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Covid Impact on GST

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***Abstract* - The research is related to the covid impact on GST. It shows the impact of COVID on GST collections. The data is taken from the time GST was introduced. It mainly focuses on the trouble for the government to collect the tax. During Lockdown, which was imposed on March 2020, there was a huge economic loss that our country has seen ever. All the sectors were totally closed. People were not able to earn the income and all the sectors have affected. Due to less income, it was difficult to pay the taxes. Though government gave some tax reliefs to file the GST.**

The research describes about the pre and post covid impacts. The data is collected from 2018 to 2020. The summary of 36 months has been taken where the real effect is seen from March 2020 to Dec 2020, the time where lockdown was fully imposed. The corona has affected the world economy. The data has been taken from the Government official site GST council.

It also shows the dispute between the state and central government during COVID for their compensation for not having adequate collection of GST. The central politics have played an important role in this revenue for June were higher than the current month. During May month taxpayers has also paid taxes pertaining to February, march, and April on account of relief provided due to covid.

***Index Terms* - Taxes, COVID, GST, 2020, Impact**

I.INTRODUCTION

The history of the Goods and Services Tax in India dates back to the year 2000 and culminates in 2017 with four bills relating to it becoming an Act. The GST Act aims to streamline taxes for goods and services across India.

It was implemented on the basis of ONE NATION ONE TAX.

GST was established to get rid of cascading effect of tax on tax.

It was only charged on production and profit, so that there is less burden on Consumer. Before the tax was calculated on both raw material purchase and also production and profit.

GST is further divided into IGST, SGST, CGST

It has category of 0%, 5%, 12% and 18% category and 28% category.

Under 0% books, bread and vegetables.

Under 5% shoes, tea, small restaurants, bus etc.

Under 12% and 18% electronics items, entertainment purpose.

Under 28%, luxury items like 5-star hotels, branded jeans, telecom services.

TAX STRUCTURE BEFORE GST.

Before the implementation of GST, taxation laws between the Centre and states were clearly demarcated. There were no overlaps between the fiscal powers, whatsoever. The Centre would levy tax on goods manufacture, except alcohol for consumption, narcotics, opium, etc.

The states had the power to charge tax on the sale of goods.

The Centre would levy the Central sales tax that was collected by the originating states.

The Centre was also levying service tax on all types of services.

Additionally, the Centre was charging and collecting additional duties of customs on goods that were imported into or exported from India. This tax was levied in addition to the Basic Customs Duty. This additional duty of customs is referred to as Countervailing Duty (CVD) and Special Additional Duty (SAD) and it counterbalances excise duties, state VAT, sales tax, and other such taxes.

The introduction of the GST regime made amendments to the Constitution so that the Centre and states are empowered at the same time to levy and collect GST. This concurrent jurisdiction of the states and Centre also requires an institutional mechanism that ensures joint decisions are taken about the structure and operation of GST.

II.METHODOLOGY

Sample size

My research methodology is based on the comparison of data of 3 years of from 2018-2020 GST collections before and after COVID data. The data is of 36 months.

TOOLS

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

CORRELATION

Correlation is used to test the relationships between quantitative variables or categorial variables. In other words, it is a measure of how things are related. The study of how variables are correlated is called correlation.

(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

III. MODELLING AND ANALYSIS

Data comparison of 2020 and 2019 GST collection

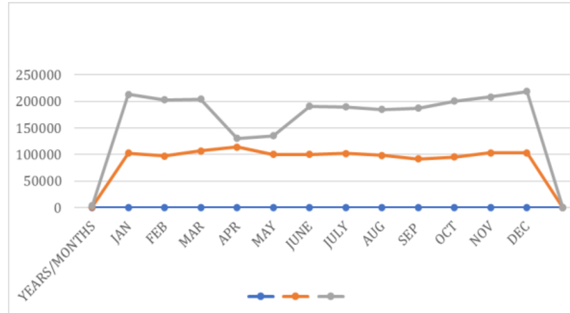
Graphical representation showing the COVID impact of 2020 to 2019

Correlation method analysis

Correlation = 0.55

Sign = positive

Magnitude = strong

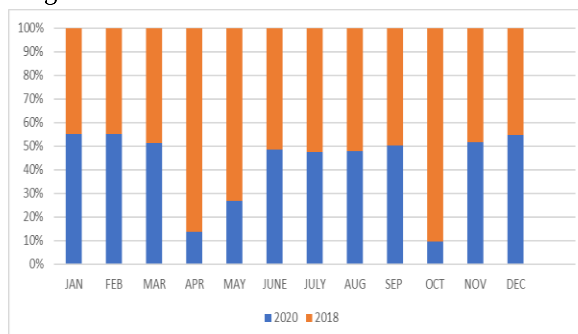


Data Comparison of 2020 to 2018

Correlation= 0.25

Sign= Positive

Magnitude= low



IV. RESULTS AND DISCUSSION

The graphical presentation is of 2020 to 2018. The correlation has already came to positive 0.25 This has depicted a low magnitude. Thus the collection of GST is not satisfactory as per the correlation method. If the correlation is between 0.5 to 1, then it is considered as strong correlation. When we compare to data 2019 to 2020 there was a good amount of GST collection. The magnitude here is strong and it is coming in positive way.

V.CONCLUSIONS

Covid has large impact on GST the lockdown has bad impact on the economy as it was already bad before. The companies were not running. The central government was already in loss because everything was stopped. Lack of revenue collections, the states are fighting with the central government for the compensation, due to wrong implementations. So, it's a huge loss to run a particular state. The whole structure when it was introduced was very complicated in beginning the tax rate of commodities with were lower, it gradually increases due to less collection of

tax, this make it more complicated and the citizens has to pay more tax. On one hand the income tax slabs decrease but on other hand GST tax got increase, though Government gave the following relief during covid.
The government must not have said to compensate 14 percent that was double of what they distribute to the states. The situation is now we have to borrow the loans from the market just to compensate the states. Lack of cash and reserves is responsible for this. The inequal distribution also occurred because the consumption states were getting more benefit than the manufacturing states.

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