

Quarterly Analysis of Government's Revenue Receipts April-June 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.

Panel of Authors

Chief Editor

Md. Julhas Uddin
Executive Director (Research)

Editor

Mohammad Masuduzzaman
Director (Research)

Team Members

Md. Sanaullah Talukder
Additional Director

Md. Shamim Mondal
Joint Director

Rupok Chad Das
Deputy Director

Puja Bhattacharjee
Assistant Director

Some Stylized Facts: April-June 2023

- *Revised target for total revenue collection for FY23 was set at Tk. 4,33,000 crore. The actual revenue collection stood at Tk. 3,66,854.7 crore which was 84.7 percent of the target.*
- *During the last quarter of FY23, i.e. April-June 2023, total revenue collection stood at Tk. 1,15,531.6 crore, which was 28.1 percent and 8.1 percent higher than that of the previous quarter and that of the same quarter of FY22.*
- *During the quarter under review, total NBR tax revenue collection stood at Tk. 1,05,477.7 crore, which was 31.7 percent higher than that of the previous quarter and 8.0 percent higher than that of the same quarter of previous fiscal year.*
- *During April-June 2023, direct tax and indirect tax increased by 4.9 percent and 10.2 percent compared to that of the corresponding quarter of the last fiscal year and stood at Tk. 42,119.5 crore and Tk. 63,358.2 crore respectively.*
- *During April-June 2023, non-NBR tax revenue collection stood at Tk. 1,803.4 crore, which was 20.2 percent lower than that of the previous quarter but 7.72 percent higher than that of the corresponding quarter of the last fiscal year.*
- *During April-June 2023, non-tax revenue collection stood at Tk. 8,250.5 crore, which was 5.1 percent higher than that of the previous quarter and 8.6 percent higher than that of the corresponding quarter of the last fiscal year.*

Quarterly Analysis of Government's Revenue Receipts^P

April-June 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	Revised Target for FY23	Actual* Collection of FY23	Revised Target for FY22	Actual* Collection in FY22
I. Tax Revenue	3,88,000	3,39,010.5	3,46,000	3,08,625.6
A. NBR Tax Revenue	3,70,000	3,31,454.89	3,30,000	3,01,633.8
B. Non-NBR Tax Revenue	18,000	7,555.58	16,000	6,991.8
II. Non-Tax Revenue	45,000	27,844.24	43,000	23,847.7
Total	4,33,000	3,66,854.7	3,89,000	3,32,473.3

* Provisional

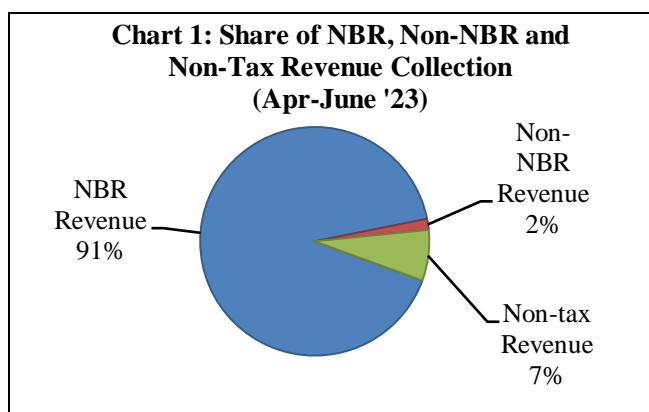
Sources: Budget Speech, FY 2022-23, Ministry of Finance, National Board of Revenue (NBR) and Office of the Controller General of Accounts (CGA)

During April-June, 2023 the total revenue collection amounted to Tk. 1,15,531.6 crore. This figure represented a notable increase of 28.1 percent compared to the preceding quarter and 8.1 percent higher than the same quarter of the previous fiscal year. During this quarter, a significant portion of the revenue, approximately 91.3 percent, was collected by NBR as tax revenue, while non-NBR tax revenue and non-tax revenue constituted a smaller share of 1.6 percent and 7.1 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 last quarter of FY23 (April-June 2023), the NBR tax revenue collection stood at Tk. 1,05,477.67 crore (Annex 1), which was 31.7 percent and 8.0 percent higher than that of the previous quarter and the same quarter of previous fiscal year respectively due mainly to the increase in income tax, VAT, import duty, supplementary duty and travel tax. The rise in tax revenue collection by NBR during this quarter can also be attributed to the ongoing efforts and



Source: NBR and CGA

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

essential measures taken by the responsible authorities in this field. Tax revenue collection by NBR can be categorized into direct and indirect segments based on the impact of taxation principle.

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

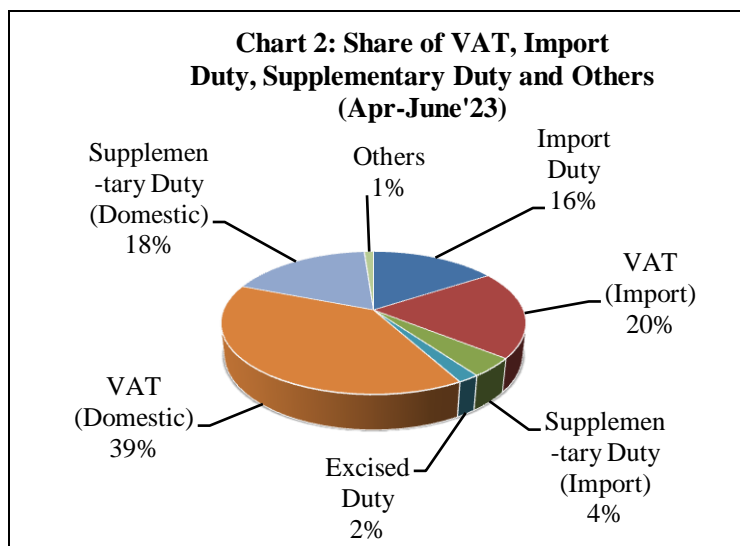
During April-June 2023, collection from direct tax increased by 58.4 percent compared to the previous quarter and stood at Tk. 42,119.5 crore. Moreover, this was 4.9 percent higher than that of the same quarter of the previous fiscal year. In the said quarter, direct tax contributed 39.9 percent to total NBR revenue collection.

Of the sources of direct tax, income tax and travel tax increased by 58.9 percent and 25.8 percent compared to the previous quarter and stood at Tk. 41,633.8 crore and Tk. 485.7 crore respectively. Moreover, this income tax and travel tax were 4.6 and 46.1 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 the last quarter of FY23, indirect tax increased by 18.4 percent compared to that of the previous quarter and stood at Tk. 63,358.2 crore. Moreover, this was 10.2 percent higher than that of the same quarter of the previous fiscal year. Indirect tax contributed 60.1 percent of total NBR revenue collection during the quarter under review (Annex 2).

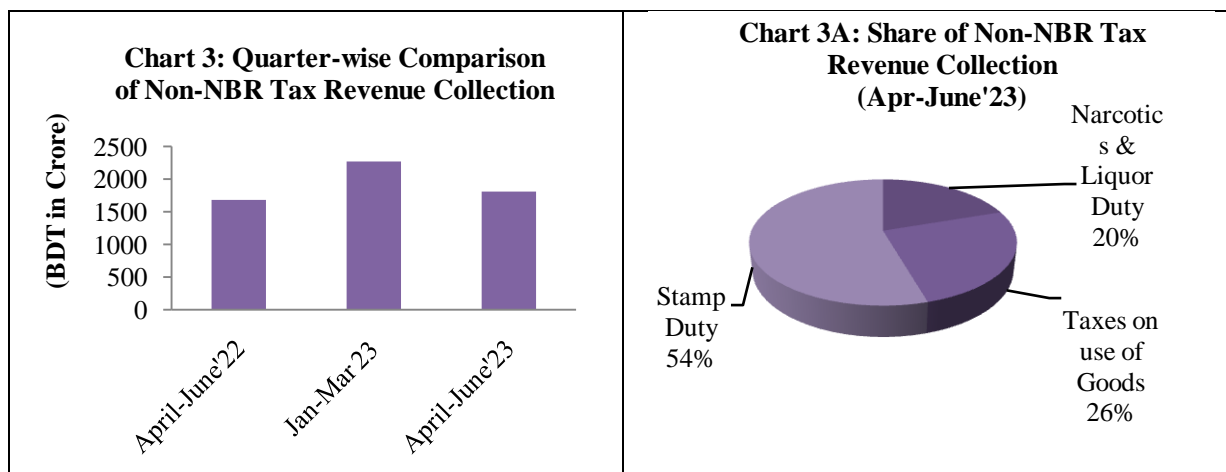
VAT plays dominant role in indirect tax revenue collection as usual. A total of Tk. 37,255.6 crore was collected during April-June 2023 from VAT (domestic and import) which was 20.7 and 5.4 percent higher than that of the previous quarter and the same quarter of the previous fiscal year. Of the other sources, Tk. 14,086.5 crore was collected from supplementary duty (domestic and import) which was 16.1 and 25.7 percent higher than that of the previous quarter and the same quarter of the previous fiscal year respectively. A total of Tk. 10,033.53 crore was collected from import duty which was 10.6 and 2.7 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 April-June 2023 is shown in chart 2.



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 revised budget of FY23, the annual target for non-NBR tax revenue collection was set at only Tk. 18,000 crore which was 4.2 percent of the revised target for total revenue collection. During April-June 2023, revenue collection from non-NBR tax was Tk. 1,803.4 crore, which was 20.2 percent lower than that of the previous quarter but 7.7 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 54.5 percent (Tk. 983.1 crore), 25.7 percent (Tk. 463.3 crore), and 19.8 percent (Tk. 357.1 crore) 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 are shown in chart 3 and chart 3A respectively.



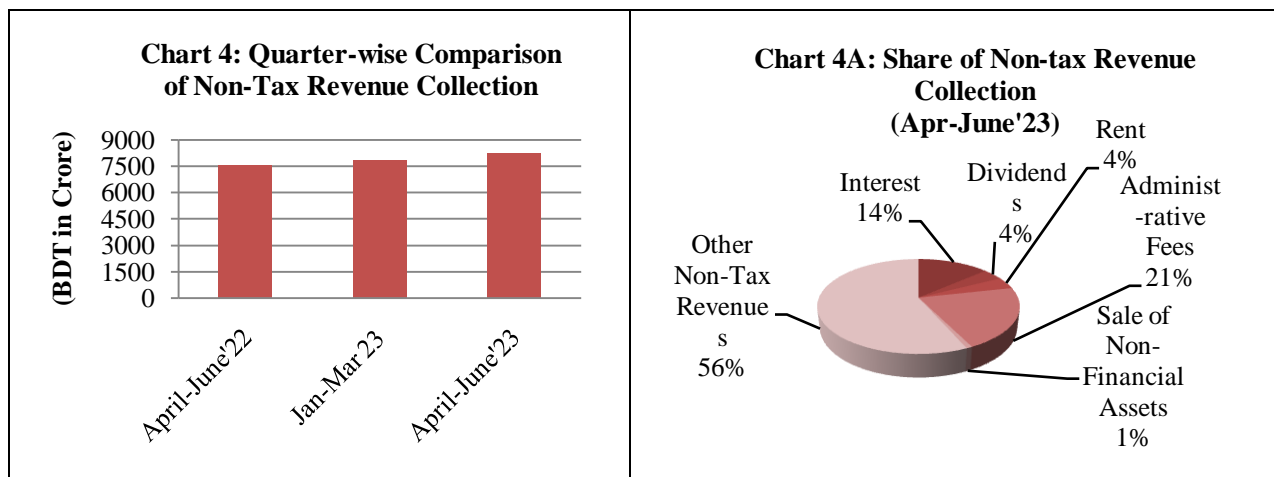
Source: CGA

Source: CGA

II. Non-tax Revenue Collection

The second highest revenue earning source is the non-tax revenue collection. The annual revised target for non-tax revenue collection was set at Tk. 45,000 crore in FY23 which was 10.4 percent of the total target for revenue collection. During April-June 2023, the non-tax revenue collection was Tk. 8,250.5 crore which was 5.1 percent and 8.6 percent higher than that of the previous quarter and that of the corresponding quarter of the previous fiscal year respectively.

Among all the components, administrative fees contributed the highest of 21.1 percent (Tk. 1,741.1 crore) to the total non-tax revenue collection whereas, interest, rent and dividends contributed 13.6 percent (Tk. 1,121.5 crore), 4.0 percent (Tk. 333.5 crore) and 3.9 percent (Tk. 319.8 crore) respectively. A total of Tk. 4669.0 crore (56.6 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

Progress in Revenue Collection over the quarters in FY23

In general, collection of revenue increased gradually in FY23. The revenue collection in the first quarter of the said fiscal year the lowest (only 17.6 percent of the total revised revenue target), followed by 19.5 percent in the second quarter and 20.8 percent in the third quarter. However, the highest revenue is collected in this quarter i.e. April-June 2023, at 26.7 percent of the total revenue target amounting to Tk. 3,66,390.7 crore. Finally, a total of Tk. 3,66,390.7 crore was collected in FY23 (Table-2).

Table 2: Progress in Revenue Collection over the quarters during this Fiscal Year*

Quarter	Quarterly collection	% of Revised Annual Target	(Tk. in crore)
			Quarter to Year collection (Cumulative)
July-Sep'22	76183.72	17.6	76183.7
Oct-Dec'22	84481.12	19.5	160664.8
Jan-Mar'23	90194.24	20.8	250859.1
Apr-June'23	115531.63	26.7	366390.7

*Provisional

Important policy measures taken by the government for revenue mobilization in FY23

Every year revenue target is set at a newer height to cover higher budgetary expenses. In line with this, the government also declared some important policy measures and action plans for revenue mobilization in the budget for FY23 which are summarized below:

- The NBR provided some easy and seamless services to taxpayers through the digitalization and automation of income tax, VAT and customs duties.
- E-payment services have been initiated which are creating opportunities to encourage the taxpayers to pay taxes at their convenience, even without physical presence. Moreover, NBR has taken some necessary steps for submitting the income tax online.
- 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.
- 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 the global best practices of customs management, the Customs Act, 2021 is being newly 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	Revised Target For FY23	Apr-June'23	Jan-Mar'23	Apr-June'22	Percentage Change	
					Apr-June'23 over Jan-Mar'23	Apr-June'23 over Apr-June'22
NBR Tax revenue	370000 (84.45)	105477.67 (91.30)	80081.95 (88.79)	97654.8 (91.33)	31.71	8.01
Non-NBR Tax Revenue	18000 (4.16)	1803.43 (1.56)	2261.14 (2.51)	1674.15 (1.57)	-20.24	7.72
Non-Tax Revenue	45000 (10.39)	8250.53 (7.14)	7851.14 (8.70)	7599.24 (7.11)	5.09	8.57
Total	433000	115531.63	90194.24	106928.19	28.09	8.05

(Annex-2)

NBR Tax Revenue Receipts						
(Tk. In Crore)						
Sector of Receipts	Revised Target For FY23	Apr-June'23	Jan-Mar'23	Apr-June'22	Percentage Change	
					Apr-June'23 over Jan-Mar'23	Apr-June'23 over Apr-June'22
Direct Tax	122100 (33.00)	42119.47 (39.93)	26585.07 (33.20)	40133.63 (41.10)	58.43	4.95
Income Tax	121094.00	41633.76 (98.85)	26199.03 (98.55)	39801.26 (99.17)	58.91	4.60
Travel Tax	1006.00	485.71 (1.15)	386.04 (1.45)	332.37 (0.83)	25.82	46.14
Indirect Tax	247900 (67.00)	63358.20 (60.07)	53496.88 (66.80)	57521.17 (58.90)	18.43	10.15
Import Duty	43994.33	10033.53 (15.84)	9068.42 (16.95)	9769.36 (16.98)	10.64	2.70
VAT (import)	52529.54	12593.58 (19.88)	10778.42 (20.15)	11902.1 (20.69)	16.84	5.81
VAT (domestic)	93696.00	24661.99 (38.92)	20092.04 (37.56)	23441.23 (40.75)	22.75	5.21
Supplementary duty (Import)	14413.34	2724.87 (4.30)	2582.77 (4.83)	2730.36 (4.75)	5.50	-0.20
Supplementary duty (domestic)	39261.61	11361.60 (17.93)	9545.29 (17.84)	8468.71 (14.72)	19.03	34.16
Regulatory Duty	62.8	0.03 (0.00)	0.01 (0.00)	0.00 (0.00)	200.00	-
Excise Duty	3941.61	1233.87 (1.95)	975.21 (1.82)	409.52 (0.71)	26.52	201.30
Turn Over Tax	0.78	27.09 (0.04)	12.98 (0.02)	0.08 (0.00)	108.71	33762.50
Others	0	721.64 (1.14)	441.74 (0.83)	799.81 (1.39)	63.36	-9.77
Total of NBR tax	370000	105477.67	80081.95	97654.80	31.71	8.01

(Annex-3)

Non-NBR Tax Revenue Receipts

(Tk. In Crore)

Sector of Receipts	Revised Target for FY23	Apr-June'23	Jan-Mar'23	Apr-June'22	Percentage Change	
					Apr-June'23 over Jan-Mar'23	Apr-June'23 over Apr-June'22
Narcotics & Liquor Duty		357.12 (19.80)	676.81 (29.93)	306.01 (18.28)	-47.23	16.70
Taxes on use of Goods		463.26 (25.69)	473.65 (20.95)	482.35 (28.81)	-2.19	-3.96
Stamp Duty		983.05 (54.51)	1110.69 (49.12)	885.79 (52.91)	-11.49	10.98
Other Non-NBR Taxes		0.00 (0)	0.00 (0)	0.00 (0)	-	-
Total Non-NBR Tax	18000	1803.43	2261.14	1674.15	-20.24	7.72

(Annex-4)

Non-Tax Revenue Receipts

(Tk. In Crore)

Sector of Receipts	Revised Target for FY23	Apr-June'23	Jan-Mar'23	Apr-June'22	Percentage Change	
					Apr-June'23 over Jan-Mar'23	Apr-June'23 over Apr-June'22
Interest		1121.49 (13.59)	533.31 (6.79)	480.33 (6.32)	110.29	133.48
Dividends		319.80 (3.88)	960.59 (12.23)	726.16 (9.56)	-66.71	-55.96
Rent		333.53 (4.04)	144.37 (1.84)	212.91 (2.80)	131.02	56.65
Administrative Fees		1741.09 (21.10)	1884.31 (24.00)	2284.66 (30.06)	-7.60	-23.79
Sale of Non-Financial Assets		65.60 (0.80)	31.39 (0.40)	224.83 (2.96)	109.01	-70.82
Other Non-Tax Revenues		4669.02 (56.59)	4297.18 (54.73)	3670.34 (48.30)	8.65	27.21
Total of Non-Tax	45000	8250.53	7851.14	7599.24	5.09	8.57

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)