

GST collection increases 11% to ₹1.59 trn on better compliance

Mop-up for Centre, states and revenue from IGST moderated compared to previous month

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Goods and services tax (GST) collection in August grew 11 per cent to ₹1.59 trillion annually on account of increased compliance and anti-evasion measures.

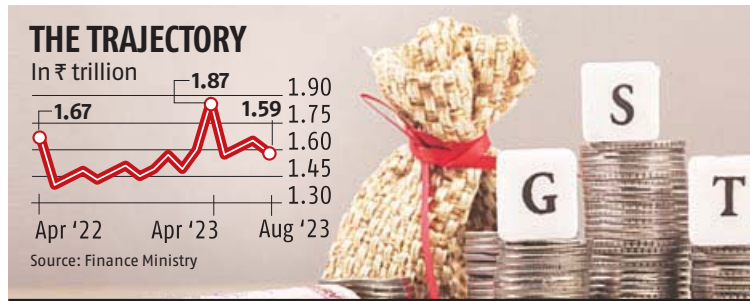
In August 2022, collection was ₹1.43 trillion.

However, during the month, the tax collected by the Centre (CGST) and the states (SGST), and the revenue from imports and inter-state sales moderated over the previous month.

In July, GST collection stood at ₹1.65 trillion.

Economists attributed the moderation in collection to muted growth in integrated GST (IGST) and the cess on imports, up merely 3 per cent in August.

However, in June and July, imports fell annually. Collection from IGST on imports had fallen in April too, but



recovered in May.

“The headline GST numbers are marginally lower than our estimates, dampened by imports. However, overall collection so far this financial year remains robust,” said Aditi Nayar, chief economist, ICRA.

The government expects average monthly GST collection to be ₹1.6-1.65 trillion this financial year.

Experts are expecting the momentum to continue but are not ruling out

certain inhibiting factors.

“The steady increase in revenue not only reflects resurgence in consumer demand but also underscores the government’s efforts to boost capital expenditure, which, in turn, is encouraging private investment. Nonetheless, it’s worth noting that growth prospects may be tempered by factors such as a weak monsoon, elevated inflation, and higher interest rates,” said Saurabh Agarwal, tax

partner, EY.

After the settlement of taxes for inter-state sales, the Centre collected ₹65,909 crore, while the states garnered ₹67,202 crore, the ministry said.

Notably, April had seen the highest ever GST collection at ₹1.87 trillion, followed by the second highest in July.

“The revenues for the month of August 2023 are 11 per cent higher than the GST revenues in the same month last year. During the month, revenue from import of goods was 3 per cent higher and the revenues from domestic transactions (including import of services) are 14 per cent higher than the revenues from these sources during the same month last year,” the finance ministry said in a statement on Friday while releasing the provisional data.

Major states such as Uttar Pradesh, Maharashtra, Gujarat, and Tamil Nadu reported double-digit annual growth rates in GST collection.