

Mehtab Haider

FBR to start implementation of reforms package from July 1, 2020

ISLAMABAD: The Federal Board of Revenue (FBR) has envisaged its internal deadline for preparation of blueprint of proposed reform package till January 2020 with the expectation that the government will start implementation on it from July 1, 2020.

The objective of the reform package is to bring drastic changes into structure of the FBR. The government has placed a steering committee to devise roadmap for the FBR's reform package and the FBR Chairman Shabbar Zaidi also devised a mechanism to hold consultation with major stakeholders to come up with a strategy having ownership of FBR's all wings.

"Yes, the FBR chairman established four sub-committees to devise blueprint of proposed reform package for the tax collection machinery and we will present our report to PM by January 2020," the FBR Member Inland Revenue Policy and official spokesman Dr Hamid Ateeq Sarwar told The News.

Official sources said that the reform plan of the FBR was dire need of the time but it caused confusion because it came into full swing from three different directions. The WB-funded programme envisages reform plan as the government committed certain reforms with timelines to get \$400 million loan. Under the IMF agreement of Extended Fund Facility, Pakistan made commitment to undertake reforms on the front of tax collection machinery. An IMF technical mission also visited Islamabad to suggest prescriptions for undertaking reforms into the FBR.

Thirdly, the PM Office sent out directives for asking the FBR to undertake reforms. Now there is need to devise cohesion and establish synergies for undertaking much needed reforms into the FBR.

The established four sub-committees, the sources said, were currently deliberating upon options whether the reform process should kick-start from top or it should be launched from the bottom to get the desired results. The government will have to take decision whether it is going to hire required professionals on contract basis or permanent staff will be hired. All those whose services will not be required whether they will be put into surplus pool or they will be offered any voluntary separation scheme (VSS). The multilateral creditors have suggested to the government to establish Pakistan Revenue Authority (PRA) with the mandate to collect taxes of both the federal and provincial governments under one umbrella. The PTI-led regime had taken decision to defer implementation on PRA till consensus is evolved with all stakeholders.

The official said the FBR high-ups would submit their reform package to the government in January 2020 then the government would have ample time to deliberate on all options over next six months so the implementation on reform package would come into force from next budget with effect from July 1, 2020-21.

The FBR requires couple of months to do spadework on proposed reform package as in December there would be major focus on revenue collection. Then in January there will be time to present roadmap by end of January 2020. The IMF's next review mission would start deliberation from Feb 2020 so the government would have time to hold consultations before approving the ambitious reform package that would be implemented from the next budget.