



cutting through complexity™

SRB's Conference on Sindh Sales Tax- Lessons Learnt & Way Forward

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09 May 2012

Vision and Mission of SRB

VISION

To develop as a modern, credible, efficient, effective and transparent tax administration.

MISSION

Adopt modern techniques, knowledge and information systems to promote tax culture based on justice, equity, fairness and mutually respectful interaction with the taxpayers and other stakeholders.

Performance of SRB

- Overall performance of SRB during last one year has been commendable despite teething problems.
- SRB has already collected approx Rs. 21 billion up to April for the fiscal year 2011-12, as per statistics available on its web-site.
- SRB expect to surpass the budgeted target of Rs.25 billion for 2011-12.

High rate of tax

- Sales tax rate of 16% appears high particularly for the small segments of service industry and not conducive for investments.
- Tax rate need to be lowered gradually to a single digit number to attract domestic and foreign investment in Sindh.
- Few services like construction, repair and maintenance works, etc. are taxed in Sindh alone creating discrimination.

Transparent, proactive & energetic tax machinery

- SRB officers are proactive and energetic yet needing improvement in the areas of tax payers facilitation narrow gulf between the Board and its clients - taxpayers.
- Participatory approach in formulation and implementation of policies fundamental.
- A well-functioning tax administration for promotion business activities, investment and economic growth.

Spirit of self-assessment scheme

- Self-assessment scheme needs to be implemented in its true spirit.
- Compliance level would improve with respect to record-keeping, return filing, registration, etc. through effective legal framework and administration.
- Unbiased, quick and transparent assessment and appeal process help to develop trust in overall system

Educating taxpayers

- Educating taxpayers reduces misconceptions and confusions about tax policies and procedures.
- Awareness needs to be created among small segments of service industry, in particular, to instill trust between the administration and business.

Institutionalize effective control and audit system

- Risk based auditing system enables effective auditing and efficient management of resources.
- Training of auditors to understand specialized business transactions particularly in relation to banking, insurance, terminal operators, etc.
- Transparent and fair HR policy to include ethics and code of conduct.

Mechanism of inter-Board reconciliations

- Introduce mechanism of inter-Board reconciliation to allow credit for tax inadvertently deposited to the credit of FBR

Recommendations

- Lower rate of tax would help promoting documentation.
- Around 20 new services have been brought under tax ambit in Sindh which are not taxable in other Provinces – create disparity.
- Need to develop database on trade statistics and also publications for education of taxpayers.
- Focus on capacity building for audits of specialized sectors.



THANK YOU