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Analytical Study of the Continuous Increase in Tax Collection Due to GST Recovery in the Indian Economy

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Abstract: ***The present research paper is based on in-depth research analysis of the continuous growth in tax collection due to GST collection in the Indian economy. GST was implemented on 01 July 2017 across the country under a single tax in the Indian economy. In April 2020 Till now the minimum GST collection was INR32172 crore whereas the highest ever GST collection was done. 141384 crores have happened in April 2021 (despite the second wave of the corona). GST compensation by the Center In the form of 23 states and 3 centers by taking loans on behalf of the states and union territories having legislative assemblies. Estimated compensation of INR 110000 crore in 20 installments between 23 October 2020 to 15 March 2021 in the governed territories. More than 100% of INR110208 crore was distributed. Apart from this, by 15 March 2021, all a loan of INR 106830 crore was raised by 28 states from the open market.***

Tax evasion in the GST regime Fake Input Tax Credit (ITC) has been a big problem since its inception. Even today not only normal Trade INR but also star exporting are evading tax by using fake ITC and defrauding the government. are putting In the last 02 financial year, the GST Council, in its many meetings, discussed many important issues like H. SN Code, Changes in the current structure of GST, Compulsory E-bill, a Cash deposit of GAT, GST Physical verification of registrations, action against CAs involved in fake invoices, GST refund, on receipt of bills Decisions were taken on reward, reduction in GST on electric vehicles, etc.

Keywords: GST Collection, Indian economy, estimated compensation, Input Tax Credit, GST Council, GST refund.



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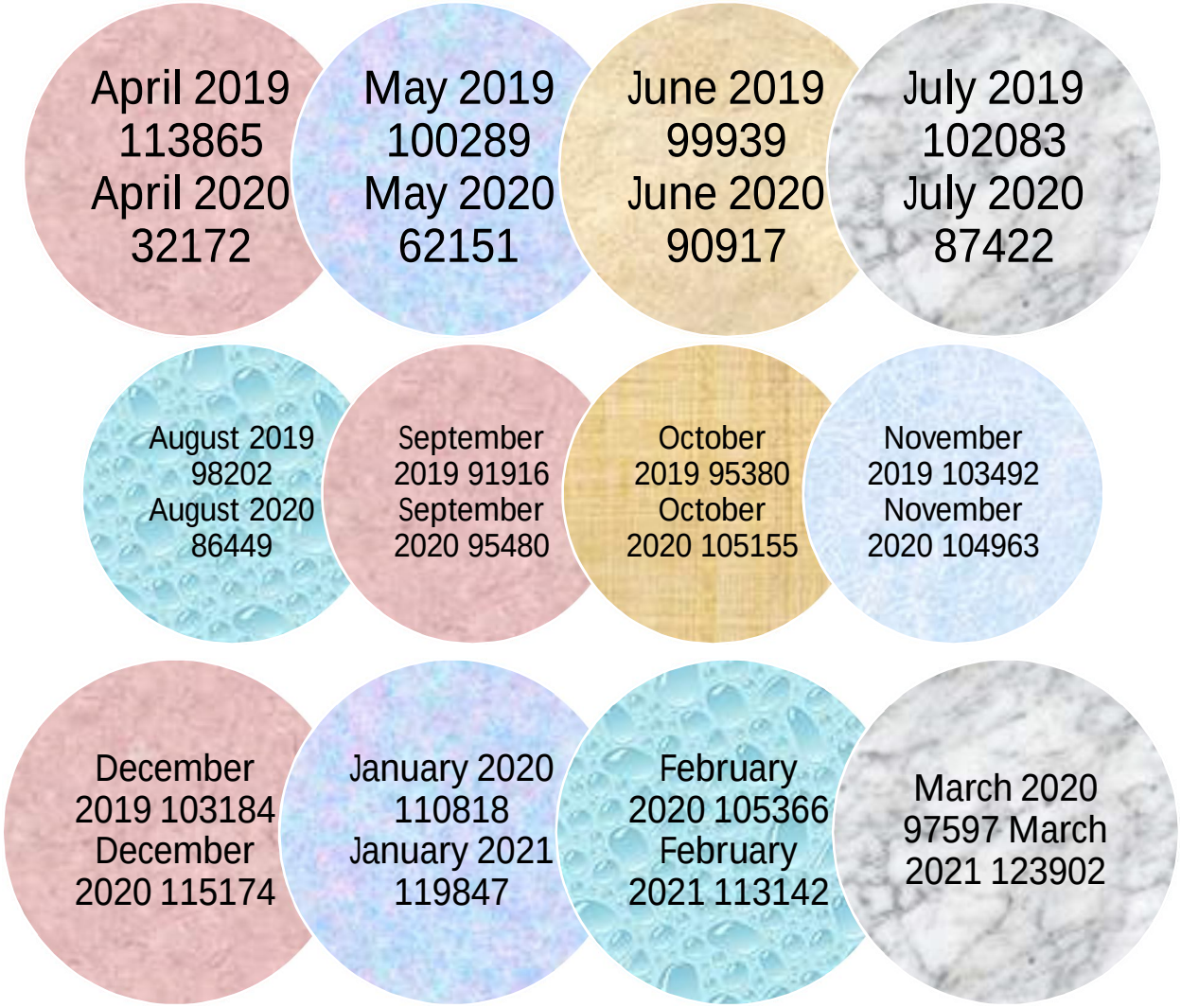
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I. PREFACE

Taxation has been considered important in the development of the Indian economy. In the general budget, the government has collected GST of INR 1.13 lakh crore every month in the financial year 2019-20. Had guessed. Because of the collection of 09 months, the government has announced January 2020 and February 2020 To raise GST revenue of INR 1.15 lakh crore monthly and INR 1.25 lakh crore in March 2020 While the actual average collection has been less than INR1.02 lakh per month. Finance During the year 2020-21, the Central Government's assessment of GST collection amounted to 1.15 lakhs every month. Crore was to be kept more than INR Due to the nationwide lockdown during the first wave of Kovid-19 Due to an unprecedented decline in GST collection in April 2020 and only GST collection in April 32172 crores (the lowest to date) remained. Continuing in GST collection since September 2020 The increase started and from October 2020, the figure of GST collection is one lakh crores every month. Crossing the figure of INR for the first time in December 2020, the government was successful in achieving the GST collection as per the target. GST collection in March 2021 highest since its inception Stayed. For the last few months, to prevent GST evasion and fraud, the government has done strict action being taken, collecting information about GST evasion through various means and income tax and limits there was also a steady increase in the GST collection due to the exchange of data with the Duty Department. Due to this, there are clear signs of recovery in the economy. (Although in the financial year 2020-21 the actual monthly Average collection was less than INR 95000 crores). The only proof of recovery in the economy is that Corona Despite the second wave of GST, there was a record GST collection of INR 1414,384 crore in April 2021

II. GST COLLECTION IN THE FINANCIAL YEAR 2019-20 AND 2020-21

A. *Month Amount (INR in Crore)*



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III. GST COMPENSATION

At the time of implementation of GST, the states were assured that from the collection of GST Compensation for the shortfall in the revenue received by them (up to the next 05 years from the date of implementation (June 2022) The center will At that time, the revenue of the states increased by 14 percent every year, taking 2015-16 as the basis. was estimated. That is, after this increase, the center had to pay the difference between the estimated revenue and the actual revenue. For this, 28 on cine and luxury goods in the GST law Provision has been made to levy compensation chess in addition to GST at the rate of percentage. This difference is paid by the Center to the states from the compensation fund. Actual revenue is less than the amount assured to the states from the first year itself. But on the other hand, the amount received through GST Compensation Chess was so substantial that the Center fulfilled the commitment for the financial year 2017-18 and 2018-19. Economic Growth Rate in 2019-20 and there was a slowdown in GST collection. With this, the coronavirus epidemic in 2020-21 and due to the nationwide lockdown, the situation got wire for the Center and the states. After this, not only the difference between the amount decided by the Center and the actual GST revenue increase, but the receipt of GST Compensation Chess also declined. As a result, giving to the states for the center to compensate for the shortfall in the revenue of the states from the compensation fund as per the assurance became difficult. In June-July 2019, INR 27956 crore was released under the head of compensation. GST to the States and Union Territories in December 2019 before the 38th meeting of the Council An amount of INR 35298 crore was released under the head of compensation. Despite this, till 31 March 2021, the states were to get a huge amount of about INR 2.35 lakh crore as compensation, which the Center did not. I was able to give

IV. THE CENTER HAS GIVEN 2 OPTIONS TO THE STATES TO COMPENSATE THE GST COMPENSATION.

In the 41st meeting of the GST Council on 27 August 2020, the Center compensated GST. Two options were given to the states for compensation. Either by the RBI in collaboration with the State Finance Ministry 97000 crores from a single/special window (due to the implementation of GST, the revenue of the states Take a loan of equal to the estimated shortfall) or INR235000 crores (97000 crores) from the open market. The estimated shortfall of INR $138000 crores due to the COVID effect) take off the loan. Otherwise Then wait till June 2022. Initially, the opposition ruled states were mainly Delhi, West Bengal, Kerala, Telangana, Punjab, Chhattisgarh, Rajasthan, Jharkhand, etc. did not agree to any option and There are only 13 states (Bihar, Orissa, Andhra Pradesh, Gujarat, Uttar Pradesh, Meghalaya, Haryana, Karnataka, Madhya Pradesh, Sikkim, Tripura, Uttar Pradesh, and Manipur) Agreed for option-1. Later 8 other states (Goa, Assam, Arunachal Pradesh, Nagaland, Mizoram, Himachal Pradesh, Maharashtra, and Tamil Nadu) have given their consent for the adoption of Option-I. Gave it 68825 crores from the open market to 20 states opting for option-1 on 13 October 2020. Special requirement of taking an additional loan of INR Facility provided. To help in this, a special window has been made in coordination with the Ministry of Finance. Went. Under normal circumstances, states can take loans up to a maximum of 3% of their GSDP. Expenditure of Ministry of Finance as of 17th May 2020 under Self-reliant India Mission due to Coved The department had allowed the states to take an additional loan of 2% of their GSDP.

This 2 for the final installment of 0.5 percent loan out of the additional loan, the Center has placed 4 percent in front of the states. The condition was laid for the implementation of the reform program. 04 reforms for the states opting for option-1 the condition of implementing the program has been abolished.

V. COOPERATION BETWEEN THE CENTER AND THE STATES ON GST

21 States and 2 Union Territories (Delhi and Jammu and Kashmir) with Legislative Assemblies Compensation dispute to save GST from getting entangled in a legal tussle after getting consent On 16 October 2020, the Center itself decided to borrow to find a solution. (Because The BJP-led NDA government has always considered GST as the most important form of cooperation between the Center and the states. Great reformist example. 6000 crores on behalf of the States and Union Territories themselves at 5.19 percent interest. On 23 October 2020, 16 states (Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Tamil Nadu, and Bots in Tripura, Uttar Pradesh, and 2 Union Territories (Delhi and Jammu and Kashmir) gave. (Any loss in the GST system to Arunachal Pradesh, Manipur, Mizoram, Nagaland, and Sikkim Otherwise there was no need for compensation.

After some time Puducherry, Telangana, Rajasthan, Kerala, West Bengal, Punjab, Chhattisgarh, and Jharkhand also gave their consent for option-1. Thus All 28 states and 03 union territories gave their consent for option-1. After the first installment of 23 October 2020, the center has released another 19 weekly installments (02 November, 09 November, 23 November, 01 December, 07, 14, 21, 28 December, 04 January, 11, 18, 25 January, 01 February, 12, 15, 19, February, 01 March, 09 March, and 15 March) in 23 states and 03 with Legislative Assemblies 100 percent of the estimated compensation of INR 1.10 lakh crore to the Union Territories, INR110, 208 crores (INR101329 crores in States and INR8879 crores in Union Territories) 15 The loan was disbursed by March 2021. The ffirst15 installments were of INR 6000 crores while the 16th and the 17th installment were of INR 5000-5000 crores. The 18th installment was INR 4000 crores, the 19th 2104 crores INR, and the 20th installment was INR 4104 crores. The interest rate on the last installment was 4.93 percent. Whereas the weighted average interest rate stood at 4.8473 percent. Compensation chess recovery period to June 2022 It was decided to continue even after that so that the loan could be repaid with that amount. Apart from this, by March 15, 2021, INR 106830 crore has been collected from the open market by all 28 states. The loan was raised. For the repayment of this special loan, the state governments will now take a longer time. Additional tax may be levied on certain products.

VI. TAX EVASION / FAKE ITC THROUGH FAKE FIRMS WITH DIFFERENT NAMES-

March 2021 PSR Metals P.v.t Ltd in case of tax evasion of more than INR 13.76 crore Director Pradeep Jain (Muzaffarnagar) sent to 10 days judicial custody in Thira Jail sent. February 2021 without any trading through seven different name fake firms by deducting bills of INR 88.29 crores, availed ITC of INR12.40 crores. Pinky Purer, Hemant Gulati, and Kapil Goal (Ghaziabad) were arrested. February 2021 to pass ITC of INR 42 crores to other firms without a supply of goods Visas Jain (Meerut) was sent to 14 days judicial custody on the charges. Ghaziabad resident Vikus gave his fake address to 29 different addresses in Meerut. Fake firms were made, those whose firms were using Adhere card, PAN card Registration, and bank accounts were opened, and they were given INR 2 to 5 thousand per month. Were. January 2021 from Moradabad to two real brothers Archie Aggarwal and Anshan Aggarwal INR 25 crores Arrested on ITC charges. Shweta, Proprietor of DM & Sons Aggarwal's wife Anshan Aggarwal, and Wave Agro Oil owner Archie Aggarwal's firm were committing fraud by issuing fake invoices. January 2021 by Bharat Sony Jeweler of Ahmedabad by making fake bills of INR 2435 crore 72 By taking advantage of ITC of INR Crore and colluding with other traders 210 crores by other traders by making fake bills of INR 7250 crores for them too. The scam of taking benefit of ITC of INR

VII. IMPORTANT DECISIONS ARE TAKEN BY THE GST COUNCIL /GOVT. RFID

Integrated a with an e-way bill from 01 01 Jan 2021. Under this, an RFID tag will be required in the vehicle and the details of the e-way bill will be in the RFID. Will have to be uploaded which will make trekking possible. 02 Up to INR 1.5 crore annually during filing of GST R-1 before 01 April 2021 HSN (Harmonized System of Numen Clutter) code) was kept free. 2 to those who do business from 1.5 to 5 crores digit and 4 digit HSN to those doing business of more than 5 crores had to use code. To do business up to INR 5 crore annually from April 01 4 digits to all businessmen with a turnover of more than INR 5 crore Mention of 6 digit HSN code to trading and 8 digit HSN code to exporting Will have to do It will be mandatory in B2B for businessmen up to INR 5 crore. B2C will be optional. The HSN code derives from the Customs Tariff Act and is determined according to the classification accordingly, and the tax rate is decided. In this, there is a provision of a fine up to INR 50000 for mistakes under section 125.

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VIII. CONCLUSION

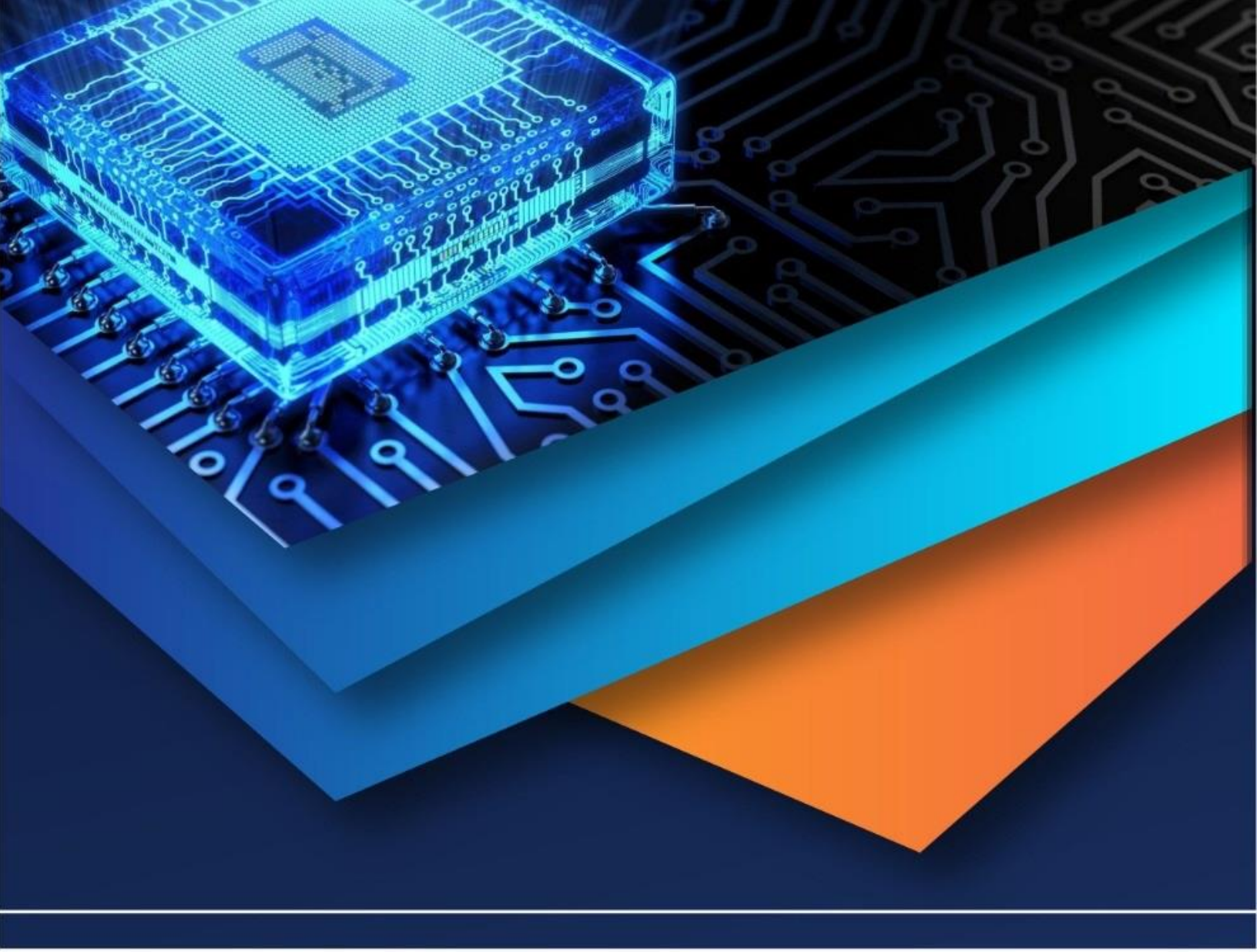
An increase in the scope of GST or change in GST rates or slabs in the present circumstances there is no possibility. The biggest problem in front of the government today is the system of GST Tax evasion by businessmen and claiming fake ITC to the exchequer to prevent the damage from being done. By selling goods without an e-way bill and invoice, by selling goods multiple times with the same e-way bill and invoice, fraudulent

By making firms and issuing fake invoices, they are duping the government through fake ITC. Not only is this but Star Exporter is also involved in this. Due to the fraud of fake exporters many sometimes even the right exporter fall into the risky zone. As soon as they come to the risky zone, the exporter will get all refunds and government benefits are stopped. Physically at the customs office verification has to be done continuously for 6 months, then they are removed from the risky zone. Is. Although the last few months, strict steps are being taken by the government against GST evasion. Whose results have also come out but a lot remains to be done otherwise the government will not get enough revenue and it will also have problems compensating the states.

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