

Quarterly Analysis of Government's Revenue Receipts July-September 2023



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.

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Some Stylized Facts: July-September 2023

- *The target for total revenue collection for FY'24 has been set at Tk. 5,00,000 crore, which is 15.5 percent higher than the revised revenue target (Tk. 4,33,000 crore) in FY'23.*
- *During the first quarter of FY'24, i.e. July-September 2023, total revenue collection stood at Tk. 93,787.2 crore, which was 18.8 percent lower but 23.1 percent higher than that of the previous quarter and that of the same quarter of FY'23.*
- *During the quarter under review, total NBR tax revenue collection stood at Tk. 76,751.3 crore, which was 27.2 percent lower than that of the previous quarter but 14.3 percent higher than that of the same quarter of previous fiscal year.*
- *During July-September 2023, direct tax and indirect tax increased by 17.5 percent and 13.0 percent compared to that of the corresponding quarter of the last fiscal year and stood at Tk. 23,641.2 crore and Tk. 53,110.2 crore respectively.*
- *During July-September 2023, non-NBR tax revenue collection stood at Tk. 1,795.4 crore, which was 0.4 percent lower than that of the previous quarter but 2.0 percent higher than that of the corresponding quarter of the last fiscal year.*
- *During July-September 2023, non-tax revenue collection stood at Tk. 15,240.5 crore, which was 84.7 percent and 108.8 percent higher than that of the previous quarter and the corresponding quarter of the last fiscal year respectively.*

Quarterly Analysis of Government's Revenue Receipts^P

July-September 2023

The quarterly analysis of revenue receipts provides a comprehensive view of its various aspects, encompassing by category and sub-category, quarter-to-quarter comparisons, tracking progress towards the annual target and highlighting key government policy initiatives in the process. 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 FY24	Actual* Collection till Sep'23 of FY24	Revised Target for FY23	Actual Collection till Sep'22 of FY23
I. Tax Revenue	4,50,000	78,546.7	3,88,000	68,884.23
A. NBR Tax Revenue	4,30,000	76,751.3	3,70,000	67,124.5
B. Non-NBR Tax Revenue	20,000	1,795.4	18,000	1,759.8
II. Non-Tax Revenue	50,000	15,240.5	45,000	7,299.5
Total	5,00,000	93,787.2	4,33,000	76,183.7

*Provisional

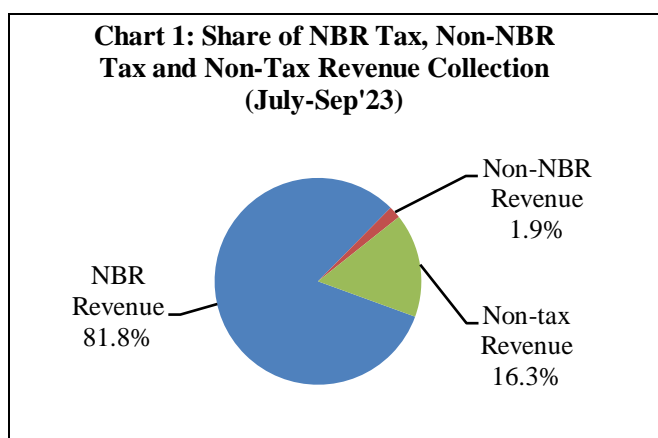
Sources: Budget Speech, FY 2023-24, Ministry of Finance, National Board of Revenue (NBR) and Office of the Controller General of Accounts (CGA)

During the first quarter of FY24 i.e. July-September 2023, the total revenue collection stood at Tk. 93,787.2 crore which is 18.8 percent lower than that of the preceding quarter but 23.1 percent higher than the same quarter of the previous fiscal year. During this quarter, a significant portion of the revenue, approximately 82 percent, was as usual collected by NBR as tax revenue, while non-NBR tax revenue and non-tax revenue constituted smaller shares of 1.9 percent and 16.3 percent respectively (Chart-1). As per the latest available 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 FY'24 (July-September 2023) the NBR tax revenue collection stood at Tk. 76,751.3 crore (Annex 1) which was 27.2 percent lower than that of the previous quarter but 14.3 percent higher than the same quarter of previous fiscal year. Tax revenue collection by NBR can be categorized into direct and indirect segments based on the impact of taxation principle.



Source: NBR and CGA

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

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

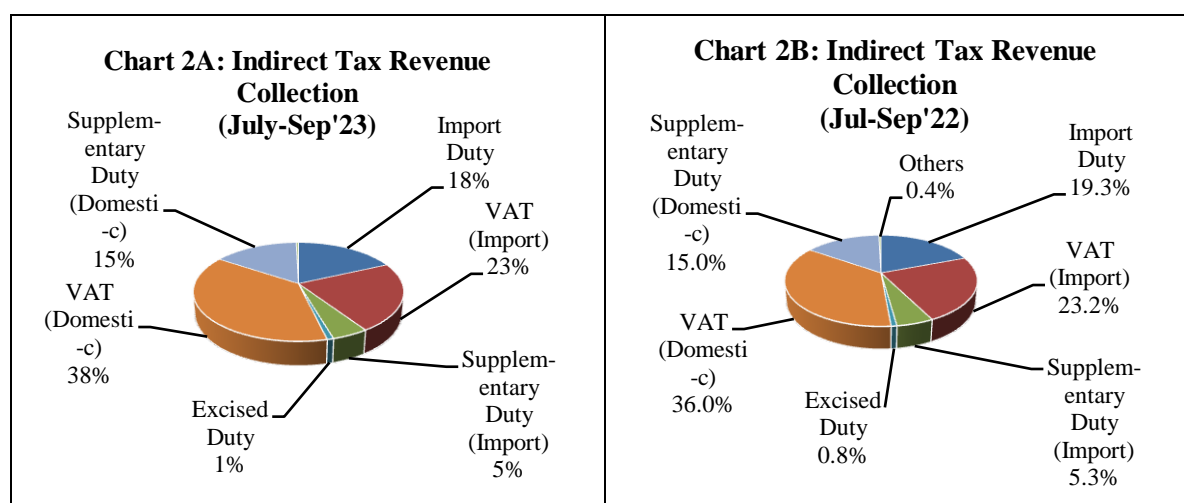
During July-September 2023, collection from direct tax decreased by 43.9 percent compared to the previous quarter and stood at Tk. 23,641.2 crore. Moreover, this was 17.5 percent higher than that of the same quarter of the previous fiscal year. In the said quarter, direct tax contributed 30.8 percent to total NBR revenue collection.

Of the sources of direct tax, income tax and travel tax collection decreased by 44.3 percent and 8.2 percent compared to the previous quarter and stood at Tk. 23,195.4 crore and Tk. 445.8 crore respectively. However, this income tax and travel tax were 17.1 and 41.7 percent higher than that of the corresponding quarter of the previous fiscal year respectively. The contribution of the income tax was 98.1 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 the first quarter of FY'24, indirect tax decreased by 16.2 percent compared to that of the previous quarter and stood at Tk. 53,110.2 crore. But this was 13 percent higher than that of the same quarter of the previous fiscal year. Indirect tax contributed 69.2 percent of total NBR revenue collection during the quarter under review (Annex 2).

VAT plays dominant role in indirect tax revenue collection as usual. A total of Tk. 32,150.6 crore was collected during July-September 2023 from VAT (domestic and import) which was 13.7 percent lower but 15.5 percent higher than that of the previous quarter and the same quarter of the previous fiscal year respectively. Of the other sources, Tk. 10,654.2 crore was collected from supplementary duty (domestic and import) which was 24.4 percent lower but 11.9 percent higher than that of the previous quarter and the same quarter of the previous fiscal year respectively. A total of Tk. 9,640.6 crore was collected from import duty which was 3.9 percent lower but 6.5 percent higher than that of the previous quarter and the same quarter of the previous fiscal year respectively. The share of the components of indirect tax during July-September 2023 and July-September 2022 is shown in chart 2A and chart 2B respectively.

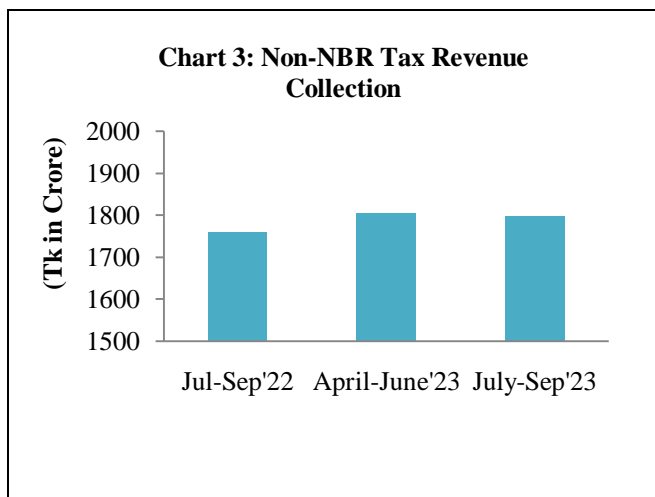


Source: NBR

B. Non-NBR Tax Revenue Collection

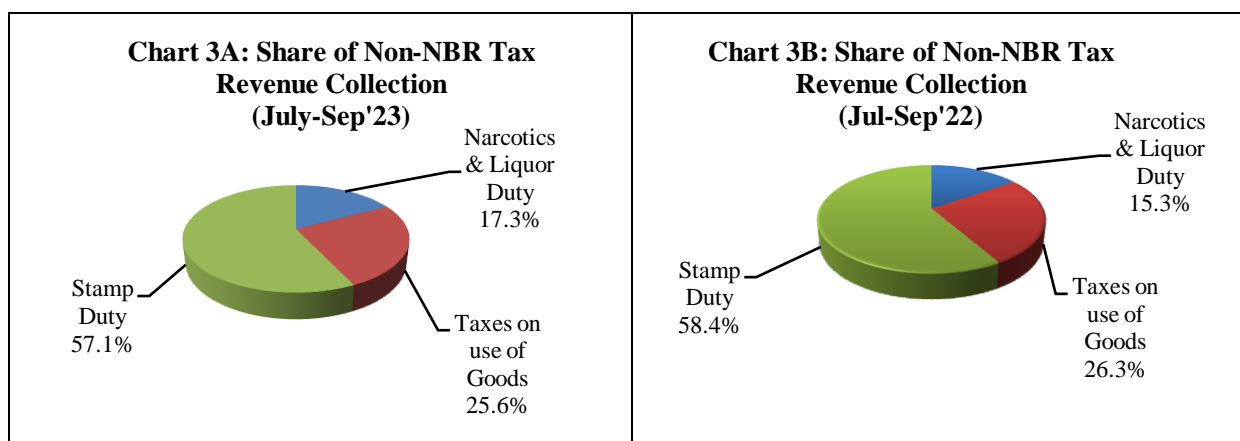
Among all the sources of revenue collection, the least expected earning source is the non-NBR tax revenue. In the budget of FY'24, the annual target for non-NBR tax revenue collection has been set at only Tk. 20,000 crore which is 4 percent of the target for total revenue collection.

During July-September 2023, revenue collection from non-NBR tax stood at Tk. 1,795.4 crore, which is 0.4 percent lower than that of the previous quarter but 2.0 percent higher than that of 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 57.1 percent (Tk. 1,025.4 crore), 25.6 percent (Tk. 460.2 crore) and 17.3 percent (Tk. 309.9 crore)



Source: CGA

respectively to the total non-NBR tax revenue collection of the quarter under review. The quarter-wise comparison of non-NBR tax revenue collection and share of the components of non-NBR tax revenue collection during the July-September quarter of the current and previous fiscal year are shown in chart 3, chart 3A and 3B respectively.

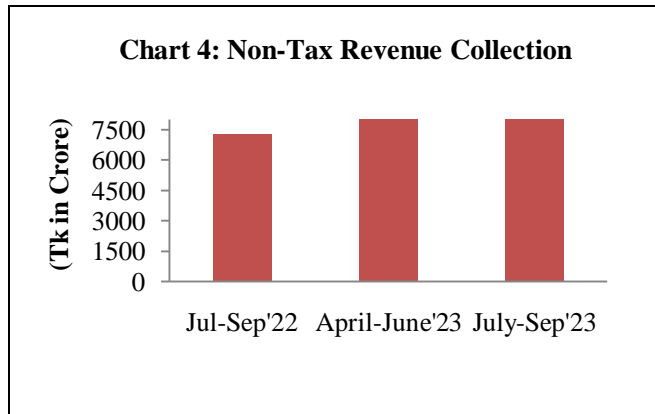


Source: CGA

II. Non-tax Revenue Collection

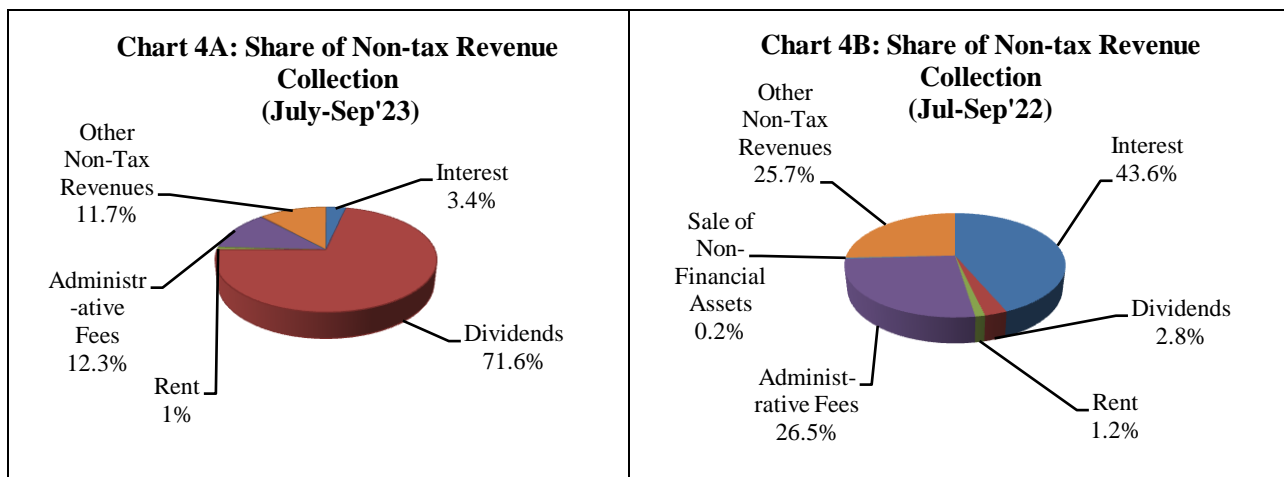
The second highest revenue earning source is the non-tax revenue collection. The annual target for non-tax revenue collection has been set at Tk. 50,000 crore in FY'24 which is 10 percent of the total target for revenue collection. During July-September 2023, the non-tax revenue collection stood at Tk. 15,240.5 crore which are 84.7 percent and 108.8 percent higher than that of the previous quarter and that of the corresponding quarter of the previous fiscal year respectively.

Among all the components, dividends contributed the highest of 71.6 percent (Tk. 10,907.0 crore) to the total non-tax revenue collection whereas, administrative fee, interest, and rent contribute 12.3 percent (Tk. 1,867.9 crore), 3.4 percent (Tk. 522.1 crore) and 0.9 percent (Tk. 129.8 crore) respectively. A total of Tk. 1,779.8 crore (11.7 percent) has been 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 during the July September quarter of the current and previous fiscal year are shown in chart 4, chart 4A and 4B respectively.



Source: CGA

comparison of non-tax revenue collection and share of the components of non-tax revenue collection during the July September quarter of the current and previous fiscal year are shown in chart 4, chart 4A and 4B respectively.



Source: CGA

Important policy measures taken by the government for revenue mobilization in FY24

Each year, the revenue target is increased to accommodate increased budgetary expenditures. In tandem with this, the government also announced key policy measures and action plans for revenue mobilization in the budget. The major policy measures undertaken by the government for FY'24, are outlined below:

- The NBR has facilitated taxpayers by offering user-friendly and seamless services through the digitalization and automation of income tax, VAT and customs duties.
- E-payment services have been initiated which are creating opportunities for encouraging the taxpayers to pay taxes at their convenience, even without physical presence. Moreover, taxpayers can now pay taxes directly through their bank accounts.
- The National Board of Revenue and the Institute of Chartered Accountants of Bangladesh (ICAB) have jointly introduced the Document Verification System (DVS) to ascertain the authenticity and transparency of the audited statements of accounts submitted by the taxpayer companies. Furthermore, the E-TDS system has also been introduced for monitoring tax deduction and collection.

- To increase the number of taxpayers, an E-filing system has been introduced for the taxpayers so that they can easily file their income tax returns online. Furthermore, the growth of tax returns is further propelled by policy measures and the mandatory proof of submission of return (PSR) for accessing various government services.
- The NBR installed Electronic Fiscal Device (EFD)/Sales Data Controller (SDC) in various sectors to ensure easy, transparent and hassle-free VAT collection, hoping that the general consumers will make this project successful.
- Incorporating from international best practices in customs management, the formulation of the Customs Act, 2021 is currently at vetting stage. Additionally, various modernization endeavors, such as the implementation of the National Single Window (NSW), the automation of Bond Management, the establishment of the Customs Risk Management Commissionerate and the introduction of an Authorized Economic Operator (AEO) etc. are underway to expedite customs clearance and add dynamism into import-export trade.

(Annex-1)

Total Revenue Collection						
(Tk. In Crore)						
Source	Target For FY'24	July-Sep'22	April-June'23	July-Sep'23	Percentage Change	
					July-Sep'23 over April-June'23	July-Sep'23 over July-Sep'22
NBR Tax revenue	430000 (86.0)	67124.45 (88.11)	105477.67 (91.30)	76751.30 (81.84)	-27.23	14.34
Non-NBR Tax Revenue	20000 (4.0)	1759.78 (2.31)	1803.43 (1.56)	1795.44 (1.91)	-0.44	2.03
Non-Tax Revenue	50000 (10.0)	7299.48 (9.58)	8250.53 (7.14)	15240.52 (16.25)	84.72	108.79
Total	500000	76183.72	115531.63	93787.27	-18.82	23.11

(Annex-2)

NBR Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target For FY'24	July-Sep'22	April-June'23	July-Sep'23	Percentage Change	
					July-Sep'23 over April-June'23	July-Sep'23 over July-Sep'22
Direct Tax	154800 (36.00)	20122.86 (29.98)	42119.47 (39.93)	23641.15 (30.80)	-43.87	17.48
Income Tax	153065.00	19808.18 (98.44)	41633.76 (98.85)	23195.35 (98.11)	-44.29	17.10
Travel Tax	1735.00	314.68 (1.56)	485.71 (1.15)	445.80 (1.89)	-8.22	41.67
Indirect Tax	275200 (64.00)	47001.59 (70.02)	63358.20 (60.07)	53110.15 (69.20)	-16.17	13.00
Import Duty	46015	9050.28 (19.25)	10033.53 (15.84)	9640.55 (18.15)	-3.92	6.52
VAT (import)	54944	10908.65 (23.21)	12593.58 (19.88)	11941.77 (22.48)	-5.18	9.47
VAT (domestic)	110772.45	16933.59 (36.03)	24661.99 (38.92)	20208.82 (38.05)	-18.06	19.34
Supplementary duty (Import)	15075	2493.5 (5.31)	2724.87 (4.30)	2545.57 (4.79)	-6.58	2.09
Supplementary duty (domestic)	43118.71	7030.46 (14.96)	11361.6 (17.93)	8108.66 (15.27)	-28.63	15.34
Regulatory Duty	66	2.51 (0.00)	0.03 (0.00)	0.01 (0.00)	-66.67	-
Excise Duty	5208.14	382.87 (0.81)	1233.87 (1.95)	446.86 (0.84)	-63.78	16.71
Turn Over Tax	0.9	0.1 (0.00)	27.09 (0.04)	0.35 (0.00)	-98.71	250.00
Others	0	199.63 (0.42)	721.64 (1.14)	217.56 (0.41)	-69.85	8.98
Total of NBR tax	430000	67124.45	105477.67	76751.30	-27.23	14.34

(Annex-3)

Non-NBR Tax Revenue Receipts

(Tk. In Crore)

Sector of Receipts	Target For FY'24	July-Sep'22	April-June'23	July-Sep'23	Percentage Change	
					July-Sep'23 over April-June'23	July-Sep'23 over July-Sep'22
Narcotics & Liquor Duty		269.53 (15.32)	357.12 (19.80)	309.86 (17.26)	-13.23	14.96
Taxes on use of Goods		462.86 (26.30)	463.26 (25.69)	460.20 (25.63)	-0.66	-0.57
Stamp Duty		1027.39 (58.38)	983.05 (54.51)	1025.38 (57.11)	4.31	-0.20
Other Non-NBR Taxes		0.00 (0)	0.00 (0)	0.00 (0)	-	-
Total Non-NBR Tax	20000	1759.78	1803.43	1795.44	-0.44	2.03

(Annex-4)

Non-Tax Revenue Receipts

(Tk. In Crore)

Sector of Receipts	Target For FY'24	July-Sep'22	April-June'23	July-Sep'23	Percentage Change	
					July-Sep'23 over April-June'23	July-Sep'23 over July-Sep'22
Interest		3180.38 (43.57)	1121.49 (13.59)	522.10 (3.42)	-53.45	-83.58
Dividends		203.30 (2.78)	319.80 (3.87)	10907.04 (71.57)	3310.56	5265.00
Rent		87.13 (1.19)	333.53 (4.04)	129.78 (0.85)	-61.09	48.94
Administrative Fees		1936.30 (26.53)	1741.09 (21.10)	1867.93 (12.26)	7.29	-3.53
Sale of Non-Financial Assets		16.71 (0.23)	65.60 (0.80)	33.92 (0.22)	-48.30	102.95
Other Non-Tax Revenues		1875.65 (25.70)	4669.02 (56.59)	1779.76 (11.68)	-61.88	-5.11
Total of Non-Tax	50000	7299.48	8250.53	15240.52	84.72	108.79

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

Data Source:

*Budget Speech, FY 2023-24, Ministry of Finance,
National Board of Revenue (NBR) and
Office of the Controller General of Accounts (CGA)*