

Quarterly Analysis of Government's Revenue Receipts

January-March 2022



Research Department
Bangladesh Bank

The report has been prepared by Special Studies and Fiscal Affairs Wing, Research Department, Bangladesh Bank (The Central Bank of Bangladesh). Comments on any aspects of the report are highly welcomed and can be sent to rupok.chad@bb.org.bd or puja.bhattacharjee@bb.org.bd.

Highlights of the report

- Total target for revenue collection for FY22 has been set at Tk. 3,89,000 crore, which is 10.7 percent and 34.5 percent higher than the revised target (Tk. 3,51,532 crore) and the actual revenue receipts (Tk. 2,89,318.1 crore) respectively in FY21.
- During the third quarter of FY22, i.e. January-March 2022, total revenue collection stood at Tk. 83,247 crore, which was 9.1 percent higher than that of the same period of FY21.
- During the quarter under review, total NBR tax revenue collection stood at Tk. 74,918.02 crore, which was 10.5 percent higher than that of the same quarter of previous fiscal year.
- During January-March 2022, direct tax and indirect tax increased by 11.5 percent and 9.9 percent compared to the same quarter of the last fiscal year and stood at Tk. 24,023.9 crore and Tk. 50,894.1 crore respectively.
- During January-March 2022, non-NBR tax revenue collection stood at Tk. 2,457.2 crore, which was 49.2 percent higher than that of the previous quarter and 24.0 percent lower than that of the corresponding quarter of the last fiscal year respectively.
- During January-March 2022, non-tax revenue collection stood at Tk. 5,871.8 crore, which was 41.2 percent and 11.4 percent higher than that of the previous quarter and the corresponding quarter of the last fiscal year respectively.

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The quarterly report on revenue collection depicts many dimensions of the revenue earnings path including category and sub-category-wise comparisons, inter-quarter comparisons, progress towards yearly target etc. along with important policy aspects taken by the government. The category-wise target, revised target and actual revenue collection are shown in Table 1.

Table 1: Target and Actual Revenue Collection at a glance

Source of Revenue	Target for FY22	Actual Collection up to March 2022*	Revised Target for FY21	Actual Collection in FY21*
I. Tax Revenue	3,46,000	2,09,324.9	3,16,000	2,66,798.6
A. NBR Tax Revenue	3,30,000	2,04,008.1	3,01,000	2,59,881.8
B. Non-NBR Tax Revenue	16,000	5,316.8	15,000	6,916.8
II. Non-Tax revenue	43,000	16,184.4	35,532	22,519.5
Total	3,89,000	2,25,509.3	3,51,532	2,89,318.1

(Tk. in crore)

* Provisional

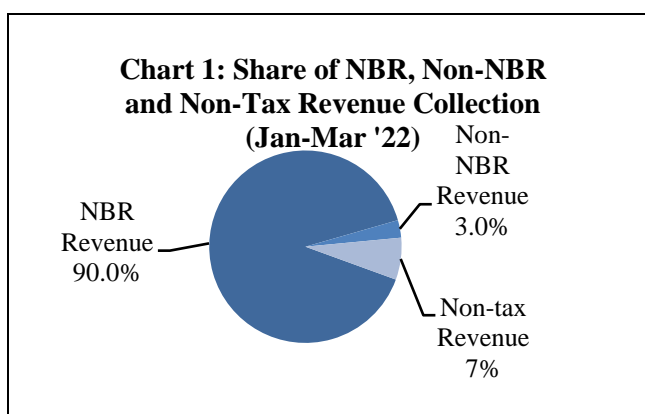
Sources: Budget in Brief, FY 2021-22, Ministry of Finance, National Board of Revenue (NBR) and Office of the Controller General of Accounts (CGA)

During January-March 2022, total revenue collection stood at Tk. 83,247 crore, which was 8.8 percent and 9.1 percent higher than that of the previous quarter and same quarter of the previous fiscal year respectively. According to the latest data, revenue collection from tax and non-tax sources of the Government is elaborately described below:

I. Tax Revenue

A. NBR Tax Revenue Collection

During the third quarter of FY22 (January-March 2022), the NBR tax revenue collection stood at Tk.74,918.02 crore (Annex 1), which was 5.9 percent and 10.5 percent higher than that of the previous quarter and the same quarter of previous fiscal year respectively mainly due to the increase in import duty, VAT, Supplementary duty, income tax and travel tax. The increased amount of



Source: NBR and CGA

^P This report has been prepared based on the provisional statements provided by NBR and CGA

tax revenue collection by NBR in the said quarter can be attributed to the continuous effort and necessary steps undertaken by the responsible authorities in this field.

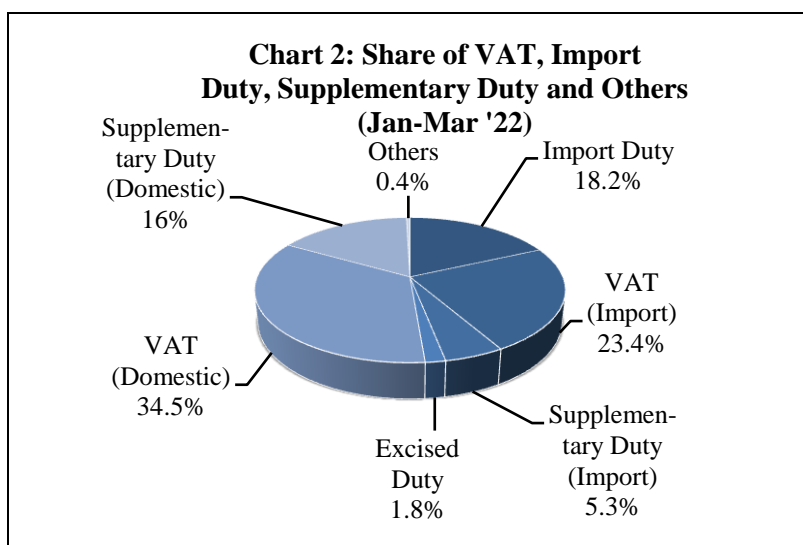
i) Direct Tax (Income Tax and Travel Tax)

During January-March 2022, direct tax increased by 10.8 percent compared to the previous quarter and stood at Tk. 24,023.9 crore. Moreover, this was 11.5 percent higher than that of the same quarter of the previous fiscal year. Of the sources of direct tax, income tax and travel tax increased by 10.4 percent and 55.8 percent compared to the previous quarter and stood at Tk. 23,735.7 crore and Tk. 288.3 crore respectively. Moreover, this income tax and travel tax were 10.8 and 139.7 percent higher than that of the corresponding quarter of the previous fiscal year respectively. The contribution of the income tax was 98.8 percent to total direct tax revenue collection by NBR during the quarter under review (Annex 2).

ii) Indirect Tax (VAT, Import Duty, Supplementary Duty and Others)

During January-March 2022, indirect tax increased by 3.8 percent compared to the previous quarter and stood at Tk. 50,894.1 crore. Moreover, this was 10.0 percent higher than that of the same quarter of the previous fiscal year (Annex 2).

VAT plays dominant role in indirect tax revenue collection as usual. A total of Tk. 29,488.6 crore was collected during January-March 2022 from VAT which was 5.1 and 14.0 percent higher than that of the previous quarter and the same quarter of the previous fiscal year. Of the other sources, Tk. 11,007.63 crore was collected from

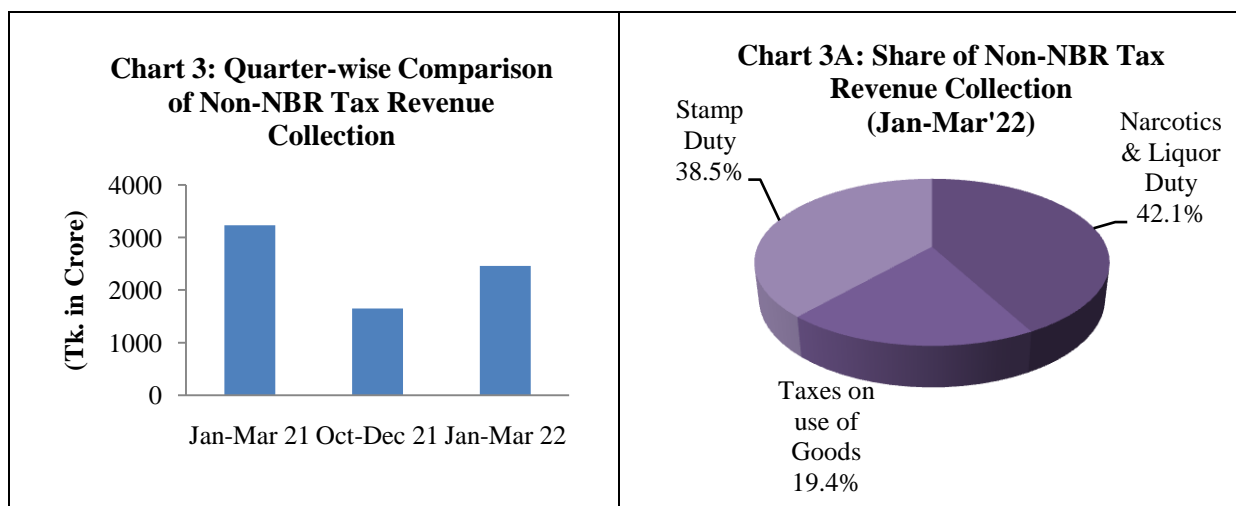


Source: NBR

Supplementary Duty (domestic including import) which was 4.2 percent higher than that of the previous quarter but 0.2 percent lower than that of the same quarter of the previous fiscal year. A total of Tk. 9271.6 crore was collected from import duty which was 9.0 and 11.9 percent higher than that of the previous quarter and the same quarter of the previous fiscal year. The share of the components of indirect tax during January-March 2022 is shown in chart 2.

B. Non-NBR Tax Revenue Collection

Among all the sources of revenue collection, the least expected earning source is the non-NBR tax revenue. In the budget of FY22, the annual target for non-NBR tax revenue collection has been set at only Tk. 16,000 crore which is 4.1 percent of the target for total revenue collection. During January-March 2022, revenue collection from non-NBR tax was Tk. 2,457.2 crore, which was 49.2 percent higher than that of the previous quarter but 24 percent lower than that of the same quarter of the preceding year (Annex 1). Narcotics & liquor duty, stamp duty and taxes on use of goods are the components of non-NBR revenue collection, which contributed by 42.1 percent (Tk. 1034.8 crore), 38.5 percent (Tk. 945.3 crore), and 19.4 percent (Tk. 477.1 crore) respectively in the total non-NBR tax revenue collection of the quarter under discussion. The quarter-wise comparison of Non-NBR tax revenue collection and share of the components of non-NBR tax revenue collection are shown in chart 3 and chart 3A respectively.



Source: CGA

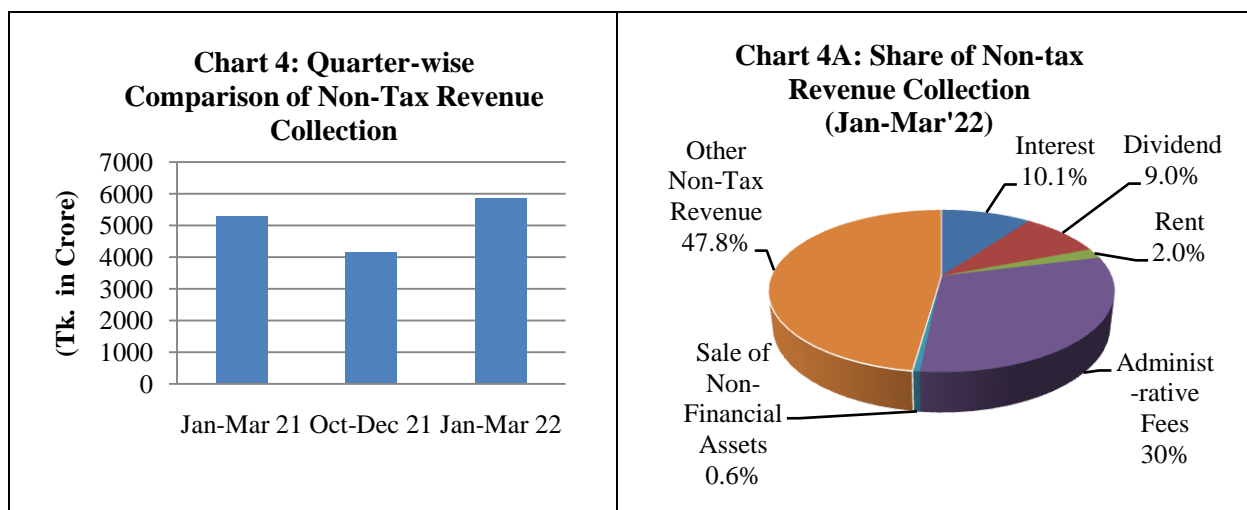
Source: CGA

II. Non-tax Revenue Collection

The second highest revenue earning source is the non-tax revenue collection. The annual target for non-tax revenue collection has been set at Tk. 43,000 crore for FY22 which is 11.1 percent of the total target set for revenue collection. During January-March 2022, the non-tax revenue collection was Tk. 5,871.8 crore which was 41.2 percent and 11.4 percent higher than that of the previous quarter and the corresponding quarter of the previous fiscal year respectively.

Among all the components, Administrative fees contributed the highest of 30.6 percent (Tk. 1793.9 crore) to the total non-tax revenue collection. Besides, interest, dividends and rent contributed 10.1 percent (Tk. 591.4 crore), 9.05 percent (Tk. 531.3 crore), and 1.9 percent (Tk. 116.4 crore) respectively. A total of Tk. 2805.7 crore (47.8 percent) was collected from other non-tax revenue sources. The quarter-wise

comparison of non-tax revenue collection and share of the components of non-tax revenue collection are shown in chart 4 and chart 4A respectively.



Source: CGA

Source: CGA

Important policy measures taken by the government for revenue mobilization

Every year revenue target is set at a newer height to cover higher budgetary expenses for the operating and development projects including the Annual Development Program projects. In line with this, the government has declared some important policy measures and action plans for revenue mobilization in the budget of FY22 which are stated below:

- Easy and seamless services to the taxpayers through digitalization and automation of income tax, VAT and customs duties have been provided by the NBR.
- To encourage the taxpayers, e-payment services have been initiated which are creating opportunity for the taxpayers to pay taxes at their convenience even without physical presence. Moreover, NBR has taken necessary steps for submitting the income tax online.
- To ascertain the authenticity and transparency of the audited statements of accounts submitted by the taxpayer companies The National Board of Revenue and Institute of Chartered Accountants of Bangladesh (ICAB) have jointly introduced Document Verification System (DVS). Furthermore, the e-TDS system has also been introduced for monitoring tax deduction and collection.
- For bringing transparency in VAT collection and establishing an ICT based VAT administration system the government has introduced a VAT Online Project.
- From August 2020 the NBR started installing EFD (Electronic Fiscal Device)/SDC (Sales Data Controller) to ensure easy, transparent and hassle-free VAT collection hoping that the general consumers will make this project successful.
- Following the global best practices of customs management, Customs Act, 2021 is being formulated which is now at the vetting stage.

(Annex-1)

Total Revenue Collection						
(Tk. In Crore)						
Source	Target For FY22	Jan-Mar'21	Oct-Dec'21	Jan-Mar'22	Percentage Change	
					Jan-Mar'22 over Oct-Dec'21	Jan-Mar'22 over Jan-Mar'21
NBR Tax revenue	330000 (84.83)	67829.22 (88.85)	70738.92 (92.42)	74918.02 (89.99)	5.91	10.45
Non-NBR Tax Revenue	16000 (4.11)	3234.78 (4.24)	1647.45 (2.15)	2457.18 (2.95)	49.15	-24.04
Non-Tax Revenue	43000 (11.05)	5273.17 (6.91)	4157.96 (5.43)	5871.80 (7.05)	41.22	11.35
Total	389000	76337.17	76544.33	83247	8.76	9.05

(Annex-2)

NBR Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target For FY22	Jan-Mar'21	Oct-Dec'21	Jan-Mar'22	Percentage Change	
					Jan-Mar'22 over Oct-Dec'21	Jan-Mar'22 over Jan-Mar'21
Direct Tax	105475 (31.96)	21540.48 (31.76)	21684.80 (30.65)	24023.93 (32.07)	10.79	11.53
Income Tax	103945.10	21420.23 (99.44)	21499.81 (99.15)	23735.68 (98.80)	10.40	10.81
Travel Tax	1529.90	120.25 (0.56)	184.99 (0.85)	288.25 (1.20)	55.82	139.71
Indirect Tax	224525 (68.04)	46288.74 (68.24)	49054.12 (69.35)	50894.09 (67.93)	3.75	9.95
Import Duty	37807.18	8284.29 (17.90)	8507.25 (17.34)	9271.55 (18.22)	8.98	11.92
VAT (import)	45554.76	9794.78 (21.16)	10983.62 (22.39)	11923.61 (23.43)	8.56	21.73
VAT (domestic)	82192.82	16074.89 (34.73)	17078.32 (34.82)	17565.00 (34.51)	2.85	9.27
Supplementary duty (Import)	12234.61	2266.52 (4.90)	2393.57 (4.88)	2684.19 (5.27)	12.14	18.43
Supplementary duty (domestic)	42990.65	8755.26 (18.91)	8173.78 (16.66)	8323.44 (16.35)	1.83	-4.93
Regulatory Duty	55.45	0.00 (0)	0.00 (0.00)	0.00 (0.00)	-	-
Excise Duty	3685.69	907.03 (1.96)	1629.32 (3.32)	905.12 (1.78)	-44.45	-0.21
Turn Over Tax	3.84	0.77 (0.00)	0.15 (0.00)	0.19 (0.00)	26.67	-75.32
Others	0	205.20 (0.44)	288.11 (0.59)	220.99 (0.43)	-23.30	7.69
Total of NBR tax	330000	67829.22	70738.92	74918.02	5.91	10.45

(Annex-3)

Non-NBR Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target for FY22	Jan-Mar'21	Oct-Dec'21	Jan-Mar'22	Percentage Change	
					Jan-Mar'22 over Oct-Dec'21	Jan-Mar'22 over Jan-Mar'21
Narcotics & Liquor Duty		1996.88 (61.73)	256.01 (15.54)	1034.80 (42.11)	304.20	-48.18
Taxes on use of Goods		441.49 (13.65)	499.81 (30.34)	477.09 (19.42)	-4.55	8.06
Stamp Duty		796.42 (24.62)	891.63 (54.12)	945.28 (38.47)	6.02	18.69
Other Non-NBR Taxes		0.00 (0)	0.00 (0)	0.00 (0)		
Total Non-NBR Tax	16000	3234.78	1647.45	2457.18	49.15	-24.04

(Annex-4)

Non-Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target for FY22	Jan-Mar'21	Oct-Dec'21	Jan-Mar'22	Percentage Change	
					Jan-Mar'22 over Oct-Dec'21	Jan-Mar'22 over Jan-Mar'21
Interest		601.80 (11.41)	421.59 (10.14)	591.37 (10.07)	40.27	-1.73
Dividends		449.40 (8.52)	390.37 (9.39)	531.28 (9.05)	36.10	18.22
Rent		76.60 (1.45)	63.37 (1.52)	116.43 (1.98)	83.74	52.00
Administrative Fees		1320.37 (25.04)	1697.44 (40.82)	1793.85 (30.55)	5.68	35.86
Sale of Non-Financial Assets		52.93 (1.00)	30.49 (0.73)	33.19 (0.57)	8.86	-37.29
Other Non-Tax Revenues		2772.07 (52.57)	1554.70 (37.39)	2805.68 (47.78)	80.46	1.21
Total of Non-Tax	43000	5273.17	4157.96	5871.80	41.22	11.35

N.B: Figures in parenthesis indicate share in the respective total for that category.

Data Source:

*Budget in Brief, FY 2021-22, Ministry of Finance,
National Board of Revenue (NBR) and
Office of the Controller General of Accounts (CGA)*