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Creation of proposed PRA, other reforms, Tax machinery to be taken on board, says PM

ISLAMABAD: Prime Minister Imran Khan has assured the tax machinery of Federal Board of Revenue that would be fully taken on board on creation of proposed Pakistan Revenue Authority (PRA) as well as ongoing re-organization of the Board and other reform initiatives.

The Prime Minister said this while addressing the senior officials (Grade 21-22) of the FBR here at the Prime Minister Secretariat on Wednesday.

The Prime Minister said that the purpose of the meeting is to get feedback and suggestions from the FBR officers regarding the proposed reforms. Addressing the officers, he said, “We need to restore confidence of businesspersons and general public in the FBR for economic development. The government needs your suggestions and input on reforms.”

The PM informed the senior tax officials that the revamping of the FBR would not be undertaken without taking into confidence both FBR cadres i.e. Inland Revenue Service and Pakistan Customs Service. “The FBR officials would be fully taken on board on tax reforms as their role has been crucial in the country’s economic stability. The feedback of the tax officials is welcomed on the creation of the proposed PRA,” Imran Khan added.

Prime Minister Imran Khan has said that the money collected from the taxpayers will not be misused. He said that people will be eager to pay tax if they are assured that their money will be spent on public welfare instead of lavish lifestyle of rulers.

He directed the officials of FBR to take measures to restore confidence of the business community by ending their fear and apprehensions regarding the tax machinery.

Prime Minister highlighted that the core issue behind insufficient tax collection in the country is that people don’t trust the FBR.

He said that traders’ associations always ask him to implement a fixed-tax scheme as they don’t want the FBR to deal with them.

PM asked the FBR officials to submit their recommendations on how the trust deficit between traders and the FBR can be bridged. He also asked senior tax officials to suggest ways to eliminate corruption within the tax collection body.

The PM stated that the collection of Rs 8 trillion tax revenue was not difficult unless all the stakeholders consider it as their national responsibility and sacred duty to work for the achievement of this task. The government has assigned revenue collection target of Rs5.5 trillion to the FBR for 2019-20.

To a question, the Prime Minister said it is a national duty to collect tax. He said, “Making money through legal means is not a crime and we should encourage the business community in this regard. The country cannot move ahead without wealth creation and we have to promote businesses in Pakistan.” He said his government is committed to providing business-friendly environment to entrepreneurs.

He said the general masses are generous in charity giving, but they shirk of paying taxes and urged the FBR officials to devise reforms which could restore public confidence in the tax machinery, besides enhancing their performance coupled with easy tax payment system.

He said Pakistan has been at the historical crossroads and his government is committed to carrying out reforms in the revenue and tax systems, which has already been started.

The government through a holistic approach has been introducing all embracing reforms, with exports witnessing a surge and the stock exchange gaining momentum, he added.

Imran Khan also expressed his satisfaction over the country’s enhanced performance in the ease of doing business as its business outlook has been enhanced by seven per cent.

The Prime Minister said without efficient functioning of the FBR, the country could not achieve the financial stability. He said the country could not run on the old pattern as the present government has inherited the biggest financial deficit and current account deficit. Half of the tax collection, in the first year, was spent on debt servicing, he added.

The Prime Minister observed if steps for the collection of enhanced tax are not taken, it could give rise to complications in the future as these are also vital for the human resource development.

The country has a huge potential in terms of its young population and if they are provided with opportunities, the country could progress, he added.

Imran Khan stated that the China-Pakistan Economic Corridor (CPEC) has entered into another phase which would spur industrialization and business opportunities across the country.

The PM referred to the Scandinavian countries including Sweden and Norway where people have been paying taxes enthusiastically as they know that these are spent on their welfare judiciously.

He regretted that in Pakistan, the past rulers took it as their prerogative to spend the public tax money on their personal requirements.

He said that his government after coming into power started an austerity drive and cut down Rs 350 million expenditures of the PM Office, besides the federal government’s expenditures were slashed by Rs 45 billion.

The Prime Minister said that the government entities including the governors’ houses would be converted into public places, thus bringing down their expenditures and cited the Governor’s House in Murree where a sum of Rs 830 million alone was spent in the past over its renovation.

He expressed the resolve that his government would spend the public money on the welfare and uplift of the public.

He also credited the overseas Pakistanis who have been the biggest assets of the country sending remittances regularly thus strengthening the national economy.

He said his recent Washington visit only cost \$65,000 as compared to previous visits by Asif Ali Zardari and Nawaz Sharif who spent \$0.8 million and \$0.7 million respectively.

The Prime Minister said during the United Nations visits, Asif Ali Zardari spent \$1.2 million, Nawaz Sharif spent \$1.1 million, and Khaqan Abbasi spent \$800,000 whereas his visit only cost \$160,000.

A huge amount of Rs50 billion was spent on advertisement by the previous rulers from the public tax money, the PM added.

Meanwhile, according to the chairman FBR, the timelines for 're-organization' of FBR (approved by PM) including creation of the proposed PRA shall be put on hold.

Immediately after the speech of the Prime Minister, Chairman Federal Board of Revenue (FBR) Shabbar Zaidi tweeted that the timelines with reference to the 're-organization' of FBR as given in October 3, 2019 letter of the reforms approved by the Prime Minister shall be put on hold. The PM's explicit statement is that reforms in FBR will be undertaken after taking FBR officers on board. "Meanwhile, we at FBR shall strive to collect optimum revenue," Zaidi added.

The PM's letter of October 3 contains following major reforms in FBR and timelines: Establishment of Pakistan Revenue Authority (timeline June 30, 2020); Re-organization and re-articulation of FBR Headquarters (Nov 30, 2019); administrative and functional restructuring of LTUs/RTOs (December 31, 2019); collection of sales tax on services by the FBR (October 30, 2019); enhancement of collection charges of FBR for infrastructure development, automation and HRD (timeline June 30, 2020); nationwide tax assessment and documentation drive (timeline Nov 30), nation-wise survey of immovable properties (October 31), proposal for development of Alternate Border Economy (timeline October 31, 2019) and process for automation of the FBR (timeline November 30, 2019).

Special Assistant to Prime Minister on Information and Broadcasting Dr Firoz Ashiq Awan, Adviser on Finance Dr Abdul Hafeez Shaikh, FBR Chairman Shabbar Zaidi, Adviser on Commerce Abdul Razak Dawood and senior officials were present during the interactive session with FBR officials.