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Comparative Analysis of Goods and Services Tax Collections in India During COVID-19

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Abstract

The COVID period is a good lesson to all the categories of society. It is not an exception to the government too. In connection with the collection of revenues in the form of taxes become difficult for the concerned authorities during the pandemic. The collection of Goods and Services Tax (GST) would too be impacted due to the coronavirus spread in the country, this leads the disruptions in the production and economy. In our country, the federal governments are dependent on the collections of indirect and direct taxes. In relation to GST both the governments, central and state lost a lot of revenue collection with the pandemic situation, all most all majority of states got affected due to shortage of revenue. The present paper is going to describe the comparative analysis of Goods and Services Tax of Integrated Goods and Services Tax (IGST), Central Goods and Services Tax (CGST), and State Goods and Services Tax (SGST) for the period of June 2020 to March 2021 with June 2019 to March 2020.

Keywords: Pandemic, GST, IGST, CGST, SGST

INTRODUCTION

"In this world nothing is certain but death and taxes" said by Benjamin Franklin. During the COVID virus state, taxes collection turns out to be obligatory to meet up the public expenditure. Goods and Services Tax is an indirect tax which is the most important resource of income formation to both the central and state governments. But the extraordinary situation of corona virus entry in the world generated an economic mess, all the nations faced a lot of trade and industry problems. In the Indian scenario is not an exception to that virus disruption. It impacts on collection of taxes both direct and indirect. But the government varied mostly on indirect tax i.e., GST. In the period of COVID-19, procurement of the Goods and Services Tax (GST) shrank for a short period and deliberately pushed up but not up to the outlooks of the government. The current paper is going to produce the comparative analysis of the GST as per the categories like, Integrated Goods and Services Tax (IGST), Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST) for the period of June 2020 to March 2021 with June 2019 to March 2020.

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LITERATURE REVIEW

N.W. Jaswante (2017) [1], in the published article Goods and Services Tax Effects and Benefits disclosed that India after enactment of GST is transmuting from complex indirect tax system to integrated tax scheme of indirect tax, it is good for the progress of Indian economy because, it brings one tax nation and collects funds under one roof instead of federal collection of taxes and with this tax the producers are going to get more benefits to grow their business and improve gains because production not attract the GST due to its pertinent on consumption based.

D.P. Parate (2017) [2], in the paper Goods and Services Tax: Impact, Challenges and Opportunities presented that the GST is a long-term approach planned by central government and its optimistic impact shall be seen in the long run only, the new system of tax is going to reduce the tax weight of the consumer in some products or services, this scheme not only beneficial to consumers but also benefits the country in the form of upsurge the revenues and Gross Domestic Production and various backers accomplish the obligation for a fundamental reform of tax building in the country.

Mujalde and Vani (2017) [3], in the printed article Goods and Services Tax and its Outcome in India explored that moving to Goods and Services Tax regime will be more helpful for the economy on multiple counts, a single rate of tax scheme would help to maintain the simplicity and clearness by trending all goods and services are equal with going unusual treatment to some distinct goods or services and the current tax method required undivided efforts of participants to get its fruits.

Huei et al. (2017) [4], in a paper Consumers' Perception towards the Implementation of Goods Services Tax in Malaysia: A Review Paper, they articulated that there is a noteworthy need for the Malaysian Government to put in more efforts to ensure that customers have a clear understanding and develop a positive perception towards Goods and Services Tax, leading to its acceptance, the Royal Malaysian Customers Department (RMCD) could initiate and promote a wide-ranging publicity program which could help to create consciousness among customers in understanding the validation and importance of Goods and Services Tax in Malaysia.

P. Bikram (2017) [5], in the published article: The Proposed GST and Indian Economy expressed that the scheme of new indirect tax is an indifferent attempt to rationalise multiple indirect tax arrangement in the country, the real success of the Goods and Services Tax lies on the effect of the common Indian purchaser point of view and it would help to remove inadequacies created by the previous varied taxation scheme and explained that the new act going to effect on real estate, health care, telecommunication and banking and finance sectors. So, it may affect dual way either advance the profits of the enterprises or improve the cost of some products or services.

Chandrasekaran and Anbuthambi (2017) [6], in the offered research article Goods and Services Tax and Training for its Implementation in India: A Perspective, they given that for the training, the government need to contract out the instructors to the officials, government should inspire self-learning instrument in place of affording preparation for the new scheme and with the application of this tax will tile a way to well-organized allocation of factors of production and would lead to improvement in GDP, exports and the progress of the economy.

Harun et al. (2016) [7], in their publicised article: The Impact of GST on the Spending Pattern of Students from the Faculty of Accountancy, Uitm Duncak Alam Selangor, they unveiled that there is significant relationship between tax knowledge and awareness of Malaysian, bulk of students have a moderate level of knowledge on government revenue gathering, but there is no relationship between knowledge of the government revenue collection and students spending pattern and students are still indeterminate of the fact on the fairness and equitability of Goods and Services Tax and they are more likely to think of that tax as reasonably one-sided and unequable.

Tax and Woodward (2015) [8], in their research paper GST Compliance in New Zealand: A Comparative Study of Taxpayers in the Primary and Traders Sector, they offered that the taxpayers kept dissimilar mental accounts for Goods and Services Tax, by its compliance charge is an ongoing problem with many consuming accounting software packages to record commercial transactions and seeking aid from their accountants, menace of audit and tax penalties are noteworthy factors when considering manners towards compliance, special Banking Options (SBOs) have diverse experiences with regard to their contacts and trust in the tax authority and Goods and Services Tax morale with respect to proper invoicing and correct arrangement of expenses appear constructive for the taxpayers of prime and traders sectors in their corresponding places.

A. Bansal (2017) [9], in the published article GST Rollout, A Revolutionary Strengthening Economy of India offered that the Goods and Services Tax is all set to take part state economics and enhancement of overall growth of the nation economy, under this scheme the taxation load would be divided equitably between producers and service providers, through lower a tax rate by growing the tax base and diminishing exemptions and the new scheme is an innovative step in the field of indirect taxation reorganization in nation.

RESEARCH GAP

With the literature review, it found that there is an opportunity to make an analysis of Goods and Services Tax collection during the COVID period, so here the title of the article taken as Comparative Analysis of Goods and Services Tax Collections in India during COVID-19.

IMPORTANCE OF THE STUDY

The study is going to provide Goods and Services Tax collection during the pandemic period, the respective government face the revenue shortage for short term period and reduced the collections of the indirect taxes in the pandemic situation in the terms of financial crisis.

OBJECTIVE OF THE STUDY

- To present the GST collections as per category wise i.e., IGST, CGST and SGST.
- To produce the comparative analysis of IGST, CGST and SGST collections during the pandemic.

HYPOTHESIS

Null

H_{01}: There is no significant difference between collection of IGST before and after COVID.
H_{02}: There is no significant difference between collection of CGST before and after COVID.
H_{03}: There is no significant difference between collection of SGST before and after COVID.

ALTERNATIVE

H_{11}: There is significant difference between collection of IGST before and after COVID.
H_{12}: There is significant difference between collection of CGST before and after COVID.
H_{13}: There is significant difference between collection of SGST before and after COVID.

RESEARCH METHODOLOGY

The present paper is completely depended on secondary data, so the required information gathered from the websites of the GST Council and the Press Information Bureau (PIB). For the comparison of the means of GST collections utilized SPSS software with Paired T–Test with 95% confidence level and 5% of significance level i.e., α is 0.05 with the sample size is 10 months each year 2019–20 and 2020–21.

LIMITATION OF THE STUDY

Table 1 comparative analysis is constrained to the period of June 2020 to March 2021 with June 2019 to March 2020 in the pandemic period.

DECISION

Table 2 shows there is no significant difference between average IGST collection of 2019–20 and 2020–21, because the P value is i.e., 0.277 greater than the α value i.e., 0.05.

There is no significant difference between average CGST collection of 2019–20 and 2020–21, because the P value is i.e., 0.279 greater than the α value i.e., 0.05.

There is no significant difference between average SGST collection of 2019–20 and 2020–21, because the P value is i.e., 0.784 greater than the α value i.e., 0.05.

To test the actual significant difference between average collection of IGST, CGST and SGST of 2019–20 and 2020–21 used the Cohen's D test, this also presented that there is a small difference between average collection of respective categories of Goods and Services Tax.

Table 1. Goods and services tax collections during the year 2019–20 and 2020–21 (in crores).

Month	IGST		CGST		SGST	
	2020–21	***2019–20***	***2020–21***	***2019–20***	***2020–21***	***2019–20***
June	40,302	47,772	18,980	18,366	23,970	25,343
July	42,592	50,612	16,147	17,912	21,418	25,008
August	42,264	48,958	15,906	17,733	21,064	24,239
September	47,484	45,069	17,741	16,630	23,131	22,598
October	52,540	46,517	19,193	17,582	25,411	23,674
November	51,992	49,028	19,189	19,592	25,540	27,144
December	57,426	48,099	21,365	19,962	27,804	26,792
January	60,288	53,013	21,923	20,944	29,014	28,224
February	55,253	48503	21,092	20,569	27,273	27,348
March	62,842	44508	22,973	19,183	29,329	25,601
Total	5,12,983	4,82,079	1,73,144	1,88,473	2,53,954	2,55,971
Average	51298.30	48207.90	19450.90	18847.30	25395.40	25597.10
S.D.	7903.367	2512.059	2395.276	1419.536	2974.995	1786.863
R	-0.064		0.736		0.653	

(Source: GST Council Revenues)

Table 2. Paired samples test.

Pairs		Mean d	Std. Deviation d	Std. Error Mean	t	df	Sig. (p)	H_0 Status	Cohen's D (Mean d/S.D. d)
1	IGST collection in crores before COVID-19 and IGST collection in crores after COVID-19	-3090.400	8445.484	2670.697	-1.157	9	0.277	Accept	-0.36
2	CGST collection in crores before COVID-19 and CGST collection in crores after COVID-19	-603.600	1658.090	524.334	-1.151	9	0.279	Accept	-0.36
3	SGST collection in crores before COVID-19 and SGST collection in crores after COVID-19	201.700	2257.652	713.932	0.283	9	0.784	Accept	0.09

FINDINGS AND ANALYSIS

1. IGST collections in the initial 3 months of pandemic in down fall but later months in a rising manner to its respective previous year.
2. CGST point of view first three months and in November also in decrease mode and remaining months in increase way to its respective previous year.
3. SGST related collection June, July, August, and February 2021 is in short fall and all other months in benefited form to its respective previous year.
4. With relation to correlation of both years 2019–20 and 2020–21of IGST collection is the lowest negative, CGST and SGST is in a moderate one.
5. Average collections of all the categories of collection are in rising form but not in significant type.

CONCLUSION

For the sake of public spending, all the governments have need of funds, they mobilize the resources with bases of taxes gathering. In the epidemic situation in India, the pooling of indirect tax i.e., Goods and Services Tax in category wise a minor short fall in several months with the comparison of respective month collection with identical month in previous years' collection. In early months only, there is a fall over but in all other months, a growth in collections except in one or two months. Yet in lock down period also, collection of IGST, CGST and SGST is not in expectable figures but something is better than nothing collections is suitable.

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