**Improve Taxation**

**One of the main problems is with the induction system of tax depart-ments.**

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On February 15, the federal cabinet approved 67 percent increase in the price of natural gas. The rise would be ap­plicable from July 1, thereby meaning that a mini-budget is in the making. As apparent, to run the country, indirect tax­es would remain the mainstay of any federal government in the foreseeable future. Resultantly, utility bills would break the back of the lower and middle classes.

In the restructuring of the Federal Board of Revenue (FBR) lies the hope for the emergence of efficient tax de­partments – Income Tax (Inland Revenue) and Customs – which would generate more income. It is a hope against hope. It is not that corruption is rife in there, but it is that inefficiency is rampant. Inefficiency is still a misnomer, the bet­ter word is ineptitude. One of the main problems is with the induc­tion system of tax departments. Both departments get officers from the Federal Public Service Commission (FPSC), which holds a year­ly countrywide competitive examination to cater to the employing needs of a dozen of departments functional under the federal gov­ernment. In the age when the world has gone scientific and special­ist, the FPSC’s method of selection offers two main problems.

[Thousands in Gaza suffering 'cruelty of hunger and malnutrition': UN](https://www.nation.com.pk/23-Feb-2024/thousands-in-gaza-suffering-cruelty-of-hunger-and-malnutrition-un)

First, both income tax and customs are specialized depart­ments, but the induction process used by the FPSC is a general one. For instance, subjects of arts (social sciences) are used to select a candidate’s suitability for joining the tax departments. Regional languages such as Punjabi, Sindhi, Balochi, and Pash­tu (and even Persian) are permitted to opt for taking the exam­ination. In Punjab, candidates who are even proficient in Eng­lish are found opting for the subject of Punjabi just because it gives high score (from 70 to 80 percent), burnishing their over­all scores. It is still not known what the utility of these languages is in justifying a candidate’s suitability for joining the civil ser­vice generally and tax-related departments specially, other than giving a pretense of a candidate’s ability.

Second, despite the fact that, in 2016, the FPSC changed the syl­labus and subject-combination for the examination, the selection system still favours generalists and not specialists. A candidate with one type of background knowledge and skill can land in en­tirely different specialized field. For instance, after passing the com­petitive examination, medical doctors are joining tax departments just because the merit dictates so. Similarly, after passing the same examination, a candidate with a degree of MA English joins the tax­ation department or even the audit and accounts department. In­compatibility (which spawns incompetence and eventually rusti­ness) founders at the door of merit. This is how the FPSC is part of the problem of inefficiency engulfing the public sector.

[18 students held in Punjab University clash](https://www.nation.com.pk/23-Feb-2024/18-students-held-in-punjab-university-clash)

The psychological test conducted before the viva voce may com­ment on the suitability of a candidate for the civil service, but the test cannot decide on the suitability of a candidate for a service which is specialized. The same is the case with the merit system. On the basis of merit, candidates are thrust upon a department which is not consistent with their background education or profes­sion. This is where the attitude of reluctance to an allocated group but keep on sticking to the civil service thrives. A brilliant mind meant for a profession in the private sector is wasted in the lure of perks and privileges offered by the civil service. What the coun­try gets eventually: file pushers passing time to reach retirement.

In the face of smuggled goods, the local industry has either per­ished or gone decrepit. Afghan traders carrying Pakistan’s pass­port have bought plazas in Lahore (in both inner city points such as Shahalami and posh areas such as Gulberg) to sell smuggled cloth, electronics and carpets. Similarly, smuggled products from tyres to toiletries and smuggled stationery such as ballpoints, pencils and rubbers are sold on stalls or through vendors. The same is the case with smuggled fire arms. Moreover, smuggled auto-engines of every type are available in Bilal Gunj, Lahore. The businessmen who used to be manufacturers have become im­porters: they import goods of multiple type from China (at a low price) and sell them in the local market (as retailers), jeopardiz­ing the survival of other local manufacturers. In Lahore’s residen­tial areas, capitalists have rented their houses to either private schools/institutes or warehouses. The work of unloading a con­tainer (full of imported goods) is done at night. With that, foreign exchange shifts location from Pakistan to other countries.

[Two killed in petrol agency fire incident](https://www.nation.com.pk/23-Feb-2024/two-killed-in-petrol-agency-fire-incident)

In short, instead of keep on raising indirect tax on utility bills to earn revenue, there is a need to introduce reforms into the FPSC to bring it on a par with ground realities. Further, the gov­ernment should set its priorities right to encourage local manu­facturers, who would then pay tax sustainably.

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