Net direct taxes meet 86.68% of FY23 target by January 10

24.6% RISE IN GROSS DIRECT TAX

April 1, 2022 — January 10, 2023

	Collections	Growth
Direct tax (gross)	₹14.71 trillion	**24.58%**
Direct tax (net)	₹12.31 trillion	**19.55%**

	Growth
CIT (gross)	19.72%
PIT (gross)	30.46%
CIT (net)	18.33%
PIT (net)	20.97%

Source: Finance Ministry

CIT: Corporation Income Tax
PIT: Personal Income Tax (including Securities Transaction Tax)

ASIT RANJAN MISHRA
New Delhi, 11 January

The Centre's net direct tax collections, after adjusting for refunds, grew 19.55 per cent during the current fiscal year up to January 10, touching 86.68 per cent of the FY23 Budget Estimates (BE).

Data released by the finance ministry on Wednesday showed that gross direct taxes grew 24.58 per cent to ₹14.71 trillion up to January 10. Net tax collections during the same period stood at ₹12.31 trillion compared to the ₹14-trillion target in the FY23 Budget.

Aditi Nayar, chief economist at ICRA Ratings, said she expects direct taxes to exceed the BE by ₹2.2 trillion on a gross basis.

"We expect a healthy overshoot in direct taxes and CGST (central goods and services tax) to absorb a considerable part of the additional expenditure. The fiscal deficit may exceed the budgeted level by ₹80,000 crore but a higher nominal gross domestic product (GDP) will restrict it to 6.4 per cent of GDP," she added.

The Advance Estimates (AE) for FY23, released last week, put nominal GDP growth at 15.4 per cent. This is against 11.1 per cent assumed in the Budget at the start of the current fiscal year.

This is expected to allow the government to spend about ₹97,000 crore more than the BE. And still, it can meet the fiscal deficit target of 6.44 per cent at the end of the current fiscal year.

On a gross basis, collections from corporate income tax (CIT) grew 19.72 per cent, while personal income tax (PIT) increased 30.46 per cent. After adjusting refunds, the net growth in CIT collections is 18.33 per cent. And for PIT (including securities transaction tax), it is 20.97 per cent.

Excluding securities transaction tax (STT), PIT grew 21.64 per cent during the period. The finance ministry issued refunds amounting to ₹2.4 trillion till January 10. These are 58.74 per cent higher than the refunds issued during the same period last year.

The Centre is likely to keep its ambition for growth in direct tax collections moderate for FY24 with nominal GDP expected to ease substantially in the next fiscal.

According to a preliminary internal assessment, the finance ministry, which is working on Revised Estimates (RE) for the current fiscal year and BE for FY24, as part of the Budget-making exercise, is looking at pegging growth in direct tax collections to 14-17 per cent for FY24. This is over ₹14.2 trillion BE of FY23.

The Budget is expected to assume nominal GDP growth of 10-11 per cent for FY24.