



PRESS INFORMATION BUREAU
(Research Unit)
Ministry of Information and Broadcasting
Government of India



Tax Revenues in India Mark a Record High in a Post-Pandemic Economy

FY 2021-22 revenue Rs. 27 Lakh Crore; up 34% over Previous Year

Slew of Measures such as Ease of Filing ITR, Faceless e-Assessment, new AIS & GST reforms Boosting Compliance & Fuelling Tax Collection

(Ministry of Finance)

April 14, 2022

As a remarkable testimony to the rapid recovery of the Indian economy following successive waves of COVID-19, India reported **revenue collections of Rs. 27.07 lakh crore** (as per the pre-actual figures) in the **financial year 2021-22**. This figure is almost **Rs. 5 lakh crore above the estimates of the Union Budget 2021-22**, which stood at Rs. 22.17 lakh crore. This marks a growth of 34% over last year's revenue collection of Rs. 20.27 lakh crore, led by **growth of 49% in direct taxes and supported by 20% growth in indirect taxes**.¹

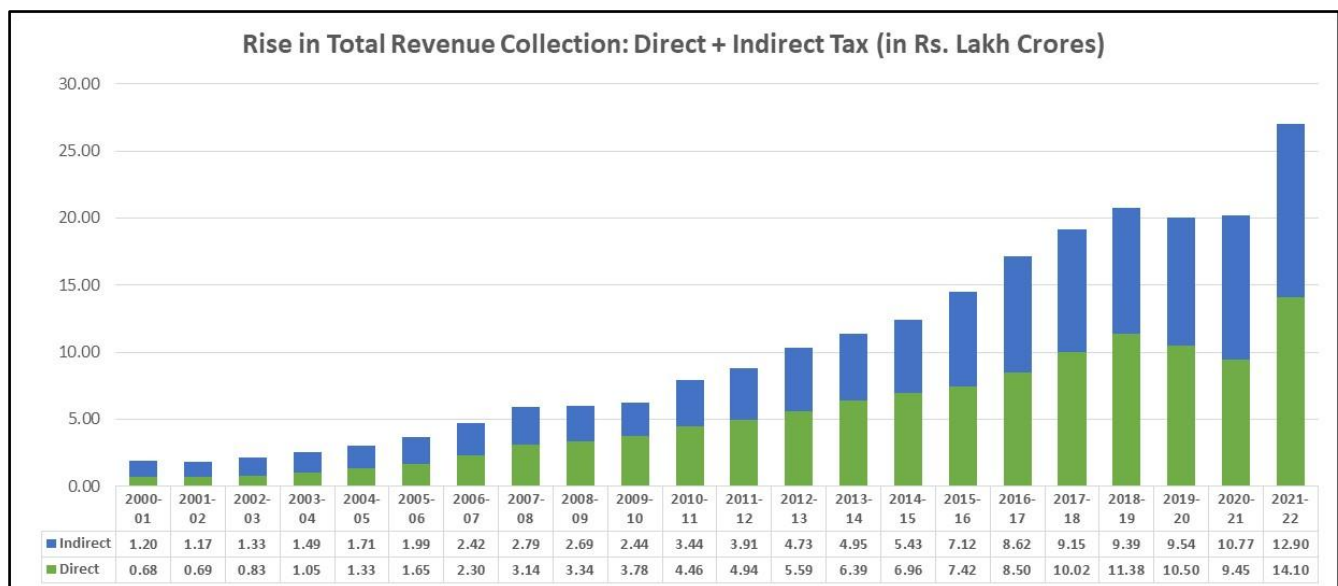


Figure 1

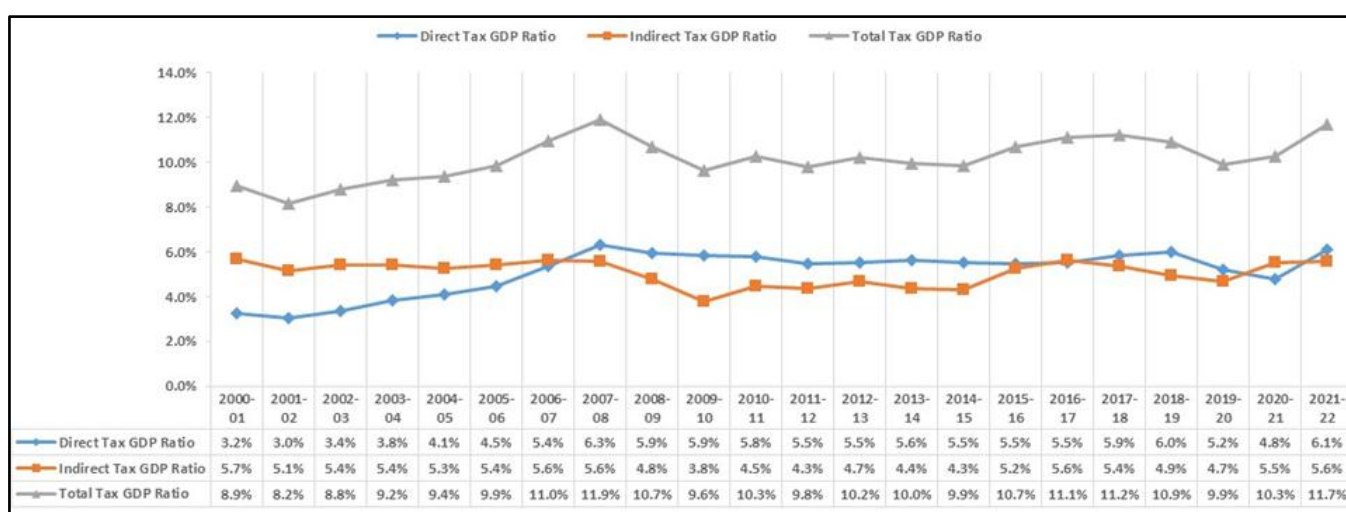
The trend of total revenue collection, including both direct and indirect tax, is clearly depicted in Figure 1. The decrease in tax collection the two years 2019-20 and 2020-21 is due

¹ <https://pib.gov.in/PressReleasePage.aspx?PRID=1814822>

to the disruption in economic activity in wake of COVID, but the rise in tax collection in the financial year 2021-22 is evidence of a sharp rebound and an economy that is back on track.

The surge in tax revenues has lifted India’s tax-GDP ratio for the year **2021-22 to 11.7%**. This includes a **direct tax to GDP ratio at 6.1% and indirect tax to GDP ratio at 5.6%**. This significant revenue growth has been propelled by robust economic recovery following the onslaught of the global pandemic, supported by one of the largest immunization programme of the world run by the Government. This was also supplemented with better compliance efforts in taxation. The trend in tax-to-GDP ratio, characterised by a marked rise in recent years, is illustrated in Figure 2.

Figure 2



Various measures have been taken by tax administration on direct as well indirect taxes to nudge higher compliance through use of technology and artificial intelligence.²

Several initiatives taken by the Government under its mission to push for a Digital India have laid the foundation for modern, convenient and transparent taxation system. These include the **Faceless Assessment System, the e-filing portal** and rolling out of the new **Annual Information Statement (AIS)** for easier filing of income tax returns, and the generation of **e-way bills** under the GST system, among others.

The **Goods and Services Tax** is a revolutionary taxation system that was rolled out on the midnight of 1 July 2017. In the words of Prime Minister Narendra Modi, the **Goods and Services Tax (GST)** is “a path-breaking legislation for New India”. The enactment of GST has fuelled a notable growth in indirect tax revenues. This has been the result of the reduced

² <https://pib.gov.in/PressReleasePage.aspx?PRID=1814822>

tax rates, doubled tax base, faster movement of goods, quicker refunds and enhanced compliance made possible through the GST ecosystem.³ Total amount of direct and indirect tax revenues collected since the year 2000 has been graphically represented in Figure 3 and Figure 4, respectively.

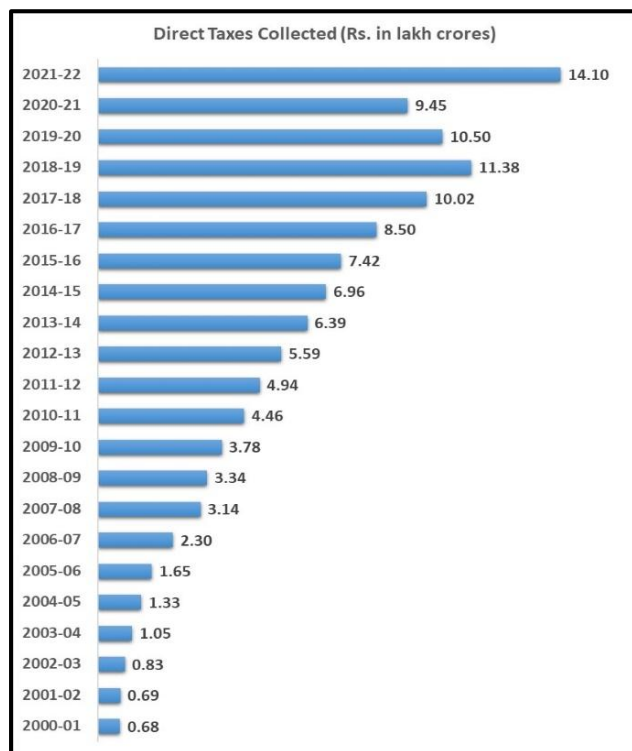


Figure 3

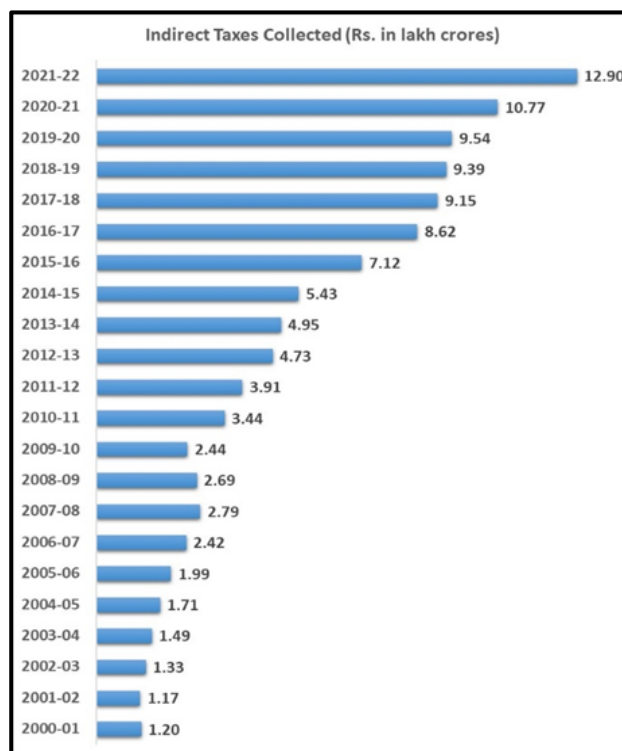


Figure 4

The Central Government’s focus on making India a global economic powerhouse and the host of measures adopted towards this commitment has directly reflected in India’s GDP growth in recent years. This has translated into increased revenue collection for the exchequer while keeping India well on the track towards achieving a USD 5 trillion economy in line with Prime Minister Narendra Modi’s vision.

Some of the measures that have significantly helped in fuelling revenue collection are elaborated below:

Faster processing of Returns to Facilitate Higher Income Tax Revenues

- During the year, Income tax department gave **refunds of Rs. 2.24 lakh crore**. A total of **2.4 crore refunds** were issued.

³ <https://pib.gov.in/FactsheetDetails.aspx?Id=148644>

- **22.4% returns were processed on the same day and around 75% returns were processed in less than a month's time** in the course of the year 2021-22 (as detailed in Table 1).
- The **average processing time** for returns during 2021-22 was **26 days**.
- During the year, **7.14 crore returns were filed** as compared to 6.97 crore last year (as illustrated in Figure 5).

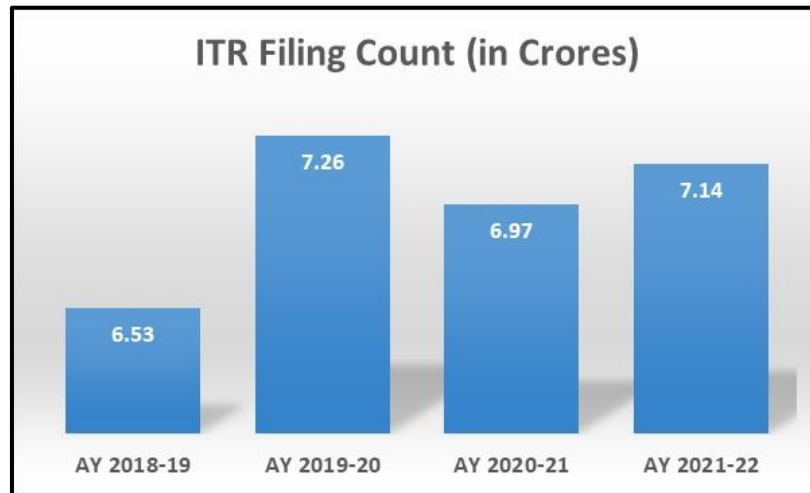


Figure 5

Time taken from verification of ITR to processing	ITR Processed Total	% of total processed
<1 day	1,28,00,344	22.43%
1-7 days	1,47,00,236	25.76%
8-15 days	72,57,603	12.72%
16-30 days	70,56,919	12.37%
>30 days	1,52,40,728	26.71%
Total	5,70,55,830	100%

Table 1

- This has been made possible due to the faster processing of returns through the **new e-filing portal** which was launched in June 2021. This taxpayer friendly portal is integrated with immediate processing of Income Tax Returns (ITRs) to issue quick

refunds to taxpayers, thereby offering them a convenient, seamless experience and ensuring better compliance.⁴

- Another feature that has improved voluntary compliance is **the faceless hand-holding of the taxpayers, provided by the new Annual Information Statement (AIS)**, to e-file their income tax returns quickly and correctly. The improved Form AIS carries details on taxpayers' financial transactions as specified in the Statement of Financial Transactions (SFTs) in various categories. Apart from acting as a ready reckoner for financial transactions, Form AIS would help honest taxpayers with updated financial transactions while filing their returns, while desisting those taxpayers who inadvertently omit financial transactions in their returns.⁵

Goods and Services Tax: A Landmark Reform fuelling Indirect Tax Revenues

- GST has seen an exemplary growth during 2021-22 despite two waves of COVID-19 pandemic.
- **Central GST (CGST) revenues** increased from Rs. 4.6 lakh crore last year to **Rs. 5.9 lakh crore in 2021-22.**⁶
- The **average monthly gross GST revenue in 2021-22 was Rs. 1.23 lakh crore** as compared to Rs. 94,734 in 2020-21 and Rs. 1.01 lakh crore in 2019-20.⁷
- The GST ecosystem has appreciated the invoice-based discipline in GST, which not only benefits GST revenues but also contributes to overall formalization in the economy.⁸
- **March 2022 witnessed an all-time high GST collection of Rs. 1,42,095 crore**, breaching earlier record of Rs. 1,40,986 crore collected in the Month of January 2022. The revenues for the month of March 2022 are 15% higher than the GST revenues in the same month last year and 46% higher than the GST revenues in March 2020.⁹
- The **value of e-Way Bills generated in February 2022 was Rs. 25,66,869 crore**, up from Rs. 16,89,545 crore in January 2021.

⁴ <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1724807>

⁵ <https://pib.gov.in/PressReleasePage.aspx?PRID=1768560#:~:text=Income%20Tax%20Department%20has%20rolled,facility%20to%20capture%20online%20feedback.>

⁶ <https://pib.gov.in/PressReleasePage.aspx?PRID=1814822>

⁷ Ibid

⁸ <https://pib.gov.in/PressReleasePage.aspx?PRID=1814822>

⁹ <https://pib.gov.in/PressReleasePage.aspx?PRID=1812315>

- Figure 6 shows trends in monthly gross GST revenues during the current year.¹⁰

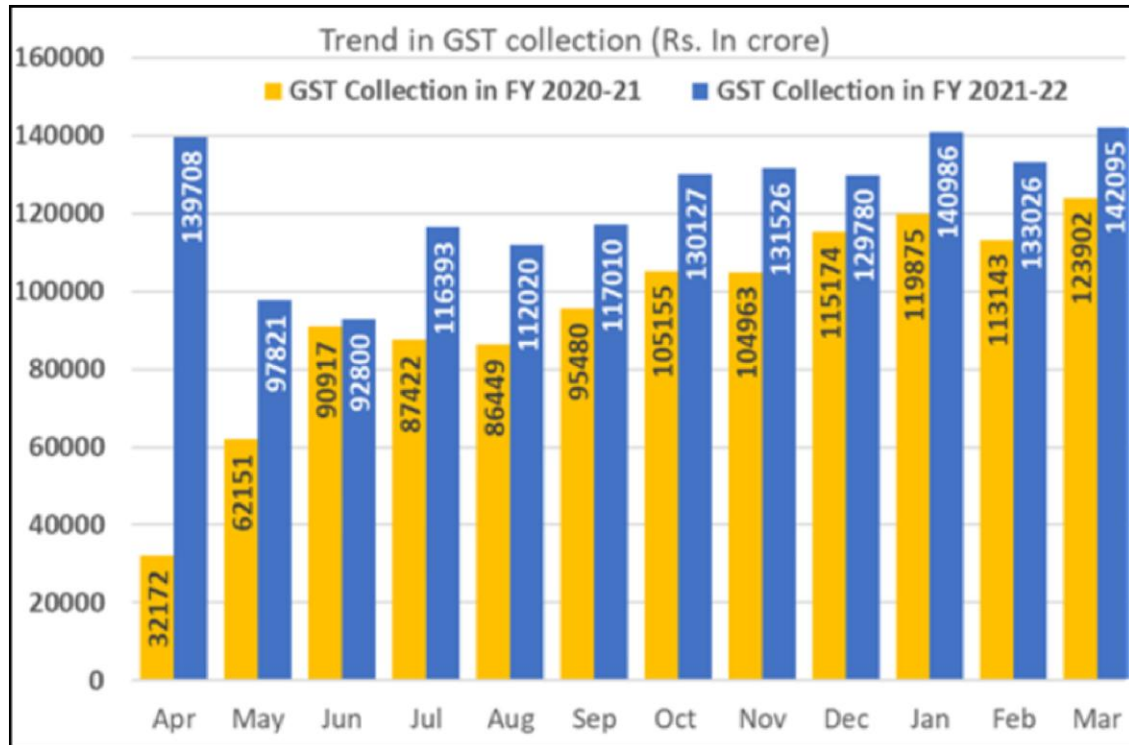


Figure 6

Faceless –E-Assessment Scheme: Providing Ease of Doing Business to Taxpayers

- **Faceless Income Tax scheme** was launched in August 2020 as a step towards Minimum Government, Maximum Governance. Faceless assessments have been initiated for the purposes of making assessment of total income or loss of the assessee under section 143(3) or 144 of the Income tax Act, 1961.¹¹ The objective is to **impart greater efficiency, transparency and accountability** by eliminating the interface between the Assessing Officer and the assessee.¹²
- In September 2020, the Income Tax Department launched **Faceless Income Tax Appeals**. Under Faceless Appeals, all Income Tax appeals will be finalised in a faceless manner with the exception of appeals relating to serious frauds, major tax evasion, sensitive & search matters, international tax and Black Money Act.¹³

¹⁰ <https://pib.gov.in/PressReleasePage.aspx?PRID=1812315>

¹¹ <https://pib.gov.in/PressReleasePage.aspx?PRID=1649504>

¹² <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1705143>

¹³ <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1658982>

- The initiative has been instrumental in saving precious time, effort and also money of taxpayers, as cost of filing will be dramatically reduced. This in turn has been facilitating tax compliance, translating to a boost in tax revenues.¹⁴

Vision for USD 5 Trillion Economy: Giving an Impetus to Tax Revenue

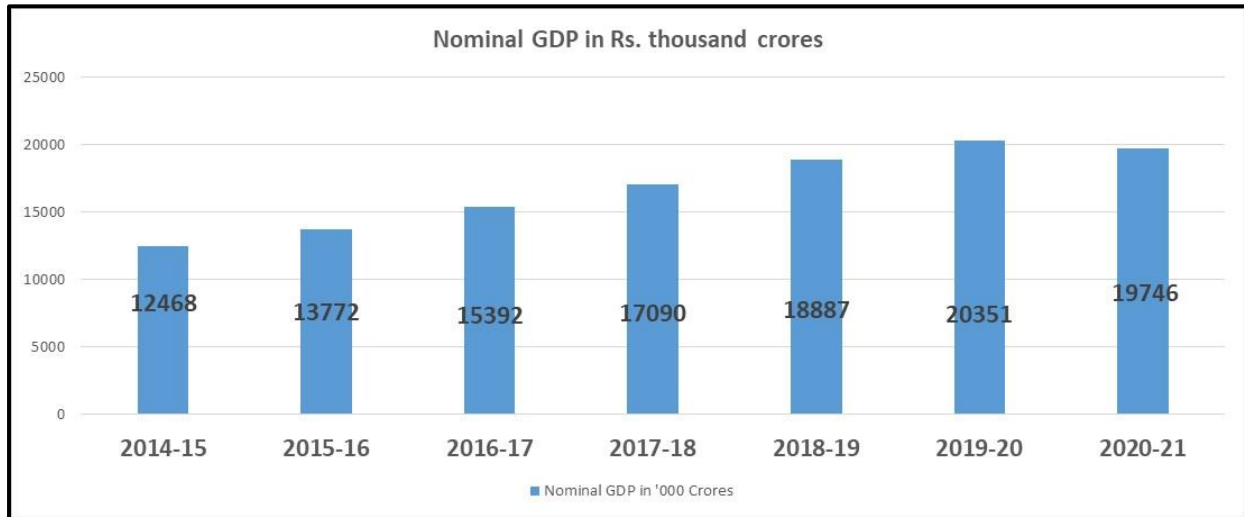


Figure 7

- Tax collection has a direct positive correlation with GDP growth. 2021-22 marks the highest tax-GDP ratio of 11.7%, as previously highlighted. The **tax buoyancy** (which is a measure of growth in tax revenues as compared to GDP growth) is at a **very healthy figure of 1.9, with 2.8 for direct taxes and 1.1 for indirect taxes**. The ratio of direct to indirect taxes recovered from 0.9 in 2020-21 back to 1.1 in 2021-22.
- Apart from a brief setback owing to COVID-19, the Government of India has maintained the nominal GDP growth above 10% in recent years. GST, a simplified way of collecting indirect taxes has been a revolutionary step propelling India's GDP.
- With a big push to Capex in the Union Budget of 2022-23, the coming years are going to see a surge in domestic manufacturing as well as growth in employment. These in turn will directly boost tax contribution to the exchequer.
- The **gross corporate taxes during 2021-22 was Rs. 8.6 lakh crore against Rs. 6.5 lakh crore last year**, which shows that the new simplified tax regime with low rates and no exemptions has lived up to its promise, enhancing Ease of Doing Business for the corporate sector, stimulating India's economy and increasing tax revenues for the Government.

¹⁴ <https://pib.gov.in/PressReleasePage.aspx?PRID=1649504>

- **Corporate tax returns filed by businesses have jumped by 43,000 to over 986,000 for AY 21-22.** This jump in corporate tax returns is **the highest in recent years.** The remarkable aspect of this particular jump in returns is that it has come with respect to a year marked by a pandemic-induced contraction in the economy, further underscoring the role played by compliance enforcement.¹⁵

References:

- <https://pib.gov.in/PressReleasePage.aspx?PRID=1814822>
- <https://pib.gov.in/FactsheetDetails.aspx?Id=148644>
- <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1724807>
- <https://pib.gov.in/PressReleasePage.aspx?PRID=1639593>
- <https://pib.gov.in/PressReleasePage.aspx?PRID=1812315>
- <https://pib.gov.in/PressReleasePage.aspx?PRID=1649504>
- <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1705143>
- <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1658982>

Further Reading:

- <https://www.livemint.com/news/india/compliance-nudge-improves-income-reporting-cbdt-chief-11649619613508.html>

AG/HP/RC/PPD

¹⁵ <https://www.livemint.com/news/india/compliance-nudge-improves-income-reporting-cbdt-chief-11649619613508.html>