

Direct tax collections up 12.5% in April-December

The revenue department is likely to miss its tax target for the current financial year as direct tax collections, net of refunds, in April-December this year increased only by 12.5 per cent to Rs 4.15 lakh crore, compared with Rs 3.7 lakh crore in the nine-month period of last year.

Though the collections have improved a little in the last few months, the pace is still slow. With this slower-than-projected growth due to economic downturn, the tax department is faced with a humongous task of collecting Rs 2.5 lakh crore in the next three months to meet the Budget Estimate of Rs 6.7 lakh crore that represented a growth of 19 per cent over last year's mop-up.

Concerned about muted tax collections, Finance Minister P Chidambaram took a review meeting with officials from the Central Board of Excise & Customs and Central Board of Direct Taxes on Monday. Ways to augment collections in the coming months were discussed.

Gross direct tax collections (before paying income tax refunds) during April-December of 2013-14 were up 12.3 per cent at Rs 4.8 lakh crore, against Rs 4.3 lakh crore in the same period of 2012-13, the finance ministry said on Monday. "Gross collections of corporate taxes have shown an increase of 9.35 per cent and stood at Rs 3.1 lakh crore, against Rs 2.8 lakh crore during the same period last year. Gross collection of personal income tax was up by 18.5 per cent and stood at Rs 1.7 lakh crore, against Rs 1.4 lakh crore during the same period in the last year," it said.

Collection of securities transaction tax stood at Rs 3,427 crore, showing a growth of 4.04 per cent. Wealth tax collection posted a growth of 11.92 per cent and stood at Rs 742 crore, against Rs 663 crore during the same period in last year.

Collections in June, September, December and March are usually higher as quarterly advance tax payments by companies is made during these months. Contribution by way of advance tax up to the December quarter has been Rs 2.02 lakh crore, representing an overall growth of 8.8 per cent.

The Centre's fiscal deficit has already reached close to 94 per cent of the Budget Estimate in just eight months of the current financial year. Tax revenues will play an important part in the government's efforts to rein in the deficit at the estimated 4.8 per cent of GDP in 2013-14, a target that the finance minister has termed a red line.

(Business Standard)