DAWN

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Revenue collection posts meagre 2pc growth

ISLAMABAD: Despite introduction of supplementary finance bill in September, the revenue collection for the first half of current fiscal year is estimated to have shown less than 2 per cent growth, leaving a shortfall of more than Rs170 billion against the target.

A senior official at the Federal Board of Revenue (FBR) said the field formations had reported about Rs1.784 trillion collections by Monday night against the half-yearly target of Rs1.96tr, leaving a gap of almost Rs175bn. He, however, said the provisional collections were expected to improve.

During the first six months of last fiscal year 2017-18, the provisional revenue collection had reached Rs1.722tr after posting a healthy 17.5pc growth over the preceding year. “The revenue collection data is still pouring in and would not be ready to be released to the media before Tuesday,” said the official.

He said the shortfall was seen not only in the half yearly, the revenue collection in the month of December came out to be Rs395bn against monthly target of Rs469bn, creating a revenue gap of more than Rs72-74bn. The revenue shortfall in first five months of the current fiscal year had amounted to about Rs112bn.

Govt plans another supplementary budget this month

The sources said the major shortfall in revenue collection was coming from Inland Revenue Services (IRS) while custom collections were more or less on target because of currency devaluation.

They said the widening revenue shortfall would mean the government would have to take drastic measures going forward to come closer to meet the conditions of the International Monetary Fund (IMF). The sources said the IMF authorities had estimated additional revenue requirement of about Rs300bn during the current year to make up for the revenue loss in first half of the year.

However, the authorities have planned to announce second supplementary budget in January envisaging additional revenue measures of about Rs155-160bn. The government believed these revenue measures along with the revival of business activities and inflationary import would not need steep taxation measures.

For the time being, it appeared that the IMF estimates about additional revenue measures were more realistic to achieve compared to the revenue targets set in the first supplementary budget announced in September and keep fiscal deficit within budgetary limits. The government would need to redouble its revenue efforts and envisage larger additional measures.

The revenue collection fell short of target in the month under review owing to poor performance of the IRS department. The sluggish growth was seen in revenue despite low refund payments.

In the comparable period (July-December) last year, the FBR had provisionally collected about Rs1.722tr against Rs1.466tr of July-December 2016, recording an increase of around 17.5pc.

Last month, the government had removed top five members of the FBR after revenue collection posted Rs112bn shortfall against the target. The government has already started increasing taxes on petroleum products to partially cover the revenue loss.

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