

Corporate advance tax growth rate doubles

The tax department collected Rs 2.10 lakh crore as advance tax, which is 18.7% higher compared with the corresponding period a year ago.

Direct tax collection net of refunds for the April-September period grew by 14% to Rs 4.44 lakh crore, marginally below the growth rate of 14.4% required to achieve the Budget estimate of Rs 11.50 lakh crore for the current fiscal, the government said on Thursday. The tax department collected Rs 2.10 lakh crore as advance tax, which is 18.7% higher compared with the corresponding period a year ago. This includes corporate advance tax collection growth of 16.4% and advance collection of personal income tax (PIT) growth of 30.3%.

“Despite reduction in tax rate for domestic companies with revenue up to Rs 250 crore to 25% this fiscal from 30% earlier, the advance tax has increased by 16.4%, which is almost twice the growth (8.10%) witnessed last year in this category,” Naveen Wadhwa, DGM at Taxmann.com, said. Apart from corporate advance tax, the growth rate in other categories has remained largely stagnant compared to last year. The net direct tax collection in the first half of FY19 grew by 38.60%, compared with 39.40% in the corresponding period in FY18. Similarly, growth in advance tax for PIT this fiscal is 30.3% against 30.1% last year.

Pranav Sayta, partner & transaction tax leader, EY India, said: “While the overall growth in direct tax collections for H1FY 19 is encouraging, what is particularly inspiring is the steep increase in the growth rate in corporate advance tax collections compared to last year. One hopes that this trend is maintained, since this could be one of the key indicators for achievement of robust economic growth as well as revival of investment & employment generation.”

Gross direct tax collection for the first half of the year grew at 16.7% to Rs 5.47 lakh crore. However, refunds of Rs 1.03 lakh crore were sanctioned during this period, which is 30% higher compared to last year. Further, the growth rate for gross corporate income tax (CIT) and personal income tax (PIT) clocked at 19.5% and 19.1%, respectively.

“It is pertinent to mention that gross collections of the corresponding period of FY 2017-18 also included extraordinary collections under the Income Declaration Scheme (IDS), 2016 amounting to Rs 10,254 crore (third and last installment of IDS), which does not form part of the current year’s collection,” the government said.

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