Banks see a plunge in advance tax payments as NPAs bite

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MUMBAI: Bad loans have hit the banking sector's advance tax payouts for March quarter, with SBI paying a 60 per cent lower tax, ICICI Bank showing a marginal increase, while HDFC Bank posting a 14 per cent growth in tax liability.

The State Bank of India paid an advance tax of Rs 690 crore as against Rs 1,749 crore paid in the March quarter last fiscal, sources in the I-T department told PTI here.

Its private sector rival ICICI Bank fared a tad better, paying Rs 1,300 crore as against Rs 1,295 crore in the year-ago period.

However, immunity from the NPA problems resulted in HDFC Bank's outgo rising to Rs 1,600 crore from Rs 1,400 crore year ago, they said.

The last date for payment of advance tax for March quarter ended yesterday.

The advance tax, a system of staggered payment of I-T liabilities, is generally considered a barometer of a company's performance for a particular quarter and the payments are tracked closely by the investors.

An asset quality review undertaken by the Reserve Bank last December has resulted in a spike in bad assets with lenders recognising over Rs 1 trillion of NPAs in the third quarter alone.

When it comes to the Mumbai circle, which contributes over a third of the direct tax payments, the officials exuded confidence of achieving the Rs 2.56 trillion target for the fiscal, saying Rs 1.86 trillion has already been collected.

"Things are going well and we are on target. As on date, we have already collected Rs 1.86 trillion tax, including the advance tax collection of Rs 1.01 trillion as on March 14 from top 45 corporates in Mumbai," Principal Chief Commissioner of Income Tax and Head of Mumbai region, D S Saksena told PTI here today.

"Even as the advance tax collection from both private sector and public sector banks as well was down, sectors like oil and pharma have done well on the front of advance tax payment," he said.

Life Insurance Corporation (LIC) paid an advance tax of Rs 1,647 crore for the fourth quarter, up from Rs 1,470 crore in the year-ago period, the sources said.

Mukesh Ambani-led Reliance Industries showed a 38 per cent growth in advance tax outgo at Rs 2,200 crore for the fourth quarter, up from Rs 1,600 crore in the corresponding period of last fiscal, the sources said.

Nation's largest fuel retailer Indian Oil almost doubled the advance tax payment at Rs 1,000 crore for the March quarter, up from the Rs 514 crore in the year-ago period, the sources said.

Pharma major Lupin paid an advance tax of Rs 430 crore for the fourth quarter as compared to Rs 200 crore in the year-ago period, showing a growth of 116 per cent.

New India Assurance has paid an advance tax of Rs 50 crore in the March quarter, up from the Rs 34 crore in the year-ago period, its chief financial officer S N Rajeshwari said.

SBI has also witnessed a seven per cent decline in the annual tax outgo at Rs 5,350 crore in the full fiscal from Rs 5,800 crore in 2014-15, the I-T sources said.

ICICI Bank has fared better on full fiscal front by paying Rs 5,400 crore in tax as against Rs 4,500 crore in the previous fiscal, showing a growth of 21 per cent.

For HDFC Bank, it has been a 23 per cent growth on a full fiscal basis at Rs 6,500 crore from Rs 5,300 crore in the year-ago period, they said.

In the case of Indian Oil, the bounty offered by lower oil prices has more than doubled the advance tax payment to Rs 2,900 crore from Rs 1,200 crore in the year-ago period.

Lupin paid Rs 980 crore in the full fiscal from Rs 750 crore in the year-ago period, a growth of 30 per cent.

LIC showed a growth of 12 per cent for the full fiscal tax payment at Rs 6,590 crore.

