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Revenue target of Rs100bn an enormous challenge, admits Murad

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Sindh's chief minister said on Thursday that the provincial government is pursuing a progressive tax policy rather than a regressive one, with a low tax rate as its cardinal component.

Consequently, said CM Syed Murad Ali Shah, no new tax was levied in the 2017-18 budget, maintaining the standard rate at 13 per cent, the lowest in any tax domain in the country. Shah said this during a meeting with Sindh Revenue Board (SRB) Chairman Khalid Mahmood, who called on the chief executive at the CM House to present the SRB annual report for 2016-17.

The CM said the revenue target of Rs100 billion set for financial year 2017-18 poses an enormous challenge. He urged the SRB to employ all resources and put in their best efforts to achieve this target without compromising the organisation's taxpayer-friendly reputation gained over the years.

The SRB report shows 2016-17 was marked by a certain salience. The standard rate was reduced from 14 per cent to 13 per cent, while the annual target was scaled up 28 per cent over the previous year to Rs78 billion.

This was a daunting challenge given that the SRB was already confronted with a shrinking revenue space owing to the year-on-year incremental revenue expansion since its start of the operations in 2011-12.

Ports and terminal operators, telecommunications, insurance and banks remained the principal contributors. Contract execution, franchise and constructions also provided increased revenues. Nonetheless, a lot of areas remained uncharted.

The SRB report acknowledges the contribution of taxpayers in the top 10 sectors. Nevertheless, enormous efforts are required to open up the services sector, predominately in the informal segment of the economy, to boost documentation and the tax revenue, with the past nationwide experience not serving as a guide.

The report states that the SRB accords a high priority to development of human resources to upgrade skills and intellectual talents that grow and flourish with experience on a continuous basis to enable employees face emerging challenges.

With that in mind, contact was established with the International Bureau of Fiscal Documentation in Amsterdam and the World Bank to seek their help in organising training during 2017-18 for SRB employees on the best international practices concerning sales tax enforcement and audit.

A fresh batch of 40 officers was inducted into the organisation following a rigorous selection process developed and supervised in association with the IBA Karachi. During the year the SRB’s in-house training facility, the Sindh Institute of Fiscal Management, became operative under the supervision of a seasoned training expert.

Besides catering to the SRB’s own requirement, the facility will be available to other fiscal and revenue organisations within the province. Over time the facility will be upgraded to extend its services for training and research to the private sector as well.

In order to provide a suitable health cover for employees and their dependents, a health insurance scheme was also introduced during the year. The report states that a considerable progress has been made on improving the IT system and initiating necessary work for introduction of a point of sale (POS) system for services involving cash transactions. By the end of 2017-18, a POS system is likely to be in place, embracing the key service in that sector.

The chief executive directed the SRB chairman to present the report in the Sindh Assembly for scrutiny, in keeping with the democratic norms. The legislators would discuss the report to further improve the organisation’s performance.