Will add 1cr taxpayers next year; data, DeMon helping widen base: Revenue secy

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New Delhi: The government hopes to add another one crore income taxpayers during the 2019-20 fiscal, building on the jump post demonetisation and better information flow due to steps initiated during the last few years, revenue secretary Ajay Bhushan Pandey told TOI.

The income tax base has increased from 3.4 crore taxpayers in 2014-15 to around 7 crore so far in 2018-19. “Demonetisation has helped in getting more people into the formal economy and GST has added to formalisation and expanding the base. The tax base has increased as we are able to capture more transactions. Things like the 1% TCS (tax collected at source) on several property transactions is helping in better data,” Pandey said in an interview.

Widening of the tax base has been a key focus of the government’s strategy over the last few years and it is one of the main reasons for the recent trend of rising revenues. During 2019-20, the government has budgeted for a 15% increase in direct tax collections, with personal income tax mop up projected to rise 17% on a strong base.

Pandey said in the Interim budget the government decided to take a “targeted approach” to tackle the challenges confronting the economy and the rebate on taxable income up to Rs 5 lakh was meant to help the new middle class. “As the income level increases and people have more scope to invest in saving instruments, they can pay tax. The rebate will help in bringing people in the tax net without imposing any burden,” he said.

The top bureaucrat, who is also the CEO of the UIDAI, said that Aadhaar had helped the government frame ambitious schemes. “It now is possible to identify the 12 crore small and marginal farmers or the 10 crore workers in the unorganised sector and launch schemes immediately while ensuring that there is no leakage through bogus or ineligible beneficiaries,” he said, a day after the government announced the two social welfare schemes in the Interim budget.

The revenue secretary dismissed suggestions that the government had made unrealistic projections on revenue, arguing the GST collection target was in fact lowered in the revised estimate and only a modest increase budgeted for 2019-20. “GST is a new thing and we are in the process of stabilising it. There have been a lot of rationalisation and changes including adjustment to the threshold. We have not shed away from showing a lower estimate but next year’s projects are realistic,” he said.