



Update on Pakistan's Economy

June 16th, 2008

Subject: TAX COLLECTION BY FEDERAL BOARD OF REVENUE (FBR) DURING JUL-MAY 2007-08

The annual *Pakistan Economic Survey 2007-08* released on 9th of this month quotes tax collection figures for the period of July-April 2008. The latest figures for tax collection for July-May 2008 as recently updated by Federal Board of Revenue (FBR) are given below. The FBR has provisionally collected Rs. 851.3 billion (net) during the first eleven months (July-May) of FY08 as compared to Rs. 722.2 billion in the same period last year thereby posting an increase of 18.0% (see table). In the month of May 2008 FBR collected Rs. 87.7 billion which is 33.5% more than the same period last year, bolstered by strong growth of 42.1% for sales tax (domestic activity 80.6%) and 33.4% for customs duty. The FBR collected Rs. 846.4 billion during the year 2006-07 and the revised target for the year 2007-08 has been set at Rs. 990 billion. Although almost 86 percent of the target for the year has been achieved it seems unlikely that FBR will be able to achieve its annual target for FY 2008.

(Billion Rs.)

Revenue Head	May		Change (%)	July-May		Change (%)
	2007	2008		2007	2008	
A) Direct Taxes	19.8	24.8	25.1	272.7	309.3	13.4
B) Indirect Taxes	45.9	62.9	37.0	449.5	542.0	20.6
1. Sales Tax	27.4	38.9	42.1	273.2	332.6	21.7
▪ Import Related	16.5	19.3	16.8	157.7	177.3	12.4
▪ Domestic	10.8	19.6	80.6	115.4	155.3	34.5
2. Federal Excise	7.3	9.0	23.7	62.0	79.6	28.3
3. Customs	11.2	14.9	33.4	114.2	129.7	13.5
Total Net Collection	65.7	87.7	33.5	722.2	851.3	18.0

Breakdown of the consolidated FBR collection for the first eleven months of FY08 show that direct tax collection amounted to Rs. 309.3 billion against Rs. 272.7 billion during the same period - an increase of 13.4 percent. The share of direct taxes in total tax collection during the first eleven months of FY08 stood at 36.3 percent. The share of indirect taxes increased from 62.7 percent to 63.6 percent during same period as against 62.2 percent in the same period last year. Indirect taxes are up by 20.6 percent during the period under consideration on the back of relatively slower growth in imports. Within indirect taxes, sales tax which accounts for 61.3 percent of indirect taxes and 39.0 percent of total taxes has shown a growth of 21.7 percent (Rs. 332.6 billion). Sales tax collected from domestic economic activity is up by 34.5 percent while sales tax collected at import

stage grew by 12.4 percent. The custom duty collection is up by 13.5 percent because of slower growth in imports and the collection of Federal Exercise Duty has shown an impressive growth of 28.3 percent (collected Rs. 79.6 billion).