

FBR readies plan to boost collection in six months

ISLAMABAD: The Federal Board of Revenue (FBR) has evolved a comprehensive plan for tax reforms to accelerate revenue collection in the next six months of the current fiscal year.

The new measures being finalised are part of the incumbent government's next six-month performance target, a senior official told Dawn on Thursday.

The reforms will spread in three dimensions; updating laws and policies to simplify tax system; refining the tax administration process in terms of registration, submission, customs, audit, customer service; and leveraging latest technology and global best practices.

As part of the reforms, revenue acceleration initiatives have been almost finalised to enhance collection for the ongoing fiscal year. "We have already identified the measures and recommended them to finance ministry for implementation," the source said.

These measures will be announced as part of the supplementary finance budget.

In the next six months, the focus of reforms is to make investments in information technology infrastructure for which, a comprehensive Information and Communication Technology (ICT) development plan will be devised to transform FBR into a technology-driven tax administration. The internal review of ICT needs has already been completed.

It has also been decided to revamp the Pakistan Revenue Automation Ltd (PRAL) and for the purpose international experts will be engaged to evaluate shortcomings in the existing PRAL and recommend improvements.

In addition, central analytics unit will be established to utilise big data and artificial intelligence in addition to forming an integrity and performance management unit to ensure internal controls.

It was also decided to install track and trace technology in the FBR to check under reporting of production. The government is already working on installing such a system for the tobacco sector to check its tax evasion.

The next target includes review of all tax statutes, for which a tax policy unit will be established to conduct a comprehensive review of relevant laws, in particular for sales tax.

According to the sources, FBR will carry out forensic audits of sectors like sugar, steel, cement and tobacco in the next six months. The decision was taken following observations that the collection from these sectors was much below the potential.

The board has also been tasked to prepare an anti-smuggling strategy to protect local industries from and prevent revenue losses. Currently, anti-smuggling power was given to law enforcement agencies despite opposition from the customs department.

To resolve the pending cases currently stuck, it has been decided to reinvigorate the alternative dispute resolution process. Similarly, a new mechanism will be worked out to gear up recovery of arrears from the taxpayers.

Under the administrative measures, reforms include digitisation of business processes, customer service improvement, using technology to minimise interface between taxpayers and collectors, national single window for customs, minimising discretion of tax collectors, inspectors, appraisers and auditors.

Single Window

Finance Minister Asad Umar approved a strategy for enabling the FBR's Customs Wing to ensure timely implementation of the 'National Single Window' (NSW) system.

Chairing the first meeting of its Steering Committee, Asad said the system would emerge as the overarching umbrella for automating public sector entities dealing with cross-border trade providing an integrated single interface with private sector to carry out imports, exports and transit trade.

An official statement issued after the meeting said this will substantially improve Pakistan's ranking in 'Ease of doing business' besides enabling the country to comply with its commitment under the Trade Facilitation Agreement of the WTO.

The NSW, to be known as 'WinPak' (Window Pakistan), will help develop the country's initiative for its electronic logistics platform, which the finance minister said should be done within the next three years.

'WinPak' will link all key cross-border trade-related regulatory authorities, including Customs WeBOC, on a single ICT-based platform.

This will improve transparency and predictability in imports and exports while cutting down costs/time, both for public and private sectors. The much needed port community system will also be established to improve efficiency of sea and airports in the country under this project.

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