

ISLAMABAD - Despite facing huge revenue shortfall of Rs 70 billion, Federal Minister for Finance Revenue and Economic Affairs Dr Abdul Hafeez Sheikh still believes that Federal Board of Revenue (FBR) would achieve the assigned budget target during the ongoing financial year 2012-13.

While chairing a meeting of Tax Reforms Coordination Group (TRCG), the finance minister expressed confidence that FBR will achieve assigned budget target. The Finance Minister stressed the need for increasing momentum of revenue collection to achieve the revenue target.

FBR is struggling to achieve the revenue collection target fixed for the current fiscal year. The FBR had so far collected Rs 900 billion in the first six months (July-December) of the current fiscal year against the projected target of Rs 970 billion, leading to shortfall of around Rs 70 billion. Federal Board of Revenue is likely to ask the Finance Ministry to revise down the revenue collection target by Rs 150b to Rs 2,231b from Rs 2,381b, as FBR faced massive revenue shortfall of around Rs 70b during the first half (July-December) of the current fiscal year 2012-13. However, the IMF noted, in recent held meeting with Pakistan, that FBR could not achieve revised target of Rs 2,232 billion keeping in view its progress in the present financial year so far. However, the finance minister expressed confidence that FBR will achieve assigned budget target.

Sources said that detail presentation was given in meeting on strategy to achieve the revenue collection target during remaining six months (January-June) of the current fiscal year 2012-13. Sources further said that meeting discussed that the presumptive tax regime would be abolished in gradual manner and normal tax regime would be placed to encourage taxpayers through reduced rates.

Hafeez Sheikh, while chairing the meeting, advised members of the group to structure their proposals in line with objectives of practicality, expansion of business and economy, reduction of trade barriers and curbing of smuggling.

Following a presentation by FBR's Sr. Member (IR-Policy) Asrar Raouf, discussions were held on strategy to improve tax policy to increase revenues. The Tax Reforms Coordination Group also deliberated proposals regarding Tax Registration Scheme, Alternate Dispute Resolution Committee (ADRC), Input Tax scheme, Zero Rating Facility, Sales Tax input adjustment pertaining to unregistered persons and review of Withholding Tax (WHT) and FED rates to facilitate business, reduce cost of doing business, avoid economic burden, harmonize tax laws and promote industry while also improving tax collection.

Earlier FBR Chairman Ali Arshad Hakeem, in his opening remarks, as host, briefed the Minister about the various proposals prepared by FBR for the upcoming budget.

This was the first meeting of the TRCG for this year and it initiated the TRCG's mechanism for public and private sector partnership in policy-formulation for considering proposals for June 2013 upcoming annual budget.

The meeting was attended by Deputy Chairman Planning Commission Dr. Nadeem ul Haque and Members TRCG Abdullah Yousuf, Arshad Zuberi, Bashir Ali Mohammad, Shabbar Zaidi, Ali Habib, Arshad Chaudhary and Ali Jameel along with FBR's other relevant members.

Courtesy: The Nation