Net direct tax mop-up rises 19% to ₹14.7 trn till Jan 10

RE for mop-up could be higher than BE as collections cross 80% of FY24 target

INDIVJAL DHASMANA
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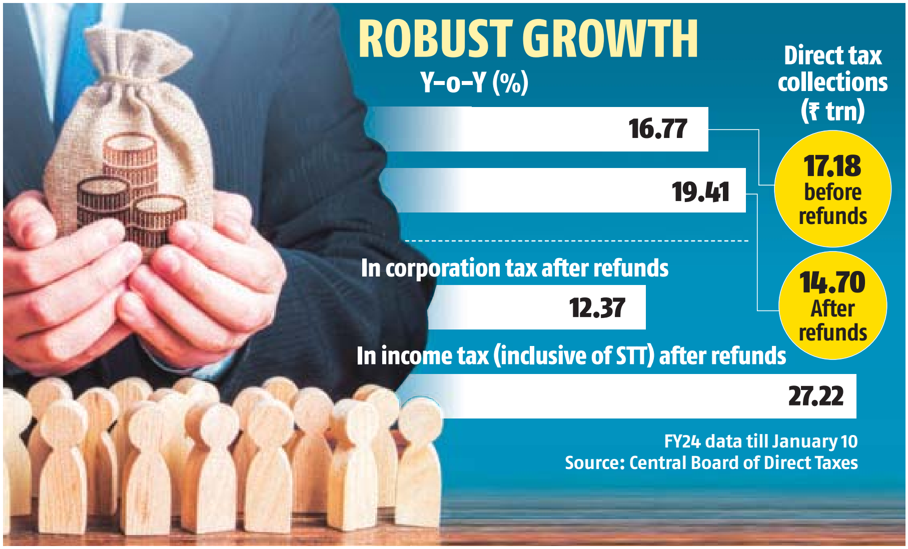

The Revised Estimate (RE) for direct tax collection in the Interim Budget is set to be higher than the Budget Estimate (BE) this financial year, with the government meeting 80.61 per cent of the BE till January 10.

The Interim Budget is slated to be tabled in the Lok Sabha on February 1.

Direct tax collection, net of refunds, rose 19.41 per cent at ₹14.70 trillion till January 10 year-on-year (Y-o-Y).

Refunds amounting to ₹2.48 trillion were issued during this period — April to January 10. If the refunds are added, direct tax revenues were up 16.77 per cent at ₹17.18 trillion.

With more than two and a half months remaining this financial year, 19.39 per cent of the BE would be easily exceeded with one more advance tax instalment yet to come and March usually reporting high tax numbers.

The Budget for 2023-24 had estimated direct tax collection at ₹18.23 trillion, higher by 10.5 per cent over the ₹16.5 trillion projected in the RE for the previous financial year.

However, direct tax collection was around ₹16,000 crore less than the RE for FY23. Compared to the collection of ₹16.34 trillion during 2022-23, the BE estimated for 2023-24 was 11.58 per cent higher.

Corporation tax receipts, net of refunds, grew 12.37 per cent during the period Y-o-Y. Personal income tax receipts excluding securities transaction tax (STT) increased 27.26 per cent, and including STT 27.22 per cent.

The earlier data reported central goods and services tax (CGST) yielded ₹6.26 trillion during April-December -- 77 per cent of the ₹8.12 trillion estimated in the BE for 2023-24. With three more months remaining this financial year, CGST receipts are likely to exceed the BE.

Robust direct tax collection and CGST would help the government make up for an expected decline in excise duty and a moderate rise in customs duty collection.

After 42 per cent devolution to the states, this, along with robust non-tax revenues, may allow the Centre to keep its fiscal deficit at ₹17.87 trillion this financial year amid a decline in disinvestment receipts and expected rise in revenue expenditure due to various subsidies. Maintaining the deficit at 5.9 per cent of gross domestic product (GDP) may be difficult due to an estimated lower nominal GDP growth of 8.9 per cent against the Budget assumption of 10.5 per cent and could be met if the axe falls on some expenditure.