

### **ACCA advises corporate tax cut, single-digit GST**

LAHORE: Association of Chartered Certified Accountants (ACCA) on Thursday suggested the budget 2019-20 should be based on low-tax-rate and tax-base-broadening philosophy, aiming for a gross domestic product (GDP) growth rate of 7 percent.

The ACCA, in its budget proposals, also advised the government to work on improving Pakistan's ranking on human development index from current 150th to below 60th place in next 3-5 years.

The association also suggested bringing down the corporate tax to 20 percent, besides unifying the federal and provincial GST and reducing it to single digit in the next three years.

It is time to make radical changes in the approach towards budget and the economic model of Pakistan, the ACCA said in its paper.

The Association of Chartered Certified Accountants experts also said the right to use information available with financial sector and revenue collection authorities should be allowed to broaden the tax base, while single and simple tax collection system for federal and provincial sales taxes should be introduced.

The sales tax rate should be reduced to a single digit in the next 3 years, starting with 14 percent in 2019-20, one of the proposals said and added that punitive measures should be introduced making non-compliance by businesses commercially non-viable.

Furthermore, the ACCA recommend: the reliance should be on direct taxes including taxation on agriculture sector, inter-corporate dividends should be made exempt, evidence of source should be made mandatory for foreign remittances, discretionary power to attach a bank account for recovery should be abolished or revisited, and services should not be subject to minimum tax.

To broaden the tax base, the ACC supports increase the involvement of professional accountants to build on-ground infrastructure to facilitate businesses and tax compliances.

It further stated that the government should think beyond twelve months and take medium- to long-term perspective focusing on inclusive economic growth and development model for Pakistan rather than just managing cash flows and foreign exchange reserves.

The policy focus should be more on increasing the size of the documented GDP from USD 315 billion 2018 to over USD 1 trillion, alongside increasing the tax to GDP ratio based on current size of the documented economy, the association stressed.

The Association of Chartered Certified Accountants also suggested incentivising domestic investor for import substitution, encouraging export of services and human resources and focusing on public-private partnership to introduce outcome-driven citizen service models for education and health sector.

Another suggestion called for devising a national human resource development strategy driven by domestic and global demands, ensuring transparent and timely reporting of public spending, capacity building of government functions, rationalising the size of the government and building a political consensus on the charter of economy.

**Our Correspondent**