



**STUDY OF THE IMPACT ON GOODS AND SERVICES TAX COLLECTION
DUE TO COVID-19**

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Abstract

The covid-19 epidemic's restrictions have had an impact on economic performance. A nation like india includes numerous issues in all areas, but its financial system is particularly problematic. This essay discusses an effort to evaluate covid-19's effects for the first time on the distribution of revenue from the collection of the goods and services tax in india and abroad, as well as the beginning of study into those effects. On publicly available gst data, our study is built. The wilcoxon test is used for data analysis and has tools that are comparable to a paired sample test. Findings of our research paper shows that within few months of the lockdown announcement, the hub determines gst revenue. The gst package's significance for the covid-19 outbreak is emphasized by major states. Smaller counties typically exhibit notable variations in gst revenue collection and distribution between early and post-closure periods, such as manipur and goa. The findings of this study will also assists the policymakers of our nation in determining how much gst income was lost by a governmental agencies and enables them to take the necessary measures for moving forward.

Keywords: covid19, dissemination, first wave, lockdown, gst income distribution, gst revenue collection

Introduction

The tax system in india is well-thought-out and straightforward, with required divisions between the central government, several provincial governments, and local authorities. Tax calculations are exclusively carried out by the treasury, which is overseen by the indian state treasury. The department imposes income taxes, service taxes, income taxes, and intermediate taxes on persons and businesses. However, the appropriate provincial governments are subject to agricultural income tax. Property rates and other services like drainage, water supply, and many more can be calculated and levied by local authorities. India's tax structure has undergone a paradigm shift over the past fifteen years. Even during this time, different tax regulations have been simplified in addition to tax rates being adjusted. However, in the republic of india, the process of tax reform is still ongoing. The law (100th amendment and first amendment) act of 2016 (respectfully referred to as "new indian business maps") introduced the national valuation of services in india as of 1 april 2017. Value added tax, or gst, is a proposed indirect tax that would apply to all national production, sales, and consumption of goods and services. As a single tax on the provision of products and services from maker to buyer, it will replace all indirect taxes imposed

on goods and services. Credits for input taxes due under each category the next additional category will include it, making gst available. It is designed to be ideal for the majority of goods and services. The covid-19 epidemic caused the global economy to come to a standstill and is now causing a crisis of demand and a global supply chain. As a result, the gst implementation in india is "dual" by nature, which means it will consist of two parts: one charged by the center (cgst) and the other charged by the states and union territories (sgst). In december 2019, a new virus with catastrophic economic and financial ramifications emerged from the chinese city of wuhan. Due to decreasing incomes and rising cost demands during the crisis, local and local government (clemens & veuger, 2020). Gst is a tax that is applied to all products and services sold inside the country's borders in india. Through its cgst, sgct, and igst components, it is a significant source of funding for central and regional governments. By analysing the effects of this pandemic on the collection and distribution of goods and service tax in india, we have attempted to investigate the effects of the first covid-19 wave on india's financial position in this research. Additionally, the structure and distribution of gst revenue across all provinces is tracked.before.and.after.the.shutdown.

Objective

India, a rising nation, needs a lot of income to flourish, hence taxation is crucial to balance the economic growth of a nation. A nation's tax revenue is useful for addressing both its natural and man-made crises. The overall goal of this study is to investigate the effects of the covid-19 first wave on the distribution and collection of gst revenues in india as well as the effects of the covid-19 first wave on the gst revenue collection of each state in india. Instead, the study demonstrates how a developing nation like india stabilized its revenue and implemented the gst policy after monitoring people's pockets during the first wave of the pandemic, when the entire country was under lockdown.

Review of literature

The consequences of the virus on global economic growth are being studied by specialists all around the world. They have made an effort to comprehend the scope, environment, and harm produced by the fatal virus and have proposed solutions to lessen the harm and hasten the post-epidemic recovery process. In their 2020 paper, "a research on the impact of the covid-19 global epidemic on the indian economy: in the specific setting of goods and services taxation," narendra kumar bansal, dr. Saurabh sharma, and arun gautam discussed how the epidemic affected nearly all of them. The government would need cash and income, which can only be obtained through taxes and gst because of the restriction of covid-19 in the supply of goods and services, to maintain the economy, according to their study. In india's provinces, collection leave is made. Ray and subramanian's "the closure of india: an interim report" was published in 2020. They cite the shutdown as the primary cause of the drop in gst income. Covid-19: impact on the indian economy, s. Mahendra dev and rajeswari sengupta (2020). Businesses have been seen to embrace flexibility and liberalisation through interest-free loans, postponed tax filing, and reduced gst rates. Atmanirbhar cannot succeed without the support of msme. (roy, patnaika, & satpathy, 2020) looked at the msme conference's economic life and gst compliance. The authors acknowledge the need to lessen the burden on msme during this tight scenario by waiving fines, rescheduling gst filling patterns from quarter to quarter, using itc and gst charges online by default, and resetting interest rates. Therefore, as china has left numerous places and must now survive for a few months while recovering, msme's opportunities will be increased. According to india context (patnaik & sengupta, 2020), the government will have a 6.2 percent gdp deficit, a

real gdp decline of 5%, and a 14.4 percent increase in tax revenue. In their research, (balajee, tomar, & udupa, 2020) estimated that india's financial deficit during the epidemic was between 3.7 percent and 8.4 percent. Additionally, they predicted that the outbreak will cost between 2.2% and 4.8% of gdp.

Research gap

The indirect taxation policy, or "goods and services tax," is one of several foundations supporting the prosperity of a developing nation like india. A substantial portion of the indian economy depends on both large and small size industries. The pandemic, a global calamity, not only affected living things but also people's daily lives, particular communities, and even entire nations. Our study focuses on how the pandemic affected the gst because the pandemic in india caused a shutdown in industrial production, which in turn led to a decline in exports, production and supply of goods and services, which further led to a decline in income as a result of the lack of

Tax generation.

Research methodology

The research conducted in context to impact of 1st wave of covid on goods and services tax signalizes this as an exploratory study. The systematic review technique is used to acquire the information for the study. It is based on the analysis of secondary data collected from different articles and journals. The qualitative investigation of secondary data is performed to attain the appropriate findings for the study.

Finding

Provincial income collection has been significantly affected by the covid-19 outbreak and its aftermath, which led to a countrywide closure. Due to the current economic climate, all provinces have been obliged to take a few years off and operate booze stores, pan shops, and gutka shops as a means of earning money to continue. The provincial government claims that the gst collections fell significantly in april, and a few provinces also reported significant drops. The extension of the gst installation date comes as a result of the government's worry over the collapse of gst clusters and its desire to lessen the burden on taxpayers in the wake of the outbreak. Several provinces, including delhi, west bengal, assam, and others, have been severely impacted and have reported numerous fatalities. West bengal is seeing a significant fall in the gst collection due to the entire shutdown of business services businesses and the suspension of operations in the manufacturing sector. Clusters on the slope, too. The

foundational industries of hospitality and tourism have also been severely impacted. The service sector makes up a larger portion of gdp than the manufacturing sector, and both are impacted by the worldwide pandemic that may have an impact on the gdp of the nation. Provinces have started reopening liquor stores as a result of these gst-related worries, and gasoline and fuel prices have gone up. They can generate substantial revenue for the government and provide some relief. In a developing nation like india, msme is crucial to increasing economic progress. In all of the largest msme in the nation, uttar pradesh accounts for 14.20 percent of msme. West bengal comes in second with a 14 percent stake, followed by tamil nadu and maharashtra with 8 percent each. Msme in the nation, who are most impacted by the covid-19 outbreak, urgently require assistance if they are to survive in the future. Due to shutdown for a few months, practically all business kinds have ceased their regular business operations. When compared to the time before the operation closed, almost all large provinces saw a decline in gst revenue. However, after a few months, gst collections started to increase in all major provinces due to the operation's closure, almost all large provinces saw a decrease in gst revenue compared to the time before the closure, but after a few months, gst collections started to increase in all major provinces, and there was a consistent distribution of gst.

Conclusion

The covid-19 epidemic has caused the erosion of government revenue around the world. With this paper we learn about the impact of the first covid-19 wave on gst revenue collection and distribution in india as well as revenue collection for each of india's regions.our results provide evidence that there has been a significant decline and unequal distribution of gst revenue in the months following the announcement of the closure. The months of april 2020 and may 2020 recorded the low gst earnings and deficit of rs. 81,571 crores and rs. 38,280 crores compared to the pre-closure announcement period. After september 2020, the increase in gst revenue and steady distribution of revenue was marked by a relaxation of the closure measures and the resumption of economic activity. Signed wilcoxon results - rank test has shown that even after india's closure was launched during the first wave, the impact of the first covid-19 wave on india's gst revenue collection was less significant compared to last year (i.e., march 2019 to february 2020) prior to the epidemic, but after covering the gst

monthly deficit for the period following the announcement of the closure, i.e., from march 2020 to february 2021 compared to the period from march 2019 to february 2020 we found that the indian economy was disrupted. . Loss of gst estimated income of rs. 1,67,493 crores due to the first wave of covid-19. When we analyze the results of the paired samples t-test and the wilcoxon sign-rank test in each of the smaller provinces, it is evident that smaller provinces such as manipur and goa show a significant decline in gst revenue between pre- and post-closure announcement compared to other sub-regions. .estimated total gst revenue loss of rs. 1,995.19 crores suffer from all the smaller regions taken together. Between these major provinces, according to the coupled t-test samples there was no significant impact of the first covid 19 wave on gst revenue one year before the epidemic and one year of the epidemic but after considering the combined losses hit by major regions due to the first covid- 19 was rs. 1,14,432 million. In conclusion, the first covid 19 wave in india did not have a significant impact on gst revenue and the distribution of the country, but the first wave hit a huge hole in the state treasury which will take some time to fill in the future. In addition, the government, with a view to restoring the economy to its rightful place and simplifying the compliance burden of small and large taxpayers during the first wave of the epidemic, has announced other interventions such as postponing the last days of goods and services. Taxes (gst) and gst related payments, interest rates for late payment of tax have been adjusted and conditional uncertainty for late payment penalties due to delays in completing gst forms in certain cases and extensions of a specific tax date. Procedural steps such as filing a dispute with a dispute resolution panel and appeals to the commission, were usually postponed.

.future diretion

According to official data, almost 30,000 new cases are entering the records each year for india. Due to the usa economy's dependence on other economies, this has an effect on the entire worldThis has a detrimental effect on the indian economy as well. A huge increase in earnings was recently revealed in the q1 results of numerous corporations, and this is all directly tied to the lowering demand and supply. Evidently, this has an impact on gst collection. The global epidemic is having a significant influence on the indian economy. The use of digital technology will likely rise as work becomes more common for new jobs.this might

support make in india and digital india initiatives. The government needs to follow up and make announcements on how to aid msme in rehabilitation. To strengthen and instil confidence in the local economy, particularly in the msme sector, profitable financial aid is required. They will be able to address medium-nd long-term needs as well as deal with short-term cash constraints or shortages thanks to this. To save the industry, the indian government has taken action. Although banks have temporarily put off loan repayments, interest rates have gone up. However, banks might provide some help by suspending interest rates during certain months. Since the 2008 financial crisis and recession, the government should take the present economic climate into consideration when considering temporary tax rebates, gst benefits, and special incentives and financial support for specific industries like tourism and tourism. The government can also think about offering indirect help by preventing job losses by allowing business.to shift more of the employer's contribution to pf or other benefits like bonuses and promotions. The same has started to be done with employees by several businesses.

The government can step in to protect all workers across all industries. All of these will aid in guiding the indian economy out of its current dire situation.

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