GOVT TO BRIEF IMF ON STEPS FOR EXTRA TAXATION TODAY

ISLAMABAD: The government will share its plan with the visiting IMF's review mission for taking additional taxation measures to fetch over Rs200 billion through the Presidential Ordinance, rationalising expenditure, and hiking both electricity and gas tariffs for erasing the monster of the circular debt. All these measures are aimed at breaking the deadlock with the IMF and paving the way for striking a staff-level agreement. At a time when the foreign exchange reserves are persistently on the decline and touched the lowest ebb of $3.6 billion, the IMF is suggesting the toughest prescriptions on all fronts of the economy.

The IMF's review mission led by Nathen Porter arrived in Islamabad on Monday and now both sides would kick-start toughest ever parleys from today (Tuesday) for making renewed efforts to accomplish the pending 9th review under the $7 billion Extended Fund Facility (EFF). Although, the government had already implemented two major conditions including allowing adjustment of the rupee against the dollar and hiking record level of a surge in POL prices ahead of kick-starting of upcoming parleys with the IMF.

The IMF is asking the government to fill the yawning gap of Rs600 billion on the fiscal front through additional taxation measures or cutting down on expenditures in order to restrict the budget deficit and primary deficit within the desired limits. Differences persisted over the exact fiscal gap and both sides will hold parleys to evolve consensus over the exact estimates for taking additional taxation measures through the upcoming mini-budget.

Pakistan and the IMF will hold technical level talks from coming Tuesday to Friday and then the policy level talks will commence finalising the Memorandum of Financial and Economic Policies (MEFP) document.

The IMF also demands a hiking of the electricity tariff in the range of Rs12.50 per unit as Islamabad seemed to agree to hike the electricity tariff of Rs7.50 per unit in a staggered manner. The government may be agreed to withdraw the un-targeted power sector subsidies of the electricity and gas sector to powerful groups during the upcoming parleys with the IMF. The gas tariff will also be hiked in the range of 74 percent for consumers. "We will have to swallow bitter pills because the gap widened so much that now the economy cannot run with the approach of status quo. The country's middle class will have to face the burden. We have made a plan to protect vulnerable and poor segments of the society while implementing the IMF conditions" top official sources stated while talking to a select group of reporters here on Monday night.

The senior officials in a background discussion stated that the government wanted to insulate the poorest of the poor from swallowing bitter pills as the government would make all-out efforts to focus on two areas including introducing reforms and protecting poor and vulnerable segments from arising inflationary pressures.

The official said that Minister for Finance Ishaq Dar was trying to secure $4 to $5 billion from bilateral friends for engaging the IMF with the point of strength but it could not be materialised so there was no other option but to make renewed efforts to revive the stalled IMF programme.

The FBR high-ups are estimating that the recent devaluation of the exchange rate will help tax authorities jack up its revenue collection by Rs100 billion in the remaining period of the current fiscal year. While referring to recommendations given by National Austerity Committee to Prime Minister Shehbaz Sharif, the committee finalised recommendations to suggest all ministries including the Ministry of Defence to slash expenditures by 15 percent. The committee asks for surrendering all plots obtained by influential segments to more than one. In all, the committee's recommendations if implemented could be Rs600 to Rs700 billion on a per annum basis. But there are big ifs and buts that who is going to implement these bold decisions which are now necessary to undertake for averting crisis situations.

TN 31-1-2023

REFUNDABLE WWF SHOULD ONLY BE REFUNDED FROM WWF ACCOUNT: FBR

ISLAMABAD: The Federal Board of Revenue (FBR) has directed Member Inland Revenue (Operations) to bifurcate the amount of tax from the Workers Welfare Fund (WWF) for a refund of the excess amount of the WWF to the industrial undertakings.

According to the FBR's instructions issued to the Member Legal and Member IR (Operations), it is clarified that the WWF is collected by the officers of Inland Revenue from the industrial establishments at the rate of two percent whose total income is not less than Rs0.5 million.

The mode of payment and recovery from the industrial undertaking is mentioned in section 4 of the Workers Welfare Fund Ordinance, 1971. The said amount is paid by the industrial establishment on or before the date prescribed for filing of return and proof of payment is furnished to the concerned officer. If the officer does not agree with the working of the industrial establishment, shall pass an order by taking into account the amount paid by the industrial establishment and the industrial establishment shall pay the amount on or before the date specified in the order. Similarly, the excess amount shall be refunded by the concerned officer to the industrial establishment.

The FBR added that the amount of tax and WWF should be bifurcated. The WWF that is refundable should be refunded from the WWF account only.

R 31-1-2023