

Chairman SRB's Speech Welcoming Chief Guest at Concluding Session

Honorable Chief Minister, Syed Qaim Ali Shah Sahib; Dr. Kaiser Bengali Sahib, Speakers, Ladies and Gentlemen, today we have had very comprehensive sessions and all the stakeholders spoke with consensus that there is an institution in the Government of Sindh Sir and for which credit goes to you because Sindh is the only Province in the federation which has started collection of Sales Tax on Services. This tax was previously being collected by FBR on the excuse that the provinces do have the capacity and as Dr. Ishrat Sahib, Mr. Shabbar Zaidi Sahib and Mufti Sahib said, and as everyone said that if you do not empower the Provinces and delegate the political, administrative and financial autonomy to them then the question of capacity would never come. If you want to empower the Provinces to collect more taxes then it is important that you should support the Provinces to create an institution on very scientific basis which has the capacity to collect the taxes.

Today you see there were so many papers, the Transparency International was here and they said that we have not found any case of corruption in Sindh Revenue Board during the last one year and if you look into the chemistry of why is it that out of all Government departments, the Government of Sindh created an institution which is able to perform in a very transparent manner and what formula, I mean why is the Sindh Revenue Board is doing this and the others are not doing this? The chemistry is very clear, you adopt proper technology, you should have proper human resource but that is not sufficient unless you have the political support and we salute you Sir for providing us that political support.

As I had said in the morning that we have had more internal people who were opposing us than the external elements and it was basically with the support of Chief Minister the autonomy which we had, we were able to bring right people here, the people with a good past and credibility. We assure you Sir that the way this institution is based it will continue to provide transparent and very effective services to the people of Sindh and the taxpayers in the Province of Sindh.

We understand that under the federal system it is important that the Provinces should be allowed to play their role and the economy should also be allowed to play its role. One of the reasons is that the quality of services in the country has gone down as you also correctly said Shabbar Sahib is the fact that the Provinces have to afford the education, health and clean drinking water and infrastructure in the rural areas and they do not have adequate funding with them to invest in them.

The taxation system is like that 90% of the collection is at Islamabad and even a province like Punjab which has a huge economy; it has to look towards Islamabad for paying salaries to its staff. In the past in all the provinces of our country the schools were functioning, the hospitals

were working, people were getting drinking water but with a very low investment. In 1949, the sales tax was taken from the Provinces so they had nothing with them and they just looked for support from the federation, so it is a very important decision by the Government of Sindh Sir under your leadership to develop a capacity within the Province to collect taxes in a very scientific and transparent manner.

Now Sir with the grace of God Sindh now has a home grown platform to collect taxes, it is just not sales but today we are ready to collect all provincial government taxes through online applications. We would not like to take over the other departments but would rather support them to collect taxes online and with online collection there would be reduction in corruption and the taxpayer would be at more ease to pay taxes. We hope in days to come we not only would collect taxes in Sindh through computer based online applications but as now Punjab has also decided to collect sales tax on services, we are ready to partner up with and provide them support, we are also ready to provide support to Khyber Pakhtukhwa and the federation also as we feel that in some of the areas of technology we have such competent staff that we at current time can support to the federal units also.

This has all become possible Sir through your support, we remember the days when me and Akhtar Jamil were sitting in a very small room of Finance Department and working from there where Mumtaz also joined us to be part of the team we have come to a situation where we have already collected Rs.19 billion. What is more important Sir is that this collection is being made on daily basis through computer based application by the tax payers through the banks and there is no human touch involved into it. Sir this Rs.19 billion is excluding the Rs. 2 billion which FBR had collected in July 2011 and another Rs. 500 million which was also collected by FBR in Karachi which we say should come to Sindh. We are now into May 2012 and the Chief Minister has already written a letter to FBR that they should transfer this fund to Government of Sindh. So if you calculate we have already collected Rs.21 billion against the Rs.15 billion which was given to Sindh last year. We will not only collect the target amount of Rs.25 billion but will Insha Allah surpass that.

One of the reasons for success of Sindh is basically its geographical location and advantage. People say you can collect everything from people but you cannot snatch their geography, we have a strategic location as we have two important sea ports, we have the city of Karachi, whatever be this advantage would always remain with Sindh and is also one of the reasons that we have collected a huge tax in the sales tax mode and with the passage of time we will be able to collect more taxes.

Sir, we feel that it is a huge field and as already stated in the morning we are now just focusing on 12-15 services for taxation, India is already collecting tax on 124 services, so there is a huge field vacant which we could always go for. We have calculated that we are giving tax

exemptions of around Rs.30 billion, if this is added on to the Rs. 25 billion, the Sindh government would have collected more than Rs. 50 billion with the current tax structure, so it is very important that we need to look into tax exemptions and see how we could bring in more areas.

Shabbar Sahib you rightly pointed out that we are taxing very few services and there is a huge scope for more being taxed and ultimately if the province has to improve the quality of life of the people of Sindh we need to have more investment into education, health, clean drinking water and urban development because cities are engine of growth, examples are Bombay, Karachi and Istanbul. If FBR removes the share of collection of Karachi from its total collection, then it would be peanuts which mean the cities have a huge advantage and share in tax collection but unfortunately there has not been adequate investment into cities. Looking at cities from Cairo to Jakarta, every metropolitan city has a transport system but we do not have one, because the tax collection was at Islamabad and they did not care to see what was happening in Karachi. With more taxes being collected at Provincial level we will not only provide clean drinking water to our villages but will also improve the conditions in our cities also and Sindh Sales Tax on Services can be an important resource for Government of Sindh.

Sir, we thank you for your support, the Sindh Revenue Board staff, the boys and girls they worked with dedication and commitment. They have worked for a cause, a cause for the land, a cause for the people of Sindh so they could prosper, so that they may get their children educated. One of the problems in our country has been that we have invested more into hardware, on the pretext of security of the country and have denied investment into the soft part of society that is education. It is important that we invest into the soft part so that the country prospers, if the people are not educated and do not have clean drinking water, etc they will live continue to live an era of the past even during the 21st century and never develop.

Sir we hope that with your leadership you will continue to provide support to all departments of Government of Sindh and as we said we are ready to provide online applications so that they may come and get advantage and avoid tax evasion. One of the problems that we have is that we do not have any data and that database would come with the online applications and computerization of tax collection. Thank you Sir for giving us your valuable time here today, we are grateful and understand that it has only been possible because you have supported it; you have given ownership to it. I do not recall any paper Sir, where SRB had requested something and you had refused it and not given it to us. We know there were other notes also but you always supported us. Sir we assure you, that, you have planted a tree which will grow with the passage of time, provide shelter to the people and generate more resources so that poverty and poverty relates issues are removed in the Province and in the country.

Thanks you, Sir.