

# Revenue collection falls due to fragile banks, lower development spending

December 9, 2025

Online Desk : Revenue collection has declined due to the fragile state of some banks and reduced development expenditure, according to Md. Abdur Rahman Khan, Chairman of the National Board of Revenue (NBR). He stated that several banks are in a very poor condition, which has led to a decrease in corporate tax from the banking sector. Additionally, lower development expenditure has reduced the bills that would have been generated from that sector, resulting in a slight drop in revenue collection.

However, thanks to NBR's initiatives such as stronger automation, revenue collection from other sectors has helped mitigate the shortfall, added NBR Chairman. Md. Abdur Rahman Khan made the remarks at a "Meet the Press" event organized by the NBR in Agargaon on Tuesday, ahead of the VAT Day and VAT Week 2025 celebrations. VAT Week will officially begin on Wednesday. He added that, as in previous years, the NBR will observe VAT Day starting December 10, continuing until December 15. This year, the theme is "Register on Time, Pay VAT Correctly," emphasizing the importance of timely registration.

In line with this theme, a special nationwide registration campaign will be conducted from December 10 to 31, aiming to register 100,000 new VAT payers. Currently, there are 644,000 VAT-registered businesses in the country.

Chairman Khan noted that in the previous fiscal year, 38 percent of the NBR's total revenue was collected through VAT. In the first five months of the current fiscal year, VAT collection has increased by 22 percent compared to the same period last year. He also highlighted various challenges in VAT collection, including unregistered businesses, incomplete automation, ineffective rebate and compliance chains, excessive exemptions, reliance on manual audits, and difficulties in collecting VAT from e-commerce and emerging digital platforms.

To address these challenges and modernize the revenue system, NBR has introduced several digital initiatives, including online registration, online return filing, e-assistance, online payment, e-refund, e-audit, smart VAT invoices, and a risk-based audit system to curb VAT evasion, he added. Regarding revenue collection, the mobile phone business sector has been affected, with business owners raising several demands.

Chairman clarified that NBR does not have the authority to grant tax exemptions in this matter. The power to provide tax relief has been removed from NBR this year. Decisions on this issue now rest with the National Parliament; until the next parliament convenes, the government will take action through ordinances.