

Punjab government likely to collect Rs 130 billion through sales tax on services

The Punjab government is expected to collect Rs 130 billion from sales tax on services in the Punjab during the current financial year. Punjab Finance Secretary Hamid Yaqoob Sheikh said, "The Punjab Revenue Authority's (PRA) revenue collection was stagnated a couple of years ago. It was collecting only Rs 42.5 billion from sales tax on services in Punjab. In a short period of two years, there has been a massive turn around to the authority."

He was addressing the participants of a one-day workshop organized by Sub-National Governance Program and Finance Department Punjab here on Monday. The workshop was attended by senior and junior officers of the finance department including Special Secretary Usman Chuhdary and Additional secretary Saifullah Dogar.

"The PRA was supported by Sub-National Governance Programme and identified 25,000 new potential taxpayers from 22 districts in eight divisions of the province. The PRA is following up the survey to make use of the findings of the survey. In this regard, around 17,880 notices have been issued to potential taxpayers. The authority has started to receive some additional tax. Although it is little early, initial estimates show that there is a potential of approximately Rs 1.6 billion from the identified taxpayers," he said.

He also told the participants that during FY 2015-16, the Punjab government's utilization of development resources and revenue generation has recorded an increase of 31 percent and 45 percent, respectively. "This is outcome of successful implementation of Public Finance Management (PFM) reforms introduced by the Punjab government under Sub-National Governance program," he added

The Finance Secretary further said that the PFM reforms were successfully implemented in its first year and more than 80 percent of targeted activities were completed. "The reforms helped the Punjab government increase its indigenous tax revenue by 45 percent with an increase of Rs 47 billion, and utilization of development funds by 31 percent during the FY 2015-16," he added.

According to him, the Punjab government approved and notified a formula-based PFC Award under PLGA 2013. The interim PFC Award was implemented with effect from January 1. The award has resulted in increases of 19 percent for education, 37 percent for health and 164 percent for local councils compared to previous years' allocations. The award has resulted in provision of transparent and equitable resource transfers for local governments in Punjab.

The senior consultants of SNG program Faisal Rasheed and Daood Ahmed enlightened the participants about the key concepts of output based budgeting, government public policies and public finance management reforms in Pakistan. They also introduce junior officers with the basic concepts of PFM through different activities.

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