

**BUSINESS
RECORDER**

Date: - 14-March-2019

**GOVT COMMITTED TO BRINGING REFORMS IN
FBR: HAMMAD**

recorder report

ISLAMABAD: Minister of State for Revenue, Hammad Azhar, Wednesday said that Pakistan Tehreek-e-Insaf (PTI) government will bring fundamental changes in the Federal Board of Revenue (FBR) to make it an effective tax administration body for enhancing narrow tax base of the country.

Addressing a press conference here at the Press Information Department (PID) on 200 days' performance of PTI government, he said that tax laws are being simplified to increase the tax net in the country. The implementation of reforms at Federal Board of Revenue will help it collect taxes swiftly.

"The government is committed to bringing major reforms in FBR and in this regard administrative and tax reforms are underway," he said.

He said in the Finance Act 2019 no tax was imposed on poor segments. Rather, it hit the wealthy class.

The state minister admitted that problems did exist in the current setup which will be removed either through fundamental changes or creating a new tax authority.

When asked that the PTI government has demoralised the tax officials, the minister said problems are already being identified and now it is the responsibility of the government to overcome it. He said his government will not opt for cosmetic measures.

He said there is no deny to the fact that performance of FBR is not satisfactory and require immediate reforms in tax administration.

He said FBR has started developing profiles of potential taxpayers in collaboration with NADRA. "We will finalise these profiles by April 2019," he said.

When asked about revenue shortfall of Rs 235 billion, Hammad said that it was mainly contributed by low collection from petroleum products and no collection from mobile cards as the case is sub judice. He went on to say that this shortfall can easily be managed through imposition of indirect taxes.

He informed that Prime Minister Imran Khan had formed the committee to reform the FBR and warned that strict action would be taken against the culprits. He said the government has also notified an implementation committee to oversee the status of reforms in the tax machinery.

He said that the government, through these reforms, wants to separate the administrative issues from policy for the smooth functioning of the institution. The tax policy unit was already established in the Finance Division, he said.

Taking about the overall economic performance in the last 200 days, the minister said that all economic indicators are positive, indicating that Pakistan would soon achieve its agenda of economic growth.

He said the economic situation is getting stable with the introduction of reforms. He said the economy will slow down owing to adjustments to make corrective measures. In the long run, he said his government will achieve the economic growth target.

Hammad said the government has no option but to depreciate the currency to protect foreign exchange reserves of the country. He said during PML-N regime, the country economic situation was not good as the foreign reserves were depleting by \$1bn per month while there was huge trade deficit.

He said imports have been decreased by 15 percent, the current account deficit (CAD) is also on declining path while remittances also increased by 12 percent in last seven month of current fiscal year.

He said that State Bank of Pakistan (SBP) reserves were recorded at the lowest during the past five years of PML (N) whereas other sectors of economy are also not in good position. He claimed that Pakistan exports will now reach \$26 billion by end-June 2019.

However, the February 2019 figures show a marginal decline in exports. He said the depreciation of rupee along with other support like release of refunds will help boost exports in the next four months.

The state minister said that his government has managed to get loans from friendly countries and now SBP reserves are going up to reach \$12 billion at the end of current fiscal year.

Responding to a query, the state minister said that government is negotiating conditionalities attached with the IMF programmes.

Hammad Azhar said rates of gas were increased in order to overcome the increasing deficit of gas companies. However, the slabs are rationalised in order to save the lower-income strata of the country.

The minister of state for revenue said the successful foreign tours of Prime Minister Imran Khan led to increased inflow of dollars into the country which helped stabilise the economy and import bill