

## ‘Simplification of tax laws must not be linked with steps to cut tax liability’

The Federal Board of Revenue (FBR) has observed that the simplification of tax laws should not be linked with measures to reduce the tax liability of the taxpayers. Sources told *Business Recorder* here on Thursday that the issue of simplification of tax laws was discussed during the last meeting of the high-powered implementation committee of Tax Reforms Commission (TRC).

It was decided by the tax reforms implementation committee (TRIC) that the recommendations of the sub-committee for simplification of laws should be taken into consideration during the budget exercise 2016-17. FBR Member (IR Policy) submitted that simplification of tax laws should not be equated with measures to reduce the liability of the taxpayers and apprised the committee that even in developed countries such as the USA tax laws were fairly complex. He also observed that due to paucity of time before the budget each and every recommendation of the sub-committee for simplification could not be deliberated upon in detail.

Member Tax Reform Commission Ashfaq Tola stressed that tax laws should not be inordinately complex or complicated. He was of the opinion that Pakistan Tax law needs to be simplified to eradicate undue hardship and encourage filing of tax returns. FBR Member (IR Policy) explained that whether or not penalties are excessive has to be decided at a policy matter and not as a part of the exercises for simplification of laws.

SA to the PM on revenue submitted that maximum efforts should be made to ensure that the decisions taken in the TRIC regarding simplification of tax laws after extensive deliberation are made a part of the next Finance Act. Member TRC Abid Shaban was designated as the convener of the sub committee on simplification of tax laws.

Ashfaq Tola submitted that the sub committee for simplification constituted just prior to the last budget would be requested to extend proposals for simplification of tax laws within one week. The same would be compiled in a joint meeting and thereafter the said proposals should be placed before the IR Policy wing and subsequently these can be discussed in the meeting of the TRIC.

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