

### **Rs5,550 bn tax target highly ambitious, impossible to achieve: Dr Pasha**

ISLAMABAD: The government's decision to assign Federal Board of Revenue (FBR) for materialising revenue collection target of Rs5,550 billion will require growth of 34 percent in revenues that has never happened since independence in 1947.

This kind of gigantic tax collection target possesses a recipe for its suspension and once again falling into the category known as one or two tranche country among the comity of nations. It indicates that the FBR will have to net additional revenues of Rs1,450 billion in next fiscal year against revised projection of Rs4,100 billion for the outgoing fiscal year.

"There will be no other solution but to impose heavy taxation on all the sectors," added the official sources. The FBR has achieved almost 2 to 3 percent growth in revenues in the first ten months when the nominal growth stands in the double digit.

Under the IMF programme, the government will have to achieve quarterly target on account of the budget deficit target. If there will be revenue shortfall or expenditure overrun then the IMF will come up with the prescription of reducing expenditures or raising revenues to ensure compliance on performance criteria under the Fund programme. With better coordination, Islamabad might be able to secure some waivers on quarterly targets but it will not last long. When contacted, the former finance minister and renowned economist Dr Hafeez A Pasha on Saturday night, termed it a childish move and said he has worked on Pakistan's economy for more than four decades and he could easily assume that it could be simply impossible to achieve 34 percent growth in a single year when the economy was already in shambles. He said if they are proved wrong he would admit his mistake but it is not going to happen that the FBR achieves 34 percent growth in revenues in a single year.

"It is the old method to inflate the revenues figures to accommodate all kind of expenditures but I want to warn that it cannot be delivered," he said and added the tax collection went up to a maximum by 20 to 21 percent in fiscal year 2015-16 when the economy is performing well. Now the economic growth is already falling and in these circumstances the chances of 34 percent became more dismal.

He said the primary balance is estimated to become close to negative 2.4 percent of GDP for the outgoing fiscal year and the government agreed with the IMF to bring it down to 0.6 percent of GDP. It indicates the government will have to slash down primary deficit by 1.6 percent of GDP through upcoming budget, he added.

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