

# Direct tax mop-up rises 24% YoY

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The Centre's gross direct tax collection for FY23, so far (until October 8), stands at ₹8.98 trillion, 23.8 per cent higher than the mop-up during the same period last year, the finance ministry said in a statement on Sunday.

Net tax collection (after refunds) stands at ₹7.45 trillion, which is 52 per cent of the FY23 Budget Estimate.

The Union Budget for FY23 estimated a direct tax collection at ₹14.20 trillion, against ₹14.10 trillion collected in FY22.

The gross figure for April 1-October 8 includes 32 per cent growth in personal income tax (including securities transaction tax) proceeds and a 16.73 per cent increase in corporate tax revenues over the same period last year.

"The direct tax collection up to October, 8, 2022, shows that gross collections are at ₹8.98 trillion, which is 23.8 per cent higher than gross collec-



tions for the corresponding period of last year," the finance ministry said.

Refunds to the tune of ₹1.53 trillion have been issued between April 1-October 8, an increase of 81 per cent

## ROBUST NUMBERS

At ₹7.45 trn, direct tax collections, net of refunds, at 52% of FY23 Budget Estimates so far

₹14.2 trn direct tax collections estimated in FY23

52% rise of FY23 Budget Estimates for net direct tax collections

26% increase in GST collections for September at ₹1.47 trillion

81% YoY jump in refunds; of ₹1.53 trn issued in FY23 so far

over the corresponding period last year.

"With inflation reportedly running between 6 per cent and 7 per cent, it is imperative that tax collections show healthy growth above the inflation

rate. Strong economic growth, coupled with better reporting, seems to be supporting the collection figures. While collections remain strong, the same also need to be supported by corporate investment cycles reviving after Covid," said Rohinton Sidhwa, partner, Deloitte India.

Tax collections have been a bright spot for policymakers, with indirect tax collections also showing strong growth. Goods and service tax proceeds for September soared 26 per cent to ₹1.47 trillion, on account of rising demand, higher rates, and greater tax compliance. Collections from the nationwide tax remained above the ₹1.4-trillion mark for the seventh straight month, continuing to display high buoyancy.

But it remains to be seen if this will be enough to offset the expansion in food and fertiliser subsidy outlays this year, or if the finance ministry will need to impose cuts on non-priority expenditure in order to meet the fiscal deficit target of 6.4 per cent of GDP.