

No.402/92/2006-MC (37 of 2008)
Government of India / Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi dated the 6th August 2008

PRESS RELEASE

Net direct tax collections in the first four months in the present fiscal (up to July 2008) stood at Rs.71,648 crore, up from Rs.48,756 crore, registering a growth of 46.95 percent. Growth in Corporate Taxes was 50.08 percent (Rs.41,598 crore as against Rs.27,718 crore), while Personal Income Tax (including FBT, STT and BCTT) grew at 42.82 percent (Rs.29,982 crore as against Rs.20,993 crore). Growth of Fringe Benefit Tax (FBT) was 44.34 percent (Rs.1,260 crore against Rs.873 crore); Securities Transaction Tax (STT) was 15.46 percent (Rs.2,164 crore against Rs.1,874 crore); and Banking Cash Transaction Tax (BCTT) was 33.75 percent (Rs.223 crore against Rs.167 crore).

Among regions, tax growth in Mumbai and Delhi was 36.33 percent and 76.40 percent, respectively. Other regions with high tax growth are Nagpur (77.80 percent); Kochi (58.08 percent); Kolkata (49.87 percent); Hyderabad (40.69 percent) and Bangaluru (40.25 percent).

Growth in direct tax collection has been driven by a growth of 44.56 percent in tax deducted / collected at source (TDS / TCS), which stood at Rs.45,935 crore as against Rs.31,776 crore in the earlier year. Growth in corporate TDS / TCS was particularly high at 60.6 percent. Robust growth in direct tax collections is a result of tax education and compliance mechanism put in place by the Income Tax department in the area of TDS / TCS and indicates further improvement in tax administration and tax compliance levels.

The cost of direct tax collection, on the other hand, had declined to an all-time low of 0.54 percent during fiscal 2007-08, amongst the lowest in the world.

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