


MoF identifies reasons behind revenue shortfall

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ISLAMABAD: The Finance Ministry has identified unprecedented compression in imports, less consumption of petroleum products, decline in auto and auto parts sector, less growth in airline sector, overall economic slowdown, and very challenging and unprecedented revenue targets as primary factors for shortfall in the Federal Board of Revenue (FBR) revenue collection, and may lead to higher fiscal deficit for the fiscal year.

The mid-year fiscal operation for the fiscal year 2019-2020 noted that the federal revenue receipts are broadly categorized as tax revenue and non-tax revenue.

Both the revenue streams are administered, collected and reported by the respective ministries/divisions/departments.

The FBR taxes constitute major component of revenue collection followed by non-tax revenue and non-FBR taxes.

The FBR is the main tax collecting agency as substantial portion of tax revenue is administered and collected by it.

The tax revenue collected by the FBR constitutes the divisible pool taxes to be distributed among the provinces in accordance with the provisions of the National Finance Commission (NFC) Award.

The FBR taxes may also be categorized as direct taxes and indirect taxes and direct taxes comprise income tax, workers welfare fund and capital value tax, whereas indirect taxes include sales tax, federal excise duty and customs duty.

The major contributors of income tax are withholding tax, voluntary payments and collection on demand.

The collection of sales tax during first six months has increased by 24 percent, collection of federal excise duties has recorded a 29.8 percent growth, while customs duty has registered a negative growth of (2.4 percent) mainly due to imports compression.

Other taxes comprise Gas Infrastructure Development Cess (GIDC), Natural Gas Development Surcharge (GDS), and Petroleum Levy, which are administered by the Petroleum Division.

The ministry adds that besides, various taxes are collected by the Islamabad Capital Territory (ICT) Administration i.e. motor vehicle tax, land revenue, stamp duty, property tax, professional tax etc.

Moreover, airport tax is administered by the Civil Aviation Authority (CAA). In fact, these receipts excluding the ICT taxes are non-tax in nature, hence accounting treatment is being corrected accordingly.

Non-tax revenue represents the recurring income earned by the federal government from sources other than taxes, and non-tax collection during the mid year stood at Rs718 billion against budgetary target of Rs894 billion for the entire fiscal year.