

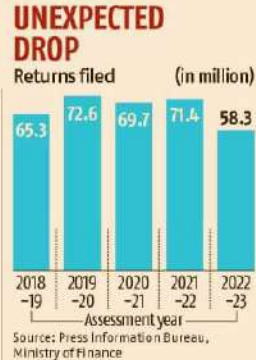
ITRs filed in AY23 even fewer than in pandemic yrs

There is decline despite last-minute filing frenzy

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Only 58.3 million income-tax returns (ITRs) were filed for the assessment year 2022-23 (AY23) as on July 31 this year—the last date for filing the returns. This is much lower than the 71.4 million returns filed in AY22, and also less than the number for each of the previous three years, including pre-pandemic AY19, which witnessed 65.3 million returns. The assessment year broadly corresponds to income earned in the previous financial year. Thus, AY23 is the assessment year for income earned during the financial year 2021-22 (FY22). There has generally been a rising trend in the

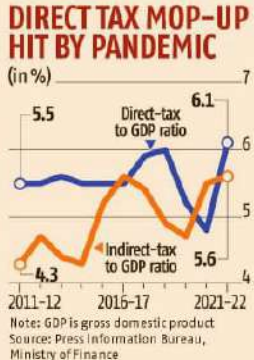
number of returns filed. This largely persisted even during the pandemic, at least relative to the time before the Covid-19 outbreak. The number of returns filed rose from 65.3 million in AY19 to 72.6 million in AY20. This dropped the next year before rising again to 71.4 million in AY22. The number of income tax returns (ITRs) filed thus far for AY23 is lower; the deadline of July 31 was not extended this year unlike during the pandemic-affected years. There were fewer than 20,000 daily Covid-19 cases around the time of the deadline. The peak has been over 400,000 cases, seen in May 2021. “The initial pace of e-filing was much slower, with



the first 10 million ITRs for AY 22-23 being filed only by July 7, 2022. The pace picked up marginally, with about 24.8 million ITRs being filed by July 22, 2022. With the government announcing that there would be no extension of the deadline, there was a surge in the filing of ITRs and by July 25, 30 mil-



lion ITRs had been filed... The surge of filing ITRs peaked on July 31, 2022 (due date for salaried taxpayers and other non-tax audit cases), with over 7.24 million ITRs being filed on a single day,” said a government release on Monday. There is a fine of up to ₹5,000 for any delayed ret-



urns filed until December 31. But tax collections, on the other hand, show a rising trend. Collections are measured as a percentage of gross domestic product (GDP) to account for differences in economic size at different points in time. The direct-tax-to-GDP ratio was 6.1 per cent in 2021-22. This was the

highest since 2007-08, when it had touched 6.3 per cent. The indirect-tax-to-GDP ratio was 5.6 per cent and matched the 2016-17 figure. Non-tax revenues have seen less robust growth, according to a July 24 report titled ‘Domestic Demand Remains Healthy’, from global financial services group Morgan Stanley, authored by chief India economist Upasana Chachra and economist Bani Gambhir. “The government has budgeted the fiscal deficit to decrease to 6.4 per cent of GDP in FY23 from 6.7 per cent of GDP in FY22 (actual). On an FYTD basis, total expenditure growth is tracking at 22.6 per cent, with capital spending higher than revenue spending. Total receipts are weak at 7.6 per cent, driven by lower non-tax revenues even as tax revenues are healthy,” it said.