

Press Release

Karachi: 10th May, 2012 – The Sindh Revenue Board held a Conference on “Lessons Learnt, and The Way Forward” in Karachi which was held on May 09. The Conference was attended by over two hundred delegates from the four provinces and the ICT comprising tax and finance experts representatives of various trade bodies and services providers besides senior advocates and tax practitioners, chartered Accountants, senior economists and finance experts.

The concluding session of the Conference was chaired by the Chief Guest, Syed Qaim Ali Shah, Chief Minister Sindh., while earlier in the day during two technical sessions, six distinguished speakers made presentations on the subject. The two sessions – the first on “Lessons Learnt” and the second on “The Way Forward” were chaired by Dr. Ishrat Hussain and Dr. Kaiser Bengali respectively.

The Chief Minister Sindh in his speech was highly appreciative of the work done by officers and staff of the SRB and said that it was commendable to see that an organization manned by such a small number of dedicated and committed staff had managed to achieve outstanding results and revenue. He went on to say that this experience could be utilized for the development of both urban and rural Sindh. Chief Minister also dilated upon the importance of decisions taken in the 7th NFC award and importance of 18th amendment in the matter of devolution of certain taxes and the subjects and the importance of service sector and its contribution in revenue generation.

Dr. Kaiser Bengali lauded the efforts of SRB made during its first year of operation and specially mentioned that throughout the Conference all the speakers had specifically praised SRB for non-corruption and non-litigation. Its setting up had only been possible because of the vision, efforts and ownership by the Chief Minister Sindh and it was necessary that political support to SRB also continued in the future.

Mr. Nazar Mahar, Chairman SRB welcoming the Chief Guest informed the audience that the SRB was well poised to achieve its targets. He said that after the decisions taken in the 18th Amendment and the 7th NFC, the Province of Sindh had taken a strong stand for collection of sales Tax on Services under the leadership of the Chief Minister. Once the Provinces were empowered to collect it, the Sindh Government decided to establish Sindh Revenue Board (SRB) in June 2010 to develop as a modern, credible, efficient, effective and transparent tax administration organization for collection of Sales Tax on Services. This was envisaged to be done through adoption of modern techniques, knowledge and information systems to promote a tax culture based on justice, equity, fairness and mutually respectful interaction with the taxpayers. He further said that besides assisting the tax Organizations in Sindh to create a common provincial tax data base through a web based online Sindh Tax and Revenue System, it would also bring transparency in tax collection. As a result it would generate more resources for people, so that basic and infrastructure needs of the people for development are met and quality of basic services and human resource is improved.

He elaborated that to achieve its vision and mission Sindh Revenue Board undertook the task of automation as an important assignment and had made tremendous progress to enhance its capacity in information technology by using cutting edge automation and information technology. He said that the SRB could help the province collect all provincial taxes from one online platform as its automation had resulted in transparency in tax collection with the inter face between tax authorities and taxpayers almost eliminated. He further offered support from

SRB to facilitate and help other Provinces such as Punjab and Khyber Pakhtunkhwa in replicating a similar tax collection system if they so desired for collection of Sales Tax on Services.

Papers on Lessons Learnt were presented by Mr. Mumtaz Shaikh, Member (Legal & Coord.), SRB; Mr Saqib Masood, Senior Partner, KPMG Taseer Hadi & Co, and Mr. Adnan Mufti, Managing Partner, Adnan Mufti & Co.

Mr. Mumtaz Shaikh, spoke in detail about the Constitutional position on the Collection of Sales Tax on Services in light of the 18th Amendment and the 7th NFC Award and subsequent establishment of the Sindh Revenue Board by the Government of Sindh. He elaborated upon details of the eligible services on which sales tax is payable and spoke of registration trends of taxpaying firms along with the sales tax services collection trends for different services while comparing their collection against the amount collected in 2010-11.

Mr. Saqib Masood, commended the performance of Sindh Revenue Board in its first year of operation and informed the Conference participants that SRB had collected Rs.21 billion until April 2012 and was expected to surpass the target of Rs.25 billion by the end of the current fiscal year. He suggested that Sales tax rate of 16% appeared to be high particularly for the small segments of service industry and not conducive for investments and the Government of Sindh should consider lowering the tax rate. .

Mr. Adnan Mufti, lauded that there was no case of corruption, harassment or nepotism witnessed during the first year of SRB operation; and access was available to all with no bureaucratic red tapism involved. The SRB had made excellent use of automation, Information Technology and Websites besides having an excellent liaison and relationship with all the Trade Associations, PRAL and FBR Database. He particularly praised the effective enforcement and administration vis.a.vis record-keeping; return filing, voluntary registration, and collection by SRB.

The second session on "Way Forward" had papers from Mr. Shabbar Zaidi, Partner A. F. Ferguson & Co; Mr. Munawwar H. Shaikh, President Karachi Tax Bar Association and Syed Mushtaque Kazimi, Member (Tax Policy) SRB.

Mr. Shabbar Zaidi dealt on the historical perspective & ground realities of collection of sales tax on services and suggested the decomposition of the provincial revenue structure under a single organization that is the SRB.

Mr. Munawwar H. Shaikh, President Karachi Tax Bar Association in his paper gave recommendations regarding adjustment of input tax, determination of tax liability, refund and immunity.

Syed Mushtaque Kazimi, Member (Tax Policy) SRB in his paper said that there were three major areas where SRB's performance has been more than satisfactory, namely revenue collection, taxpayer facilitation and automation. SRB had done well to match the targets assigned and was well positioned to achieve the target assigned to it. Taxpayer facilitation had been appreciable and the taxpayer queries had been addressed with remarkable swiftness. Efforts at automation of SRB have matched with those of its only peer FBR, despite it being at the stage of infancy. He further said that while entering into second year of operations, SRB is determined to developing its traditions keeping best international practices as its model. Towards that end it is guided by its vision, which is to develop as a modern, credible, efficient,

effective and transparent. This level of automation had been a long cherished dream of various public dealing departments in Pakistan but is still far from realization particularly in respect of domestic taxes.

The holding of the Conference was appreciated by the Chief Guest, Speakers and all the invitees.