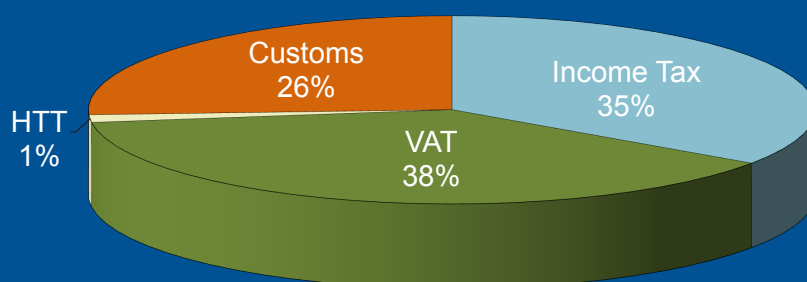


## Foreword

At the end of the first quarter of 2008, FIRCA recorded a total collection of \$273.6m which were below the forecast by \$1.5m. Lower than expected collection in Income Tax and Customs contributed to the slight downturn in revenue. Notwithstanding the below forecast performance, total collections as at 31 March 2008 were 2.8% higher than that recorded for the same period in 2007.

Figure 1: Total Revenue Ratio



With respect to the composition of tax revenue as at 31 March 2008, VAT continued to be the dominant contributor (38%), followed by Income Tax (35%) and Customs (26%).

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#### EDITORIAL NOTE

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# Revenue As At 31st March 2008

Table 1 shows the accumulated revenue collections in comparison with its forecast as at 31 March, 2008.

Table 1: Total Revenue Collections comparative to forecast

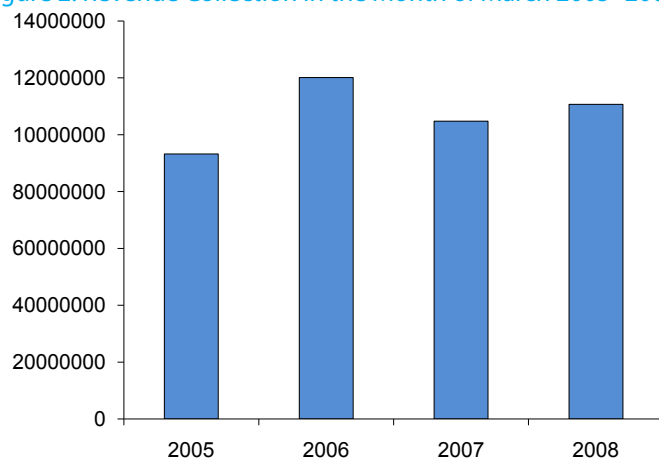
Revenue Type	Accumulated Revenue as at March 08 (\$)	Accumulated Revenue Forecast as at March 08 (\$)	Accumulated Revenue Variance as at March 08 (\$)
Income Tax	94,735,870	98,102,190	(3,366,320)
VAT	104,572,981	98,961,248	5,611,732
HTT	3,553,379	4,519,722	(966,343)
Customs	70,771,419	73,552,709	(2,781,290)
Total	273,633,648	275,135,869	(1,502,221)

Note: Differences, if any, in total revenue figures are due to rounding off.

One of the attributing factors to the lower than expected collections in the month of March was the shorter collection days in the month.

There were only 17 collection days in March this year when compared to 23 days and 22 days for the same month in 2006 and 2007 respectively. However, the Authority remains optimistic that it will recoup the shortfall in collections in the coming months of 2008.

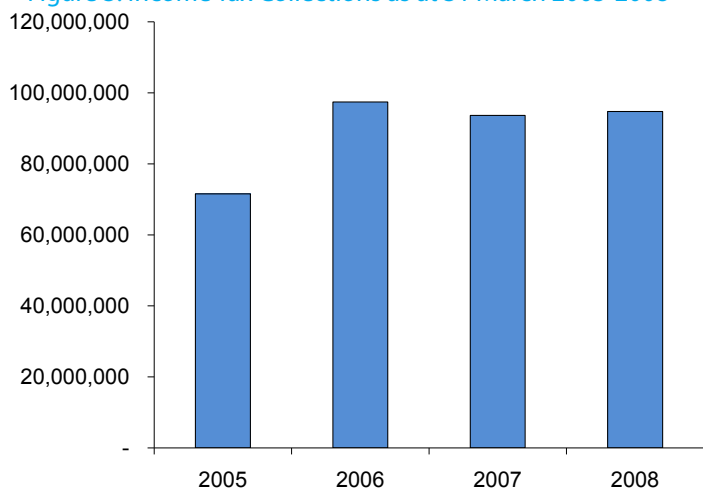
Figure 2: Revenue Collection in the Month of March 2005 -2008



## Income Tax Collection

Income Tax collection for the first quarter of 2008 totaled \$94.7m. This represented an increase from the 2007 level by 1.2%. The collection was below its accumulated forecast by \$3.4m.

Figure 3: Income Tax Collections as at 31 March 2005-2008



As at 31 March 2008, total PAYE tax collections stood at \$53.7m. The collections of this category were below its monthly and accumulative forecast by \$1.4m and \$1.2m respectively. Notwithstanding the above, PAYE tax collections were 1.7% higher than collections for the same period in 2007.

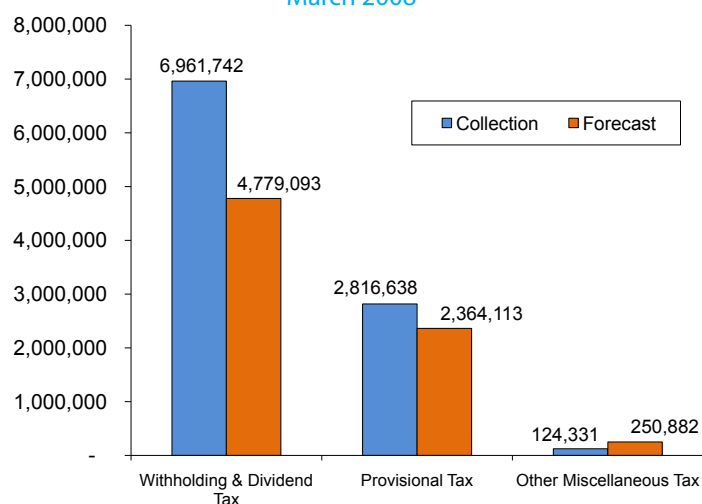
Corporate Tax collection cumulative to 31 March 2008 totaled \$46.4m, recording decline of 4.4% as compared to the corresponding period in 2007. Lower than expected collection in the month of March translated into a negative variance of

\$6.3m. The Transport, Storage and Communications sector was the dominant contributor, accounting for about 31% of total corporate tax collection cumulative to March 2008.

Cumulative to March, collection from Other Taxes amounted to \$6.2m, representing a decline by 30.8% from collection recorded for the same period in 2007. The collection for this category was below its monthly and accumulated forecast by \$0.9m and \$2.1m respectively.

Figure 4 shows the remaining component of Income Tax against respective forecast cumulative to 31 March, 2008.

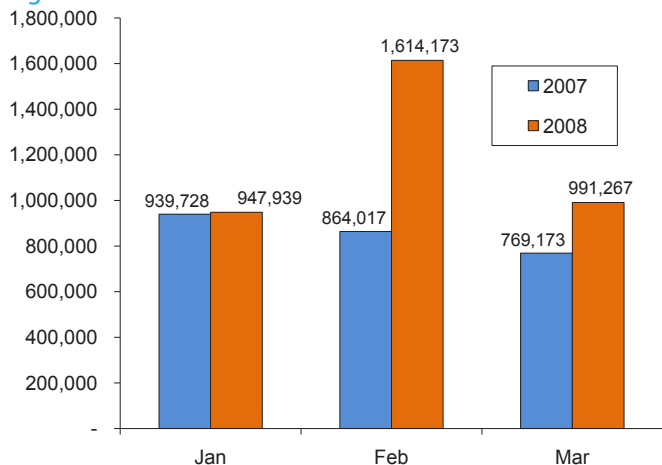
Figure 4: Other Income Tax Collection Against Forecast as at 31 March 2008



## Hotel Turnover Tax Collection

Hotel Turnover Tax collection as at 31 March 2008 totaled \$3.6m. Although the collections from the first three months of 2008 were 38.1% higher than collections recorded last year, it remains below 2008 forecast by \$1.0m.

Figure 5: Trend in Hotel Turnover Tax Collection 2007-2008

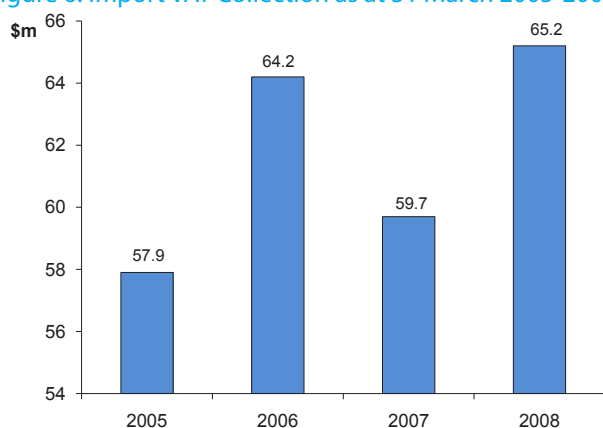


## Value Added Tax (VAT) Collection

Net VAT collection as at 31 March, 2008 amounted to \$104.6m, representing an increase of 1.3% over the comparable period in 2007, which is largely driven by buoyant import VAT collection. VAT collection cumulative to 31 March, 2008 were above the forecast by \$5.6m.

Total Import VAT collections of \$65.2m as at 31 March, 2008 were 9.3% higher than collection in the same period for the last two years. Cumulative to March, Import VAT collection exceeded the forecast by \$4.2m.

Figure 6: Import VAT Collection as at 31 March 2005-2008



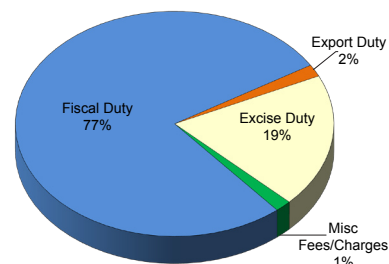
Domestic VAT collection cumulative to 31 March, 2008 amounted to \$56.9m and was below the forecast by \$2.3m. Domestic VAT collection as at 31 March, 2008 was 0.03% lower than the corresponding period in 2007.

Government VAT collection as at 31 March, 2008 amounted to \$7.9m, recording a decline of 59.4% over the comparable period last year. Cumulative to March, Government VAT collection was below the forecast by \$0.6m.

## Customs Collection

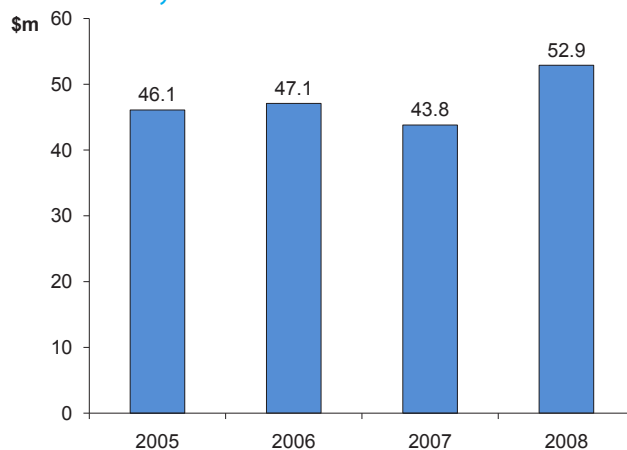
Net Customs collection as at 31 March, 2008 totaled \$70.8m, representing an increase of 6.2% as compared to the same period in 2007. However, net customs collection cumulative to March was below the forecast by \$2.8m.

Figure 7: Customs Collection Ratio as at 31 March, 2008



Total Fiscal Duty collection of \$52.9m as at 31 March, 2008 was above the forecast by \$1.2m and 20.8% higher than collection in the same period in 2007.

Figure 8: Fiscal Duty Collection Cumulative to 31 March 2005-2008



Import Excise duty collection cumulative to 31 March, 2008 amounted to \$4.0m, which was 42.3% higher than the comparable period in 2007. Cumulative to March, import excise duty collection also surpassed the forecast by \$0.6m. The buoyancy in this component is consistent with the increase in fiscal duty.

Accumulated Excise Duty collection as at 31 March, 2008 was \$13.1m, representing a decline of 24.4% compared to the corresponding period in 2007. Excise duty collection cumulative to 31 March, 2008 was below the forecast by \$4.6m. Similarly, Export duty collection cumulative to 31 March, 2008 totaled \$1.2m, recording a decline of 48.0% over the comparable period last year. The collection as at 31 March, 2008 was below its accumulated forecast by \$30,836.

## Overall Performance

Cumulative to March 2008, tax collection was below the forecast by \$1.5m. The Authority is currently putting in place measures to improve collection and compliance in the second quarter of 2008. These initiatives are expected to have a positive impact on revenue.