

Rules of Business 1973: Amendment needed to take away policymaking power from FBR

The government is required to amend the Rules of Business 1973 to take away tax policy from the Federal Board of Revenue (FBR).

Sources told Business Recorder that under rule 35 of the Rules of Business issued by Cabinet Division, the primary functions of the Revenue Division are tax policy and tax administration. The powers of tax policy are needed to be taken away from the Revenue Division through changes in the Rules of Business. The words "tax policy" are required to be omitted from the functions of the Revenue Division.

So far, Cabinet's Division's Rules of Business have not been amended, sources added.

The six nominated members of the Tax Policy Board (TPB) are required to be cleared from the National Assembly and Senate Standing Committees of Finance. Following ratification from the committees, the government will notify the names of the nominated members of the TPB. So far, National Assembly Standing Committee on Finance has not been constituted.

Six nominated members of TPB are Adviser for Commerce, Industries & Textile Industries Abdul Razak Dawood, information technology professional Syed Javed, NADRA Chairman Usman Yousaf Mobin, former FBR chairman Abdullah Yousaf, economist Dr Ijaz Nabi and former FBR chairman Salman Siddique, they added.

Finance Minister Asad Umar has already re-constituted high-powered Tax Reforms Implementation Committee (TRIC) to implement and monitor the proposed recommendations of Tax Reforms Commission. Tax Reform Commission had recommended that the FBR to be run by an independent board on an urgent basis. There should be separate and effective policymaking forum. The FBR should only be a revenue collection and policy implementation body, the TRC recommended. The Tax Reform Implementation Committee (TRIC) has made short-term and long-term recommendations of the tax reform commission. Some of the recommendations of the Tax Reform Commission (TRC) included that FBR should on contract basis recruit HRM specialists and support team from private sector to develop HRM functions of FBR on professional lines. Current HRM staff should be trained so that their capacity is built up.

The TRC recommended creation of national data warehouse, border security force, proper valuation of immovable properties, simplification of laws, structural ethics and grievance redressal system both at Chief Commissioner/Collector level and FBR (HQs). Other short-term recommendations of the TRC were improvement in IT system/automation to reduce the cost of compliance and emphasis to curb corruption and liaison with NAB for implementation of recommendation against corruption.

Other short-term recommendations of the TRC included utilisation of Withholding tax data, utilisation of NADRA data for the purpose of BTB and changes in procedure of Alternative Dispute Resolution (ADR). The recommendations also included administrative reforms, taxation of small company, development of harmonised tax codes strengthening audit and capacity building of officers.

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