

GST collection rises 10% in Jan to over ₹1.72-lakh crore

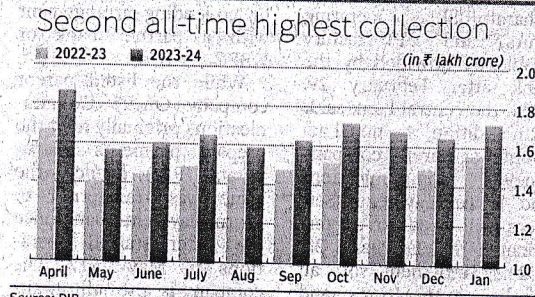
POSITIVE SIGN. Overall mop-up clocks over 11% y-o-y growth in 10-month period

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New Delhi

With improved compliance, collection through Goods & Services (GST) surged to over ₹1.72-lakh crore, the Finance Ministry reported on Wednesday. This is the second all-time highest collection and the third time in the current fiscal when collection crossed ₹1.70-lakh crore.

January collection, related with goods consumption and services availed in December, is 10 per cent higher than the corresponding month of the last fiscal. With overall collection during 10 months of the current fiscal reaching ₹16.69-lakh crore, showing a growth of over 11 per cent over the 10-month period of the last fiscal, experts feel that full-year collection will exceed the Budget estimate.

MS Mani, Partner with Deloitte India, said that coming on the Budget eve, the second highest ever GST collections would provide more headroom for embarking upon the next stage of GST reforms.



“The collections relate to supply transactions of goods and services during December 2023 where there was emphasis on completing audits and investigations relating to earlier years,” he said.

Parag Mehta, Partner with NA Shah Associates said, “Increasing awareness within the trade, final orders of pending show-cause notices for 2017-18 which were passed on December 31 and utmost use of data analytics by authorities to curb evasion are the major reasons for the higher collection.” The experts are hopeful of collection exceeding budget estimates. According to Mani, the

GST collections are in line with the other macroeconomic parameters which indicate a significant uplift in economic activities, with even the IMF upgrading the growth forecast to 6.7 per cent for FY23-24. The same collection trajectory in the next two months will ensure that the tax collection targets for the year are comfortably surpassed,” he said.

INCREASED SPENDING

According to Mehta, with Thursday's interim Budget, there is general expectation of increase in spending by the government, which is bound to increase collections in sub-

sequent months also and thereby boosting revenue.

Vivek Jalan, Partner with Tax Connect Advisory, said that GST collections have almost doubled from an average of around 0.85-lakh crore in FY 18 to around than ₹16.5-lakh crore in FY24.

This means that not only in this year, but over the past seven years or so of the GST regime, the CAGR of GST Collections have been at around 12 per cent. As the taxpayers' base has also doubled and keeps increasing by the day, these are indications that the biggest tax reform in Indian history has stabilized to a large extent, he said.

“As the Finance Minister delivers her sixth Budget tomorrow the stage is all set to go for big bang GST 2.0 reforms by bringing in petrol, diesel and alcohol under GST and reducing tax slabs under GST from around six to three. These reforms would mean greater simplification of GST by further streamlining the flow of input tax credit across sectors,” Jalan said.