

# Tax receipts for FY24 may exceed Budget Estimate

Monthly GST mop-up in FY25 could be ₹1.7-1.8 trillion

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With the present momentum in direct tax and goods and services tax (GST) collections expected to sustain in the coming months, India's total tax receipts in 2023-24 could exceed the Budget Estimate by a "considerable margin", according to government sources.

These expectations, however, are based on the preliminary assessment as part of the government's pre-Budget exercise. A clearer picture would emerge from data for advance tax payments for the third quarter in December, and GST collections for the April-December period.

Even as pre-Budget meetings are taking place at North Block, policymakers are still assessing tax collection projections for next financial year (2024-25).

On the GST front, authorities are anticipating 13-14 per cent year-on-year growth in collection, with monthly average seen touching ₹1.7-1.8 trillion in 2024-25, sources said.

With a collection of ₹1.72 trillion in October, the highest ever in a month after the ₹1.87 trillion reported in April, the monthly average GST mop-up this financial year stands between ₹1.6 trillion and ₹ 1.65 trillion. "This is on account of several policy measures and action plans that the revenue department has readied and initiated in the past few months. These would fully reflect in the next financial year," said a source.

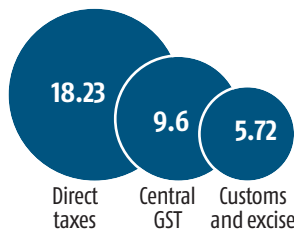
Taking both direct and indirect taxes, the gross collection is expected to grow 10.45 per cent to ₹33.61 trillion in 2023-24. The government has projected 10.5 per cent growth in revenues from corporate and individual income tax to ₹18.23 trillion in the current financial year. And, GST collection is projected to grow 12 per cent to ₹9.56 trillion.



## ROBUST NUMBERS

**FY24  
Budget  
Estimate**  
(₹ trillion)

Overall tax  
collection  
**33.61**



Note: GST collection comprises central and state GST. The Centre's BE excludes state GST

## OVERSHOOTING THE TARGET

- ▶ Direct taxes might modestly exceed BE; over half the target already achieved in H1
- ▶ CGST expected to surpass the estimates by a mild margin, pre-Budget assessment indicates
- ▶ More clarity to come after advance tax numbers for Q3
- ▶ Tax projections for FY25 to be moderate

said the index now faces resistance at 19,500 and 19,700 levels. “While technical analysis paints a favourable picture, the primary challenge remains the breach of the 19,707-resistance level, cushioned by robust support at 19,225,” said Prashanth Tapse, senior vice-president (research) at Mehta Equities.

“The market is now advancing towards the next overhead resistance of around 19,550-19,600 levels in the short term. Immediate support is placed at 19,320 levels,” added Nagaraj Shetti, technical research analyst at HDFC Securities.

## Tax receipts...

“An expectation of strong GST revenue collection next year, based on a very good collection this year, would largely depend on the economic performance, since GST is a transaction-based consumption tax,” said M S Mani, partner, Deloitte India. On the direct tax front, gross collection is expected to grow 10.1 per cent year-on-year, and net collection 11.1 per cent, in 2023-24. Corporation and personal income-tax revenues are estimated to grow 11.7 per cent and 11.4 per cent, respectively. “Tax buoyancy will continue to be over 1 (higher than economic growth), helped by formalisation of the economy, data integration and improved compliance. However, tax projection is being decided after taking multiple factors into account,” said an official source privy to the assessment.

After subdued growth in the initial months of the current financial year, the corporation tax collection in September 2023 grew 27 per cent year-on-year amid healthy advance tax inflows, which were nearly 49 per cent of the Budget Estimate (BE) for the year. Personal income tax mop-up, meanwhile, is nearing the BE. Overall, direct tax collections achieved so far this year stand at 53 per cent of the estimate for full 2023-24.

“Given that the economy is expected to grow over 6 per cent, and with several compliance measures and data integration between GST and income tax, tax buoyancy should remain robust,” said

Sudhir Kapadia, national tax leader, EY India. “The current mop-up should provide some cushioning to government spending, which might be impacted by the likely extension in the Pradhan Mantri Garib Kalyan Anna Yojana.”

Excise duty, meanwhile, remains a bit of a concern if the present trend continues, said sources. Though it is too early to draw conclusions, meeting the excise estimate could be challenging. After the introduction of the GST, excise duty is mostly levied on petroleum and tobacco. On the other hand, achieving the Customs target for the financial year should not be too difficult.

## FM...

This would be the last meeting under India’s G20 presidency. In her inaugural address, the

## BS SUDOKU

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SOLUTION TO #4123

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3	9	1	2	4	6	7	8
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