

Quarterly Analysis of Government's Revenue Receipts

July-September 2021



Research Department
Bangladesh Bank

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Highlights of the report

- Total target for revenue collection for FY'22 has been set at TK. 3,89,000 crore, which was 10.7 percent higher than the revised target (TK. 3,51,532 crore) for FY'21.
- During the first quarter of FY'22, i.e. July- Sep'21, total revenue collection stood at TK. 65,691.3 crore, which was 9.4 percent higher than that off the same period of FY'21.
- In FY'21, total revenue collection stood at TK. 2,89,318.1 crore which was 82.3 percent of the revised target.
- During the quarter under review, total NBR tax revenue collection stood at TK. 58,351.2 crore, which was 88.8 percent of the government total revenue collection.
- During July-September'21 of FY'22 direct tax increased by 12.8 percent to TK.17,949.5 crore over that of the same period of the last fiscal year.
- Indirect tax dominated NBR tax revenue collection, which was TK. 40,401.7 crore or 69.2 percent of the total NBR tax revenue collection during this quarter.
- On the other hand, a total of TK. 1,210.7 crore was collected from non-NBR tax revenue source, which was 76.4 percent higher than that of the previous quarter as well as 17.3 percent higher than that of the corresponding quarter of the last fiscal year.
- During the first quarter of FY'22, the non-tax revenue collection amounted to TK. 6,129.5 crore, which was 190.1 percent higher than that of the previous quarter and 32.0 percent lower than that of the corresponding quarter of the last fiscal year.

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

Table 1: Total Revenue Collection at a glance

(TK. in crore)		
Source of Revenue	Target for FY22	Actual Collection in FY21 [*]
I. Tax Revenue	3,46,000	2,66,798.6
A. NBR Tax Revenue	3,30,000	2,59,881.8
B. Non-NBR Tax Revenue	16,000	6,916.8
II. Non-Tax revenue	43,000	22,519.5
Total	3,89,000	2,89,318.1

^{*} Provisional

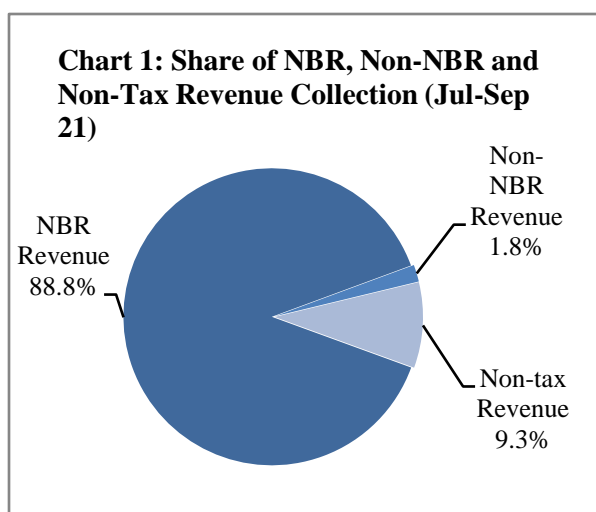
Source: Budget in Brief, FY 2021-22, Ministry of Finance

During July-September'21 total revenue collection stood at TK. 65691.3 crore, which was 9.4 percent higher than that of the same quarter of the previous fiscal year. According to the latest data, tax Revenue and non-tax revenue collection of government revenue are elaborately described below:

I. Tax Revenue

A. NBR tax revenue collection

During the first quarter of FY22 (July-September 2021), the NBR tax revenue collection stood at TK. 58,351.2 crore (annex 1), which was 28.5 percent lower than that of the previous quarter mainly due to the decrease in VAT, Supplementary duty, import duty, excise duty, income tax and travel tax, as the tax collection usually boosts in the last quarter of a fiscal year. However, despite the current pandemic situation, the year on year growth of NBR-tax collection during July-September'21 did



Source: NBR and CGA

^P Provisional

not hamper due to the necessary steps by the Government. It was 16.7 percent higher than that of the same period of previous fiscal year. The contribution of the NBR tax revenue collection was about 17.7 percent of the individual NBR annual target and around 15.0 percent of total targeted revenue receipts for FY22.

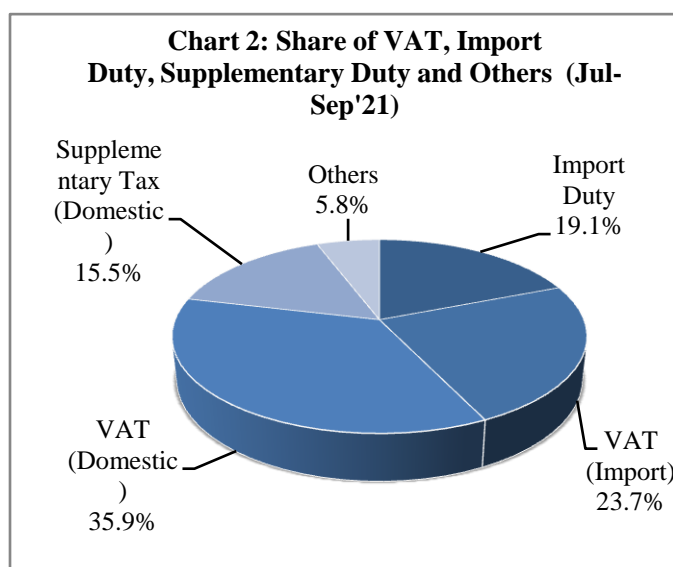
i) Income Tax Collection

During July-September 2021, income tax including travel tax increased by 12.8 percent year-on-year basis, amounting to TK. 17,949.5 crore (annex 2). Income tax is usually realized at the last quarter of the fiscal year. That is why it was 39.0 percent lower than the previous quarter. The contribution of the income tax was 30.8 percent of total collection of NBR tax.

ii) VAT, Import Duty, Supplementary Duty and Others

During July-September 2021, VAT, Import Duty, Supplementary Duty and others declined by 22.6 percent to TK. 40,401.7 crore. However, this was 18.6 percent higher than the same quarter of the previous fiscal year (annex 2).

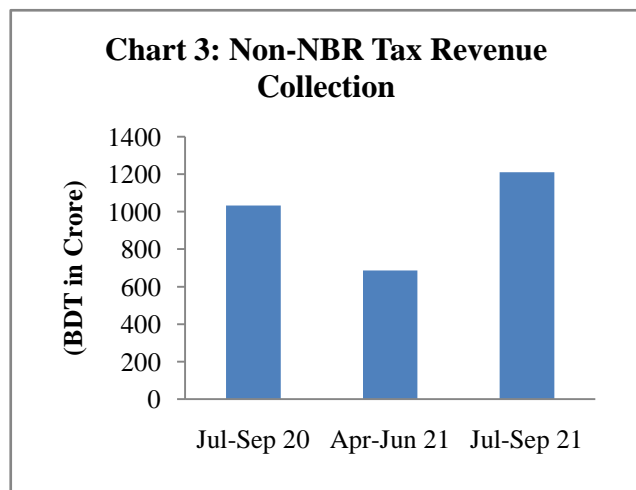
VAT (domestic) plays a dominant role as usual, that was recorded 35.9 percent of total indirect tax revenue collection while VAT (import), Import Duty and Supplementary Duty (domestic) contributed 23.7, 19.1 and 15.5 percent respectively (Chart 2).



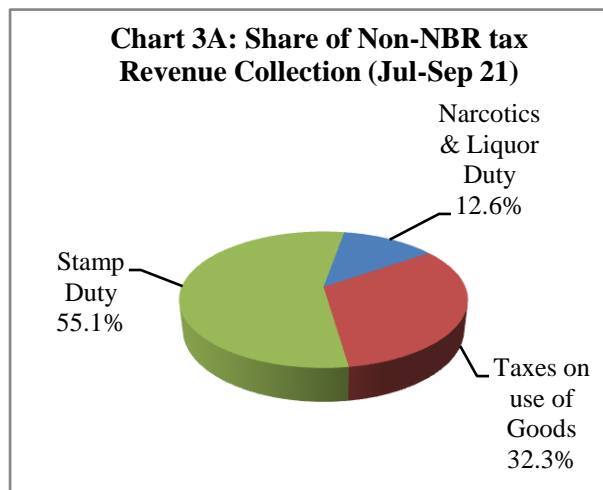
Source: NBR

B. Non-NBR Tax Revenue Collection

Among all the sources of revenue collection, Non-NBR tax revenue is the least expected earning source targeting only TK. 16,000 crore in the budget for FY22 which was 4.1 percent of the target for total revenue collection (annex 1). During July-September 2021, non-NBR tax revenue collection was TK. 1,210.7 crore, which was 76.4 and 17.3 percent higher than that of the previous quarter and the same quarter of preceding year respectively (chart 3). Stamp Duty, Taxes on use of goods and Narcotics & Liquor are the components of Non-NBR revenue collection, which contributed by 55.1 percent, 32.3 percent, and 12.6 percent respectively in the total non-NBR revenue collection (Chart 3A).



Source: CGA

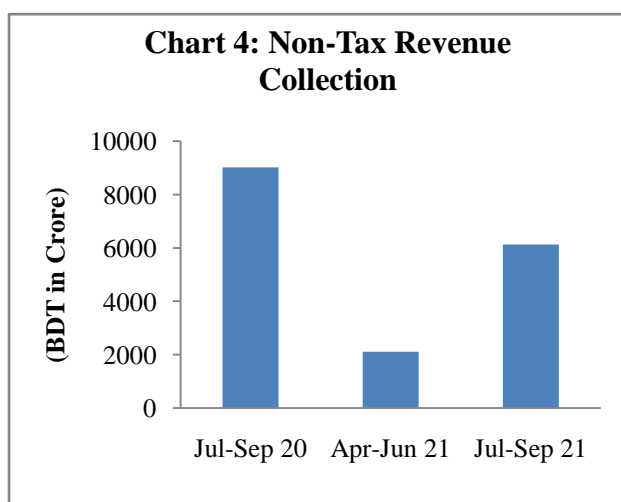


Source: CGA

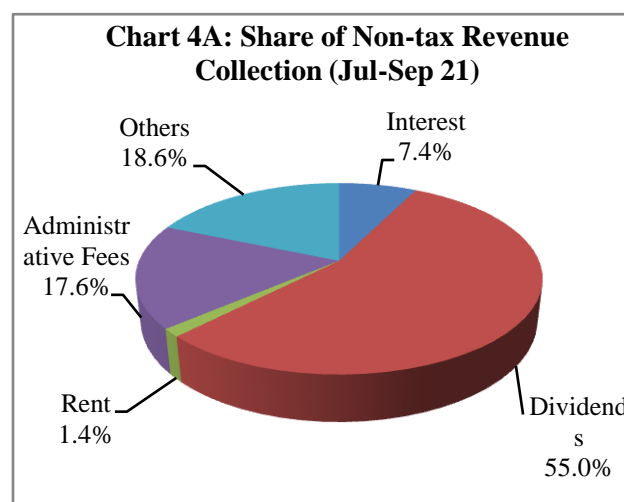
II. Non-tax Revenue Collection

Non-tax revenue is the second highest revenue earning source among all the sources of revenue collection. The annual target for Non-tax revenue collection was set at TK. 43,000 crore for FY'22 which was 11.1 percent of the total revenue collection. During July-September 2021, the non-tax revenue collection was TK. 6,129.5 crore which was 190.1 percent higher than that of previous quarter but 32 percent lower than that of the corresponding quarter of previous fiscal year (Chart 4, annex 1).

Among all sources, Dividend contributed the most (55 percent) in the total non-tax revenue collection. Besides, Administrative fees, Interest, Rent, and others contributed 17.6 percent, 7.4 percent, 1.4 percent and 18.6 percent respectively (Chart 4A).



Source: CGA



Source: CGA

Important policy measures taken by the government for revenue mobilization

Every year, revenue target is set at newer height to cover higher budgetary expenses for the operating and development projects including the ADP projects. In line with this, the government has declared some important initiatives and action plans for revenue mobilization in the budget for FY22. A few of these are stated below:

Some policy initiatives declared in the national budget for FY22

- Practical measures have been implemented along with easy and seamless services to the taxpayers through digitalization and automation of Income Tax, VAT and Customs duties under the NBR.
- To encourage the taxpayers, e-payment services have been initiated which will create an opportunity for taxpayers to pay taxes at their convenience even without physical presence. Moreover, the government 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.
- As per international best practices followed worldwide for customs management, a new Customs Act, 2021 is being formulated and it is now at the vetting stage.

(Annex-1)

Total Revenue Collection						
(Tk. In Crore)						
Source	Target For FY'22	July-Sep'20	April-Jun'21	July-Sep'21	Percentage Change	
					July-Sep'21 over April-Jun'21	July-Sep'21 over July-Sep'20
NBR tax revenue	330000 (84.83)	49989.72 (83.26)	81618.2 (96.68)	58351.19 (88.83)	-28.5	16.7
Non-NBR Tax Revenue	16000 (4.11)	1032.38 (1.72)	686.22 (0.81)	1210.65 (1.84)	76.4	17.3
Non-Tax Revenue	43000 (11.1)	9019.3 (15.0)	2112.83 (2.50)	6129.5 (9.33)	190.1	-32.0
Total	389000	60041.40	84417.67	65691.34	-22.1	9.4

(Annex-2)

NBR Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target For FY'22	July-Sep'20	April-Jun'21	July-Sep'21	Percentage Change	
					July-Sep'21 over April-Jun'21	July-Sep'21 over July-Sep'20
Direct Tax	105475.00 (31.96)	15919.54 (31.84)	29420.27 (36.04)	17949.45 (30.76)	-39.0	12.8
Income Tax	103945.10	15881.74 (99.76)	29316.58 (99.65)	17871.41 (99.57)	-39.0	12.5
Travel Tax	1529.90	37.8 (0.24)	103.69 (0.35)	78.04 (0.43)	-24.7	106.5
Indirect Tax	224525.00 (68.04)	34070.18 (68.15)	52198.35 (63.95)	40401.74 (69.24)	-22.6	18.6
Import Duty	37807.18	6283.8 (18.44)	8994.46 (17.23)	7719.71 (19.11)	-14.2	22.9
VAT (import)	45554.76	8043.02 (23.61)	11770.43 (22.55)	9576.84 (23.70)	-18.6	19.1
VAT (domestic)	82192.82	12577.3 (36.92)	19855.44 (38.04)	14491.52 (35.87)	-27.0	15.2
Supplementary duty (Import)	12234.61	1631.89 (4.79)	2396.21 (4.59)	2012.43 (4.98)	-16.0	23.3
Supplementary duty (domestic)	42990.65	5275.33 (15.48)	8261.11 (15.83)	6281.21 (15.55)	-24.0	19.1
Regulatory Duty	55.45	0.00 (0)	0.60 (0.00)	0.67 (0.00)	11.7	
Excise Duty	3685.69	123.69 (0.36)	199.17 (0.38)	158.67 (0.39)	-20.3	28.3
Turn Over Tax	3.84	0.23 (0.00)	0.19 (0.00)	0.20 (0.00)	5.3	-13.0
Others	0	134.92 (0.4)	720.74 (1.38)	160.49 (0.39)	-77.7	19.0
Total	330,000.00	49989.72	81618.62	58351.19	-28.5	16.7

(Annex-3)

Non-NBR Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target for FY22	July-Sep'20	April-Jun'21	July-Sep'21	Percentage Change	
					July-Sep'21 over April-Jun'21	July-Sep'21 over July-Sep'20
Narcotics & Liquor Duty		17.19 (1.67)	174.65 (25.45)	152.18 (12.57)	-12.9	785.3
Taxes on use of Goods		373.83 (36.21)	201.83 (29.41)	391.26 (32.31)	93.9	4.7
Stamp Duty		641.36 (62.12)	309.74 (45.14)	667.21 (55.11)	115.4	4.0
Other Non-NBR Taxes		0.00 (0)	0.00 (0)	0.00 (0)		
Total		1032.38	686.22	1210.65	76.4	17.3

(Annex-4)

Non-Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target for FY22	July-Sep'20	April-Jun'21	July-Sep'21	Percentage Change	
					July-Sep'21 over April-Jun'21	July-Sep'21 over July-Sep'20
Interest		6471.16 (71.75)	166.5 (7.88)	454.32 (7.41)	172.9	-93.0
Dividends		385.56 (4.27)	207.41 (9.82)	3371.59 (55.01)	1525.6	774.5
Rent		87.49 (0.97)	212.1 (10.04)	83.34 (1.36)	-60.7	-4.7
Administrative Fees		937.48 (10.39)	492.6 (23.31)	1077.27 (17.58)	118.7	14.9
Sale of Non-Financial Assets		25.65 (0.28)	135.15 (6.40)	11.41 (0.19)	-91.6	-55.5
Other Non-Tax Revenues		1111.96 (12.33)	899.07 (42.55)	1131.57 (18.46)	25.9	1.8
Total		9019.3	2112.83	6129.50	190.1	-32.0

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

Data Source: National Board of Revenue (NBR) and Office of the Controller General of Accounts (CGA)