

Direct tax collections jump 18.2%

Trend changes: Growth in personal advance tax has surpassed that in corporate advance tax, says Naveen Wadhwa.

Net direct tax collections grew at a multi-year high of 18.2% in the April to December period, according to official data released on Tuesday.

“The provisional figures of direct tax collections up to December 2017 show that net collections are at Rs. 6.56 lakh crore which is 18.2% higher than the net collections for the corresponding period of last year,” the government said in a release. “The net direct tax collections represent 67% of the total Budget Estimates of direct taxes for financial year 2017-18 (Rs. 9.8 lakh crore).”

Net direct tax collections grew 12% in the same period of the previous financial year. Tax experts ascribe this quicker increase in direct tax collections to the government’s efforts to widen the tax net and increase compliance. “Undoubtedly, the increase in collection of direct tax was expected,” Naveen Wadhwa, deputy general manager at Taxmann said. “Such an unprecedented increase in revenue could be attributed to demonetisation, GST and the government’s emphasis on digital transactions,” he said.

‘Tax arrears pursued’

“In December 2017, the CBDT had issued instructions to step up efforts in tax collection by pursuing tax arrears and expediting even non-time barring cases where there was a possibility of raising tax demand,” Shefali Goradia, partner, Deloitte India said. “Increase in the tax collection may be in response to this initiative.”

The release added that Rs. 3.18 lakh crore had been collected as advance tax up to December 2017, which amounts to a 12.7% increase over the advance tax collections in the same period of the previous financial year.

“The growth in [advance tax payments for] corporate income tax (CIT) is 10.9% and that in personal income tax (PIT) is 21.6%,” the release said.

‘Compliance simplified’

“Growth in personal advance tax has surpassed the increase in payment of corporate advance tax,” Mr. Wadhwa noted.

The increase in advance tax receipts could also be the result of a simplification in the compliance processes for small business entities and increasing the threshold limit for opting for the Presumptive Taxation Scheme under income tax, he added.

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