**FBR for tax compliance**

[Asad Tahir Jappa](https://dailytimes.com.pk/writer/asad-tahir-jappa/%22%20%5Co%20%22More%20Articles%20by%20Asad%20Tahir%20Jappa)

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Despite abundance of human, mineral and natural resources in the land of the pure, Pakistan continues to suffer from deficits of all shades and grades. From fiscal deficit to trade imbalance to current account shortfalls, we rarely manage to balance our books. Our expenditure side is always seen overshadowing the revenues we are able to collect. With every passing day, our foreign and domestic debt is increasing to alarming proportions while the omnipresent divide between the rich and the poor is deepening. Nearly, half of the country’s revenues are funneled into debt retirement, leaving little to pay our import bills or fund initiatives proposed for social sector development and uplift of infrastructure. Sadly, despite God’s plenty, the hapless millions in Pakistan have been consigned to live a miserable life characterized by price hike, perpetual poverty, continued misery, deadly diseases and a growing disadvantage. The ghastly specter of elite capture has been helping only a few flourishing at the cost of vast majority hardly making their both ends meet. One of the most predominant reasons of this sorry state of affairs has been an absence of a culture of tax compliance. Keeping our past in perspective, we come to a sad realization that the rich and the powerful have been successfully managing to either stay out of tax net or have paid only in peanuts as against their actual income or potential. It resulted in heavy reliance on indirect taxes, the incidence of which is largely borne by the end consumers, generally the deprived strata of our society.

This regressive tax regime further compounded the agony of the poor and paved the way for a very narrow tax base which is yet another sad reflection on our economic woes. In a country of over 220 million, we have barely 3 million filers of their Income Tax Returns. Out of these, about 1.1 million declare less than taxable income and pay zero tax while the next 0.9 million pay only rupees 5000 or less in taxes. Out of the remaining one million, the majority are salaried individuals whose tax is deducted at source. Therefore, we see a dwindling minority of those who voluntarily choose to pay taxes which commensurate with their real income or financial health. Another poor indicator of our economic standing is poor tax to GDP ratio which is reeling around 10.5 percent. Organization for Economic Cooperation and Development (OECD) keeps a constant vigil on this aspect of economic growth achieved by the countries across the globe. As per OECD statistics released for the year 2020, in the developed world, France and Denmark have been strong contenders for the top position with the highest tax to GDP ratio around 46%. UK stands near 33% and the African continent is seen around 16% as aggregate score. Our neighboring countries in South Asia, Nepal leads the race by registering an enviable 19.3% in Tax to GDP ratio while Bhutan ended up as runner up with 16%. India and Sri Lanka stand at 12% whereas only Bangla Desh and Afghanistan are seen struggling with 9%, next after Pakistan.

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It is so very reassuring to witness that on top priority of the incumbent regime in Islamabad is a visible political will to create an enabling environment for the trade and businesses, especially for the SMEs through simplifications of laws & procedures. FBR, being cognizant of this vision, has taken a number of concrete measures to ensure ease of doing business and put in place a transparent and just taxation system. Needless to add that it is diligently working to simplify, streamline and automate the processes. The government has brought about economic stability which was much elusive before. Now the country is on the path to economic growth which is picking momentum with every passing day. The growth trajectory from here onwards would bring about the much-needed prosperity, resulting in employment and economic empowerment of people at large. After collecting over 4.7 Trillion and exceeding its assigned revenue targets set for tax year 2020-21, FBR has successfully maintained the same momentum in the outset of the current financial year. Its tax collection posted historical high growth in first two months of current fiscal year. Its net provisional tax collection grew by 42.4 percent to Rs 858.3 billion as compared to Rs 602.6 billion in the comparable period of last year. The net collection exceeded the target of Rs 690.3 billion by Rs 168 billion. During the period under review, the domestic tax collection grew by 41.1 percent while revenues from customs duty increased by 49.2 percent. For the month of August, the net collection registered a growth of 49.5 percent and stood at Rs 442.9 billion against the collection of Rs 296.2 billion in the comparable period, last year. The overall projection for FY 2021-22 is Rs 5,829.0 billion. During first two months, FBR has far surpassed its revenue target by Rs 168 billion. This spectacular performance in the outset of current financial year shows that FBR is well on its way to achieving the assigned target of Rs. 5,829 Billion for the year despite the daunting challenges and compelling constraints posed by the corona pandemic.

To develop and promote a culture of tax compliance, broadening of tax base is one of the top priorities of FBR set for the current year. To realize this ambitious target, the government has constituted committees comprising of private sector experts, NADRA and FBR officers who are working tirelessly. The recent amendments in law have also been promulgated to remove obstacles on the way. These committees are also working on the assessment of resource constraints of FBR, especially, the finances and the logistics, and they would be recommending for the ways and means to overcome these constraints. The other flagship initiative is Point of Sales(POS) Integration which aims at recoding the real time transactions at retail level, with a huge potential to increase the revenue of the state. FBR is also working on Track & Trace project which is to roll out from November as the stay granted by one of the Honorable High Court has been vacated and for this purpose the government has also approved funds of Rs. 432 Million. FBR is also working on digitization for facilitating the taxpayers and trading activities. This will also bring in transparency and reduction of discretionary powers which has always been a long term demand from business community. The government has recently approved TSG of Rs. 3.8 Billion to upgrade the IT Systems and their security. Yet another watershed initiative is Pakistan Single Window (PSW), a project which would bring more than 70 different departments on one platform for the business community and thus ensure trade facilitation. It is also heartening to say that various steps have been initiated for enhanced regional connectivity through simplification of Transit procedures which involves, Automated clearance, Automated Insurance Guarantee system, Developments of transit module for Uzbekistan, expected to be launched by end of October, 2021. Integrated Transit Trade Management System (ITTMS) is also a land mark project which will connect the whole region from Central Asia to South Asia after its completion. Anti-smuggling and counter-smuggling initiatives are the top most priority areas on the agenda of FBR.

In the final analysis, the pivotal role of tax compliance in our national economy cannot be overemphasized. FBR has successfully achieved the revenue collection targets in the previous financial year due to an effective decision making at the top level and with the operational support of its workforce. Keeping in view its success trajectory, government has set even higher revenue targets for the current Financial Year 2021-22. In order to build up momentum, like every year before, FBR has not only devised its compliance strategy but also designed and executed a comprehensive awareness campaign for filing of income tax returns on electronic and print media to maximize its outreach and awareness. Besides, FBR has also engaged with national heroes, social influencers and celebrities and through their video messages which are viral on social media, a commendable effort has been made to build bridges between FBR and various stakeholders including traders, taxpayers and people at large. A new beginning always calls for individual responsibility. Therefore, time to pay your due tax and file income tax return is now!

*Civil Servant/Success Coach/Motivational Speaker*