

## DIRECT TAX-GDP RATIO OF 5.98% DURING FY18 BEST IN 10 YEARS: FINANCE MINISTRY

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

NEW DELHI: The direct tax-to-GDP ratio of 5.98 per cent achieved during 2017-18 fiscal is the best in the last 10 years, the [finance ministry](#) said Wednesday.

It was 5.57 per cent in 2016-17 and 5.47 per cent in 2015-16.

The ministry said the larger purpose of [demonetisation](#) was to move India from a tax non-compliant society to a compliant society and the impact of note ban has been felt on collection of [personal income tax](#).

In its 2018 review said, the ministry said: "There is a constant growth in [direct tax-GDP ratio](#) over last three years and the ratio of 5.98 per cent in Fiscal Year 2017-18 is the best DT-GDP ratio in last 10 years".

It further said there is a growth of over 80 per cent in the number of returns filed in the last four financial years from 3.79 crore in 2013-14 to 6.85 crore in 2017-18.

The number of individuals filing return of income has also increased by about 65 per cent during this period from 3.31 crore in 2013-14 to 5.44 crore in 2017-18, the ministry added.

It also said there has been a continuous increase in the amount of income declared in the returns filed by all categories of taxpayers over the last three assessment years (AYs).

"For AY (assessment year) 2014-15, corresponding to FY (financial year) 2013-14 (base year), the return filers had declared gross total income of Rs 26.92 lakh crore, which has increased by 67 per cent to Rs 44.88 lakh crore for AY 2017-18, showing higher level of compliance resulting from various legislative and administrative measures taken by the government, including effective enforcement measures against tax evasion," it added.

Refunds amounting to Rs 1.23 lakh crore have been issued during the April-November 2018 period, which is 20.8 per cent higher than refunds issued during the corresponding period in the preceding year.

Growth rate for [corporate income tax](#) (CIT) and personal income tax (PIT) stood at 17.7 per cent and 18.3 per cent, respectively.

Demonetisation led to formalisation of the economy and was a blow to the [black money](#), the ministry added.

"Demonetisation compelled holders of cash to deposit the same in the banks. The enormity of cash deposited and identified with the owner resulted in suspected 17.42 lakh account holders from whom the response has been received online through non-invasive method," it said.

The ministry said larger deposits in banks improved lending capacity for the banks. "A lot of this money was diverted to the mutual funds for further investments. It became a part of the formal system," it added.

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