

FOREIGN AUTHORITIES SEEKING PROPERTIES/BANK ACCOUNTS INFO: FBR WON'T INTIMATE CONCERNED TAXPAYER ABOUT REQUEST

ISLAMABAD: The Federal Board of Revenue (FBR) will not intimate the concerned taxpayer about the request received from foreign tax jurisdiction seeking information of properties/bank accounts and beneficial owners of accounts, etc, under the exchange of information laws.

The FBR has issued Income Tax Circular Number 19 of 2023 on Saturday. According to the FBR, the Board has prepared the manual for Exchange of Information on Request (EOIR) as a guide to the internal processes and procedures to be followed by offices of Inland Revenue in respect of Exchange of Information on Request and Spontaneous Exchange of Information of Pakistan.

The FBR has rolled out Manual for Exchange of Information for guidance of officers of Inland Revenue. The exchange of information is a key element in international cooperation and is important in ensuring the correct allocation of taxing rights between States and ensuring that States can enforce their own tax laws.

The FBR has also clarified the roles and responsibilities and to provide guidance on carrying out the tasks related to Exchange of Information on Request (EOIR) and Spontaneous Exchange of Information (SEOI) so that exchanges of information are carried out efficiently and in accordance with internationally agreed standards including the standards on foreseeable relevance and confidentiality of the information exchanged.

Under the procedure, the taxpayer in respect of whom request is received from foreign jurisdiction shall not be notified that Directorate General of International Taxes, FBR has received a request to exchange information, except in certain cases where FBR is required by the domestic law of Pakistan or they are required by judicial authorities. In such cases, the competent authority of supplying state is informed of such obligations required by domestic law. Even where an exception may apply, the taxpayer shall not be notified when the requesting competent authority has specified that they should not be informed. Where the information required is held by a taxpayer, they shall be asked to provide the information and the letter shall provide only the minimum amount of information needed to enable the taxpayer to respond to the request.

The EOIR from the foreign competent authority shall not be shared with the taxpayer in any circumstance, FBR said. In certain narrow circumstances, confidential information received from a treaty partner may be disclosed to persons outside the tax administration, for example, to the taxpayer concerned, to the Directorate General of Intelligence & Investigation-Inland Revenue for invoking provisions of Anti-Money Laundering Act, 2010 and in public court proceedings. In case the information is to be shared with Directorate General of Intelligence & Investigation-Inland Revenue permission to do so shall be sought from the competent authority of the information-supplying state as using the information for anti-money laundering purpose is considered for non-tax purpose.

Any disclosure outside the tax administration should be authorized by the competent authorities of Directorate General of International Taxes, FBR. The disclosure and use of information shall be governed by the relevant provisions of the legal instrument on the basis of which the information is shared and the relevant provisions of domestic law, the FBR added.

R 5-2-2023

FBR TO CHECK BENAMI TRANSACTIONS OF CIVIL SERVANTS

ISLAMABAD: To check money laundering and Benami transactions, the government has finally allowed banks to access asset declarations of Civil Servants of BS-17 to BS-22 as a prior condition for the opening of bank accounts. When contacted tax lawyer Waheed Shahzad Butt told *Business Recorder* that the new Federal Board of Revenue (FBR) rules obligate public office holders (Civil Servants BS-17 to 22) to declare details of assets owned by them and members of their families inside and outside Pakistan to the FBR, while it has also obligated the banks to provide these details twice a year, on Jan 31 and July 31. Earlier, an application was filed under Article 19A of the Constitution, by Waheed Shahzad Butt, who wanted to know the quantum of wealth/ assets of tax officials in Pakistan and abroad on the date of joining of FBR and its status as on June 30, income declared for last five years and expenditures made in Pakistan, as well as, abroad.

In its response, the FBR has declared that Article 19A provides right to information in matters of public importance only. The instant request regarding assets/ income/ expenditures, prima facie, is not a matter of public importance. Requested information enjoying confidentiality privileges under law cannot be divulged. Waheed further stated that the FBR has refused to share information about the assets, income and expenditures (domestic and abroad) of tax officials working in the FBR, as these declarations enjoy confidentiality privilege and disclosure of assets of dependents will be in violation of law. Assets and income declared in the annual declaration is a reflection of income tax returns and wealth statement. Section 216(1) of the Income Tax Ordinance, 2001 debar a public servant to disclose any particular that becomes part of annual return. Violation of Section 216 is a criminal offence for the public servant. The sudden move by the present government is a due diligence measure under the Anti Money Laundering Act; however, the banks will keep the information confidential from the public and will not release it at any cost to the general public. It was an IMF structural conditionality that was agreed upon in the previous years, Waheed added.

R 6-2-2023

BANKS NOT SHARING INFO ABOUT DEBIT/CREDIT MACHINES WITH FBR

LAHORE: Banks are said to be not sharing information in connection with debit/credit machines installed by them to different commercial establishments at their sales points, said sources in the Federal Board of Revenue (FBR). They said the banks' managements are taking issuance of notices to this effect as a "fishing expedition" on the part of department as the merchants regarding whom information is asked do not fall within the jurisdiction of the concerned field formations of the FBR.

In the case of some notices issued by the large tax offices (LTOs) of the FBR, banks object to any such move on the pretext that commercial entities do not fall within the category of large taxpayers. According to the sources, the management of banks generally takes exception to all such notices while taking a view that they are under a statutory obligation of confidentiality under the Banking Companies Ordinance as well as the Protection of Economic Reforms Act.

Banks believe that tax authorities couldn't seek information regarding a third party, especially when they do not fall within their domain, they added. However, the Board sources said the income tax officers have vast powers to seek such information from banks irrespective their clients fall within the jurisdiction of concerned field formations or not. They said banks are bound to pass on such information if it is useful for the purpose of collecting revenue.

The sources further said the tax authorities have vast powers in respect of getting information not only about a taxpayer but also a non-taxpayer in order to bring non-filers into the tax net. They said seeking information does not amount to getting any financial information from the clients or private account holders of banks. Therefore, banks cannot hide behind the privilege of statutory obligations and term the exercise as a fishing expedition. They added the department only seeks information about the names and business names, NTN or CNIC numbers, and address and location of the commercial establishments. None of this information pertains to their clients' financial status or personal accounts, they added.

Tax authorities are also of the view that banks do not sustain any harm to their clients by passing such information. It may be noted that a good number of banks have also approached to the courts of law to challenge departmental notices but their pleas fail to sustain in the eye of the law at the end of the day. It is also worth noting that two field formations of the Board in Lahore and Islamabad had also lodged FIRs against the managers of two banks last year for not cooperating in attaching the account taxpayers for recovery purposes.

R 5-2-2023

FTO DIRECTS FAIR TREATMENT OF SALARY TAXATION FOR TEMPORARY EMPLOYEES

Federal Tax Ombudsman (FTO) has issued instructions regarding salary taxation for temporary / adhoc employees and directed employers and tax authorities to deduct tax of such employees under Section 149 of Income Tax Ordinance, 2001. In an informal resolution of disputes reported in the cases of teachers of Bahauddin Zakariya University (BZU), the FTO directed employers and offices of the Federal Board of Revenue (FBR) to ensure that tax shall be deducted on those low paid employees working on temporary / adhoc under Section 149, as has been ordained by the President of Pakistan in order dated August 15, 2022 in similar cases of teaching community.

The FTO examined the alleged departmental practice to subject the remuneration of law paid adhoc / temporary employees in the light of relevant legal provisions i.e. Section 12 and Section 149 of Income Tax Ordinance, 2001.

The FTO observed that the legal provisions govern 'salary taxation' Section 12 and withholding tax thereupon under Section 149 of the Ordinance only the equation of employer-employee based on 'Master Servant Relationship' is material. "This criterion forms the basic parameter for any employment. Regular/Adhoc/Temporary/Hired/Daily Wages which are different shares and forms of employment and law doesn't create any distinction among all the above forms." It is observed that the decisions attracted attention of identical stakeholders and some of the employees engaged in teaching on part time basis as visiting faculty members in BZU, Multan approached the FTO and claimed that they are also entitled to benefit from these decisions because they meet the criteria of being low paid employees working with any organization and are being subject to monetary hardship through deductions at 10 – 20 per cent as source in terms of Section 153(2)(b) of the Ordinance. "It is anomaly that regular employees earning salary up to Rs600,000 per annum pay no tax whereas they are taxed heavily."

The FTO observed that the teachers approached the office had fully met the criteria of being low paid employees working on temporary/adhoc basis having a relationship of an employee with institution in terms of Section 12 of the Ordinance and their aggregate remuneration received per annum from this profession are below the tax exempt threshold of Rs600,000 for salary income.

“Petitioners’ cases, when compared with the regular faculty members of the institution in question, the deductions being made from regular faculty vis-à-vis the petitioners there is a visible incidence of discrimination despite the fact that nature of job remains the same in both categories. Persons falling in the former category are getting more but paying less taxes under section 149 of the Ordinance, whereas the later category is subject to higher tax deduction (at 10-20 per cent) in terms of Section 153(1)(b) of the Ordinance.

The FTO recommended that the Chief Commissioner Inland Revenue of Regional Tax Office (RTO), Multan should ensure that tax shall be deducted on these low paid employees working on temporary / adhoc under Section 149, as has been ordained by the President of Pakistan through an order dated August 15, 2022 in similar cases of teaching community. Furthermore, the FTO also directed the treasure BZU Multan to ensure that from now onwards tax withholding on the payments made to these temporary / visiting faculty teachers are subjected to Section 149 of the Ordinance in future.

PR 6-2-2023

14PC RISE YOY: JUL-JAN: FBR PAYS RS208BN REFUNDS

ISLAMABAD: The Federal Board of Revenue (FBR) has paid refunds of Rs208 billion during July-January (2022-23) against Rs183 billion paid during same period of 2021-22, reflecting an increase of 14 percent. According to the FBR’s latest data, FBR has not stopped short of taking care of exporters’ liquidity problems and has issued refunds of Rs. 208 billion during the first seven months of the current financial year as against Rs. 183 billion during corresponding period of last year which is 14 percent more than the previous year’s issued refunds.

On the customs side, the FBR’s rebate payment system is fully automated for the exporters. Under the risk-management system, all low risk cases of exporters are automatically sanctioned rebate. Nearly 60-70 percent of the rebate cases are cleared through the low risk system. There are around 30 percent rebate cases which require scrutiny. During the first six months (July-December) 2022-23, the FBR has paid duty drawback of Rs15.5 billion to the exporters through automated system.

R 5-2-2023

FINANCE MINISTER STOPS IMPLEMENTATION OF FBR’S COMMON POOL FUND RULES

ISLAMABAD: Minister for Finance Ishaq Dar has stopped implementing Common Pool Fund (CPF) rules issued by the FBR for benefiting Inland Revenue Service (IRS) officers keeping in view difficult economic situations. Apropos a news items appearing in certain sections of the press referring to Common Pool Fund Rules notified by the Federal Board of Revenue, the Ministry of Finance and Revenue has clarified that through the Finance Act 2019, Section 76 was inserted in the Sales Tax Act 1990, which empowers the FBR with the approval of the minister incharge to impose levy, fee and service charges on Tier-1 retailers @ Re 1 per invoice.

Subsequently, the FBR with the approval of the then federal finance minister levied a POS Service Fee of Re 1 per invoice on Tier-1 retailers. The purpose of the aforesaid levy was explicit and duly included the welfare of IRS employees. This was notified vide SROS.R.O.1279(I)/2021 dated 30th September, 2021. Under the provisions of Section 76 (2) of the Sales Tax Act 1990, the FBR is authorized to prescribe the mode and manner to expend such service fee/charges. Thereafter, the FBR issued Common Pool Fund Rules for the welfare of its employees on 16.01.2023 with the approval of the Board-in-Council. The heads of expenditure provided in the rules include financial assistance to families of Shuhada, subsidy on marriage expenditure, health insurance, scholarships for education of children, headquarters support allowance, fuel subsidy to the junior officers, IRS officers mess, house rent subsidy, support for widows and burial expenses. Keeping in view the current economic situation in Pakistan, Dr has taken notice of the matter and directed the FBR to put the implementation of these rules on hold.

TN 5-2-2023

DUTY ON CASTOR OIL: CUSTOMS’ WING ENDORSES VIEWPOINT OF IMPORTER

ISLAMABAD: The Customs Classification Committee of the Federal Board of Revenue (FBR) has endorsed the viewpoint of an importer for charging customs duty of Rs9,050 per metric ton (MT) on the import of toctite Liofol LA 6020 (castor oil having naturally occurring polyester).

Customs department has made an illegal case against the importer and imposed 20 percent duty on the import of the said item. The committee rejected the legal interpretation of Model Customs Collectorate (MCC) The Appraisement and facilitation (East) for wrongly charging 20 percent duty on the import of the said item.

According to a ruling issued by the Customs Classification Committee, the sample is found to be unmodified castor oil having naturally occurring polyester functionality which substantiates that it is not a synthetic polymer produced by chemical synthesis, therefore, the product 'Loctite Liofol LA 6020' having specific properties as per the aforementioned Lab results/remarks, in view of the Classification Committee is appropriately classifiable under PCT heading 1515.3000 in terms of Rule 1 of the General Rules of Interpretation. Briefly facts of the case as reported are that M/s Henkel Industrial Adhesive Pakistan (Pvt) Ltd. imported a consignment declared to contain "Loctite Liofol LA 6020" and sought clearance thereof under PCT Heading 1515.3000. The MCC Appraisal and facilitation (East) assessed the goods under PCT Heading 3907.9900 and framed contravention for misdeclaration of description and classification.

Accordingly, the case was adjudicated vide Order-In-Original No.1093115- 28032018 by Collectorate of Adjudication, Karachi. The adjudicating authority allowed release of the goods under Section 81 of the Customs Act, 1969 and referred the matter to Classification Centre for determination of Classification of the impugned goods.

Several hearings in the case were held which were attended by representatives of importer, the Clearance Collectorate and members of the Classification Committee. The Departmental Representative contended that the impugned goods were liable to be classified under PCT heading 3907.9900. The representatives of M/s Henkel Industrial Adhesive Pakistan (Pvt) Ltd asserted that M/s Henkel Pakistan was a subsidiary of Henkel Germany and Henkel Group had its presence in more than 120 countries with strong ethical and compliance policies. The impugned product under subject mentioned GD was examined and tested from different laboratories and that HEJ Laboratory had categorically confirmed that the impugned goods were found to be as unmodified castor oil having naturally occurring polyester functionality and thus appropriately classifiable under PCT heading 1515.3000, the ruling added.

R 6-2-2023

SHC FIXES FEB 17 TO HEAR, DECIDE ISSUE OF STATUTORY PERIOD OF LIMITATION

KARACHI: Three Special Custom Reference Application filed in 2017 by importers of pharmaceuticals will be heard and decided on Feb 17 by a custom appellate bench of High Court of Sindh. GlaxoSmithKline, Sami Pharmaceuticals and OceanA International are the applicants represented by Umar Akhund Advocate while custom department is represented by Afsheen Aman and Masooda Siraj Advocates. When the application came up for hearing, the bench noted that these have been admitted for regular hearing and main question involved is of statutory period of limitation.

The bench said that this issue has been decided by the Supreme Court of Pakistan and now counsels for respective sides are called upon to assist the court for a decision. The bench with this observation fixed Feb for detailed arguments and likely decision.

CN 6-2-2023

PAK-AFGHAN TRANSIT TRADE: CUSTOMS OFFICIALS PROMISE TO RESOLVE TRADER' ISSUES

PESHAWAR: Customs authorities have assured the traders attached with Pak-Afghan transit to take pragmatic steps to resolve their issues on priority basis and accelerate the goods' clearance process at the various border check posts. The assurance was given by Collector Customs (Appraisal), Ashfaq Ahmad during a stakeholders' conference organized by Pak-Afghan Joint Chambers of Commerce and Industry (PAJCCI), according to a press release issued here on Sunday.

Traders attached with Pak-Afghan transit trade participated in the meeting and they have pointed out obstacles in detail, which they faced in carrying out smooth trade. Traders' delegation from Pakistan was represented by Coordinator and Director PAJCCI Ziaul Haq Sarhadi and the Pak-Afghan joint chamber senior vice president Khalid Shehzad, while Dr Mukhalis was heading the Afghan traders' delegation. Apart from the collector customs (Appraisal), additional collector headquarters Anfan Khan and Assistant Collector Customs Station Torkham Yawar Hayat, Pak-Afghan traders and representatives of relevant stakeholders were also present. Ashfaq Ahmad said customs authorities have initiated vigorous efforts to facilitate traders on both sides of the borders and resolve their issues on a fast-track basis to boost up bilateral trade between the two countries. He, however, said any issue which won't fall in domain, would also be taken up by the relevant departments, including State Bank of Pakistan, Federal Board of Revenue, Ministry of Commerce, National Logistic Cell, Pakistan Railways, etc.

Pak-Afghan trade has been carried out for the last several decades, through which a large number of people of the two countries were taking benefits, the collector remarked.

The collector custom said the authorities are utilizing all available resources to maintain these old-traditions to bring economic prosperity and development to the whole region. The senior official said the customs department is focusing on provision of facilities to traders in Angoor Adda, South Waziristan along with other checkpoints at border regions. He acknowledged that there are issues and difficulties that have been faced by traders owing to unavailability of internet, electricity, required number of gadgets for scanning of goods, coupled with lack of proper infrastructure, communication system and other facilities. Ashfaq Ahmad, responding to a question raised by an Afghan trader regarding delay in clearance of goods, said that the process of procurement of the latest scanner has been initiated and physical checking will be stopped at Torkham border very shortly after which the process of goods clearance could be expedited.

The senior official asked the Pak-Afghan traders to take all relevant issues openly with customs authorities as they were available to them to facilitate trade between the countries.

Pak-Afghan traders on the occasion exchanged views regarding prospects of boosting of bilateral trade between Pakistan and Afghanistan and suggested a number of proposals to remove the obstacles that were hampering the mutual economic and trade ties between the two neighbouring countries. Both sides during the stakeholders' conference agreed to make joint efforts to remove all hurdles in the way of Pak-Afghan bilateral trade. Earlier, in his opening remarks, Director PAJCCI Ziaul Haq Sarhadi shed light on the purpose of the holding joint meeting of Pak-Afghan traders. He hoped the joint meetings under aegis of PAJCCI would be helpful to address common issues of traders on both sides of the border by taking up them with relevant authorities in an efficient manner.

R 6-2-2023

MNCs PLANNING TO PREVENT PROPOSED INCREASE IN TAXES ON SUGARY DRINKS: EXPERTS

In a country where more than 1,100 people are dying daily due to complications of diabetes, while hundreds are getting their lower limbs amputated, multinational companies are offering a few hundred million dollars' investment in a bid to prevent the authorities from raising taxes on sugary drinks, leading health experts and diabetologists warned on Saturday.

A report carried in The News on Saturday said that with the first round of technical level talks with the IMF completed, there is another proposal for raising the Federal Excise Duty rate on sugary beverages up to 17 per cent from the existing rate of 13 per cent through a proposed mini-budget. However, the report said, "the FBR has been facing immense pressure from the diplomatic corps in this regard. Another aspect is that sugar is being used in these beverages so the sweetener owners who enjoy political connections irrespective of political divide will also make last-ditch efforts to block this proposal at any stage."

Health experts said that the beverage industry was trying to give "a lollypop of \$200 million investments" to the country for not jacking up the taxes. The civil society rejects such tactics which are meant to play with the health of people of Pakistan and building a tremendous burden on the health sector and the economy of the country, they said. "As per international diabetes federation (IDF), the cost of management of diabetes increased to more than \$2,640 million in Pakistan in 2021. Sugary drinks are among the major risk factors of diabetes, heart diseases, liver and kidney diseases and various types of the cancers," said Prof Dr Abdul Basit, general secretary of the Diabetic Association of Pakistan (DAP).

"IDF has recently written a letter to policymakers in Pakistan, requesting an increase in the federal excise duty on all type of sugary drinks to reduce the disease burden and saving precious lives," he added. He said the beverage industry has low taxes in Pakistan as compared to regional countries and many other countries in the world. For example, he noted, Saudi Arabia and other Gulf states have imposed a 50 per cent excise duty on soda drinks and a 100 per cent duty on energy drinks, and even India has a higher tax on the beverage industry than Pakistan, i.e. a 28 per cent sales tax and a 12 per cent services goods tax. The low taxes are encouraging the beverage industry to direct their investments to Pakistan, creating serious threats to public health and the economy of the country, Prof Basit said. "While Pakistan government is facing a serious financial crunch, increasing the tax on sugary drinks is a sensible strategy to not only reduce the diseases burden but also generate significant revenue in the best public interest," said by Munawar Hussain, consultant food policy programme at the Global Health Advocacy Incubator.

Referring to the modelling study done by the World Bank, he said: "If the government increases the federal excise duty by 50 per cent on all sugary drinks, it will bring health gain of 8500 DALYs, economic value of USD 8.9 million to public health and USD 810 million average annual tax revenue for next ten years."

The sugar density-based tax or the health levy is also proved to be an effective design of tax to reduce the disease burden and generate revenue," he said. Sana Ullah Ghumman, general secretary of the Pakistan National Heart Association, appealed to the finance minister and the prime minister of Pakistan for giving priority to public health over the corporate interest by increasing the tax on sugary drinks. "The beverage industry uses many tactics to misguide the policymakers to oppose taxes increase on sugary drinks.

The research from Mexico, South Africa and Peru shows that taxing sugary drinks will reduce the consumption of unhealthy beverages and increase the consumption of healthier alternatives like water and unsweetened milk. Research confirmed that taxes on sugary drinks have no net negative impact on the economy or on joblessness in those countries which increased the taxes, he added.

TN 5-2-2023

BMP VOWS TO RESIST IMF PRESSURE TO ENHANCE GST TO 18PC

LAHORE: As the International Monetary Fund has been pushing the government to increase the general sales tax rate to a minimum of 18 percent, the Federation of Pakistan Chambers of Commerce & Industry's Businessmen Panel (BMP) has announced to resist such destructive and harsh move, as the country's debt servicing cost might escalate to alarmingly Rs5.2 trillion, with inflation accelerating to 29% and economic growth rate slowing down to 1.5 percent in the current fiscal year.

FPCCI former president and BMP Chairman Mian Anjum Nisar stated that the IMF's demand to consider increasing the GST rate by 1% to 18% in the current fiscal year would prove to be highly inflationary and 1% increase would push the prices of all goods upwards. The higher inflation and lower economic growth would cause higher unemployment and poverty in the country, he added. He expressed his dissatisfaction about the government's ability to raise \$8 billion from capital markets and foreign commercial banks in these challenging times. He said that the government has already spent Rs2.56 trillion on debt servicing during July-December period of the current fiscal year. The central bank last month increased the interest rates to 17%, which might not help contain inflation but will surely further bleed the budget. He raised questions about the inflationary impact of the planned increase in electricity prices to lower the circular debt. The government's estimates were that due to further increase in the electricity prices, inflation could jump to 29%.

The Pakistan Bureau of Statistics reported that inflation hit the 48 years' highest level of 27.6% in January. The likely acceleration in the index would bring more misery for the trade and industry which was facing difficulties in meeting soaring cost. He asked the government to inform the IMF that due to floods, tight monetary policy, high inflation, and a less conducive global environment, the economic growth rate might slow down in the range of 1.5% to 2% - a pace that was even lower than the population growth rate and would cause more unemployment in Pakistan. He said that the agriculture sector would contract, the industrial sector might show nominal growth but the services sector was likely to grow around 3%. Compared to old estimates of generating about 1.5 million new jobs, the government had now realized that the additional jobs in the current fiscal year might not be more than half a million.

According to some estimates, about two million new entrants came in the market in search of jobs every year and a low additional employment number suggested that there would be a higher jobless rate in Pakistan.

The government claimed that it had made arrangements for the \$30 billion gross external loans for this fiscal year, as the country's economic viability was at stake, as its gross official foreign exchange reserves plunged to \$3.1 billion. The government still believed it would raise \$1.5 billion by floating Eurobonds and had made it part of the external financing plan. As against the budgeted over \$7 billion foreign commercial loans, the Ministry of Finance still saw \$6.3 billion materializing in the current fiscal year. The IMF was of the view that in present circumstances, it would be difficult to raise \$8 billion from the capital markets and foreign commercial banks. There were also questions whether the government could arrange at least \$4 billion for making upcoming debt repayments, excluding rollovers. It hoped to receive a total \$11 billion from the multilateral creditors during the current fiscal year but its materialization depended upon the revival of the IMF program. So far, the Asian Development Bank had been helping Pakistan in a major way, but the World Bank was looking towards the IMF. There is also issue about the low FBR's tax-to-GDP ratio, which was now estimated at around 8.4% at the inflated size of the economy. On the projected old size of Rs78 trillion, the ratio was 9.6% of the GDP, which the IMF did not endorse.

Presently, the total cost of the debt servicing could peak to a whopping Rs5.3 trillion in the current fiscal year 2022-23 while the government had budgeted Rs3.94 trillion but the revised projections were Rs1.3 trillion higher than the budget estimates. The Rs5.2 trillion would be equal to 54% of the budget announced in June last year and massive spending projections could lead to a demand by the IMF for more taxes or cut in other expenses to create some fiscal space.

R 6-2-2023