

**FBR policy, administrative functions to separate in 100 days, IMF assured**

ISLAMABAD: The government on Tuesday promised the International Monetary Fund (IMF) to separate policy and administrative functions of the Federal Board of Revenue (FBR) within first 100 days of its tenure and undertake a full-fledged effort for maximum recovery of more than Rs2 trillion tax and power dues.

In a change of mind, the government has also planned to seek maximum financial support from the IMF to tide over its external account gap instead of earlier indications that it wanted smaller size of the bailout to keep conditionalities of the programme to a bare minimum.

Take a look: Why Pakistan will go to the IMF again, and again and again

“We are trying to secure maximum funds from the IMF because it is cheaper than all other financing avenues,” a senior official told Dawn after a meeting of Minister for Finance Asad Umar with the visiting IMF mission led by Harald Finger.

The official said the IMF would obviously like to keep its share on the lower side and expect us to chip in other sources as well. He said the government was in contact with other lending agencies and friendly countries as well on the sidelines and would keep the IMF posted in a run up to conclusion of talks on November 22.

According to him, the programme modalities would be completed under the Memorandum of Economic and Financial Policies (MEFP) before November 22 after taking Prime Minister Imran Khan into confidence so that the IMF mission could take up approval of its executive board soon after its return to Washington.

The official said the two sides agreed on a comprehensive reforms package. The visiting delegation appreciated reforms measures proposed by the government, he added.

He said it was important that fiscal adjustment should be finalised first for stabilisation to become the basis for success of the reform package over a longer period.

It was in this background that the mission was informed that the government would work with full focus for maximum recovery of Rs900bn power sector dues from its public and private sector consumers and actively pursue at the highest level the earliest possible adjudication of court cases involving about Rs1.3tr revenue. The mission appreciated that a success on these two areas could address a lot of challenges in the public finance.

This was partly confirmed by Minister of State for Revenue Hammad Azhar who told Dawn that the two sides had broad agreement on comprehensive reforms. As part of this, he said the government would separate revenue policy and collection functions of the FBR and its approval would be secured from the federal cabinet within the current month. He said the leadership had already approved the move that would be rolled out as part of first 100-day report after formal approval from the cabinet.

He said the separation of policy and administrative function of FBR had been firmed up with the help of international experts and private sector stakeholders because it would ultimately the private sector led initiative to achieve higher economic growth.

Mr Azhar said the initiative would ensure that FBR's policy board comprised private sector and independent members to formulate a policy which will compel the revenue machinery to find new taxpayers and bring new areas into the tax net, thereby expanding the tax base and ending the existing conflict of interest.

Currently, the FBR policy makers tend to introduce policies that allow for easy ways of revenue collection, including increasing general sales tax rates and concentration of withholding taxes in the revenue policy, he said. However, these steps were putting excessive burden on existing tax payers and hence encouraging tax evasion, he explained.

A statement issued by the Ministry of Finance said that following the delegation's interaction with officials of relevant ministries and entities, Mr Finger shared his initial assessment with the finance minister on various sectors of the economy.

Mr Umar also shared the PTI government's vision on economy and explained corrective measures being taken to remove imbalances in the economy. He said the new government had come to power with an agenda of wide ranging reforms and had a strong resolve for implementing deep structural and institutional reforms.

The finance minister said his government was committed to safeguarding the poor and the vulnerable segments of the society and would invest more in social protection, human development and creating employment opportunities. "Alongwith structural and governance reforms, revival of domestic industry and export sector are high priorities of the government," he said, adding Pakistan looked forward to receiving IMF's support for government efforts aimed at achieving an economic turnaround.

Khaleeq Kiani