

Quarterly Analysis of Government's Revenue Receipts

October-December 2021



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 was 10.7 percent and 34.5 percent higher than the revised target (Tk. 3,51,532 crore) and the actual revenue receipts (Tk. 289318.1 crore) respectively in FY21.
- During the second quarter of FY22, i.e.Oct-Dec 2021, total revenue collection stood at Tk. 76,544.3 crore, which was 15.9 percent higher than that of the same period of FY21.
- During the quarter under review, total NBR tax revenue collection stood at Tk. 70,738.9 crore, which was 17.0 percent higher than that of the same quarter of previous fiscal year.
- During October-December 2021, Direct tax and indirect tax increased by 18.2 percent and 16.5 percent to Tk. 21,684.8 crore and Tk. 49,054.1 crore respectively than that of the same period of the last fiscal year (Annex-2).
- VAT, supplementary duty, import duty and others tax/duties dominated NBR tax revenue collection which was Tk. 49,054.1 crore or 69.3 percent of the total NBR tax revenue collection during this quarter (Annex-2).
- During October-December 2021, Non-NBR tax revenue collection stood at Tk. 1647.5 crore, which was 36.1 percent and 22.6 percent higher than that of the previous quarter and the corresponding quarter of the last fiscal year respectively (Annex-3).
- During October-December 2021, Non-tax revenue collection stood at Tk. 4,158.0 crore, which was 32.2 percent and 2.2 percent lower 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 comparison, 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 is shown in Table 1.

Table 1: Total Revenue Collection at a glance

Source of Revenue	Target for FY22	Revised Target for FY21	Actual Collection in FY21*
I. Tax Revenue	3,46,000	3,16,000	2,66,798.6
A. NBR Tax Revenue	3,30,000	3,01,000	2,59,881.8
B. Non-NBR Tax Revenue	16,000	15,000	6,916.8
II. Non-Tax revenue	43,000	35,532	22,519.5
Total	3,89,000	3,51,532	2,89,318.1

* Provisional

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

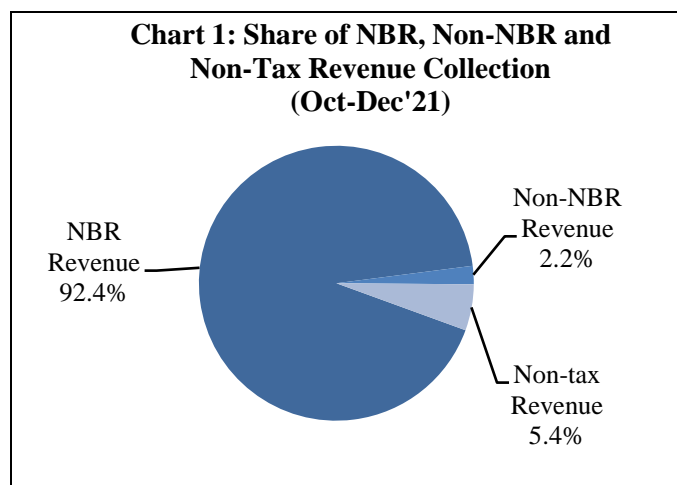
During October-December 2021 total revenue collection stood at Tk.76544.3 crore, which was 15.9 percent higher than that of the same quarter of the previous fiscal year. According to the latest data, Tax Revenue and Non-Tax revenue collection of the Government Revenue Receipts are elaborately described below:

I. Tax Revenue

A. NBR tax revenue collection

During the second quarter of FY22 (October-December 2021), the NBR tax revenue collection stood at Tk.70738.9 crore (annex 1), which was 21.2 percent and 17.0 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, excise duty, income tax and travel tax. The current pandemic situation did not hamper the

Chart 1: Share of NBR, Non-NBR and Non-Tax Revenue Collection (Oct-Dec'21)



Source: NBR and CGA

^P Provisional

revenue collection due to the necessary steps undertaken by the Government.

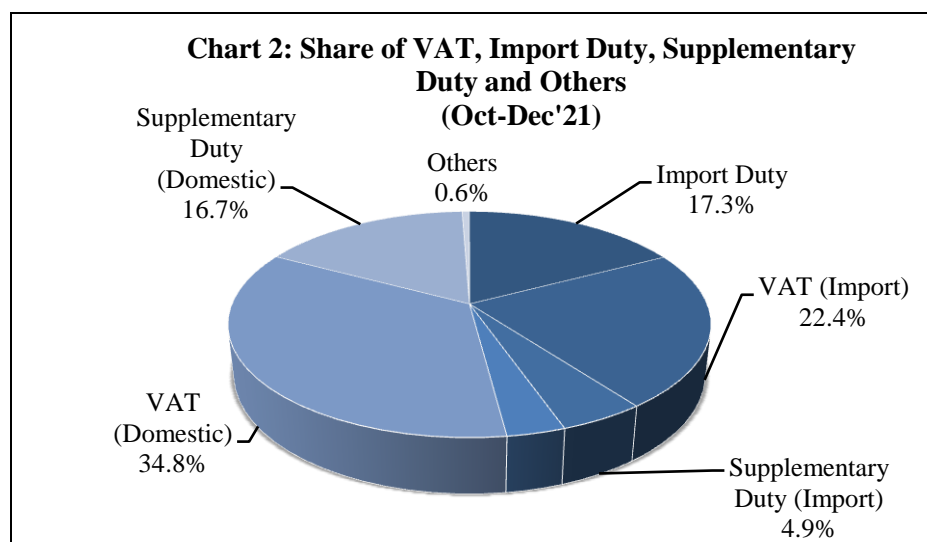
i) Direct Tax (Income Tax and Travel Tax)

During October-December 2021, Direct Tax increased by 18.2 percent to Tk. 21,684.8 crore than that of the same quarter of the previous fiscal year. Of which Income Tax and Travel Tax increased by 17.7 percent and 149.4 percent to Tk. 21,499.8 crore and Tk. 185.0 crore respectively than that of the same quarter of previous fiscal year (Annex 2). Direct tax was 20.8 percent higher than that of the previous quarter. The contribution of the Direct tax was 30.7 percent of total collection of NBR tax during the quarter under review.

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

During October-December 2021, Indirect Tax increased by 16.5 percent to Tk. 49,054.1 crore than that of the same period of the previous fiscal year. Furthermore, this was 21.4 percent higher than July-September 2021 (Annex 2).

VAT (domestic) plays a dominant role as usual, that was recorded to Tk. 17,078.3 crore (34.8 percent) of total indirect tax revenue collection while VAT (import), Import Duty and Supplementary



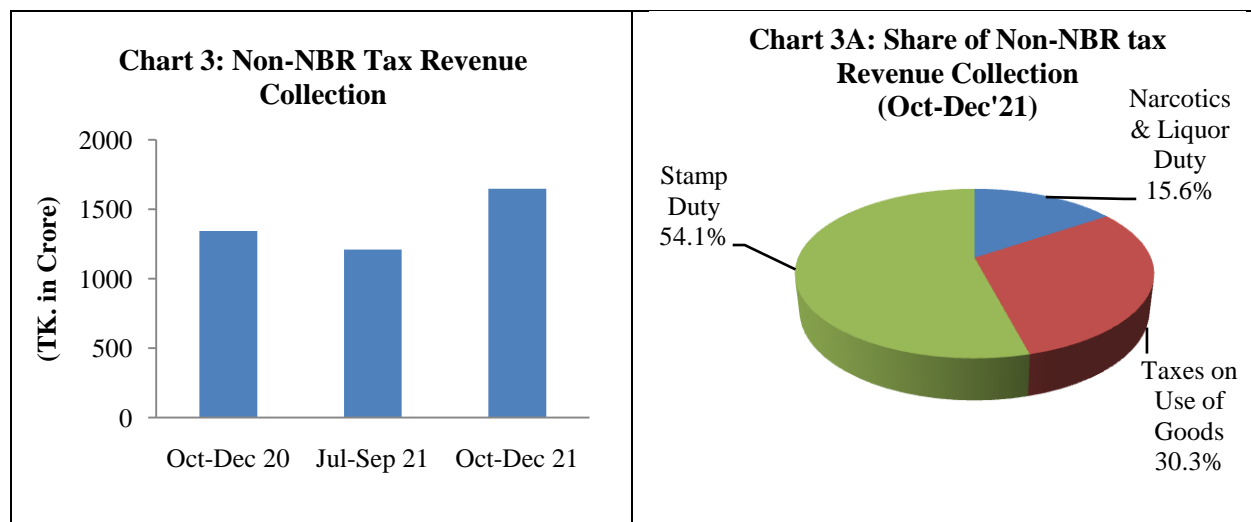
Source: NBR

Duty (domestic) contributed 22.4 percent (Tk. 10,983.62 crore), 17.3 percent (Tk. 8,507.25 crore), and 16.7 percent (Tk. 8,173.78 crore) respectively during the quarter under review (Chart 2).

B. Non-NBR Tax Revenue Collection

Non-NBR tax revenue is the least expected earning source, among all the sources of revenue collection. In the budget for FY22, the annual target for Non-NBR tax revenue collection was set at only Tk. 16,000 crore which was 4.1 percent of the target for total revenue collection (Table-1). During October-December 2021, Non-NBR tax revenue collection was Tk. 1,647.5 crore, which was 36.1 and 22.6 percent higher than that of the previous quarter and the same quarter of the preceding year respectively (Annex 3). Stamp

Duty, Taxes on use of goods and Narcotics & Liquor are the components of Non-NBR revenue collection, which contributed by 54.1 percent (Tk. 891.63 crore), 30.3 percent (Tk. 499.81 crore), and 15.6 percent (Tk. 256.01 crore), respectively in the total Non-NBR revenue collection (Chart 3A).



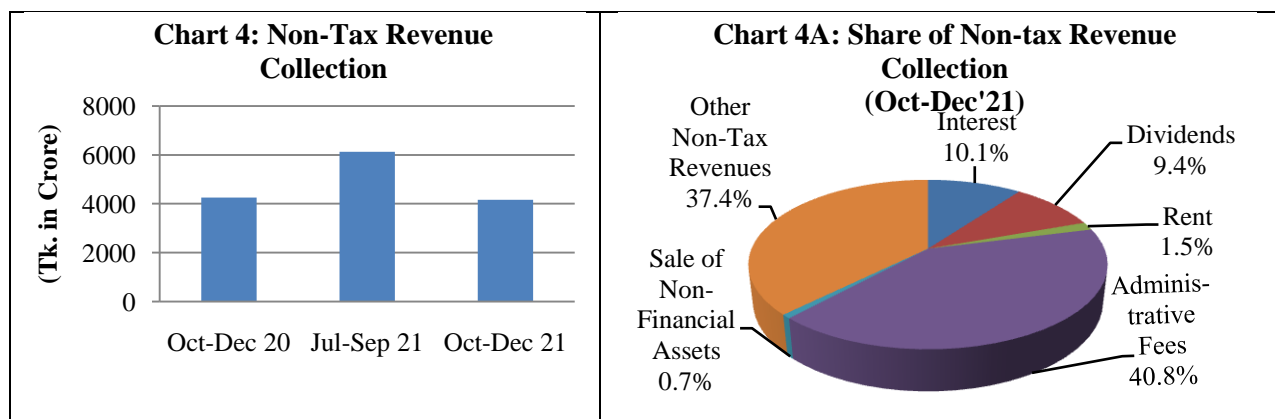
Source: CGA

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 was set at Tk. 43,000 crore for FY22 which was 11.1 percent of the total revenue collection. During October-December 2021, the Non-tax revenue collection was Tk. 4,157.9 crore which was 32.2 percent and 2.2 percent lower than that of the previous quarter and the corresponding quarter of the previous fiscal year respectively (Chart 4, Annex 4).

Among all the components, Administrative fees contributed the most (Tk. 1697.4 crore or 40.8 in percent) in the total Non-tax revenue collection. Besides, Interest, Dividends, Rent, and Others contributed 10.1 percent (Tk. 421.6 crore), 9.4 percent (Tk. 390.4 crore), 1.5 percent (Tk. 63.4 crore), and 37.4 percent (Tk. 1554.7 crore) respectively (Chart 4A).



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 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 FY22	Oct-Dec'20	July-Sep'21	Oct-Dec'21	Percentage Change	
					Oct-Dec'21 over July-Sep'21	Oct-Dec'21 over Oct-Dec'20
NBR tax revenue	330000 (84.83)	60442.56 (91.53)	58351.19 (88.83)	70738.92 (92.42)	21.23	17.03
Non-NBR Tax Revenue	16000 (4.11)	1344.07 (2.04)	1210.65 (1.84)	1647.45 (2.15)	36.08	22.57
Non-Tax Revenue	43000 (11.05)	4249.26 (6.43)	6129.5 (9.33)	4157.96 (5.43)	-32.16	-2.15
Total	389000	66035.89	65691.34	76544.33	16.52	15.91

(Annex-2)

NBR tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target For FY22	Oct-Dec'20	July-Sep'21	Oct-Dec'21	Percentage Change	
					Oct-Dec'21 over July-Sep'21	Oct-Dec'21 over Oct-Dec'20
Direct Tax	105475 (31.96)	18342.79 (30.35)	17949.45 (30.76)	21684.80 (30.65)	20.81	18.22
Income Tax	103945.10	18268.60 (99.59)	17871.41 (99.57)	21499.81 (99.15)	20.30	17.69
Travel Tax	1529.90	74.19 (0.40)	78.04 (0.43)	184.99 (0.85)	137.05	149.35
Indirect Tax	224525 (68.04)	42099.77 (69.65)	40401.74 (69.24)	49054.12 (69.35)	21.42	16.52
Import Duty	37807.18	6893.36 (16.37)	7719.71 (19.11)	8507.25 (17.34)	10.20	23.41
VAT (import)	45554.76	8663.55 (20.58)	9576.84 (23.70)	10983.62 (22.39)	14.69	26.78
VAT (domestic)	82192.82	15279.71 (36.29)	14491.52 (35.87)	17078.32 (34.82)	17.85	11.77
Supplementary duty (Import)	12234.61	2127.5 (5.05)	2012.43 (4.98)	2393.57 (4.88)	18.94	12.51
Supplementary duty (domestic)	42990.65	7756.03 (18.42)	6281.21 (15.55)	8173.78 (16.66)	30.13	5.39
Regulatory Duty	55.45	0.00 (0)	0.67 (0.00)	0.00 (0.00)	-100.0	-
Excise Duty	3685.69	1188.29 (2.82)	158.67 (0.39)	1629.32 (3.32)	926.86	37.11
Turn Over Tax	3.84	0.26 (0.00)	0.20 (0.00)	0.15 (0.00)	-25.0	-42.31
Others	0	191.07 (0.45)	160.49 (0.39)	288.11 (0.59)	79.52	50.79
Total of NBR tax	330000	60442.56	58351.19	70738.92	21.23	17.03

(Annex-3)

Non-NBR Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target for FY22	Oct-Dec'20	July-Sep'21	Oct-Dec'21	Percentage Change	
					Oct-Dec'21 over July-Sep'21	Oct-Dec'21 over Oct-Dec'20
Narcotics & Liquor Duty		75.60 (5.62)	152.18 (12.57)	256.01 (15.54)	68.23	238.64
Taxes on use of Goods		443.11 (32.97)	391.26 (32.32)	499.81 (30.34)	27.74	12.80
Stamp Duty		825.36 (61.41)	667.21 (55.11)	891.63 (54.12)	33.64	8.03
Other Non-NBR Taxes		0.00 (0)	0.00 (0)	0.00 (0)		
Total Non-NBR Tax		1344.07	1210.65	1647.45	36.08	22.57

(Annex-4)

Non-Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Target for FY22	Oct-Dec'20	July-Sep'21	Oct-Dec'21	Percentage Change	
					Oct-Dec'21 over July-Sep'21	Oct-Dec'21 over Oct-Dec'20
Interest		307.69 (7.24)	454.32 (7.41)	421.59 (10.14)	-7.20	37.02
Dividends		439.80 (10.35)	3371.59 (55.01)	390.37 (9.39)	-88.42	-11.24
Rent		36.05 (0.85)	83.34 (1.36)	63.37 (1.52)	-23.96	75.78
Administrative Fees		1520.96 (35.79)	1077.27 (17.58)	1697.44 (40.82)	57.57	11.60
Sale of Non-Financial Assets		17.13 (0.40)	11.41 (0.19)	30.49 (0.73)	167.22	77.99
Other Non-Tax Revenues		1927.63 (45.36)	1131.57 (18.46)	1554.70 (37.39)	37.39	-19.35
Total of Non-Tax		4249.26	6129.50	4157.96	-32.16	-2.15

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)