ISLAMABAD POLICY RESEARCH INSTITUTE

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MEDIA COVERAGE

SPECIAL ROUNDTABLE

3 September 2019

Mechanism for Effective Revenue Collection in Pakistan: Ways and Means

THE NEWS INTERNATIONAL

1.

Economists ask FBR to remove trust deficit

Discussions held on 'Mechanism for Effective Revenue Collection in Pakistan: Ways and Means'; participants emphasise taxation policies are part and parcel of economic edifice of modern economies; 'good governance, uninterrupted social service delivery, robust infrastructure development and controlled inflation can materialise by broadening tax base'

Our correspondent

ISLAMABAD: Economists, former bureaucrats and technocrats on Tuesday asked the FBR to remove trust deficit on account of creating hindrance for boosting economic activities because monumental targets of Rs5.5 trillion could not be achieved if slowdown of economy persisted in the current fiscal.

It was the crux of discussions held here at a special round-table on 'Mechanism for Effective Revenue Collection in Pakistan: Ways and Means' organized by Islamabad Policy Research Institute (IPRI) on Tuesday. They were all unanimous for recommending to the FBR to reduce the tax rates, simplify tax procedures and allow businesses to grow if it wanted to fill the national kitty.

The round-table was chaired by Dr. Waqar Masood Khan, former Federal Secretary for Finance Division, while three former chairmen of the Federal Board of Revenue (FBR) Nisar Muhammad Khan, Tariq Bajwa and Ali Arshad Hakeem, apart from Dr. Manzoor Ahmad, Pakistan's former ambassador to the World Trade Organization, were among the distinguished speakers on this occasion.

The participants emphasized that taxation policies are part and parcel of the economic edifice of modern economies. Through the correct utilization of revenue generated by virtue of efficacious taxation policies, the aim is to establish sound governance and to prevent a scenario where an economy buckles under bloated debt. Contextualizing the matter in the case of Pakistan which has not had primary surplus for many years, there was a consensus among the participants that revenue collection is the remedy for several economic maladies that beset the country, including poor tax-to-GDP ratio and debt servicing which have marred the already stunted economy. Good governance, uninterrupted social service delivery, robust infrastructure development and controlled inflation can materialize through broadening the tax base.

Fiscal deficit was described as the mother of all evils in the case of Pakistan. Speakers highlighted that the current government is trying to slash its expenditure, but revenue collection needs to be improved since the last fiscal year alone witnessed 1 per cent decline in revenues, and targets set for growth are no close to materialisation. In addition, the speakers also highlighted that direct taxes make up only around 34 per cent compared to indirect taxes which are not only generally regarded as regressive, but also contribute to low economic growth since they lead to multidimensional poverty with the middle and lower strata of society at its receiving end.

Given Pakistan's Ease of Doing Business ranking at 173 out of 190 countries, it was stressed that foreign investment cannot be brought into the country. Ease of doing business can be significantly enhanced by making tax policies more simple, providing a level playing ground especially to small and medium-sized enterprises and cutting down on tariffs which can also make goods competitive in the international market.

Analogies were drawn to Chile, Turkey and Vietnam which faced similar challenges of economic growth and tax collection, but were able to bring about a major turnaround to the extent that at present Vietnam alone has exports nearing USD200 billion. Along with this, to improve revenue collection, Pakistan's cash economy must be capitalized. Agriculture and the service sector ought to contribute much more to the tax base. Concessionary tax cuts should not be only confined to specific industries, rather the growing internet economy which has the potential to add USD100 billion to Pakistan's economy must be included as well.

Appraising the performance of FBR, the speakers stressed upon the institution's capacity constraints to meet the 5,500 billion tax target largely because the Board has not evolved in line with Pakistan's financial policies. It was suggested that the FBR needs to introduce a Fiscal Register for taxpayers and that there is a need for officers to be abreast of modern methods of tax collection. Another recommendation put forward was to conduct data mining in order to locate new taxpayers with the assistance of Nadra.

The speakers recommended that the modus operandi of tax registration ought to be streamlined and made hassle-free by the FBR in order to address trust deficit between taxpayers and tax collectors or the government for that matter. The government also needs to modernize the whole process of tax collection and tax refunds, along with limiting discretionary powers of tax collector. When the average Pakistani is confident that their tax is not slipping through the crevices in the system, and that they will reap the benefit in the shape of improved infrastructure, healthcare, employment opportunities, there will be behavioral and attitudinal changes in the public, it was stressed.

Enhancement of tax-to-GDP ratio, which currently stands at around 10-13 per cent, increased revenue collection free of corruption, widening of tax base were notified as key areas of interest for the purpose of redressing Pakistan's shrinking economy. It was concluded that such measures will lead to an environment which will be the stimulus for economic revitalization and that Pakistan must make the most of the inflection point as manufacturing units are moving away to cheaper markets.

The round-table also included Ayaz Asim, Chief Financial Officer APTMA; Dr. Bushra Yasmin, Chairperson Department of Economics, Fatima Jinnah Women University, Dr. Saima Shafique, Head Department of Economics, National University of Modern Languages, and Dr. Muhammad Ali Syed, Assistant Professor, Bahria University. Dr. Karim Khan, Mr. Fuzail Zubaid Ahmad, Mr. Zil Ur Rehman Qureshi were also amongst the participants.

THE EXPRESS TRIBUNE

2.

Better revenue collection must to rectify economic imbalance

Speakers at roundtable call for improved transparency in tax collection, finding new taxpayers

ISLAMABAD

With the government borrowing over Rs3 trillion from the central bank last year to bridge revenue shortfalls, economic experts on Tuesday suggested that the government must focus on improving its revenue stream, particularly through more efficient taxation policies.

This was emphasised by participants of a routable conference titled 'Mechanism for Effective Revenue Collection in Pakistan: Ways and Means'. The roundtable had been organised by the Islamabad Policy Research Institute (IPRI) on Tuesday.

The roundtable was chaired by former federal secretary for the finance division Dr Waqar Masood Khan, while Federal Board of Revenue (FBR) former chairman Nisar Muhammad Khan, Pakistan's former ambassador to the World Trade Organisation (WTO) Dr Manzoor Ahmad, State Bank of Pakistan former governor Tariq Bajwa and former FBR chairman Ali Arshad Hakeem were speakers at the occasion.

The speakers said that Pakistan has not had a surplus budget for many years and there was a consensus amongst the participants that revenue collection was one of the best remedies for several economic maladies which plague the country, including the poor tax-to-gross domestic product (GDP) ratio and debt servicing — all of which have marred its already stunted economy.

Good governance, uninterrupted social service delivery, robust infrastructure development and controlled inflation can materialise by broadening the tax base.

In Pakistan's case, the mounting fiscal deficit was identified as the 'mother of all evils'. On this end, it was stated that the incumbent government is trying to slash its expenditure but it desperately needs to shore up its revenue collection — which has fallen by a percentage since the last fiscal year — to fully address the budgetary deficits.

Moreover, the targets set for growth are no close to materialisation.

The speakers also highlighted that direct taxes make up only around 34 per cent of the country's total revenues compared to indirect taxes which were not only generally regarded as regressive but also contribute to low economic growth as it leads to multidimensional poverty because it typically impacts the middle and lower strata of society the most.

The challenges the country faces in boosting revenues also stem from its inability to attract investment. The World Bank ranks Pakistan 173 out of 190 countries with regards to ease of doing business. This, however, can be significantly enhanced by incorporating simplicity in the taxation policies, providing a level playing field, especially to small and medium-sized enterprises and cut down on tariffs which can also make goods competitive in the international market.

> Agriculture and the service sector ought to contribute much more to the tax base

Analogies were drawn to Chile, Turkey and Vietnam which have faced similar challenges in their economic growth and tax collection structures but were able to bring about a major turnaround to the extent that at the moment Vietnam alone has exports worth $200 billion.

The speakers further suggested that the cash economy must be capitalized upon while sectors such as agriculture and the services ought to contribute much more to the tax base.

Concessionary tax cuts should not only be confined to specific industries but the burgeoning internet economy, which has the potential to add $100 billion to our economy, must be included as well.

The speakers stressed upon the Federal Board of Revenue's (FBR) capacity constraints to meet the Rs5.5 trillion tax target, largely because FBR has not evolved in line with the country's financial policy.

It was suggested that the tax body introduce a fiscal register for taxpayers and there is a need for officers to be up-to-date with modern methods of tax collection.

Another recommendation put forward was to conduct data mining to locate new taxpayers with the assistance of NADRA.

The speakers recommended that the modus operandi of tax registration ought to be streamlined and made hassle-free by the FBR, to address the trust deficit between the taxpayer and the tax collector or the government for that matter. The government also needs to modernise the entire process of tax collection and tax refunds, along with limiting discretionary powers of the tax collector and enhancing transparency in the process.

When the average citizen is confident that their tax is not slipping through the crevices in the system, and that they will reap the benefit in the shape of improved infrastructure, healthcare, employment opportunities, there will be behavioural changes in the public, it was stressed.

Enhancement of tax-to-GDP ratio which currently stands at around 10% to 13%, increased revenue collection free of corruption, widening of the tax base was highlighted as key areas of interest to redress Pakistan's shrinking economy. DNA

NHT

3. NATIONAL HERALD TRIBUNE

World Bank Country Director for Pakistan Mr Patchamuthu Illangovan called on Adviser to the Prime Minister on Climate Change, Malik Amin Aslam in his office in Islamabad on Tuesday. — NNI

Massive improvement in revenue collection needed for economic progress

ISLAMABAD, September 3: The Islamabad Policy Research Institute organized a Special Roundtable on Mechanism for Effective Revenue Collection in Pakistan: Ways and Means here in Islamabad today.

The roundtable was chaired by Dr. Waqar Masood Khan, Former Federal Secretary for Finance Division, while Mr. Nisar Muhammad Khan, former Chairman FBRDr. Manzoor Ahmad, Pakistan's former Ambassador to WTO, Mr. Tariq Bajwa, Former Chairman FBR & former Governor, State Bank of Pakistan and Mr. Ali Arshad Hakeem, former Chairman FBR, were amongst the esteemed speakers.

The participants emphasized that taxation policies are part and parcel of the economic edifice of modern economies.

Through the correct utilization of revenue generated by virtue of efficacious taxation policies, the aim is to establish sound governance and to preventthe scenario where an economy bucklesunder bloated debt.

Contextualizing the matter in the case of Pakistan which has not had a primary surplus for many years, there was consensus amongst the participants that revenue-collection is the remedy for several economic maladies that beset Pakistan including poor tax-to-GDP ratio and debt servicing which have marred the already stunted economy. PR

AIOU gives last chance to BEd continuing students to enroll themselves

ISLAMABAD, September 3: Allama Iqbal Open University (AIOU) has announced it will be the last chance for the continuing students to enroll themselves in previous PTC and BEd programs in semester autumn 2019.

After this, they will have no opportunity to avail the facility of appearing in the previous teaching programs. Responsibility of the losing the chance will rest with the students and their parents, the announcement added.

The University has already closed the previous teachings programs (Bed one year) and Associate degree in education of three-year duration. Now the facility is only for the continuing students as a last chance.

This is in line with the policy and the road-map of the Higher Education Commission (HEC). The teaching programs including PTC, CT and FSc (Medical/Engineers were not being offered from the previous semesters, 2014 to 2016.

From the coming semester, the University has offered its new teachings programs, one and half year to four-year duration as per the guidance of the HEC. Admissions in these newly designed programs will continue till October 15.-PR

Govt collects $30mln from expats under 'Pakistan Banao Certificate'

ISLAMABAD, September 3: The Pakistan Tehreek-e-Insaaf led government has collected around $30 million under the 'Pakistan Banao Certificate' (PBC) from the Pakistani diaspora living abroad.

Earlier this year, the government had launched Pakistan Banao Certificate which overseas Pakistanis could buy. The certificates were aimed at getting more investment from overseas Pakistanis to revive the economy.

According to Finance Ministry Spokesperson Umar Hameed, Pakistan Banao Certificate is a scriptless issue which does not require any extension. "The scheme is continuing," Hameed said, adding that only advertisement campaign ended on June 30, 2019.

Speaking about the Pakistan Fund for Diamer-Bhasha and Mohmand dams which was initiated by former chief justice, top officials of the State Bank of Pakistan (SBP) said the total amount collected from the dams fund stood at Rs10.9 billion and on the direction of the Supreme Court of Pakistan and that they were given instruction to invest this amount into the government's treasury bills through the National Bank of Pakistan (NBP).

"Now the additional funds collected for dam funds were invested into treasury bills," the official said, adding that there was no usage of funds if it remained idle into account of the SBP. The investment into treasury bills is totally guaranteed and risk-free so it was decided to use this avenue to earn mark-up at a time when the banks were earning good margins because of higher interest rates.

On the subject of the Pakistan Banao Certificate, the government had fixed profit rate of 6.25 per cent and 6.75 per cent on three and five years respectively. "So far the government had attracted around $30 million," a top government official said.

The government could not launch Pakistan Banao Certificate at a major destination due to the finance ministry not being able to to get the required permission from the regulatory regimes of the US, UK and other places where a majority of the Pakistanis were living. Agencies

Provincial laws fail to stop price hike and hoarding

ISLAMABAD, September 3: : The antitrust watchdog has found that the provincial price control laws lack teeth and cannot effectively check price hike and hoarding of essential commodities, advising the four federating units to bring new legislation and set up a single authority to nab profiteers.

The Competition Commission of Pakistan (CCP) has issued a policy note to the provincial governments weeks after sugar barons pocketed billions of rupees by increasing prices of sugar despite having surplus stock. Neither the federal nor the provincial governments dared to take any action against these barons.

All provincial laws need to be upgraded and consolidated, keeping in view the current conditions, under one law with clear responsibilities for implementation under a single authority, according to the policy note.

"We will never suggest fixing the price of any commodity. What we have suggested to the provinces is to have one uniform formula for the determination of prices," said Vadiyya Khalil, the CCP chairperson.

Inflation in recent months has skyrocketed, largely due to implications of currency devaluation that has affected everything, including pushing up the transportation cost of goods.

Section 29 of the CCP Act empowers the antitrust watchdog to review laws and policy frameworks and make recommendations to the federal and provincial governments. - Agencies

Pakistan security agencies nab Indian ...

Continued from front page

Last month, the FIA had arrested an Indian national with a fake Pakistani identity card from Gujranwala. Deputy Director FIA Amir Nawaz had said that the Indian national, ... uncle. Kamran had offered him a place to stay and gave his sister's hand in marriage because he could not return to India as a Muslim. In 2016, two agents working for the Afghan National Directorate of Security (NDS) - ... deploying its agents in Pakistan; but Pakistan's agencies have been successful in nabbing Indian agents, and putting in the dock. In May 2019, Pakistani security forces busted Indian spy agency Research and ...

Imran Khan ...

Continued from front page

need to be informed about the true facts concerning the GIDC.

No one would be given undue advantage as it is up to the government to guard the national exchequer, he stated in clear terms.

The Founder Group will clean sweep in the Islamabad Chamber elections: Malik Sohail Hussain

- Federal capital traders' problems will be solved on a priority basis. Ijaz Abbasi
- Additional parking area will be created in Blue Area and other markets . Ahsan Zafar Bakhtawari

ISLAMABAD, September 3: Malik Sohail Hussain, coordinator of the Islamabad Federation of Pakistan Chambers of Commerce and Industry and former President ... Mehmood Chaudhry And announced his full support for the Founder Group in the upcoming election. On this occasion President of Blue Area Yusuf Rajput , General Secretary Raja Hassan Akhtar, Chaudhry Muhammad Aslam, Tariq Qureshi, Chaudhry Javed Iqbal, Imranul Haq, Tamas Butt, Atiqur Rehman, Naveed Malik, Ahsan Bakhtawari and other senior members were present.

Expressing his views on the occasion, Malik Sohail Hussain, Chief ... Founder Group on September 18.

Speaking on the occasion, Ijaz Abbasi Chairman Election Campaign said that the opposition had challenged the eligibility of 450 honorable members. The Founder Group pursued the case through lawyers, and by the grace of Allah none of the membership proved to be deceitful and the lie was defeated. Ahsan Zafar Bakhtawari, the nominee for the executive committee, thanked Malik Sohail Hussain, saying that the Blue Area is gradually losing its ...

Moral authority ...

Saudi, UAE ...

'Reach out to ...

DG ISPR to ...

Pakistan ...

Pakistan, ...

Bangladesh ...

Pakistan keen ...

Pakistan to ...

Kashmir dispute ...

PM Khan, Saudi ...

Vice Chairman ...

Pakistan ...

Malik Sohail Hussain, former coordinator of the Federation of Pakistan Chamber of Commerce and former president of the Trader Welfare Association Blue Area, announced his support by presenting a floral bouquet to Ahsan Zafar Bakhtawari at the ICCI's Central Election Office. Ijaz Abbasi, Zafar Bakhtawari, Khalid Chaudhry, Naveed Malik, Ahsan Bakhtawari, Yousuf Rajput, Raja Hassan Akhtar, Chaudhry Muhammad Aslam, Tariq Qureshi, Chaudhry Javed Iqbal, Imran ul Haq, Tamas Butt and Atiqur Rehman are also present.

COURT NOTICE

In the Court of Muhammad Waseen Afzal Mian Sahib Additional District & Session Judge/Gass Utility Court Lahore. Suit for Recovery Rs. 277332/-. Sui Northern Gas Pipelines Limited Vs. Abdul Hafeez s/o Barkat Ali r/o 5-S-7/A/1 Muhammadpura Lal Pul Near Tahir School Canal Bank Lahore. ...

Additional Session Judge Lahore

COURT NOTICE

In the Court of Muhammad Waseen Afzal Mian Sahib Additional District & Session Judge/Gass Utility Court Lahore. Suit for Recovery Rs. 270521/-. Sui Northern Gas Pipelines Limited Vs. Ausaf Ahmed Balooch r/o 393-A Bilal Street Muhammadpura Lal Pul near Canal Bank Mughalpura Lahore. ...

Additional Session Judge Lahore.

COURT NOTICE

In the Court of Muhammad Waseen Afzal Mian Sahib Additional District & Session Judge/Gass Utility Court Lahore. Suit for Recovery Rs. 132104/-. Sui Northern Gas Pipelines Limited Vs. Mukhtar Masih s/o Nawab Masih r/o H. No 468 Street No 10 Ghousia Colony Gazi Road Lahore. ...

Additional Session Judge Lahore.

COURT NOTICE

In the Court of Muhammad Waseen Afzal Mian Sahib Additional District & Session Judge/Gass Utility Court Lahore. Suit for Recovery Rs. 139032/-. Sui Northern Gas Pipelines Limited Vs. Naseem Akhtar r/o 19 Windsar Park Alamgir Road Ichra Lahore. Whereas in the above men- ...

Additional Session Judge Lahore.

DNA

Air Chief Marshal Mujahid Anwar Khan presenting a shield to Staff Maj Gen (Pilot) Salem Hamad Eqail Al-Nabet, Commander Qatar Emiri Air Force in Islamabad on Tuesday. - DNA

4. Diplomatic News Agency

Massive improvement in revenue collection needed for economic progress

September 3, 2019

ISLAMABAD, SEPT 03 (DNA) – The Islamabad Policy Research Institute organized a Special Roundtable on Mechanism for Effective Revenue Collection in Pakistan: Ways and Means here in Islamabad today.

The roundtable was chaired by Dr. Waqar Masood Khan, Former Federal Secretary for Finance Division, while Mr. Nisar Muhammad Khan, former Chairman FBRDr. Manzoor Ahmad, Pakistan’s former Ambassador to WTO, Mr. Tariq Bajwa, Former Chairman FBR & former Governor, State Bank of Pakistan and Mr. Ali Arshad Hakeem, former Chairman FBR, were amongst the esteemed speakers.

The participants emphasized that taxation policies are part and parcel of the economic edifice of modern economies. Through the correct utilization of revenue generated by virtue of efficacious taxation policies, the aim is to establish sound governance and to prevent the scenario where an economy buckles under bloated debt. Contextualizing the matter in the case of Pakistan which has not had a primary surplus for many years, there was consensus amongst the participants that revenue collection is the remedy for several economic maladies that beset Pakistan including poor tax-to-GDP ratio and debt servicing which have marred the already stunted economy. Good governance, uninterrupted social service delivery, robust infrastructure development and controlled inflation can materialize through broadening the tax base.

Fiscal deficit was described as the mother of all evils in the case of Pakistan; identifying that the current government is trying to slash down on its expenditure but the revenue collection side of it needs to be addressed since last fiscal year alone witnessed a 1 % decline in the revenues, and targets set for growth are no close to materialization.

In addition, the speakers also highlighted that direct taxes make up only around 34% compared to indirect taxes which were not only generally regarded as regressive but also contribute to low economic growth as it leads to multi-dimensional poverty; as the middle and lower strata of the society is at its receiving end.

Referring to ease of doing business; according to the World Bank Pakistan ranks 173 out of 190 countries. With that in mind, foreign investment cannot be brought into the country. Ease of doing business can be significantly enhanced by incorporating simplicity in tax policies, providing a level playing ground especially to small and medium-sized enterprises and cut down on tariffs which can also make goods competitive in the international market.

Analogies were drawn to Chile, Turkey and Vietnam which faced similar challenges of economic growth and tax collection but were able to bring about a major turnaround to the extent that at present Vietnam alone has exports nearing $200 billion.

Along with this, to improve revenue collection, Pakistan's cash economy must be capitalized. Agriculture and the service sector ought to contribute much more to the tax base.

Concessionary tax cuts should not be only confined to specific industries but the burgeoning Internet economy which has the potential to add $100 billion to our economy must be included as well.

Appraising the performance of FBR, the speakers stressed upon the institution's capacity constraints to meet the 5500 billion tax target largely because FBR has not evolved in line with our financial policy.

It was suggested that the FBR needs to introduce a Fiscal Register for the tax payers and there is a need for officers to be abreast of the world view and the modern methods of tax collection being exercised.

Another recommendation put forward was to conduct Data Mining in order to locate new tax payers with the assistance of NADRA.

The speakers recommended that the modus operandi of tax registration ought to be streamlined and made hassle free by FBR, in order to address the trust deficit between the tax payer and the tax collector or the government for that matter.

The government also needs to modernize the whole process of tax collection and tax refunds, along with limiting discretionary powers of the tax collector.

When the average Pakistani is confident that their tax is not slipping through the crevicesin the system, and that they will reap the benefit in the shape of improved infrastructure, healthcare, employment opportunities, there will be behavioral and attitudinal changes in the public, it was stressed.

Enhancement of tax-to-GDP ratio which currently stands at around 10% to 13%, increased revenue collection free of corruption, widening of tax basewere notified as key areas of interest for the purpose of redressing Pakistan's shrinking economy.

It was concluded that such progressive measures will lead to an environment which will be the stimulus for economic revitalization and that Pakistan must make the most of the inflection point, as manufacturing units are being moved away to cheaper markets.

The roundtable also includedMr. Ayaz Asim, Chief Financial Officer APTMA, Dr. Bushra Yasmin, Chairperson Department of Economics, FJWU, Dr. Saima Shafique, Head Department of Economics, NUML and Dr. Muhammad Ali Syed, Senior Assistant Professor, Bahria University Islamabad

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http://www.dnanews.com.pk/massive-improvement-revenue-collection-needed-economic-progress/

5. CENTRELINE

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