

GST collection up 28%, second highest ever

This is the sixth time that the monthly GST collection crossed the Rs 1.40-lakh-crore mark since the inception of GST and fifth month at a stretch since March 2022, the ministry said in a statement.

By: **ENS Economic Bureau** | New Delhi |
Updated: August 1, 2022 9:59:54 pm



During July, revenues from import of goods were 48 per cent higher and the revenues from domestic transactions (including import of services) were 22 per cent higher than the revenues from these sources during the same month last year. (Representative image: Pixabay)

Gross Goods and Services Tax (GST) collections surged by 28% year-on-year to Rs 1,48,995 crore during July (for sales in June), the second highest level since the July 2017 rollout of the indirect tax regime, data released by the Finance Ministry on Monday showed. Buoyancy in consumption patterns triggered by economic recovery, a high [inflation](#) rate and increased enforcement action against anti-evasion activities, are seen as having contributed to the rise in GST collections.

Prior to this, GST collections had recorded the highest-ever level of Rs 1.68 lakh crore in April 2022 for year-end sales in March. This is the sixth time that monthly GST collections have crossed the Rs 1.40 lakh crore mark since its inception, and the fifth month in a row since March this year. In July 2021, GST collections stood at Rs 1,16,393 crore.

The first four months of 2022-23 have seen an average monthly gross GST collection of Rs 1.50 lakh crore, against Rs 1.12 lakh crore in the same period last fiscal.

The Finance Ministry, in its statement, said the 28% increase in GST revenue displays a “very high buoyancy”. “This is a clear impact of various measures taken by the Council in the past to ensure better compliance. Better reporting coupled with economic recovery has been having a positive impact on GST revenues on a consistent basis,” it said.

Last month, Finance Minister [Nirmala Sitharaman](#) had said that Rs 1.40 lakh crore is now the “rough bottom line” for monthly GST revenue collections. “...the trend that was being talked about, we are now reversing that and showing that the GST revenues remain above Rs 1.40 lakh crore. So, Rs 1.40 lakh crore is the rough bottom line, we are not going below that. We will remain above that,” she had said.

Experts said that action against tax evaders, including steps being taken by state authorities, has resulted in better compliance and helped push the growth in GST collections, along with economic recovery and higher inflation rate. It will help boost the government’s GST collections beyond the budgeted figures.

“GST collections reported a healthy trend, rising for the second month in a row, with the 28% YoY rise being a function of the economic recovery, better compliance as well as elevated inflation. With the headline GST collection in July 2022 exceeding our monthly average forecast of Rs 1.45 trillion for this year, we foresee an upside of Rs 1.15 trillion relative to the FY 2023 for CGST collections,” ICRA’s chief economist Aditi Nayar said.

After the end of the compensation regime for states in June, the higher GST revenue growth is expected to ease revenue concerns for some states. However, states with a heavy dependence on compensation may find FY’23 to be a challenging year, with some even resorting to higher enforcement actions to shore up revenue, analysts said.

Under GST, as per the Goods and Services Tax (Compensation to States) Act, 2017, the states were guaranteed compensation at the compounded rate of 14% from the base year 2015-16 for losses arising due to implementation of the taxation regime, for five years since its rollout. This came to an end on June 30. The GST Council meeting held in June did not take any decision to extend the compensation mechanism despite at least a dozen states raising the demand. More enforcement related measures are being taken by the state authorities in the wake of the end of the compensation regime.

“It is understood that revenue targets have been set for the state officers also, which they would now try to achieve. Again, it is important to note that even if a dealer is registered with the Centre, the state can still investigate it on a specific issue and vice-versa,” Vivek Jalan, partner, Tax Connect Advisory, said.

“It’s important to note that now states would no longer be compensated by the Centre for a shortfall in revenues and hence we have already started seeing the SGST departments of states too getting aggressive in terms of collection. In recent massive investigations, certain states are disputing the classification of ‘fly ash bricks and blocks’ by trying to distinguish them to non-fly ash material based bricks and blocks. Industry-wise action has, of late, been an area of interest to the revenue authorities. Therefore, it is imperative for industry captains to keep a close watch on developments in their industry,” Jalan said.

Abhishek Jain, partner, Indirect Tax, KPMG in India, said, “These consistent high collections indicate recovery from the pandemic and can also be attributed to inflation and tight checks and balances implemented by the government. Further, with rationalisations being implemented subsequent to the recent GST Council meet, these numbers may go up in the coming months.”

Except Daman & Diu, Bihar and Tripura, which recorded a contraction, all other states/ UTs recorded a growth in GST, with Maharashtra, Karnataka, Gujarat, Tamil Nadu and Uttarakhand leading among states.

Incidentally, the total number of e-way bills generated in June was 7.45 crore; it was 7.36 crore in May. Revenue from import of goods was 48% higher in July and the revenue from domestic transactions (including import of services) was 22% as compared to last year.

Of the gross GST revenue of Rs 1,48,995 crore, CGST — the tax levied on intra-state supplies of goods and services by the Centre — was Rs 25,751 crore; and SGST — the tax levied on intra-state supplies of goods and services by the states — was Rs 32,807 crore, the Ministry said. IGST — tax levied on all inter-state supplies of goods and services — was Rs 79,518 crore (including Rs 41,420 crore collected on import of goods), and cess was Rs 10,920 crore (including Rs 995 crore collected on import of goods), it said.

The government has settled Rs 32,365 crore to CGST and Rs 26,774 crore to SGST from IGST. The total revenue of the Centre and the states in July after regular settlement is Rs 58,116 crore for CGST and Rs 59,581 crore for SGST, the ministry said.