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### **Provisional July-Sept collection shows Rs111bn shortfall**

ISLAMABAD: Federal Board of Revenue (FBR) has provisionally collected over Rs 960 billion during the first quarter (July-September) of 2019-20 against quarterly target of Rs 1,071 billion, reflecting a shortfall of Rs 111 billion.

The FBR received over 0.4 million income tax returns till September 30, 2019 against 0.350 million returns in the same period of the last financial year.

The FBR has provisionally collected Rs 960 billion during the first three months (July-September) of the current fiscal year against Rs 836 billion in the same period of 2018-19, showing a growth of 14.83 percent.

The provisional revenue collection during September 2019 amounted to Rs 380 billion against Rs 323 billion in September 2018, reflecting a growth of 17.64 percent.

Senior FBR officials have termed import compression as the main factor behind revenue shortfall during the first quarter of 2019-20, justifying that the impact of negative growth in customs duty and income tax caused net revenue loss to the tune of Rs 100 billion to Rs 150 billion.

Officials made it clear that the unexpected import compression caused massive revenue loss. There was estimated revenue loss from import compression, but practically loss went beyond estimation from unexpected import compression during this period.

It would be a challenging task for the tax machinery to achieve quarterly targets of second quarter (October-December), third quarter (January-March) and fourth quarter (April-June) of 2019-20.

When contacted, Chairman Federal Board of Revenue Shahbar Zaidi told a few reporters here at FBR headquarters that the revenue collection would be within the vicinity of around Rs 950 billion to Rs 970 billion till finalization of revenue collection figures.

To a query on the total number of income tax returns received till September 30, he said that the number is more than last year.

According to a tweet of Chairman FBR Shabbar Zaidi late Monday night, tax collection upto 90 percent of highly aggressive target for quarter ended September 30, 2019 has been achieved. Collection is Rs 960 billion. Some more positive adjustment is expected. Furthermore this amount excludes refunds of past years of 15 billion.

”The domestic tax collection increased by 25 percent. The import contraction is around US\$3 billion. The effect of that is around 125 billion. This shows that target has been met. Thanks Pakistani taxpayers“, Shabbar Zaidi tweet added.

The FBR had collected Rs 580 billion in first two months, July and August, of 2019.

A senior FBR official said that the FBR will cross Rs 960 billion mark by end-September 2019. The net impact of import compression caused net revenue loss to the tune of Rs 100 to Rs 150 billion. “We have already informed the government about the reasons that seriously impacted FBR’s revenue collection during July-September 2019-20,” he said.

The customs duty and income tax at import stage witnessed negative growth; however, the sales tax at import stage achieved slight positive growth owing to government’s decision to charge sales tax on the basis of retail price basis. The policy measure and the administrative step enabled the FBR to collect more tax through sales tax at the import stage.

The revenue collection of Inland Revenues on account of income tax, sales tax on domestic consumption (local stage) and Federal Excise Duty (FED) achieved 25 percent growth but the negative growth on import stage has serious negative implications on the revenue collection, he added.