

Net direct tax collection up 23% at ₹8.65 trn till Sept 16

Improved profitability, compliance lead to jump in direct tax collection

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Advance tax collections, from both corporations and individuals, have surged by 20.73 per cent to reach ₹3.55 trillion as of mid-September, compared to ₹2.94 trillion a year ago, according to official data. This considerable increase in direct tax receipts can be attributed to the improved profitability of corporations in the second quarter, system-driven compliance, and various enforcement actions.

The robust growth in tax mop-up will provide the government with additional financial cushioning to support its spending plans and narrow the fiscal deficit gap.

Of the total advance tax collection, India Inc contributed ₹2.8 trillion, while individuals contributed ₹74,858 crore between April 1 and September 16.

The overall direct tax collection (net of refunds) experienced a growth of over 23.5 per cent, reaching ₹8.65 trillion during this period. This includes corporate income-tax of ₹4.16 trillion and personal

income-tax, including securities transaction tax, of ₹4.47 trillion.

This growth exceeds the projected growth rate of around 10 per cent for the entire financial year, indicating that the direct tax collection target is likely to be comfortably met.

The Centre has set a budgetary target of ₹18.23 trillion for direct taxes in the current financial year (2023-24), with ₹9.2 trillion from corporates and ₹9 trillion

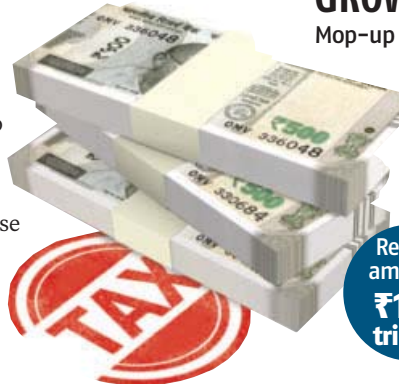
from individuals. Previously, there were concerns about the pace of direct tax collection due to a decline in corporate tax receipts during the April-July period. As of June 17, advance tax stood at ₹1.16 trillion, showing a growth of 13.7 per cent, while net collection reached ₹3.79 trillion.

Advance tax is paid in four instalments as income is earned throughout the financial year, rather than at the end.

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GROWING TAX KITTY

Mop-up during April 1-September 16, FY24



Gross direct tax collection: **₹9.87 trillion** ▲ 18.29%
Y-o-Y

CORPORATION TAX

₹4.71 trillion,
of which ₹2.80 trillion
was in advance tax

PERSONAL INCOME TAX

₹5.13 trillion,
of which ₹74,858 crore
was in advance tax

Refund amount:

₹1.21 trillion

Net direct tax collection **₹8.65 trillion** ▲ 23.5%
Y-o-Y

Source: CBDT

ADVANCE TAX PAYMENTS PUSH SYSTEM LIQUIDITY INTO DEFICIT

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Net direct...

It is considered an indicator of economic sentiment, with the first instalment, equivalent to 15 per cent of advance tax, due by June 15, the second by September 15 (30 per cent), the third by December 15 (30 per cent), and the remaining by March 15. "The collections witnessed a 23.5 per cent increase from the corresponding period of the last financial year when collections amounted to ₹7 trillion. The government has issued refunds amounting to ₹1.21 trillion until September 16," stated the Central Board of Direct Taxes (CBDT) while releasing provisional figures.

On a gross basis (before adjusting for refunds), the collection stood at ₹9.87 trillion compared to ₹8.34 trillion, representing a growth of 18.29 per cent compared to the corresponding period a year ago, according to CBDT.

The minor head-wise collection comprises cumulative advance tax, tax deducted at source of ₹5.19 trillion; self-assessment tax of ₹82,460 crore; regular assessment tax of ₹21,175 crore; and tax under other minor heads of ₹8,248 crore, as noted by CBDT.