

## **A Tax Commission for Pakistan**

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It was with great pleasure that one read the two initial articles on income tax policy by Syed Shabbar Zaidi (BR 13 and 14 August). With his great erudition and experience, Mr Zaidi has illustrated how withholding/ presumptive taxes, along with the policy to treat imports as income, as well as the 'full and final' regime of taxes, were nails in the coffin of a proper income tax regime. If that were not enough, the linkage with the need to attract foreign exchange to the country through the Protection of Economic Reforms Act of 1992, supported by Section 111(4) of the Income Tax Ordinance of 2001, provided a convenient channel for both money laundering as well as tax evasion. His underlying message is that over the last 70 years, the government has moved businesses and trade away from documentation. In an earlier BR article a fortnight ago, Dr Ehtesham Ahmed made the same point while advocating the need for introducing a proper Value Added Tax (VAT) in Pakistan.

Mr Zaidi has made a very strong case for a new Tax Commission by the incoming PTI Government, so that a buoyant income tax policy is introduced early in the government's tenure. He has correctly pointed out that this will take 3 to 4 years to yield results. If, indeed, the incoming government proceeds to do this it could perhaps simultaneously entrust it with recommending how a proper VAT regime could be introduced in the country. Experts in public finance would agree that there is a strong linkage between income and value added taxes, both critical for resource mobilisation.

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