

Highest direct tax buoyancy in 15 yrs in FY22, says CBDT

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Direct tax buoyancy, which measures growth in the collection of personal income tax and corporation tax against the rise in GDP, increased to 2.52 in FY22, the highest in the last 15 years, according to the time series data the Central Board of Direct Taxes (CBDT) released on Thursday.

Higher buoyancy reflects greater efficiency in tax collection. The CBDT highlighted the data for 22 years beginning 2000-21, and the highest buoyancy — 2.59 — was recorded in FY03 while it turned negative (-1.21) in FY20.

Since both GDP and tax growth in FY21 were negative, tax buoyancy was not computed for that year. So buoyancy spiked in FY22 probably due to a low base effect.

TAX MOP-UP

- Net direct tax collections increase by **160.17%** in FY23 in last 10 years
- Direct tax buoyancy at **2.52** in FY22 which is the highest recorded over last 15 years
- Direct tax to GDP ratio increases from **5.62%** in FY14 to 5.97% in FY22
- Cost of tax collection declines in FY22, mainly due to data analytics

The CBDT said direct tax collection after deducting refunds increased by 160.17 per cent to ₹16.61 trillion in FY23 (provisional figures) from ₹6.38 trillion in 2013-14, the final year of the UPA regime. The ministry said gross net direct tax

collection showed an impressive growth rate of over 126.73 per cent in FY22, reaching ₹16 trillion from ₹7 trillion in FY14.

Gross direct tax collection increased 173 per cent to over ₹19.68 trillion in 10 years to 2022-23. The growth rate was about 431.92 per cent in the previous decade. Then direct tax collection had risen from ₹1.05 trillion in 2003-04 to ₹5.58 trillion in 2012-13. However, the base was low in that period.

The direct tax to GDP ratio has increased from 5.62 per cent in 2013-14 to 5.97 per cent in 2021-22. The cost of collection has decreased from 0.57 per cent of the total collection in FY14 to 0.53 per cent in FY22, the data showed.

Over the years, the department has put in efforts to widen the tax base, and used technology and systems to trace and track non-filers.