



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A Study On Growth In Direct Tax Collection In India

¹DR. MADHURA MILIND KULKARNI, ²KEVAL RAMPRASAD KANDU

¹DEPUTY DIRECTOR - IDOL, ²ASSISSTANT PROFESSOR (RESEARCH SCHOLAR)

¹University of Mumbai, ²DTSS College of Commerce, Mumbai, India

Abstract: Every countries plan of future actions majorly depends on the revenue of the government. Whether the future action is related to making any domestic policies, foreign policies, union budget, providing grants, or aids or for any public expenditure, for all these activities government needs to fill its pocket first by collecting revenue from various sources. Year by year, government's public expenditure is increasing and so the need of public revenue also. There are many sources from which government can collect revenue but the major contributing factor for government revenue share in India is collection from taxes. Taxes can be collected by way of imposing it directly or indirectly, however the major focus always comes in case of direct tax collection as it directly depends on the income of a person. Direct taxes are collected in different types form the person. This study focuses on year on year growth in number of taxpayers and year on year growth in Direct Tax collection in India.

Index Terms - Direct Tax, Taxpayers, Income Tax Return, Government Revenue

I. INTRODUCTION

Every government has to compulsorily spend a lot on public expenditures such as education, infrastructure, medical facilities, defence, public benefit social schemes and many more. Over the years due to many factors government expenditures has increased. For incurring these public expenditures government should have a steady source of revenue and generally it comes from the resident person of the country.

There are primarily two categories of government revenue i) Revenue from collection of taxes and ii) Revenue from collection other than taxes. Revenue from collection of taxes mainly includes receipts from Direct Taxes & Indirect Taxes and collection from other than taxes includes receipts from investment by the government such as interest, dividend, or profits and other receipts in form of grants, aids, penalties, or fees for any services provided. These revenues which are collected by the government do not only help the government in spending and allocating budget for public expenditure but also in shaping the future economy of the country.

One important and steady source of government's revenue is collection from taxes which plays an important role in helping government in making their plans and decisions. In India, there are two important types of tax which are collected by the Indian Central Government i.e. Direct Tax and Indirect Tax. Direct Tax is a type of tax where tax is paid and borne by the same person and Indirect Tax is a tax which involves an intermediary in the process of collection and payment of tax to the government.

Direct Tax is an important aspect of government's revenue as it is directly collected by the government from its residents. It generally consists of Income Tax including Corporate Tax and Non-Corporate Tax, Securities Transaction Tax, Gift Tax, Inheritance Tax etc. In India, currently major portion of direct tax is covered by the Corporate Tax and Personal Income Tax. Direct Tax Revenue collection ratio with respect to Total Tax Revenue collection in India has increased over the years and the same stands at 52.27% in FY 2021-22, 54.63% in FY 2022-23 and 56.72% in FY 2023-24.

As Direct Tax plays an important role in Central Government's revenue collection from taxes in India, this study focuses on the growth in number of taxpayers, return filers, and revenue to government from collection of Direct Taxes.

II. LITERATURE REVIEW

Gaurav Kumar Jalan [2019] in his research paper "Impact of Income Tax on the Revenue of Government of India" studied the structural tax reforms in India highlighting the growth of Income Tax in India. The researcher also emphasized on the fact that bringing more transparency and linking financial data has brought many people under the purview of Income Tax in India.

Mr. Kumra Swamy, Shivakumara B [2022] in their research paper titled "E-filing of Income Tax Returns in India – An Overview" has studied the procedure of e-filing and number of Income Tax return filers in India. The research also list down the requirements and pre-requisites for online filing of Income Tax.

Pratap Singh [2019] in his working paper titled "Tax Revenue in India : Trends & Issues" concluded that overall tax collections and also Tax – GDP ratio of direct tax has improved over the years. He also stated the fact that there has been a significant improvement in the tax collections in India.

III. RESEARCH METHODOLOGY

3.1 Data and Sources of Data

The research study is based on the secondary data collected from different sources such as website, research papers and government published data. The data collected is converted into tables for comparative analysis.

3.2 Objectives of the Study

- To study year on year growth in number of taxpayers and return filers in India.
- To study year on year growth in revenue collection from Direct Tax of Indian Government.
- To find out major contributing states in revenue collections from Direct Taxes in India.

IV. DATA ANALYSIS AND FINDINGS OF THE STUDY

1) Five Years data on YOY increase / (decrease) in number of Taxpayers (includes person filed a return or whose tax has been deducted at source but has not filed the return)

Sr. No.	Taxpayer Category	Number of Taxpayers					
		AY 2018-19	AY 2019-20	AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24
1	Individual	8,04,45,511	8,55,61,788	7,79,90,888	8,25,04,957	8,90,89,795	9,91,75,656
2	HUF	11,87,180	12,20,604	12,17,892	12,70,730	12,89,935	13,32,135
3	Firm	14,25,375	14,83,319	15,00,260	15,59,327	16,31,592	17,22,629
4	Company	8,86,889	9,28,333	9,61,144	10,14,535	10,77,312	11,36,751
5	Trust	2,84,578	3,03,708	2,93,355	3,01,893	3,05,023	3,23,899
6	AOP (Other than Trust) / BOI	2,67,107	3,02,888	2,94,085	3,33,547	3,55,022	3,92,413
7	Local Authority	10,185	11,241	10,787	11,534	12,188	13,043
8	Artificial Juridical Person	12,106	12,078	11,649	11,508	11,968	12,105
9	Others	2,556	3,461	3,347	3,895	4,034	5,216
10	Total	8,45,21,487	8,98,27,420	8,22,83,407	8,70,11,926	9,37,76,869	10,41,13,847

V.

Sr. No.	Taxpayer Category	YOY (%) increase / (decrease) in number of Taxpayers				
		AY 2019-20	AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24
1	Individual	6.36%	-8.85%	5.79%	7.98%	11.32%
2	HUF	2.82%	-0.22%	4.34%	1.51%	3.27%
3	Firm	4.07%	1.14%	3.94%	4.63%	5.58%
4	Company	4.67%	3.53%	5.55%	6.19%	5.52%
5	Trust	6.72%	-3.41%	2.91%	1.04%	6.19%
6	AOP (Other than Trust) / BOI	13.40%	-2.91%	13.42%	6.44%	10.53%
7	Local Authority	10.37%	-4.04%	6.93%	5.67%	7.02%
8	Artificial Juridical Person	-0.23%	-3.55%	-1.21%	4.00%	1.14%
9	Others	35.41%	-3.29%	16.37%	3.57%	29.30%
10	Total	6.28%	-8.40%	5.75%	7.77%	11.02%

Analysis 1 :

a) Individual : Number of individual taxpayers has increased by 6.36% in AY 2019-20, decreased by 8.85% in AY 2020-21, increased by 5.79% in AY 2021-22, increased by 7.98% in AY 2022-23 and increased by 11.32% in AY 2023-24.

b) HUF : Number of HUF taxpayers has increased by 2.82% in AY 2019-20, decreased by 0.22% in AY 2020-21, increased by 4.34% in AY 2021-22, increased by 1.51% in AY 2022-23 and increased by 3.27% in AY 2023-24.

c) Firm : Number of Firm taxpayers has increased by 4.07% in AY 2019-20, increased by 1.14% in AY 2020-21, increased by 3.94% in AY 2021-22, increased by 4.63% in AY 2022-23 and increased by 5.58% in AY 2023-24.

d) Company : Number of Company taxpayers has increased by 4.67% in AY 2019-20, increased by 3.53% in AY 2020-21, increased by 5.55% in AY 2021-22, increased by 6.19% in AY 2022-23 and increased by 5.52% in AY 2023-24.

e) Trust : Number of Trust taxpayers has increased by 6.72% in AY 2019-20, decreased by 3.41% in AY 2020-21, increased by 2.91% in AY 2021-22, increased by 1.04% in AY 2022-23 and increased by 6.19% in AY 2023-24.

f) AOP (other than Trust) / BOI : Number of AOP (other than Trust) / BOI taxpayers has increased by 13.40% in AY 2019-20, decreased by 2.91% in AY 2020-21, increased by 13.42% in AY 2021-22, increased by 6.44% in AY 2022-23 and increased by 10.53% in AY 2023-24.

g) Local Authority : Number of Local Authority taxpayers has increased by 10.37% in AY 2019-20, decreased by 4.04% in AY 2020-21, increased by 6.93% in AY 2021-22, increased by 5.67% in AY 2022-23 and increased by 7.02% in AY 2023-24.

h) Artificial Juridical Person : Number of Artificial Juridical Person taxpayers has decreased by 0.23% in AY 2019-20, decreased by 3.55% in AY 2020-21, decreased by 1.21% in AY 2021-22, increased by 4% in AY 2022-23 and increased by 1.14% in AY 2023-24

i) Others : Number of Other taxpayers has increased by 35.41% in AY 2019-20, decreased by 3.29% in AY 2020-21, increased by 16.37% in AY 2021-22, increased by 3.57% in AY 2022-23 and increased by 29.30% in AY 2023-24.

j) Total : Overall total number of taxpayers has increased by 6.28% in AY 2019-20, decreased by 8.40% in AY 2020-21, increased by 5.75% in AY 2021-22, increased by 7.77% in AY 2022-23 and increased by 11.02% in AY 2023-24

2) Five Years data on YOY increase / (decrease) in Income Tax Return Filers

Sr. No.	Return Filer Category	Number of Income Tax Return Filers					
		AY 2018-19	AY 2019-20	AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24
1	Individual	5,09,89,970	5,95,44,767	6,11,30,366	6,31,71,013	6,54,61,868	6,96,90,925
2	HUF	11,14,038	11,66,432	11,58,601	12,01,502	12,26,587	12,46,413
3	Firm	12,08,349	13,18,828	12,98,406	14,10,154	14,51,576	15,10,551
4	Company	7,99,687	8,47,860	8,40,511	9,24,296	9,71,319	10,27,200
5	Trust	2,23,251	2,44,624	2,41,893	2,63,856	2,71,117	2,74,213
6	AOP (Other than Trust) / BOI	1,60,456	1,83,270	1,84,360	2,24,358	2,40,167	2,47,682
7	Local Authority	2,954	3,102	2,861	3,534	3,594	3,529
8	Artificial Juridical Person	9,135	9,430	8,583	9,505	8,800	9,321
9	Others	157	273	307	396	418	435
10	Total	5,45,07,997	6,33,18,586	6,48,65,888	6,72,08,614	6,96,35,446	7,40,10,269

Sr. No.	Return Filer Category	YOY (%) increase / (decrease) in Income Tax Return Filers				
		AY 2019-20	AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24
1	Individual	16.78%	2.66%	3.34%	3.63%	6.46%
2	HUF	4.70%	-0.67%	3.70%	2.09%	1.62%
3	Firm	9.14%	-1.55%	8.61%	2.94%	4.06%
4	Company	6.02%	-0.87%	9.97%	5.09%	5.75%
5	Trust	9.57%	-1.12%	9.08%	2.75%	1.14%
6	AOP (Other than Trust) / BOI	14.22%	0.59%	21.70%	7.05%	3.13%
7	Local Authority	5.01%	-7.77%	23.52%	1.70%	-1.81%
8	Artificial Juridical Person	3.23%	-8.98%	10.74%	-7.42%	5.92%
9	Others	73.89%	12.45%	28.99%	5.56%	4.07%
10	Total	16.16%	2.44%	3.61%	3.61%	6.28%

Analysis 2 :

a) Individual : Number of individual return filers has increased by 16.78% in AY 2019-20, decreased by 2.66% in AY 2020-21, increased by 3.34% in AY 2021-22, increased by 3.63% in AY 2022-23 and increased by 6.46% in AY 2023-24,

b) HUF : Number of HUF return filers has increased by 4.70% in AY 2019-20, decreased by 0.67% in AY 2020-21, increased by 3.70% in AY 2021-22, increased by 2.09% in AY 2022-23 and increased by 1.62% in AY 2023-24.

c) Firm : Number of Firm return filers has increased by 9.14% in AY 2019-20, decreased by 1.55% in AY 2020-21, increased by 8.61% in AY 2021-22, increased by 2.94% in AY 2022-23 and increased by 4.06% in AY 2023-24

d) Company : Number of Company return filers has increased by 6.02% in AY 2019-20, decreased by 0.87% in AY 2020-21, increased by 9.97% in AY 2021-22, increased by 5.09% in AY 2022-23 and increased by 5.75% in AY 2023-24.

e) Trust : Number of Trust return filers has increased by 9.57% in AY 2019-20, decreased by 1.12% in AY 2020-21, increased by 9.08% in AY 2021-22, increased by 2.75% in AY 2022-23 and increased by 1.14% in AY 2023-24.

f) AOP (other than Trust) / BOI : Number of AOP (other than Trust) / BOI return filers has increased by 14.22% in AY 2019-20, increased by 0.59% in AY 2020-21, increased by 21.70% in AY 2021-22, increased by 7.05% in AY 2022-23 and increased by 3.13% in AY 2023-24.

g) Local Authority : Number of Local Authority return filers has increased by 5.01% in AY 2019-20, decreased by 7.77% in AY 2020-21, increased by 23.52% in AY 2021-22, increased by 1.70% in AY 2022-23 and decreased by 1.81% in AY 2023-24.

h) Artificial Juridical Person : Number of Artificial Juridical Person return filers has increased by 3.23% in AY 2019-20, decreased by 8.98% in AY 2020-21, decreased by 10.74% in AY 2021-22, decreased by 7.42% in AY 2022-23 and increased by 5.92% in AY 2023-24.

i) Others : Number of Other return filers has increased by 73.89% in AY 2019-20, increased by 12.45% in AY 2020-21, increased by 28.99% in AY 2021-22, increased by 5.56% in AY 2022-23 and increased by 4.07% in AY 2023-24.

j) Total : Total number of return filers has increased by 16.16% in AY 2019-20, increased by 2.44% in AY 2020-21, increased by 3.61% in AY 2021-22, increased by 3.61% in AY 2022-23 and increased by 6.28% in AY 2023-24.

3) Four Years data on YOY increase / (decrease) in Total Direct Tax Collection

Sr. No.	Type of Tax	Total Direct Tax Collection (Rs. in Crores)				
		AY 2019-20	AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24
1	Corporate Tax	6,63,572	5,56,876	4,57,719	7,12,037	8,25,834
2	Personal Income Tax (incl. STT)	4,73,179	4,92,717	4,87,560	6,96,604	8,33,307
3	Other Direct Tax	967	1,088	1,897	3,781	4,545
4	Total	11,37,718	10,50,681	9,47,176	14,12,422	16,63,686

Sr. No.	Type of Tax	YOY (%) increase / (decrease) in Direct Tax Collection			
		AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24
1	Corporate Tax	-16.08%	-17.81%	55.56%	15.98%
2	Personal Income Tax (incl. STT)	4.13%	-1.05%	42.88%	19.62%
3	Other Direct Tax	12.51%	74.36%	99.31%	20.21%
4	Total	-7.65%	-9.85%	49.12%	17.79%

Analysis 3 :

a) Corporate Tax : Corporate Tax collection has decreased by 16.08% in AY 2020-21, decreased by 17.81% in AY 2021-22, increased by 55.56% in AY 2022-23 and increased by 15.98% in AY 2023-24.

b) Personal Income Tax (incl. STT) : Personal Income Tax collection has increased by 4.13% in AY 2020-21, decreased by 1.05% in AY 2021-22, increased by 42.88% in AY 2022-23 and increased by 19.62% in AY 2023-24.

c) Other Direct Tax : Other Direct Tax collection has increased by 12.51% in AY 2020-21, increased by 74.36% in AY 2021-22, increased by 99.31% in AY 2022-23 and increased by 20.21% in AY 2023-24.

d) Total Direct Tax Collection : Total Direct Tax collection has decreased by 7.65% in AY 2020-21, decreased by 9.85% in AY 2021-22, increased by 49.12% in AY 2022-23 and increased by 17.79% in AY 2023-24.

4) Top Five States in contributing major share in Total Direct Tax Collection

Sr. No.	States / Union Teritorry	Total Direct Tax Collection (Rs. in Crores)					
		AY 2019-20	AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24	AY 2024-25
1	Maharashtra	4,25,389.70	3,84,258.21	3,31,969.03	5,24,497.65	6,05,268.35	7,61,716.30
2	Delhi	1,66,404.99	1,49,613.12	1,20,120.94	1,77,824.22	2,21,522.20	2,03,197.06
3	Karnataka	1,19,796.08	1,08,973.15	1,16,254.58	1,68,678.09	2,08,168.88	2,34,098.39
4	Tamil Nadu	74,238.70	69,809.31	61,122.33	88,438.33	1,07,063.82	1,27,067.17
5	Gujarat	49,021.50	49,517.69	46,863.55	71,642.27	85,018.91	93,300.72
6	Total	8,34,850.97	7,62,171.48	6,76,330.43	10,31,080.56	12,27,042.16	14,19,379.64

Sr. No.	States / Union Teritorry	YOY (%) increase / (decrease) in Direct Tax Collection				
		AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24	AY 2024-25
1	Maharashtra	-9.67%	-13.61%	58.00%	15.40%	25.85%
2	Delhi	-10.09%	-19.71%	48.04%	24.57%	-8.27%
3	Karnataka	-9.03%	6.68%	45.09%	23.41%	12.46%
4	Tamil Nadu	-5.97%	-12.44%	44.69%	21.06%	18.68%
5	Gujarat	1.01%	-5.36%	52.87%	18.67%	9.74%
6	Total	-8.71%	-11.26%	52.45%	19.01%	15.67%

Analysis 4 :

Maharashtra is the state consistently contributing highest share in the Total Direct Tax Collection each year in India followed by Delhi, Karnataka, Tamil Nadu and Gujarat, however in AY 2024-25, Karnataka has surpassed Delhi's Collection of Direct Tax. Growth of Direct Tax Collection of these states decreased by 8.71% in AY 2020-21, decreased by 11.26% in AY 2021-22, increased by 52.45% in AY 2022-23, increased by 19.01% in AY 2023-24 and increased by 15.67% in AY 2024-25.

5) Comparative analysis of Income Tax Return filers for AY 2023-24 & AY 2024-25

Sr. No.	Return Filer Category	Number of Return Filers		increase / (decrease)	
		AY 2023-24	AY 2024-25	in numbers	in %
1	Individual	6,96,90,925	7,63,70,510	66,79,585	9.58%
2	HUF	12,46,413	12,85,421	39,008	3.13%
3	Firm	15,10,551	15,88,455	77,904	5.16%
4	Company	10,27,200	10,80,882	53,682	5.23%
5	Trust	2,74,213	2,90,665	16,452	6.00%
6	AOP (Other than Trust) / BOI	2,47,682	2,73,672	25,990	10.49%
7	Local Authority	3,529	3,760	231	6.55%
8	Artificial Juridical Person	9,321	9,394	73	0.78%
9	Others	435	556	121	27.82%
10	Total	7,40,10,269	8,09,03,315	68,93,046	9.31%

Analysis 5 :

Number of Total return filers has increased by 9.31% in AY 2024-25 as compared with the total number of Total return filers in AY 2023-24. Individual return filers has increased by 9.58%, HUF return filers increased by 3.13%, Firm return filers increased by 5.16%, Company return filers increased by 5.23%, Trust return filers increased by 6%, AOP (Other than Turst)/ BOI return filers increased by 10.49%, Local Authority return filers increased by 6.55%, Artificial Juridical Person return filers increased by 0.78% and Other return filers increased by 27.82.

6) Comparative analysis of Total Direct Tax Collection for the AY 2023-24 & AY 2024-25

Sr. No.	Type of Tax	Direct Tax Collection (Rs. in Crores)		increase / (decrease)	
		AY 2023-24	AY 2024-25	Rs. in Crores	in %
1	Corporate Tax	8,25,834	9,11,055	85,221	10.32%
2	Personal Income Tax (incl. STT)	8,33,307	10,45,139	2,11,832	25.42%
3	Other Direct Tax	4,545	3,972	-573	-12.61%
4	Total	16,63,686	19,60,166	2,96,480	17.82%

Analysis 6 :

Total Direct Tax Collection in AY 2024-25 increased by 17.82% as compared with the Total Direct Tax Collection in AY 2023-24. Corporate Tax collection increased by 10.32%, Personal Income Tax collection increased by 25.42% and Other Direct Tax decreased by 12.61%.

IV. CONCLUSION

From the analysis it is found that there is an upward trend in the number of taxpayers and return filers in India and this shows a good sign for the government as well as for the country. It is also observed that Total Direct Tax Collection was declined in AY 2020-21 and AY 2021-22, however from AY 2022-23 onwards it has increased significantly. Contribution of major states in Direct Tax collection also shows year on year growth from AY 2022-23 in its contribution to direct tax collection, however Delhi shows decline in its share by 8.27% in AY 2024-25. Overall it can be concluded that the growth in number of taxpayers, return filers and also in revenue collection from Direct Tax in India shows a positive sign for the government as their one source of revenue is increasing year by year. This will help the government to budget its activities and plan for future actions accordingly.

REFERENCES

- [1] Gaurav Kumar Jalan [2019] "Impact of Income Tax on the Revenue of Government of India" International Journal of Creative Research Thoughts 2019 IJCRT | Volume 7, Issue 1 March 2019 | ISSN: 2320-2882.
- [2] Kumra Swamy, Shivakumara B [2022] "E-filing of Income Tax Returns in India – An Overview" YMER || ISSN : 0044-0477 VOLUME 21 : ISSUE 7 (July) - 2022
- [3] Pratap Singh [2019] "Tax Revenue in India : Trends & Issues", Institute For Social And Economic Change, ISBN 978-81-940398-4-6
- [4] <https://incometaxindia.gov.in/Documents/Direct%20Tax%20Data/Final-Approved-Time-Series-Data-2023-24-English.pdf>
- [5] <https://incometaxindia.gov.in/Documents/Direct%20Tax%20Data/Approved-version-IncomeTax-Return-Statistics-for-the-AY-2022-23-14062024.pdf>