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PAKISTAN

Short-term steps not in conformity with tax reform objective: World Bank

SOHAIL SARFRAZ NOV 27TH, 2006 ISLAMABAD

The World Bank report on assessment of taxation system has observed that the short-term measures, taken by the Central Board of Revenue (CBR) to increase revenue collection, are not in conformity with the desired objective envisaged in the reforms.

Sources told *Business Recorder* on Sunday that the WB has submitted the assessment report on tax policy matters to CBR. In the first phase of technical assistance program, Professor Jorge Martinez Vazquez, Georgia State University, visited Pakistan and submitted the preliminary report, "Preliminary assessment of tax system in Pakistan".

The report concluded that there was need for medium- and long-term tax policy reforms in Pakistan.

It observed that, "short term stopgap measures, taken in an attempt to increase revenue collection, lack coherence. They frequently ignore other desirable objectives of tax system such as simplicity or distributional consideration".

In the second round of technical assistance program, Kaspar Richter, World Bank Senior Economist would work on modern long-term tax policy reforms in Pakistan.

Sources said that the WB has given a detailed preliminary assessment of the tax system and also compared it with the taxation models of countries having similar economic situation. The assessment also focused on analysis of the tax-to-GDP ratio and documentation of Pakistan's economy.

The CBR will discuss WB suggestions in an upcoming meeting during this week.

Meanwhile, the CBR and WB review mission would discuss key areas of the Tax Administration Reform Project. This includes establishment of Regional Tax Offices (RTOs), Human Resource Management Plans; Integrated Tax Management System, Customs Automation Plan and project management.

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