

CHAPTER 6

DIRECT AND INDIRECT TAXES


6.1. The authority to levy taxes is divided between the Union government and the State Governments under the relevant Acts. The Union Government levies direct taxes such as personal income tax and corporate tax, and indirect taxes like custom duties, excise duties and central sales tax. The States are empowered to levy State sales tax and other local taxes like entry tax, octroi, etc.

6.2. The Budget documents of Centre and State Governments provide details of taxes, both direct and indirect taxes. The Department of Revenue, Ministry of Finance is responsible for all matters relating to the administration of Central taxes, The Central Board of Direct Taxes (CBDT) administers the direct taxes through its subordinate organization namely Income Tax Department while the Central Board of Excise and Customs (CBEC) is responsible for the administration of indirect taxes through Departments of Customs and Central Excise.






6.3. The Research and Statistics Wing of the Directorate of Income Tax (RSP&PR) of the CBDT is engaged in the collection and compilation of direct tax statistics from 300 field units located throughout the country. The data flow from the field offices of the Commissioners and Chief Commissioners of income tax to the Directorate of Income Tax (RSP&PR), where they are consolidated at the all-India level. The Directorate prepares different statistical statements and reports of different periodicities (monthly, quarterly and annual) based on the information received from the field offices.

6.4. Indirect taxes include taxes from Customs Duty, Central Excise Duty, Service Tax, Sales Tax, Value Added Tax (VAT), and Securities Transaction Tax (STT). The data pertaining to Central excise and customs are collected under Central Excise and Custom Law and Rules framed thereunder. The data flow from the range office (lowest formation of Central excise) to Commissionerate office through divisional offices and finally, to the Directorate of Statistics and Intelligence, which in turn submit the Reports to CBEC.

6.5. The highlights of the Direct and Indirect Taxes are as follows :

-  The total revenue realization from Direct and Indirect Taxes increased from ₹ 6032.61 billion in 2008-09 to ₹ 6273.82 billion in 2009-10. The percentage share of revenue realization from direct taxes to the total revenue realization increased from 55.3% in 2008-09 to 60.2% in 2009-10, whereas, the percentage share of revenue realization from indirect taxes declined from 44.7% in 2008-09 to 39.8 % in 2009-10. There is a decline of 7.4% in the revenue

realization from Indirect Taxes which decreased from ₹ 2694.33 billion in 2008-09 to ₹ 2494.00 billion in 2009-10.

-  Revenue collection from direct taxes increased by 13.2% from ₹ 3338.28 billion in 2008-09 to ₹ 3779.82 in 2009-10. Corporation tax too has increased by 14.7 % from ₹ 2133.95 billion in 2008-09 to ₹ 2447.24 billion over 2008-09, whereas, the revenue realization from income tax has increased from ₹ 1200.13 billion in 2008-09 to ₹ 1328.05 billion in 2009-10. The total number of effective assesses of Direct Taxes increased from 32.6 million in 2008-09 to 34.1 million in 2009-10. The companies' assesses increased from 327674 in 2008-09 to 367884 in 2009-10, which signifies an increase of 12.3 %. The assesses of firms also increased from 1.31 million in 2008-09 to 1.35 million in 2009-10, whereas, trusts' assesses increased (0.8 %) by from 0.071 million in 2008-09 to 0.077 million in 2009-10. However, the other assesses has increased by 35.5 % during same period.
-  Customs collection rate of petroleum products is gradually decreasing and has become 2 % in 2009-10 from 10% in 2004-05. Customs collection rate of non-petroleum products is also following the same trend and has become 8% in 2009-10 from 12% in 2004-05.
-  About 62.19 % of total excise duties was realized from petroleum crude and petroleum products during 2009-10, which shows a substantial jump in the share of POL, which was 56.72% in 2008-09.
-  7% of total service tax was realized from telephone billing, whereas, 6.9%, 6.3% and 5.4% of the total service tax were realized from banking and other financial service, business auxiliary service and general insurance premium respectively during 2009-10.
-  Although a fall of 5.4 % in the collection of service tax in 2009-10 over 2008-09 is observed, but there are certain items which shows increase in tax collection in 2009-10 over 2008-09. These items includes "Transport of passengers embarking international journey by air, other than economy class passengers" (38.6%), Tax on Stock brokerage commission (25.4%), Franchise service (27.9), TV or radio Programme services (23.7%).

6.6. This chapter contains the following tables:

Table 6.1,6.2 & 6.3: Revenue realisation from direct, indirect & direct and indirect taxes..

Table 6.4 : Direct taxes (income tax & other taxes) collections-pre assessment and post assessment scenario.

Table 6.5 : Cost of collection of direct taxes.

Table 6.6 : Number of effective assesses

Table 6.7 : Year-wise corporation tax collected under various heads.

Table 6.8 : Year-wise income tax (other than corporation tax) collected under various heads.

Table 6.9 : Zone-wise revenue collection from customs duties since 2006-07.

Table 6.10 : Customs revenue collection from major commodity-groups since 2006-07.

Table 6.11 : Value of imports, import duties collection and collection rates since 2000-01.

Table 6.12 : Collection rates for selected import groups.

Table 6.13 : Zone-wise revenue collection from central excise duties since 2006-07.

Table 6.14 : Excise revenue from petroleum products (POL) and non-petroleum products (non-POL) since 2000-01.

Table 6.15 : Revenue collection from central excise duties from major commodity groups since 2006-07.

Table 6.16 : Service-wise revenue collection from service tax since 2006-07.