Manuscript ID:
TIJCMBLIR-2026-030126

Volume: 3

Issue: 1

Month: February

Year: 2026

E-ISSN: 3065-9191

Submitted: 20 Jan 2026

Revised: 25 Jan 2026

Accepted:10 Feb 2026

Published: 28 Feb 2026

Address for correspondence:
Tahaa Kapadia
M.com (Advanced Accountancy)
SIES (Nerul) College of Arts, Science and Commerce (Autonomous)
Email:
tahaa.kapadia2523@gmail.com

DOI: **10.5281/zenodo.18834115**

DOI Link:
https://doi.org/10.5281/zenodo.18834115

Study on Implementation of GST In Restaurant Industry

Tahaa Kapadia
M.com (Advanced Accountancy) SIES (Nerul) College of Arts, Science and Commerce (Autonomous)

Abstract

In India, the Goods and Services Tax (GST) is considered a significant tax reform that was put into place to make the indirect tax system simpler and more efficient. This study focuses on evaluating the effects of GST on the restaurant industry, particularly in terms of consumer behavior, spending patterns, and business operations. GST replaced several indirect taxes, including Value Added Tax (VAT), service tax, and excise duty, and introduced a single, integrated tax system structure. This reform has made tax calculation easier and improved transparency.
The research shows that GST has influenced how often consumers visit restaurants and how much they spend. Lower GST rates have encouraged more people to dine out, while higher tax rates tend to reduce spending. The study also highlights the role of online food delivery platforms, where consumers compare prices and take advantage of discounts before ordering. Overall, GST has made the taxation system more straightforward and has supported the expansion and progress of the restaurant sector.

Keywords: *Goods and Services Tax (GST), Indirect Taxation, Food Service Industry, Customer Behaviour, Tax System Reform, GST Rate Structure*

Introduction

In order to create a unified and streamlined indirect tax system, the Goods and Services Tax (GST) was implemented in India on July 1, 2017. Before it was put into effect, companies and consumers had to deal with a number of taxes, such as excise duty, service tax, value added tax (VAT), and other indirect levies others. This made the tax system complicated and increased the overall cost because tax was charged on tax. GST replaced these various taxes with a single, uniform tax structure that is applicable throughout the country. It is a destination-based tax, meaning it is collected at the location where goods or services are finally consumed.

GST also provides the benefit of input tax credit, enabling businesses to claim credit for the tax paid on purchases, thereby lowering the overall tax liability and preventing the burden of double taxation prevents double taxation. This has improved transparency, simplified compliance procedures, and made the tax system more efficient.
The restaurant industry is an important part of the service sector and plays a significant role in the economy. With increasing urbanization, higher income levels, and changing lifestyles, more people prefer eating out or ordering food online. GST has changed the taxation structure for restaurants by replacing earlier taxes with a single GST rate. This has influenced restaurant pricing, consumer spending, and business operations. Therefore, it is important to study the impact of GST on the restaurant industry and to comprehend how it affects both customers and company operations

Research Methodology

Objectives:

1. To look at the main characteristics of the Goods and Services Tax (GST).
2. To examine the advantages and restrictions of GST.
3. To evaluate how the GST will affect the restaurant sector
4. To assess how customers view and are aware of GST in connection with eateries
5. To examine how GST affects consumer dining and spending habits.

Hypotheses

H_1: In the restaurant industry, the Goods and Services Tax (GST) have a significant impact on customer spending and dining preferences.
H_0: Consumer spending and restaurant dining habits are not significantly impacted by the Goods and Services Tax (GST).
H_1: The degree of consumer awareness and perception regarding restaurant services is strongly correlated with the implementation of GST.

How to Cite this Article:
Kapadia, T. (2026). Study on Implementation of GST In Restaurant Industry. The International Journal of Commerce Management and Business Law in International Research, 3(1), 130–134. https://doi.org/10.5281/zenodo.18834115

H_0: There is no significant correlation between customer awareness and perception of restaurant services and the introduction of the GST.

Scope of the Study

The purpose of this study is to examine how consumer behavior in the restaurant industry has been impacted by the introduction of the Goods and Services Tax (GST) and subsequent adjustments to its rates. By contrasting consumer behavior before and after the implementation of GST, the study aims to comprehend how GST affects consumer preferences, spending patterns, and the frequency of eating out. The study also analyzes the role of online food delivery platforms in helping consumers respond to tax changes through the use of discounts and special offers. In addition, it explores whether consumers prefer affordable restaurants or premium dining options when GST rates change. Finally, the study aims to evaluate the long-term effects of GST on consumer behavior and provide useful suggestions to improve tax policies and support the growth of the restaurant industry while ensuring better value for consumers.

Sample Design

Sample design refers to the strategy used to select participants from a larger population to ensure the sample represents the study group properly. In this study, the sample focused on investors, students, and financially aware individuals with interest or knowledge in gold and financial markets. Since the questionnaire was shared online through Google Forms, non-probability convenience sampling was used, meaning participants were selected based on availability and willingness. A total of 100 valid responses were collected, which was sufficient for applying statistical tools like t-tests and ANOVA.

Data Collection

Primary:

Data for this study was collected through a Google Forms questionnaire because it is easy to use, accessible, and allows participants to respond conveniently through phones or computers. The questionnaire mainly included closed-ended and Likert scale questions to gather measurable responses for analysis using t-tests and ANOVA. A pilot test was conducted to ensure clarity, after which minor improvements were made. In total, 100 complete responses were collected and automatically stored in Google Sheets, making data checking and exporting easier. Participants were informed about the study, assured of anonymity, and electronic consent was taken before responses were recorded.

Secondary:

Secondary data are those data which have been already collected and analyzed by some earlier agency for its own use; and later that same data are used by a different agency.

- Government Reports and Publications
- Research Articles and Journals
- Industry Reports
- Books and E-books
- Newspaper and Magazine Articles
- Online Databases and Websites

Literature Review

Jonathan and et. Al (2017) : " Impact of GST in hotel and restaurants". The study's goal is to determine how the restaurant bill will appear under GST and what effects it will have on the owner, end users, and the industry as a whole. According to the results, hotels must pay 28% GST (14% CGST+14% SGST) instead of the current indirect tax regime's 21% effective tax..

Dash .A Volume 3 Issue 5 May 2017 : " positive and negative impact of GST on Indian economy". The study's goals are to comprehend the idea of GST, examine its characteristics, provide data for additional GST research, and assess GST offers several benefits as well as certain challenges. One of its key advantages ithe input tax credit's accessibility throughout the supply chain. This lowers the cascading effect of taxes by allowing businesses to claim credit for input tax paid, guaranteeing that GST is only applied to value added at each stage.

Dr. Davendra kumar Sharma(June 2020): GST is one indirect tax for the entire country. Many studies has been done on the topic on GST and its impact on various sector. The present study is based both Primary and secondary data. Primary data has been collected directly from hotel and bill of customers, secondary data obtained from hotel Arya Niwas which stood three star status by the government of Rajasthan. The study shows the descriptive and analytical vision. The study shows impact of GST on hotel industry and their stakeholders.

Data Analysis and Interpretation

Q.1 Gender-based analysis:

Table no. 4.1: Gender

Option	Percentage	Number of respondents
Male	49.1%	83
Female	50.3%	85
Other	0.6%	1
Total	100%	169

Source: Primary Data

Interpretation:

From the above table we come to the conclusion that the percentage of female respondents is comparatively more than the male respondents

Q.2 Income level analysis:
Table no. 4.2: Income

Option	Percentage	Number of respondents
0-2.5lakhs	29%	49
2.5lakhs-5lakhs	14.2%	24
5lakhs-10lakhs	14.2%	24
10lakhs above	7.1%	12
People not earning	35.5%	60
Total	100%	169

Source: Primary Data

Interpretation:
From the above table we come to the conclusion that People not earning respondents are comparatively more than people earning.

Q3. Do You Own Any Business Related to Restaurant Sector?
Table no. 4.3: people owning business in restaurant sector

Option	**Percentage**	**Number of Respondents**
Yes	16%	27
No	84%	142
Total	100%	16984

Source: Primary Data

Interpretation:
From the above pie diagram and tabular representation of data shows that the out of 169 responses 27 (16%) have business related to restaurant sector and rest 142 (84%) do not own any kind of business in restaurant sector.

Q4. How Do You Think Applying of Gst Has Impacted The Restaurant Business:
Table no. 4.4

Option	**Percentage**	**Number of respondents**
Positively	49.7%	84
Negatively	20.1%	34
Not sure	30.2%	51
Total	100%	169

Source: Primary Data

Interpretation:
From the above the diagram and tabular representation of data shows that GST has positively impacted the business according to 84 (49.7%) respondents and negatively according to 34 (20.1%) and 51 (30.2%) responded as not sure.

Q5. How Satisfied Are You with Gst Application in Restaurant:
Table no. 4.5

Option	**Percentage**	**No of respondents**
1	19.5%	33
2	16%	27
3	40.2%	68
4	14.2%	24
5	10.1%	17
Total	100%	169

Source: Primary Data

Interpretation:
From the above diagram and tabular representation of data shows that maximum respondents 68 (40.2%) have rated 3 out of 0-5.

Q6. Do You Think Covid-19 Has Impacted Gst Application in Restaurants.
Table no. 4.6:

Option	**Percentage**	**Number of Respondents**
Yes	59.2%	100
No	14.2%	24
Maybe	26.6%	45
Total	100%	169

Source: Primary Data

Interpretation:

The majority of respondents (59.2%) are aware and influenced by GST, showing that GST has However, a smaller proportion of consumers remain uncertain or lack adequate knowledge, highlighting the need for improved awareness and better understanding of GST among the public.

Hypotheses Testing

H_1: In the restaurant industry, the Goods and Services Tax (GST) has a significant impact on customer spending and dining preferences.

H_0: Consumer spending and restaurant dining habits are not significantly impacted by the Goods and Services Tax (GST).

Option	Percentage	Number of respondents
Positively	49.7%	84
Negatively	20.1%	34
Not sure	30.2%	51
Total	100%	169

t-Test: Paired Two Sample for Means		
	Variable 1	*Variable 2*
Mean	0.349	59
Variance	0.043808	1250
Observations	2	2
Pearson Correlation	1	
Hypothesized Mean Difference	100	
df	1	
t Stat	-6.38383	
P(T<=t) one-tail	0.04946	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.09892	
t Critical two-tail	12.7062	

Interpretation:

The paired t-test shows that the p-value (0.0989) is greater than the significance level of 0.05, so the result is not statistically significant. Therefore, we fail to reject the null hypothesis and conclude that there is no significant difference between Variable 1 and Variable 2.

H_1: The degree of consumer awareness and perception regarding restaurant services is strongly correlated with the implementation of GST.

H_0: There is no significant correlation between customer awareness and perception of restaurant services and the introduction of the GST.

Option	Percentage	Number of Respondents
Yes	59.2%	100
No	14.2%	24
Maybe	26.6%	45
Total	100%	169

t-Test: Paired Two Sample for Means		
	Variable 1	*Variable 2*
Mean	0.367	62
Variance	0.10125	2888
Observations	2	2
Pearson Correlation	1	
Hypothesized Mean Difference	100	
df	1	
t Stat	-4.27884	
P(T<=t) one-tail	0.07308	
t Critical one-tail	6.313752	
P(T<=t) two-tail	0.14616	
t Critical two-tail	12.7062	

Interpretation:
The p-value (0.1462) is greater than Since the significance level (p-value) is greater than 0.05, the result is not statistically significant. Therefore, we fail to reject the null hypothesis and conclude that there is no significant difference between Variable 1 and Variable 2.

Findings

1. GST has made the tax structure more simple and organized by replacing various indirect taxes with a single unified system.
2. A majority of respondents feel that GST has positively influenced the restaurant industry.
3. GST has improved transparency in billing and tax calculation.
4. Consumers are more aware of tax charges and restaurant pricing after GST implementation.
5. Reduction in GST rates has encouraged more people to visit restaurants.
6. Online food delivery apps have influenced consumer behavior by offering discounts and price comparisons.
7. GST has made tax compliance easier for restaurant businesses.

Suggestions

1. The government should maintain reasonable GST rates to support both consumers and restaurant businesses.
2. Lower GST rates can encourage more consumers to dine out and increase business growth.
3. Awareness programs should be conducted to educate consumers and businesses about GST.
4. Small and medium-sized restaurants should be given support to improve their business operations.
5. Restaurants should ensure transparent billing to build customer trust.

Conclusion

It has simplified tax procedures, increased transparency, and reduced the complexity associated with multiple indirect taxes. The restaurant industry has been positively affected by GST, as it has made taxation more structured and easier to manage.

GST has also influenced consumer behavior, as people are now more aware of taxes and pricing. Lower GST rates have encouraged more consumers to visit restaurants and increased overall business activity. Online food delivery platforms have further contributed to industry growth.

Overall, GST has played an important role in improving the efficiency of the tax system and supporting the growth of the restaurant industry.

Acknowledgment

I would like to express my sincere gratitude to all those who have directly and indirectly contributed to the successful completion of my research project titled *"Study on Implementation of GST in Restaurant Industry."*

I am deeply thankful to the faculty members of SIES (Nerul) College of Arts, Science and Commerce (Autonomous) for providing me with the necessary academic support, guidance, and encouragement throughout the course of my study. Their valuable insights and suggestions have greatly contributed to the improvement of this research work.

I would also like to extend my heartfelt appreciation to all the respondents who participated in the survey and provided honest and valuable responses. Their cooperation played a vital role in collecting meaningful primary data for the study.

I sincerely acknowledge the authors, researchers, government reports, journals, websites, and other secondary sources that provided important information and theoretical support for this project.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

References

1. Government of India GST Portal
2. www.cleartax.com
3. www.economictimes.com
4. GST textbooks and academic journals
5. Sheth **Publications semester 6 Indirect taxes taxes TEXT book**
6. **Other reference books**
7. Review of Literature has been taken from www.economictimes.com