

## **Chief Minister Sindh Syed Qaim Ali Shah Speech at the Concluding Session**

Bismillah Hir rahman Nir raheem - Chairman SRB Mr. Mahar, Kaiser Bengali Sahib, the moving force behind this whole project, Ladies and gentlemen thank you very much for inviting me to say a few words about this important project. You see we did our best and put our efforts to convince our friends about sales tax on services, nobody was prepared to listen to us actually. Kaiser Bengali Sahib has mentioned the details, the first thing they said was that the sales taxes were beyond the purview of the National Finance Commission so we had to convince them it was part of the NFC and when they were convinced, they said this was a federal subject and not a provincial subject. We tried our best, put our efforts and at that stage the Pakhtunkhwa came forward, they demanded dues on electricity. We said that it was not part of NFC when you are considering this then also consider that. This is also part of NFC anyhow after long deliberations when they conceded so far the dues of electricity as far Pakhtunkhwa was concerned then they came to discuss sales tax on services.

It was for the first time Quetta when we gave some concession regarding GST on gas, that, they started thinking and considering our point view. We had to engage a very senior lawyer to convince them and that lawyer of course was very kind. He tried to convince the NFC members as a whole, when they were convinced then there were a lot of objections again and the most important of them was that we will not be able to collect, they said we had no capacity and will not be able to collect this tax, but at least this much was conceded that this was a provincial subject and it is the right of the provinces to get sales tax on services.

We said that we will not go beyond that, we will not come to terms with you, unless you allow us this right of the provinces when you concede that it is the right under the constitution of provinces to sales tax, then collection is also our right and we will collect it and we will have capacity to do it. All the other three provinces were against it, especially our bigger province although they had no disadvantage and were not sustaining any loses if they collected themselves and but they said let federal government collect and distribute on the basis of population.

We had a breakthrough in the NFC on three important issues which were not only of province of Sindh but these issues were also raised by other two smaller provinces, Baluchistan and Pakhtunkhwa, that population alone should not be the only criteria for the distribution of divisible pool. We even put examples of different countries including India, and tried to convince our bigger province that there should be multi criteria for distribution of divisible pool or total resources of the country. Anyhow to a certain extent they agreed and I give credit to the then Finance Minister, Mr. Shaukat Tareen, who was all for Provinces and he after consultation of course with the Prime Minister and Prime Minister of Pakistan, to whom I tried to convince that the federal government share should be much less because total whatever resources we have, we have to spend it on the people of Provinces. The federal government will also whatever they do, or whatever major share they take, they will again have to reinvest on the Provinces and people living in provinces therefore why not to decentralize it and give the major share to the provinces

and they were convinced. The then Finance Minister also was convinced, this was the basis of course for the multi criteria distribution of resources which enhanced the share of provinces to 56% and their to 44% and they said progressively they said every year 1% more will be given to the provinces and 1% less the federal government would take.

After this there was no excuse for any province what to talk of our bigger province but to accept the multi criteria for distribution of resources. With that also as we had already convinced them that sales tax was a provincial subject, they agreed that yes it is a provincial subject but you cannot collect it and let the federal government collect and you will get your share according to population. We disagreed with them and there was a lot of discussions that took place but we took a stand, it is well said where there is a will there is a way. I was determined of course on the political and legal side, Mr. Kaiser on the economic side and Naheed on the figures and economic side, they supported me and at last in Lahore they said that we don't want to go now and we have to agree with each other. We stayed there beyond time and convinced them, especially the province of Punjab that they should agree to collection of sales tax and finally it was mentioned that if any province desires they can collect the sales tax on services. You see that even after that lot of impediments were put I don't want to say but mainly it was FBR that said that it was responsible for it, then Finance people said federal government was responsible for it and when the President was going to sign the order, this line or provision was missing from the order that the provinces if they wish or desire can collect the sales tax on services. So we resented and protest and said this was not on when there is a consensus and signature of all the parties alongwith the Chief Minister, alongwith the Prime Minister then this is not fair, this is not on, you have to change the provision, we compelled the Finance people of the federal government who had to change the provision and put this important thing. But they were insisting that you will not be able to collect, you will be a failure, and then you will be blamed by your own people.

I said I am going to take the risk and thanks to the SRB, the people of SRB, their Chairman, their members of course they did very well, unexpectedly. You must have been given figures by the Chairman, as previously the people of Sindh used to get 3-4 billion as share from sales tax on services which was quite unfair and the collection mainly was made from Sindh it was nearly 70% or so and we were not even getting 20% we were hardly getting 16 % or 17 % and collection was not up to the mark or properly collection being properly made. I think we have succeeded and our friends who were vehemently objecting it they have even conceded and appreciated our effort, even the President and Prime Minister who were not sure that we will be able to collect, they also appreciated the effort of SRB. I think others have to learn from you how to do things, if there is a dedication and determination then it is easier to go through and succeed I think.

I am not going to take much of your time but this is very important institution and for Sindh it is of great help. I must concede I must tell you that because of sales tax on services we confidently served the affected people of flood and rain affected people. This was not only a consolation but

a great help to us when we went and provided shelter, food and other necessities of life to the down trodden flood affected people and rain affected people. I am thankful to you and to the audience that listened to me and provided me this opportunity to say a few words. Thank you very much.