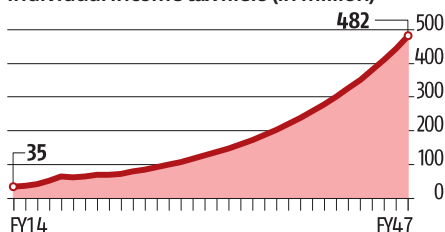


Tax filing will have to double every 9 years to meet FY47 target



OVER 400 MILLION NEW FILERS PROJECTED BY FY47

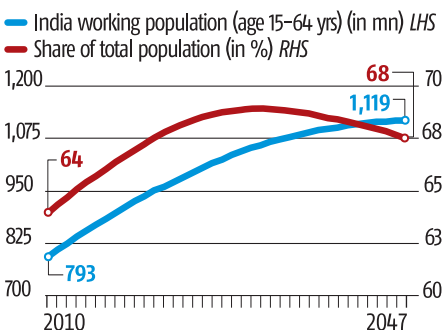
Individual income tax filers (in million)



Note: Figures after FY23 are projections.

Source: Income Tax Department, *Business Standard* calculations

OVER A BILLION PEOPLE OF WORKING AGE



Source: UN estimates, *Business Standard* calculations

LOWER EXPECTED GROWTH RATE THAN BEFORE

Growth rate (in %)

Based on finance minister's statement	8.2
Actual growth between FY14-23	8.5

Note: Compares growth rate to reach finance minister's target of 48.2 crore (482 million) tax filers by 2047, and actual growth rate in income tax filers between FY14-23.

Source: Income tax department, *Business Standard* calculations

Growth rate to achieve target would be over 8% per annum

SACHIN P MAMPATTA

Mumbai, 5 September

Finance Minister Nirmala Sitharaman said on Tuesday that she believes income tax filings will increase multifold from the current level of 70 million to 482 million by 2047. For this to become a reality, the total annual income tax return filings would need to touch around 149 million over the next nine years, based on the growth rate that this would imply.

This means an additional 76 million annual tax filers by FY32, or more than the filing seen on an annual basis currently, over seven decades after the Independence.

This assumes a lower growth rate than that seen in recent years, though employment opportunities for a rising working-age population and commensurate growth in income would also be required for this to play out.

The rise in previous years' tax return filing shows that such growth rates have been achieved in the past. The compound annual growth rate between FY14 and FY23 was 8.5 per cent. The finance minister's target would imply a growth of 8.2 per cent.

Income tax filers would be nearly half a billion by 2047, according to the finance minister's statement. This would mean crossing the 100-million mark by FY27, 200 million by FY36, 300 million by FY41, and 400 million by FY45. An analysis of United Nations population projections shows that India will have sufficient people of working age by 2047. There should be over a billion people between 15-64 years of age

by 2047 and they will account for 68 per cent of India's total population. The share of the working-age population is expected to peak in 2032, when it hits around 69 per cent.

Some of the recent gains in ITR filing have been driven by increased formalisation. This means that people in the informal economy who were of a certain income bracket are now also filing tax returns. The incremental gains may have to come from rising incomes, and more people getting jobs that pay sufficiently that they are required to pay tax.

India's per capita income has the potential to increase significantly by 2047, according to a recent note by PwC, authored by partner Ranen Banerjee, titled *India@47*.

"Efforts are needed to upskill millions of our working-age youth nationwide to make them industry-ready and future-fit for the new sets of jobs that are being created owing to the disruption of existing business models.... The country stands to benefit if we are able to skill/upskill the working-age youth to make them employable... Skilling India, therefore, is an urgent imperative if we are to avoid converting the demographic boon to a bane," it said.

Another key factor to meet the tax target may be to get more women into the workplace. India's female labour force participation rate, which measures the share of working women or those looking for employment, is 24 per cent. It is greater than 50 per cent in each of the other major emerging market peers with similar demographic profiles — Brazil, Russia, and China.