

Private sector tax expert named FBR chairman

ISLAMABAD: Prime Minister Imran Khan on Monday announced the appointment of Syed Shabbar Zaidi, a Karachi-based partner in the chartered accounting firm A.F. Ferguson, as the new chairman of the Federal Board of Revenue (FBR).

Mr Zaidi will become the third person from the private sector to hold this post. The announcement came from the prime minister during a briefing with senior journalists on proposed local government system in Punjab.

The prime minister said the appointment will be notified soon.

Meanwhile, the decision did not go down well at the FBR where the Inland Revenue Officers Association issued a harsh statement almost immediately following the announcement in which they threatened court action against it.

“The association believes that the issue of appointing any person from private sector has already been resolved through the judgement of Islamabad High Court,” said the statement, referring to the case of Arshad Ali Hakeem who was also brought from the private sector to head the FBR for what proved to be a short-lived stint of one year till his appointment was struck down as illegal by the Islamabad High Court on a petition filed by an Inland Revenue Service officer. That judgement still holds the field and the association is now threatening to bring a similar case against Mr Zaidi’s appointment.

Tax officers threaten legal action against appointment; IMF confirms Reza Baqir has resigned

“The then government did not challenge the high court order which has already issued details for appointment from the private sector,” the statement says, adding that “after issuance of the notification, the association will file a contempt of court petition” this time.

In addition the Cabinet Division notified Omar Ayub Khan, the current minister for power, with the additional portfolio of petroleum minister.

“It is their right to file this case,” said Mr Zaidi when approached for comment on the matter by Dawn. He laid out his priorities, saying he considers “building trust between the state and the taxpayer” as the topmost challenge. “This is done through automation, minimising contact between tax man and taxpayer, and by promoting a voluntary compliance” — acts that he said will automatically lead to base broadening.

“This term base broadening has been overused. Once we do the steps I just mentioned, they will automatically lead to base broadening.”

In other remarks given on television, Mr Zaidi referred to the system as “anti-tax” and said he wishes to see this changed.

As a senior chartered accountant, with long experience dealing with some of the largest businesses enterprises in the country for decades, Mr Zaidi brings with him a wealth of experience and knowledge about the tricks of the trade that are commonly used for tax evasion.

A few concerns also began to surface in the hours following the announcement of a potential conflict of interest, considering Mr Zaidi counts among his clients some of the largest corporate entities in Pakistan, who have billions of rupees of tax-related matters outstanding with the FBR.

“He is a professional, a well-known person in the business community and as such is a relevant person for the job,” said Salim Mandviwala of the PPP, also a Karachi-based businessman who served as minister of state for finance under Hafeez Shaikh for a few months back in 2013. “My big concern is that the FBR officers will work to stymie his efforts, they do not accept anyone from outside,” he continued. He said the matter of conflict of interest is “a thin line” and it is up to the individual in every case to ensure they remain objective. “I believe Zaidi will try to remain objective, I am not sure he will succeed, but he will likely try.”

In a separate development, the International Monetary Fund confirmed to Dawn that Dr Reza Baqir has resigned from his position at the fund before taking up his new post as Governor of the State Bank of Pakistan. The new governor was still in Islamabad on Monday and had not yet shown up in his Karachi office, but was reported to be in touch with key policy personnel asking for data and projections.

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