

Quarterly Analysis of Government's Revenue Receipts July-September 2022



Research Department
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Some Stylized Facts: July-September 2022

- *The target for total revenue collection in FY'23 was set at Tk. 433000 crore, 11.3 percent higher than the revised revenue target (Tk. 389000 crore) in FY'22.*
- *During the first quarter of FY'23, i.e. July-September 2022, total revenue collection stood at Tk. 76183.7 crore, which was 28.3 percent lower but 16.6 percent higher than that of the previous quarter and that of the same quarter of FY'22 respectively.*
- *During the quarter under review, total NBR tax revenue collection stood at Tk. 67124.5 crore, which was 31.3 percent lower than that of the previous quarter but 15.7 percent higher than that of the same quarter of the previous fiscal year.*
- *During July-September 2022, direct and indirect tax increased by 13.9 percent and 16.5 percent compared to that of the corresponding quarter of the last fiscal year and stood at Tk. 20122.9 crore and Tk. 47001.6 crore respectively.*
- *During July-September 2022, non-NBR tax revenue collection stood at Tk. 1759.8 crore, which was 5.2 percent and 45.4 percent higher than that of the previous quarter and the corresponding quarter of the last fiscal year.*
- *During July-September 2022, non-tax revenue collection stood at Tk. 7299.5 crore, which was 5.9 percent higher than that of the previous quarter as well as 19.1 percent higher than that of the corresponding quarter of the last fiscal year.*

Quarterly Analysis of Government's Revenue Receipts^P

July-September 2022

The quarterly scenario on revenue collection depicts many dimensions of the revenue earnings path including category and sub-category-wise comparisons, inter-quarter comparisons, progress towards the 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 FY23	Actual* Collection till Sep'22 of FY23	Revised Target for FY22	Actual* Collection in FY22
I. Tax Revenue	3,88,000	68,884.3	3,46,000	3,08,625.6
A. NBR Tax Revenue	3,70,000	67,124.5	3,30,000	3,01,633.8
B. Non-NBR Tax Revenue	18,000	1,759.8	16,000	6,991.8
II. Non-Tax revenue	45,000	7,299.5	43,000	23847.7
Total	4,33,000	76,183.7	3,89,000	3,32,473.3

* Provisional

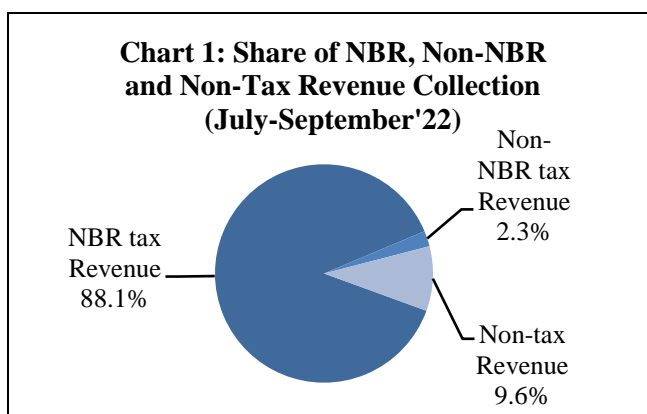
Sources: Budget Speech, FY 2022-23, Ministry of Finance, National Board of Revenue (NBR) and Office of the Controller General of Accounts (CGA)

During July-September 2022, total revenue collection stood at Tk.76183.7 crore, which was 28.3 percent lower than that of the previous quarter but 16.6 percent higher than that of the same quarter of the previous fiscal year (Annex-1). In the said quarter, NBR tax revenue collection comprised almost 88.1 percent of total revenue collection, while Non-NBR tax revenue and Non-tax revenue collection were only 2.3 percent and 9.6 percent respectively (Chart-1). According to the latest data, revenue collection from different sources of the government is elaborately described below:

I. Tax Revenue

A. NBR Tax Revenue Collection

During the first quarter of FY23 (July-September 2022), the NBR tax revenue collection stood at Tk. 67124.5 crore (Annex 1), which was 31.3 percent lower than that of the previous quarter due to the fact that the tax collection usually boosts in the last quarter of a fiscal year. However, this collection was 15.7 percent higher than that of the same quarter of the previous fiscal year. Tax



Source: NBR and CGA

P= Provisional; Source: NBR and CGA

revenue collection by NBR can be categorized into direct and indirect segments based on the point of impact principal of taxation.

(i) Direct Tax (Income Tax and Travel Tax)

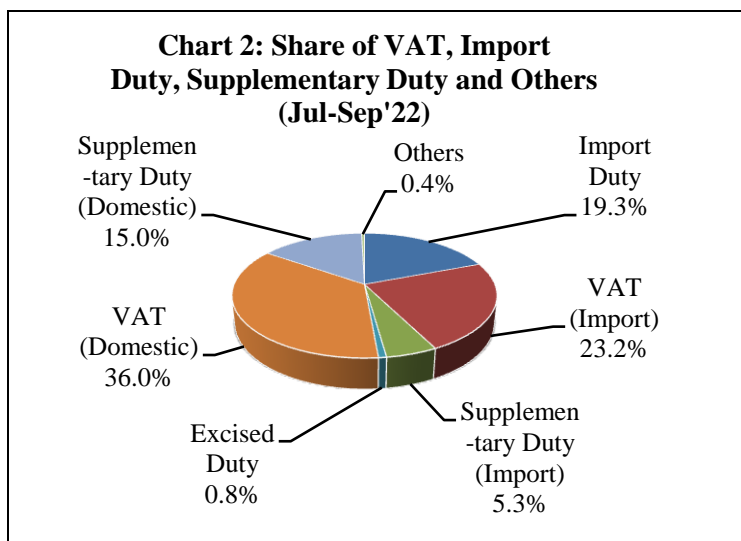
During July-September 2022, collection from the direct tax decreased by 49.9 percent compared to the previous quarter and stood at Tk. 20122.9 crore. However, this was 13.9 percent higher than that of the same quarter of the previous fiscal year. Direct tax contributed around 30 percent of total NBR revenue collection in the said quarter.

Of the sources of direct tax, income tax and travel tax collection stood at Tk. 19808.2 crore and Tk. 314.7 crore which decreased by 50.2 percent and 5.3 percent respectively compared to the previous quarter. However, this income tax and travel tax were 12.7 and 303.2 percent higher than that of the corresponding quarter of the previous fiscal year respectively. The income tax contribution was 98.4 percent of the 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 the first quarter of FY23, indirect tax decreased by 18.3 percent compared to that of the previous quarter and stood at Tk. 47001.6 crore. However, this was 16.5 percent higher than that of the same quarter of the previous fiscal year. Indirect tax contributed 70 percent of total NBR revenue collection during the quarter under review (Annex 2).

As usual, VAT plays dominant role in indirect tax revenue collection. A total of Tk. 27842.2 crore was collected during July-September 2022 from VAT (domestic and import) which was 21.2 percent lower but 15.9 percent higher than that of the previous quarter and the same quarter of the previous fiscal year respectively. Of the other sources, Tk. 9524 crore was collected from Supplementary Duty (domestic and import) which was almost 15 percent lower but 14.8 percent

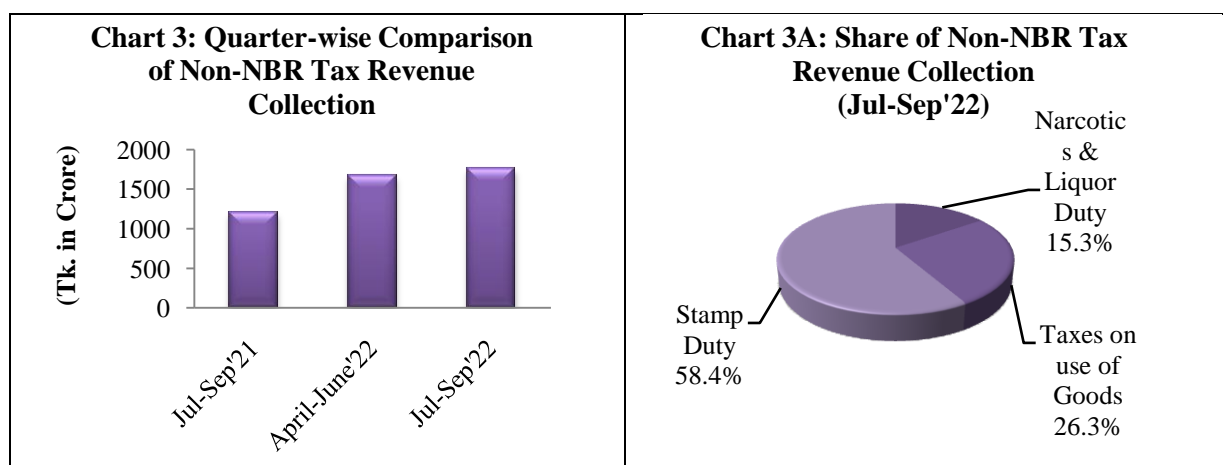


Source: NBR

higher than that of the previous quarter and the same quarter of the previous fiscal year respectively. A total of Tk. 9050.3 crore was collected from import duty which was 7.4 percent lower than that of the previous quarter. However, it was 17.2 percent higher than that of the same quarter of the previous fiscal year. The share of the components of indirect tax during July-September 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 FY23, the annual target for non-NBR tax revenue collection has been set at only Tk. 18000 crore which is 4.2 percent of the target for total revenue collection. During July-September 2022, revenue collection from non-NBR tax was Tk. 1759.8 crore, which was 5.2 percent and 45.4 higher than that of the previous quarter and the same quarter of the preceding year respectively (Annex 1). Stamp duty, taxes on use of goods, and narcotics & liquor duty are the components of non-NBR revenue collection, which contributed by 58.4 percent (Tk. 1027.4 crore), 26.3 percent (Tk. 462.9 crore), and 15.3 percent (Tk. 269.5 crore) respectively in the total non-NBR tax revenue collection during the quarter under discussion. The quarter-wise comparison of Non-NBR tax revenue collection and the share of the components of non-NBR tax revenue collection are shown in chart 3 and chart 3A respectively.



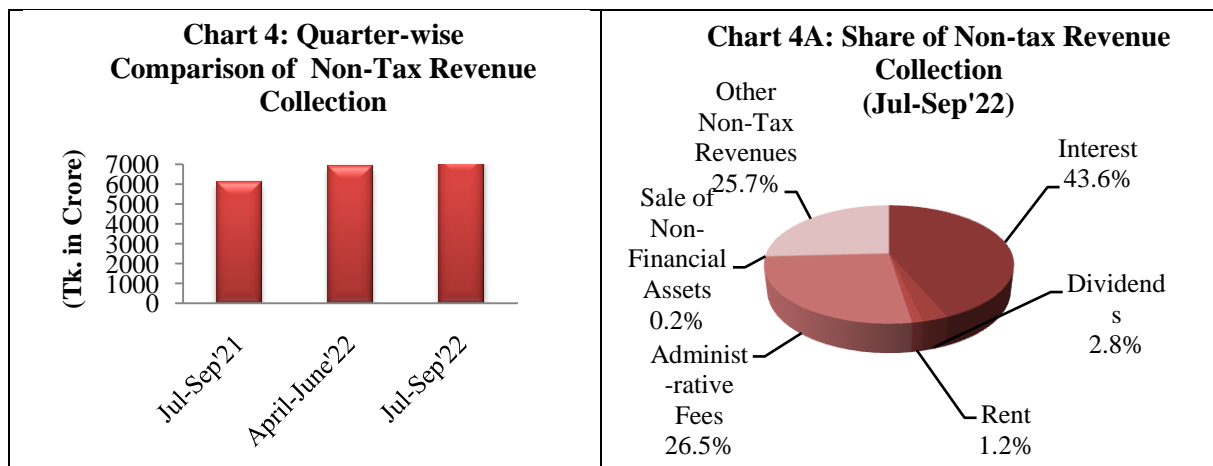
Source: CGA

Source: CGA

II. Non-tax Revenue Collection

The second highest revenue-earning source is non-tax revenue collection. The annual target for non-tax revenue collection in FY23 has been set at Tk. 45000 crore which is 10.4 percent of the total target set for revenue collection. During July-September 2022, the non-tax revenue collection was Tk. 7299.5 crore which was 5.9 percent and 19.1 percent higher than that of the previous quarter and that of the corresponding quarter of the previous fiscal year respectively.

Interest contributed 43.6 percent (Tk. 3180.4 crore) to the total non-tax revenue collection which was highest among all the components. Besides, administrative fee, dividends and rent contributed 26.5 percent (Tk. 1936.3 crore), 2.8 percent (Tk. 203.3 crore) and 1.2 percent (Tk. 87.1 crore) respectively. A total of Tk. 1875.7 crore (25.7 percent) was collected from other non-tax revenue sources. The quarter-wise comparison of non-tax revenue collection and the 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 FY23 which are stated below:

- The NBR has provided easy and seamless services to the taxpayers through digitalization and automation of income tax, VAT and customs duties.
- E-payment services have been initiated which are creating opportunity for encouraging 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 the 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
- To increase the number of tax payers, an E-filing system has been introduced for the taxpayers so that they can easily file their income tax returns online.
- The NBR installed EFD (Electronic Fiscal Device)/SDC (Sales Data Controller) in various sectors to ensure easy, transparent and hassle-free VAT collection hoping that the general consumers will make this project successful.
- Incorporating the global best practices of customs management, the Customs Act, 2021 is being formulated which is now at the vetting stage. Moreover, several modernization initiatives, such as National Single Window (NSW), automation of Bond Management and introduction of an Authorized Economic Operator (AEO) are in progress to speed up customs clearance and to bring dynamism to import-export trade.

(Annex-1)

Total Revenue Collection						
(Tk. In Crore)						
Source	Target For FY'23	Jul-Sep'21	Apr-Jun'22	Jul-Sep'22	Percentage Change	
					Jul-Sep'22 over Apr-Jun'22	Jul-Sep'22 over Jul-Sep'21
NBR Tax revenue	370000 (85.45)	58023.5 (88.77)	97654.8 (91.94)	67124.5 (88.11)	-31.26	15.68
Non-NBR Tax Revenue	18000 (4.16)	1210.7 (1.85)	1673.5 (1.58)	1759.8 (2.31)	5.15	45.36
Non-Tax Revenue	45000 (10.39)	6129.5 (9.38)	6889.8 (6.49)	7299.5 (9.58)	5.95	19.09
Total	433000	65363.7	106218.1	76183.7	-28.28	16.55

(Annex-2)

NBR Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target For FY'23	Jul-Sep'21	Apr-Jun'22	Jul-Sep'22	Percentage Change	
					Jul-Sep'22 over Apr-Jun'22	Jul-Sep'22 over Jul-Sep'21
Direct Tax	122100 (33)	17662.6 (30.44)	40133.6 (41.10)	20122.9 (29.98)	-49.86	13.93
Income Tax	121094.00	17584.60 (99.56)	39801.3 (99.17)	19808.2 (98.44)	-50.23	12.65
Travel Tax	1006.00	78.0 (0.44)	332.4 (0.83)	314.7 (1.56)	-5.32	303.23
Indirect Tax	247900 (67)	40360.9 (69.56)	57521.2 (58.90)	47001.6 (70.02)	-18.29	16.45
Import Duty	43994.3	7720.2 (19.13)	9769.4 (16.98)	9050.3 (19.26)	-7.36	17.23
VAT (import)	52529.5	9533.5 (23.62)	11902.1 (20.69)	10908.7 (23.21)	-8.35	14.42
VAT (domestic)	93696	14491.6 (35.91)	23441.2 (40.75)	16933.6 (36.03)	-27.76	16.85
Supplementary duty (Import)	14413.34	2012.4 (4.99)	2730.4 (4.75)	2493.5 (5.30)	-8.68	23.90
Supplementary duty (domestic)	39261.61	6281.2 (15.56)	8468.7 (14.72)	7030.5 (14.96)	-16.98	11.93
Regulatory Duty	62.8	0.7 (0.00)	0.0 (0.00)	2.5 (0.00)	-	-
Excise Duty	3941.61	158.7 (0.39)	409.5 (0.71)	382.9 (0.81)	-6.51	141.30
Turn Over Tax	0.78	0.2 (0.00)	0.1 (0.00)	0.1 (0.00)	25.00	-50.00
Others	0	162.3 (0.40)	799.8 (1.39)	199.6 (0.42)	-75.04	22.98
Total of NBR tax	370000	58023.5	97654.8	67124.5	-31.26	15.68

(Annex-3)

Non-NBR Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target For FY'23	Jul-Sep'21	Apr-Jun'22	Jul-Sep'22	Percentage Change	
					Jul-Sep'22 over Apr-Jun'22	Jul-Sep'22 over Jul-Sep'21
Narcotics & Liquor Duty		152.2 (12.57)	306.0 (18.28)	269.5 (15.32)	-11.92	77.12
Taxes on use of Goods		391.3 (32.32)	482.4 (28.82)	462.9 (26.30)	-4.04	18.30
Stamp Duty		667.2 (55.11)	885.2 (52.89)	1027.4 (58.38)	16.07	53.98
Other Non-NBR Taxes		0.00 (0)	0.00 (0)	0.00 (0)	-	-
Total Non-NBR Tax	18000	1210.7	1673.5	1759.8	5.15	45.36

(Annex-4)

Non-Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target For FY'23	Jul-Sep'21	Apr-Jun'22	Jul-Sep'22	Percentage Change	
					Jul-Sep'22 over Apr-Jun'22	Jul-Sep'22 over Jul-Sep'21
Interest		454.3 (7.41)	480.1 (6.97)	3180.4 (43.57)	562.48	600.02
Dividends		3371.6 (55.00)	726.2 (10.54)	203.3 (2.79)	-72.00	-93.97
Rent		83.3 (1.36)	212.9 (3.09)	87.1 (1.19)	-59.07	4.55
Administrative Fees		1077.3 (17.58)	2277.9 (33.06)	1936.3 (26.53)	-14.99	79.74
Sale of Non-Financial Assets		11.4 (0.19)	221.8 (3.22)	16.7 (0.23)	-92.46	46.42
Other Non-Tax Revenues		1131.6 (18.46)	2970.96 (43.12)	1875.7 (25.70)	-36.87	65.67
Total of Non-Tax	45000	6129.51	6889.75	7299.48	5.95	19.09

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

Data Source:

*Budget Speech, FY 2022-23, Ministry of Finance,
National Board of Revenue (NBR) and
Office of the Controller General of Accounts (CGA)*