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IMPACT OF COVID-19 ON GST COLLECTION IN INDIA

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ABSTRACT :

This article is connected to the Impact of COVID influence on the GST. It demonstrates how COVID affected the amount of GST that was collected. The information dates back to before the Goods and Services Tax was implemented. The primary emphasis is on the challenges faced by the government in attempting to collect the tax. During Lockdown, which began in March 2020 and lasted through March 2021, our nation suffered the worst economic loss it has ever experienced. Each and every one of the markets was completely shut down. People were unable to make a living, which had a ripple effect across the economy and impacted all industries. It was tough to pay the taxes since there was less revenue coming in. Despite the fact that the government provided various tax breaks for fi ling the GST. The study provides information about both the before and after Covid effects. The data collection will take place from 2018 to 2020. The summary of 36 months has been taken, and the true impact is going to be observed from March 2020 all the way through December 2020, which is when the lockdown will be in full force. The corona has had an impact on economies all across the globe. The information was obtained from the official website of the GST council, which is run by the government. It also demonstrates the disagreement that occurred between the federal government and the state government during COVID on the state's reimbursement for the central government's inadequate collection of GST. The central politics were responsible for a significant portion of the increase in income for the month of June compared to the present month. On account of the assistance afforded as a result of COVID, taxpayers have also paid taxes relating to the months of February, March, and April during the month of May.

KEYWORDS : *Goods and Services Tax , worst economic loss, economies.*

INTRODUCTION :

In December 2019, the first instance of corona was recorded in Wuhan, which is located in China. The Covid-19 virus is an infectious illness that can move quickly from one patient infected with it to another sick or healthy person. The SARS-CoV-2 virus causes severe damage to the respiratory systems of people, which ultimately results in death. This fatal disease has had a significant impact on all stages of development across the globe, including the developed, developing, and under-developed nations. There has not been an exception made for India, and the impact of the coronavirus pandemic has been significantly disruptive in terms of both the economy and health. Not only has it wreaked havoc on the economy of India, but it has also been directly responsible for a significant number of deaths. During this epidemic, there was a rise in the demand for household commodities, but the supply and manufacture of these items were hampered for a variety of reasons, including the Lockdown. Because of this, when there was a rise in the export of commodities from India in the years leading up to the epidemic, there was a significant drop in those numbers following the pandemic. Considering that the Goods and Services Tax, often known as GST, is an essential component of the Indian economy. The purpose of this study is to investigate whether or not it is possible to analyse the impact of Covid on the collection of GST during pandemic periods

GOODS AND SERVICES TAX (GST): A PIVOTAL ECONOMIC MARKER

The Goods and Services Tax, often known as GST, is largely classified as an indirect tax in line with Article 366(12A) of the Constitution of India. The supply of products and services is subject to a tax in the form of CGST and SGST, which are respectively imposed by the Central Government and the State Governments. These taxes are referred to as the Goods and Services Tax. This does not, however, include taxes on alcoholic beverages that are intended for human use. These taxes include the Central Sales Tax (CST), the State Value Added Tax (State VAT), Excise Duty, and Service Tax. The Goods and Services Tax (GST) is the name given to the tax that resulted from the consolidation of all of these other levies (Goods and Services Tax). After receiving approval from the GST Council for a number of different laws, including the CGST, IGST, and UTGST Bills, as well as the Compensation Bill, the Bill that was approved in Lok Sabha was followed by the Bill that was passed in Rajya Sabha on April 6th, 2017. This occurred after the GST Council approved a number of different laws, including the IGST and UTGST Bills, as well as the Compensation Bill. After the approval of a series of legislation connected to the Goods and Services Tax (GST), on July 1, 2017, Prime Minister Sh. Narendra Modi made the announcement that the GST will be implemented. (www.gst.gov.in).

The Goods and Services Tax (often known as GST or just tax) is a kind of consumption tax that is added to the price of buying goods and services and varies depending on the location of the client. A tax is required to be paid at each stage, beginning with production and continuing all the way through to the final consumption of the good or service, and any taxes that have been paid at earlier stages may be recouped in the form of a credit. This system is based on the principle of value addition, which states that a tax must be paid at each stage, beginning with production and continuing all the way through to the final consumption of the good or service. In India, a unified indirect tax system has been put into place, and it is known as the Goods and Services Tax. In a way, the Goods and Services Tax (GST) is a reflection of the activities of the economy, and the growth of the economy can be gauged by looking at how much GST is collected. In other words, the GST is a reflection of the activities of the economy. Among other things, these activities include production, trade, business, and commerce (Kapasi and Kurmi, 2021).

REVIEW OF LITERATURE

Several pieces of research and studies have been carried out in order to assess the effects that the Corona pandemic has had not only on the global economy but also on the economies of individual nations. Investigational study has also been carried out by a variety of economic, financial, and health organisations in order to investigate and assess the impact that Covid-19 has had on the economy in relation to a variety of economic indicators as well as the economic, health, and other sectors. However, only a relatively small number of studies have investigated the effects of Covid on the economy in the setting of India, particularly with reference to the collection of GST during the epidemic. The following are some notable studies that highlight the influence that Covid has had on economies both in India and throughout the globe.

Agarwal and Singh (2020), the impact of the Corona epidemic was the primary focus of their investigation. They spoke about the impact that Corona had on various parts of the Indian economy as well as the initiatives that the government implemented during the period of the epidemic. Although many other aspects of the economy have been studied, the tax system has not received nearly as much attention as other areas.

Susilawati et al. (2020), addressed the ever-changing state of the Indonesian economy throughout the course of the Corona epidemic. An in-depth review of the data revealed that the pandemic had a significant influence on the economy of Indonesia, particularly on a variety of sectors like transportation, tourism, commerce, health, and other sectors, and most crucially, the home sector.

Poddar and Yadav (2020), Mention the fact that about 170 nations spread across all seven continents are struggling horribly due to the lack of an appropriate vaccination programme that can be implemented to combat the virus and bring it under control. The lockdown protocol, which has been shown to be efficient in preventing the virus from spreading further, has been successfully introduced in a number of different nations. On the one hand, it is successful in preventing the virus from spreading, but on the other hand, it concurrently has an influence on the economies of the countries and, in the long run, the economic state of the whole world. In his study, he predicted that this might result in the biggest worldwide decrease in the last one hundred years, with India bearing the brunt of the negative effects.

Dev and Sengupta (2020), have deemed the Corona epidemic to be a shock to the Indian economy on a scale never seen before. Because of the introduction of COVID-19 and the subsequent lockdown in several nations throughout the globe, both the demand and supply chain have been disrupted. The state of the economies in a great number of nations has deteriorated to a really sad state. It also had a significant effect on India. In spite of this, the Government of India and the RBI have been postponing the implementation of new policies on occasion in an attempt to pull the country out of its current economic slump and crisis. The result of which was an improvement in the economic situation of the general people, as well as a return to normalcy for the economy of the nation as a whole.

Verma et al. (2020), in this paper, the author examined the effects of GST, Covid-19, and Demonetization on the Indian economy. GST and demonetization were two measures put in place to boost the Indian economy. While Covid-19 had a detrimental effect on the Indian and world economies, causing the collapse of the economy. The advantages and disadvantages of demonetization, GST, and Covid were also emphasised by the author.

Feyisa (2020), In the review research, it is said that much like previous pandemics that affected the whole globe, the influence of Covid is not only on human health but also on the economy of the nation. In addition, the effects of it are not going to stop anytime soon, and it will take a very long time for things to return to normal as a result of it. In addition to this, the author has shown how the effects of Covid manifest themselves in terms of unemployment, GDP, poverty, the manufacturing sector, and the service sector. But a precise evaluation of the effects of COVID will be carried out in a relatively short amount of time relative to the whole amount of time, and the proper evaluation will be carried out throughout the course of time.

METHODOLOGY SAMPLE SIZE

My study technique is based on comparing the data collected for GST over the course of three years, from 2018-2020, both before and after the use of COVID data. The data span a total of thirty-six months.

Tools

The statistical tool used in this is correlation and graphical representation done in MS excel.

Correlation

The technique of correlation is put to use in order to investigate the degree of similarity between two sets of data, whether they be quantitative or categorical. In other words, it is a method for determining the degree to which items are connected to one another. The concept of correlation refers to the study of the ways in which different variables are connected to one another.

(The calculations are purely done in MS excel including the graphical representation)

Source

My research is based on the secondary data. It is derived from the government data goods and services tax council website.

Hypothesis

- It is based on post and pre Covid GST collections data.

Data showing GST collections from 2018 to 2020.

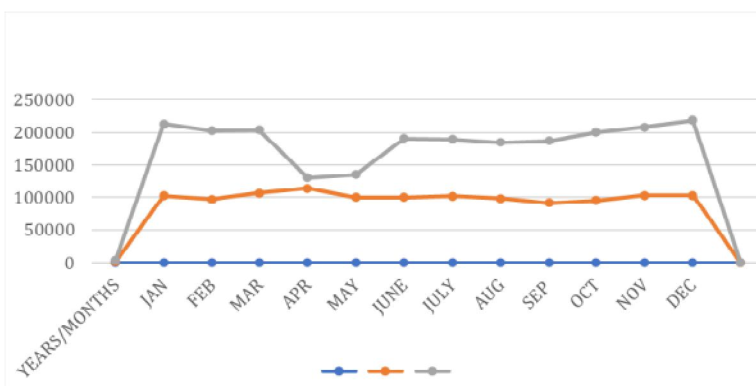
Year/Months	2018	2019	2020
Jan	89825	102503	110828
Feb	85962	97247	105366
Mar	92167	106577	97597
April	103459	113865	16707
May	94016	100289	34731
June	95610	99939	90917
July	96483	102083	87422
Aug	93960	98202	86449
Sep	94442	91916	95480
Oct	1000710	95380	105155
Nov	97637	103492	104963
Dec	94726	103184	115174

Source: https://gstcouncil.gov.in/gst-revenue

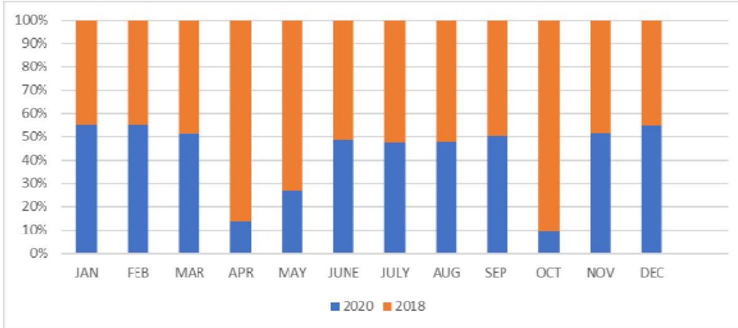
MODELLING AND ANALYSIS

Data comparison of 2020 and 2019 GST collection Graphical representation showing the COVID impact of 2020 to 2019 Correlation method analysis

Correlation = 0.55 Sign = positive Magnitude = strong



Data Comparison of 2020 to 2018
Correlation= 0.25 Sign= Positive Magnitude= low



RESULTS AND DISCUSSION

The graphical portrayal is of 2020 to 2018. The correlation has already reached to positive 0.25 This has exhibited a low magnitude. Thus the collection of GST is not sufficient as per the correlation approach. If the correlation is between 0.5 to 1, then it is classified as high correlation. When we look the statistics 2019 to 2020 there was a decent quantity of GST collection. The magnitude here is big and it is coming in favourable manner.

CONCLUSION

The GST is significantly impacted by Covid. The economy was already in a poor position before the lockdown, so the effects aren't much better. The businesses were not functioning properly. The federal government has already suffered a loss as a result of everything coming to a halt. Due to incorrect implementations, which have resulted in a lack of income collections, the states are engaged in a battle with the federal government for compensation. Therefore, the operation of a certain condition results in a significant loss. In the beginning, the tax rate on goods with were lower; however, it progressively increased owing to less collection of tax; this made it more difficult, and residents had to pay more tax because of it. In the beginning, the complete structure was quite complicated when it was established. On the one hand, the income tax brackets have been lowered, while on the other hand, the tax rate for GST has been raised, despite the fact that the government has provided the following relief during Covid.

The government cannot have meant to say that they would reimburse 14 percent, since this would be twice as much as what they provide to the states. Due to the current condition of affairs, we are required to get loans from the market in order to recompense the states. This is a direct result of having insufficient cash and reserves. Additionally, the consuming states were receiving a greater advantage than the production states, which contributed to the unequal allocation of resources.

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