

Mubarak Zeb Khan

Govt to ask IMF about fixed tax regime for traders

ISLAMABAD: Pakistan's top tax machinery has linked approval of a fixed tax regime for small to medium traders with prior approval of the International Monetary Fund's review mission, which is scheduled to arrive here on Sunday.

On Oct 28, the IMF mission — headed by Ernesto Ramirez Rigo — will start review of Pakistan's first quarter (July-September) performance as part of the \$6 billion Extended Fund Facility (EFF).

It will complete the exercise in two weeks.

An official source in the finance division told Dawn that during the review, the Fund officials would hold meetings with all stakeholders, including the Federal Board of Revenue, State Bank of Pakistan, those in the power sector, to assess the country's performance against the benchmark set for the first quarter.

According to the source, Adviser to Prime Minister on Finance Dr Hafeez Shaikh and FBR Chairman Shabbar Zaidi will hold meetings on the sideline with the IMF officials to convince them that a scheme for traders was needed. "We will try to convince them to get some favourable scheme for traders," the official said.

The traders have demanded a fixed tax regime, carrying an exemption from sales tax and withholding tax, with a threshold of Rs150 million sales per annum. They have also demanded a minimum tax rate as fixed tax rate.

According to the official, these are the demands of traders. "We can't commit on these demands," he said, adding the demands would be taken up with the Fund officials. "We will do advocacy for it as being under the Fund's programme," he said, adding some close-level understanding might be achieved.

Fund's mission due in Islamabad tomorrow for two weeks to assess performance

FBR Chairman Shabbar Zaidi told Dawn that his team was in talks with traders. "We have already reached an understanding with traders on the fixed tax rates," he said. However, he added, the FBR wanted fixed tax regime on an area basis, while traders demanded it on the basis of turnover.

The chairman said the FBR had no issue even on a turnover basis that could be introduced for small to medium traders only, but "we have to take up this issue with donor agencies".

Mr Zaidi said traders in the tier-1 would remain on the point of sales position. "We have not finalised anything so far," he said, adding that an attempt would be made to finalise the deal before the countrywide traders' protest scheduled for Oct 29 and 30.

Broadening of Tax Base

The FBR chairman also gave briefing to Prime Minister Khan on Friday on broadening of tax base while using National Database and Registration Authority (Nadra) data.

According to an official statement issued after the meeting, the premier said broadening of tax net is very important for enhancing the government's capacity to provide better facilities to the masses. Nadra chairman Usman Yousaf Mobin also attended the meeting.

He said broadening of tax net would not only lessen the burden on existing taxpayers, but would also enable the government to ensure provision of education, health and other facilities in remote areas, too.

He said the government was striving to bring in transparency in tax system so that every citizen could play their role in country's progress and development. "The payment of tax is a national obligation, yet the restoration of taxpayers' confidence in this respect is very important," the premier said.

Growth in tax returns

FBR Chairman Shabbar Zaidi said that FBR received income tax return of 918,027 from taxpayers up to October 25 as against 585,209 returns received over the corresponding period of last year, showing an increase of 332,818 returns or 56.87pc.

On average, more than 20,000 returns were filed on a daily basis, he said.

Taking to Twitter, the FBR chairman said that from Nov 1, 2019 strict action would be taken against unauthorised interaction between FBR staff and business community. "Business community is suggested to report to FBR if any person contact through any manner without proper authorisation," he said. "No harassment," he added.

According to him, the FBR will soon issue very strict instructions to all officers, employees and staff of all formations of the FBR not to interact with businessmen through personal visits, telephone calls, cell phone messages or emails. Automated / authorised system would be only manner to interact, he said.

On the sideline of the press conference on ease-of-doing business, Special Assistant to Prime Minister on Information Dr Firdous Ashiq said Mr Khan held meeting with the relevant stakeholders on anti-smuggling to assess revenue gains and losses.

She elaborated that a comprehensive strategy would soon be finalised in this regard. One of the major components of the policy would be sharing of online information, she said. Besides, she said, the premier would hold a monthly meeting to evaluate anti-smuggling strategy.

FATF grey list

On the issue of Financial Action Task Force (FATF), Federal Minister for Aviation Ghulam Sarwar Khan said the government would check Jamiat Ulema-i-Islam-Fazl's (JUI-F) baton-wielding force at the district level. "We will not allow them to reach the federal capital," the minister warned.

He said JUI-F chief Fazlur Rehman gave a wrong message to the Paris-based FATF meeting as his baton-wielding force was projected on social media. By doing so, he projected a very negative image of Pakistan abroad, the minister said.

Only last week FATF decided that Pakistan would remain on grey list until February 2020 with a warning to further improve implementation of the 27 actions of the International Cooperation Review Group.