Punjab targets Rs 230.9 billion taxes for fiscal year 2017-18

The Punjab government has targeted Rs 230.9 billion provincial taxes for FY 2017-18 against Rs 175.2 billion in FY 2016-17, an increase of 31.8 percent. Major tax reforms included establishment of Tax Reform Unit, reforms relating to Sales Tax on Services, institutional development, survey for identification of taxpayers, setting up of Punjab Tax Management System, setting up of Electronic Courts for Appellate Tribunal and Commissioner Appeals, introduction of Notice Management System and reforms in property tax.

In order to support the tax reform agenda of the government and to strengthen provincial capacity for tax policy analysis, a dedicated Tax Reforms Unit (TRU) has been established in the Finance Department. TRU is tasked with producing evidence-based revenue analysis and studies for all provincial tax and non-tax revenues, as well as analysing the relationship between the federal-provincial tax systems and making recommendations for creating synergies thereof.

In Punjab, collection of Sales Tax on Services and Punjab Infrastructure Development Cess (PIDC) has been assigned to Punjab Revenue Authority (PRA). PRA has implemented a number of reforms to streamline provincial sales tax and PIDC through adopting a number of tax policy and reform measures including exploring and tapping new taxable services which increased from 12 taxable services in 2011-12 to 62 in 2016-17; transforming the tax registration, assessment and collection regime through automation; improving & ensuring tax compliance; conducting tax surveys to identify new taxpayers; and promoting tax culture by holding tax awareness workshops & seminars.

A key initiative of PRA during FY 2016-17 was conduct of a survey of potential taxpayers. With the technical and financial assistance of UK's Department for International Development (DFID) funded Sub-National Governance Programme (SNG), PRA designed and implemented a province-wide detailed survey through a third party. The survey identified 25,000 small and medium enterprises engaged in one or more of the 58 services liable to be brought into the tax net. This survey has substantially increased the number of potential taxpayers in PRA's directory and is expected to lead to broadening of tax base on sustainable basis.

PRA is actively working on avenues for IT-based solutions for compliance. In this regard, PRA is in the process of developing effective IT-based solutions resulting in reduced human involvement. The Restaurant Invoice Monitoring System (RIMS) is a flagship initiative of PRA, which was launched in July 2015.

The provincial government initiated automation of urban property records through a GIS based survey in six major cities of the province with an aim at brining in transparency in calculation of tax, through self-assessment, and its collection. In the first phase, Property Tax record of 18 districts, which contribute almost 85 percent, has been computerised. The remaining 18 districts are also being computerised. The system generates unique pin codes for each taxpayer with description and assessment of his property. Taxpayers can themselves verify/calculate their tax liability using calculator, available both in Urdu and English, on the official website of the Excise & Taxation Department (http://www.excise-punjab.gov.pk). The government expects 100

percent increase in revenue receipts in three years coming out of these reforms.

Punjab government has successfully launched Dealers Vehicle Registration System (DVRS) throughout the province to facilitate citizens and getting rid of agent mafia, eliminating corruption, minimise malpractices of staff and for providing facility of registration of motor vehicles at sale point. Database of all motor vehicles has been centralised. Automated registration card and Personalised Vanity Number Plates are being introduced for generating revenue and countering the preparation of bogus/fake Registration Booklets and Number Plates. Instant provision of data to Law Enforcing Agencies (LEAs) has been ensured to remove disconnect among government agencies for improving security situation.