

### **Overseas chamber recommends autonomy for FBR**

ISLAMABAD: The Overseas Investors Chamber of Commerce and Industries (OICCI) has urged the PTI government to grant autonomy to the Federal Board of Revenue (FBR) on the pattern of State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP), and Internal Revenue Service (IRS) of the US.

The OICCI in its written recommendations sent out to the government and FBR for the coming mini-budget and for the next fiscal budget for 2019-20 suggested that the decision to separate the policy making function of FBR from revenue collection was greatly appreciated by the business community.

The separation, the OICCI stated, would lead to greater focus and improved efficiency as well as augmenting, strengthening and improving the FBR collection policies, methodologies, procedures and technology.

In order to facilitate effective transition and avail maximum benefit from the separation of tax policy from the FBR, several actions have been recommended by the OICCI, including recommendations regarding the structure of the policy board.

It urged the government to constitute an independent tax policy board under the auspices of the Ministry of Finance, headed by the finance minister. The prime objective of this board should be to formulate national tax policy in consultation with all the important stakeholders.

The policy board should meet on a quarterly basis for two years to ensure that the structure was well established before reducing the frequency to twice a year, it recommended. It also said that the policy board might comprise of eminent economists and professionals associated with key stakeholders like OICCI, Pakistan Business Council, Federation of Pakistan Chambers of Commerce and Industry, Institute of Chartered Accountants of Pakistan, and the ten largest tax payers of the country, who might or might not be associated with these bodies.

As of 2018 Ministry of Finance has already nominated six respectable members of the tax policy board, and “we hope that the remaining nominees from the large tax paying bodies, mentioned above, will be notified in early January 2019”, the written recommendations said.

The main function of the FBR should be enhancement of revenue collection, through a combination of broadening the tax base, monitoring and controlling leakages in revenue, simplification of the tax payment procedures, and other measures, in line with the policy guidelines approved by the board, the OICCI said.

The FBR chairman should also be a member of the tax policy board, which would ensure that he takes ownership of all the revenue-related policies and ensures effective implementation.

According to the OICCI, the proposed model was largely in line with the current corporate structure all over the world, where the board of directors approved the overall business policy, strategy and targets’ relating to key numbers, whilst the CEO and his executive team delivered the numbers based on the agreed strategy and policies.

For the FBR, the chamber recommended the government to an independent autonomous body on similar lines as the SBP, SECP, and the IRS. “A transparent accountability system in tax administration should be introduced, and reasonable independence and empowerment given to various operational positions. Performance evaluation should be sufficiently focused on measures taken to broaden the tax base.”

The external audit of FBR should be done annually, by an independent international audit firm whose report should be presented and fully discussed in the tax policy board meeting. There should also an internal audit function within the FBR for an effective ongoing internal audit, it urged.

Apart from revenue collection, a key function of the FBR (or the policy board) should be to address coordination issues between federal and provincial revenue authorities, with monthly meetings to ensure ease of doing business for tax payers, the OICCI emphasised.

The chamber also proposed that FBR should have a strong research and analytical wing supported by a strong data mining capability/ tools to proactively manage broadening of tax base initiatives.

The FBR training and development wing, especially at senior level, should have a mandatory structured annual training session with key industry forums like OICCI, PBC etc to remain current with the latest business and investment trend and opportunity for revenue growth, according to the OICCI recommendations.

Mehtab Haider