

Government accused of agreeing to create unified tax agency

Former Senate Chairman Raza Rabbani Thursday accused the federal government of agreeing with the International Monetary Fund (IMF) to withdraw collection of taxes from provinces within one year, creating one tax collecting agency under the Centre. Speaking on a point of public importance in the Senate, Rabbani said that the federal government has agreed with IMF that it will withdraw tax collecting powers from provinces given to them after the 18th Amendment in 2010.

He said that State Minister for Revenue Hammad Azhar who while responding to a calling attention by PPP Senator Sherry Rehman said that the government is planning to create one tax collecting system to allow the government to tap existing financial databases to help identify tax dodgers.

Rabbani said that acknowledgment by the state minister proved that media reports about government agreement with the IMF to withdraw tax collection from provinces and giving it back to the federal government stand corrected.

"Negotiations with IMF are being held but the Parliament is not taken into confidence. It shows the government is not giving any importance to the Parliament and is making it redundant," he lamented.

He said that adviser to the prime minister on economic affairs did not bother to respond to a letter by Chief Minister Sindh about media reports that the government has given undertaking to IMF that there are issues in tax collection system, which will be abolished within next three years and a one tax collecting agency will be created.

"And now after state minister on revenue, to some extent, admitted that the government has given undertaking to IMF that in next three years, the existing tax collecting system will be abolished and one tax collecting agency will be created," he added.

He said that item number 49 in the Federal Legislative List Part-1, Forth Schedule, clearly states that "taxes on the sales and purchases of goods imported, exported, produced, manufactured or consumed, except sales tax on services will be collected by the provinces."

Rabbani said that IMF has serious reservations over vertical distribution of resources, ie, 57.7 percent being given to provinces under divisible pool, adding the Article 63 (A) is crystal clear that "next NFC award will be no less than the previous one."

He also accused the federal government of agreeing with IMF that it would get back federal expenditure from provinces, besides making provinces bound to contribute in the development projects for erstwhile Federally Administered Tribal Areas (Fata), Gilgit-Baltistan and Azad Jammu and Kashmir.

He continued that another blunder which the federal government has agreed with IMF is that it would get back internal security expenditure on terrorism in NFC, besides telling provinces to contribute to China-Pakistan Economic Corridor (CPEC) security.

"The provinces will also be told to contribute to BISP and HEC funding...it will be an open violation of Constitution and provincial devolution if these things are done," he maintained.

Rabbani also came down hard on the government for not briefing the House about the FATF conditions, which the country will have to accept to get out of the grey list.

"Why is the Parliament not taken into confidence about the recent visits of Prime Minister Imran Khan to Iran and China?...the Parliament should be told in which context the PM said that Pakistani soil was used for terrorism against Iran," he questioned.

Another major issue which, according to Rabbani happened all of a sudden, is adding Jaish-e-Muhammad Chief Masood Azhar to global terror list, but he lamented that the foreign minister instead of making policy statement in Parliament told Foreign Office spokesman to hold a presser on the issue.

"When did Pakistan get to know that China is withdrawing its technical objection? We want to know whether Pakistan was privy to the talks when China and other countries were moving a resolution [to put Masood Azhar's name of global terror list] as there was no indication, neither in Foreign Office's last weekly briefing nor post-Cabinet meeting briefing," he exclaimed.

"All these important developments directly related to security of the country are taking place but the Parliament knows nothing...I demand the foreign minister to come to the House and take the House into confidence," he demanded.

He also warned if the people and Parliament are not taken into confidence about proposed IMF package, his party would not recognise the IMF agreement which the government is about to enter. Responding to calling attention notice moved by Senator Sherry Rehman about talks with IMF without taking the Parliament into confidence, State Minister for Revenue Hammad Azhar said that the government has constantly been negotiating with IMF team since October 2018.

"The negotiations with new IMF team are also in progress...once the talks are finalised, we will give briefings to finance committees of both the houses about details of the programme; however, this had never happened in both PPP and PML-N governments," he added.

He said that 9.8 percent inflation was recorded in first eight months of PTI government, comparing to 24.5 percent in the same period of PPP tenure, adding oil prices in regional countries are more than Pakistan, but the government gave relief of Rs 100 billion to masses to shield them from inflation. He said a single portal will be launched on July 01 to facilitate the tax filing, adding the government is making efforts to correct the course of economy.

Earlier, speaking on her calling attention notice, Sherry said that the government cannot use IMF to step over the Constitution or suggest that provinces are not fulfilling their taxation responsibilities. "After the 18th amendment, sales tax has remained with the provinces. The government must stay in line with the Constitution," she added.

"There was a net increase of Rs 1.44 trillion (almost 19%) to Rs 9.23 trillion in external debt in first eight months of the current FY. On average, PTI has been adding Rs 15 billion a day to the country's debt. PPP on the other hand, added Rs 5 billion a day. The gas price is being hiked by 80%. In our offices, employees have been given loans so they are able to pay off their gas, petrol and electricity bills. During PPP's term, oil was priced at \$145 per barrel, today it is \$60. What's the government's explanation?" she added. She said that the government is drowning in debt and now it wants to usurp the provinces' powers, adding if it is true that the government is going towards a fiscal one unit system, it will be an outright violation of the 18th amendment.

"The government had not done its homework but acts like it has a magic wand to solve all of the country's problems," she said. She accused the government of secretly implementing IMF terms, which plummeted rupee value, adding the IMF terms should have been brought before the Parliament as the country cannot move forward like this.

