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Treasury single account gets going; Benami crackdown zones identified

ISLAMABAD: The government has empowered the federal secretaries to have full control over development and non-development funds of their respective ministries and attached organisations and be responsible to surrender all unspent funds to the consolidated fund at least 25 days before the close of fiscal year.

This has been done with coming into force of the Public Finance Management Act 2019 as part of the Finance Bill 2019 that also completely binds the ministries and their secretaries not to keep public funds in commercial banks. As such, all funds would remain in the government's single treasury account and could be withdrawn by principal accounting officers (PAOs) anytime in line with allocations without going through the financial advisors.

A senior official explained to Dawn that the new fiscal management regime was a practical beginning of an end to fiscal federalism and would minimise the red tape in implementation of public sector development projects and schemes. From next year, the new law would require presentation of three-year performance-based federal budgets under which the ministries, divisions and related departments would be required to deliver on those targets in three years along with quarterly monitoring reports to keep the government posted on a regular basis.

The federal secretary concerned would have full powers to utilise allocated funds in implementation of these targets and cost over-runs and delays would be open to investigation or ordered for independent audit.

The official explained that under the new act, the secretary would have to go through the Accountant General of Pakistan Revenue (AGPR) for release and utilisation of allocated funds because he would himself be fully empowered in line with the allocations. Another official said the positions of financial and deputy financial advisers in the ministries would be subsequently replaced with Chief Financial and Management Accountants to adopt modern fiscal models in the federal government.

He said as the system comes into force, similar demands are likely to come from the provincial secretaries and the federal government may not need to appoint provincial accountant generals at a later stage. However, such a move could also create more fiscal imbalance in view of weaker fiscal management capacities and greater political influence over secretaries.

Benami Assets: Simultaneously, the government also notified on Monday the establishment of three major zones — Lahore, Karachi and Islamabad — and 11 sub-zones for adjudicating authorities to deal with Benami properties as required under Benami Transactions (Prohibition) Act-2017.

Prime Minister's Adviser on Finance and Revenue Dr Abdul Hafeez Shaikh had announced on Sunday the creation of an Adjudicating Authority as an umbrella and creation of three zones of Lahore, Islamabad and Karachi to go after those not declaring their undisclosed assets and properties.

Under the FBR notification, Jamil Ahmad, a retired grade 22 officer of Pakistan Administrative Service (PAS) has been appointed as chairperson. Two members of the body include Muhammad

Tanvir Akhtar, a retired grade 21 officer of Inland Revenue Service (IRS) and Khaqan Murtaza, another grade 21 officer of PAS. The minister said the authority would “come into action and go after those failing to declare their undisclosed assets”.

The 11 sub-zones would assist the adjudicating authorities. For this Hasan Zulfiqar of IRS has been designated as chairman of Islamabad Zone-1 for approval of benami cases. He would be assisted by Faiz Hasan, while Hasan Khalid would be responsible for confiscation of benami properties.

Likewise, IRS Commissioner Khalid Khan has been designated as chairman of Lahore Zone-2 who would be assisted by Salman Naveed and Asim Reza (both deputy commissioners).

Similarly, Syed Shakil Ahmed has been appointed as chairman of zone-3 (Karachi) who would be assisted by Syed Bilal Mahmood Jafri and Syed Mashkoor Ali.

Meanwhile, the government has withdrawn exemption of general sales tax on construction material (gravel and sand) by imposing Rs500 per truck GST in federal excise mode on sand and Rs1,000 per truck on gravel. Likewise, the excise duty on cement has been increased from Rs1.5 per kg to Rs2 per kg, resulting in about Rs25 increase per 50kg bag.

Also, GST on steel bars used in construction has also been increased to 17pc under which Rs83,000 per tonne GST would be collected on steel bars in the market while Rs74,000 per tonne would be charged on steel billets and Rs72,000 per tonne on ship plates. Similarly, Rs47,000 GST per tonne would be charged on re-rollable steel.

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