



# ECONOMIC RELEASE





## Budget proposals: EFP-EC calls for simplifying tax regime

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"Achieving uniformity in tax compliance is imperative if the current taxation regime is to be simplified", proclaimed Ismail Suttar, Chairman of Economic Council at Employers' Federation of Pakistan (EFP-EC) as he presented the 2019-2020 Federal Budget Proposals to President Dr Arif Alvi.

The strong advocate of 'rapid industrialization' in Pakistan, Ismail Suttar, says that where an inheritance tax should be pressed onto the privileged class, tax allowance equal to 4 percent of national GDP is being granted. This was eating up the much-needed funding required to resuscitate the depressed social sectors.

Ismail stressed on the broad scale implementation of the Sales Tax Ordinance 2000 in creating a single-tax authority at centre, responsible for collecting sales tax on both goods and services. He said that the Provincial Revenue Automation (PRAL) system of FBR, has a wide array of solutions to offer to the resolution of revenue collection disputes. The government in its efforts should fill the resource gap at PRAL and prioritize developing its business technology domain.

According to the him, if after the necessary steps, the PRAL is linked with NADRA's database then it shall ultimately create a powerful consultant wizard that will help in simplifying tax procedures and in stirring up the stagnant tax to GDP growth.

The Chairman of EFP-EC, Ismail Suttar, assessed how the discriminatory nature of rate of duties for industry had distorted the tax culture and made it prone to misuse. Resultantly, some commercial importers have resorted to purchasing orders under the pretense of manufacturers. Further, he emphasized the dire need of monitoring the presence of tax appellate authorities in the executive wing of FBR, stating that prevention against misuse of power lies at the heart of reinforcing such a measure.

On making audit process less discretionary for tax officers, Ismail Suttar, opined that auditing is substantially a risk-assessment and decision-making process of choosing whether or not to perform a compliance test. He applauded the idea of formulating a risk-based audit section mechanism, which downright classifies filers into Red, Yellow and Green Zones, and labelled it as an imminent calling. However, he cautioned that taxpayers who have already deposited 20 percent or more in previous tax year, should be included in the Green Zone of least risky audit profiles.



Ismail Suttar, has called upon policy makers to avoid the imposing of changes such as new SROs, Super Tax, General Orders and other circulars as it has demoralized the businessman and derailed compliance in the past. He proposed that as the government readies its first Industrial Policy, all tax compliant industries in the export sector should be given first preference for FDI.

Suttar, demanded the PTI-Led administration to 'exempt entities' from any further WHT Certificates or annual tax, as required under section 159 of Income Tax. In his view, there is no need for statutory exempt to obtain exemption certificates from Commissioner Inland Revenue because such authorities are already exempt by parliament.

Ismail Suttar, while asserting the need for adopting GIS for real estate property valuation, recognized the efforts of EPA compliant stakeholders and suggested fresh incentive announcements such as fee waiver for attending ISO 14001 Certification courses for them. – PR

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