



Fall in Goods and Services Tax (GST) Collections

Why in News

Goods and Services Tax (GST) collections for March 2020 stood at ₹97,597 crore, dropping below the ₹1 lakh-crore mark after four months.

Key Points

▪ GST Collected

- Of the total collections, central GST stood at ₹19,183 crore, State GST was at ₹25,601 crore and integrated GST at ₹44,508 crore.
- The government had settled ₹19,718 crore to CGST and ₹14,915 crore to SGST from IGST as regular settlement.
- In addition, the Centre also apportioned unsettled balance IGST of ₹6,000 crore on an ad-hoc basis in a 50:50 ratio between the Centre and States.

▪ Partial Impact of COVID-19:

- The March revenue collections are based on the business conducted in February.
- The collections **do not take into account the full impact** of [COVID-19](#) and the consequent shutdown of many business sectors in India.
- It has been warned that **the revenues for the month of April 2020 are likely to dip much further.**

▪ In Comparison to March 2019

- According to the Ministry of Finance, Gross GST revenue for March 2020 was **8% lower than that of March 2019.**

▪ Fall in Collection from Imports

- Although GST revenue **from domestic transactions** dropped 4% in comparison with March 2019, there was a **23% fall in the tax collected on import of goods.**
- Global trade was affected by COVID-19 in February itself.

▪ Step Taken

- Small businesses have been allowed a **three-month deferment of GST payments** due to the COVID-19 situation.
- There is a wider industry **demand for a moratorium on payments and reduction in rates.**

Goods and Services Tax

- GST is a **comprehensive, multi-stage, destination-based tax that is levied on every value addition.**
- GST is a comprehensive **Indirect Tax** which has replaced many Indirect Taxes in India.
- The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017
- Under the [GST council](#) and 101st constitutional amendment, the tax is levied **at every point of**

sale.

- GST is categorized into CGST, SGST or IGST depending on whether the transaction is Intra-State or Inter-State.

Central Goods and Services Tax and State Goods and Services Tax

- CGST is a tax levied on **Intra State supplies of both goods and services by the Central Government** and is governed by the CGST Act. SGST is also be levied on the same Intra State supply but will be governed by the State Government.
- This implies that both the **Central and the State governments** agree on combining their levies with an appropriate **proportion for revenue sharing between them.**
- However, it is clearly mentioned in Section 8 of the GST Act that the taxes be levied on all Intra-State supplies of goods and/or services but **the rate of tax shall not be exceeding 14%, each.**

Integrated Goods and Services Tax

- IGST is a tax levied on all **Inter-State supplies of goods and/or services** and is governed by the IGST Act.
- IGST is applicable on any supply of goods and/or services in **both cases of import into India and export from India.**

[Source: TH](#)

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