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RECORDER REPORT

ISLAMABAD: The World Bank (WB) and Federal Board of Revenue (FBR) Monday agreed to increase tax to GDP ratio from current level of 10 percent to 15 percent under medium-term revenue strategy from 2018-19 to 2020-21, it has been learnt.

Sources said that the representatives of WB and FBR held a conference here to work out modalities for devising medium-term revenue strategy over the next three years.

It was pointed out among tax experts of both sides that the taxpayers had to deal with five tax machineries in Pakistan including the FBR and four provincial revenue authorities that wastes a lot of time of taxpayers.

It was agreed upon between the both sides that FBR's Policy Board should be activated with the participation of provincial revenue authorities to harmonize tax policy among the center and provinces.

Sources said the harmonization among income tax and sales tax is dire need of the hour for using each other data to expand the tax base and revenue collection up to the real potential of the country. Although Inland Revenue System (IRS) deals with both income tax and sales tax, yet using data for expanding the base and collection still needs to be done for making FBR an effective revenue collection agency.

The FBR's Policy Board already exists but it was never allowed to play its important role for policy formulation on taxation front. There was consensus among the stakeholders for activation of this Policy Board whereby provinces will be invited on special invitation to harmonize fiscal policies for whole Pakistan.

Sources said the government intended to utilize information technology for the purpose of expanding the narrowed tax base in months and years ahead.



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