

Net direct tax collection surpasses RE in FY24

Exceeds estimates by 0.7% to hit ₹19.58 trn; corporation tax receipts a miss

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Direct tax collection, net of refunds, moderately exceeded the revised estimates (RE) for the financial year 2023-24 (FY24) on the back of personal income tax revenues, but corporation tax receipts fell short of the RE.

Net direct tax collection stood at ₹19.58 trillion in FY24, surpassing the RE of ₹19.45 trillion by ₹13,000 crore, or 0.7 per cent.

The government had revised up FY24 projections for personal income tax by 13.5 per cent over the Budget estimates (BE) of ₹9 trillion, at ₹10.22 trillion. The actual collection (including securities transaction tax), however, exceeded the RE by 2.1 per cent at ₹10.44 trillion.

On the other hand, the RE for corporation tax was kept at the same level as the BE, at ₹9.23 trillion for the year. Even then, the mopup fell short of the estimates by ₹12,000 crore, or 1.3 per cent, at ₹9.11 trillion.

As such, while actual growth in personal income tax collection was higher at 25.3 per cent in FY24, as against 22.7 per cent pegged in the RE over the FY23 mopup, that of corporation tax was lower at

10.3 per cent, as against 11.7 per cent in the RE.

The Central Board of Direct Taxes (CBDT) did not respond to a query as to why corporation tax collection, net of refunds, was slightly lower than the RE.

CBDT Chairman Nitin Gupta had told *Business Standard* in October that the rate of growth in corporate collection would not pick up, attributing the slowdown to the concessional corporate tax regime (introduced in FY20). He said it would continue to grow at a “moderate” rate.

The government had cut the corporation tax rate to 22 per cent (25.17 per cent with cess and surcharge) from 30 per cent with effect from FY20

TAX KITTY

₹ trillion

FY23 Actuals

FY24

BE

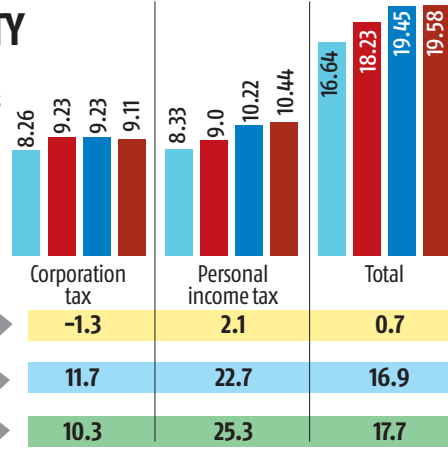
RE

Actuals

% change in FY24 Actuals over RE

% change in FY24 RE over FY23 Actuals

% change in FY24 Actuals over FY23



Note: Individual taxes do not always add up to total due to minor taxes; BE: Budget Estimates; RE: Revised Estimates; Sources: Budget papers, finance ministry

if companies do not avail of any exemptions and incentives. The tax rate was cut to 15 per cent for any new domestic company incorporated on or after October 1, 2019, which makes fresh investment in manufacturing till March 31, 2023. This was later extended till March 31, 2024.

The total direct tax collection grew 17.7 per cent year-on-year compared to 16.9 per cent pegged in the RE.

Sumit Singhania, partner at Deloitte India, hoped that this would allow the new administration after elections to hit the policy reforms road running, keeping the goal of improving taxpayers services at the core of the tax reforms agenda.

If one adds refunds to the total collection, the resultant gross direct tax collection grew 18.5 per cent to ₹23.37 trillion during FY24 from ₹19.72 trillion during FY23.

Refunds of ₹3.79 trillion were issued during 2023-24, showing an increase of 22.7 per cent over ₹3.09 trillion issued the previous year.

Gross personal income tax collection rose 24.3 per cent to ₹12.01 trillion during FY24 over ₹9.67 trillion a year ago. Gross corporation tax mop-up was up 13.06 per cent to ₹11.32 trillion during 2023-24 over ₹10 trillion during FY23.

Since indirect tax collection also exceeded the RE for FY24, the total tax revenue would be higher than the RE.