

IMPROVING PERSONAL INCOME TAX COMPLIANCE IN BANGLADESH

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MAGD 9th Batch

*A dissertation submitted to the program of BRAC Institute of Governance and
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DECLARATION

I hereby declare that

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ETHICS STATEMENT

It is ethical to respect the privacy of respondents of this research. Therefore, some of the information is not attached to the document as it might directly or indirectly imply the personality of respondents.

The fact is that all information is kept secret may not be enough without the exclusive consent of the respondents towards participating in this research. Hence consent from all the respondents was taken at the beginning of the study. The respondents were told that they have the right to refuse to answer to a few or all of the questions or to decide on taking part in any manner in the research.

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LIST OF ACRONYMS

ADP	Annual Development Program
ATO	Australian Taxation Office
BISEP	Business, Industry, Sociological, Economic and Psychological
CIT	Corporate Income Tax
CPD	Center for Policy Dialogue
GED	General Economics Division
GDP	Gross Domestic Product
HSC	Higher Secondary Certificate
ICT	Information and Communication Technology
MNC	Multinational company
NBR	National Board of Revenue
OECD	The Organization for Economic Co-operation and Development
PIT	Personal Income Tax
SDG	Sustainable Development Goal
SMS	Short Message Service
TIN	Tax Identification Number
TVC	Television Commercial
VAT	Value Added Tax

ABSTRACT

This paper aims to examine the current scenario of personal income tax in Bangladesh and ways to improve the compliance behavior of the potential and eligible taxpayers of the country. In order to conduct the survey, a set of questions were made based on the variables of BISEP Model. The survey was conducted on the individual taxpayers i.e. the government service holder, private service holders and business professionals; tax practitioners and tax officials/staffs. The Importance of personal income taxes is not only in their financial contribution to the public budgets but also in their impact on other government policies and goals. Though Bangladesh is having huge potential in improving the revenue from the personal income taxes, the non-compliance behavior of the taxpayers is limiting the prospect. Also, widespread exemptions, narrow tax base, tax holiday, corruption, system loss is interrupting the whole tax structure. Finally, the paper concludes with the related stakeholder analysis and policy recommendation considering the empirical study.

Key words: Tax Structure, Compliance Behavior, BISEP Model, Non-Compliance, Stakeholder Analysis, Policy Recommendations.

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Taxation is as ancient as organized government. It plays a very significant role in almost every economy as tax is the revenue generating mechanism for the government. In general term, tax can be termed as a compulsory financial charge or some other type of levy imposed upon an individual taxpayer or legal entity by a governmental organization to fund various public expenditures. Tax revenue includes revenues from income taxes, Social Security contributions, product sales tax, payroll taxes, and other items. The collection of tax is a vital function of government, and in most countries tax revenue is the primary resource through which public goods and services are funded. The international community has widely recognized that taxation is crucial to ensure sustainable development and to allow independence from foreign aid in the long term (Mascagni 2015).

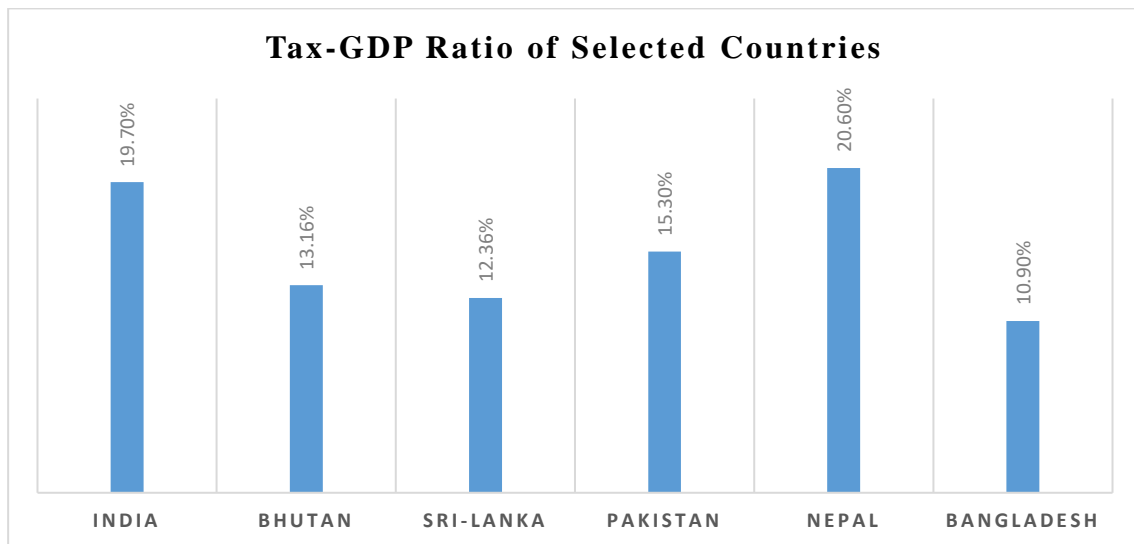
On the other hand, the total value of the final goods and services produced by a nation's economy during a given period of time is termed as GDP. Intermediary goods and services/products, and services used in the production of an end commodity or service-are not included in GDP. There is a compact and significant relationship between GDP and tax revenue as both helps to depict the economic health of a country. The tax to GDP ratio refers to a nation's tax revenue in relation to its gross domestic products or the market value of goods and services produced by a country. This ratio is used in conjunction with other metrics to measure how much a nation's government controls its economic possessions. The tax to GDP ratio is also used by the policymakers and analysts to compare tax receipts from year to year. In most cases, taxes are related to economic activity. So, the ratio should stay relatively consistent.

The tax to GDP ratio is one of the most used and effective measures of economic growth. Typically, the developed nations have higher tax to GDP ratios, while those of developing nations tend to be lower. The developed nations have achieved this high tax to GDP ratio over the decades and they are putting continuous effort to sustain it. Among the OECD countries the tax to GDP ratio is on the rise. As example, France is having a ratio of 46.2%, Denmark 46%, Belgium 44.6% and Sweden 44%.¹ As a developing country, though it should not be expected from the under development or developing country to achieve higher ratios like the developed countries overnight, it is expected the ratios of same size of economy should goes in line with each other. Bangladesh is failing to cope up with the expected tax to

¹ Revenue Statistics 2018, Tax Revenue Trend in OECD.

GDP ratio comparing to the neighboring developing countries. In the last 10 years, Bangladesh's average tax to GDP ratio was 10.3%, which is 19.6% in India and Nepal 19.6%.²The tax to GDP ratio for the fiscal year 2017-2018 was 10.90 and the revenue to GDP ratio is 12.18.³ Even Pakistan, Sri Lanka and African countries, with a lower economic condition, heading ahead of Bangladesh in terms of Tax to GDP ratio (World Economic Outlook Report). In developed countries the average tax to GDP ratio is 35.8% according to year 2018.⁴

Figure 1.1: Tax-GDP ratio of Selected Neighboring countries for FY 2017-2018



Source: Economic and Social Survey of Asia and the Pacific-2018

The economy of Bangladesh is growing faster. The GDP rate is going upwards with each passing year but the tax revenue is not growing in line with the GDP rate. So, it is creating a huge tax gap to GDP ratio. According to the research conducted by the Economic and Social Commission for Asia and the Pacific (ESCAP), the gap between tax revenue and Gross Domestic Product (GDP) in Bangladesh is the highest in the Asia-Pacific region.⁵ The survey covers an elaborate discussion of how Governments of different countries in the Asia-Pacific region could increase domestic public financial resources and leverage their private capital to strengthen economic prospects in a sustainable manner. It also contains estimates information on additional finance the countries may mobilize by transporting reforms in tax

2 The Global Revenue Statistics Database

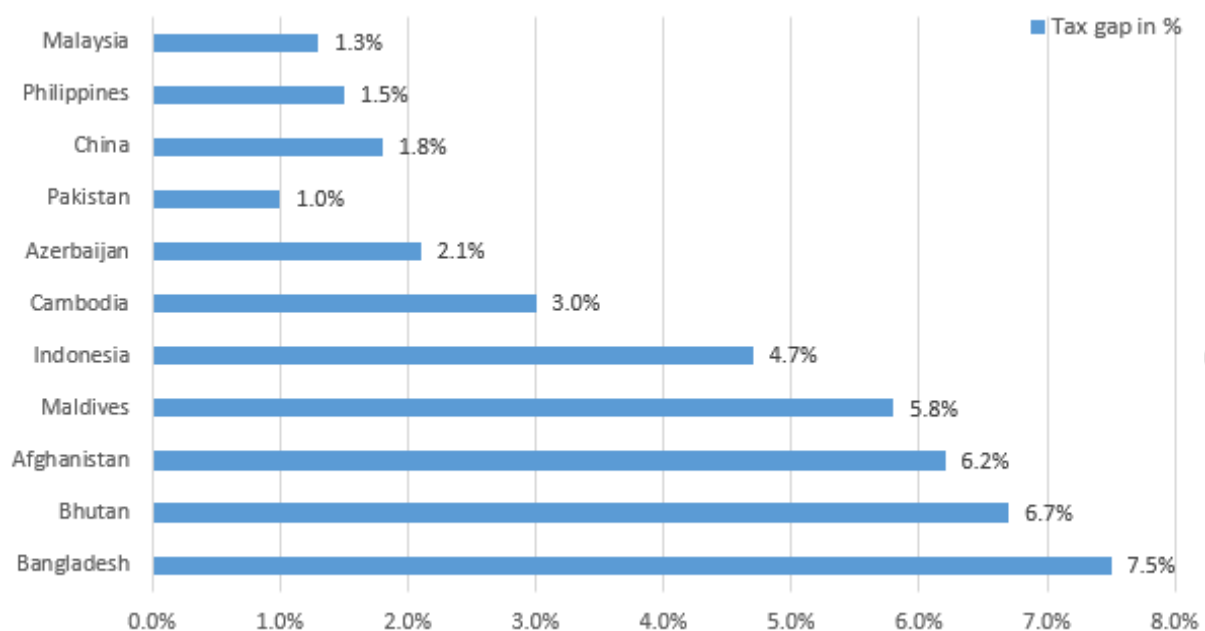
3 Bangladesh Economic Review-2018, Finance Division (Chapter-4/ Table-4.1)

4 Dhaka Tribune, Bangladesh's tax revenue to GDP ratio is the lowest in South Asia

5 Economic and Social Survey of Asia and the Pacific-2018

administration or tax incentives. The survey found that in 17 Asia-Pacific countries, including Bangladesh, the actual levels of tax collection are below their potential. In most of the countries the revenue may increasing over the last decades but the increase in revenue is not in line with the Tax to GDP ratio. Bhutan is in second position behind Bangladesh with a 6.7% gap, while the gaps in Afghanistan and Maldives are also over 6%. Malaysia is the lowest at 1.3%.

Figure 1.2: Estimated tax gaps in selected Asia-Pacific economy



Source: Economic and Social Survey of Asia and the Pacific-2018

The evidence proves that the tax to GDP ratio of our country is really poor which is upsetting for the country's economic health. This downward slopping rate is also causing interruptions in achieving sustainable development goals (SDG). In 2015, Bangladesh upgraded to middle income country from lower income country genre.⁶ United Nations has recognized Bangladesh as a developing country and the title would be effective from 2024. So, we are having exactly five years' time to match our tax revenue with GDP; Or else it would be almost impossible for Bangladesh to sustain this development status. The only feasible way to match tax revenue with GDP is to increase domestic public finance resources and by the leverage of private capital. If Bangladesh wants to increase domestic finance resources, the

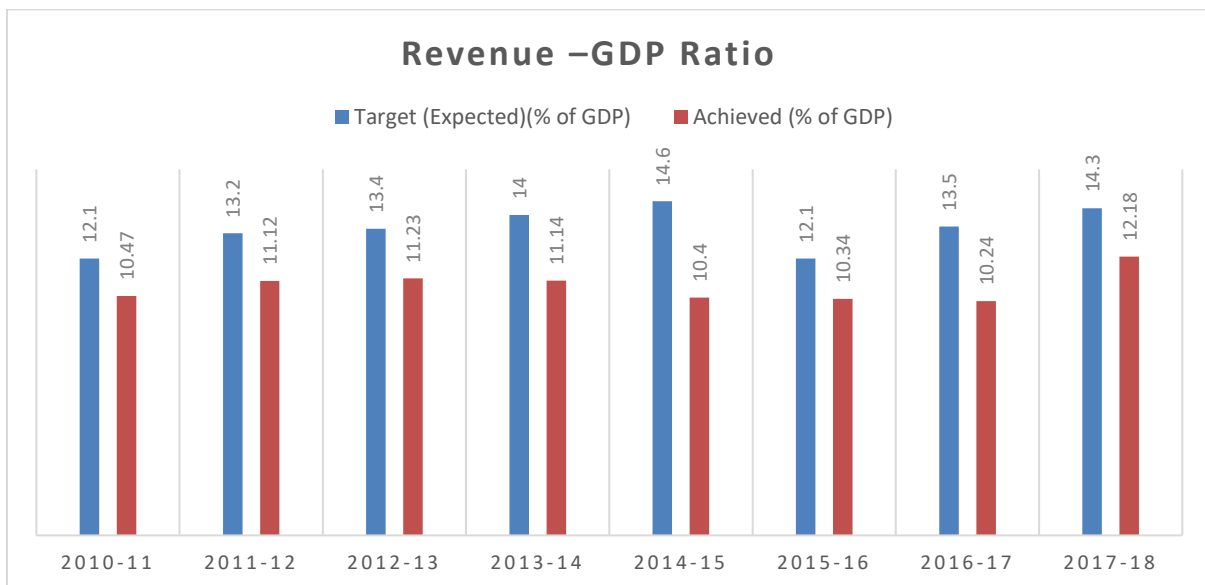
⁶ World bank, country report 2015

reform in tax administration would be a top priority as the tax revenue can transport the additional finance needed for the corresponding tax to GDP ratio.

1.2 Rationale of the Study

Bangladesh is having a long tradition of preparing national development plans for a certain horizon of time. The General Economic Division (GED) of the Planning Commission has adopted the 7th Five-year plan which runs till 2020 and the 8th Five-year plan is on the planning process. These plans actually assist the policymaker to set a benchmark for development indexes and to evaluate the performance against the forecasted standards. Each year the planning division sets a targeted revenue that is to be collected for sustenance the spending of government throughout the year.

Figure 1.3: Revenue - GDP Ratio Target and Achievement up to FY 2017-2018



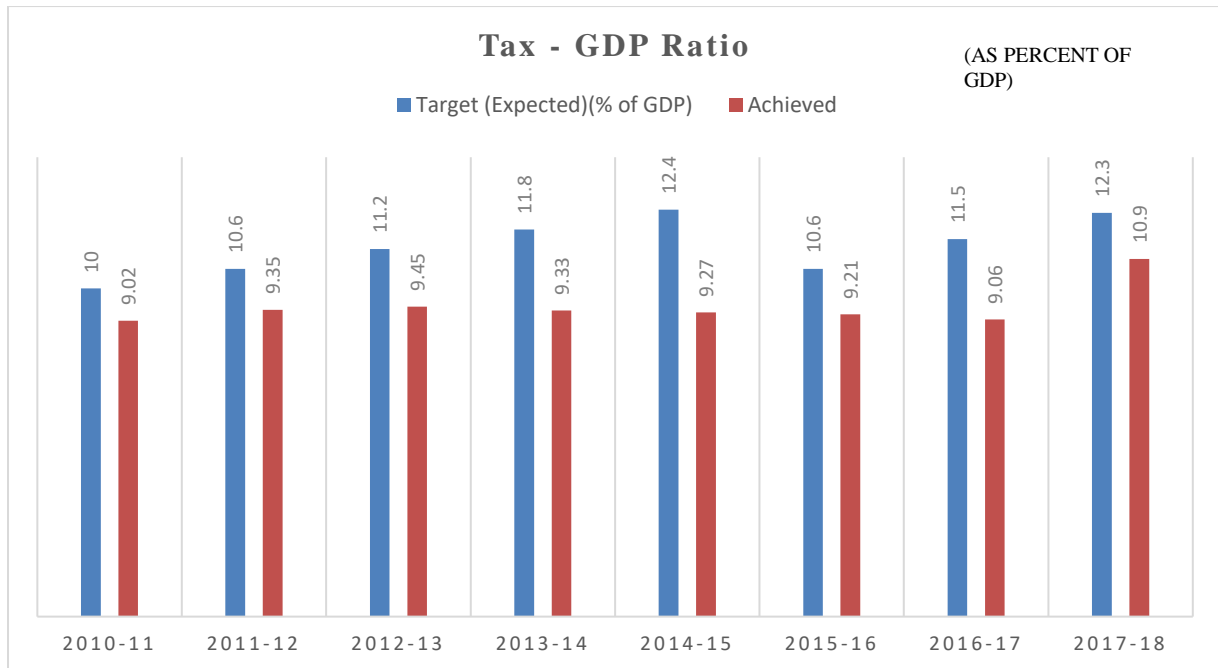
Source: 7th Five-Year Plan, Planning Commission and Various issues of budget at a glance, Finance Division.

The diagram clearly depicts that in each fiscal year we are lagging behind the targeted revenue. After each fiscal year if we are to analyze our target and achievement, we can see that have been in deficits in terms of revenue collection. The targeted revenue collection for 2018-2019 is 15.1 and for 2019-2020 is 16.1.⁷ The annual budget is being made each year depending on this expected revenue. The allocation for spending in different development sectors is also been made depending on the revenue collection. So, after the end of the year when the spending does not match with the revenue collection, deficit occurs in the economy.

⁷7th Five-Year Plan, Planning Commission.

91% of total revenue of Bangladesh is made up from the tax revenue and the other 9% is from Non-tax revenue.⁸ It makes the tax-GDP ratio as one of the recognized and important criteria for judging the targeted and achieved tax of a country.

Figure 1.4: Tax - GDP Ratio Target and Achievement up to FY 2017-2018.



Source: 7th Five-Year Plan, Planning Commission and Various issues of budget at a glance, Finance Division.

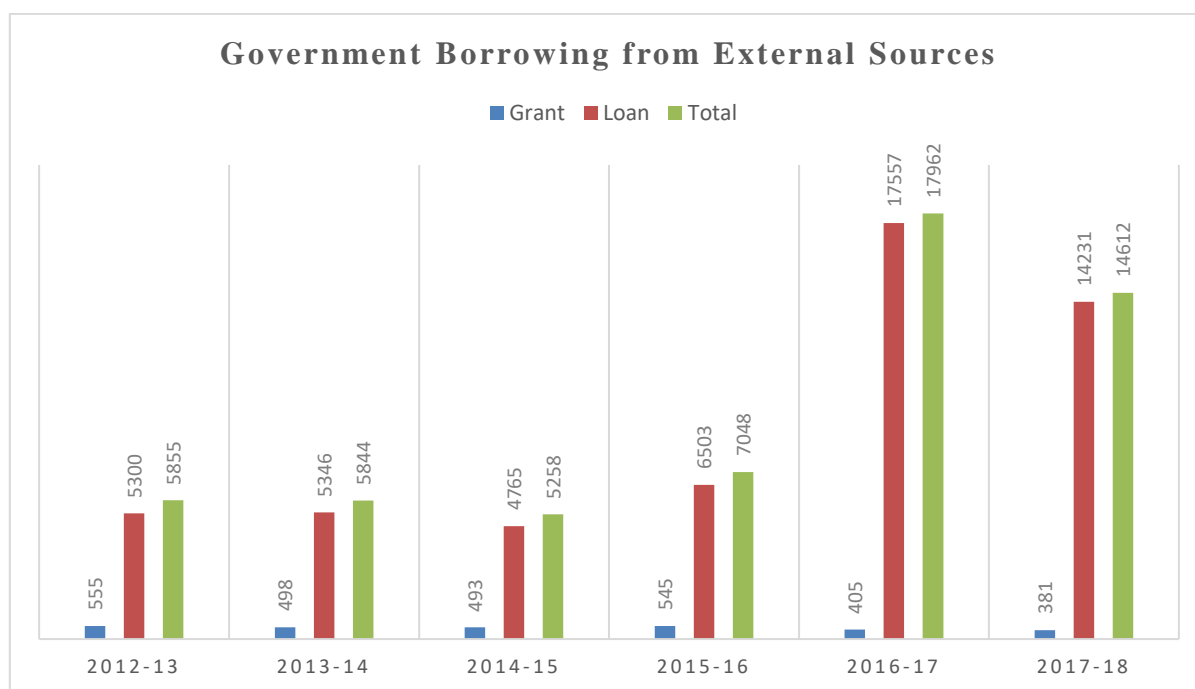
If we take a deeper look into the tax to GDP ratio, we can see that our targeted ratio has never been achieved. The expected tax to GDP ratio for FY 2018-2019 is 13.1 and 14.1 for FY 2019-2020.⁹ It is appreciated that there is a consistent improvement in the GDP growth but the alarming fact is that the tax revenue is not in line with the growing GDP. Also, there is no significant change in the pattern of gap between the performance and achieved tax to GDP ratio. However, we are already on the verge of 2019 and about to cross the time horizon of 7th five-year plan. The 8th Five-Year Plan, that is from 2021 to 2026, is going to be an extremely significant period for Bangladesh's development. In this time horizon we hope to graduate from Least Developed Country status. This indicates that we have to become independent of official development assistance and grant-based support from the developed countries. For years we have become used to receiving nearly a billion dollars in grant-based development

⁸ Various Issues of Budget in Brief, Finance Division.

⁹ 7th Five-Year Plan, Planning Commission

assistance.¹⁰ But from few years we have gradually been moving from this grant-based development strategy and trying to finance more from internal resources (Figure 1.5).

Figure 1.5: Government Borrowing from External Sources.



Source: Bangladesh Economic review-2018, Finance Division

For the 8th Five-Year plan government has no plan to seek for the donor's assistance.¹¹ The development partners are showing interest in lending money but according to planning commission they are not interested to take any foreign aid. So, we need to find a replacement for that. The increase in revenue collection can be a feasible solution to this problem. In this process, we would also be able to achieve our expected tax to GDP ratio as well. The time horizon of 2030 is for the SDGs and climate change goals. We have 11 years to develop our plan and to start implementing it in earnest. Bangladesh has done well with implementing the Millennium Development Goals (MDGs) which lets us proceed for the SDGs. So, a deeper look into the tax revenue structure and collection is the demand of time. As the major portion of direct tax revenue is comprised with the personal income tax; we would analyze the prospects and progression of personal income tax in this paper.

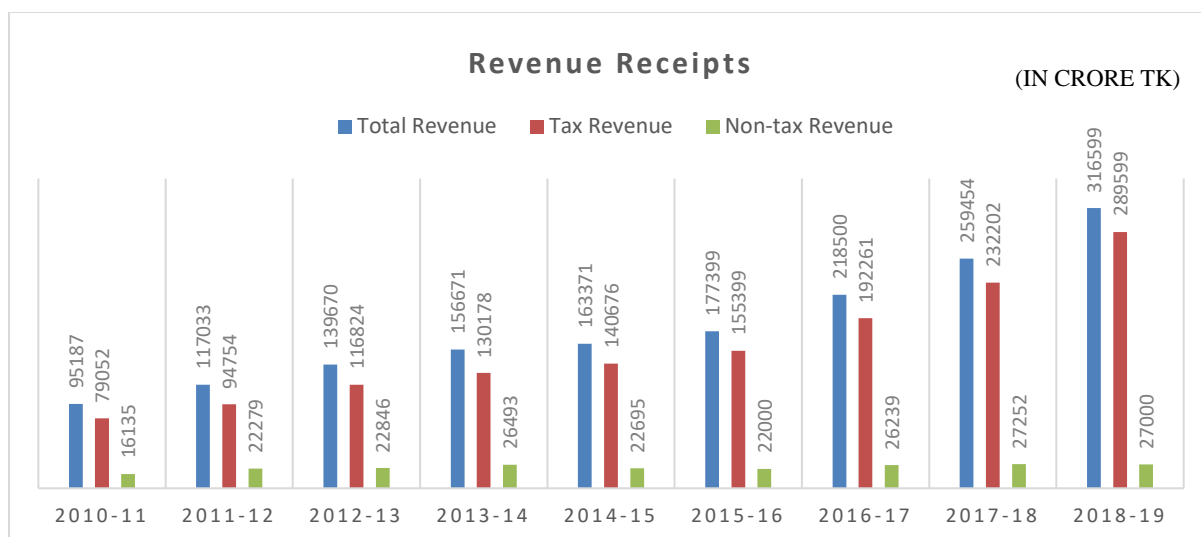
¹⁰ Looking beyond the horizon, The Daily Star.

¹¹ Prof Dr Shamsul Alam: Planning Commission (PC). The Financial Express.

1.3 Problem Statement

The background of the study already indicates how important it is to study the revenue structure of our country and to work for the reformation and improvement. As, the revenue structure is a very vast area to explore; only the tax revenue will be focused in this paper as it covers the 91% of the total revenue.

Figure 1.6: Comparison of Revenue Receipts from FY 2010 to FY 2019.



Source: Various issues of Budget in Brief, Finance Division. Figures are based on revised budget.

The trend in revenue collection clearly shows the significance of tax revenue over the period. Over the period of time total collection has been increased but that is still less than the expected revenue (Figure 1.6). According to the 7th Five Year Plan, 38.3% of total tax revenue is programmed to be mobilized from income tax in fiscal year 2020. In FY2017-2018, about 30% of tax revenue came from income tax, with the major part coming from indirect taxes.¹²

Table 1.1: Composition of Direct and Indirect Taxes.

Fiscal Year	Total NBR Tax Revenue (Crore Tk)	Direct Tax		Indirect Tax	
		Crore Tk	% of Tax Revenue	Crore Tk	% of Tax Revenue
2010-11	79403.11	23419.57	29.49	55983.54	70.51
2011-12	95058.99	29133.58	30.65	65295.41	69.35

¹² State of Bangladesh Economy and Upcoming National Elections: CPD (2018)

2012-13	109151.73	37710.46	34.55	72441.27	65.45
2013-14	120819.83	43848.52	36.29	76971.33	63.71
2014-15	135700.7	48353.8	35.63	87346.9	64.37
2015-16	153626.96	52347.29	34.07	101279.67	65.93
2016-17	171656.44	53812.15	31.35	117844.29	68.65
2017-18	206407.25	65695.19	31.83	140711.06	68.17

Source: 2010-11 to 2016-17 from NBR; 2017-18 – Bangladesh Economic Review-2018, Finance Division

The lion shares of the revenue, Tax revenue is comprised with direct tax and indirect taxes. The direct taxes are derived from personal and company income taxes. On the other hand, the indirect taxes are comprised with VAT, custom duties, excise duties etc. the new reforms of VAT structures are expected to bring about a growth by 17.4%. Again, without much significant changes the income tax is expected to grow by 19.7%.¹³ so, the budget of FY 2019-2020 reflects to have more reliance on income taxes. So, more focus should be given on the improvement of income taxes.

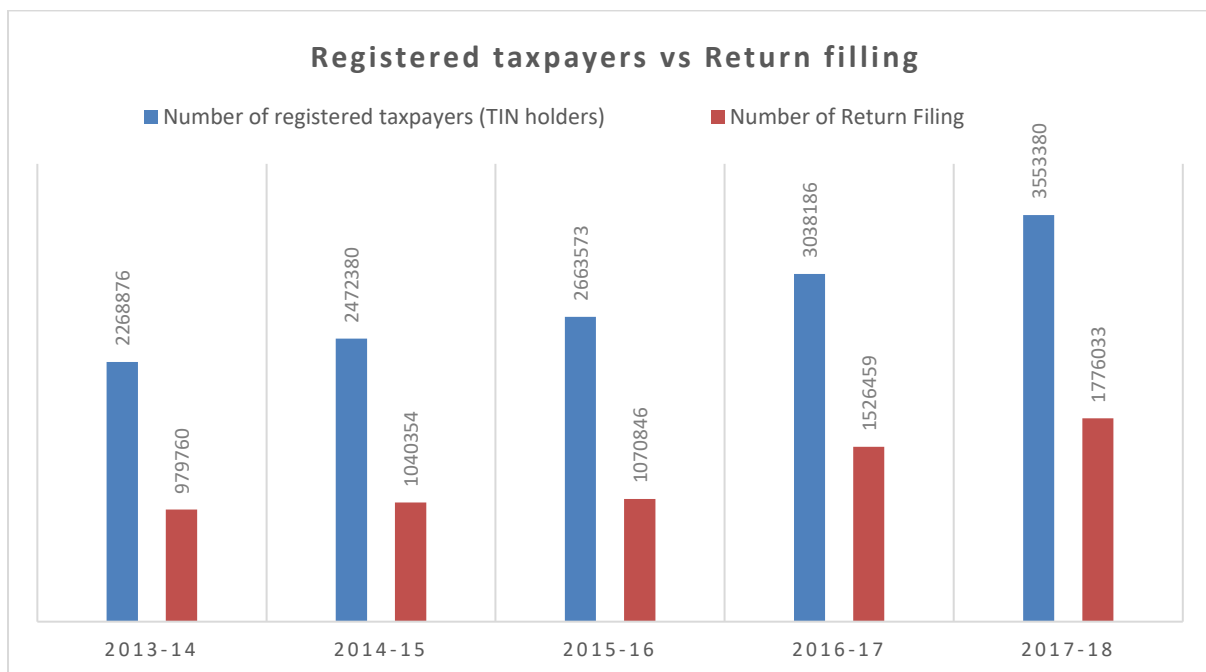
Table 1.2: Composition of Personal and Corporate Income Taxes.

Fiscal Year	Income Tax (I.T. in Crore Tk)	Personal Income Tax		Corporate Income Tax	
		Crore Tk	% of I.T.	Crore Tk	% of I.T.
2010-11	23007.53	9893.24	43	13114.29	57
2011-12	28652.43	12463.81	43.5	16188.62	56.5
2012-13	37120.65	16711.72	45.02	20408.93	54.98
2013-14	43207.27	11873.51	27.48	31333.76	72.52
2014-15	47477.4	12556.66	26.45	34920.74	73.55
2015-16	51328.92	25379.83	49.45	25949.09	50.55
2016-17	52754.3	20919.93	39.65	31835.1	60.35
2017-18	56695.89	20637.81	36.4	36058.08	63.6

Source: NBR annual report 2017-2018.

Table 1.2 shows the composition of personal and corporate income taxes that jointly shapes the income tax revenue of our country.¹⁴ The expected composition of individual and corporate income tax to remain the same, that is 40:60. From table 2 we can see though, the company tax is increasing there is a declining trend in the personal income tax collection. The collection of personal income tax in Bangladesh is relatively too low comparing to the huge population. Widespread exemptions, narrow tax base, Non-compliance behavior of the taxpayers is mainly responsible for the poor tax collection. The focus of the upcoming budget (FY2019-20) revolves around a much higher revenue collection of Tk 3.97 trillion, where NBR’s revenue target is around Tk 3.4 trillion.¹⁵ The cornerstone of that target is the expansion of income tax and VAT net which will help reduce dependence on foreign aid and grant. As the finance minister has been talking about keeping the tax rate unchanged, the only way to finance the extra revenue can be the increase in revenue collection.

Figure 1.7: Number of registered tax payers and return filing.



Source: Income Tax at A Glance: FY 2019-2020, NBR.

Currently Bangladesh is having one of the largest populations in the world with 164.7 million inhabitants. In spite of this huge population there is only 3.5 million registered taxpayers in

¹⁴ NBR Annual Report, 2018.

¹⁵ Bringing more people under the tax net. The Daily Star.

the country and around 2 million taxpayers submit their tax return on average.¹⁶From figure 7, we can see a huge gap in the number of registered taxpayers and actual return filling every year. A recent study by CPD reveals that 68% of the eligible taxpayers did not pay income tax in 2017. Income quartile-wise analysis revealed that more than one-third of the top earners did not pay taxes. Along with this, there is also the issue of tax evasion, which is no less prevalent (Khan, 2018). From the perspective of establishing a more equitable economy, the role of income tax collection from individuals must be put at the center of policy. Particularly in view of the rising income inequality trends of the recent past, we need to investigate the reasons behind the smaller number of return submission and the irregularity in tax collection. The problem statement of this research paper includes: the mismatch between the number of taxpayers and return filling and the factors that is leading to the Non-Compliance behavior of the taxpayers.

1.4 Research Objectives

The specific objectives of this study are;

- To have a brief knowledge about the current personal income tax scenario of Bangladesh.
- To analyze the challenges and prospects of personal income tax in Bangladesh.
- To scrutinize the ways of improving the personal income tax in Bangladesh.

1.5 Research Questions

The research questions include:

- What are the factors that influence the compliance behavior of the personal income taxpayers of Bangladesh?
- How can the compliance behavior of the individual taxpayers and the personal income tax of Bangladesh be improved?

¹⁶ NBR Chairman, *Bringing more people under the tax net*. *The Daily Star*.

CHAPTER 2

LITERATURE REVIEW

2.1 Literature on Tax Structure

Shahid Ullah (2016) describes the efficiency and fairness of tax system of Bangladesh as an emerging developing country, committed to increase revenue and achieve fiscal discipline with a view to growing self-reliance. This paper appreciates the pragmatic initiatives and policy reforms with improved administration which resulted in a modest improvement in the Tax-GDP ratio. However, the narrow tax base, widespread exemptions, and administrative inefficiencies are still triggering the lower tax-to-GDP ratio compared to the neighboring/comparator countries. This also suggests that tax reforms over the last decades could not bring about significant changes in Bangladesh's tax efficiency and productivity. The author also give emphasis on the substandard of personal income tax. For this the author holds the narrow tax base accountable as it covers only 1% of people within the tax net. Another alarming factor for personal income tax is the uneven distribution of tax burden. A major portion of taxes is paid by a small group of people with higher marginal rates where another group of registered taxpayers always remain in lower income groups for either due to more available tax incentives or tax exemptions. Thus, this group shares a little burden of taxes often at lower marginal rates. As a whole the weak policy framework of NBR, limited administrative modernization, a high degree of administrative fragmentation, significant human resource constraints and weak enforcement mechanisms are mainly responsible for Bangladesh to be a low tax-effort country in spite of having a high buoyancy ratio. This implies that the policymakers of Bangladesh have the scope and potential of greater revenue mobilization through internal resources in order to meet the budgetary deficit. As there is unlimited tax exemptions and tax holidays, poor tax base, inequality of taxing and repeated tax amnesty; it is important to place greater emphasis on administrative and policy reformation in order to identify and remove the dodges in the revenue generation process.

Asian Development Bank (2018) analyzes the administrative frameworks, operations, and performance of revenue bodies in 28 economies in Asia and the Pacific. Among these 28 economies, most are having a developing and emerging economic status with overall GDP of 15% or below. The third edition of the comparative series provides a broad collection of information gathered through surveys and research that enables high-level comparative analyses of tax administration in the 28 economies including Bangladesh. This paper addresses different issues in six chapters. The chapters are consisted of the structure of tax revenues, institutional and organizational governance, managing taxpayer's compliance, human resource management, tax administration and lastly operating budgets of related

matters. In the analysis of tax structure, ADB finds that Bangladesh is one of the heavily populated countries with relatively low tax to GDP ratio. While measuring different revenue productivity ratios, the estimated size and trend of the tax and VAT gap suggests that undetected non-compliance is a significant contributing factor for the country. The term tax structures used in this paper refers to the mix of taxes that is depended on for overall government revenue purposes, and the relative amount of revenue each tax contributes to comprehensive tax revenue collections. Across almost all of the economies included in the study taxes on goods and services are predominant, representing on average 42.1% of overall tax collections. With a population of over 160 million, considerable poverty, and a very low tax effort that is imbalanced significantly to reliance on indirect taxes. The IMF notes that one of the key challenges for Bangladesh is to modernize the tax system and its administration. Improving taxpayers' voluntary compliance is the major challenge for all revenue bodies across the globe because it is the only way to increase tax collection in a cost-effective manner, while strengthening public assurance in their administration of the tax laws. The lower voluntary tax compliance rate of the taxpayers of Bangladesh is also a concerning issue in this report. The overall study suggests that the countries with relatively easier legal framework are having higher compliance rate. Use of technology in revenue bodies can also help gaining transparency and better administration system.

Mills (2017) provides with a brief discussion about the barriers to increase in tax revenue for developing countries including Bangladesh. The author suggests four principal groups of reason; internal political factor, administrative constraints, external political factors like multinational companies and big investors and the structure of economics of the country; which restricts the yield in higher revenue in many developing countries. In developing countries, the government collects much lower proportions of their GDPs in tax revenue than the governments of the OECD countries do. The ratio in developing countries is 10-20% compared with 30-40% in OECD countries. The lowest tax shares are observed in South East Asia and in the Pacific region, at levels close to 10%. Sub-Saharan Africa, the MENA region, and Latin America have higher average tax-to-GDP ratios (around 18%). The countries with low-income still lag behind with many having rates below 15% of GDP. Being a developing country still Bangladesh is struggling with an average of 10.3% of tax to GDP ratio for the last 10 years. However, it is not realistic to expect developing countries to reach the tax proportions of OECD countries quickly as there are no quick fixes and no prospects for sharp increases. Tax reform and public financial management reforms have been happening over

decades in many of today's high-income countries in a broad way. So, the similar changes should not be expected to happen very quickly in low income countries. The study explores the political economy of Bangladesh and illustrates the repeated failure to reform the country's tax system was due to significant confrontation to change that cut across political, economic and administrative elites. Mostly the economic elite is catered for by low and predictable tax rates to businesses, tax administrators enjoy extensive discretion and opportunities for corruption, and the political elite can use the system to raise funds and distribute patronage and economic rents. Seeing that politics is at the heart of tax systems, the author suggests adopting a political economy approach to reform in order to identify the progressive reformers within governments and revenue authorities. In this way they can be assisted without putting their domestic political support under threat and the incentives required to persuade the more reticent allowing reform of their tax systems.

2.2 Literature on Tax Compliance

Morris, Lonsdale (2004) translates the compliance model into reality for the economy of New Zealand. A range of practical problems relating to non-compliance behavior of taxpayers are discussed in this paper in light of the compliance model. The problems include identifying the income not being declared by persons who receive a large proportion of their incomes in cash. This group acts as a major constraint on reducing the size of this sector. The paper also discusses the community's attitude towards compliance with the tax laws in general. Particularly it discusses the change in compliance behavior when marginal tax rates are high, the tax laws are complex or when the administration is inflexible. Inland Revenue compliance model is a blend of BISEP model and the ATO (Australian Taxation Office) Model. The ATO model guides to the assist in understanding the influences that stimulus taxpayer compliance behavior and BISEP model focuses on improving long-term voluntary compliance and create an environment that promotes compliance. Inland Revenue recognizes the necessity of improving risk identification and tailoring the audit responses to the level of risk identified to manage revenue risk effectively. The principles mean that Audit is in a better position to support and contribute to Inland Revenue's strategic direction by recognizing that efforts in Audit are aimed at maintaining and improving taxpayer compliance and are not solely about conducting audits. Audit has an important role in the broader process of compliance management and at the same time it is strongly focused on the detection of compliance risk based on credible intelligence.

Nasiruddin Ahmed (2013) attempts to analyze how tax revenue of Bangladesh can be boosted by refining VAT compliance. The evidence presented in this paper shows that VAT compliance rate is very low in Bangladesh and there is a need for improving voluntary compliance in VAT. For this the author develops a model for optimizing voluntary compliance through an appropriate balance of few elements. These includes simple VAT law and processes, organizational development, automation of tax process with the help of advanced technology, taxpayers', lastly assistance and enforcement improvement programs. Compliance programs are commonly structured around major taxpayer segments like large businesses, medium-sized enterprises, small and micro enterprises and individuals. The model addresses the compliance risks relevant to these segments. While conducting the research it is found that a number of agencies have adopted self-assessment system. This system relies on the voluntary compliance of the taxpayers along with their obligation to register, paying tax and submitting return on time. The successful self-assessment systems are supported by an administrative approach which recognizes that voluntary compliance can be optimized through a proper balance of simple laws and processes, organization development, automation of tax process, taxpayer's assistance and education in implementing upgrading programs.

2.3 Research Gap

From the literatures discussed above it can be said that there is not much research on taxpayers' compliance or behavioral aspect in the context of Bangladesh. The internationally published literatures mainly focus on the comparison among the countries. The comparisons among the countries helps to create a benchmark to follow but lacks brief and structural analysis of any particular country. The literatures that are focused only on the perspective of Bangladesh are either focused on the overall tax structure or VAT system. There is a handful amount of research that addresses the glitches associated with personal income tax. The behavioral aspect of the taxpayers is also ignored in these literatures where compliance behavior is an important aspect in improving tax collection or overall tax structure. So, acknowledging the research gap, this paper would be focusing on the improvement of personal income tax of Bangladesh. The behavioral aspect would also be discussed with the help of compliance model. Lastly, recommendations would be added that may help the policy makers to generate sustainable and practical policies.

CHAPTER 3

METHODOLOGY

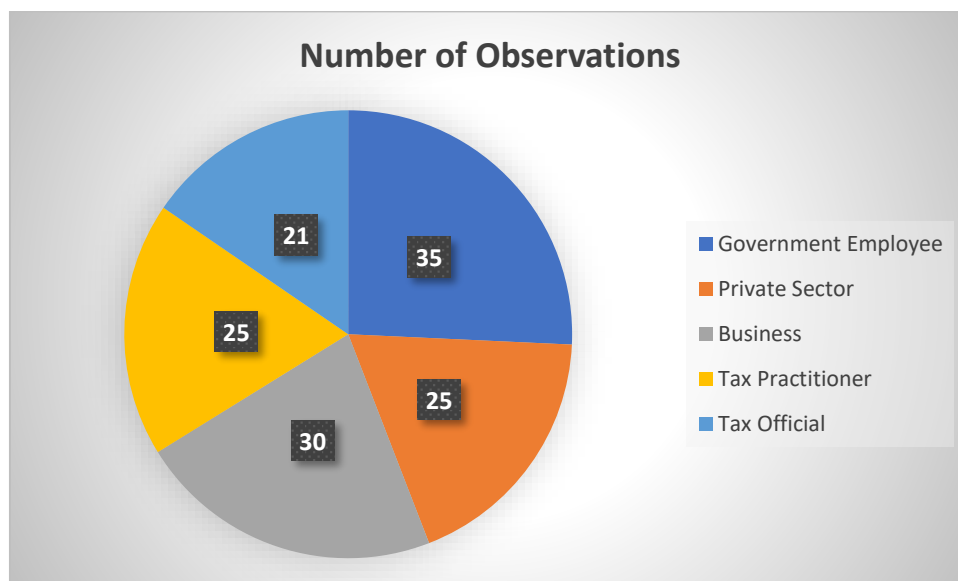
3.1 Study Area and Target Population

As this research topic is very specific, “Improving personal income tax in Bangladesh”, this research only worked on specific population. It focuses on three general categories: Individual tax payers (that include government service, private service, business, lawyer, journalist, doctor, engineer, consultant, agriculturist etc.), Income tax practitioners (that include tax lawyer, advocate, chartered accountant, cost & management accountant etc.) and the Tax Officials of Income Tax Authority of Bangladesh. In collecting data, it was tried the utmost to be inclusive of all the participants in the tax system of this country.

3.2 Data Collection

For this research, the main source of data was the conducted survey. So, the data used in this study is primary in nature and are developed base on the objective of the study. The total number of observations were 136 and this sample set was created through simple random sampling. Among these 136 people, 35 were government employees, 25 were private sector employees, 30 were from businessmen, 25 were tax practitioner and 21 were tax officials. The people in the sample were selected from almost all aspects of the specific category, such as high officials, petty businessmen, private job holders of different sectors, various tax practitioners etc.

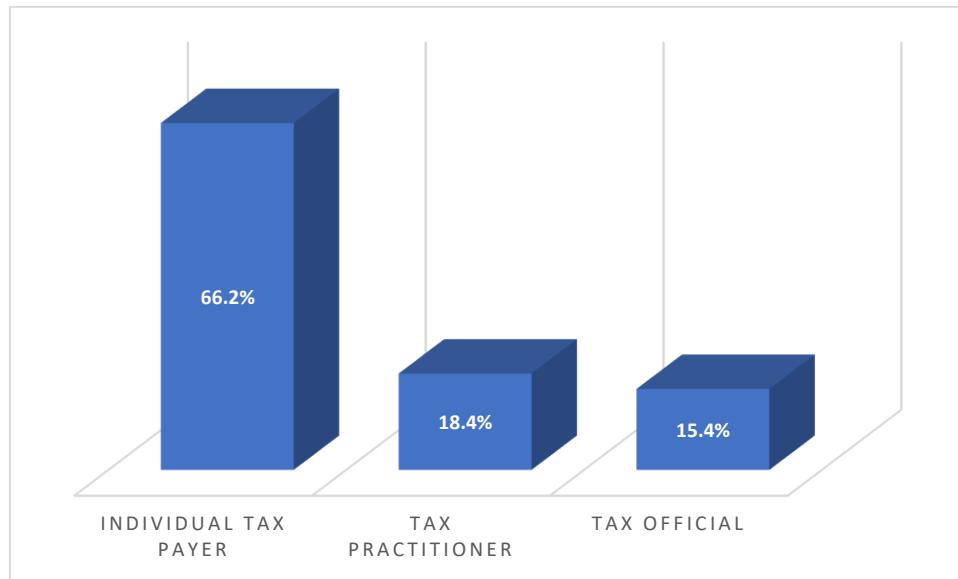
Figure 3.1: Sample group of the study.



Emphasize was given based on the three categories while collecting data. Most focus (66.2%, 90 people) was given to the individual tax payers while collecting data, as this paper is

concerned with improving individual tax. 18.4% (25) observations were from tax practitioners and 15.4% (21) were from tax officials.

Figure 3.2: Number of each sample group in percentage.



3.3 Questionnaire Design

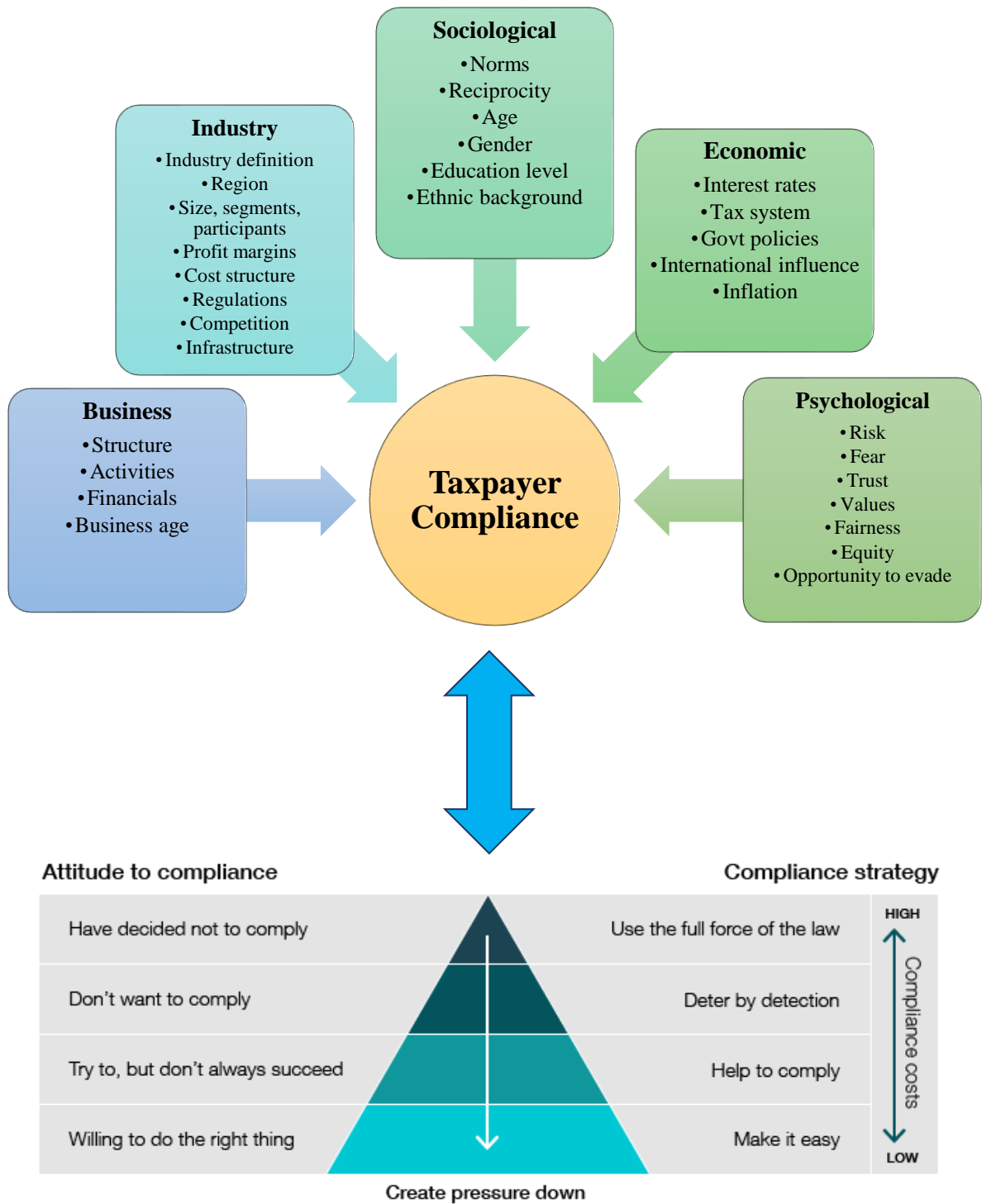
In this research, for the purpose of collecting data a questionnaire was used. The questionnaire was modified according to the three categories of respondents. All the data was collected through personal interviews of the sample individuals. For those who understood English, the questions were asked to them in English. And for those who didn't, they were asked in Bangla, though the essence and content of the questions didn't change.

The questions were developed after doing extensive literature review. To develop the questionnaire, BISEP model of compliance was followed. The questions did not directly reflect the BISEP model. But it contained the main essence of the compliance model to identify the major factors that influence compliance in the individual level.

The BISEP Model

The BISEP model addresses the different attitudes to compliance. There are a range of attitudes, and they differ according to the situation of the individual. BISEP analyses these certain attitudes or behaviors. There are five broad "influencing factors". They are: Business, Industry, Sociological, Economic and Psychological. To determine the level of compliance for individuals, these factors should be determined at the first place.

Figure 3.3: The Compliance Model (BISEP)



- A person may not comply due to various reasons, and the BISEP helps us to understand exactly that.
- It cannot be assumed that, if a customer has not complied, he or she automatically hold a position at the top of the pyramid.
- A person cannot be expected to have the same attitude all the time.

In this study the BISEP model contributes in developing a deeper understanding of taxpayer's behavior. This model enables to lay the groundwork for the development of targeted strategies which reassure the motivation to do the right thing and constrain the motivation to resist or evade compliance of the taxpayers. According to this, three questionnaires were designed, aiming to determine the factors that affect the most in compliance behavior for three pools of respondents: Individual, Tax practitioners and Tax authority.

3.4 Limitations of the Study:

The tax structure of any country is a very complex thing to study from individual level. So, the study is having some limitations.

- The number of samples is very less compared to the huge population size.
- The samples are collected through simple random sampling system. So, it may have some selection bias.
- There were not sufficient data available as the websites are not updated regularly.

CHAPTER 4

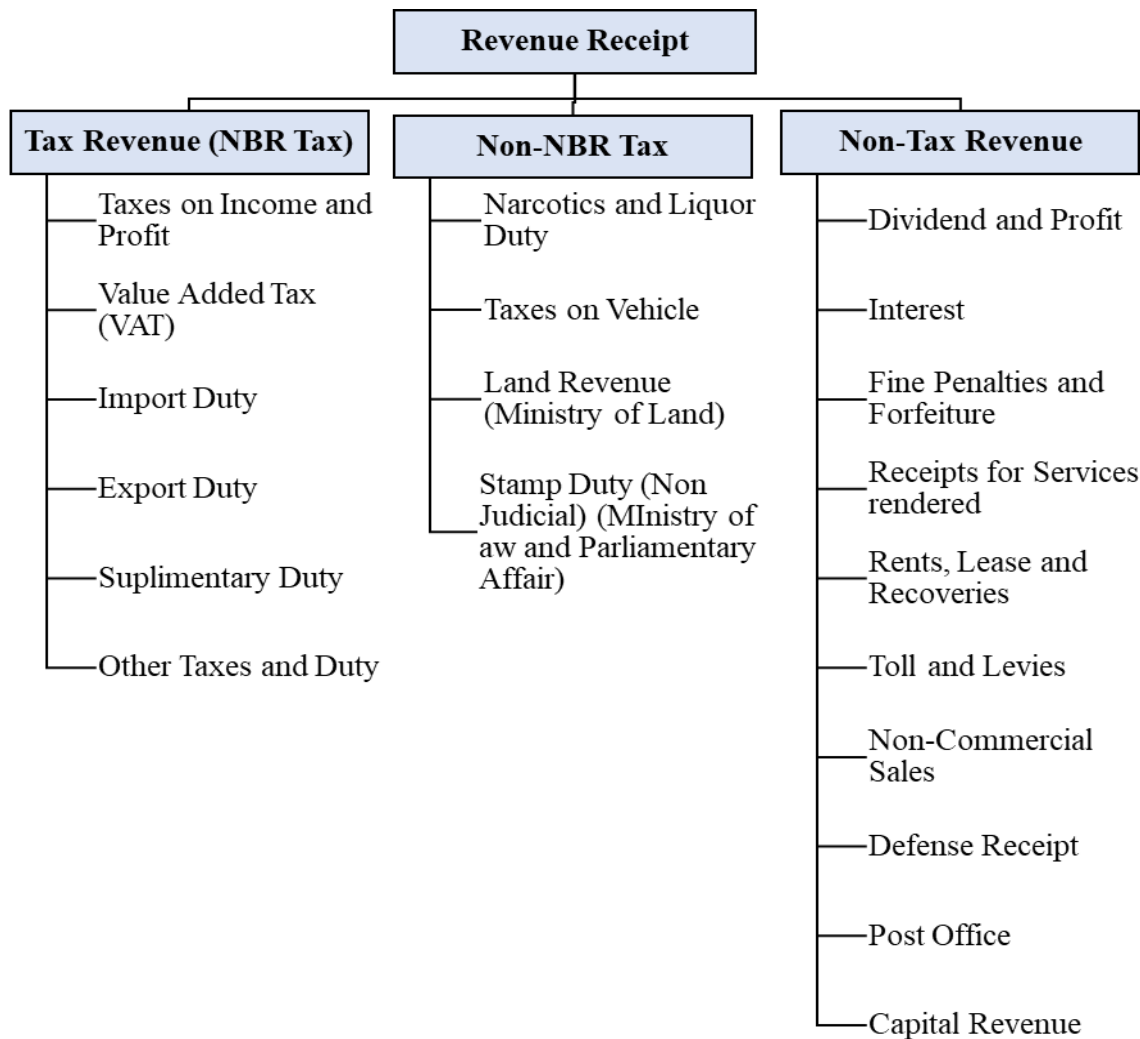
PERSONAL INCOME TAX STRUCTURE OF

BANGLADESH

4.1 Current Revenue Regime

Tax revenue is the principle source of government revenue in Bangladesh. The current fiscal regime of Bangladesh consists of direct and indirect taxation which is governed by the National Board of Revenue (NBR).¹⁷ Revenue is also generated from non-NBR sectors which is governed the laws and acts of related ministries. The NBR taxes include Customs Duty, Value Added Tax (VAT), Supplementary Duty, Personal Income Taxes and Corporate Income Taxes. Personal and Corporate Income Tax is the largest source of direct tax and it is governed by the Income Tax Ordinance, 1984 (XXXVI of 1984). NBR is responsible for the formulation of tax policy and its implementation which is performed by the Internal Resource Division of Finance Ministry.

Figure 4.1: Revenue composition of Bangladesh.



¹⁷ NBR, *Income Tax at A Glance*,

4.2 Structure of Personal Income Tax

Personal income tax is compulsory financial charge or payment levied upon the citizen of the country if they are having the eligible total income in that particular fiscal year. No matter if the eligible taxpayer is due taxes in the particular fiscal year or not, he/she must register under the Tax Identification Number (TIN) and submit the return filling. According to the income tax ordinance 1984, the sources of income tax can be classified in 7 categories.

1. Salaries
2. Interest on securities
3. Income from house property
4. Income from agriculture
5. Income from business or profession
6. Capital gains
7. Income from other sources.

The rates of Personal Incomes Taxes (PITs) are determined on the basis of differentiated income of different income groups. the tax system of Bangladesh has five income brackets. There are differentiated rates and tax exemptions for different types of taxpayers, for instance the threshold of taxable income for women and senior citizens of 65 years and above is 3.00 lakh, 3.75 lakh for physically challenged persons and 4.25 lakh for war-wounded gazette freedom fighters.¹⁸ In FY 2015-2016 tax exemption threshold for individual taxpayers was raised from TK 2.2 lakh to 2.5 lakh and since then it has been unchanged. The tax rate for the individual taxpayers according for the fiscal year 2019-2020 is:

Table 4.1: Individual tax rate for FY 2019-2020.

Total Income	Tax rate (%)
On first, Tk. 2.5 lakh of total income	Nil
On next, Tk. 4 lakh of total income	10
On next, Tk. 5 lakh of total income	15

¹⁸ Income Tax Paripatra, 2019-2020.

On next, Tk. 6 lakh of total income	20
On next, Tk. 30 lakh of total income	25
On the balance of total income	30

Source: Income Tax Paripatra, 2019-2020

The collection of personal income tax is mainly depended on the withholding taxes or TDS (Tax deducted at the source). Another important way that makes up the major portion is advance payment of tax. Only a diminutive portion of total personal income tax is gained through income tax returns. In most cases NBR needs to rely on captive sources like the withholding taxes and advances which people are bound to pay.¹⁹ This cannot be a good practice rather people should be motivated to pay their taxes on the regular basis.

4.3 Major Policy Reforms

The government is putting of effort to strengthen the revenue mobilization and improve the tax structure. The major policy reforms and their loopholes are discussed below in the light of Income Tax Paripatra 2019-2020:

- In the FY 2018-2019, the last day of the return submission has been recognized as the “Tax Day”. This is an appreciable initiative as it goes with the international standard and the taxpayers are also being motivated to pay their taxes before the Tax Day.
- There has been no change in the tax slabs or tax rates for the personal income tax. The current tax exemption threshold (about USD 3000) is 1.5 times of the per capita income (USD 1909).²⁰ This narrow tax base and widespread exemptions are limiting the collection of tax revenue.
- The minimum net wealth exemption limit has been increased to 3 crores from 2.25 crores. Again, this is lowering the tax net by keeping a number of rich people out of surcharge net.
- For promoting equity. It has been declared that the wealthy individual taxpayers, having a net wealth of Tk. 50 crore or above have to pay higher of 0.1% of net wealth or 30% of annual income tax.

¹⁹ Fair Tax Monitor, (2015)

²⁰ National Budget for FY2019-20: An Analytical Perspective

- Existing provisions for undisclosed or illegal money has been continued. Above that reduced tax rate and investment opportunities has been initiated. New opportunity has been given for setting up industrial undertaking investment in economic zone and hi-tech park by paying income tax at 10% on the invested amount along with regular tax. This opportunity may not yield much investment but it will discourage the regular taxpayers.

CHAPTER 5

STAKEHOLDER ANALYSIS

5.1 Stakeholder Mapping

Stakeholder mapping is the process of categorizing the key stakeholders of an initiative or a project. The process involves finding out all individuals or institutions who have an interest in the final outcome.

Once all the stakeholders are identified, they must be mapped or categorized according to their levels of engagement, interest or stake in the outcome. Mapping of the stakeholders is done according to the following two factors:

1. Level of interest

How much a stakeholder cares about the outcomes? Are they beneficiaries or will there be negative effects?

2. Level of influence

The degree in which a stakeholder can make or break the project or initiative.

According to this factor, a stakeholder matrix is created; which gives an indication of what kind of engagement strategy should be designed for each group of stakeholders.

5.2 Stakeholder mapping table for personal income tax of Bangladesh

Here is the mapping of key personal income tax stakeholders for Bangladesh along with the interests or stakes of each group and their positions on the current personal income tax system.

Table 5.1: Stakeholder Mapping for personal income tax structure

Stakeholder type	Organization/ Institution	Interest/Stake	Position
Citizens	Upper & Upper middle-class citizens	<ul style="list-style-type: none">They are the stakeholders in multiple MNCs, local businesses, corporations and other institutions. So, they are interested in transparency, risks and	<ul style="list-style-type: none">Most of them are unaware of the issues.But most of them prefer low rate of tax on their income.

		<p>potentially ethics.</p> <ul style="list-style-type: none"> ▪ They are interested in aid independence. ▪ Their taxes contribute in personal tax revenue the most. 	
	Middle class income taxpayers	<ul style="list-style-type: none"> ▪ They carry an unfair tax burden 	<ul style="list-style-type: none"> ▪ Mostly unaware of the issues.
	Poor citizens who pay consumption taxes	<ul style="list-style-type: none"> ▪ They are denied basic services due to lack of government income, poor governance, corruption, complicated systems and inadequate knowledge of their rights. 	<ul style="list-style-type: none"> ▪ They are mostly unaware of the issues.
	Residents associations and taxpayers' alliances	<ul style="list-style-type: none"> ▪ They have the capability to mobilize taxpayers and are able to influence tax policy. 	<ul style="list-style-type: none"> ▪ They are completely aware of their rights as taxpayers and can pressure government for accountability and transparency in the use of taxpayers' money.
	Citizens who evade or avoid tax	<ul style="list-style-type: none"> ▪ They take advantage of legal loopholes to avoid paying taxes, or evade tax illegally. 	<ul style="list-style-type: none"> ▪ They are mostly aware of legal loopholes and can pay for professional assistance to help them avoid taxes.
National	Ministry of Finance	<ul style="list-style-type: none"> ▪ Want to end aid dependency. ▪ Want more revenue to allocate to budget 	<ul style="list-style-type: none"> ▪ Gradually moving away from foreign aids ▪ Heavily relying on tax revenue to finance the

		expenditure.	deficit budget.
	National Board of Revenue	<ul style="list-style-type: none"> ▪ Want to increase tax base ▪ Reduce tax avoidance and evasion, 	<ul style="list-style-type: none"> ▪ Want more assistance with tax administration and developing capacity of tax officials to analyze personal accounts.
Private sector	Multinational Companies (MNCs), accounting companies, legal firms	<ul style="list-style-type: none"> ▪ They may practice false invoicing or transfer mispricing to boost their profits, often through the use of holding companies in secrecy jurisdictions. ▪ They benefit from, and therefore often lobby for, low corporate tax rates and tax exemptions. 	<ul style="list-style-type: none"> ▪ They fear more regulation; they want low taxes and to freely move their profits to low-tax jurisdictions.

5.3 Stakeholder Matrix

The resulting stakeholder matrix gives an indication of what kind of engagement strategy is useful for each group of stakeholders.

Figure 5.1: Stakeholders matrix for the personal income tax structure.

<p><i>Satisfy</i></p> <p><i>High Influence, Low Interest</i></p> <p><i>These stakeholders are highly influential but they don't have a lot of interest, nor are they actively engaged in personal tax system.</i></p> <p><i>Stakeholders</i></p> <ul style="list-style-type: none"> • <i>Government</i> • <i>Ministry of Planning</i> • <i>Politician</i> 	<p><i>Manage</i></p> <p><i>High Influence, High Interest</i></p> <p><i>These are the key stakeholders. They have a lot of influence and a strong interest in the outcomes.</i></p> <p><i>Stakeholders</i></p> <ul style="list-style-type: none"> • <i>National Board of Revenue (NBR)</i> • <i>Ministry of Finance</i>
<p><i>Monitor</i></p> <p><i>Low Influence, Low Interest</i></p> <p><i>These stakeholders sit on the periphery of the project. They are neither interested or have much influence in personal income tax.</i></p> <p><i>Stakeholders</i></p> <ul style="list-style-type: none"> • <i>Citizens</i> • <i>Individual taxpayers</i> • <i>Businessmen</i> 	<p><i>Inform</i></p> <p><i>Low Influence, High Interest</i></p> <p><i>These stakeholders have a strong interest in personal income tax but very little power to influence it.</i></p> <p><i>Stakeholders</i></p> <ul style="list-style-type: none"> • <i>Tax practitioners</i> • <i>Accounting Firms</i> • <i>Legal firms</i> • <i>Multinational companies</i>

So, from the matrix we can see that the government is on the top with high power but having low interest in putting effort to improve personal income tax. Government is more focused on improving indirect taxes as VAT as it makes up the largest portion of the tax revenue. We are having NBR with high interest and high power in improving the personal income tax. NBR

and Ministry of Finance can manage to make more tax revenue that can satisfy the government and planning divisions. The individuals are at the edge of this power-interest relationship, as they are having low influence and low interest in paying taxes. So, they need guidance and monitor from the NBR. If the tax practitioners and accounting firms are well informed about the tax structure, they can also assist the taxpayers in paying their taxes. If we can keep this power-interest relationship among different stakeholders, it would generate more accurate and feasible solutions that would satisfy the maximum stakeholders.

CHAPTER 6

FINDINGS AND ANALYSIS

6.1 Data Analysis & Results

There were three sets of questionnaires designed, fitting for three pools of respondents; Individual taxpayers, Tax practitioners and Tax officials. Based on the before mentioned aspects of behavior and tax compliance the questions were designed, fitting to their profiles and contributions to the tax sector of Bangladesh.

6.1.1 Analysis of the Respondents

In this part of the study, a short analysis of the respondents would be provided. The age structure, educational qualification, occupation and income of the respondents would be discussed here.

- **Age Structure of the Respondents**

Table 6.1 shows the age of the respondents. The highest percentage of the respondents is from 41-45 age group and the lowest is 61-65. The percentage shows that the respondents are mostly from 26-30, 31-35, 36-40, 41-45 and 46-50 age group.

Table 6.1: Age of the respondents and their percentage

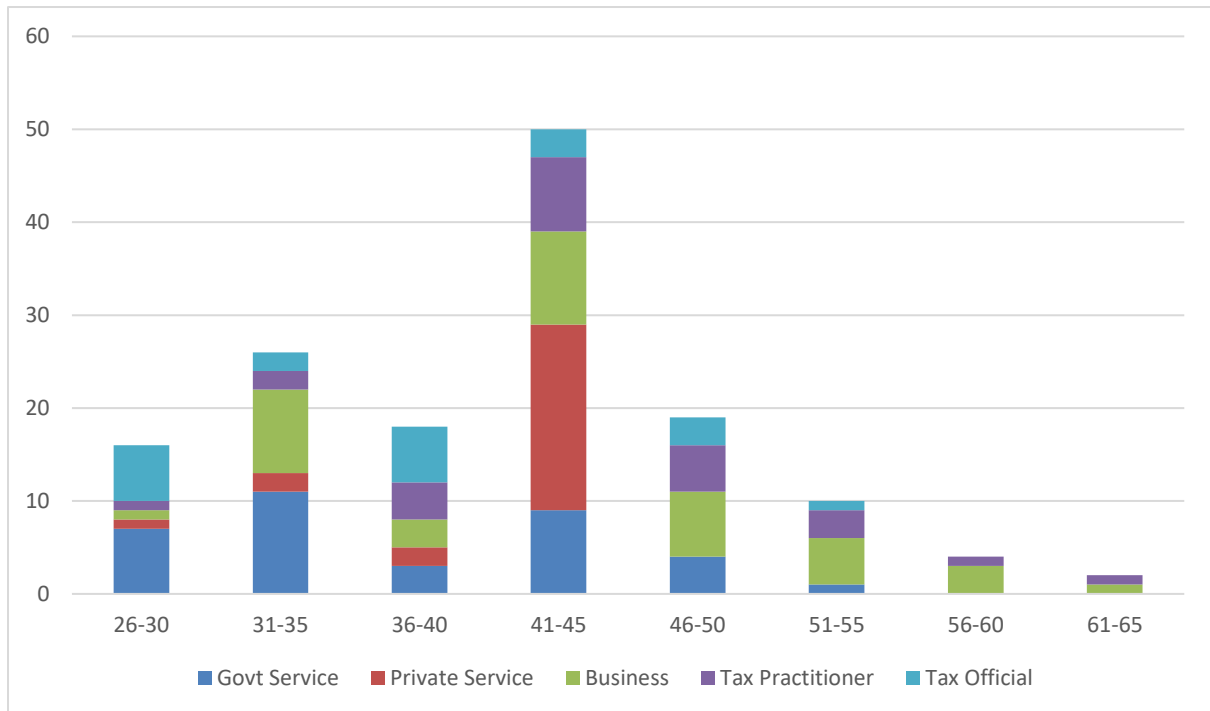
Age Group	Individual Tax Payers			Tax Practitioner	Tax Official	Total Number	Percent %
	Govt. Service	Private Service	Business				
26-30	7	1	1	1	6	16	11.16
31-35	11	2	09	2	2	17	12.50
36-40	3	2	3	4	6	18	13.24
41-45	9	20	10	8	3	50	36.77
46-50	4	0	7	5	3	19	13.97
51-55	1	0	5	3	1	10	7.35
56-60	0	0	3	1	0	4	2.94
61-65	0	0	1	1	0	2	1.47
Total	35	25	30	25	21	136	100.00

Data Source: Field Survey

Figure 6.1 represents the age-wise distribution of the respondents. Here we can have the graphical reorientation of the age structure that shows majority of the government service holders are from 31-35 age group, the private service holders are from 41-45 age group and

the business professionals are also from 41-45 age group. In case of the age structure of tax practitioners and tax officials, the distribution is mostly scattered.

Figure 6.1: Age-wise distribution of the respondents



Data Source: Field Survey

- **Education of the Respondents**

Table 6.2 shows the educational qualification of the respondents. In this study the minimum educational level is set at the HSC level as there were no illiterate respondent in the survey. Only 11 people from business profession are HSC passed. Figure 6.2 clearly depicts that the majority of the respondents are having Masters or equivalent level of education. The percentage of degree passed respondents are relatively lower.

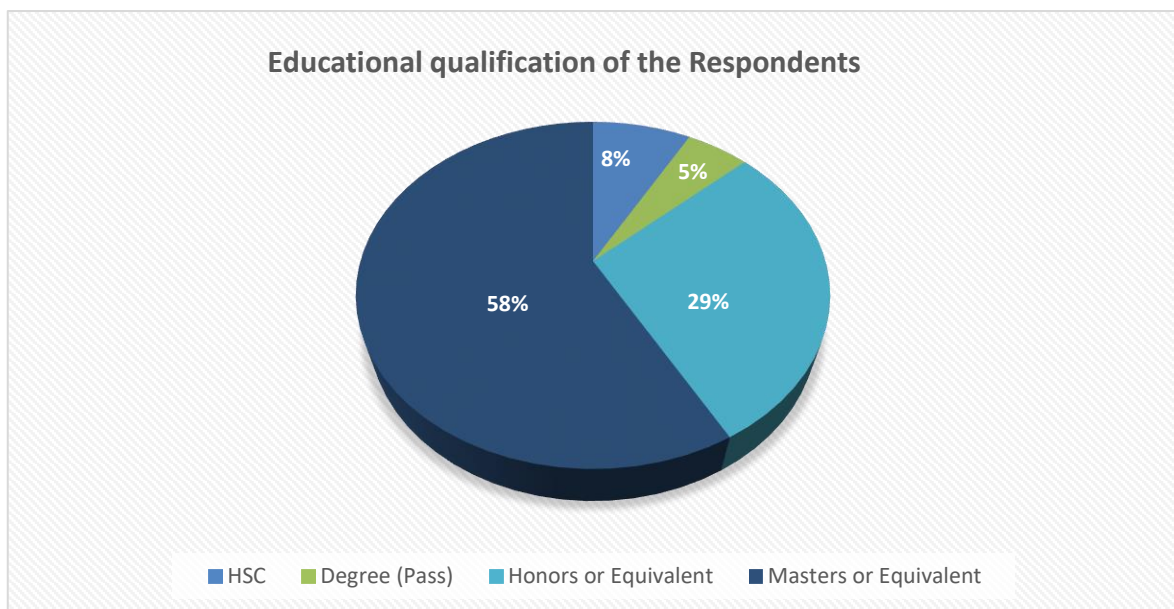
Table 6.2: Distribution of the respondents by level of education.

Level Of Education	Individual Tax Payers			Tax Practitioner	Tax Official	Total Number
	Govt. Service	Private Service	Business			
HSC	0	0	11	0	0	11
Degree (Pass)	0	0	7	0	0	7

Honors or Equivalent	23	2	8	5	1	39
Masters or Equivalent	12	23	4	20	20	79
Total	35	25	30	25	21	136

Data Source: Field Survey

Figure 6.2: Educational Qualification of the respondents in percentage



Data Source: Author's calculation

- **Occupation of the Respondents**

The occupation of the respondents was pre-determined in the research design stage. The respondents were divided mainly in three categories: the taxpayers, Tax Practitioners and Tax Officials. Among the taxpayers 25.74% is government service holder, 18.38% is private service holder and 22.06% is business professionals.

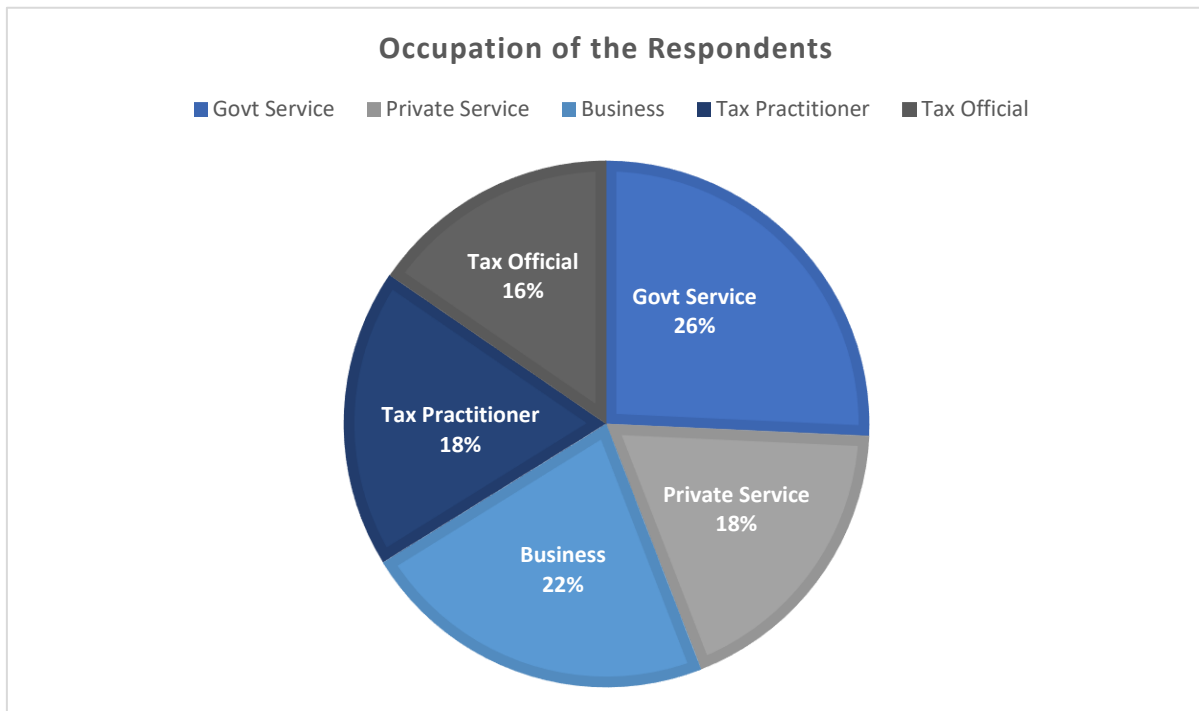
Table 6.3: Distribution of the respondent by occupation

Type of Occupation	Number of Respondents	Percent (%)
Government Service	35	25.74

Private Service	25	18.38
Business	30	22.06
Tax Practitioner	25	18.38
Tax Official	21	15.44
Total	136	100.00

Data Source: Field Survey

Figure 6.3: Occupation of the respondents in percentage.



Data Source: Field Survey

- **Yearly Income of the Respondents (For Individual taxpayers)**

Table 6.4 shows the income level of the respondents. The respondents had the liberty not to disclose their income in case they are not comfortable with it. Hence 11.11% of the respondents had not disclose their yearly income information.

Table 6.4: Distribution of the respondent (individual taxpayer) by yearly income

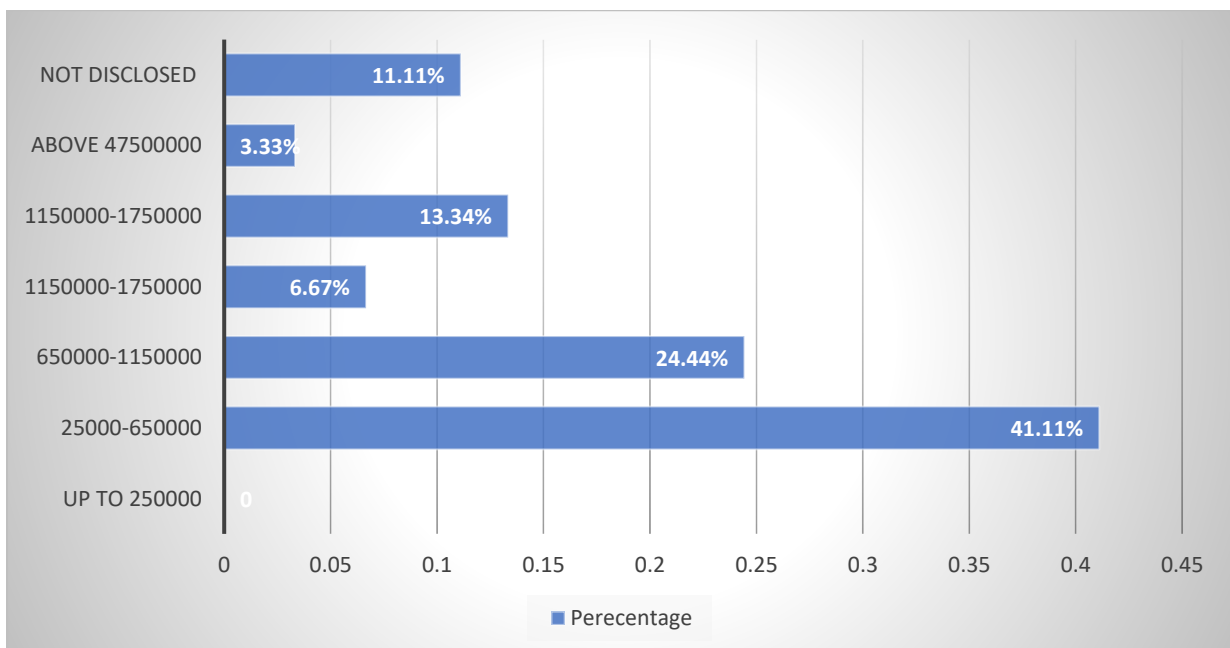
Yearly Income Range (In Taka)	Govt. Service	Private Service	Business	Total
Up to 250000	0	0	0	0

25000-650000	24	7	6	37
650000-1150000	11	2	9	22
1150000-1750000	0	2	4	6
1750000-4750000	0	4	8	12
Above 47500000	0	0	3	3
Income not Disclosed	0	10	0	10
Total	35	25	30	90

Data Source: Field Survey

Most of the government service holders are having an income range of 25000-650000. The income level of the private service holders varies widely and the highest number of people from private service section has refrained from disclosing their income information. The business professionals are also having a scattered income level. Overall, we are having 41.11% of respondents from 250000-650000 income level.

Figure 6.4: Yearly income of the respondent (individual taxpayer) in percentage



Data Source: Field Survey

6.1.2 Individual Taxpayers

Question 01

Tax is collected by government for public goods and services, national security and social welfare. A good citizen with taxable income should pay his income tax willingly to support and contribute the country's development work and to reduce inequality and poverty - how strongly do you agree or disagree with this statement?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	23	65.71	19	76.00	11	36.67	53	58.88	94.44% respondents believe that tax should be paid willingly. The responses do not differ much among govt. service, private & businessmen.
Agree	8	22.86	5	20.00	19	63.33	32	35.56	
Neutral	0	0.00	0	0.00	0	0.00	0	0.00	
Disagree	0	0.00	0	0.00	0	0.00	0	0.00	
Strongly Disagree	4	11.43	1	4.00	0	0.00	5	5.56	
Don't Know	0	0.00	0	0.00	0	0.00	0	0.00	
Total	35	100%	25	100%	30	100%	90	100%	

Although, 94.44% respondents agree that, income tax should be paid willingly, 11.43% government officials disagree with the view.

Question 02

Where do you submit your income tax return?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
In Tax Office	10	28.57	12	48.00	14	46.67	36	40.00	40% & 33% of the respondents have submitted their income tax through tax office and tax fair respectively.
In Tax Fair	22	62.86	6	24.00	2	6.67	30	33.33	
Through Online	0	0.00	0	0.00	3	10.00	3	3.33	
By Tax Advocate	3	8.57	7	28.00	11	36.67	21	23.33	
Total	35	100%	25	100%	30	100%	90	100%	

10% of the businessmen submitted their tax through online. No government or private sector official used this service.

Question 03

How do you usually pay your income tax?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Chalan	6	17.14	7	28.00	4	13.33	17	18.88	48.88% paid their taxes through pay order and for other 22% tax was deducted at the source.
Pay Order	20	57.14	7	28.00	17	56.67	44	48.88	
Account Payee	5	14.29	2	8.00	1	3.33	8	8.88	
Cheque	2	5.71	0	0.00	0	0.00	2	2.22	
Electronic payment	2	5.71	9	36.00	8	26.67	19	21.11	
Deduct tax at source									
Total	35	100%	25	100%	30	100%	90	100%	

Both government employees (57.14%) and businessmen (56.67%) preferred pay order to pay their taxes. But private service people preferred deducting tax at source more than other available options.

Question 04

Do you know the location of the tax office in your nearby area?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Yes	26	74.29	21	84.00	22	73.33	69	76.67	76.67% respondents knew the location of nearby tax office.
No	9	25.71	4	16.00	8	26.67	21	23.33	
Total	35	100%	25	100%	30	100%	90	100%	

Almost 25% respondents don't know where the tax office is.

Question 05

Have you ever got any message from Income tax authority/NBR requesting submission of tax return and payment before the deadline?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	

No	21	60.00	15	60.00	22	73.33	58	64.44	64.44% respondents did not get any message from NBR before the deadline.
Yes, at early	4	11.43	3	12.00	4	13.33	11	12.22	
Yes, in late	1	2.86	0	0.00	2	6.67	3	3.33	
Yes, before tax fair only	8	22.86	7	28.00	2	6.67	17	18.88	
3 to 4 times	1	2.86	0	0.00	0	0.00	1	1.11	
Total	35	100%	25	100%	30	100%	90	100%	

On the other hand, 18.88% of the respondents got messages from the tax authority only before tax fairs.

Question 06

In your opinion what level of effectiveness is prevailing between the present Communication system of income tax office and the tax payers?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Very effective	3	8.57	2	8.00	4	13.33	9	10.00	46.67% respondents believe that the communication system of the tax authority is ineffective
Somehow effective	13	37.14	7	28.00	6	20.00	26	28.89	
Ineffective	15	42.86	14	56.00	8	26.67	37	41.11	
Very ineffective	1	2.86	1	4.00	3	10.00	5	5.56	
No comment	3	8.57	1	4.00	9	30.00	13	14.44	
Total	35	100%	25	100%	30	100%	90	100%	

Although 42.86% govt. employees think the communication system is ineffective, 37.14% think it's somehow effective. So, it is a close call among the government employees.

Question 07

In your opinion, which procedure will be effective for communicating with the tax authority regarding the information related to income tax compliance?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Formal letter	3	8.57	1	4.00	1	3.33	5	5.56	53.33% respondents prefer both SMS&E-mail for communicating with NBR.
Mobile SMS	6	17.14	3	12.00	7	23.33	16	17.78	
Email	1	2.86	3	12.00	3	10.00	7	7.78	
SMS& Email	21	60.00	17	68.00	10	33.33	48	53.33	
Letter &SMS	4	11.43	1	4.00	9	30.00	14	15.56	
Total	35	100%	25	100%	30	100%	90	100%	

Question 08

“General people are having a perceived fear about tax system and administration” - how strongly do you agree or disagree with the statement?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	11	31.43	11	44.00	9	30.00	31	34.44	76.66% respondents have perceived fear about tax system & administration.
Agree	15	42.86	10	40.00	13	43.33	38	42.22	
Neutral	3	8.57	3	12.00	1	3.33	7	7.78	
Disagree	5	14.29	1	4.00	2	6.67	8	8.89	
Strongly Disagree	1	2.86	0	0.00	0	0.00	1	1.11	
Disagree	0	0.00	0	0.00	5	16.67	5	5.56	
No Comment									
Total	35	100%	25	100%	30	100%	90	100%	

Although 73.33% businessmen thought they feared the tax system, 16.67% refrained from commenting.

Question 09

Do you agree that if the income tax authority or NBR accepts the Non-Compliance behavior of the eligible tax payers it would encourage others not to comply and evade the tax?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	5	14.29	5	20.00	3	10.00	13	14.44	60% respondents agree that accepting non-compliance behavior will encourage others not to pay tax.
Agree	21	60.00	16	64.00	17	56.67	54	60.00	
Neutral	3	8.57	2	8.00	4	13.33	9	10.00	
Disagree	0	0.00	1	4.00	0	0.00	1	1.11	
Strongly Disagree	0	0.00	0	0.00	1	3.33	1	1.11	
Disagree	6	17.14	1	4.00	5	16.67	12	13.33	
No Comment									
Total	35	100%	25	100%	30	100%	90	100%	

More than 13% people refrained from answering and 10% are neutral.

Question 10

What do you feel about the tax official's/staff's competency, efficiency, helpfulness and communication skills in terms of delivering tax services to citizen?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	

Very poor	0	0.00	2	8.00	1	3.33	3	3.33	54.44% respondents think that the competency of the tax officials is very average.
Poor	6	17.14	9	36.00	2	6.67	17	18.89	
Average	20	57.14	11	44.00	18	60.00	49	54.44	
Good	8	22.86	3	12.00	6	20.00	17	18.89	
Very good	1	2.86	0	0.00	2	6.67	3	3.33	
Excellent	0	0.00	0	0.00	1	3.33	1	1.11	
Total	35	100%	25	100%	30	100%	90	100%	

Interestingly, one 22.22% respondents think that the competency of the tax officials is poor; another 22.22% think the opposite.

Question 11

Assess the income tax Officials/Staffs in terms of their fairness, integrity, transparency and accountability of the services they provided to the taxpayers?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Very poor	1	2.86	3	12.00	2	6.67	6	6.67	50% respondents think that the income tax services' fairness and transparency are average, while 24.45% think they are poor.
Poor	5	14.29	7	28.00	4	13.33	16	17.78	
Average	17	48.57	13	52.00	15	50.00	45	50.00	
Good	12	34.29	2	8.00	6	20.00	20	22.22	
Very good	0	0.00	0	0.00	2	6.67	2	2.22	
Excellent	0	0.00	0	0.00	1	3.33	1	1.11	
Total	35	100%	25	100%	30	100%	90	100%	

More than 34% government employees think the fairness and transparency of income tax services are good.

Question 12

“The complexity of present income tax law, regulation and system is the cause of poor income tax knowledge of the general citizen.” Do you agree with the statement?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	7	20.00	4	16.00	4	13.33	15	16.67	63.34% respondents think that current tax system and regulations are complex to understand.
Agree	17	48.57	10	40.00	15	50.00	42	46.67	
Neutral	4	11.43	7	28.00	6	20.00	17	18.89	
Disagree	7	20.00	4	16.00	2	6.67	13	14.44	
Strongly Disagree	0	0.00	0	0.00	2	6.67	2	2.22	
Don't Know	0	0.00	0	0.00	1	3.33	1	1.11	
Total	35	100%	25	100%	30	100%	90	100%	

Question 13

Should the Income Tax Ordinance need to be converted into Income Tax Act to establish the rule of law?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
No comment	17	48.57	11	44.00	15	50.00	43	47.78	52.22% respondents think that the Income Tax Ordinance should be converted into Income Tax Act.
Yes	18	51.43	14	56.00	15	50.00	47	52.22	
No	0	0.00	0	0.00	0	0.00	0	0.00	
Total	35	100%	25	100%	30	100%	90	100%	

Almost 50% (47.78%) respondents refrained from commenting. It can imply that most of the respondents don't have clear idea about the income tax ordinance; or they simply don't want it to be converted into an Act.

Question 14

"The preparation and presentation of tax return is complex for the taxpayers with multiple complicated steps" -Do you agree?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	5	14.29	5	20.00	3	10.00	13	14.44	55.55% respondents find the tax return submission form to be complex with too many steps to fill up.
Agree	15	42.86	12	48.00	10	33.33	37	41.11	
Neutral	8	22.86	3	12.00	5	16.67	16	17.78	
Disagree	4	11.43	4	16.00	1	3.33	9	10.00	
Strongly Disagree	0	0.00	0	0.00	1	3.33	1	1.11	
Disagree	3	8.57	1	4.00	10	33.33	14	15.56	
No Comment									
Total	35	100%	25	100%	30	100%	90	100%	

Almost 34% businessmen and 10% government employees refrained from commenting.

Question 15

Assess the Quality of website of National Board of Revenue (NBR) regarding electronic tax compliance, E-return filing, E-tax payment; accessibility, usability, income tax information, contents, feedback, service provision and delivery.

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Very poor	0	0.00	1	4.00	0	0.00	1	1.11	Mix responses were found from the respondents.
Poor	7	20.00	5	20.00	1	3.33	13	14.44	
Average	12	34.29	10	40.00	3	10.00	25	27.78	
Good	9	25.71	5	20.00	9	30.00	23	25.56	
Very good	3	8.57	0	0.00	2	6.67	5	5.56	
Don't Know	0	0.00	1	4.00	1	3.33	2	2.22	
Not Visited	4	11.43	3	12.00	14	46.67	21	23.33	
Total	35	100%	25	100%	30	100%	90	100%	

Among the three types of respondents: government sector, private sector & business; most of the businessmen (46%) did not visit the website of NBR. This implies they still prefer previous systems of submitting tax returns over digital ones.

Question 16

“Present system of dispute resolution, arrear collection and legal system regarding personal income tax is complicated and time consuming.” - Do you agree with the statement?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly	7	20.00	3	12.00	6	20.00	16	17.78	80% respondents agreed that the dispute resolve system regarding personal income tax is complicated.
Agree	21	60.00	16	64.00	19	63.33	56	62.22	
Agree	2	5.71	1	4.00	0	0.00	3	3.33	
Neutral	1	2.86	2	8.00	1	3.33	4	4.44	
Disagree	0	0.00	0	0.00	0	0.00	0	0.00	
Strongly	4	11.43	3	12.00	4	13.33	11	12.22	
Disagree No Comment									
Total	35	100%	25	100%	30	100%	90	100%	

Symmetrical responses were found from all the three types of respondents. So, it can be implied with certainty that the dispute resolving system regarding personal income tax is complicated; and might be a reason of fear towards income tax system and tax authority.

Question 17

“The tax system of Bangladesh is not fair and equitable for both the rich and poor section of people rather it is favorable to rich and elite.” -Do you agree?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	10	28.57	4	16.00	2	6.67	16	17.78	47.78% respondents agreed that the tax system is unfair and favorable to the rich and elite.
Agree	9	25.71	4	16.00	14	46.67	27	30.00	
Neutral	3	8.57	7	28.00	0	0.00	10	11.11	
Disagree	3	8.57	3	12.00	2	6.67	8	8.89	
Strongly Disagree	0	0.00	1	4.00	4	13.33	5	5.56	
No Comment	10	28.57	6	24.00	8	26.67	24	26.67	
Total	35	100%	25	100%	30	100%	90	100%	

Govt. service holders thought the tax system is unfair the most with 54% agreeing with the statement; while private sector being neutral the most (28%).

Question 18

Do you agree that the existing rate of personal income tax is high and irrational?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	4	11.43	7	28.00	4	13.33	15	16.67	62% respondents think that personal income tax is high and irrational;
Agree	16	45.71	14	56.00	11	36.67	41	45.56	
Neutral	6	17.14	2	8.00	2	6.67	10	11.11	
Disagree	5	14.29	2	8.00	0	0.00	7	7.78	
Strongly Disagree	0	0.00	0	0.00	2	6.67	2	2.22	
No Comment	4	11.43	0	0.00	11	36.67	15	16.67	
Total	35	100%	25	100%	30	100%	90	100%	

The respondents from private sector holding the highest percentage (84%) while identifying the personal income tax rate as irrationally high.

Question 19

Do you feel that tax evasion (i.e. declare a smaller amount of income and consequently pay taxes) and tax avoidance (i.e. the arrangement of one's financial affairs to minimize tax liability within the law) are prevailing among the taxpayers of our country?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	8	22.86	4	16.00	4	13.33	16	17.78	82% respondents think that tax evasion and tax avoiding mentality exists among the tax
Agree	24	68.57	17	68.00	17	56.67	58	64.44	
Neutral	0	0.00	3	12.00	3	10.00	6	6.67	
Disagree	3	8.57	0	0.00	1	3.33	4	4.44	
Strongly Disagree	0	0.00	0	0.00	1	3.33	1	1.11	
Don't Know	0	0.00	1	4.00	4	13.33	5	5.56	

Total	35	100%	25	100%	30	100%	90	100%	payers.
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Govt. service holders thought tax avoiding mentality exists among the tax payers the most (91%).

Question 20

“The economy of our country is growing and the communication facility, electricity, transportation system and other facilities is also improving in line with the developing economy; and rural economy is also growing. But tax administration is working only in Urban areas/District level.” -Do you agree with the statement?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	8	22.86	1	4.00	5	16.67	14	15.56	84% respondents think that tax administration is working mostly in urban areas.
Agree	22	62.86	17	68.00	23	76.67	62	68.89	
Neutral	0	0.00	1	4.00	1	3.33	2	2.22	
Disagree	3	8.57	1	4.00	0	0.00	4	4.44	
Strongly Disagree	0	0.00	4	16.00	0	0.00	4	4.44	
Disagree	2	5.71	1	4.00	1	3.33	4	4.44	
No Comment									
Total	35	100%	25	100%	30	100%	90	100%	

Question 21

Do you agree that a huge number of people with net taxable income do not register TIN and don't pay taxes?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	11	31.43	9	36.00	8	26.67	28	31.11	89% respondents think that many citizens don't pay taxes though their income are taxable.
Agree	22	62.86	14	56.00	16	53.33	52	57.78	
Neutral	1	2.86	0	0.00	2	6.67	3	3.33	
Disagree	0	0.00	0	0.00	0	0.00	0	0.00	
Strongly Disagree	1	2.86	0	0.00	1	3.33	2	2.22	
Disagree	0	0.00	2	8.00	3	10.00	5	5.56	
No Comment									
Total	35	100%	25	100%	30	100%	90	100%	

The percentage of the govt. officials is the highest, with 94% agreeing that many citizens don't pay taxes on their taxable income.

Question 22

“With the introduction of integrated and strong ICT network system among NBR, Election Commission, banks, land registration, property registration, vehicle registration, registered

joint stock, vat, utility services, national savings scheme, credit & debit card data, etc. and electronic transaction system will prevent citizens from hiding income and consumption.” - Do you agree?

Response	Govt. Service		Private Service		Business		Cumulative		Comment
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	
Strongly Agree	13	37.14	10	40.00	6	20.00	29	32.22	91.11% respondents think that integrated ICT systems will prevent citizens from hiding income.
Agree	19	54.29	14	56.00	20	66.67	53	58.89	
Neutral	0	0.00	1	4.00	1	3.33	2	2.22	
Disagree	3	8.57	0	0.00	1	3.33	4	4.44	
Strongly Disagree	0	0.00	0	0.00	0	0.00	0	0.00	
Disagree	0	0.00	0	0.00	2	6.67	2	2.22	
No Comment	0	0.00	0	0.00	0	0.00	0	0.00	
Total	35	100%	25	100%	30	100%	90	100%	

The responses are similar and majority of the respondents prefer an integrated ICT network for proper monitoring of income and income tax.

6.1.3 Tax Practitioners

Question 01

Tax is collected by government for public goods and services, national security and social welfare. A good citizen with taxable income should pay his income tax willingly to support and contribute the country’s development work and to reduce inequality and poverty - how strongly do you agree or disagree with this statement?

Response	Frequency	Percent	Comment
Strongly Agree	16	64.00	100% respondents agree that citizens should pay their taxes willingly.
Agree	9	36.00	
Neutral	0	0.00	
Disagree	0	0.00	
Strongly Disagree	0	0.00	
Don't Know	0	0.00	
Total	25	100%	

Question 02

Where do you submit the return of your client’s income tax?

Response	Frequency	Percent	Comment
In tax Office	9	36.00	36% of the practitioners submit their client's return in tax office and 64% submit both in tax office and in the tax fair.
In tax Fair	0	0.00	
Through On-line	0	0.00	
in tax office and tax fair	16	64.00	
Total	25	100%	

Question 03

How does your client pay income tax?

Response	Frequency	Percent	Comment
Through Chalan	6	24.00	88% of the respondents pay their income taxes through Chalan and pay order. 12% of them use payee cheque.
Pay Order	16	64.00	
Account Payee Cheque	3	12.00	
Electronic payment	0	0.00	
Total	25	100%	

The results indicate that the tax-payers are still using Chalan and pay orders for paying their taxes. The taxpayers are still not used to with the electronic payment method which can actually help them to pay their taxes in a more feasible and efficient manner.

Question 04

Do your clients (tax payers) pay advance income tax (AIT) appropriately?

Response	Frequency	Percent	Comment
Yes, most client	1	4.00	There is a mix response in terms of advance income tax.
Yes, average	13	52.00	
Yes, less numbers	11	44.00	
No	0	0.00	
Total	25	100%	

Only 4% of the tax practitioner are receiving higher number of clients who pay their advance income taxes in the appropriate manner. Other 52% practitioners are getting average number of taxpayers who pay AIT in time and other 44% are getting less client with exact payment of AIT.

Question 05

In your opinion what level of effectiveness is prevailing between the present Communication system of income tax office and the tax payers?

Response	Frequency	Percent	Comment
Very effective	2	8.00	44% of the practitioner perceive the communication system of the tax office as effective and 52% marked the system as an ineffective one.
Somehow Effective	9	36.00	
Ineffective	13	52.00	
Very ineffective	0	0.00	
No Comment	0	0.00	
Total	25	100%	

Question 06

Which procedure will be effective for communicating with TIN holders regarding the information related to income tax compliance?

Response	Frequency	Percent	Comment
Formal letter	0	0.00	The respondents marked SMS, E-mail and letter as the effective tool of communication between tax office and TIN holders.
Mobile SMS	1	4.00	
E-mail	0	0.00	
SMS and E-mail	14	56.00	
letter and SMS	10	40.00	
Total	25	100%	

Question 07

“General people are having a perceived fear about tax system and administration” - how strongly do you agree or disagree with the statement?

Response	Frequency	Percent	Comment
Strongly Agree	14	56.00	100% of the respondents have agreed about the perceived fear of the taxpayers.
Agree	11	44.00	
Neutral	0	0.00	
Disagree	0	0.00	
Strongly Disagree	0	0.00	
No Comment	0	0.00	
Total	25	100%	

Question 08

What do you feel about the tax official's/staff's competency, efficiency, helpfulness and communication skills in terms of delivering tax services to citizen?

Response	Frequency	Percent	Comment
Very poor	4	16.00	44% of the respondent marks the service provided by the tax official and staffs as poor and 48% marks the service as average. Only 8% of the practitioners acknowledge the service provided to the citizen as good.
Poor	7	28.00	
Average	12	48.00	
Good	2	8.00	
Very good	0	0.00	
Excellent	0	0.00	
Total	25	100%	

From the responses we can see that majority of the tax practitioner are not satisfied with the services provided by the tax authority and staffs. This goes in line with the response of the individual taxpayers. Majority of the respondents from each group has recognized the competency, efficiency, helpfulness and communication skills of the tax official's/staff s in terms of delivering tax services to citizen as average or poor.

Question 09

Assess the income tax Officials/Staffs in terms of their fairness, integrity, transparency and accountability of the services they provide to the taxpayers?

Response	Frequency	Percent	Comment
Very poor	5	20.00	40% of the respondents contemplated the fairness, integrity, transparency and accountability of the services as poor and other 60% marked it as average.
Poor	5	20.00	
Average	15	60.00	
Good	0	0.00	
Very good	0	0.00	
Excellent	0	0.00	
Total	25	100%	

Not a single respondent perceives a good feeling about the fairness, integrity, transparency and accountability of the services provided by the tax Officials/Staffs.

Question 10

“The complexity of present income tax law, regulation and system is the cause of poor income tax knowledge of the general citizen. “Do you agree with the statement?

Response	Frequency	Percent	Comment
Strongly Agree	4	16.00	92% of the respondents contemplate the complexity of the tax system responsible for the poor tax related knowledge of the citizens.
Agree	19	76.00	
Neutral	1	4.00	
Disagree	1	4.00	
Strongly Disagree	0	0.00	
Don't Know	0	0.00	
Total	25	100%	

Question 11

Should the Income Tax Ordinance be converted into Income Tax Act to establish the rule of law?

Response	Frequency	Percent	Comment
Yes	25	100.00	100% of the respondents supports the idea of converting the tax ordinance into tax law.
No	0	0.00	
No Comment	0	0.00	
Total	25	100%	

Question 12

“The preparation and presentation of tax return is complex for the taxpayers with multiple complicated steps” -Do you agree?

Response	Frequency	Percent	Comment
Strongly Agree	2	8.00	64% of the respondents classify the return filling as complicated and other 12% is disagreeing with the opinion.
Agree	14	56.00	
Neutral	4	16.00	
Disagree	3	12.00	
Strongly Disagree	1	4.00	
No Comment	1	4.00	
Total	25	100%	

Here 16% of the respondents is skeptical about the complexity of the return filling.

Question 13

Assess the Quality of the website of National Board of Revenue (NBR) regarding electronic tax compliance, E-return filing, E-tax payment; accessibility, usability, income tax information, contents, feedback, service provision and delivery.

Response	Frequency	Percent	Comment
Very poor	1	4.00	60% of the respondents categorize the quality of NBR website poor and 32% finds it average.
Poor	14	56.00	
Average	8	32.00	
Good	0	0.00	
Very good	2	8.00	
Excellent	0	0.00	
Not Visited	0	0.00	
Total	25	100%	

Question 14

“Present system of dispute resolution, arrear collection and legal system regarding personal income tax is complicated and time consuming.” - Do you agree with the statement?

Response	Frequency	Percent	Comment
Strongly Agree	2	8.00	80% of the respondents classifies the dispute
Agree	18	72.00	

Neutral	3	12.00	resolution, arrear collection and legal system regarding personal income tax as complicated and time consuming.
Disagree	0	0.00	
Strongly Disagree	2	8.00	
No Comment	0	0.00	
Total	25	100%	

Question 15

“The tax system of Bangladesh is not fair and equitable for both the rich and poor section of people.” -Do you agree?

Response	Frequency	Percent	Comment
Strongly Agree	4	16.00	The opinion for this statement varies among the users. But the majority with 56% of respondents agree that the tax system is not equitable.
Agree	10	40.00	
Neutral	8	32.00	
Disagree	1	4.00	
Strongly Disagree	2	8.00	
No Comment	0	0.00	
Total	25	100%	

Question 16

Do you agree with the statement– “The present rate of personal income tax is high and irrational?”

Response	Frequency	Percent	Comment
Strongly Agree	1	4.00	The majority with 72% of the respondents agrees with the fact that the rate of personal income tax is irrationally high.
Agree	17	68.00	
Neutral	3	12.00	
Disagree	1	4.00	
Strongly Disagree	1	4.00	
Don't Know	2	8.00	
Total	25	100%	

The response varies among the tax practitioners. 17% of the respondents is neutral about the fact, 8% disagrees and other 8% practitioner do not have an idea if the personal income tax rate is higher or not.

Question 17

Do you feel that tax evasion and tax avoidance are prevailing among the income taxpayers?

Response	Frequency	Percent	Comment
Strongly Agree	13	52.00	100% of the respondents agreed on the fact that the taxpayers try to evade their income taxes.
Agree	12	48.00	
Neutral	0	0.00	
Disagree	0	0.00	

Strongly Disagree	0	0.00
Don't Know	0	0.00
Total	25	100%

Question 18

“The economy of our country is growing and the communication facility, electricity, transportation system and other facilities is also improving in line with the developing economy; and rural economy is also growing. But tax administration is working only in Urban areas/District level.”-Do you agree with the statement?

Response	Frequency	Percent	Comment
Strongly Agree	5	20.00	100% of the respondents have agreed upon the fact that tax administration is working in Urban areas/District level.
Agree	20	80.00	
Neutral	0	0.00	
Disagree	0	0.00	
Strongly Disagree	0	0.00	
No Comment	0	0.00	
Total	25	100%	

Question 19

Do you agree with the statement that- “The tax authority is not taking sufficient initiatives and steps to find out the citizens who are under the tax net but have not listed themselves under the TIN registration?”

Response	Frequency	Percent	Comment
Strongly Agree	8	32.00	The initiatives taken by the tax authority is not enough according to 88% of the respondents.
Agree	14	56.00	
Neutral	3	12.00	
Disagree	0	0.00	
Strongly Disagree	0	0.00	
No Comment	0	0.00	
Total	25	100%	

Question 20

“With the introduction of integrated and strong ICT network system among NBR, Election Commission, banks, land registration, property registration, vehicle registration, registered joint stock, vat, utility services, national savings scheme, credit & debit card data, etc. and electronic transaction system will prevent citizens from hiding income and consumption.” - Do you agree?

Response	Frequency	Percent	Comment
Strongly Agree	4	16.00	96% of the respondents supports that introduction
Agree	20	80.00	

Neutral	0	0.00	of integrated system would increase the compliance of individual taxpayers.
Disagree	1	4.00	
Strongly Disagree	0	0.00	
No Comment	0	0.00	
Total	25	100%	

6.1.4 Tax Officials

Question 01

“Tax is collected by government for public goods and services, national security and social welfare. A good citizen with taxable income should pay his income tax willingly to support and contribute the country’s development work and to reduce inequality and poverty.” - how strongly do you agree or disagree with this statement?

Response	Frequency	Percent	Comment
Strongly Agree	16	76.19	90% of the respondents thinks that tax should be paid willingly to support and contribute the country’s development work and to reduce inequality and poverty
Agree	3	14.29	
Neutral	0	0.00	
Disagree	0	0.00	
Strongly Disagree	2	9.52	
No Comment	0	0.00	
Total	21	100%	

Question 02

“Taxpayers prefer to go to tax fair rather than tax offices for the submission of tax return and tax payment.” -how strongly do you agree or disagree with this statement?

Response	Frequency	Percent	Comment
Strongly Agree	3	14.29	Though the opinions differ among the respondents, 76.19% of the respondents agreed that taxpayers prefer tax fair over the tax office.
Agree	13	61.90	
Neutral	1	4.76	
Disagree	2	9.52	
Strongly Disagree	1	4.76	
No Comment	1	4.76	
Total	21	100%	

Question 03

Do you agree that the tax Offices should locate within the defined geographical area (jurisdiction) for the ease of service for the taxpayers?

Response	Frequency	Percent	Comment
Strongly Agree	5	23.81	85.71% of the tax officials thinks that tax offices

Agree	13	61.90	should locate within the defined geographical area for the ease of service for the taxpayers.
Neutral	0	0.00	
Disagree	1	4.76	
Strongly Disagree	2	9.52	
No Comment	0	0.00	
Total	21	100%	

Question 04

Which Communication systems do your office use to communicate with the TIN holders for the submission of tax return and tax payment?

Response	Frequency	Percent	Comment
Formal letter	14	66.67	The majority (66.67%) of the offices use formal letter and 14.29% use mobile SMS for communicating with the TIN holders.
Mobile SMS	3	14.29	
E-mail	0	0.00	
Formal letter & Telephone(verbal)	1	4.76	
E-mail & Mobile SMS	1	4.76	
Formal letter & E-mail	1	4.76	
Formal letter & Mobile phone(verbal)	1	4.76	
Total	21	100%	

It is alarming that only a handful number of respondents use electronic media for communication purpose.

Question 05

What do you think about the Effectiveness of the present communication system of your office with the TIN holders?

Response	Frequency	Percent	Comment
Very effective	3	14.29	Majority (85.71%) of the respondents finds the communication system effective.
Somehow Effective	18	85.71	
Ineffective	0	0.00	
Very ineffective	0	0.00	
No Comment	0	0.00	
Total	21	100%	

Question 06

“General people are having a perceived fear about tax system and administration” - how strongly do you agree or disagree with the statement?

Response	Frequency	Percent	Comment
Strongly Agree	1	4.76	Though the opinions are not symmetrical here, the major portion (57.15%) disagrees with the fact of
Agree	6	28.57	
Neutral	1	4.76	

Disagree	9	42.86	having perceived fear about the tax system.
Strongly Disagree	3	14.29	
No Comment	1	4.76	
Total	21	100%	

33.33% of the respondents agree to the fact that the general people are having a perceived fear about tax system and administration. Other 4.76% of the respondents refrained from commenting.

Question 07

Do you agree that if the income tax authority or NBR accepts the Non-Compliance behavior of the eligible tax payers it would encourage others not to comply and evade the tax?

Response	Frequency	Percent	Comment
Strongly Agree	8	38.10	66.67% tax officials think that not taking any action against the non-compliance behavior of the taxpayer's encourages others to evade the tax.
Agree	6	28.57	
Neutral	6	28.57	
Disagree	0	0.00	
Strongly Disagree	1	4.76	
No Comment	0	0.00	
Total	21	100%	

28.57% of the respondents refrained from commenting about the fact that not taking any action against the non-compliance behavior of the taxpayer's encourages others to evade the tax.

Question 08

What do you feel about the tax official's/staff's competency, efficiency, helpfulness and communication skills in terms of delivering tax services to citizen?

Response	Frequency	Percent	Comment
Very poor	0	0.00	47.61% of the respondents recognizes the competency, efficiency, helpfulness and communication skills of the tax official's/staffs are good and 52.38 finds it average.
Poor	0	0.00	
Average	11	52.38	
Good	7	33.33	
Very good	1	4.76	
Excellent	2	9.52	
Total	21	100%	

Question 09

Assess the income tax Officials/Staffs in terms of their fairness, integrity, transparency and accountability of the services they provided to the taxpayers?

Response	Frequency	Percent	Comment
Very poor	0	0.00	The service quality of the tax Officials/Staffs is perceived as good for the 52.38% respondents and average for 47.62% respondents.
Poor	0	0.00	
Average	10	47.62	
Good	7	33.33	
Very good	2	9.52	
Excellent	2	9.52	
Total	21	100%	

Question 10

“The complexity of present income tax law, regulation and system is the cause of poor income tax knowledge of the general citizen. “Do you agree with the statement?”

Response	Frequency	Percent	Comment
Strongly Agree	0	0.00	66.67% of the tax officials agrees with the statement that the complex tax laws and regulations are causing poor knowledge among the taxpayers.
Agree	14	66.67	
Neutral	1	4.76	
Disagree	3	14.29	
Strongly Disagree	1	4.76	
No Comment	2	9.52	
Total	21	100%	

Question 11

“Income Tax Ordinance needs to be amended into Income Tax Act.” -Do you agree?

Response	Frequency	Percent	Comment
Yes	19	90.48	90.48% respondents support the idea of converting the tax law ordinance into tax law.
No	2	9.52	
No Comment	0	0.00	
Total	21	100%	

Question 12

“The preparation and presentation of tax return is complex for the taxpayers with multiple complicated steps” -Do you agree?

Response	Frequency	Percent	Comment
Strongly Agree	5	23.81	52.38% of the tax officials categorize the return filling as complicated and other 42.86% is disagreeing with the opinion.
Agree	6	28.57	
Neutral	1	4.76	
Disagree	5	23.81	
Strongly Disagree	4	19.05	
No Comment	0	0.00	
Total	21	100%	

Question 13

Assess the Quality of website of National Board of Revenue (NBR) regarding electronic tax compliance, E-return filing, E-tax payment; accessibility, usability, income tax information, contents, feedback, service provision and delivery.

Response	Frequency	Percent	Comment
Very poor	1	4.76	The responses vary drastically and there is no significant portion agreeing or disagreeing the statement.
Poor	4	19.05	
Average	5	23.81	
Good	8	38.10	
Very good	2	9.52	
No Comment	0	0.00	
Total	21	100%	

Although 19.05% recognizes the NBR website as poor 23.81% finds it average and another percentage, the majority (48.42%) has recognized the NBR website as a good platform for customer services.

Question 14

“Present system of dispute resolution, arrear collection and legal system regarding personal income tax is complicated and time consuming.” - Do you agree with the statement?

Response	Frequency	Percent	Comment
Strongly Agree	2	9.52%	Mix responses were found from the respondents.
Agree	6	28.57%	
Neutral	5	23.81%	
Disagree	7	33.33%	
Strongly Disagree	0	0.00%	
No Comment	1	4.76%	
Total	21	100%	

Question 15

“The tax system of Bangladesh is not fair and equitable for both the rich and poor section of people rather it is favorable to rich and elite.” -Do you agree?

Response	Frequency	Percent	Comment
Strongly Agree	0	0.00	Although 42% agrees that the tax system of Bangladesh is unfair; 48% respondents disagree and thinks that the tax system is fair.
Agree	9	42.86	
Neutral	1	4.76	
Disagree	6	28.57	
Strongly Disagree	4	19.05	
No Comment	1	4.76	
Total	21	100%	

Question 16

Do you agree that the current personal income tax rate is high and irrational?

Response	Frequency	Percent	Comment
Strongly Agree	2	9.52	57% respondents think that current personal income tax is fair and rational; whereas only 33% finds it irrational and high.
Agree	5	23.81	
Neutral	0	0.00	
Disagree	9	42.86	
Strongly Disagree	3	14.29	
No Comment	2	9.52	
Total	21	100%	

Question 17

Do you agree that tax evasion and tax avoidance are prevailing among individual tax payers?

Response	Frequency	Percent	Comment
Strongly Agree	8	38.10	85% respondents agree that tax evasion and avoidance mentality exist among the tax payers.
Agree	10	47.62	
Neutral	1	4.76	
Disagree	2	9.52	
Strongly Disagree	0	0.00	
No Comment	0	0.00	
Total	21	100%	

Question 18

“The economy of our country is growing and the communication facility, electricity, transportation system and other facilities is also improving in line with the developing economy; and rural economy is also growing. But tax administration is working only in Urban areas/District level.” -Do you agree with the statement?

Response	Frequency	Percent	Comment
Strongly Agree	2	9.52	66% respondents think that tax administration is working mostly in urban areas.
Agree	12	57.14	
Neutral	0	0.00	
Disagree	6	28.57	
Strongly Disagree	1	4.76	
No Comment	0	0.00	
Total	21	100%	

Question 19

Do you agree that a huge number of people with net taxable income are out of tax net?

Response	Frequency	Percent	Comment
Strongly Agree	3	14.29	95.24% respondents think that a number of people with taxable net income are out of tax net.
Agree	17	80.95	
Neutral	0	0.00	
Disagree	0	0.00	
Strongly Disagree	0	0.00	
No Comment	1	4.76	
Total	21	100%	

Question 20

Do you agree with the statement that- “The tax authority is not taking sufficient initiatives and steps to find out the citizens who are under the tax net but have not listed themselves under the TIN registration?”

Response	Frequency	Percent	Comment
Strongly Agree	2	9.52	71% respondents think that the initiatives taken by tax authority to list citizens with taxable incomes are not sufficient.
Agree	13	61.90	
Neutral	1	4.76	
Disagree	4	19.05	
Strongly Disagree	0	0.00	
No Comment	1	4.76	
Total	21	100%	

Question 21

“With the introduction of integrated and strong ICT network system among NBR, Election Commission, banks, land registration, property registration, vehicle registration, registered joint stock, vat, utility services, national savings scheme, credit & debit card data, etc. and electronic transaction system will prevent citizens from hiding income and consumption.” - Do you agree?

Response	Frequency	Percent	Comment
Strongly Agree	9	42.86	All of the respondents contemplate that integrated system would help increasing tax compliance.
Agree	12	57.14	
Neutral	0	0.00	
Disagree	0	0.00	
Strongly Disagree	0	0.00	
No Comment	0	0.00	
Total	21	100%	

Question 22

Which procedure you think would be helpful to increase personal income tax revenue?

Response	Frequency	Percent	Comment
Voluntary & Enforced Compliance	17	80.95	80.95% of the tax officials supports the blend of voluntary and enforced compliance.
Enforce Compliance	3	14.29	
Voluntary Compliance	1	4.76	
Total	21	100%	

Question 23

Do you think performance-based rewards, incentives, punishment will influence the tax officials/staffs to improve personal income tax revenue?

Response	Frequency	Percent	Comment
Strongly Agree	10	47.62	Majority (95.24%) of the respondents are in favor of performance-based rewards, incentives and punishments.
Agree	10	47.62	
Neutral	0	0.00	
Disagree	1	4.76	
Strongly Disagree	0	0.00	
No Comment	0	0.00	
Total	21	100%	

Question 24

Do you think the existing human resources, logistical support, staffs, remuneration, incentives, infrastructure facilities are sufficient for improving personal income tax?

Response	Frequency	Percent	Comment
Strongly Agree	0	0.00	90.47% respondents think that the tax officials lack required facility.
Agree	2	9.52	
Neutral	0	0.00	
Disagree	6	28.57	
Strongly Disagree	13	61.90	
No Comment	0	0.00	
Total	21	100%	

Question 25

Do you think the research, training and development facilities for tax officials are sufficient regarding their improvement of skill, performance, efficiency, integrity, technical advancement and customer services?

Response	Frequency	Percent	Comment
Strongly Agree	0	0.00	85.72% of the respondents thinks more development facilities are needed to achieve the required skill set of the tax officials.
Agree	2	9.52	
Neutral	0	0.00	
Disagree	8	38.10	
Strongly Disagree	10	47.62	
No Comment	1	4.76	
Total	21	100%	

Question 26

Administrative, financial and regulatory power of the Tax Authority/Revenue Body regarding human resources, physical resources, operational budget, remuneration, incentive, financial resources and revenue collection are sufficient.

Response	Frequency	Percent	Comment
Strongly Agree	0	0.00	73% respondents think that the administrative, financial and regulatory power of the tax authority is insufficient.
Agree	1	4.76	
Neutral	1	4.76	
Disagree	9	42.86	
Strongly Disagree	7	33.33	
No Comment	3	14.29	
Total	21	100%	

14.29% respondents refrained from commenting, which is huge for a small sample of observations.

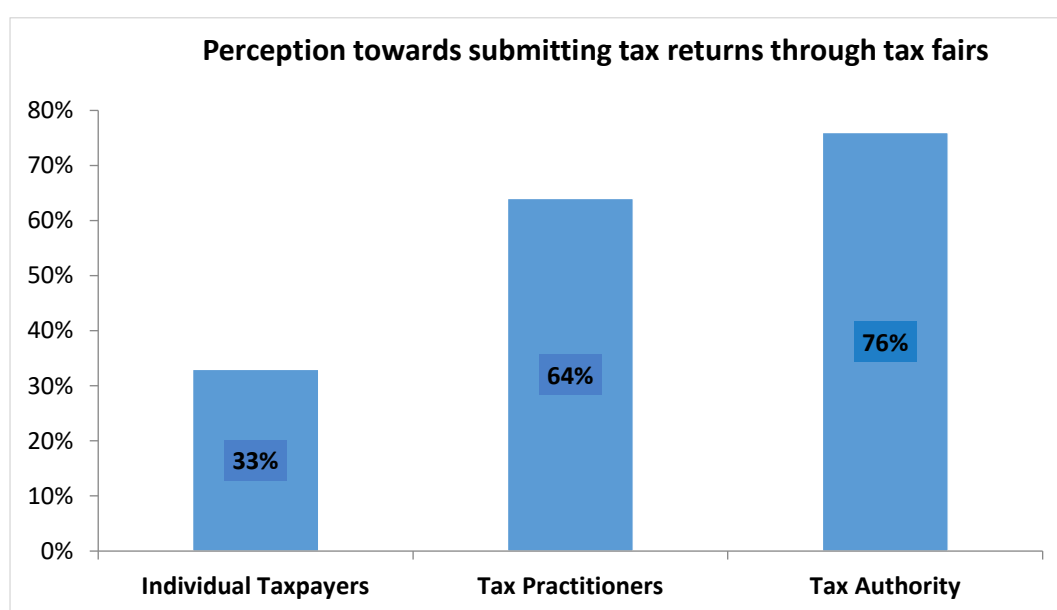
6.2 Summary of Key Findings

- Almost every respondent from each group agreed that tax is collected for the greater good of the nation. It is the responsibility of every concerned citizen to pay his taxes whenever he or she is being eligible for paying tax according to the Income Tax Ordinance, 1984. Again, government should use this fund from tax revenue in the most effective manner so that the citizens of the country have utmost trust on their government about the spending of their hard-earned money. Tax compliance depends on how the government perceives the social contract between the government and the taxpayers. The taxpayers feel the social contract is being dishonored when do not get the expected support and services from the government, they eventually tend to reduce their tax compliance by evading or avoiding paying income tax. From the stakeholder analysis, we know that government is having a huge influence here. So, government should take more initiatives to honor the social contract with citizens of the country. The money from tax revenue should be spent wisely on the public utility services water supply, electricity, maintenance of roads and highways, health care, security, and should also ensure that public services are well-provided. In this way, the citizens can also have the feeling that they are contributing to the development of the country. This reciprocity relationship can influence the compliance behavior of the citizen in a positive way.
- The survey results show that if the income tax authority or NBR accepts the Non-Compliance behavior of the eligible tax payers it would encourage 60% of individual taxpayers not to comply or to evade taxes. Again 100% of the tax practitioners have agreed that tax evasion and tax avoidance is prevailing among the tax payers. Similarly, 66.67% tax officials support that not taking any action against the non-compliance behavior of the taxpayer's encourages others to evade the tax. Many individuals with taxable income adequate tax knowledge are not interested in paying taxes because they think there is no level playing field when it comes to paying taxes. Some get demoralized seeing rich people and big companies do not pay taxes properly. Moreover, we have seen in the past that all successive governments offered the opportunity for legalizing "undisclosed money" and most of the time, rates were lower than the normal tax rate. They are allowed to invest in establishing factories in economic zones and hi-tech parks by paying only 10% tax and can also invest the undisclosed income without facing any

question from taxmen about the source of funds.²¹ This encourages many individuals and companies to abstain from paying taxes in time because in future they may take advantage of a low tax rate when such an amnesty is offered. Again, CPD's demand for a legal framework to deal with benami property has not been addressed yet. So, the authority should not encourage this rather they should take discernable action against the tax evasion and non-compliance behavior.

- From the individual tax payers we can see that, 40% submitted their income tax returns through tax office and 33% through tax fairs. Tax practitioners used both the tax office and the tax fair to submit their clients' income tax returns (64%). Again, 76% tax officials think that tax payers prefer tax fair more than tax office or other means to submit their tax returns.

Figure 6.5: Perception towards submitting tax returns through tax fairs.



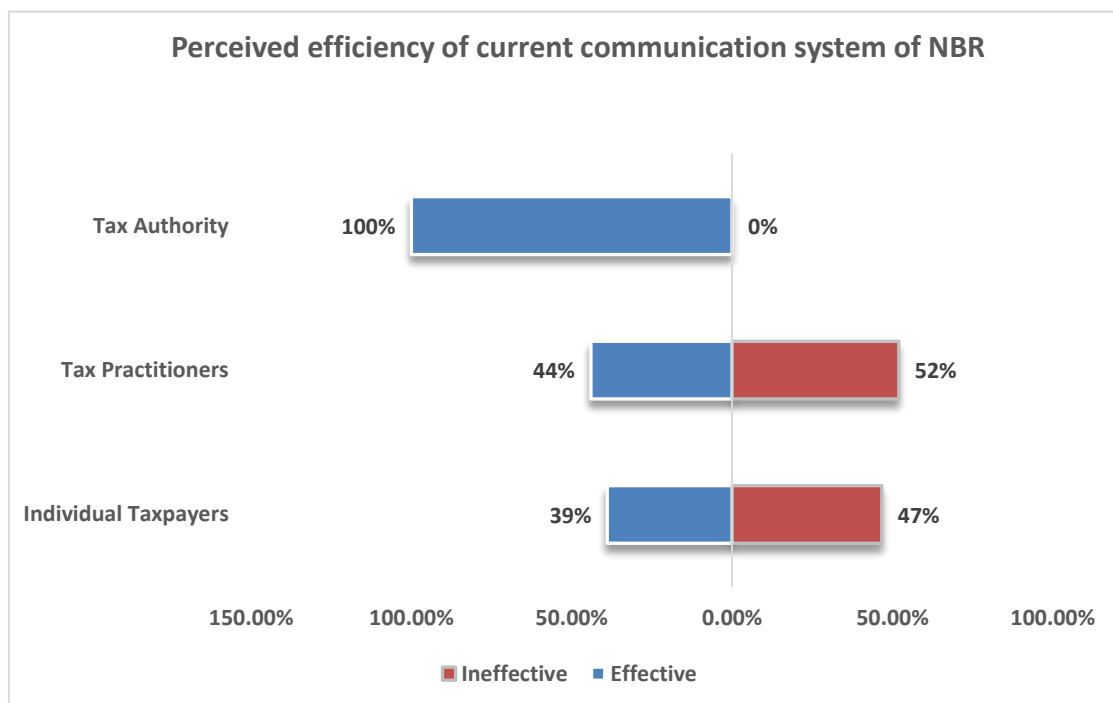
From the past trends of return submission, we can see that taxpayers prefer to go to the tax fairs as the tax fair provides a one-stop solution for all of their tax related questions starting from return submission to tax-related assistance and guidance both for the taxpayers and potential taxpayers. NBR has been holding the fair since 2010 to motivate people to pay taxes and create a tax payment culture in a country, where less than 1.0% of the total population submits returns regularly. In the last fiscal year (2018) the return

²¹ Less tax for well-off, more for commoners, *The Daily Star*.

submission shoots up by 33% to 18 lakh and the major portion of returns were submitted through the tax fair.

- 48.88% individual taxpayers paid their taxes through pay orders, 18.88% through chalan and only 2.22% through electronic payment. We can see similar results from the tax practitioners. 88% paid their clients' taxes through chalans and pay orders; and none of them used the electronic payment system. But, as currently, electronic payment is encouraged more, the results do not justify the claim.
- Most of the individual taxpayers were not satisfied with the current communication system of NBR. 46% of them perceived that the current communication system of the tax officials or NBR is ineffective. The results from the tax practitioners also showed similar outcome. But, 85.71% tax officials thought that current communication system is effective.

Figure 6.6: Perceived efficiency of current communication system of NBR.

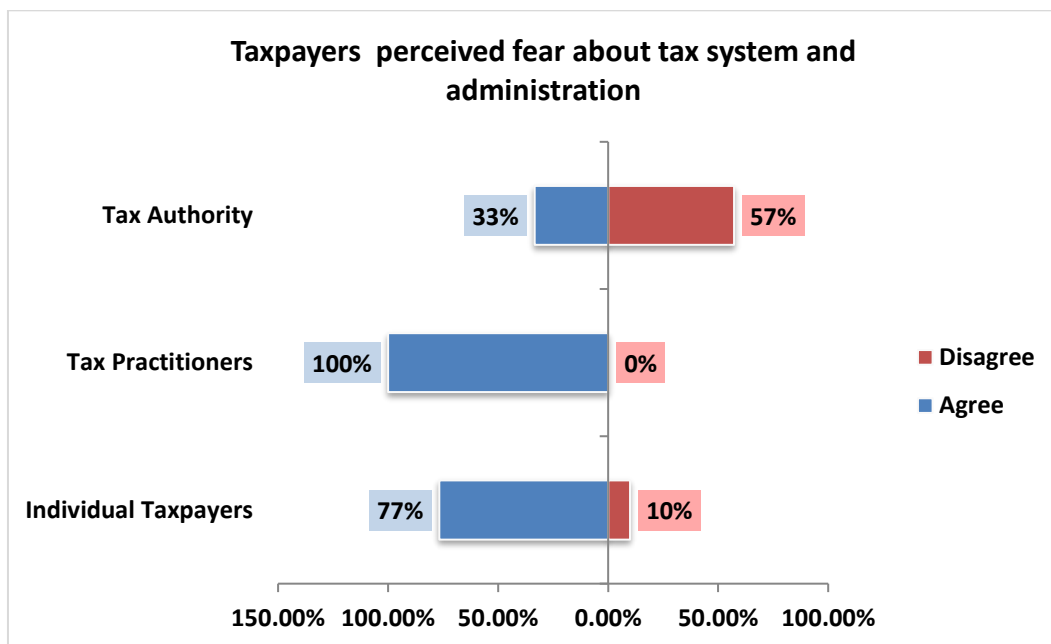


For communication with NBR, most of the individual taxpayers preferred both mobile SMS and emails, about 53%. Tax practitioners thought the same; 56% of them preferred SMS and email. On the contrary, 66.67% offices of the tax authority use formal letter as their main medium for communication and only 14.29% use mobile SMS. Again, 65% individual taxpayers did not get any messages from NBR before their deadlines. So,

clearly, a significant gap of communication exists in the tax system. The alarming thing is, the tax officials or NBR is in complete denial of this fact.

- From the analysis, it was found that 76.66% taxpayers have perceived fear about tax system and tax administration. Tax practitioners also acknowledge this fact completely. But, most of the tax officials (57.15%) disagrees with the fact that taxpayers are afraid of the tax system. An independent survey by CPD also publishes that people are having perceived fear about the tax system as there is a lack of communication between the tax payers and the tax administration.²² Different behavioral theories have proved that people do not like to comply when they have perceived fear about the system, rather they try to evade or avoid it.

Figure 6.7: Perceived fear of the taxpayers about the tax system and administration

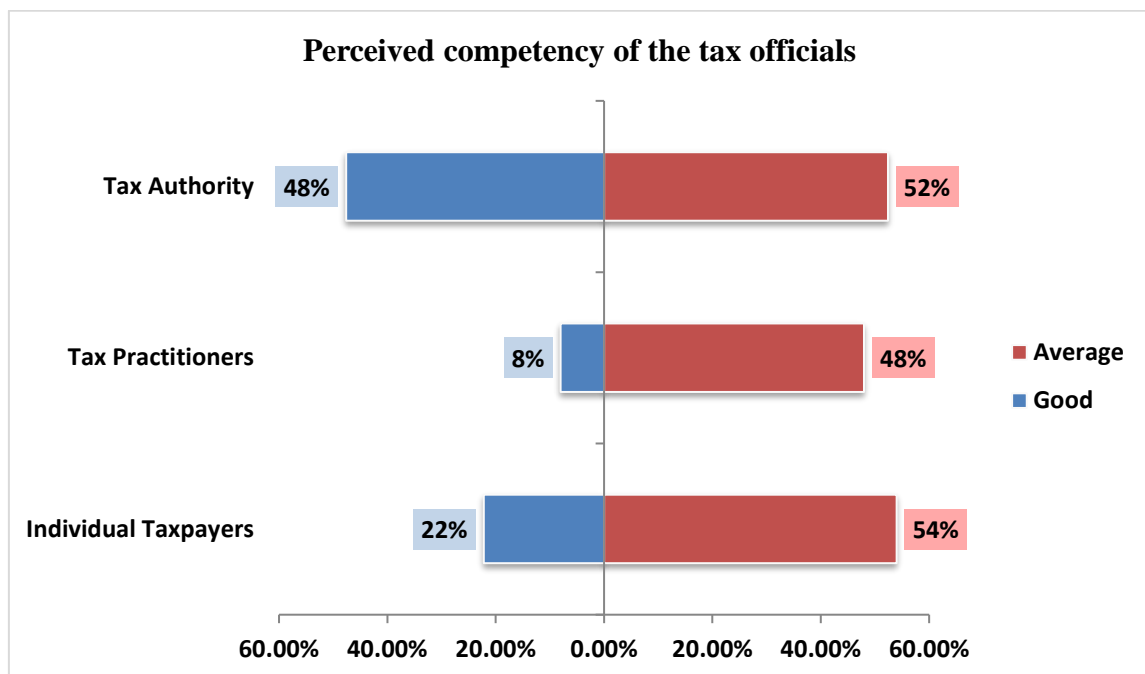


So, here again, the authority is turning a blind eye to a severe problem. The findings from this paper also proves that people are having perceived fear about the tax system which the tax authority is ignoring or unaware about. It is resulting in public avoidance of submitting income tax returns and government losing a lot of collectable taxes. So, the uninterrupted communication is needed between these two stakeholders. As the key player in power-interest relationship, National Board of revenue should take steps to educate the commoners.

²²Potential of Personal Income Tax in Bangladesh: An Examination of Survey Data (2018).

- 54% individual taxpayers think that the competency of the tax officials is very average. Again, 44% tax practitioners mark the service provided by the tax official and staffs as poor and 48% marks the service as average. Only 8% of the practitioners acknowledge the service provided to the citizen as good. Now on the other hand, 47.61% of the tax officials recognize the competency, efficiency, helpfulness and communication skills of the tax official's/staff's as good and 52.38% finds it average.

Figure 6.8: Perceived competency of the tax officials.



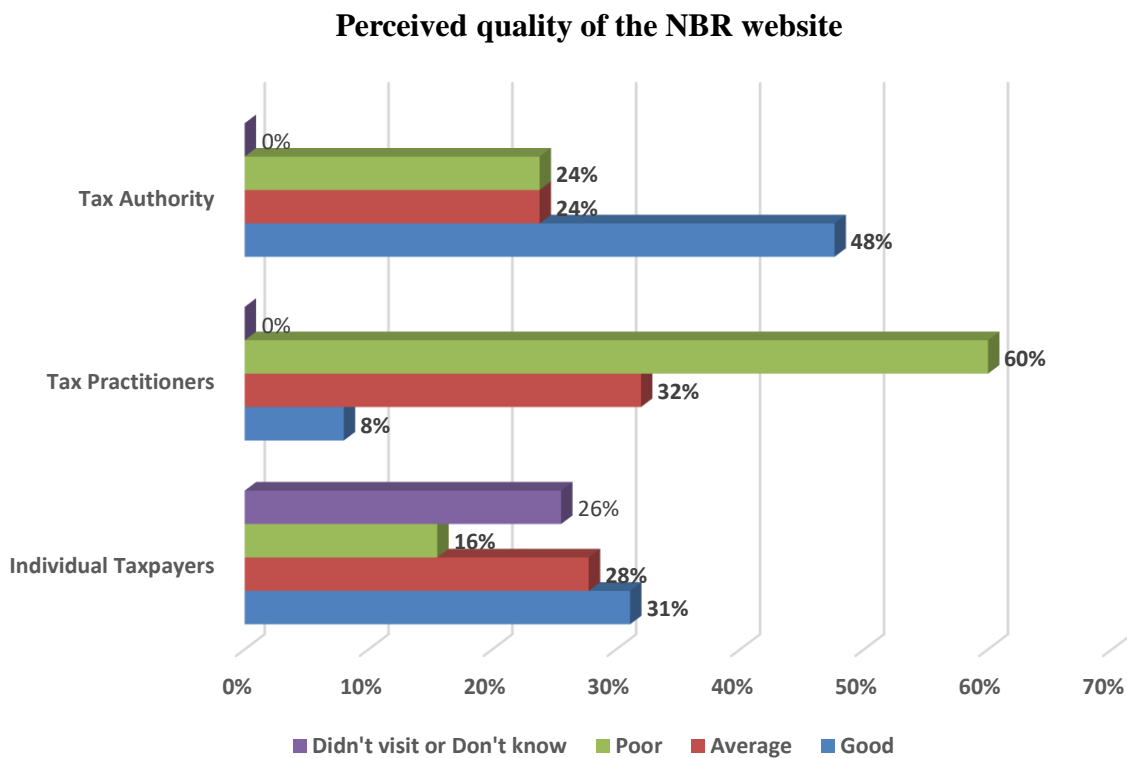
48% tax officials think that the service they are providing is competent, efficient and user friendly. So, we can sum up saying that people tend to submit their tax returns through tax fair rather than tax office as they find the competency of the tax officials very average. Neither the individuals nor the tax practitioners and authority themselves are fully satisfied with the fairness, integrity, transparency and accountability of the tax officials. Also, not every geographic area is having a tax office. So, the tax administration needs to be more modernized and people friendly.

- 85.72% of the tax officials think that the research, training and development facilities for tax officials are not sufficient regarding the improvement of skill, performance, efficiency, integrity, technical advancement and customer services. The taxpayers also do feel that the tax officials lack severely in skills, competency, facilities, incentives, technology and authority. Among the tax officials 90.47% of them think that they lack required facility; 85.72% of them think they lack sufficient development facilities to

improvement their skill, performance, efficiency, integrity, technical advancement and customer services; 73% of them think that the administrative, financial and regulatory power of the tax authority is insufficient. Besides, majority of them also think they lack incentive and 95.24% of the respondents are in favor of performance-based rewards, incentives and punishments to improve personal income tax revenue. This implies the concerned authority should give proper attention to the demand of the tax officials if they expect higher productivity rate from this department.

- Mix responses were found from both the individual taxpayers and the tax officials regarding the quality of website of National Board of Revenue (NBR) for electronic tax compliance, E-return filing, E-tax payment; accessibility, usability, income tax information, contents, feedback, service provision and delivery. But 60% of the tax practitioners think that the quality of the website is average and 32% think that the quality is poor. But, 48% tax officials found the quality of the website to be good.

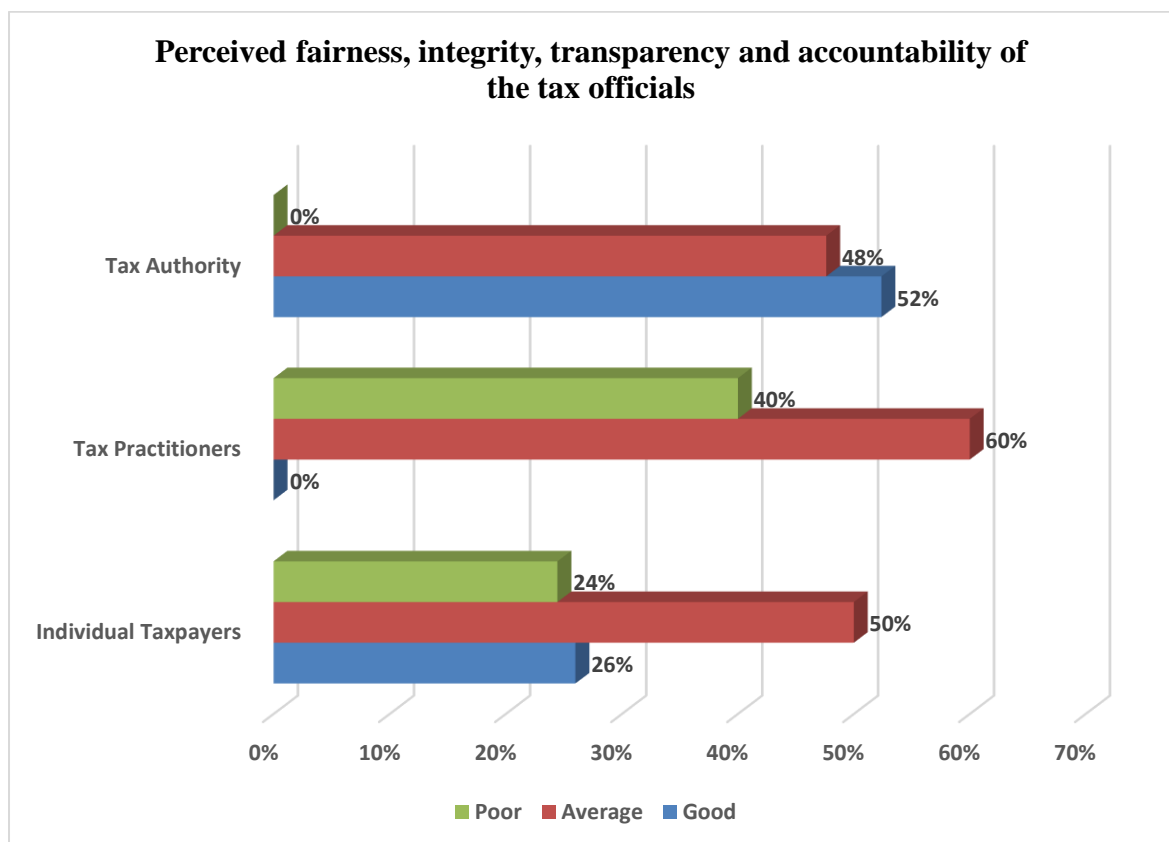
Figure 6.9: Perceived quality of the NBR website



Interestingly, 26% taxpayers didn't visit the website or didn't know about the website. So, the responses can be biased. Besides, it can imply that the taxpayers don't know about the website, or they prefer the physical systems more.

- 76.66% individual taxpayers have perceived fear about tax system and administration. This may be accountable to the fact that 63.34% respondents think that current tax law, tax system and regulations are complex to understand. So, the poor knowledge of the taxpayers might be contributing to their perceived fear of tax system and administration. Tax practitioners also face the same scenario. 100% of them found that taxpayers are afraid of the tax system. But, on the other hand, the tax officials deny this claim. 57% of the tax officials don't think that the taxpayers might have some kind of fear towards the tax system and administration. But they acknowledge the complexity and poor understandability of the current tax law. 66.67% of the tax officials agrees with the statement that the complex tax laws and regulations are causing poor knowledge among the taxpayers.

Figure 6.10: Perceived fairness, integrity, transparency and accountability of the tax

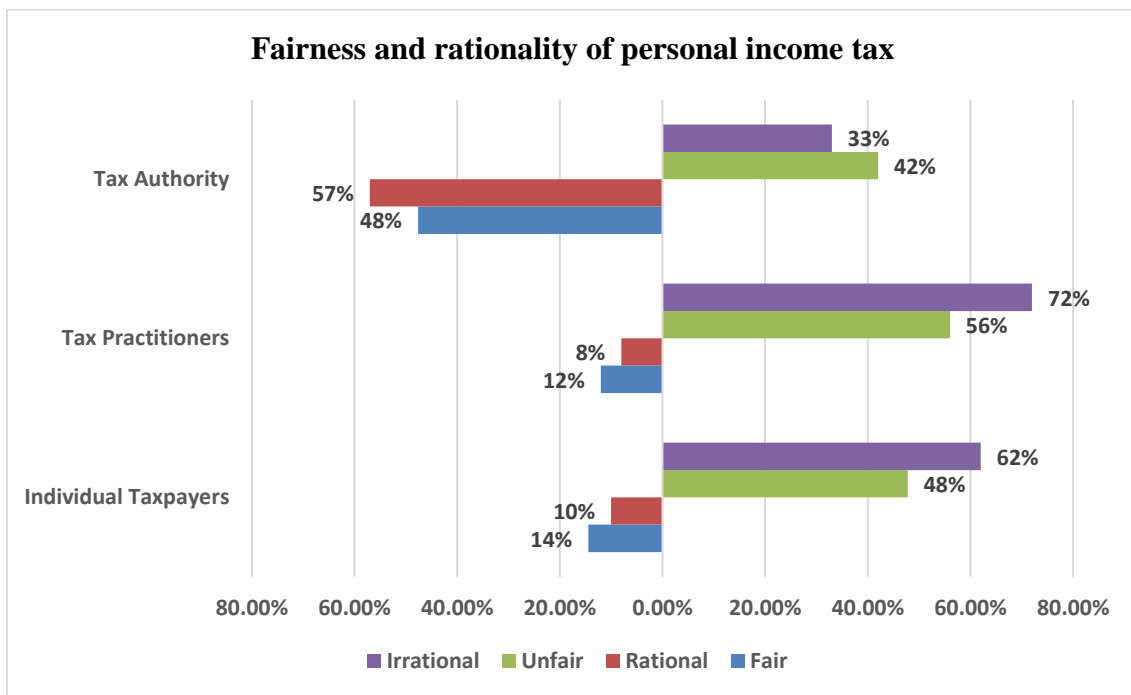


Regarding the fairness, integrity, transparency and accountability of the tax officials, half of the taxpayers think it is average; while 24.45% think it is poor and 26% think it is good. Again, 40% of the tax practitioners contemplated the fairness, integrity, transparency and accountability of the services of the tax officials as poor and other 60% marked it as average. On the other hand, according to the tax officials, the service quality

of the tax Officials/Staffs is perceived as good for the 52.38% respondents and average for 47.62% respondents.

- Same percentage (80%) of respondents from both individual taxpayers and tax practitioners think that current dispute resolving system is complicated and time consuming; whereas only 38% tax officials think the same.
- 47.78% individual taxpayers think that the current tax system is unfair and 62% of them find the rate of personal income tax high and irrational. Again, 56% tax practitioners also find the tax system to be inequitable and majority of them (72%) think that personal income tax is irrationally high. Now, on the other hand, the 48% tax officials find the tax system to be fair and 57% of them think that the personal income tax is rational.

Figure 6.11: Fairness & rationality of personal income tax.



So, again a severe incompatibility between perceptions can be found. The taxpayers think the tax system is unfair, but the tax officials think it's fair. Again, the taxpayers think the personal income tax is irrational and high, but the tax officials think it's rational. So, to improve taxpayers' perceptions and thus to improve personal income tax, this issue must be resolved.

- Similarity of responses could be found regarding the Income Tax Ordinance need to be converted into Income Tax Act to ensure rule of law is established. 90% tax officials and 100% tax practitioners think that it is high time that the Income Tax Ordinance is

converted into Income Tax Act. 52% individual taxpayers think the same. But 48% taxpayers refrained from commenting, contemplating the fact that taxpayers lack knowledge regarding tax system and tax laws. Theoretically, according to the parliament of Bangladesh “At any time when Parliament is dissolved or is not in session, the President may make and promulgate an Ordinance, if he is satisfied that circumstances obtaining call for immediate legislation. From the time of its promulgation, an Ordinance has the like force of law as an Act of Parliament. An Ordinance has to be laid before Parliament at its first meeting following its promulgation and it ceases to have effect at the expiration of 30 days after it is so laid in Parliament, unless the Ordinance is, in the meantime, repealed or a resolution disapproving of the Ordinance is passed in Parliament.” The income tax ordinance was formed in 1984 and since then it is being amended but not presented in the parliament for converting into tax law.

- All of the three pools of respondents; individual taxpayers, tax practitioners & tax officials; agree that tax evasion and tax avoidance mentality is prevailing among the taxpayers, 82%, 100% and 85% respectively. So, to improve personal income tax, this mentality must be eliminated and rule of law must be ensured. Reward for compliance and punishment for avoidance can be options to establish the rule of law.
- All of the three pools of respondents; individual taxpayers, tax practitioners & tax officials; agree that a huge number of people with net taxable income are out of tax net and they don't register TIN. 89% individual taxpayers think that many citizens don't pay taxes though their income are taxable. According to 88% of the tax practitioners, the initiatives taken by the tax officials is not enough to find out the citizens who are under the tax net but have not listed themselves under the TIN registration. 95.24% tax officials also think that a number of people with taxable net income are out of tax net. So, to improve personal income tax, citizens who don't register TIN and pay taxes under tax net, must be found out and compliance must be enforced.
- A survey carried out by the Centre for Policy Dialogue (CPD) in 2018 covered 1,200 respondents with taxable income where only 32% had paid income tax the previous year.²³ About a quarter of the participants belonged to the affluent class but failed to pay taxes. Both the respondents of this research paper and CPD have agreed that the tax

²³Potential of Personal Income Tax in Bangladesh: An Examination of Survey Data (2018).

system favors the elite and believe that corruption is prevalent in the taxation system. The respondents are also having the feeling that the tax system is not equitable for everyone.

- 91.11% taxpayers think that integrated ICT systems will prevent citizens from hiding income. 96% of the tax practitioners and all the tax officials also support that introduction of integrated system would increase the compliance of individual taxpayers. From our analysis, we can see people having mix response about the service of the website. Though the people of our country still prefer physical system more, this practice should not be encouraged in the age of technical advancement. Recently, NBR is working on simplifying the formalities and bring about modernizations; but the people are not much communicating as they are still paying their taxes through challan and pay orders. The matter of hope is that people of our country has started to get used to with the electric payment systems. It may take some time but if NBR sticks with this process and encourage to pay through the electronic payment system it may cut down the cost of tax collection and taxpayers will comply more as it will make it easier for them to pay their taxes. Bangladesh is slowly but gradually moving towards electronic transaction system. Government should promote E-commerce more as it would provide with more transparency and less chance for taxpayers to evade their taxes.
- Now, according to most of the tax officials (80.95%), a blend of voluntary and enforced tax compliance will help to improve personal income tax. Only voluntary compliance may not work always as there will be always such people who would want to evade their taxes in spite of having every possible facility. The majority of the responses is also in the favor of the blend of both types of compliance. The stakeholder analysis also suggests to monitor the taxpayers. Incentives and awards should be provided in terms of compliance and discretionary example should be set for non-compliance behavior which will refrain people from evading taxes. Tax tokens and tax certificates should be recognized as more important documents so that people cannot help but collect them to avail public services.
- The one of the most important reason for lower tax collection is the narrow tax base and widespread exemptions. The narrow tax base keeps the majority of potential taxpayers out of tax net and the tax burden falls on the limited group of people. There are four crore people who are included in the middle-income group, but the number of taxpayers is only 21-22 lakh, according to the finance minister. Again, the threshold for surcharge has been changed from 2.5 crore to 3 crores which implies a number of rich people will remain out of the surcharge net. The extensive use of tax exemptions is a serious problem for our

country. Because the extensive use of tax exemptions, incentives and special provisions also limits total revenue collection as the effective tax base becomes much narrower than that of the standard tax regime. As the government has stated that lower tax rate and exemptions can encourage taxpayers to pay taxes, government can widen the tax base without changing the rate and it would increase the total tax revenue as the largest portion of our population belongs to this middle-income group.

- Almost every respondent from each group has agreed that the rural economy is also growing alongside the urban developing economy. But the tax administration is concentrated mostly in urban areas. Tax Administration is now working in 64 districts; City corporations and 85 Upazilas (excluding 64 district SadarUpazilas). There are 492 Upazilas in Bangladesh now and the tax administration can expand their operation in other potential Upazila's as well which can be a great opportunity to widen the tax net. The process of decentralization of tax administration has already been declared. Already, there are 85 tax office for 85 Upazilas (excluding District Sadar Upazilas).²⁴ So, there is a huge opportunity to bring more people from Upazila level under the tax net.

CHAPTER 7

RECOMMENDATIONS AND CONCLUSION

7.1 Recommendations

From the above discussions on primary and secondary data analysis we can say that the personal income tax structure of Bangladesh is quite vulnerable and needs some quick reformation. This paper tries to look deep in the problem and generates some recommendations depending on the analysis. The recommendations discussed below can help bringing some positive change in the compliance behavior of the taxpayers and can also help to maximize the tax net.

1. An uninterrupted communication system should be built between the tax authority and taxpayers so that there is an upright flow of information.
2. For eradicating the perceived fear of the taxpayers, tax system and return filling should be made simpler and available for self-assessment.
3. Tax authority and NBR should arrange more awareness program like seminars, talk shows, TVC and billboards which talks and encourages compliance behavior by disseminating tax knowledge among the potential and existing taxpayers.
4. The authority should take discernable action against the tax evasion and non-compliance behavior and should provide social recognition to the highest and regular tax-payers.
5. As NBR has made it compulsory for the companies to disclose their employee's TIN number and salary information they can also make it mandatory for the employers in each public and private office to arrange compulsory seminars on tax knowledge for their employees governed by NBR or Ministry of Finance.
6. Tax tokens and tax certificates should be recognized as more important documents so that people cannot help but collect them to avail public services.
7. As a number of people from upazila level is out of tax net, government is having a huge opportunity to bring more people from upazila level under the tax net.
8. While widening the tax base; the tax rate needs to be brought down to a level where everybody with taxable income feels comfortable to pay income tax. The government should come up with pro-people policy measures and create awareness on developing a culture of paying taxes.
9. The concerned authority e.g. NBR, should consider the issues with accountability, transparency and fairness way more seriously to promote the culture of accountability

and transparency that would promote a healthy relationship between the tax authority and the taxpayers.

10. The research, training and development facilities for tax officials should be made more available for the improvement of skill, performance, efficiency, integrity, technical advancement and customer services.
11. More training programs should be arranged develop the competency, efficiency, helpfulness and communication skills of the tax official's/staff's so that they can provide better service to the taxpayers. Performance based bonus and incentives can also motivate them to improve their competence.
12. The accessibility, usability and service of NBR website should be top-notch as the website should be the on-stop solution for E-return filling, E-tax payment and all other tax related services.
13. Government should promote E-commerce more as it would provide with more transparency and less chance for taxpayers to evade their taxes.
14. Like other developed countries, it is high time for us to move from cash-based economy as the electronic payment system can cut down the cost of tax collection and taxpayers will comply more as it will make it easier for them to pay their taxes.
15. An integrated ICT system can be introduced where Election Commission, banks, land registration, property registration, vehicle registration, registered joint stock, vat, utility services, national savings scheme, credit & debit card data, etc. and electronic transaction system will be inter-linked. If this system can be introduced, it would help the tax authority to audit and increase the tax collection.

7.2 Conclusions

Bangladesh is growing fast as a country and is having a very less time to be prepared for stepping in the next stage of its development status. The evidence presented in this paper clearly shows that the condition of personal income tax in Bangladesh is very vulnerable and it needs quick reform for the greater good of the country. The matter of hope that the concerned authority is trying to bring reform but due to various obstacles and failure in the proper policy implementation is limiting the path of progress for Bangladesh.

The theoretical analysis presented in the paper depicts that, we are lagging far behind from the neighboring developing and developed country in terms of tax to GDP ratio. This means

that our GDP is growing but the tax revenue is not in line with that growth as we are not generating enough revenue to match our GDP rate. As the government has decided not be a Grant-Dependent country anymore, the only way to finance the deficit budget is by increasing the tax revenue of our country. Being an over-populated country, this can be a great opportunity to transform our human resource from burden to wealth.

The study to the current personal income tax structure of Bangladesh actually shows that Bangladesh is having huge potential to generate revenue from the individual taxpayers. Only a handful portion of the total population is actually paying tax. Majority of the eligible taxpayers are not under the TIN certification. Those who are registered under the TIN, they also try to evade the tax and do not submit the return regularly. In the last fiscal year almost 68% eligible taxpayers have not paid their income taxes. Again, narrow tax base, widespread exemptions, tax holiday is limiting the tax net. If we can ensure that the eligible taxpayers are complying with the tax law and actually paying their taxes, we would be able to generate maximum tax revenue without increasing the tax rate. Widening the tax base and minimizing the exemptions would bring equity on the tax system by decreasing the effect of tax burden to the certain group of people who pays their taxes on regular basis.

The empirical study in this paper tried to link the behavioral aspect of the taxpayers with the current scenario. By analyzing the opinions of the stakeholders, we can conclude that there is a huge communication gap between the general taxpayers and the tax officials. Where it is expected to prevail a good working relationship of the tax officials and the taxpayers, it has been seen that people are having perceived fear about the tax administration. The complexity in the tax system abstains taxpayers from self-assessment of the return filling and also being the reason for non-compliance behavior. So, a good communication system among the stakeholders is important to achieve the targeted development. The recommendations generated in this paper are based on the empirical study. The implementation of the proposed policies with correct action plan is likely to have a greater impact on the prospect of the personal income tax structure of the Bangladesh.

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APPENDICES

1. Estimated tax gap in selected Asia-Pacific country.

COUNTRY	TAX GAP
Bangladesh	7.5%
Bhutan	6.7%
Afghanistan	6.2%
Maldives	5.8%
Indonesia	4.7%
Cambodia	3.0%
Azerbaijan	2.1%
Pakistan	1.0%
China	1.8%
Philippines	1.5%
Malaysia	1.3%

Source: World Bank Database

2. Tax-GDP ratio in neighboring countries.

COUNTRY	TAX GAP
India	19.70%
Bhutan	13.16%
Sri-Lanka	12.36%
Pakistan	15.30%
Nepal	20.60%
Bangladesh	10.90%

Source: World Bank Database

3. Revenue Receipts of Bangladesh (Crore TK).

Fiscal Year	Total Revenue	Tax Revenue	Non-tax Revenue
2010-11	95187	79052	16135
2011-12	117033	94754	22279
2012-13	139670	116824	22846

2013-14	156671	130178	26493
2014-15	163371	140676	22695
2015-16	177399	155399	22000
2016-17	218500	192261	26239
2017-18	259454	232202	27252
2018-19	316599	289599	27000

Source: Various issues of Budget in Brief, Finance Division. Figures are based on revised budget.

4. Revenue Receipts of Bangladesh as percent of GDP (Base year 2005-2006).

Fiscal Year	Total Revenue	Tax Revenue	Non-tax Revenue
2010-11	10.39	8.63	1.76
2011-12	10.89	8.98	1.91
2012-13	11.65	9.74	1.91
2013-14	11.66	9.69	1.97
2014-15	10.78	9.28	1.50
2015-16	10.26	8.98	1.28
2016-17	10.16	9.00	1.16
2017-18	11.6	10.39	1.29
2018-19	12.48	11.42	1.06

Source: Bangladesh Economic review-2018, Finance Division (Chapter-4 / Table-4.1).

5. Comparison of Personal Income Tax and Corporate Income Tax

Fiscal Year	Income Tax (I.T. in Crore Tk)	Personal Income Tax		Corporate Income Tax	
		Crore Tk	% of I.T.	Crore Tk	% of I.T.
2010-11	23007.53	9893.24	43	13114.29	57
2011-12	28652.43	12463.81	43.5	16188.62	56.5
2012-13	37120.65	16711.72	45.02	20408.93	54.98
2013-14	43207.27	11873.51	27.48	31333.76	72.52
2014-15	47477.4	12556.66	26.45	34920.74	73.55
2015-16	51328.92	25379.83	49.45	25949.09	50.55

2016-17	52754.3	20919.93	39.65	31835.1	60.35
2017-18	56695.89	20637.81	36.4	36058.08	63.6

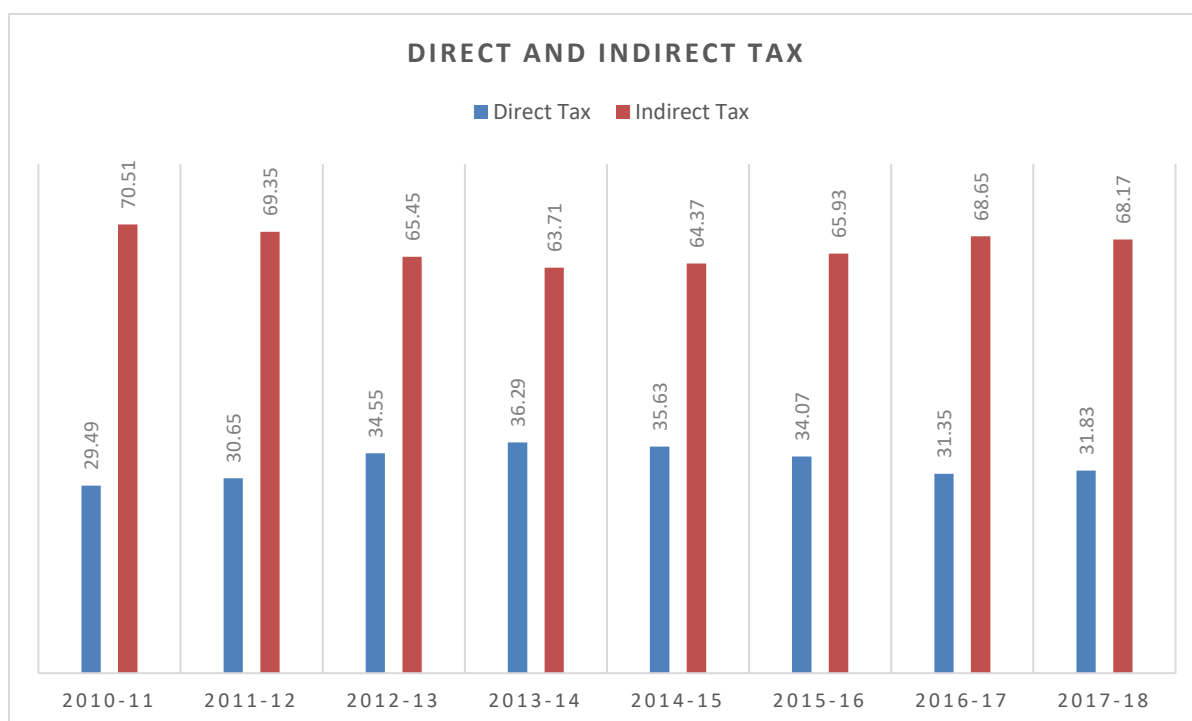
Source: NBR annual report 2017-2018.

6. Number of Registered Taxpayers (TIN holders) and Number of Return Filing.

Fiscal Year	Number of registered taxpayers (TIN holders)	Number of Return Filing
2013-14	2268876	979760
2014-15	2472380	1040354
2015-16	2663573	1070846
2016-17	3038186	1526459
2017-18	3553380	1776033

Source: Income Tax at A Glance: FY 2019-2020, NBR.

7. Composition of direct and indirect taxes of Bangladesh (in %).



Source: 2010-11 to 2016-17 from NBR; 2017-18 – Bangladesh Economic Review-2018, Finance Division

8. The Target and Achievement of Revenue-GDP Ratio (As % of GDP) as per 7th Five-Year plan.

FY	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Target (% of GDP)	12.1	13.2	13.4	14	14.6	12.1	13.5	14.3	15.1	16.1
Achieved (% of GDP)	10.47	11.12	11.23	11.14	10.4	10.34	10.24	12.18	-	-

Source: 7th Five-Year Plan, Planning Commission and Various issues of budget at a glance, Finance Division.

9. The Target and Achievement of Revenue-GDP Ratio (As % of GDP) as per 7th Five-Year plan.

FY	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Target (Expected) (% of GDP)	10	10.6	11.2	11.8	12.4	10.6	11.5	12.3	13.1	14.1
Achieved	9.02	9.35	9.45	9.33	9.27	9.21	9.06	10.9	-	-

Source: 7th Five-Year Plan, Planning Commission and Various issues of budget at a glance, Finance Division.

10. Government Borrowing from External Sources (provisional).

Fiscal Year	Commitment			Disbursement			Principal and Interest Payment			Net Foreign Aid Flow	
	Grant	Loan	Sub-Total	Grant	Loan	Sub-Total	Principal	Interest	Sub-Total	After Principal Payment	After Principal and Interest Payment
1	2	3	4=2+3	5	6	7=5+6	8	9	10=8+9	11= 7-9	12= 7-10
2012-13	555	5300	5855	726	2085	2811	198	908	1106	1903	1705
2013-14	498	5346	5844	681	2403	3084	206	1088	1294	1996	1790
2014-15	493	4765	5258	571	2472	3043	188	909	1097	2134	1946

2015-16	545	6503	7048	531	3033	3564	202	848	1050	2716	2514
2016-17	405	17557	17962	459	3218	3677	229	894	1123	2783	2554
2017-18	381	14231	14612	381	5910	6291	295	1097	1392	5194	4899

Source: Bangladesh Economic review-2018, Finance Division.

QUESTIONNAIRE

1. QUESTIONNAIRE FOR THE INDIVIDUAL TAXPAYERS

BRAC University
BRAC Institute of Governance and Development (BIGD)

Title of the study: Improving Personal Income Compliance in Bangladesh.

Survey Questionnaire - 01

*(This Study is being conducted as a part of MA in Governance and Development (MAGD) program. This questionnaire has been designed to collect information for the study “Improving Personal Income Tax Compliance in Bangladesh”. It is an academic research and the information collected will be used for research purpose only. **The confidentiality of the information will be preserved.** Your assistance will be highly appreciated.)*

Put tick (✓) mark in the box.

Name							
Gender	<input type="checkbox"/>	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>	Others	
Age in Year	<input type="text"/>		Mobile Number	<input type="text"/>			
Address	<input type="text"/>						
Educational Qualification	<input type="text"/>		Yearly Income in Taka	<input type="text"/>			
Profession (Put tick mark in the box)							
<input type="checkbox"/>	Government Service	<input type="checkbox"/>	Private Service	<input type="checkbox"/>	Business	<input type="checkbox"/>	Other Professions

1. Tax is collected by government for public goods and services, national security and social welfare. A good citizen with taxable income should pay his income tax willingly to support and contribute the country's development work and to reduce inequality and poverty - how strongly do you agree or disagree with this statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	Don't Know
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2. Where do you submit your income tax return?

a)	In Tax Office	b)	In Tax Fair	c)	Through Online	d)	By Tax Advocate
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3. How do you usually pay your income tax?

a)	Chalan	b)	Pay Order	c)	Account Payee Cheque	d)	Electronic payment	e)	Deduct tax at source
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4. Do you know the location of the tax office in your nearby area?

a)	Yes	b)	No
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5. Have you ever got any message from Income tax authority/NBR requesting submission of tax return and payment before the deadline?

a)	No	b)	Yes, at early	c)	Yes, in late	d)	Yes, before tax fair only	e)	3 to 4 times
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6. In your opinion what level of effectiveness is prevailing between the present Communication system of income tax office and the tax payers?

a)	Very effective	b)	Somehow Effective	c)	Ineffective	d)	Very ineffective	e)	No comment
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7. In your opinion, which procedure will be effective for communicating with the tax authority regarding the information related to income tax compliance?

a)	Formal letter	b)	Mobile SMS	c)	E-mail	d)	Very ineffective	e)	No comment
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8. “General people are having perceived fear about tax system and administration” - how strongly do you agree or disagree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	Don't Know
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9. Do you agree that if the income tax authority or NBR accepts the Non-Compliance behavior of the eligible tax payers it would encourage others not to comply and evade the tax?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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10. What do you feel about the tax official's/staff's competency, efficiency, helpfulness and communication skills in terms of delivering tax services to citizen?

a)	Very poor	b)	Poor	c)	Average	d)	Good	e)	Very Good	f)	Excellent
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11. Assess the income tax Officials/Staffs in terms of their fairness, integrity, transparency and accountability of the services they provided to the taxpayers?

a)	Very poor	b)	Poor	c)	Average	d)	Good	e)	Very Good	f)	Excellent
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12. “The complexity of present income tax law, regulation and system is the cause of poor income tax knowledge of the general citizen.” Do you agree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	Don't Know
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13. Should the Income Tax Ordinance need to be converted into Income Tax Act to establish the rule of law?

a)	Yes	b)	No	c)	No Comment
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14. “The preparation and presentation of tax return is complex for the taxpayers with multiple complicated steps” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No comment
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15. Assess the Quality of website of National Board of Revenue (NBR) regarding electronic tax compliance, E-return filing, E-tax payment; accessibility, usability, income tax information, contents, feedback, service provision and delivery.

a)	Very poor	b)	Poor	c)	Average	d)	Good	e)	Very Good	f)	Not Visited
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16. “Present system of dispute resolution, arrear collection and legal system regarding personal income tax is complicated and time consuming.” - Do you agree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No comment
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17. “The tax system of Bangladesh is not fair and equitable for both the rich and poor section of people rather it is favorable to rich and elite.” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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18. Do you agree that the existing rate of personal income tax is high and irrational?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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19. Do you feel that tax evasion (i.e. declare a smaller amount of income and consequently pay taxes) and tax avoidance (i.e. the arrangement of one’s financial affairs to minimize tax liability within the law) are prevailing among the taxpayers of our country?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	Don’t Know
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20. “The economy of our country is growing and the communication facility, electricity, transportation system and other facilities is also improving in line with the developing economy; and rural economy is also growing. But tax administration is working only in Urban areas/District level.” -Do you agree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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21. Do you agree that a huge number of people with net taxable income do not register TIN and don't pay taxes?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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22. “With the introduction of integrated and strong ICT network system among NBR, Election Commission, banks, land registration, property registration, vehicle registration, registered joint stock, vat, utility services, national savings scheme, credit & debit card data, etc. and electronic transaction system will prevent citizens from hiding income and consumption.” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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2. QUESTIONNAIRE FOR THE TAX PRACTITIONERS

BRAC University
BRAC Institute of Governance and Development (BIGD)

Title of the study: Improving Personal Income Compliance in Bangladesh.

Survey Questionnaire - 02

*(This Study is being conducted as a part of MA in Governance and Development (MAGD) program. This questionnaire has been designed to collect information for the study “Improving Personal Income Tax Compliance in Bangladesh”. It is an academic research and the information collected will be used for research purpose only. **The confidentiality of the information will be preserved.** Your assistance will be highly appreciated.)*

Put tick (✓) mark in the box.

Name						
Gender	<input type="checkbox"/>	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>	Others
Age in Year			Mobile Number			
Address						
Educational Qualification						

1. Tax is collected by government for public goods and services, national security and social welfare. A good citizen with taxable income should pay his income tax willingly to support and contribute the country's development work and to reduce inequality and poverty - how strongly do you agree or disagree with this statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	Don't Know
----	----------------	----	-------	----	---------	----	----------	----	-------------------	----	------------

2. Where do you submit the return of your client's income tax?

a)	In Tax Office	b)	In Tax Fair	c)	Through Online	d)	In Tax Office and Tax Fair
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3. How does your client pay income tax?

a)	Chalan	b)	Pay Order	c)	Account Payee Cheque	d)	Electronic payment
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4. Do your clients (tax payers) pay advance income tax (AIT) appropriately?

a)	Yes, most client	b)	Yes, average	c)	Yes, less numbers	e)	No
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5. In your opinion what level of effectiveness is prevailing between the present Communication system of income tax office and the tax payers?

a)	Very effective	b)	Somehow Effective	c)	Ineffective	d)	Very ineffective	e)	No comment
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6. Which procedure will be effective for communicating with TIN holders regarding the information related to income tax compliance?

a)	Formal letter	b)	Mobile SMS	c)	E-mail	d)	SMS and E-mail	e)	Letter and SMS
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7. "General people are having a perceived fear about tax system and administration" - how strongly do you agree or disagree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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8. What do you feel about the tax official's/staff's competency, efficiency, helpfulness and communication skills in terms of delivering tax services to citizen?

a)	Very poor	b)	Poor	c)	Average	d)	Good	e)	Very Good	f)	Excellent
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9. Assess the income tax Officials/Staffs in terms of their fairness, integrity, transparency and accountability of the services they provide to the taxpayers?

a)	Very poor	b)	Poor	c)	Average	d)	Good	e)	Very Good	f)	Excellent
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10. “The complexity of present income tax law, regulation and system is the cause of poor income tax knowledge of the general citizen. “Do you agree with the statement?”

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	Don't Know
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11. Should the Income Tax Ordinance be converted into Income Tax Act to establish the rule of law?

a)	Yes	b)	No	c)	No Comment
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12. “The preparation and presentation of tax return is complex for the taxpayers with multiple complicated steps” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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13. Assess the Quality of the website of National Board of Revenue (NBR) regarding electronic tax compliance, E-return filing, E-tax payment; accessibility, usability, income tax information, contents, feedback, service provision and delivery.

a)	Very poor	b)	Poor	c)	Average	d)	Good	e)	Very Good	f)	Not Visited
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14. “Present system of dispute resolution, arrear collection and legal system regarding personal income tax is complicated and time consuming.” - Do you agree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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15. “The tax system of Bangladesh is not fair and equitable for both the rich and poor section of people.” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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16. Do you agree with the statement– “The present rate of personal income tax is high and irrational?”

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	Don't Know
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17. Do you feel that tax evasion and tax avoidance are prevailing among the income taxpayers?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	Don't Know
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18. “The economy of our country is growing and the communication facility, electricity, transportation system and other facilities is also improving in line with the developing economy; and rural economy is also growing. But tax administration is working only in Urban areas/District level.”-Do you agree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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19. Do you agree with the statement that- “The tax authority is not taking sufficient initiatives and steps to find out the citizens who are under the tax net but have not listed themselves under the TIN registration?”

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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20. “With the introduction of integrated and strong ICT network system among NBR, Election Commission, banks, land registration, property registration, vehicle registration, registered joint stock, vat, utility services, national savings scheme, credit & debit card data, etc. and electronic transaction system will prevent citizens from hiding income and consumption.” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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3. QUESTIONNAIRE FOR THE TAX OFFICIALS

BRAC University
BRAC Institute of Governance and Development (BIGD)

Title of the study: Improving Personal Income Compliance in Bangladesh.

Survey Questionnaire - 03

*(This Study is being conducted as a part of MA in Governance and Development (MAGD) program. This questionnaire has been designed to collect information for the study “Improving Personal Income Tax Compliance in Bangladesh”. It is an academic research and the information collected will be used for research purpose only. **The confidentiality of the information will be preserved.** Your assistance will be highly appreciated.)*

Put tick (✓) mark in the box.

Name						
Position						
Gender	<input type="checkbox"/>	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>	Others
Age in Year			Mobile Number			
Address						
Educational Qualification						

1. “Tax is collected by government for public goods and services, national security and social welfare. A good citizen with taxable income should pay his income tax willingly to support and contribute the country’s development work and to reduce inequality and poverty.” - how strongly do you agree or disagree with this statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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2. “Taxpayers prefer to go to tax fair rather than tax offices for the submission of tax return and tax payment.” -how strongly do you agree or disagree with this statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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3. Do you agree that the tax Offices should locate within the defined geographical area(jurisdiction) for the ease of service for the taxpayers?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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4. Which Communication systems do your office use to communicate with the TIN holders for the submission of tax return and tax payment?

a)	Formal letter	b)	Mobile SMS	c)	E-mail	d)	Formal letter & Telephone(verbal)
e)	E-mail & Mobile SMS	f)	Formal letter & E-mail	g)	Formal letter & Mobile phone(verbal)		

5. What do you think about the Effectiveness of the present communication system of your office with the TIN holders?

a)	Very effective	b)	Somehow Effective	c)	Ineffective	d)	Very ineffective	e)	No comment
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6. “General people are having a perceived fear about tax system and administration” - how strongly do you agree or disagree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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7. Do you agree that if the income tax authority or NBR accepts the Non-Compliance behavior of the eligible tax payers it would encourage others not to comply and evade the tax?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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8. What do you feel about the tax official's/staff's competency, efficiency, helpfulness and communication skills in terms of delivering tax services to citizen?

a)	Very poor	b)	Poor	c)	Average	d)	Good	e)	Very Good	f)	Excellent
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9. Assess the income tax Officials/Staffs in terms of their fairness, integrity, transparency and accountability of the services they provided to the taxpayers?

a)	Very poor	b)	Poor	c)	Average	d)	Good	e)	Very Good	f)	Excellent
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10. “The complexity of present income tax law, regulation and system is the cause of poor income tax knowledge of the general citizen. “Do you agree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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11. “Income Tax Ordinance needs to be amended into Income Tax Act.” -Do you agree?

a)	Yes	b)	No	c)	No Comment
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12. “The preparation and presentation of tax return is complex for the taxpayers with multiple complicated steps” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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13. Assess the Quality of website of National Board of Revenue (NBR) regarding electronic tax compliance, E-return filing, E-tax payment; accessibility, usability, income tax information, contents, feedback, service provision and delivery.

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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14. “Present system of dispute resolution, arrear collection and legal system regarding personal income tax is complicated and time consuming.” - Do you agree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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15. “The tax system of Bangladesh is not fair and equitable for both the rich and poor section of people rather it is favorable to rich and elite.” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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16. Do you agree that the current personal income tax rate is high and irrational?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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17. Do you agree that tax evasion and tax avoidance are prevailing among individual tax payers?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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18. “The economy of our country is growing and the communication facility, electricity, transportation system and other facilities is also improving in line with the developing economy; and rural economy is also growing. But tax administration is working only in Urban areas/District level.” -Do you agree with the statement?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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19. Do you agree that a huge number of people with net taxable income are out of tax net?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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20. Do you agree with the statement that- “The tax authority is not taking sufficient initiatives and steps to find out the citizens who are under the tax net but have not listed themselves under the TIN registration?”

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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21. “With the introduction of integrated and strong ICT network system among NBR, Election Commission, banks, land registration, property registration, vehicle registration, registered joint stock, vat, utility services, national savings scheme, credit & debit card data, etc. and electronic transaction system will prevent citizens from hiding income and consumption.” -Do you agree?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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22. Which procedure you think would be helpful to increase personal income tax revenue?

a)	Voluntary & Enforced Compliance	b)	Enforce Compliance	c)	Voluntary Compliance
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23. Do you think performance-based rewards, incentives, punishment will influence the tax officials/staffs to improve personal income tax revenue?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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24. Do you think the existing human resources, logistical support, staffs, remuneration, incentives, infrastructure facilities are sufficient for improving personal income tax?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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25. Do you think the research, training and development facilities for tax officials are sufficient regarding their improvement of skill, performance, efficiency, integrity, technical advancement and customer services?

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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26. Administrative, financial and regulatory power of the Tax Authority/Revenue Body regarding human resources, physical resources, operational budget, remuneration, incentive, financial resources and revenue collection are sufficient.

a)	Strongly Agree	b)	Agree	c)	Neutral	d)	Disagree	e)	Strongly Disagree	f)	No Comment
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