

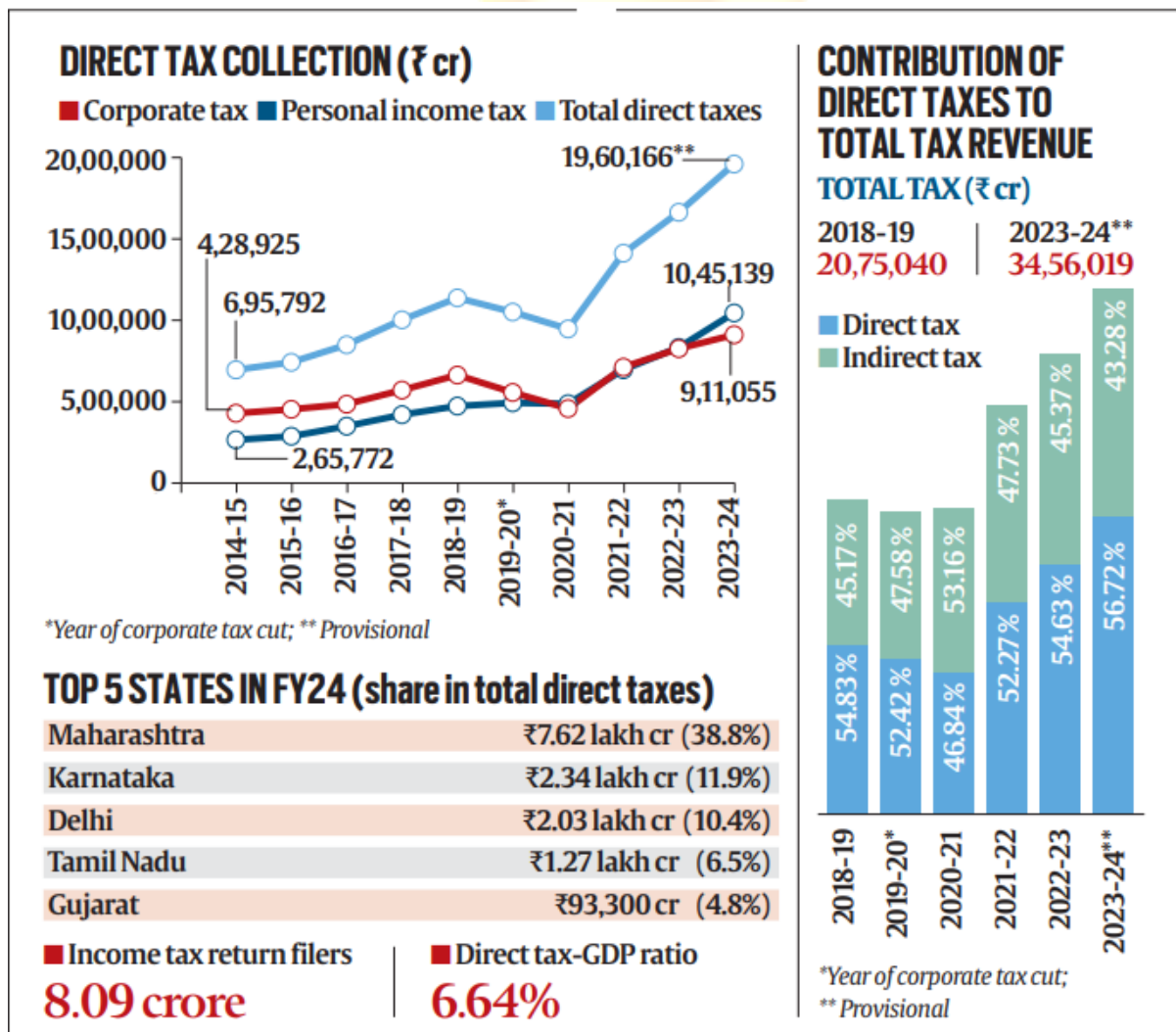


DIRECT TAX : ECONOMY

NEWS : Direct Taxes Reach 14-Year High, Personal Income Tax Surpasses Corporate Tax in FY24

WHAT'S IN THE NEWS?

The article highlights a significant increase in India's direct tax contribution to total revenue in FY24.



- **Direct Tax:** A tax directly borne by the person/entity on whom it is levied. The burden cannot be shifted to another entity.
- **Administering Body:** Direct taxes in India are administered by the Central Board of Direct Taxes (CBDT), under the Ministry of Finance.



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- **Surge in Direct Tax Contribution (2023-24):**

- Direct taxes accounted for 56.72% of total tax revenue, a 14-year high.
- Direct tax-to-GDP ratio reached 6.64%, a 20-year peak.
- Indirect taxes made up 43.28% of tax revenue, highlighting the progressive nature of direct taxes compared to indirect taxes.

- **Shift in Tax Composition:**

- Personal income tax collections in FY24: ₹10.45 lakh crore.
- Corporate tax collections: ₹9.11 lakh crore.
- Since 2019, personal income tax has surpassed corporate tax collections due to reduced corporate tax rates (22% for existing, 15% for new companies).

- **Tax Buoyancy & Efficiency:**

- Tax buoyancy in FY24: 2.12 (compared to 1.18 in the previous year).
- Cost of tax collection dropped to 0.44% (lowest since 2000-01), though the absolute cost rose to ₹8,634 crore due to more tax collections and return filers.

Source : <https://indianexpress.com/article/business/direct-taxes-revenue-surges-56-72-fy24-highest-14-years-9625458/>