

Revenue collection stalls as custom duties alone show buoyancy

ISLAMABAD: Revenue collection during the first nine months of the fiscal year showed marginal growth of three per cent posting a shortfall of more than Rs307 billion during July-March period.

The total revenue collection was recorded at Rs2.690 trillion during the first nine months of this fiscal year as against Rs2.624tr collected over the same period last year, showing a growth of 2.6pc. The target for July-March period was projected at Rs2.998tr.

The provisional figures revealed that paltry increase in collections is primarily driven by impressive customs duty receipts at import stage, which grew by more than 17pc, whereas sales tax, income tax and federal excise duty (FED) collections failed to register any upward growth.

The lower-than-expected -in--crease in collections shows poor administration on the part of tax authorities and poses a challenge for the government to overcome major loopholes in the tax system.

Zero growth seen in income tax, sales tax and excise duties

On import stage, total revenue collection climbed to Rs1.285tr in July-March FY19, up 5.5pc from the Rs1.217tr collected during the same period last year.

Customs duty emerged as the leading contributor in import taxes with total collections increasing by 19.2 per cent to Rs510.11bn from Rs482bn during the same period last year. The collections for customs duty surpassed the Rs509.3bn target for the period.

Furthermore, the withholding tax (income tax) collection increased by 6pc to Rs167.61bn up from Rs158.17bn during the same period last year. The collection of FED at import stage grew by 1.7pc year-on-year to Rs9.88bn in July-March FY19.

On the other hand, sales tax collection at import stage declined by 2.8pc to Rs603.117bn during the nine months under review against Rs620.563bn in the same period last year. The slump in collection of sales tax at import stage is mainly attributable to decrease in sales of petroleum and oil products and government's measures to regulate import of vehicles.

Similarly, the domestic sales tax collection declined by 0.9pc to Rs436.438bn during the period under review against total collection of Rs440.182bn during the same period last year.

Total domestic collections, on the other hand, during the nine months of current fiscal year did not register any increase, clocking in at Rs1.405tr against Rs1.406tr during the same period last year. The collections remained well below the projected targets.

The domestic income tax collection declined by 1.62pc to Rs816.237bn during July-March FY19 against Rs829.710bn collected during the same period last year. The income tax collection fell far behind the projected target.

And the FED collection at domestic level posted a growth of 12.2pc to Rs153bn as against Rs136.334bn over the corresponding period of last year.

Mubarak Zeb Khan