

Ideas to Improve Bangladesh's Fiscal Management and Revenue Mobilization

- Expedite implementation of the NBR Modernization Plan.
- Introduce ICT in revenue collection process.
- Identify political economy constraints in fiscal management.
- Create a forum/commission with government and research organizations' representatives for prioritization of public expenditure.
- Ensure timely implementation of projects aimed at increasing revenue collection.
- Better project management to reduce overrun costs.
- Decentralize revenue collection.
- Initiate local level fiscal empowerment.
- Implement allocated budgets for social sector in a timely manner.
- Imposition of a single VAT rate across all sectors.
- Reduce communication between tax collectors and taxpayers.
- Increase Parliamentary Committees engagement in oversight process.
- Use of ICT (mobile phones and UDCs) in engaging local citizens for accountability purposes.
- Enhancing administrative capacity for revenue collection and its expenditure.
- Reduce gaps in revenue targets - actual vs MTBF (Medium-Term Budget Framework).
- Increasing reliance on income tax and VAT.
- Improve quality of public spending on projects and public services.
- Increasing domestic borrowing through National Savings Schemes and short-term treasury bills.
- Complement concessional loans with additional borrowings through sovereign bonds of various maturities [with preference for longer maturity period as in the case of Indonesia and Philippines].
- Launch the first sovereign bond.
- Reorganization and retraining of the NBR's VAT staff.
- Replacing most of the NBR's field level staff with new Revenue Officers.
- Reducing the number of products subject to supplementary duty from 1,400 to 200 or less.
- Eliminating current practice of price approval on most items.
- Eliminating excise type current account system for VAT payments in order to move towards a return-based VAT administration.
- Broaden the taxpayer base with major registration drives.
- Change the Direct Tax Law/Codes based on the principle of universal taxation.
- Generate tax earning from service providers and self-employed.

- Treating all sources of tax income equally - capital gains from land, real estate/housing, stock market and RMG.
- Design and implement a proper “Wealth Tax” or “Property Tax” identifying the right way to collect the tax.
- Effective implementation of VAT and Supplementary Duty Act 2012.
- Include transfer pricing in the Income Tax Ordinance, 1984.
- Incorporate alternative dispute resolution (ADR) in Income Tax, VAT and Custom Acts.
- Automation of TIN registration.
- Linking TIN and BIN with National ID.
- Establishment of a Central Processing Centre to process all tax returns, whether e-filed or paper filed.
- Introduce electronic submission and return processing for income tax.
- Launch a taxpayer education program enabling potential/new taxpayers to interface with the NBR Customer Service Wing.
- Expand VAT base especially on businesses and organizations.
- Incentivize VAT payment with benefits for small businesses operating in the informal sector.
- Introduce a modern Financial Management Information System (FMIS) in line with international accounting and reporting standards (cash IPSAS, GFSM 2001).
- Creation of a centralized Treasury Single Account linked to FMIS.
- Formal approval and introduction of a GFSM compliant Chart of Accounts.
- Removal of demarcation between non-development and development budgets.
- Gradual joint programming of capital and recurrent spending.
- Publication of a citizens’ budget immediately after the budget speech.
- Greater transparency of public finance data in user-friendly and editable formats, such as through an Open Data Portal or the National Portal.
- Ensure timely completion of all ongoing special-purpose budget management initiatives such as child budgeting, gender budgeting, district level budgeting, etc.
- Enhance the effectiveness of Comptroller and Auditor-General with appropriate budget discretion and authority over human resources and a separate audit cadre.