

DIRECT TAX RECEIPTS JUMP THIS FY

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

Returns spur hope: Tax figures indicate the GDP will grow in double-digits in Q1, says ICRA's Nayar. G R N SOMASHEKAR

India's direct tax receipts in the first two-and-a-half months of 2021-22 have doubled to almost Rs. 1.86 lakh crore from the comparable period last year when the national lockdown hit collections, the Finance Ministry said on Wednesday.

Economists said the tax figures suggest the economy could post double-digit growth in the first quarter.

"The jump in the direct tax collections... reflects healthy exports and a continuation of various industrial and construction activities, given the lower stringency of the staggered regional lockdowns in 2021 versus the nationwide lockdown in 2020," said Aditi Nayar, chief economist at rating agency ICRA. "This supports our expectation that GDP will record a double-digit expansion in Q1," she added.

Vivad Se Vishwas

The substantive rise in inflows could be attributed to dispute resolution scheme Vivad Se Vishwas that concluded recently, said Neeru Ahuja, partner, Deloitte India. "Taxpayers have taken advantage of the scheme and have settled their old disputes and litigation with the income tax department along with depositing their tax dues. This seems to be the main reason" for the jump in receipts, she added.

The collections from April 1 to June 15 include Corporation Tax of Rs. 74,356 crore and Personal Income Tax inflows, which include the Securities Transaction Tax, of Rs. 1.11 lakh crore. The collections in the year-earlier period totalled Rs. 92,762 crore.

"Despite extremely challenging initial months of the new fiscal, the Advance Tax collections for the first quarter of 2021-22 stand at Rs. 28,780 crore against Advance Tax collections of Rs. 11,714 crore for the corresponding period of the immediately preceding financial year, showing a growth of approximately 146%," the Finance Ministry said.

The advance tax kitty includes Rs. 18,358 crore as Corporation tax and Personal income tax of Rs. 10,422 crore. "This amount is expected to increase as further information is received from banks," the ministry added.

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