



Impact of Pandemic on GST Contribution by Small Traders

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ABSTRACT

This research paper is a critical study of GST contribution by various sectors, historical trends of GST contribution and present status of GST contribution by various sectors. Researchers believe GST payment as a crucial benchmark of business performance and in this paper study has been made in the same.

Keywords: GST, COVID 19 impact on business

1. Introduction

The main objective of study is to find out the impact of GST on small traders due to COVID19 Pandemic in India and small traders whose businesses are drastically affected due to corona virus pandemic. Traders affected because of lockdown imposed by the government due corona virus pandemic which was result in GST. GST is known as the Goods and Services Tax. It has been identified as one of the most important tax reforms post-independence. It is an indirect tax which has replaced many taxes in India such as the excise duty, VAT, service tax, etc. GST will create common national market by removing inter-state trade barriers. The frame work for GST is presented below in brief.

i. Dual GST –

India has adopted a Dual GST Model in view of the federal structure of the country. Consequently, Centre and states simultaneously levy GST on taxable supply of goods or services. GST extends to whole of India including the state of Jammu and Kashmir

ii. CGST/SGST/UTGST/IGST –

CGST is the destination based tax applicable on all transactions involving supply of goods and services for consideration. As a general rule, where the location of supplier and the place of supply of goods and services are based on that.

iii. Legislative Framework –

There is single legislation – CGST Act, 2017 for levying CGST. Similarly, Union Territories without legislatures [Ex; Andaman & Nicobar Islands] are governed by UTGST Act, 2017 for levying UTGST. State and union territories with their own legislatures [Delhi, Jammu & Kashmir and Puducherry] have their own GST legislation for levying SGST.

The impact of COVID 19 pandemic leading to lockdown and restricted life was different on different sectors. The sectors of important in tier two and tier three cities specially those industrially underdeveloped districts such as managing events, marriages & its metamediary, political gatherings, trading, retailing, private coaching classes, auto, van and private buses used for public transports, jewellers and dependents on jewellery business, professionals

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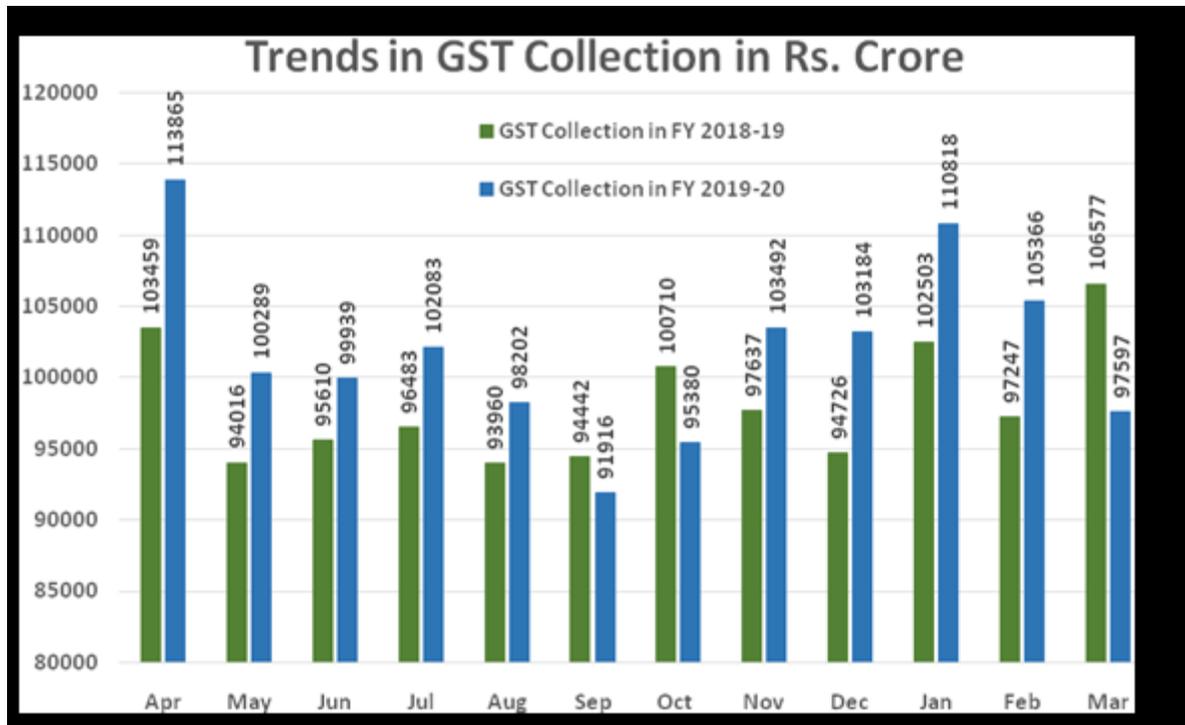
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engaged in sports training, sports goods sellers, transporters, ice cream parlours, restaurants, lodging, hostels, educational institutes, singers and dancers were amongst the worst hit due to lockdown.

2. Impact of COVID-19 on GST

- ✓ The COVID-19 outbreak and the resultant lockdown in the country has severely dented the revenue collections of states.
- ✓ The current state economic condition has forced all the states to relax few restrictions and open liquor shops and pan and Gutka shops as a measure to collect revenue to sustain.
- ✓ According to State Governments, there has been a steep fall in GST collection in the month of April with few states reported serious fall in the collections.
- ✓ The government is worried about the fall in the GST collections and have extended the date of filing of GST to reduce the burden on the taxpayers during this pandemic forced lockdown situation.
- ✓ Service sector business has been stopped completely and business in manufacturing sector has been suspended
- ✓ Also, collections in hilly areas depending largely on travel, tourism and hospitality revenue have also been hit badly.
- ✓ Services sector contribute more in the GDP than manufacturing sector and both the sectors are affected by this global pandemic which would hit the GDP of the country

CHART 1: TRENDS IN GST COLLECTION



Source: GST website: <https://gstn.org.in>

The above chart is presented in the form of red and blue bars. Red columns are representing monthly GST collection in FY 2019-20 corresponding collection in previous year is shown with the help of blue columns. It is seen after analyzing above chart that from month of April 2019 to Feb 2020 red chart formed is bigger as compared corresponding blue chart. The situation is reversed from the month of March 2020. We can trace that lockdown was implemented in the month of March 2020. The GST collection saw a major dip in the followed month also.

3. Conclusion

The present environment is very difficult for business operations and their performance can be analysed with the help of GST contribution by enlarge. It is observed that GST collection is reduced drastically in the months of Lockdown. It is correlated strongly with business performance. It is concluded that GST collection and business performance declined drastically and business units has serious impact of Pandemic..

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