

IMF opposes extension of amnesty scheme deadline

ISLAMABAD: The International Monetary Fund (IMF) has voiced opposition to the idea of extending the deadline for the amnesty scheme, saying doing so could hurt the country's case at the Board meeting that is scheduled to take up Pakistan request for a \$6 billion bailout package on July 3.

"The IMF is not in favour of tax amnesties," IMF's country representative to Pakistan Teresa Daban Sanchez told Dawn on Friday.

Commenting on Prime Minister Imran Khan's indication to extend the amnesty scheme and come up with a plan within 48 hours, the IMF official said, "Cross country experience shows that tax amnesties have usually huge costs, such as undermining taxpayers' morale and sense of fairness, that more than offset potential short-term gains".

Country representative says such moves undermine taxpayers' morale and sense of fairness

When asked whether an extension could hurt Pakistan's case at the Board, she said, "I think so, it will certainly not help at all because it is inconsistent with the whole package."

Pakistan is set to enter its 13th IMF programme days after the Board meeting which will decide whether or not to approve the staff level agreement that has already been signed between the government and the IMF mission. "I hope they are not going to do it," Sanchez said, talking of the possibility of an extension in the amnesty scheme. "It's not going to work."

The amnesty scheme was discussed during the staff level negotiations, she said, "and even though we were not happy about it at the time, we said OK, because we saw it as a targeted attempt to facilitate the implementation of the Benami law".

"But no extension is needed," she emphasised. "People have already had a chance to declare their assets for this purpose [complying with the Benami law], an extension will not serve any purpose."

Meanwhile, officials at the Federal Board of Revenue (FBR) told Dawn they oppose any announcement of an extension at this stage, arguing that it would stall the momentum behind the declarations.

Informed sources said the economic team was taken by surprise when the prime minister said on national television on Wednesday night that he will consider a package to allow an extension within 48 hours. They said some businesspeople from Karachi had complained to the prime minister that his government did not give them enough time to participate in the scheme, nor did it explain its benefits to the people.

"Their complaint was that the government has been occupied with creating a climate of fear around Benami assets rather than explaining the benefits of the scheme," one official privy to how the meeting between the prime minister and the business delegation unfolded, told Dawn.

One official involved in the processing of the amnesty scheme declarations said the prime minister would be given full update on declaration of assets, tax collection and the number of beneficiaries after June 30 midnight to provide him a complete picture of the situation, before he takes a final decision of his choosing.

FBR chairman Shabbar Zaidi has repeatedly explained to parliamentary panels that extension in the deadline is not possible in view of the scheduled executive board meeting of the IMF on July 3 to consider Pakistan's \$6 billion bailout package.

These sources said the prime minister was informed that last year's asset declaration scheme had offered reasonable time to people as it was launched in April and remained available until July. On the contrary, the latest scheme was launched in the last part of Ramazan followed by longer than usual Eid holidays, practically providing less than 15 working days to the prospective asset holders and non-filers. The prime minister appreciated these concerns and promised a wayout, these sources said.

Shortly after these discussions, the PM appeared on prime time television and said an extension in the deadline for the Asset Declaration Scheme is in order to avoid inconvenience caused to citizens by the June 30 deadline.

"In the next 48 hours, we will bring a programme for this," he said.

Officials in the FBR said they had not yet been approached by anyone from the Prime Minister Office about an extension in the deadline, but such an approach could not be ruled out till late Sunday night. They said their counters in the field formations witnessed unusual rush on Friday and were directed by the government to increase the number of counters to reduce long queues. But random checks at these counters conducted by field formation staff showed, according to one FBR official, that "99pc of those waiting in the queues were return filers since the last date for filing tax returns also happens to be June 30", the same as the deadline of the amnesty scheme.

These checks showed that negligible numbers of those waiting in the long lines outside FBR offices around the country were declarants for the amnesty scheme. The counters extended both at the banks and tax offices have been ordered to remain available round the clock until midnight of June 30.

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