

## Govt set to overshoot FY22 tax collection target as Q1 mop-up reaches ₹5.6 lakh crore: Icra

PTI ■ MUMBAI

With the first quarter gross tax mop-up reaching ₹5.6 lakh crore, Icra Ratings on Friday said the Government is set to exceed the budgeted tax collection target of ₹22.2 lakh crore for 2021-22, led by indirect taxes.

The government has budgeted a modest 9.5 per cent growth in tax collections at ₹22.2 lakh crore for FY22, over FY21 collections of ₹20.2 lakh crore. However, despite the second wave of the pandemic, the April-June quarter tax collections rose to ₹5.6 lakh crore, which is 39 per cent higher than Q1 of FY20. As stated differently, this is 107 per cent more than Q1 of FY21 and 25.1 per cent of the full-year target, according to an analysis by Icra.

The first quarter is traditionally moderate for tax collection, as the economic activity remains tepid.

The revenue department is yet to officially release tax collection data, but the finance ministry informed the Lok Sabha on July 19 that Q1 tax revenue mop-up reached ₹5.6 lakh crore.

The ministry also informed the House that the excise duty on petrol and diesel fetched ₹94,181 crore in Q1.

“Given that tax inflows in Q1 were 39 per cent higher than the pre-Covid level (of Q1 of FY20), we expect the gross tax revenue to surpass FY22 budget estimate of ₹22.2 lakh crore. Growth in tax mop-up is led by indirect taxes, primarily taxes on petroleum products,” Icra chief economist Aditi Nayar said.

According to her, Q1 collections at ₹5.6 trillion is 107 per cent higher than ₹2.7 lakh crore in Q1 of FY21, when the whole country was under lockdown last year.

“But more meaningfully, this is a full 39 per cent more than the pre-COVID level in Q1 of FY20,” she said. She further said while corporation tax, personal income tax and Central GST receipts in Q1 stood at 21-22 per cent of the budget estimates, excise and customs collections already crossed 30 per cent of the budget estimate, boosted by the high taxes on fuels as well as a relatively faster recovery in international trade.