

FBR posts record revenue shortfall of Rs447bn in 11 months

ISLAMABAD: The Federal Board of Revenue (FBR) collection during the first 11 months of the fiscal year posted a historic shortfall of nearly Rs447 billion during July-May period, leading to higher than expected budget deficit.

The unexpected decline in collections presents the new finance team of the government with its starkest challenge. All heads — customs, income tax, sales tax and federal excise duty (FED) — missed the revenue collection target.

The fall in FBR revenue will not only lead to higher than projected budget deficit but will also cause steep fall in transfers of shares in federal revenues to the provinces in the current fiscal year.

The provisional figures show that the revenue collection was recorded at Rs3.303 trillion during the 11 months of this fiscal year as against Rs3.751tr projected for the same period.

The government has projected a revenue collection target of Rs4.398tr for the year 2018-19. The figures show that the provisional figures show that the collection will remain behind the projected target with a big margin.

The provisional figures revealed that almost all taxes fell behind the targets.

On monthly basis, the collections reached to Rs327.9bn in May 2019 as against the target of Rs413.5bn projected for the same month, showing a shortfall of Rs85.6bn.

The revenue collection during the month even fell behind the collection during the same month last year.

The poor collection has also exposed FBR to massive reforms and revenue measures to be taken as part of the International Monetary Fund (IMF) bailout package from the next fiscal year. The government is likely to impose additional revenue measures of Rs800bn worth in the budget 2019-20, though this figure could rise given the scale of the shortfall this year.

The focus of the next year budget is to generate maximum revenue to overcome the yawning budget deficit.

The customs collection has reached Rs614.9bn during the July-May period 2018-19 as against the target of Rs637.2bn projected for the same months, reflecting a shortfall of Rs22.3bn.

The customs collection fell behind the target of Rs66.2bn in May by realising revenue of Rs55.9bn, a shortfall of Rs10.3bn.

The customs collection fell mainly because of ban on import of furnace oil, change in the mode of import of used vehicles, non-tariff measures on edibles and compression of non-essential luxury items during the month under review.

According to a customs official, the revenue collection in customs dipped because of about 15pc decline in import values in dollar terms, dutiable imports declined even more, almost by 20pc, eating up entire devaluation impact.

The revenue collection stood at Rs2,689bn from Inland Revenue—income tax, sales tax and federal excise duty in July-May period this year as against Rs3,114.3bn projected target, showing a shortfall of Rs425.3bn during the period under review.

On monthly basis, the shortfall of IRS revenue reached to Rs75.3bn in May as its collection stood at Rs272bn as against the projected target of Rs347.3bn.

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