

# SRB's stellar performance

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RECORDER REPORT (Editorial at page 20)

## BUSINESS RECORDER

A lack of mobilisation of revenue resources by the provincial governments to finance their expenditures has always been a great problem for fiscal management of the country. Of late, however, province of Sindh, often accused of a number of failures in other areas, seems to have made some solid progress in revenue collection. Addressing the inaugural session of "SRB Tax Forum, 2015" organized by the Sindh Revenue Board (SRB) in Karachi, the Sindh Chief Minister, Syed Qaim Ali Shah, said that collection of sales tax on services had been increasing persistently since securing the right to collect

this tax. Earlier, when sales tax was collected by the federal government, Sindh was getting only Rs 8 billion but since its inception the performance of SRB has been stellar; it more than doubled the collection to Rs 25 billion in its very first year. During the first nine months of the current fiscal, Rs 36.5 billion have been collected from this source. Recalling the past, the CM stated that whenever provinces approached the federal government previously for allowing collection of sales tax on services, they were told that provinces had no capacity to collect revenues and, as such, FBR was asked to collect this tax on their behalf, Syed Qaim Ali Shah also divulged that many professional bodies had approached him to seek exemption from sales tax on services, arguing that they had only a single source of income. However, he did not agree to their proposals because the provincial government had enhanced budgetary allocations on education and health by 100 percent from its own sources. In the past, the provincial government's source of income was land revenue, excise and stamp duty but now income from sales tax on services has exceeded the total income from all these three sources combined and there is still a lot of potential to enhance revenues under this head of account.

The SRB Chairman, Tashfeen Niaz, was also quite upbeat about the Board's performance. Only 160 employees in the SRB have managed to collect a huge amount of Rs 35 billion sales tax in the first three quarters of the current fiscal year. It was also revealed that revenue collection in the SRB is fully automated and in order to keep a congenial atmosphere between taxpayers and tax collectors, the latter has been named as tax advisors.

Facts and figures as revealed by Syed Qaim Ali Shah and confirmed by SRB Chairman show that the province of Sindh has made a tremendous progress in revenue collection, especially after it was given the authority to collect sales tax within its domain. If the present trend continues, collection of sales tax on services in the province could touch Rs 49 billion and it would be a huge achievement compared to a small amount of Rs 8 billion which it was receiving from the federal government before 2011-12. It is also satisfying to see that the province is striving to collect revenues from other sources and allocating much higher level of resources to health and education. The refusal of the CM to grant exemption from sales tax to some professional bodies which had approached him for the purpose was also a very welcome step. This shows that at least the Sindh province is following the 7th National Finance Commission Award notified on 10th May, 2010 in letter and spirit which had substantially increased the share of provinces in the divisible pool but at the same time wanted them to increase their own tax collections to meet their growing expenditures and contribute to the narrowing down of overall fiscal deficit of the country. Provinces were required to generate a surplus of Rs 289 billion in the Federal Budget for FY15 and the efforts of Sindh government indicate that it may be able to meet its surplus target which is a good omen for fiscal management of the country. The achievement by Sindh province also seems to have shattered the myth that provincial governments lack the capacity and wherewithal of raising high level of revenues. It also goes to show that local bodies could also play their role effectively in revenue mobilisation.

However, while eulogising this particular achievement of the Sindh government, we would like to make a little digression and ask the CM to be tough in expenditure control and remove corruption from the system. An increase of 100 percent in the allocation of education and health sectors is not visible on the ground. Similar is the case with the maintenance and development of infrastructure in the province. One can travel throughout the province without seeing any visible improvement in the working of the Sindh government. This shows overall inefficiency and a lot of corruption at all levels. We would urge upon the Sindh government to avoid waste and attend to these shortcomings without wasting more time. Also, it would be a good idea to merge all the revenue collection departments of the Sindh government for the convenience of the public and ensure efficiency and transparency in the system.