

Finance minister probes impact of tax incentives on revenue collection

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ISLAMABAD: Finance Minister Shamshad Akhtar on Wednesday asked the Federal Board of Revenue (FBR) to furnish reports about the monetary implications of various tax incentives and amnesty schemes on revenue collection.

Newly-appointed finance minister in the caretaker setup was presiding over a meeting to review the FBR's performance in the current fiscal year of 2017/18.

Minister Shamshad sought the feedback from the FBR Chairman Tariq Mehmood Pasha on the impact of different amnesty schemes and tax rebates offered by the previous government on the revenue collection targets.

The minister stressed the need to improve tax to GDP ratio of the country to fund the development projects.

The minister, during the meeting, discussed the overall macroeconomic condition of the country and the importance of FBR as the major revenue generation source for the government's operations.

Shamshad also stressed the need for the up-gradation of the tax system through the use of technology. After the meeting, the minister directed Chairman FBR to make all possible efforts to achieve the revenue collection target this year, according to a ministry's statement.

The FBR collected Rs3.274 trillion in revenue during July-May 2017/18 and it needs Rs661 billion in June in order to achieve the revenue collection target of Rs3.935 trillion.

The FBR's reconciled tax collection stood just at Rs3.360 to 3.362 trillion for the last fiscal year of 2016/17.

Chairman FBR felicitated the minister on assuming her new responsibilities and gave a presentation on the measures so far being taken by the FBR to achieve the tax collection targets, the major steps to facilitate taxpayers and the key achievements of FBR during the last five year's period.

Pasha said tax to GDP ratio has increased to 12.4 percent of GDP in 2017/18 from 8.7 percent in 2012/13.

He said number of tax return filers has almost doubled to 1.4 million till 2017/18. Statutory regulatory orders worth Rs300 billion have been eliminated as a major reform to broaden the tax system. Number of tax slabs has been reduced to four from seven.

FBR chief said computerised national identity cards of taxpayers have been adopted as national tax numbers.

He said the queue management system for the sales tax refund and direct transfer of sales tax refunds into taxpayers' accounts are major reforms to upgrade the tax system in the country.

Pasha assured the minister of his all possible cooperation on the matter. Senior officers of ministry of finance and FBR attended the meeting.