

Direct tax mop-up in FY24 rises 16% to ₹4.75 trn so far

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India's direct tax collection soared 16 per cent to touch ₹4.75 trillion this financial year, showing continuity in revenue growth despite external headwinds.

The collection has gathered pace over past months, with net direct tax collection, net of refunds, growing 15.87 per cent to ₹4.75 trillion by July 9, higher than the net collections for the corresponding period of last year," finance ministry said on Monday while releasing the provisional figures.

It said that the numbers so far "continue to register steady growth." On a gross basis, collection from direct taxes, which includes income and corporation taxes, grew 14.65 per cent to ₹ 5.17 trillion.

"The provisional figure is 26.05 per cent of the total Budget Estimates of direct taxes for the current financial year 2024," the ministry said. The central government expects to collect ₹18.2 trillion this financial year, which is 10.5 per cent more than what was collected in FY23, as per revised estimates.

Experts attributed the growth to the tax policies and improved compliances.

"The trend underlines enduring benefits of significant administrative reforms and digital adoption witnessed over the past couple of years. The big data environment will continue to enhance the quality of tax audits and reduce the time involved in such audits, both are key to incentivising voluntary compliances amongst taxpayers," said Sumit Singhania, partner, Deloitte India.

Refunds amounting to ₹42,000 crore have been issued during the period, a 2.55 per cent growth over last year.

Notably, higher advance tax collection helped net direct tax kitty to see upward growth.

The advance tax collections for the first quarter of FY 23-24 rose by 13.7 per cent to



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AT ₹92,784 CRORE AND
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stand at ₹116,776 crore.

This is against advance tax collections of ₹102,707 crore for the corresponding quarter last fiscal.

The advance tax collection comprises corporation tax (CIT) at ₹92,784 crore and personal income tax (PIT) at ₹23,991 crore.

Last week, the ministry in a separate report underlined that the external sector may challenge India's growth outlook for 2023-24.

In its economic outlook report, it flagged a number of factors that could constrain the pace of growth including volatility in global financial systems, sharp price corrections in global stock markets, the impact of El-Nino, and modest trade activity and FDI inflows owing to frail global demand.