gathered by means of a structured survey.
- The area referred to is generally described as including metropolitan cities, which means that a specific geographic interpretation is not possible.
- The source paper does not include the full questionnaire or the list of people they sampled.

- The document provides summary statistics. It does not include respondent-level SPSS data.
- It is therefore impossible to independently verify the formal correlation, regression, reliability, and mediation estimates merely from the paper provided.

12. CONCLUSION

The study currently concludes that transparency regarding the GST is important in influencing how consumers perceive it, the level of trust they place in it, and their purchasing behavior. The results show that consumers tend to have a positive view of GST information, as evidenced by the relatively high average score for GST transparency (3.82). When tax information is presented clearly, it reduces uncertainty, enables consumers to assess final prices better, and enhances their perceptions of fairness and credibility in tax-related transactions. Nevertheless, the somewhat lower average score for tax awareness (3.45) indicates that transparency alone is not enough. Consumers can see GST information on invoices and receipts without understanding the tax rates, taxable amounts, or the components that make up the final price.

The study also shows how important it is for consumers to be aware of taxes, as this awareness serves as a link between GST transparency and consumer trust. The strong association between education and tax awareness suggests that consumer knowledge varies across educational groups, and that tax communication therefore needs to be tailored to different levels of financial and tax literacy. By increasing consumer awareness, people will be able to make more informed decisions when purchasing goods and to assess GST-related information more effectively.

The fact that consumer trust (3.67) and purchase behavior (3.59) are at favorable levels also indicates that clear tax communication might go beyond simply meeting regulatory requirements and could affect the overall consumer experience. If GST information is provided clearly and consistently, consumers could become more confident in both sellers and transactions. Opportunities to enhance transparency include the use of digital invoices, e-receipts, QR-code-based information, and simpler tax explanations.

The study stresses that for GST transparency to be effective, it is necessary to have clear disclosure together with an understanding on the part of consumers. As a result,

government agencies, retailers, and digital platforms should cooperate to enhance tax communication and consumer education. However, the findings must be treated with caution, as the study is based on survey responses and provides only summary information; the lack of detailed respondent data means that the statistical relationships cannot be independently verified. Further research employing larger, more geographically diverse samples, as well as longitudinal or experimental studies, could provide stronger evidence of the causal link between GST transparency, tax awareness, consumer trust, and purchase behavior.

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