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Import tax revenue up Rs222bln in FY2019

KARACHI: The Federal Board of Revenue (FBR) managed to marginally push up revenue collection from imported goods at Rs222 billion during the last fiscal year despite a double digit reduction in annual import bills, official data showed on Saturday.

The statistics available to The News showed that the income advance tax collection from imported goods stood at Rs222 billion during the last fiscal year of 2018/19 compared with Rs218.7 billion in the 2017/18. That was despite the fact that there was 10 percent decline in imports during the last fiscal year. The import bill of the country amounted to $54.8 billion in FY2019 compared with $60.8 billion FY2018.

FBR sources attributed the nominal growth despite decline in import bill to massive depreciation of rupee against the US dollar. The rupee has lost nearly 30 percent of its value last year. The central bank agreed to a flexible, market-determined exchange rate on the $6 billion loan package for Pakistan approved by the International Monetary Fund earlier this month.

The sources said most of the value assessed at the customs stage is in dollar terms. They further attributed the revenue growth to the downward trend in concessionary imports.

The sources said the revenue collection improved during the last four months of the last fiscal year as the rupee dropped more sharply during the quarter.

In February, the FBR submitted a report to the finance ministry, pointing out a decline in revenue collection due to overall reduction in imports. The tax deduction, under section 148 of the Income Tax Ordinance 2001, was reduced by Rs11 billion during the first eight months of the last fiscal year.

The FBR estimated a loss of Rs16 billion in income taxes from imported goods during the current fiscal year of 2019/20.

The breakup of revenue collection showed that the tax collection from commercial imports sharply fell 23 percent to Rs240.2 billion in 2018/19. The figure was Rs313.24 billion in the preceding fiscal year. The sources said commercial imports mostly comprised of finished products. The decline was due to rupee depreciation in addition to measures taken in the budget 2019/20.

The budget was announced earlier in June and certain changes discouraged the commercial importers to place further orders to their foreign suppliers.

Imports by industrial units, however, increased 12.5 percent to Rs85.4 billion in the last fiscal year. The tally stood at Rs75.9 billion in the preceding fiscal year. The sources said the overall collection from imported goods grew marginally because several regulatory measures taken by the federal government discouraged imports of luxury and essential items. The government imposed ban on registration of vehicles imported by non-filers of income tax returns. Further, huge revenue involved on the import of motor cars has not been realised as the government also slapped certain restrictions on clearance of imported cars.

Shahnawaz Akhter