



13TH ATAIC ANNUAL TECHNICAL CONFERENCE

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Contents

- **Background**
- **Introduction**
- **Challenges**
- **Salient Features of NBR Modernization Plan**
- **Communication Strategies in Bangladesh Tax Reform**
- **Current Initiatives**
- **Future Plan**
- **Recommendations**

Background

- Secure adequate revenue is essential to promote growth, and to **reduce long term reliance on external funding flows, particularly development aid.**
- Tax and non-tax revenue is a vital component of domestic resource mobilization.
- Revenue is integral to strengthening the effective functioning of the state and to the **social contract between governments and citizens.**
- By encouraging dialogue between states and their citizens, **the taxation process is central to more effective and accountable states.**
- Tax reform in recent years has been accompanied by increasing recognition of the centrality of stakeholder engagement to understanding outcomes (IMF 2011).
- Thus, the centrality of **stakeholder analysis** is not surprising: taxation lies at the very heart of the relationship between states and citizens, is central to shaping economic opportunities, and is fundamental to the **redistributive and social policies of states.**

Introduction

- The **National Board of Revenue (NBR)** is the apex national tax policy and tax collection and tax systems administration agency of the **Government of the People's Republic of Bangladesh (GOB)**.
- The NBR is responsible for end to end **oversight** and **superintendence** over both **direct taxes** as well as **indirect taxes**. These include Income Tax, VAT and Customs.
- The NBR has recently put in place a **major reform agenda** that seeks to push across the broad reforms in the three national tax systems through several concurrent **short-term** and **long-term reform tracks**.
- The ***Strategic Communication and Taxpayer Outreach, Education and Assistance*** part of the NBR adopted modernization plan outlines the Communication strategies of Bangladesh Tax Reform.

Introduction (Cont..)

- This includes a **comprehensive communication strategy** for the NBR, **devising taxpayer education modules**, **supporting taxpayers through direct face-to-face assistance** provided in **taxpayer service centers** and through **call centers**, and a **Web interface** that provides **comprehensive support to taxpayers**.
- In addition, NBR engages in dialogue with different business chambers and other professional bodies in the budget formulation process to make it more participatory.
- However, **communications is often viewed as an add-on to the reform program**, rather than as an integrated mechanism for proactively engaging stakeholders to help ensure the reform's results and sustainability.

Introduction (Cont..)

- Lack of structure, strategy, and analytical rigor exposes reform efforts to **great risk on multiple stakeholder fronts.**
- Well designed and intentioned reforms can be derailed by a **lack of political will, unforeseen opposition, unexpected adversaries, or inattention to core constituencies.**
- Thus, the NBR has embarked on far reaching reforms both on tax policy and tax administration through intensive stakeholder consultation.

Challenges

- Bangladesh has a very narrow tax base and a very small percentage of the population bears the burden of taxation.
- The tax performance across the board is inconsistent with the GDP and economic growth in Bangladesh
- There is a strong case for educating eligible taxpayers with their tax filing obligations as well as with information on how to go about it.
- However, tax reforms are not painless. Changes in tax procedures and new taxes are likely to be opposed by the public and important stakeholders frustrating reform efforts.
- Strategic communication is thus extremely important to obtain taxpayer and key stakeholder support for tax reforms.

Salient Features of NBR Modernization Plan

- A sound tax policy in line with the international best practice while also being consistent with the local conditions in Bangladesh as well as the higher economic and fiscal policy goals and imperatives of the GOB.
- **Significant growth in revenue performance through widening and deepening of the existing tax base across all the three taxes.**
- **Enriched and enhanced taxpayer experience through an array of easily accessible taxpayer services available at multiple remote/customer facing touch points.**
- Reducing compliance cost for the taxpayer by reducing unnecessary paper works and contacts between tax administration and taxpayers thereby **establishing a regime that makes the relationship between the tax departments and the honest and diligent taxpayer incident free.**

Communication Strategies in Bangladesh Tax Reform

- Setting up an efficient, integrated national tax accounting network that will correctly account for, reconcile and record tax payment information at a transactional level for all the three taxes and make visible this information in real time basis to taxpayers and to all stakeholders including GOB, NBR, tax officers, Bangladesh Bank and taxpayers.
- Creating an administrative and legal framework that ensures the collection of sovereign taxes in a fair accurate manner while also supporting the competitiveness of Bangladeshi businesses in a transnational global economy.
- **Increased cooperation and coordination with other government and non-government agencies.**
- Human resource development through effective training.

Current Initiatives

Website Development Project

- The NBR has a reasonably informative and useful website.
- The NBR is working towards building strong back end systems and data management capacity.
- Centralizing accounts, centralizing returns receipt and processing, centralizing transaction processing, centralizing taxpayer registration and rationalizing tax laws would be put in place.
- Once these are in place, the quality and experience of accessing a range of the NBR taxpayer services through the official website will achieve a much superior level.
- The website would be an interactive forum that would allow taxpayers to find links to a range of tax facilitation offerings.

Taxpayer Service Centre Project

- This program will work towards providing direct support to taxpayers through conveniently located facilitation centers.
- This program will also include the setting up of call centers that could provide answers to taxpayers' questions.
- These centers will assist taxpayers in preparation of returns, in calculation of tax liabilities, in understanding of tax payment milestone dates etc.
- The service centers will also coordinate taxpayer education programs at the tax offices, at commerce and industry association forums, at tax advocates/CA forums and at other community organizations.
- The taxpayer service center project will also provide remote service through mobile phone, internet etc.

Automated Service Delivery Process

- NBR has undertaken a comprehensive organization renewal program that seeks to put in place an efficient, effective, fair and responsive tax regime in line with NBR Modernization Plan. To this end:
- **Group Mail and a Facebook page have already been created and all officers have been advised to interact through these web interfaces.**
- **Facebook information is kept updated and free access is provided to the respected taxpayers for effective communication.**
- **Quantity , Quality, Administrative Discipline, Transparency and Accountability would be ensured in service delivery process.**

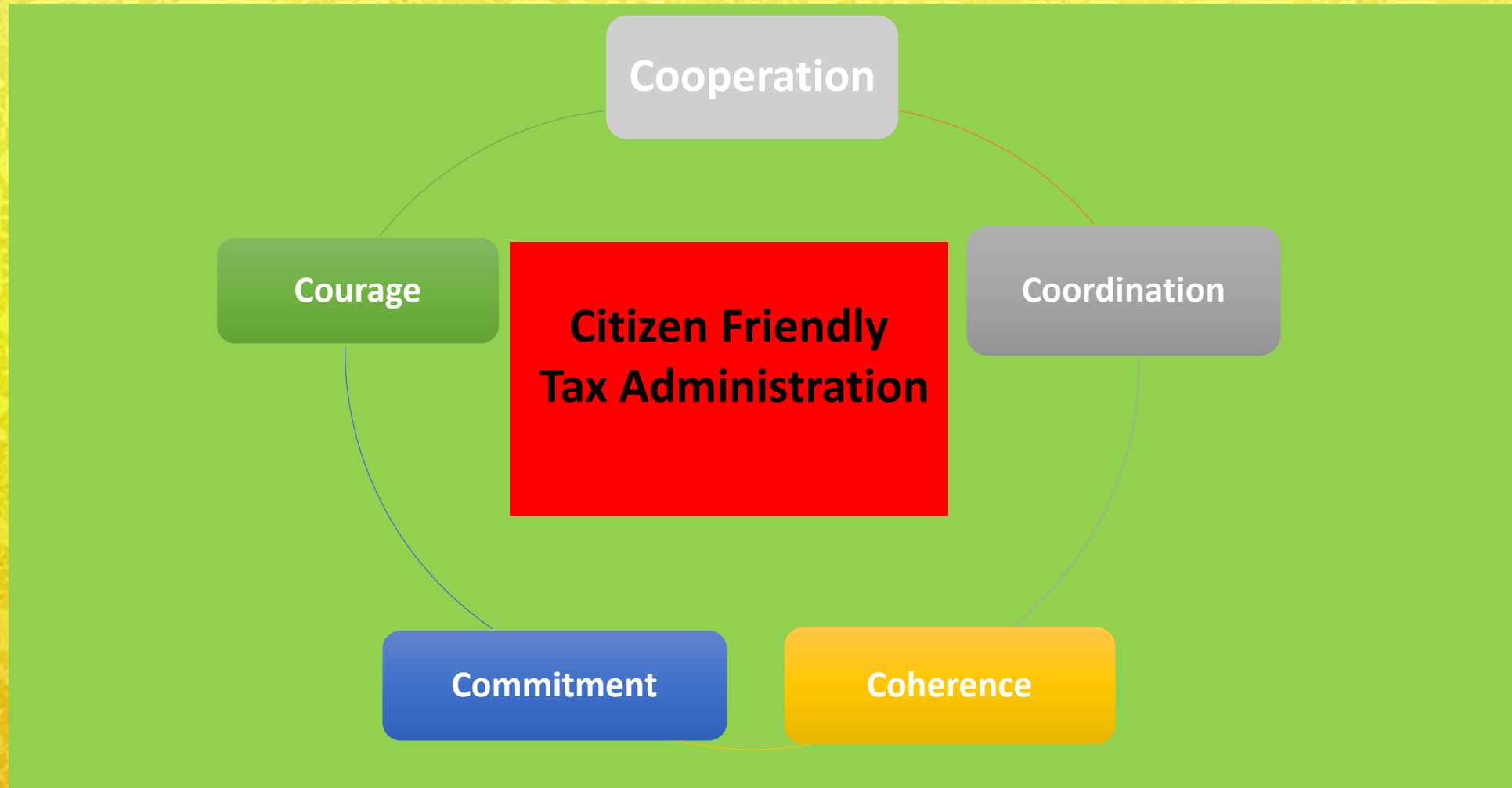
To provide comprehensive support to the taxpayers, different outreach program has been taken, which includes:

- **Arranging Income Tax Workshop & Training;**
- **Highlighting the role & importance of NBR for revenue Collection;**
- **Addressing Tax Payer's concerns through revenue dialogue.**

- **Tax Service Center** has been established every tax Commissioner's office to provide face-to-face assistance to the respected tax payers. All the Taxes Zones are deeply committed to improve the quality of services through this service center.
- **Meet the tax payers**: According to the direction of National Board of Revenue, every commissioner's office established "Meet the tax payers" services from 10 am to 12. pm in the first Tuesday of every month. Steps would be taken to organize the meeting more frequently.

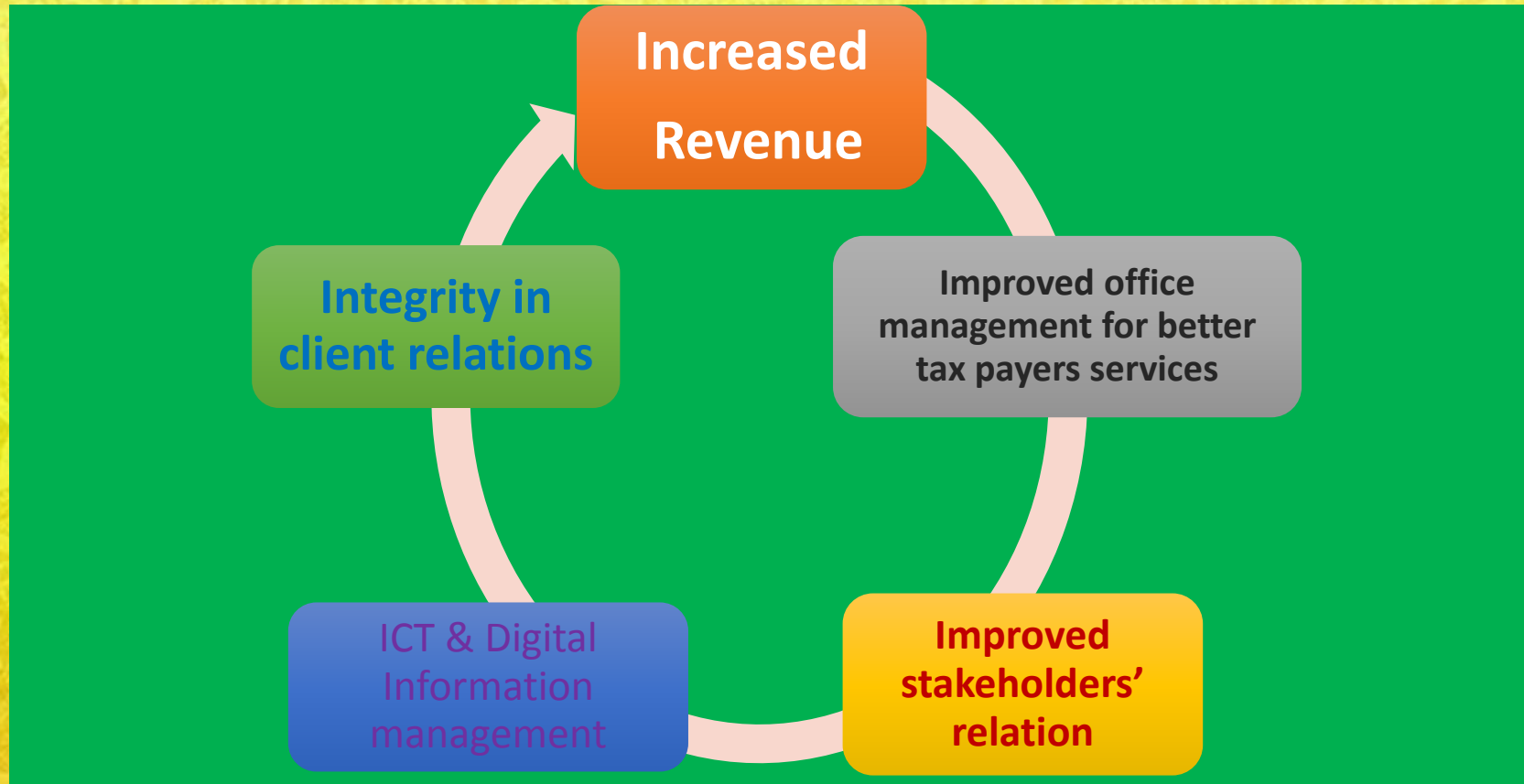
Future Plan

Citizen Friendly Tax Administration: 5 'C's



Bangladesh NBR is deeply committed to ensure good governance & modern tax administration under the rubrics of 5 Cs

Citizen Friendly Tax Administration: 5'I's



Bangladesh NBR is deeply committed to gear up its taxpayers supporting services through increased direct face-to-face assistance in the taxpayer service centers and through the respective circle offices. The increased use of Web interface (e-mail) will be beneficial for client friendly tax administration

Future Plan: Theme QQTTT

Purpose : For Total Quality Management

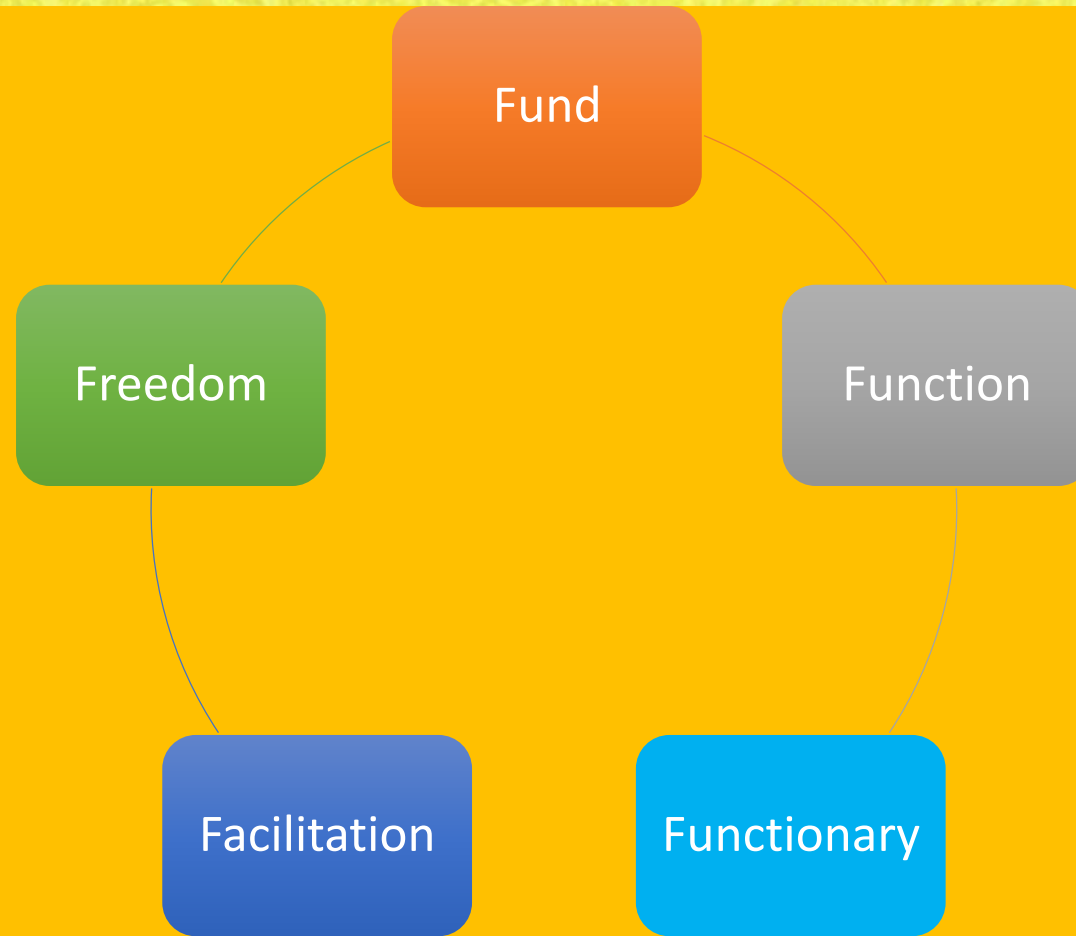


Future Plan



Zone 9 is committed to reflect the 5 Core Functions in its day to day activities.

Citizen Friendly Tax Administration: 5 'F's Plan (for focusing on our core functions)



Bangladesh NBR is committed to reflect the 5 Core Functions in its day to day routine activities.

Recommendations

- The NBR reform process should start with a communication strategy that at first maps out the key stakeholders such as the parliamentarians, the judiciary and the media and then recommends the appropriate communication needs and vehicles.
- Another important aspect of communication is taxpayer education. Taxpayers need to be informed of the various tax procedures in a manner that they can grasp easily.
- Apart from the media, important intermediaries such as business associations, accountants and tax lawyers play a crucial role in educating taxpayers.

Recommendations (Cont..)

- The purpose of NBR adopted Communication strategy should be aimed for developing mutual trust between tax departments and taxpayers with the assurance that there will be intra-taxpayer equity and the NBR will work towards ensuring that every person pays his/her due share of tax.
- The NBR should ensure that the relationship with taxpayers and the department will be incident free for all law abiding taxpayers.
- The NBR should reinforce its position that it is committed to supporting the competitiveness of Bangladesh businesses at the national as well as international levels and will ensure that the time taken to meet tax obligations is the minimum and the same does not impinge upon valuable productive time of taxpayers and their businesses.

Conclusion

Attaining an optimal income tax system is a difficult and unenviable task, but nevertheless critical for revenue generation required for accelerating growth and to improve the quality of life of the citizens. A long-term sustainable solution to enhance transparency, promote growth, improve tax compliance and thus to increase tax to GDP ratio is a much desirable issue in the context of Bangladesh. The current initiatives of tax reforms through strategic communications with taxpayers may create scopes for more broad based, revenue buoyant and equitable tax structure.



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