Net Direct Tax Collections above 2023-24 Target

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Context

The net direct tax collections of India grew 17.7% in 2023-24 to hit ₹19.58 lakh crore.

Key Highlights

- The Budget Estimates (BE) for Direct Tax revenue in the Union Budget for FY 2023- 24 have been fixed at Rs. 18.23 lakh crore which were revised and the Revised Estimates (RE) were fixed at Rs. 19.45 lakh crore.
- The provisional Direct Tax collections (net of the refunds) have handed the BE by 7.40% and RE by 0.67%.

Direct Tax collection

- The Net collections (provisional) of Direct Tax collections for the FY 2023-24 show that Net collections are at Rs. 19.58 lakh crore, in comparison to Rs. 16.64 lakh crore in the preceding Financial Year i.E. FY 2022-23, representing an increase of 17.70%.
- The Gross collection (provisional) of Direct Taxes (before adjusting for refunds) for the FY 2023-24 stands at Rs. 23.37 lakh crore showing a growth of 18.48% over the gross collection of Rs. 19.72 lakh crore in FY 2022-23.

Corporate Tax

- The Gross Corporate Tax collection (provisional) in FY 2023-24 is at Rs. 11.32 lakh crore and has shown a growth of 13.06% over the gross company tax collection of Rs. 10 lakh crore of the previous year.
- The Net Corporate Tax collection (provisional) in FY 2023- 24 is at Rs. 9.11 lakh crore and has proven a boom of 10.26% over the internet company tax collection of Rs. 8.26 lakh crore of the previous year.

Personal Income Tax

- The Gross Personal Income Tax collection (along with STT) (provisional) in FY 2023- 24 is at Rs. 12.01 lakh crore and has shown a rise of 24.26% over the Gross Personal Income Tax collection (including STT) of Rs. 9.67 lakh crore of the preceding year.
- The Net Personal Income Tax collection (along with STT) (provisional) in FY 2023-24 is at Rs. 10.44 lakh crore and has shown a rise of 25.23% over the Net Personal Income Tax collection (inclusive of STT) of Rs. 8.33 lakh crore of the preceding year.
- Refunds of Rs. 3.79 lakh crore have been issued within the FY 2023-24 displaying an increase of 22.74% over the refunds of Rs. 3.09 lakh crore issued in FY 2022-23.

What is Direct Taxes?

- Direct taxes are imposed on the premise of people capacity to pay precept, which says that those individuals or groups getting access to more assets and earning a better income need to pay higher taxes.
- The direct rules are framed such that taxes come to be a method to redistribute money in the country.

- **Types of Direct Taxes**

  - **Estate Tax:** It is also called Inheritance Tax and is paid based on the value of the estate or the money that an individual has left after his/her death.
  - **Income tax:** It is a tax charged on the annual income of an individual or commercial company earned in a financial year.
  - **Wealth Tax:** The tax needs to be paid on a yearly basis and depends on the possession of properties and the market cost of the asset.
  - **Corporate Tax:** A corporate tax is a tax on the income or net income of a company.
    - Corporate tax is paid on a company's taxable income which incorporates organization's sales after deductions consisting of fee of goods offered (COGS), general and administrative (G&A) expenses, selling and marketing, depreciation, research & development etc.
  - **Capital Gains Tax:** It is a form of direct tax that is paid due to the income that is earned from the sale of asset or investments. Investments in farms, bonds, shares, corporations, art, and home come under capital assets.

UPSC Prelims Practice Question

Q._Which one of the following is not a feature of "Value Added Tax"? (2011)_

a) It is a multi-point destination-based system of taxation

b) It is a tax levied on value addition at each stage of transaction in the production-distribution chain

c) It is a tax on the final consumption of goods or services and must ultimately be borne by the consumer

d) It is basically a subject of the Central Government and the State Governments are only a facilitator for its successful implementation

Ans – "c"