

### **Red-tapism causes Pakistan diplomatic embarrassment**

WASHINGTON: Islam-abad's bureaucratic red-tapism caused Pakistan a major diplomatic embarrassment recently when the US State Department withdrew a tax exemption facility for Pakistani diplomats, official sources told Dawn.

The sources said that Pakistani tax officials' inability to clear bills on time was the main reason for the US action, which took effect on May 15.

An official US statement, shared with Dawn by a spokesperson for the State Department, also confirms the information the newspaper received from official sources.

"There are pending tax exemption issues related to the US diplomatic mission in Pakistan and we are in discussions with our counterparts in the Pakistan government in order to resolve them," the spokesperson said.

"The issue is the subject of ongoing bilateral discussions, and we hope to be able to resolve the issue and restore the tax privileges."

The United States and Pakistan have provided this facility to each other's diplomats for decades. But earlier this month, the Pakistan Embassy in Washington received a notification from the State Department, saying that the Diplomatic Tax Exemption programme for Pakistani diplomats was being withdrawn.

The programme provides sales and use, occupancy, food, airline, gas, and utility tax exemptions to eligible foreign officials on assignment in the US. Pakistan also provides similar facilities to US diplomats based in the country.

But a probe by Dawn revealed that the latest US action has no link to the current status of bilateral relations that are improving gradually since Pakistan helped the United States in jump-starting the Afghan peace talks in Doha, Qatar.

Apparently, the only reason for the withdrawal of this facility to Pakistani diplomats is the unnecessary delay that American diplomats face in receiving similar facilities in Islamabad.

Under the US programme, diplomats based in this country receive a tax exemption card from the State Department which entitles them to demand exemption while doing a purchase.

Pakistan follows the British system, which requires a diplomat to pay the taxes while doing a purchase but it is reimbursed when the diplomat files a claim.

While the United States does not have any problem with the Pakistani system, it has strongly objected to the delay its diplomats face in getting the reimbursements. "Pakistani tax officials take months, sometimes even longer, to clear the bills," a source said.

A Pakistani official, while talking to Dawn, acknowledged that the Pakistani reimbursement system needs improvement. "We are trying to streamline it and our American colleagues are aware of the steps we have taken," the official said.

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