

Direct tax collection up 16% to ₹16.9 lakh cr so far in FY25

Direct tax mop-up

(April 1-January 12/Net amount in ₹ lakh crore)

	2023-24	2024-25	% growth
Corporate tax	7.10	7.68	8.17
Non-corporate tax	7.19	8.74	21.55
STT	0.25	0.45	80
Other taxes	0.03	0.03	-
Total	14.6	16.9	15.8

Source: Income Tax Department

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Direct tax collection surged to nearly ₹16.9 lakh crore as of January 12, the Income Tax Department reported on Monday. This is around 16 per cent higher than the tax mop-up during the corresponding period of the last fiscal.

With the latest figure, direct tax collection has reached over 76 per cent of the budget estimates (BE) of ₹22.07 lakh crore. The tax department is hopeful that direct tax collection at the end of FY25 will exceed the BE by a good margin. This, combined with good growth of GST collection, is expected to help the government achieve a fiscal deficit lower than the projected 4.9 per cent for FY25.

BIG SPENDERS

Though the Income Tax Department has not given any reasons for the rise in collections, it is believed that the ease of compliance and the use of technology have aided the exercise.

At the same time, the rise in incomes has also facilitated higher income tax payments by individuals. Notwithstanding the pressure on companies' profitability, corporate tax collection grew by over 8 per cent.

However, the big push came from non-corporate taxes (taxes paid by individuals, HUFs, Firms, AoPs, BoIs, Local Authorities, and Artificial Judicial Persons), which rose by over 21 per cent. It is

believed that focusing on big spenders helps collect higher taxes under non-corporate taxes. Another big growth was recorded in Securities Transaction Tax (STT), which saw a jump of 80 per cent from April 1, 2024, to January 12, 2025. STT already exceeded BE of ₹37,000 crore last month.

During the last fiscal year, the budget estimate was ₹27,625 crore, which was revised to ₹32,000 crore, and the actual is expected to be more than that. One reason for higher collection is the long bull run and the heavy stock market trading volume. At the same time, stock-based derivative trading is also increasing, contributing to the collection.

FURTHER BOOST

Rates on stock-based derivatives (future and option) have been increased for the current fiscal.

"Security Transactions Tax on futures and options of securities is proposed to be increased to 0.02 per cent and 0.1 per cent, respectively," Finance Minister Nirmala Sitharaman announced in her Budget speech in July 2024. This is further expected to boost the collection. STT was implemented in 2004 by then Finance Minister P Chidambaram during the first term of the Manmohan Singh Government (2004-09). This tax was intended to combat capital gains tax evasion. STT is charged on the value of securities (excluding commodities and cash) and mutual funds.