

FY2018-19, Rs57bn revenue shortfall witnessed in first 6 months

ISLAMABAD: A shortfall of Rs 57 billion in absolute terms in revenue was witnessed during the first six months of the current fiscal year from Rs 2384 billion in July-December 2017-18 to Rs 2327 billion in the comparable period of 2018-19.

The major contributor to the revenue shortfall was a decline of Rs 62 billion in surplus profit of State Bank of Pakistan, a component of non-tax revenue - from Rs 125 billion in July-December 2017-18 to Rs 63 billion in the comparable period of 2018-19. The reason for this decline, a Finance Ministry official revealed on condition of anonymity, was the steep rise in government borrowing from the SBP.

Total non-tax revenue declined from Rs 357 billion in the first six months of last year in comparison to Rs 244 billion in the current fiscal year.

The Federal Board of Revenue (FBR) witnessed a decline in sales tax and withholding tax collections during the first seven months (July-January) of the current fiscal year as opposed to the same period of the previous fiscal year.

Total sales tax collection was Rs 798.8 billion during July-February (2018-19) as opposed to Rs 805.2 billion for the same period a year before – a shortfall of Rs 6.4 billion.

Sales tax collections at import stage led to a decline in overall sales tax collection during the first seven months of 2018-19 to Rs 472 billion from Rs 482 billion for the same period of last fiscal year.

Collection of withholding taxes declined to Rs 511 billion during the first seven months of the current fiscal year from Rs 552 billion for the same period a year before, reflecting a shortfall of Rs 41 billion.

The suspension of withholding tax on mobile phones and substantial slash in public sector development programme (PSDP) led to decline in withholding tax collection from contracts and supplies.

FBR provisional revenue collection stood at Rs 2,060 billion during July-January (2018-19) against Rs 1995 billion for the same period a year before showing a nominal growth of Rs 65 billion.

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