

**Impact of COVID-19 on GST in India**

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The extent at which the COVID-19 Pandemic (informally known as Coronavirus) is spreading, covering 209 countries under its grasp truly feels like the plot of any dystopian novel. While the virus itself sounds more frightening than fiction, there's more to this COVID-19 pandemic than the human factor involved.

It is essential to acknowledge that all of us at this point are battling and trying our best to protect ourselves not just from a fast-spreading pandemic but also from the economic impact that follows. Even if the development in science & technology leads us to a cure or a vaccine that fights COVID-19, the effect of Coronavirus is likely to stay even after the virus disappears. As Prime Minister Narendra Modi rightly said in his address to the nation while announcing the 21 days lockdown, this pandemic, if not contained, could set us back by decades.

Keeping the same in mind, various measures have been taken on the GST front as well to ensure smooth functioning and remove the burden of additional compliance wherever possible:

The government extended the validity of e-way bills expiring between March 20 & April 15 till April 30 to deal with the issue of supplies and goods stuck in transit amid the nationwide lockdown due to COVID-19. The rollout of e-invoicing and QR Code based invoicing has been deferred since business have been disrupted by Coronavirus.

Aiming to correct the anomalies in the inverted duty structure which lead to credit accumulation and increased compliance, the GST Council is also expected to increase rates of four key items - footwear, mobile phones, fertiliser and man-made fibres, among other goods. The Finance Ministry also deferred the application of 10% restriction for availing input tax credit for February to August 2020, rolling over the cumulative applicability to the month of September 2020.

The Union Finance Minister Smt. Nirmala Sitharaman has announced some reliefs for businesses to cope up with the difficult times of COVID-19:

<b>TAXPAYERS</b>	<b>EXTENSION/ RELIEF FOR COMPLIANCE</b>	
With an annual aggregate turnover of upto Rs. 5 crores	Due dates for filing GSTR-3B for February 2020, March 2020 and April 2020 extended upto the last week of June 2020.	No late fee, interest or penalty shall be levied.
With an annual aggregate turnover of more than Rs. 5 crores	Due dates for filing GSTR-3B for February 2020, March 2020 and April 2020 extended	No late fee or penalty shall be levied. tax payments made Interest to be charged at a reduced rate of 9% p.a.

	upto the last week of June 2020.	instead of 18% p.a. (applicable for tax payments made between 20th March 2020 & 30th June 2020)
Registered under the Composition Scheme	→ Due date for filing CMP-08 for the last quarter of FY 2019-20, i.e. Jan-Mar 2020 is extended till the last week of June 2020.  → Due date for filing GSTR-4 for FY 2019-20 is extended from 30th April 2020 to the last week of June 2020.	
Opting into Composition Scheme	Last date for opting into Composition scheme for the FY 2020-21 has been extended from 31st March 2020 up to 30th June 2020. (Applicable to taxpayers availing the scheme under Section 10 of the CGST Act & the Notification no. 2/2019 dated 7th March 2019.)	
Moreover, the taxpayers and/or the tax authorities have got an extended time limit of upto 30th June 2020 (where the time limit for the following compliance matter expires between 20th March 2020 and 29th June 2020) for:		
→ Issue of notice/notification/approval order/sanction order → Filing of an appeal/furnishing of a return/statements/applications/reports or any other documents		

Moreover, the Coronavirus outbreak has also impacted GST Collections in March and April. GST Collection of March stood at Rs. 97,597 crores compared to the Rs. 1.15 lakh crore targeted. GST Collection in the month of February 2020 was Rs. 1.05 lakh crores. Number of GST returns filed for the month of February upto 31 March, 2020 is 76.5 lakhs.

There has been a significant reduction in imports, which led to a lower IGST collection and is reflected in the ultimate GST Collection. A 24/7 customs clearance has been declared even during the lockdown phase. But as the demand for products decreased owing to consumption restricted to essentials, surplus production was not required. This, in turn, reduces outward supplies and exports to an extent which led to a fall in the collection of GST.

The value chains for raw material have collapsed in China and all other parts of the world due to COVID-19. While the demand for hygiene products, medical and health sector and labour for essential services is soaring, major industries like aviation, tourism, oil, petrol, diesel, meat etc. have been severely negatively impacted since the outbreak of Coronavirus. Due to the closure of many appliance stores in the Chinese markets and all over the world, product launches are being postponed and the hardware & appliances market is on a standstill due to the impacted supply chain. This signals a following price hike or a drastic drop in sales.

All over the globe, the post-COVID-19 phase will see businesses trying to recover from this overall economic impact as they evaluate the costs of reworking their supply chains and the logistic cost of reallocating or fixing their procurement chains which were disrupted due to COVID-19 pandemic. Needless to say, COVID-19 has left its impact on every sector and the same can be seen in GST in India as well.

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*(The views expressed in this article are strictly personal)*