

FM ups direct tax estimate by 25%

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New Delhi: Upbeat about 36% growth in direct tax collections in 2007-08, FM P Chidambaram on Monday sought to upward revise the budget estimate under the head "substantially" from around Rs 3,65,000 crore for 2008-09 to Rs 3,93,000 crore.

"The estimate will no longer be Rs 3,65,000 crore. The CBDT will meet over the next couple of days and increase the estimate upwards," Chidambaram said after inaugurating two-day annual conference of chief commissioners of Income Tax.

In 2007-08 budget, the government had estimated to collect Rs 2,67,175 crore as direct tax. But, in a revised estimate, which the government released while presenting the 2008-09 budget in February

2008, it fixed the figure at Rs 3,04,445 crore. But as the collection continued to be bullish, the final tally for the direct tax collection went up to Rs 3,14,468 crore. In 2006-07, the revenue collection was Rs 2,31,000 crore.

"Even if you take a 25% increase over last year's collection of over Rs 3,14,468 crore, the budget estimates must be revised upward very sharply," he said. 25% growth over the last year's collection will push the estimate of direct tax collection to over Rs 3,93,000 crore. When asked what is the rationale of being so upbeat on direct tax collection despite

fear of slowdown in economic growth, Chidambaram reiterated that "every estimate says that economy will still grow at 8.5% this fiscal". At the same time, he said that the government is taking



25% growth will push the estimate of direct tax collection to over Rs 3,93,000 crore, says FM

steps to increase the compliance from tax payers to pay the tax.

Referring to non-compliance of TDS rules by the some ministries, he said, "We are

not happy with TDS deductions in the defence ministry and railways ministry. We are taking steps to sensitize the authorized deductors in the government sector to comply with law and improve the TDS." Steps are being taken to work with the ministries of defence and railways. So, we are confident there would be significant improvement in 2008-09, he said.

On prosecution of tax evaders, he said directions have been issued that if during a search or survey a person is found that he has stopped filing returns for the past three years or has never filed a return, such a case will be taken for prosecution.

CBDT is also planning to introduce bio-metric PAN (Permanent Account Number) cards, for which it would invite bids from suppliers.