

Direct tax-GDP ratio hits 24-year high in FY24

Direct tax mopup rises 18%, outpacing economic growth; buoyancy at 2.12

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The share of direct taxes in gross domestic product (GDP) rose to a 24-year high of 6.64 per cent during 2023-24 (FY24), while direct tax buoyancy improved to 2.12 compared to the preceding year, according to official data released on Thursday.

Direct tax collections increased more than economic growth during FY24. While nominal GDP grew by 8.42 per cent during the year, direct tax collections rose by 17.82 per cent, according to data released by the Central Board of Direct Taxes.

A year earlier, in 2022-23 (FY23), nominal GDP grew by 15.11 per cent, but direct tax collections rose by 17.79 per cent. Thus, direct tax buoyancy was 1.18 during that year.

Direct taxes amounted to ₹19.6 trillion during the concluding year of the second term of the Narendra Modi government (FY24), while gross direct tax collections, without deducting refunds, stood at ₹23.4 trillion during the year.

Direct taxes contributed 56.72 per cent to the overall tax kitty during FY24 — a 14-year high — compared to 54.63 per cent in the preceding year. This share was substantially lower at 36.31 per cent during 2000-01 (FY01). The increase in growth is credited to a growing economy and more tax-paying individuals.

Corporation tax was reported at ₹9.11 trillion, an increase of 10.3 per cent in FY24, while personal income-tax (I-T) rose by 25.4 per cent to ₹10.45 trillion during the year. Personal I-T collections out-

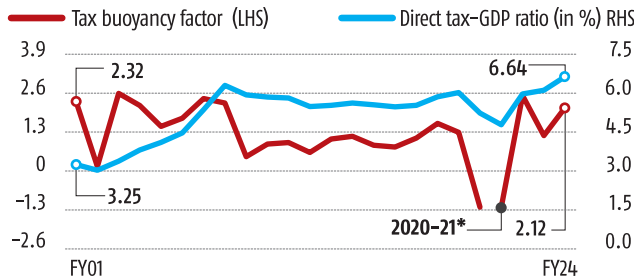


ILLUSTRATION: BINAY SINHA

TAX BOOST

Note: *As both GDP and tax growth rate were negative, tax buoyancy hasn't been computed for FY21

Source: CBDT



paced corporation tax collections for the second consecutive year in FY24.

The cost of collecting direct taxes declined to 0.44 per cent in FY24, the lowest since FY01, the data showed. This implies that the administrative machinery for collecting direct taxes has become more efficient over the years.

Maharashtra contributed the highest at just over ₹7.61 trillion, representing 40.4 per cent of the overall direct tax revenue from states during FY24. If the Union Territories' collection of direct taxes is also included, the state's share was

38.9 per cent of the overall direct tax receipts during the year.

As many as 86.1 million I-T returns (ITRs), including revised returns, were filed during FY24, which is 10.7 per cent higher than the 77.8 million filings in the previous year. Among these, the number of individual ITR filings increased by 11 per cent to 81.3 million in FY24 from 73.3 million in FY23.

However, the total number of ITR filers increased by 9.3 per cent to 80.9 million, while the number of individual filers rose by 9.6 per cent to 76.4 million.