

Personal income tax to GDP ratio rises to 2.94%

PRESS TRUST OF INDIA

New Delhi, 25 April

Personal income tax as a percentage of GDP has gone up from 2.11 per cent in 2014-15 to 2.94 per cent in 2021-22 fiscal year, indicating that taxpayer base is widening as a result of the steps taken by the present government led by Prime Minister Narendra Modi.

At a review meeting with the Central Board of Direct Taxes (CBDT), Finance Minister Nirmala Sitharaman was apprised about the impact of various steps taken by the apex direct tax body to widen taxpayer base, the finance ministry said.

The ministry said the personal Income Tax (PIT), which is paid by individuals, to GDP ratio has been steadily increasing from 2.11 in FY 2014-15 to 2.94 in FY 2021-22. The personal income tax collection (including Securities Transaction Tax) increased to over ₹6.96 trillion, from over ₹2.65 tril-

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Introduction of new data sources in Statement of Financial Transactions (SFT) like dividend and interest; securities; mutual funds and information from GSTN in recent years has led to 1,118 per cent increase in reported information. This has resulted in addition of information of about 3 crore persons, a finance ministry statement said. Also, introduction of new tax deducted at source (TDS) codes, which have almost doubled from 36 to 65 in last eight years, led to increase in total reported transaction in FY 2021-22 to 144 crore as compared to the number of reported transactions in FY 2015-16 of 70 crore.

This has resulted in doubling of the number of unique deductees from 4.8 crore (in 2015-16) to 9.2 crore (in 2021-22).

During the meeting, which was attended by Revenue Secretary Sanjay Malhotra, CBDT Chairman Nitin Gupta and all members of the CBDT, efforts for increasing tax payer base, pending disciplinary proceeding cases, disposal of applications for condonation of delay and grant of exemptions under certain sections of the Income Tax Act, 1961, were reviewed.

The finance minister emphasised that CBDT should ensure timely and appropriate actions on all applications filed by tax payers and desired a reasonable time frame for disposal of such applications. She also exhorted CBDT to expand and strengthen its efforts to increase tax payers' awareness regarding the provisions of the direct tax laws and compliance, the ministry said.