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| Author(s) | Mohammad Faridul Alam, Md. Mohiuddin |
| Contact Email(s) | mf.alam@aiub.edu |
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| Abstract |
| This paper aims to analyze the dynamics of Bangladesh Tax System for the last two decades. This paper also intends to bring out the salient features of the existing tax structure to provide some relevant policy recommendations. Despite having impressive story of progress with its resilient and steady GDP growth of more than 6% for a number of years, Bangladesh has one of the lowest tax to GDP ratios in the world many years (it has stood 9.8 percent in the year 2016-17), which is one of the lowest among its neighboring countries and similar economies. Tax revenues has been contributing more than 80% of the total government revenue for the last two decades with a dominance of indirect tax contribution, although it has witnessed a decreasing trend in the last decade. Although direct tax contribution is around 37% of the tax revenue, it is collected from less than 1% of the population of the country with an indication of dissatisfactory compliance behavior of the taxpayers. Such performance places Bangladesh in 152nd position among 190 economies in the Paying Taxes 2018 study, as well as 148th position among 157 economies as per the Commitment to Reducing Inequality (CRI) Index 2018. Two decades of comparative study reveals that necessary reform measures should be taken to address the noncompliance problem with an expectation to improve the tax performance through an optimal and balanced tax system, that may reduce the degree of inequality in society. |
| Sustainable Development Goal(s) (SDG) |
| Decent Work and Economic Growth |