

Big dip in advance tax payment by PSBs

State Bank of India (SBI), the country's largest lender, on Tuesday reported a 60.7 per cent decline in its advance tax payment for the March 2016 quarter. The bank paid Rs 687 crore against Rs 1,749 crore in the corresponding period last year.

On the other hand, the largest company by FY15 net profit - Reliance Industries - saw its advance tax outgo increase 39 per cent to Rs 2,215 crore from Rs 1,594 crore in the March 2015 quarter.

"From the partial list of advance tax payments that we have seen, we expect this quarter's collection to remain at the same level as in the March 2015 quarter," a senior income tax official told *Business Standard*.

Advance tax is a system of staggered payments of income taxes across the year in four quarterly instalments. It is generally considered a barometer of a company's performance for a particular quarter.

Advance tax collections from private lenders HDFC Bank and ICICI Bank show some increase. HDFC Bank paid Rs 1,600 crore against Rs 1,400 crore in the March 2015 quarter, while ICICI Bank's outgo rose marginally from Rs 1,295 crore to Rs 1,300 crore in the same period.

The tax official added, "The advance tax collection from state-owned banks was not encouraging because these lenders are faced with staggering non-performing assets."

Among other public sector lenders, both Bank of India and Central Bank of India saw their tax payout decline 40 per cent. Bank of Baroda was one public sector bank in the partial list to see advance tax rise 80 per cent year-on-year (y-o-y) to Rs 360 crore in the fourth quarter.

In the manufacturing sector, advance tax payments have been marginally better this quarter. Tata Steel paid Rs 400 crore compared to Rs 350 crore a year ago.

Auto firms also reported some positive numbers. Mahindra & Mahindra and Bajaj Auto paid Rs 175 crore and Rs 375 crore, up 52 per cent and 63 per cent year-on-year, respectively.

Pharma major Lupin's advance tax more than doubled from Rs 201 crore in March 2015 quarter to Rs 434 crore this quarter. In the same period, Cipla's outgo went up from Rs 30 crore to Rs 100 crore.

Consumer major Hindustan Unilever reported a decline of 20 per cent, paid Rs 450 crore against Rs 560 crore a year ago in the same period.

Software services major Tata Consultancy Services saw its outgo increase marginally to Rs 1,150 crore against Rs 1,140 crore y-o-y.

The direct tax collection target for FY16 is pegged at Rs 7.98 lakh crore, which means a growth of 13-14 per cent over the previous year.

According to the latest data, the income tax department has collected Rs 1.68 lakh crore till January in Mumbai, up 15 per cent y-o-y. The tax collection target for Mumbai stands at Rs 2.56 lakh crore. The city contributes 34 per cent to the overall direct tax collection.

For the December 2015 quarter, the advance tax collection for the top 45 companies in Mumbai grew 12 per cent to Rs 24,279 crore.

(Business Standard)