



Balochistan Tax Revenue Mobilisation Strategy

2020



**GAP Analysis, Tax Revenue Mobilization
Strategy and Action Plan
For Government of Balochistan**



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Message from Chief Minister

Jam Mir Kamal Khan Alyani

Government of Balochistan.



Our Government's premier vision is to ensure an economically stable Balochistan. The utmost stability lies in generation of revenues from our own sources rather to depend on Federal Government, Donor Agencies and others.

It is not just to deny this fact that Balochistan is a rich province in terms of strong and attractive geographical position, rich minerals, long coastal region, two international borders and other natural resources. These natural and locational resources provide enormous opportunities to Balochistan to become the most prosperous province of the country.

Thus, our first priority is to avail these opportunities and to convert the same into strengths of the province, by creating business friendly environment to enhance volume of economic activities across the province and re-engineering of the obsolete taxation system of Balochistan.

In pursuance of our Government's vision, I proudly state that, the Finance Department with the financial assistance of Multi Donor Trust Fund (MDTF), has taken remarkable initiative, to develop this "Provincial Tax Revenue Mobilization Strategy", which will guide the relevant departments to re-structure the obsolete taxation system and initiate measures to rationalize the provincial owned tax revenues.



Message from Finance Minister
Mir Zahoor Ahmed Buledi
Government of Balochistan

In compliance of the constitutional provisions; the Provincial Government is required to lay down, before the Provincial Assembly, a statement of estimated receipts and expenditure of the Provincial Government. In order to finance the Government's expenditure, receipts are essential and premier arm in any budget development process.

The continuous upward trend in expenditure and the declining and limiting revenue resources of the province had been resulting an annual increased budgetary deficit and a worsen financial position of the province. Thus, it became my first priority to cater this, the Provincial Government, with the financial assistance of Multi Donor Trust Fund (MDTF) through Governance and Policy Project (GPP) Balochistan, has taken an initiative to mobilize the existing and explore new revenue resources in the province.

This 'Provincial Tax Mobilization Strategy' is aimed to restructure the existing obsolete provincial taxation system. This strategy will not only re-design the taxation legal framework but will also introduce new and modernized techniques in various areas of taxation and will bring Balochistan's Taxation System at par with the most globally sophisticated taxation systems.

I would like to appreciate the noteworthy efforts of Mr. Noor-ul-Haq Baloch, Secretary Finance and his enthusiastic team being a part of this whole exercise and made a ray of hope for enhancing provincial revenues with a purpose to reduce the budgetary gap.

I sincerely hope that this strategy will realize the underlying objectives of our Government's strong economic and financial policies and will introduce strong reforms both in the administrative areas of tax revenue generating departments and in taxation operational / functional matters.

Message from Finance Secretary**Noor ul Haq Baloch**

Government of Balochistan



In order to accomplish the Provincial Government's vision, Finance Department is making continuous efforts to reduce the budgetary gap which in-fact arose of two main causes i.e. the expenditure with a continuous upward trend and the receipts with stagnant trend. In the absence of thriving private sector business, the government's owned revenue resources are on declining mode which has been causing a continuous budgetary deficit.

To tackle the stated financial position, Finance Department, under the current Government's vision, is committed to focus upon owned revenue generating sources. Therefore, an effort has been made to develop this 'Tax Mobilization Strategy' whereby a comprehensive post-mortem of the existing provincial taxation system has been carried out. I am hopeful, this strategy will result in certain reform actions in different provincial taxes. Moreover, Finance Department, with the support of respective departments, has already implemented some of these reform actions through Finance Act, 2019 and certain amendments are proposed in Finance Bill, 2020. Furthermore, the Provincial Revenue Management (PRM) Unit of Finance Department, with the co-ordination of respective departments, has also drafted Electricity Duty Bill, 2020 and Capital Value Tax on Immovable Property Bill, 2020.

On similar lines of taxation resources, PRM unit, of Finance Department is also working on 'Non-Tax Revenue Mobilization Strategy' whereby reform actions will be proposed for the existing non-tax revenue sources. In parallel, new sources of non-tax revenue generation sources will also be explored.

Above in view, I would like to extend my gratitude to Mr. Lal Jan Jaffar, Special Secretary Finance, consulting firm and Mr. Saad Ullah Khan Kakar, Consultant Provincial Revenue Management (PRM) for their untiring efforts in preparing, reviewing and facilitating this strategy and their commitment towards future alike efforts. I also owe gratitude to the able team of Governance and Policy Project, Balochistan for helping us in this effort.

Acronyms and Abbreviations

ABS	Annual Budget Statement
ADB	Asian Development Bank
ADP	Annual Development Program
AEDB	Alternate Energy Development Board
AG	Accountant General
AIT	Agriculture Income Tax
AGP	Auditor General of Pakistan
ARV	Annual Rental Value
BoR	Board of Revenue
BIDC	Balochistan Infrastructure Development Cess
BSTS	Balochistan Sales Tax on Services
BRA	Balochistan Revenue Authority
CARIK	Coastal Agricultural Research Institute-Karachi
CCI	Council of Common Interest
CFT	Cubic Feet
CNG	Compressed Natural Gas
CPI	Consumer Price Index
CVT	Capital Value Tax

ETD	Excise and Taxation Department
ETS	Emissions Trading Systems
EU	European Union
FAQ	Frequently Asked Questions
FY	Financial Year
FBR	Federal Board of Revenue
FD	Finance Department
FO	Furnace Oil
FIRS	Federal Inland Revenue Service
GARV	Gross Annual Rental Value
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIS	Geographic Information Systems
GST	General Sales Tax
GoB	Government of Balochistan
GoP	Government of Punjab
GoS	Government of Sindh
GoK	Government of Khyber Pakhtunkhwa
GWH	Gigawatt Hours
HIES	Household Integrated Economic Survey
HR	Human Resource
HSD	High Speed Diesel
IDC	Infrastructure Development Cess
IT	Information Technology
IMF	International Monetary Fund

IRS	Inland Revenue Services
JP	Jet Propellant
KPK	Khyber Pakhtunkhwa
LT	Long Term
MCFT	Million Cubic Feet
MIS	Management Information System
MIT	Massachusetts Institute of Technology
MoF	Ministry of Finance
MW	Mega Watt
MVT	Motor Vehicle Tax
MS	Motor Spirit
Mt	Metric Ton
MT	Medium Term
NA	Not Applicable
NAO	National Audit Office Tanzania
NADRA	National Database and Registration Authority
NEPRA	National Electric Power Regulatory Authority
NOC	No Objection Certificate
NBP	National Bank of Pakistan
NFC	National Finance Commission
NREL	National Renewable Energy Laboratory
NTDC	National Transmission and Dispatch Company
OECD	Organisation for Economic Co-operation and Development
OGRA	Oil and Gas Regulatory Authority

PAITA	Punjab Agricultural Income Tax Act
PRAL	Pakistan Revenue Automation Limited
PSID	Payment Slip Identification
PKR	Pakistani Rupee
PPA	Power Purchase Agreements
PPP	Public-Private Partnership
PMDC	Pakistan Mineral Development Corporation
QESCO	Quetta Electric Supply Company
REC	Renewable Energy Credit
RES	Renewable Energy Sources
SARA	Semi-Autonomous Revenue Authorities
SBP	State Bank of Pakistan
SMO	Small Taxpayers Office
TOE	Tonne of Oil Equivalent
ST	Short Term
UIPT	Urban Immovable Property Tax
UK	United Kingdom
USA	United States of America
UOM	Unit of Measurement
VAT	Value -Added Tax
WA	Weighted Average

Executive Summary

The World Bank through Governance and Policy Project (GPP) Balochistan, took initiative to support the Government of Balochistan in its efforts to increase own source revenue which is far less than other provinces. Scarcity of resources with the GoB has crippled its abilities to meet Millennium Development Goals and develop the province at par with other province. As a first towards achievement of this goal GPP reached, an understanding with the GoB to prepare a Revenue Mobilization Strategy by procuring services of a consortium of firms Chartered Accountants, M/s Suriya Nauman Rehan & Co. and UHY Hasan Naeem [hereinafter referred as consultants].

The scope of the assignment was to assess existing revenue base and define a base line of own source revenue. During assessment process reform areas in existing laws and regulations were also identified which lead to gap analysis and finally reform action plan.

Reform action plan has been made against three pillars of taxation viz a viz Policy and administrative reforms, Taxpayers Facilitation and Legislative reforms:

- a) **Policy and Administrative Reforms** refer to those strategic level recommendations which need to be applied on all tax and non-tax revenue collection and enforcing agencies of GoB. These recommendations address to Tax Policy and administrative issues which are causing low tax compliance, enforcement and over governance of tax administration system.
- b) **Tax-payers Facilitation** refers to facilitating the taxpayer to increases voluntary tax compliance and result in achieving the revenue targets. Pakistan ranks 136th worldwide in the World Bank's Ease of Doing Business Index, and 173rd in ease of paying taxes. Improving voluntary tax compliance is focus of the tax reforms. Different tools and measures under this head for each tax.

- c) **Legislative Reforms** refers to changes and amendments required in specific laws, regulations and acts which are necessary to maximize revenue and to reduce tax evasion and non-compliance. These recommendations include changes in tax rates, elimination of exemptions, addition / deletion or changes in provisions of laws and regulations.

The study has also identified new potential areas for revenue. Balochistan has abandoned area of land available which can utilized for economic activities by generating of wind and solar Power for industrialization and development. Potential for such energy projects have been detailed based on available studies. Introduction of Carbon tax and Coastal areas for agricultural and commercial purposes in association of private sector are other potential areas for revenue generation.

Revenue Budgeting or targeting size of envelope is one of key challenge faced by the Government. There are number of models for revenue budgeting in public sector which include time series analysis, regression analysis and structured macroeconomic fiscal models.

The report gives brief on the techniques and analysis for revenue budgeting for Balochistan government.

Introduction

GoB needs funds to invest in development, relieve poverty and deliver public services. Effective taxation provides a reliable and sustainable source of revenues that is needed to promote sustainable growth and offers an antidote to dependence of GoB on Federal funding. Strengthening domestic tax systems is not just a question of raising revenue: it is also about designing a tax system that promotes inclusiveness, encourages good governance, promotes investments and job creation, matches society's views on appropriate income and wealth inequalities and promotes social justice.

This report covers 4th deliverable "Diagnoses of gaps and identification of reform areas" and 5th deliverable "Formation of Revenue mobilization Strategy and Action Plan" for GoB by the consortium of firms under the RFP No: PK-FD GPP-23296-CS-CQS with Governance and Policy Project.

This report is aims

- a) Identification of gaps in existing laws based on the assessment done and areas where the laws have become redundant or needs improvement for ease of enforcement and ensuring completeness of tax revenue mobilization.
- b) Identification of reform areas in administration of tax and non-tax revenue and proposed amendments in the relevant policies, procedures, regulations and institutional arrangements for revenue budgeting, generation and collection activities.
- c) Devise basis for revenue targeting based on the Macro-economic forecast for determination of revenue of receipts.
- d) Identification of Potential new revenues areas and exploitation of natural resources of Balochistan including land and proposals for measure to be taken in short term and long term for revenue generation in potential areas.
- e) Outline key elements that should be included in the tax revenue mobilization strategy and recommendations including policy reforms, regulatory reforms, collaborations and investments in human, infrastructure and administrative capacity necessary to secure potential sources.
- f) Provide an action plan to implement the tax revenue mobilization strategy.

Amongst challenges faced by the GoB, tax revenue mobilization is difficult one because of reason as discussed specifically under each tax instrument. Beside specific reason some General issues include; weak tax administrations, low taxpayer morale, corruption and the missing most important reciprocal link between tax and public and service delivery by GoB to its citizens. The vicious circle of low tax morale and compliance — which reduces the lifeblood for funding public services — needs to be broken. Where administrative capacity and incentives to comply are weak, 'hard-to-tax' sectors, including small businesses and properties, agricultural farms, and professionals, become particularly difficult. Structural constraints, including low levels of economic development, Law and order situation and political economy of the taxes are other challenges.

Summary of Tax Collections for GoB

(As per Financial Statements)

Direct Taxes	2018		2017		2016	
	Rupees in Million		Rupees in Million		Rupees in Million	
		%		%		%
Property Tax	122	1%	126	2%	91	2%
Land Revenue	288	3%	298	5%	253	6%
Tax on Profession Services	4	0.04%	4	0.06%	4	0.10%
Sub Total	414	4%	428	7%	348	9%
Indirect Taxes						
Sales Tax On services	7163	77%	4463	68%	2357	59%
Receipts under Motor Vehicle Act	755	8%	715	11%	641	16%
Stamp Duties	406	4%	422	6%	273	7%
Provincial Excise	426	5%	443	7%	382	10%
Capital Value Tax-On Immovable Property	91	1%	97	1%	0	0
Others	35	0.38%	8	0.12%	12	0.30%
Sub Total	8,876	96%	6,148	93%	3,665	91%
Total	9,290	100%	6,576	100%	4,013	100%

Own source revenue of Balochistan province is lowest even as compared to percentage with respect to total revenue. Comparison is given in the following table (Source: White Papers 2018)

PROVINCE	TOTAL REVENUE (RUPEES IN BILLION)	DOWN SOURCE REVENUE (RUPEES IN BILLION)	PERCENTAGE
PUNJAB	1,465	269	19%
SINDH	887	241	27%
KPK	587	34	6%
BALUCHISTAN	268	13	5%

1. Sales Tax on Services

1.1 Legal and institutional framework

Sales tax on services in Balochistan is levied under the Balochistan Sales Tax on Services Act, 2015 ('BSTS Act 2015') as amended through the Sales Tax (Amendment) Act, 2019 and the Finance Act, 2019. Balochistan Revenue Authority, established on 3 July 2015, executes overall policies and general administration of the services, while the Commission rates operate the actual task of taxpayers' registration and de-registration, audit and assessment, enforcement and collection of sales tax on taxable services. Key findings of the assessment identified are:

1.2 Fiscal Highlights

The table below depicts the revenue collected by the provinces on account of sales tax on services during fiscal years 2016, 2017, and 2018.

Fiscal Year	Revenue Collected			
	Balochistan	Sindh	Punjab	KPK
Rupees in Millions.....			
2016	2,357 ¹	61,470 ²	58,670 ³	7,268 ⁴
2017	4,463 ¹	78,639 ²	77,738 ³	10,274 ⁴
2018	7,161 ⁵	99,038 ⁶	105,988 ⁷	10,900 ⁸

¹ GoB Financial statements FY 2016-17

² GoS Financial statements FY 2016-17

³ GoP Financial statements FY 2016-17

⁴ GoK Financial statements FY 2016-17

⁵ GoB Annual Budget statement FY 2019-20

⁶ GoS Annual Budget statement FY 2019-20

⁷ GoP Annual Budget statement FY 2018-19

⁸ Khyber Pakhtunkhwa Budget White Paper 2019-20

1.3 Reform areas identified during the assessment process

- **Jurisdiction of taxability of services:** The taxpayer's liabilities as to withholding of sales tax and adjustment of input tax paid to the Federal and other Provincial Governments are defined in the law. Whether the services chargeable to tax under the BSTS Act, 2015 are to be taxed on the basis of origin of services or on the destination of service needs to be clarified to bring certainty and avoid double taxation. This would require coordination with the Federation and other provinces for equitable resolution of the issue.
- **Parameters for selection of audit:** The number of transactions involving tax implications is very high in taxes like sales tax. In such taxes, taxpayers are encouraged to voluntarily comply with tax law with some checks and balances. Audit is one of such check to keep the taxpayers aware that they can be tested for veracity of their declarations. The Hon'ble Supreme Court of Pakistan has validated both parametric and random selection of cases for audit. [2018 SCMR 1328] The audit proceedings should be concluded within a reasonable timeframe. Open ended audit creates problems and leads to corrupt practices. The purpose of audit should be to check the truthfulness of the declaration and not to increase revenue by any means.
- **Nonexistence of Appellate Authorities:** If a taxpayer feels grievance against any action of the tax authorities, the BSTS Act, 2015 provides him with appellate fora for redressal of their grievances. However, the paraphernalia of appellate structure (Appellate Tribunal and Commissioner Appeals) has not yet been established which needs to be addressed on priority basis.
- **Complication and Cost of Compliance:** PRAL system is very complicated and it requires data to be uploaded and HS Code of type of service to be mentioned as well as selection of rate, which for a normal taxpayer having large volume of transactions like hotels, doctors, engineers, and other small service providers is a tall order.
- **Inefficient Tax Administration:** The big tax gap and low productivity ratios are symptoms of a weak tax administration. Pakistan's tax administration is constrained by poor management, low capacity due to weak human resources, and a lack of effective key supporting information technology (IT) systems, which all together provide enough scope for unbridled discretion and corruption. The

incidence of bribes paid to tax officers is high, particularly by large firms (World Bank 2009).

- The Global Corruption Barometer 2010/11 finds that at least every two of five surveyed households have bribed tax revenue authorities to escape paying taxes (Transparency International 2012). According to the government's National Anti-Corruption Strategy, tax collection losses due to corruption were highest in the corporate and personal income taxes (64 percent) and sales taxes (45 percent) (National Accountability Bureau 2002).
- **Information dissemination:** The potential taxpayers need to be reached through information technology. Taxpayers' guidance brochures, information packages, mobile phone tax applications and easy access to tax law resources can help in promoting tax culture. So far little work has been done on these areas.
- **Communication with Tax Payer:** The working of the BRA is still mostly paper based. There is no tracking of notices and other correspondence between the tax authorities and the taxpayers. It leaves gaps in the compliance and reduces efficiency of the assessing officers because they are difficult to be monitored for their work efficiency in paper based environment. Paper based record is more prone to intentional and unintentional loss or misplacement, especially when there is transfer of jurisdictions or the officers and officials.
- **Revenue potential:** The services produced within the province of Balochistan are 2.4% of total services produced within Pakistan. Estimated GoB share in national GDP on base prices for Transport & Communication, Finance and Insurance and other private services figures is estimated to be Rs. 79.7 billion and on current prices estimates it is Rs. 209 billion. If standard rate of sales Tax on services is taken at 16%, it would yield revenue of about Rs. 33 billion. However, keeping in view the fact that many services are not as a policy to be taxed or to be taxed at a lower rate or with some basic non-taxable threshold, having a total impact of reduction of 50%, even then the revenue potential of Rs. 16.5 billion per annum should not be daunting task.

1.4 Specific Recommendation

- **Legislation for harmonization of sales tax on services laws and rules should be initiated.** The IT systems of the provincial and Federal government, if integrated, will result in eliminating risk of flying invoices. Initiative for Point of Sales

and Electronic Cash registers may be introduced in restaurants and transport industry. Until the system is integrated, snap physical monitoring on the spot be implemented. It should not be left to a single official or officer. Monitoring by teams reduces chances of corrupt practices. GoB can may also benefit from the STRIVe system developed by FBR for verification of invoices to reduce the risk of fake invoices and incorrect input adjustment.

- **The BSTS grants enormous discretion to the BRA in administering the provisions of the tax law.** In democratic setups it is the people through their chosen representatives who decide what is to be taxed, at what rate and by whom it is to be paid. These questions cannot left to an execution authority like BRA. The role of BRA in delegated legislation should be limited to procedural matters and administrative measures for the implementation of the BSTS Act, 2015. The elected representatives will have more say in the financial matters and will feel easy to inspire confidence of the public in the taxation measures taken through legislation.
- **The GoB should take measures to make Appellate and other redressal fora functional.** Whereas the BSTS Act, 2015 provides for appellate fora and alternate dispute resolution mechanism, these have to be established yet along with promulgation of rules for their effective working. Section 66 dealing with the appointment of the members of the Appellate Tribunal need to be amended. Transparency and merit based selection through Balochistan Public Service Commission would be more confidence inspiring than handpicked by the executives of the province. Commissioner (appeals) should also be appointed on priority basis to facilitate the taxpayers.
- **Section 33 of the BSTS Act, 2015 should be amended** to ensure that the audit is conducted in a timely manner of cases selected for the purpose in a transparent manner. The existing taxpayers should be encouraged to comply taxes rather than punish them with penalties for small or technical errors.
- **Taxpayer's registration requires boosting.** There are a number of potential businesses rendering or providing taxable services under the BSTS Act 2015, but are still out of the tax regime. The registration of such businesses be carried out by coordinating with trade bodies, by survey teams and by utilization data from different sources, including cadastral survey, indicating taxable activities.
- **A research and training department should be established** in the BRA to enhance

the capabilities of the manpower and conduct research on different businesses and business practices. Performance measurement parameters of the staff should be devised which would help in objective evaluation of their performance.

- **An annual directory of taxpayers should be uploaded on the BRA's website. In addition, tax laws compliant taxpayers should be provided special facilities** e.g. speedy tax refund service, partial or full-exemption from withholding taxes (as a system to improve cash-flow), and a specific tax-credit.
- **The BRA officers while interacting with the taxpayer must issue letters and notices through system where the bar code must be appearing** and the same are traceable through the system. This will allow the taxpayers to trace all notices and orders issued through system on the basis of barcodes printed on all correspondences in order to eliminate the risk of fake notices.

2. Property Tax

2.1 Legal and Institutional framework

Provincial governments have the constitutional mandate to collect property tax in Pakistan. Property tax is administered through the Excise and Taxation Department (ETD) of the Province under the Urban Immovable Property Tax Act, 1958. The tax is levied on immovable property in the rating areas and its basis is the annual rental value that is an estimated value on which a property is estimated to be let out annually. Naturally, the value differs with the size and locale of the property. Property tax is a direct tax of which the burden is borne by the owner of the property.

Currently the said tax is levied on the annual rental value of the urban property, imposed through Urban Immovable Property Tax Act, 1958 in Balochistan. Tax rates are different in different provinces, which are either a flat rate or a percentage of the annual rental value. The rental value does not mean that the property has to be rented out. It simply gives an assessed value by the government of how much rent would be generated, had the property been let out. The basic purpose of a tax is to collect tax from owners of urban immovable properties at certain rates prescribed by the provincial government. The Excise and Taxation department is enforcing and collecting agency on behalf of the GoB for taxes payable under Urban Immovable Property Tax Act, 1958. Key findings of the assessment identified are:

2.2 Fiscal Highlights

The table below depicts the revenue collected by the provinces on account of property tax during fiscal years 2016, 2017, and 2018

Fiscal Year	Revenue Collected			
	Balochistan	Sindh	Punjab	KPK
Rupees in Millions.....			
2016	91 ⁹	2,001 ¹⁰	2,040 ¹¹	333 ¹²
2017	126 ⁹	1,319 ¹⁰	4,661 ¹¹	281 ¹²
2018	122 ¹³	2,009 ¹⁴	2,291 ¹⁵	90 ¹⁶

2.3 Reform areas identified during the assessment process

- **Basis of Assessment:** In Balochistan, annual rental value is being used as basis of assessment of property tax on urban immovable property. However, there are few inherent problems with this method, i.e. it requires a well-functioning rental property market and a clear trail of land ownership and transaction record. However, fiscal data on these parameters for different cities is hardly available in Balochistan.
- **Outdated rating areas and lack of updating the existing rating areas:** The Government's delay in notifying new "rating areas" – those that fall under the tax net – and extensions in existing rating areas have resulted in a very large number of properties remaining untaxed. Despite rapid urbanization and a sharp escalation in urban property and rental values, revenue from UIPT is extremely low. There are thousands of properties being transferred in Gwadar and Quetta, which falls under the category of urban immovable property. Most of these properties also remain unregistered as their transfer was taking place in the record of housing societies and municipal authorities.
- **Valuation of properties:** Assessment of the properties is primarily based on the nature and type of building. Locality-wise yardsticks like commercial and residential use, self-occupied or rented out etc. are used to assess the annual rental value. Under section 5-A of the Act, valuation table are prepared by the government and notified from time to time. While the law is almost same as in the other provinces, the only deficient area seems the survey side. Regular survey of the immovable properties would be helpful in increasing the tax base.
- **Discretionary powers.** The taxpayers are subject to an assessment of annual letting value based on the PT-1 assessment form. However, there is substantial discretion available with the Excise and Taxation Officer for the assessment of Annual Letting Value. The GoB should notify the rates which should be

⁹ GoB Financial statements FY 2016-17

¹⁰ GoS Financial statements FY 2016-17

¹¹ GoP Financial statements FY 2016-17

¹² GoK Financial statements FY 2016-17

¹³ GoB Annual Budget statement FY 2019-20

¹⁴ GoS Annual Budget statement FY 2019-20

¹⁵ GoP Annual Budget statement FY 2018-19

¹⁶ Khyber Pakhtunkhwa Budget White Paper 2019-20

widely publicized for the knowledge of the taxpayers which will serve the double purpose of increasing awareness of tax obligations of the taxpayers and reduction in corruption.

- **Weak administration:** The ETD is responsible to recover the property tax. There are huge amounts of unrecovered property taxes in the province. Some years back the registrar used to have NOC from ETD at the time of transfer of property which served as a tool for recovery of unpaid property tax of the property being sold. However, the practice was not strictly followed in recent past which has contributed towards increasing quantum of arrears. Currently, there is no consolidated report of un-recovered property tax available with the Finance department to be reported as part of financial statements of the province. Thus, property tax in arrears cannot be estimated with accuracy.
- **Large exemptions:** Tax exemptions are one of the principal reasons for a narrow tax base with low buoyancy. They come in different shapes and forms, including concessions, special regimes, and incentives, but they all amount to an exemption from certain taxes that the tax authorities would otherwise collect from an individual or an organization. Balochistan's property tax structure is riddled with exemptions and preferential treatment of properties, which has eroded the tax base.
- **Unsettled Land:** Large tracts of land in some districts have not been 'settled', which means that detailed records for them have not been prepared. They remain outside the tax base.
- **Revenue potential:** Revenue potential can be estimated on the basis of a survey of residential and commercial properties within the province, which remained a challenge for the government due to the law and order situation prevailing for last two decades. In the absence of the survey, the property tax is collected mainly from commercial properties based on institutional memory. Only such taxpayers pay the property taxes that have paid the said tax in previous years. Voluntary compliance of the property tax is very rare. Based on interviews, the assessor estimated that the current collection of property tax is less than 20% of the tax potential.

Description	Data
Population of Balochistan ¹⁷	12,344,408
Average house hold size ¹⁸	7.84
Number of Houses	1,574,542
Assume 50% houses are exempt (less than 5,000 sq. Feet)	787,290
Average expenditure on house rent per annum ¹⁸	57,508
Gross Annual Rental value (in million)	45,433
Net ARV (90% of GARV)	40,890
Tax @ 15% PKR million	6,133.4

2.4 Specific Recommendations

- **Successive surveys and re-assessments should be done every 3 years. Until this is done, tax collection projections should be annually indexed to inflation.** This will ensure that the government's tax collection will keep pace with the increase in the market values of private properties. Cadastral surveying is the discipline of land surveying that relates to the laws of land ownership and the definition of property boundaries. Studies show that it helps in identifying the land area and ownership record. Most cadastral surveys are good at identifying land area, soil quality, and the owner of record (Skinner, 1991, p. 509).
- **Certain exclusion is always necessary for Property tax valuation.** These should normally take into account, Public School, Public Hospitals, Mosques,

¹⁷ Census of Pakistan, 2017

¹⁸ HIES 2015-16

Church and other place of worship etc. Other than such exclusion property tax should be on every house hold with concrete roof to broaden the tax base.

- **The recommendation is to remove the huge exemptions available in UIPT Act, 1958 to create a system of progressive taxation.** The reform argued here is to tax all property at the same rate, except which is exempt by normal convention (e.g. Places of worship, charities etc.) And that which is exempt to protect low income families. A proposed schedule may be promulgated as part of law:

Sr. No.	Residential Accommodation in personal residential use		Residential Accommodation on rent		Commercial building self-occupied		Commercial building on rent	
	Covered Area in Sq. Ft	Tax per annum PKR	Covered Area in Sq. Ft	Tax per annum PKR	Covered Area in Sq. Ft	Tax per annum PKR	Covered Area in Sq. Ft	Tax per annum PKR
1	upto 500	100	upto 500	200	upto 200	2500	upto 200	5000
2	501-1000	2000	501-1000	4000	200-300	3000	200-300	6000
3	1001-1200	2500	1001-1200	5000	301-400	4000	301-400	8000
4	1201-1500	3000	1201-1500	6000	401-500	5000	401-500	10000
5	1501-1800	4000	1501-1800	8000	501-600	7000	501-600	14000
6	1801-2000	4500	1801-2000	9000	601-700	9000	601-700	18000
7	2001-2500	5000	2001-2500	10000	701-800	10000	701-800	20000
8	2501- 3500	8000	2501- 3500	16000	801-900	12000	801-900	24000
9	3501-5000	10000	3501-5000	20000	901-1000	14000	901-1000	28000
10	5000-7000	14000	5000-7000	28000	1001-1100	16000	1001-1100	32000
11	7001-10000	20000	7001-10000	40000	1101-1200	18000	1101-1200	36000
12	10000 and above	20000 plus Rs. 10 per S. ft	10000 and above	40000 plus Rs. 20 per Sft	Above 1200	18000 plus Rs. 50 Sft	Above 1200	36000 plus Rs. 70 Sft

- **The reforms in land and property transfer records. Taxes should be part of the rationalizing the overall tax system.** The changes would aim to ensure that the revenue flow is adequate to meet the revenue target, the tax burdens are fairly spread between urban and rural residents, and undesirable behavioral effects are avoided. In the short run, some will argue for an increase in property transfer tax rates as a revenue enhancement measure. This is not a good solution to the revenue problem, and it is not good tax policy, because it ignores or even exacerbates the underlying valuation and compliance problem.

The alternative route, indexing the existing rates to some indicator of average property value growth, would penalize properties experiencing slower growth in favor of those experiencing faster growth, and may thwart the real estate market dynamics.

- **Property Valuation for tax purposes can also be done through more comprehensive and equitable basis of valuation.** Points are allotted for a number of variable which may include;
a) size of property, b) kind of road, c) usage commercial or residential, d) Drainage systems, e)
electricity and Gas, f) Kind of construction, g) kind of commercial operation e.g. Hotel, Bank, NGO, Telecom Company, Factory, Trading, commercial hospital etc. An example of such property valuation is:

Base Measure:	Dwelling for residential use	
Base Value:		44.88
Base Factor:	x	100.00 %
Initial Rateable Value:		44.88
Sum of Value Adjustments:	33.00 %	14.81
Initial Rateable Value:	+	44.88
Annual Rateable Value:		59.69
Mill Rate:	x	600.00
Property Tax Payable:		35,814.24
Arrears:	+	0.00
Penalty:	0.00 % +	0.00
Payment(s) Made:	-	0.00
Total Payable (rounded down to nearest 1,000)		35,000.00

Feature	Result	Adjustment
01 Location Band	B	5.00 %
02 Road Frontage	Yes	10.00 %
03 Road Surface	Earth	0.00 %
04 Accessibility	Good	0.00 %
05 Expansion Potential	Some Potential	8.00 %
06 Drainage	Dry Soil	0.00 %
07 Sanitary	Pit Latrine only	-10.00 %
08 Landscape	Average	3.00 %
09 Special View	None	10.00 %
10 Fence	None	0.00 %
11 Electricity Mains	Yes	20.00 %
12 Water Supply	Mains Water	0.00 %
13 Water Tank	No	0.00 %
14 Type	House	0.00 %
15 External Wall	Fired Brick	5.00 %
16 Wall Finish	None	0.00 %
17 Wall Condition	B	0.00 %
18 Servants / Boys Quarters	No	0.00 %
19 Roof Cover	CIS	0.00 %
20 Roof Guttering	No	0.00 %
21 Roof Condition	C	-20.00 %
22 Air Conditioning	No	0.00 %
23 Garage	None	0.00 %
24 Verandah	Open	2.00 %
25 Windows	Wood / Glazed	0.00 %
Sum of Value Adjustments:		33.00 %

- **A crucial element to any sustainable reform is to improve the method of valuing property transactions so as to better approximate true market value.** There are a number of necessary actions that must be taken to eliminate or at least reduce the gap between assessed and market value (Box 1). In addition, simplification in the tax structure should be sought, especially given the current limited administrative capacity of the provincial government. While there are no reliable sales-ratio studies available to estimate the revenue impact of better valuation, anecdotal evidence suggests that a 50 percent undervaluation of transferred property might be a reasonable, even though perhaps conservative, estimate. In this case, a 15 percent increase in taxable values, and tax collections, would be well within the reach of provincial governments if they chose to make the necessary administrative improvements.

Box 1: Tackling the Problem of Undervaluation

- Carry out a survey of all properties so that a full cadaster is available for compiling the tax roll.
 - Subject all declared transfer values to independent valuations carried out by the ETD.
 - Increase qualified property-assessing staff for updating the tax roll and in making the assessments. If the goal is to subject all property transfers, or even all suspect declarations, to desk and possibly field verification, a significant (and costly) increase in staff will be called for.
 - Settle on a method of valuation and develop the appropriate procedural manual. Given the present state of valuation in the Balochistan, this method will likely involve making use of a combination of expert judgment and objective information (e.g., realtor opinions and the valuation data established in urban areas for UIPT).
 - Carry out regular sales-assessment ratio studies to monitor valuations and to update the valuation tables in both urban and rural areas. This could be done by the increased staff, and with the use of expert opinions.
 - Enact a substantial surcharge on tax due in the case of declarations that are found to be well below market levels based on independent valuation.
- A potential check on valuation might be made by coordination with the valuations placed on urban properties by the excise tax department for purposes of UIPT. At present, there is no such coordination.

- **The use of annual rental value as the basis of assessment of property tax on urban immovable properties has a few inherent problems,** i.e. it requires a well-functioning rental property market and a clear trail of land ownership and transaction record. However, fiscal data for these parameters is hardly available in Balochistan. Some other methods available for the assessment of property tax as used in different countries are as under.

Tax base	Definition	Measure Used	Example of Countries where used
Market Value	Price that would be struck between a willing buyer and a seller in arm's length transaction	Comparable sales, depreciated cost or income method	Australia, Canada, Indonesia, Japan, United states
Site Value	Price that would be struck between willing buyer and seller in arm's length transaction	Comparable sales subtracting improvements value from total property value	Kenya, New Zealand, South Africa, Jamaica
Self-Assessment	Sale price	Determined by Owner of property	Peru, Turkey
Transitional or Mixed System	Combination of Area and market value	Market priced zones for land or land and building	Estonia, Latvia

- **The World Bank has argued that strengthening tax administration and the billing and collection system can double,** if not quadruple, revenue from the property tax in urban areas. A comprehensive research project done by economists from Harvard University, MIT and the International Growth Centre, in collaboration with the Punjab Department of Excise and Taxation, has shown that providing better incentives to property tax inspectors significantly improves their performance in tax collection. This shows that giving reasonable incentives to the government servants can increase tax revenue.
- **Outsourcing assessment and collection of property tax to contractors who are**

also obliged to provide basic municipal services which may include water supply, solid waste disposal, drainage and street lighting etc. This method, however, can be implemented with fairness only when the basis of assessment is clear and the rates are notified and widely known to the public. Otherwise, high handedness of the contractors might be counterproductive. In any case, a strong appeal process should continue to be manned with government personnel.

3. Stamp duty

3.1 Legal and Institutional framework

Stamp duty means a tax payable on certain legal documents specified by statute; the duty may be fixed or ad valorem meaning that the tax paid as a stamp duty may be a fixed amount or an amount which varies based on the value of the products, services or property on which it is levied. It is basically a kind of tax paid on any transaction based on exchange of documents or execution of instruments. Every instrument mentioned in the schedule 1 of the stamp act 1899 is chargeable according to the rates mentioned in the schedule. Registration Act 1908 under section 78 requires payment of stamp duty for registration of documents listed in the said Act. The Board of Revenue is the enforcing and collecting agency on behalf of the GoB for stamp duties payable under Stamp Act 1899. Key findings of the assessment identified are:

3.2 Fiscal Highlights

The table below depicts the revenue collected by the provinces on account of stamp duty during fiscal years 2016, 2017, and 2018.

Fiscal Year	Revenue Collected			
	Balochistan	Sindh	Punjab	KPK
Rupees in Millions.....			
2016	273 ²⁰	7,205 ²¹	27,172 ²²	831 ²³
2017	422 ¹⁷	8,036 ¹⁸	28,782 ¹⁹	956 ²⁰
2018	403 ²⁴	9,428 ²⁵	51,692 ²⁶	-27

²⁰ GoB Financial statements FY 2016-17

²¹ GoS Financial statements FY 2016-17

²² GoP Financial statements FY 2016-17

²³ GoK Financial statements FY 2016-17

²⁴ GoB Annual Budget statement FY 2019-20

²⁵ GoS Annual Budget statement FY 2019-20

²⁶ GoP Annual Budget statement FY 2018-19

²⁷ Not Available

3.3 Reform areas identified during the assessment process

- **Rates of property valuation:** Every instrument mentioned in the schedule 1 of the stamp act 1899, is chargeable to duty according to the rates mentioned in the schedule. This schedule consists of 66 Articles dealing with different documents which require payment of stamp duty

at the rates prescribed against each category in the said schedule. Rates of property valuation need to be revised so that stamp duty can be levied on updated rates.

- **Housing Societies and authorities are issuing allotment letter as titles to an immovable property:** There are thousands of properties being transferred in Gwadar and Quetta which fall under the category of urban immoveable property. Most of these properties also remain unregistered as their transfer was taking place in the record of housing societies and municipal authorities. The GoB through Finance Act 2019 has made payment of the stamp duty mandatory for the issuance of transfer letter / allotment letter by a housing society. Proper monitoring is required for the implementation of the new legislative measure.
- **Weak Administration:** Registration applies mostly to urban immovable properties, for which the records-of-rights do not exist. For registration, the transfer deed is prepared on a stamped paper and attested to by the registrar of properties. The registrar maintains a record of the deeds but there is no comprehensive record of properties in most urban areas.
- **Fake stamp papers:** Fake stamp papers are also being sold in the province which is causing revenue loss to the GoB.
- **Stamp papers from other provinces:** Sale of Stamp Papers/ tickets is a major source for the GoB. Stamp papers from different provinces are being sold in the province which may cause transfer of GoB revenue to the other provinces and poor control of transactions carried out within the province.
- **Revenue potential:** It is estimated that 20,000 properties are annually sold

in Balochistan.

There are a number of private housing societies, and authorities operating in Quetta and Gwadar which are selling properties to persons belonging to other provinces also. A substantial amount of revenue can be generated if stamp duty is collected on all transfer / allotment letters as required by the Finance Act, 2019.

3.4 Specific Recommendations

- **The GoB should carry out Cadastral survey on war footing basis to determine the valuation of land which can be the basis of assessment of value of property** for levying stamp duty. Cadastral survey also gives a true and exact description of the legal situation of rights in land at any moment. Only a cadastral map can provide the means of accurate identification necessary to this end and only a continuous and comprehensive record of rights can give an accurate picture of the position at any particular time.
- **The payments of Stamp duty should be automated like CPRs are being generated through PRAL system by BRA**, to minimize human interaction and to reduce the probability of misappropriation of funds. Automated payment system is accurate and reliable because a well-constructed program will monitor the rates and calculation of duty.
- **Stamp duty should be decreased for those buying primary residential properties, paid for by increasing the rates for those buying second properties or buy-to-let properties** People buying their main home, buy-to-let landlords, property companies and domestic or foreign buyers looking for second or third properties currently all pay the same stamp duty. The balance of taxation should be tilted away from those just wanting to buy the roof over their head, and towards those for whom property is an investment or a luxury. People should pay lower rates of stamp duty if they are buying their primary residential property than any other category of buyer.
- **Buy-to-let landlords and buyers of second properties should pay a flat rate stamp duty on the whole purchase price regardless of the price of the property**, with no exemptions There is no social or economic reason to have lower rates of tax or total exemptions for those buying properties as investments or for

those who already own a home of a specified (covered)/area. Those lower rates and exemptions are there to help people at the lower end of the property ladder realize their lifetime desire of owning their own house; there is absolutely no justification for property investors or those with multiple properties to benefit from them. Buy-to-let landlords and buyers of second properties should be made liable to a flat rate stamp duty (such as 5%) on the whole of purchase price regardless of the price of the property. This will generate considerable extra revenue to help pay for the reductions in stamp duty for those buying their primary residential property.

- **The GoB should amend the transfer of property laws to make payment of stamp duty compulsory** in case of transfer of property by authorities, housing societies and cantonment board.
- **GoB should distinguish its stamp papers from stamp papers of other provinces by barcoding its own stamp papers or by introducing E-stamping** in place of physical stamp papers in order to discourage sale of other provinces stamp paper in Balochistan. This will also eliminate sale of fake stamp paper in Balochistan. The model of Punjab could be adopted where the E-stamp papers are issued by the Bank of Punjab. This will eliminate fake stamp papers and also help in prompt collection of the duty.

As more and more information about taxpayers is held online, so the authorities can start to build up a picture of how online footprints align to types of tax filing. The one big difference between the transformation of the physical economy and the changes that digitalization is bringing to tax is timescale.

4. Professional Tax

4.1 Legal and Institutional framework

Provincial Governments under the Constitution have jurisdiction to collect professional tax in Pakistan. In Balochistan, professional tax is imposed on Professions and Employments under section 11 of Balochistan Finance Act, 1964, amended through section 4 of the Balochistan Finance Act, 1994, and section 5 and 6 of the Balochistan Finance Act, 1996. The GoB has enlarged the scope of Professional Tax in line with other provinces, through Finance Act, 2018 and Finance Act, 2019. This tax is now applicable on hospitals, laboratories, lawyers, companies, CNG stations and petrol pumps etc. Fixed tax rates are applicable to different categories. Excise and Taxation department is the enforcing and collecting agency on behalf of the GoB for taxes payable under Professional Tax Act. Key findings of the assessment are:

4.2 Fiscal Highlights

The table below depicts the revenue collected by the provinces on account of professional tax on services during fiscal years 2016, 2017, and 2018.

Fiscal Year	Revenue Collected			
	Balochistan	Sindh	Punjab	KPK
Rupees in Millions.....			
2016	4 ²⁸	350 ²⁹	637 ³⁰	248 ³¹
2017	4 ²⁵	355 ²⁶	663 ²⁷	244 ²⁸
2018	0.813 ³²	340 ³³	729 ³⁴	300 ³⁵

²⁸ GoB Financial statements FY 2016-17

²⁹ GoS Financial statements FY 2016-17

³⁰ GoP Financial statements FY 2016-17

³¹ GoK Financial statements FY 2016-17

³² GoB Annual Budget statement FY 2019-20

³³ GoS Annual Budget statement FY 2019-20

³⁴ GoP Annual Budget statement FY 2018-19

³⁵ Khyber Pakhtunkhwa Budget White Paper 2019-20

4.3 Reform areas identified during the assessment process

- The Scope of the professional tax.** The professional tax might be justified on the basis of benefits received from provincial government services, and as a tax paid by a business, employee or self-employed person for the privilege of doing business in the province. A benefits tax approach would indicate transforming the professions tax into a business levy or into a piggyback on the corporate income tax. In this case, it is not obvious that there should be an additional fee levied on individuals employed in these businesses, while currently some professionals are taxed twice—once through an official employer and then again as a professional employee. Alternatively, the professional tax might be an attempt to pursue equity objectives by taxing higher paid professions at higher rates. However, the variable tax rates across professions do not align with the ability to pay and the individual income tax is much better equipped to pursue equity objectives.
- Nature of tax:** Professional Tax is in **contradiction with ‘Trade Tax on Business Services’** as stated under section 5 of the Balochistan Finance Act, 1996.
- Absence of fundamental taxation ingredients:** The law for professional tax was passed as part of Finance Act 1964(section 11).The basic ingredients of taxing statute i.e. chargeability, authority to assess, authority to collect and authority to impose penalties and make recoveries are not enumerated in the law. The law is also silent for the appellate procedures and appellate authorities and remedies available to any aggrieved taxpayer.
- Withholding of professional tax:** Currently, without any legal provision, office of the Accountant General, Balochistan is deducting / withholding (@ 100%) professional tax amounting Rs. 250 from the monthly remuneration of the provincial government employees. First paragraph of section 11(1) (as so amended through Balochistan Finance Act, 2018) explicitly states that an annual tax of Rs. 250 is the tax liability for the persons or class of persons prescribed under the clauses from ‘a’ to ‘e’ of the ibid section however, office of the AG Balochistan is deducting / withholding Rs. 250 per years instead of annual deduction.

- **Information dissemination:** Dissemination of information regarding payment of professional tax is very low. Most of the tax collectors and taxpayers have little knowledge on the obligation for payment of such tax.
- **Arrears of revenue.** Arrears in case of professional tax are recorded and maintained by ETD. However, there is no record of arrears of said tax with the ETD.
- **Revenue potential:** Balochistan province has imposed professional tax almost on those businesses which are subject to payment of this tax in other provinces. Other provinces for instance Punjab and Sindh budget for Professional tax is PKR 1800 million and 854 million respectively for 2019-20. Whereas, the professional tax collected by the GoB for 2018-19 is Rs. 2.2 million. There is no fiscal data available with the GoB for accurate forecasting of the Professional Tax.

4.4 Specific Recommendations

- **Scope of Professional Tax is quite large under the constitution as therefore the other provinces have taxed a number of commercial activities under the scope of professional tax.** GoB needs to expand scope of professional tax include mining produce and other industrial and commercial production to collection professional tax.
- **There are several ways to improve the practice of taxing professionals at the provincial level. The first option is to consider the professional tax as unproductive nuisance** and to abolish it as provincial tax. It might then be turned over to the TMAs or union councils and be treated as a kind of general charge for the privilege of doing business in the local area. However, weak administrative capacity would remain a crucial bottleneck.
- **There should be a specific legislation regarding levy of Professional Tax duly describing the key areas such as definitions, tax charging principle, persons or class of persons** who are liable to pay such tax, rate of tax, exemptions, tax withholding provisions, delegation of power to administer, time and mode of payment, audit proceedings, offences, penalty, default surcharge, recovery of tax not levied or short levied, and power to make rules etc.

- **There is a need to inquire from the Office of the Accountant General, Balochistan that on what grounds the professional tax is being withheld @ Rs. 250/ from the yearly remuneration of the employees.**
- **In the prospective new legislation, excise and taxation department should be delegated** an explicit mandate for the administration and collection of such tax.
- **There is option to restructure the tax as a benefits charge for services provided by the provincial government (e.g., road infrastructure, certain utilities).** In this case, the tax might be levied on businesses and not on employees of taxpaying entities. A provincial level business registration fee (flat fee or progressive fee based on type or size of business) could be assessed annually as a presumptive tax. The main concern would be weaknesses in compliance, record keeping and administration that may lower revenue collection.

5. Motor Vehicle Tax

5.1 Legal and Institutional framework

Motor vehicle tax (MVT) is collected under the Balochistan Motor Vehicle Tax Act, 1958 which was amended through Balochistan Finance Act, 1964, Balochistan Finance (Amendment) Ordinance, 1981, Balochistan Motor Vehicles Taxation (Amendment) Act, 2005 and the Balochistan Finance Act, 2019. Any vehicle which is registered by Motor Vehicle Authority, created through Motor Vehicle Ordinance 1965, is liable to pay a tax on annual or quarterly basis. Excise and Taxation Department is the enforcing and collecting agency on behalf of the GoB for taxes payable under Motor vehicle Tax Act, 1958.

5.2 Fiscal Highlights

The table below depicts the revenue collected by different provinces from motor vehicle tax during fiscal years 2016, 2017, and 2018.

Fiscal Year	Revenue Collected			
	Balochistan	Sindh	Punjab	KPK
.....Rupees in Millions.....				
2016	641 ³⁶	5,435 ³⁷	11,800 ³⁸	1,317 ³⁹
2017	715 ³³	670 ³⁴	12,922 ³⁵	1,535 ³⁶
2018	755 ⁴⁰	7185 ⁴¹	14,530 ⁴²	1,700 ⁴³

- ³⁶ GoB Financial statements FY 2016-17
- ³⁷ GoS Financial statements FY 2016-17
- ³⁸ GoP Financial statements FY 2016-17
- ³⁹ GoK Financial statements FY 2016-17
- ⁴⁰ GoB Annual Budget statement FY 2019-20
- ⁴¹ GoS Annual Budget statement FY 2019-20
- ⁴² GoP Annual Budget statement FY 2018-19
- ⁴³ Khyber Pakhtunkhwa Budget White Paper 2019-20

5.3 Reform areas identified during the assessment process

- Registration Charges:** The registration tax is a relatively simple levy collected only once, at the time of initial registration. There are no exemptions, not even for government vehicles. However, a number of government vehicles do not pay taxes “because of owning department’s unwritten influence”. Even if the vehicle is sold, or if its user moves to another province, there is no additional registration tax levied. First-time purchasers are free to pay the registration charge in any province they choose. Once a vehicle is registered, the owner receives a license (number) plate and a registration book that includes space for stamps. If the vehicle is sold, a transfer tax is paid but there is no additional registration fee. The registration book is transferred with sale of the vehicle. It is required that the owner identification page be replaced through the motor vehicle registration office. The registration tax rate varies by type and age of vehicle. It is an ad-valorem tax that is assessed according to the value of the motor vehicle and its engine capacity. Tax rates were not changed for many years in Balochistan. However, in Balochistan Finance Act, 2019 has revised these rates. The tax can be paid in installments. Assessment and collection are relatively straightforward. The registration fee is collected at the time of purchase of a new motor vehicle. Without payment, there can be no ownership/registration papers.
- Token Tax:** The annual tax (the token tax) on automobiles is a fixed rupee amount, depending on the engine capacity and type of vehicle. The average car (1000-5000 cc) pays a flat amount of Rs 1,500 per year. Trucks pay according to axle weight, and buses according to seating capacity. The token tax rate has been not changed for a long time. However, likewise registration tax, the Balochistan Finance Act, 2019 has revised these rates. Vehicles such as non-commercial tractors used for agricultural purposes are exempt. The token tax for motor cars can be paid where the vehicle was originally registered or can be paid in another district if the owner applies for a change of residence. For “tied” vehicles, which include commercial vehicles, buses and trucks, the tax can only be paid in the office that maintains the registration record. Otherwise, taxes are paid either at the post office or at ETD offices.
- Purpose of MVT:** The major policy issue regarding motor vehicle tax is whether the structure of the tax matches the government’s goals for it. Provincial

governments might have multiple goals for the tax on motor vehicles. The most obvious is to raise some target amount of revenue for financing public services. However, there are other goals that the government might have for motor vehicle taxes. It might want to charge road users for the upkeep of the road system, or it may want to impose an extra tax on those who generate congestion and pollution. It may even want to discourage the use of roadways to reduce congestion. All of this needs to be considered in light of the demand for motor vehicle transport, and in the light of the economic and political sensitivity of taxes on this sector of the economy.

- **Allocation of Road Maintenance Fund:** In Balochistan, the allocation of funds for district level road maintenance has been on declining mode for many years. A significant proportion of the road network is in poor condition primarily due to shortage of maintenance funds. Given that the ratio of road fatalities to vehicles is 10 times higher in Pakistan compared with other developed countries (ADB, 2004), the required expenditure to maintain them at an improved level will require substantially increased road sector expenditure. When viewed as a benefit charge, there would seem to be a reasonable argument for a significant increase in the effective rate of tax on motor vehicles. However, the present token and registration taxes do not allocate burdens according to the amount of road use, which makes them an imperfect benefit levy.
- **Presumption regarding resale value of Vehicle:** There is a general presumption among the masses in Balochistan that a vehicle having a registration number of Balochistan has no sufficient resale value at the time of any subsequent sale. This presumption may be right up to an extent of harassment of taxpayers by the police. Thus, to avoid the future losses, the people are inclined to register their vehicles in other provinces particularly in Sindh (which is allowed under this tax). This, results a three-fold setback to Balochistan; first the loss of revenue to provincial exchequer, second the increasing infrastructure cost due to its usage and finally the environmental hazards to the people of Balochistan i.e. the pollution etc.
- **Dissemination of information:** Rights and obligations of the taxpayers are generally not known to the public. Tax rates applicable and procedures are not properly disseminated.
- **Payment through intermediaries:** Most of the taxes are paid by the taxpayers

through intermediaries which causes corrupt practices and loss of revenue.

- **Capacity of tax collectors.** The field officers are also unaware of the applicable taxes. The tax inspectors/officials working since more than 5 years in the department have never received any departmental training or received any manual of taxes they are responsible to collect.
- **Weak administration:** Taxes remain unpaid, till the time, any vehicles is being transferred from one owner to the other. In such cases, the tax officer who is also responsible for the registration requires the owner to pay outstanding taxes till date of transfer of the vehicles. It was observed that vehicles were paying taxes in over 5 years in arrears at the time of being transferred. There are other administrative problems. The annual (token) tax for private cars is paid at the post office. Because there is not good coordination between the post office and the excise tax department, record keeping on compliance with motor vehicle taxes is not very good. Commercial vehicles pay at the district ETD offices, where record keeping is thought to be better. The MVT payment records are not sufficiently computerized. All of this suggests some undesired practices in the levy of motor vehicle taxes. This differential taxation erodes taxpayers' confidence and further stiffens resistance to tax increases. It also implies a loss of revenue, but there are no good financial data available to make a reliable estimate of the losses on these grounds.
- **Revenue potential:** It is estimated that approximately less than 50 percent of the vehicle traffic in Balochistan was registered in the province. Further, it is also estimated that motor vehicle tax collections are equal to only about 50 percent of tax potential. This can be associated with a problem of large number of smuggled vehicles, as aforesaid, brought into Balochistan without payment of custom duty. This position is worse in cities other than Quetta.

5.4 Specific Recommendation

- **Rationale for the taxation of motor vehicles is not only to generate revenue but to use instant law** as a tool to regulate ownership of vehicle, production of vehicle and implement government policy with respect to various issues pertaining to use of vehicle in Balochistan province. What goals should be accomplished with the motor vehicle tax regime by the government needs debate to have a policy guidelines e.g., should it be a tax

levied according to ability to pay (automobile ownership), a tax to cover the cost of roadway use, or a tax to reimburse the general population for the congestion and pollution caused by motor vehicles.

- **Increased emphasis on the taxation of motor vehicles would seem a good reform option for Balochistan. The base, the number and value of motor vehicles, is growing.** A properly structured tax regime for motor vehicles could provide a needed boost to the revenue elasticity of the tax system. Heavier taxes on motor vehicle use can potentially address two other needs, (a) to act as a benefit charge on road users that can partially cover the cost of road construction and maintenance, and (b) to compensate society for the external costs of motor vehicle use (i.e., pollution and congestion). The present system does not appear to match up well with any of these goals.
- **The registration charge is an ad-valorem sales tax on purchases of new or imported motor vehicles. It also might be thought of as an entry tax, i.e.,** as a kind of onetime payment for the privilege of using provincial roads. Certainly, it fails this test of a privilege tax because vehicle owners may choose any province, other than Balochistan, as the place of registration irrespective of how much they use the road network in each province. A residence requirement should be imposed, with enforcement by provincial number plates and windscreen stickers. If the registration charge is a price for the use of provincial roads, why not require registration in the province of residence / use? There are problems with this option. It will be administratively difficult, as compliance with the residence requirement will need to be enforced. There also is the special problem of imposing a residence requirement on commercial vehicles that operate across province boundaries. For solving his problem, road use tax may be linked with route permit. Finally, the federal government may have a concern about elimination of the registration tax because of the presumptive levy that is piggybacked on to this collection. These are difficult, but manageable problems.
- **The registration tax rate could be doubled for each class of motor vehicle and an increase in revenue yield of about two to three times of the existing collection.** While this does not seem an extraordinarily large increase, at least for more expensive vehicles, it comes on top of a number of other taxes on new car purchases. These include collection of a presumptive income tax for the federal government.

- **The goal of the annual (token) tax is to charge for the use of roadways in the province. It is collected annually from all registered vehicles, and it might be thought of as a user charge.**

The token tax fails the test of a good user charge because the amount of the tax does not vary with motor vehicle use. Because it is a flat charge per type of vehicle, it does not discriminate according to miles driven (though it does levy a higher tax on heavier vehicles). Some have speculated about the possibility of simply increasing the tax rate on the present levy. Others have proposed that it be converted to a one-time entry fee, much like the present registration charge. We can find no detailed analysis of either option, but note that neither proposal would link tax burdens to road use. Despite the aforementioned, the rates of the annual tax (token tax) were reduced in the Balochistan Finance Act, 2019 with logic to attract the taxpayers to register their vehicles in Balochistan instead of Sindh or any other province.

- **A supporting administrative reform (for both the token tax and the registration charge) is to computerize the records to allow easier tracking of registrations and comparisons with other information.** There is much to recommend automation, e.g., those with tax liability can be tracked and enforcement can become more efficient, a reliable defaulter list can be generated, the work of the “spot check” squads of ETD can become more efficient, the impact of tax policy changes can be better estimated, and revenue projections for budget purposes can become more accurate. In fact, such an automated system is now being developed in Balochistan, but is still passing through its nascent / pilot stage. This could be assisted by windscreen or number plate certificates that would enable easier detection of nonpayment. Still, these administrative improvements will fall well short of objectives if there is no residence requirement for registration, because leakages from the tax base will continue.
- **A comprehensive reform of the present registration and token tax could call for adoption of a unified tax on motor vehicles, levied as an annual fee based on vehicle type (a rough proxy for engine capacity).** This new, unified tax would replace the present token tax and registration fee. All motor vehicles could be grouped into three classes, and each would be subjected to a specific rate. The specific rates can be chosen to hit a revenue target equal to the amount required to match the present level of provincial roadway expenditures. This reform proposal is mindful of the objectives of making the system as simple as possible in order to ease the administrative burdens of assessment and collection.

- **The proposal made here holds to a specific rate structure (vs. ad-valorem) in order to protect the tax administration from complications associated with valuation.** One problem with this approach is that it provides no built-in revenue growth. To address this problem, we propose consideration of linking the specific rates with the respective rate of Consumer Price Index (CPI). Second problem with this approach is that most of the vehicles are registered in Sindh and thus even the unified approach may not stop the draining of resources to Sindh. Again, to address this problem, we propose certain options; first to reduce the unified rates as compared to Sindh, which is already done by ETD in the recent Balochistan Finance Act, 2019. Second, ETD is required to address the prevailing wrong perception of the people of Balochistan regarding the discouraging resale value of their Balochistan's registered vehicles.

This could be effectively handled by stopping the harassment of the Balochistan registered vehicles by the police and other law enforcement agencies. This problem will ameliorate as the law and order situation further improves and the incidence of smuggling is reduced.

This increase in tax burden can also be explored with the simple numerical example reported in Box-3. Again, let us take the case of a new GLI car that might sell for about Rs. 1.8 million. For the existing tax regime, let us assume that the one-time registration tax is fully borne by the consumer over a ten-year life of the vehicle. The burden would be Rs 2,400 per year. After accounting for the token tax of Rs 2,000, the total annual tax equivalent is Rs 4,400. As a percent of the "annual consumption" of the car, the combined annual tax rate would be the equivalent of 3.7 percent (see Box 3). If we retain the registration tax and levy the proposed Rs 5,000 annual road use charge, the tax burden would increase by Rs 3,000 per year (rows 4 and 5 of Box 3). If we abolish the registration tax but increase the annual tax to Rs 5,000, the tax burden increases by Rs 600 or 0.5 percent of the "annual consumption" of the automobile. For a new car, the tax burden increases from 3.7 percent of "annual consumption" to 4.2 percent. In neither case does the tax burden seem unmanageable given the higher income level of most owners of motor vehicles. This situation as regards the tax burden on smaller cars and vehicles used in public transport requires separate and more detailed study.

- **Provincial officials point out that it is politically difficult to raise taxes on motor vehicles and that there would be strong taxpayer resistance to doing this.** In fact, provincial officials make the same arguments about any tax increases, and

have shied away from revenue enhancements for several years. It should be noted that one feature of motor vehicle taxation in Pakistan makes rate increases especially difficult – the federal government’s use of motor vehicle registration as an event where an advance income tax on individuals is imposed. This is viewed by the province as a limitation on its fiscal space because it stiffens taxpayer’s resistance to any proposed increase in provincial motor vehicle taxes and fees.

Box-2: Growth of Motor Vehicle ownership in Pakistan

Between 1960 and 2002, motor vehicle ownership in Pakistan grew from 1.7 per 1,000 populations to 12, an annual growth rate of 4.7 percent. This compares to a worldwide average (of sampled countries) of 2.8 percent. For comparison purposes, India’s annual growth rate was 6.8 percent and China’s 9.8 percent. Relative to personal income, the vehicle ownership rate in Pakistan grew by 2.57 percent over the period, while India’s grew by 2.92 percent and China’s by 1.51 percent. Dargy, et.al (2007) estimate that between 2002 and 2030, Pakistan’s ownership rate will grow from 12 per 1,000 to 29 per 1,000 population-

-a 3.2 percent growth rate in ownership. They also estimate that the ownership rate relative

to personal income growth will reach 1.48 percent. For India and China these rates are 1.98 and 2.2 respectively.

Dargy, Gately and Sommer (2007).

Box-3: Implied Tax Burden on a Vehicle in Balochistan.

Present Situation	New Purchased Car
Capitalized Registration fee ^a	2,400
Annual (Token) Tax	2,000
Combined Annual Tax	4,400
Reform	
Annual (Token) Tax	5,000
Combined Annual Tax	7,400

Increase in Tax Liability	
If Registration Fee Abolished (A)	1%
If Registration Fee Retained (B)	6%
Annual Car Consumption 'C' b	180,000
Current Tax as percent of 'C'	3.7
Tax Reform as Percent of 'C'	4.2

Note:

- a) For a corolla 1300 cc priced at Rs. 1,800,000, we calculate the annual incidence of registration fee by dividing the registration fee in ten equal installments over the year life of the new car.
- b) For a new car we calculate the consumption by dividing the value of car into ten equal parts (assuming that an equal amount is consumed each year).

6. Agriculture Income Tax and Land Tax

6.1 Legal and Institutional framework

Income Tax is a federal levy, except for income tax on agricultural income which is a provincial tax by virtue of Entry no 47, of Part -I of the Fourth Schedule under the title of 'Federal Legislative List' to the Constitution of the Islamic Republic of Pakistan, 1973. The Balochistan Tax on Land and Agricultural Income Ordinance, 2000 read with Balochistan Land and Agriculture Income Tax Rules 2001 is in field after the repeal of Baluchistan Agricultural Income Tax 1996. Balochistan Board of Revenue is the enforcing and collecting agency on behalf of the GoB for taxes payable under Agriculture Income Tax and Land Tax Ordinance, 2000.

6.2 Fiscal Highlights

The table below depicts the revenue collected by the provinces on account of tax on land and agricultural income during the fiscal years 2016, 2017, and 2018.

Fiscal Year	Revenue Collected			
	Balochistan	Sindh	Punjab	KPK
Rupees in Millions.....			
2016	9 ⁴⁴	346 ⁴⁵	1,388 ⁴⁶	69 ⁴⁷
2017	13 ⁴⁸	466 ⁴²	876 ⁴³	69 ⁴⁴
2018	17 ⁴⁹	559 ⁵⁰	913 ⁵¹	66 ⁵²

⁴⁴ GoB Annual Budget statement FY 2017-18

⁴⁵ GoS Financial statements FY 2016-17

⁴⁶ GoP Financial statements FY 2016-17

⁴⁷ GoK Financial statements FY 2016-17

⁴⁸ GoB Annual Budget statement FY 2018-19

⁴⁹ GoB Annual Budget statement FY 2019-20

⁵⁰ GoS Annual Budget statement FY 2019-20

⁵¹ GoP Annual Budget statement FY 2018-19

⁵² GoK Annual Budget statement FY 2018-19

6.3 Reform areas identified during the assessment process

- **Calculation of tax:** Either the tax can be levied on the gross agriculture income or on the net agriculture income. Normally taxes on income are levied on net income basis after allowing related expenditures to earn that income. There are rules and principles to allow expenditures.
- **Low revenue collection:** Tax revenue collection is very low despite very fertile land and good yields in many districts like Nasirabad, Jaffarabad, Sohbatpur, Jhalmagsi and Quetta. High priced fruit and other crops given good income to the owners/cultivators of those lands However, due to weak structure of enforcement, tax collection is very low.
- **Political influence on tax collectors.** There are some suggestive shreds of evidence that landlords with political connections avoid assessment in control areas and also cause hindrance in the performance of duties by the government officials.
- **Information dissemination:** Information dissemination on application of taxation is very weak, there are no taxpayers' guides or brochures available in local languages to make taxpayers understand their tax liabilities. Even the tax collectors are not fully aware of the provisions of the law on the subject which results in poor collection.
- **No connection with FBR regarding Exempt agricultural income.** The Federation does not charge income tax on agricultural income, however, the taxpayers filing returns with the FBR, reconcile their increase in the wealth annually under section 116 of the Federal ITO, 2001. Declarations of agricultural income are therefore available in their returns. This information is untapped yet for increasing the tax revenue for the GoB.
- **Weak administration:** The Board of Revenue is responsible for collection of tax and deposit of the same with the provincial treasury. However, compliance of the law is very weak. The collector is required to collect and report taxes to be collected. In every district there is a recovery officer, who has powers to collect taxes. However, the district administration officers are not fully aware of their responsibilities due to lack of training and follow

up for the collection of tax revenues. Observers point out that neither the revenue officials nor the taxpayers are adequately familiar with the legal requirements. The required records are not maintained so that holdings and crop values are not updated. While there is no information available to estimate crop value, gross income is typically determined on an ad hoc basis.

- **Unsettled Land:** Large tracts of land in some districts have not been 'settled', which means that detailed records for them have not been prepared. They remain outside the tax base.
- **Flat Tax Rate:** Another problem with the present structure is that it makes no allowance for the fact that some crops are more lucrative than others. For example an acre of wheat and an acre of sugarcane crop will have different levels of gross as well as net income.
- **Revenue potential:** Currently tax on land holdings is Rs.50 per acre per annum for irrigated land and Rs. 200 per acre per annum for irrigated matured orchards. Unirrigated land is exempt without any limitation of land holding. Balochistan constitutes 4.1 % of total agriculture produce in the country in terms of number which translates into Rs. 95 billion per annum. If taxed @ 5% agriculture income tax should not be less than Rs. 4.75 billion.

Similarly the actual potential against Land holding only for irrigated lands and orchards is depicted below.

Description	Amount in million
Total Agricultural land in Balochistan(1,060,000 hectares x 2.47105) ⁵³	2.619 Acres
Irrigated matured orchard (211,800 hectares x 2.74105) ⁵²	0.523 Acres
Tax @ 200 per Acre (A)	104.63
Irrigated land Other than Orchard (848,200 hectares x 2.47105) ⁵²	2.096 Acres
Tax @ 50 per Acre (B)	104.797
Total Revenue potential under existing tax structure (A+B)	209.47

⁵² Agriculture statistics of Pakistan 2017-18 issued by Ministry of National Food Security and Research

Substernal area of Balochistan land is being reviewed by the BoR for settlements. The above figures shows vary small amount of tax that can be covered by taxing land holdings this clearly requires upward revision of tax rates to match the same against taxation of properties under UITP.

6.4 Specific Recommendations

- **Mainly two types of options for a reform program are: land-based presumptive options; or income- based options.** A distinction in Balochistan with other provinces is that land holding patterns are much higher than other provinces. Therefore, Land based taxation may fetch more revenue and encourage proper use of Land. Land-based presumptive reforms have the advantage of simplicity, but they may perpetuate a presumptive system and prevent the Agricultural income tax from growing into a “true” income-based direct tax in the long-run. Three land-based reform components could be:
 - a) **Reduce the exemption level.** An alternative would be to have no exemption and to charge a nominal (flat) amount for small farms. This would raise administrative and compliance costs but would expand the tax base to cover the entire sector.
 - b) **Second, the tax rates could be increased.** Tax rates on agriculture income should be revised keeping in view local practices, for example a study by (Mukhtar and Nasim, 2016) in Punjab shows that the Punjab Province could have generated the revenue of Rs. 2.134 billion using Land-Based Taxation under PAITA 1997, Rs. 8.89 billion using A Combination of Land-based and Income-based Taxes, Rs. 54.4 billion using Income- Based Agricultural Tax under PAITA 1997 and Rs. 50.2 billion using Income-Based Agri- Tax as per ITO 2001 Rates from agricultural taxation for FY 2014. The study concludes that income based agriculture tax is the best option when designing any tax policy for the agriculture sector. Currently, the government of Punjab is using Punjab Agricultural Income Tax Act 1997.

Our findings reveal the great differences in revenue potential from these different taxation modes and show that taxing agricultural incomes at rates comparable with non-agricultural incomes could have raised over Rs.

53 billion in Punjab in FY 2014. This could have financed the entire provincial government 's recurrent and development expenditure on health services in that year, which was about Rs. 51 billion." (Mukhtar and Nasim, 2016, p. 3)

The land revenue rates defined in the first Schedule of Balochistan Tax on Land and Agriculture Income Ordinance, 2000 are between Rs.100 and Rs.300 per acre. These rates need to be increased gradually.

- **Income-based presumptive reforms have the benefit of keeping the AIT a direct tax on income.** This would allow such a tax to be ultimately integrated with the general income tax. However, given the constitutional issue related to the taxation of agricultural income, it might be difficult to treat agricultural income like other forms of income for tax purposes. There could be a basic exemption amount over which progressive tax rates should be implemented. In Punjab, there is no tax if the annual agricultural income does not increase Rs. 400,000.
- **In order to collect taxes on agriculture income as defined in the second Schedule of Ordinance, ibid a method of registration, book keeping, assessment, tax audit,** adjudication and appellate matters need to be introduced. In addition, the penalty on failing to file income tax return, which is currently Rs.1,000 need to increase to the amount of tax assessed, following detection of non-filing or under filing.
- **Structural, as well as political reforms are needed by GOB to capture the full potential of agriculture income tax. Strong political will, the legislation of non-discriminatory AIT,** automation of Agriculture Income Tax with the help of data available (fertilizer consumption, agriculture produce and Land MIS data) are some of the steps GOB can initiate in order to achieve its target from AIT.
- **The usage of income tax on agriculture needs to align with decentralization. The Balochistan Local Government Act, 2010 may specify the usage (up to certain percentage) of the land** revenue or agriculture income tax at the disposal of Tehsil Municipal Administrations (TMAs) / Union Council Administrations (UCAs).
- **A new national policy on agriculture tax, either based on land revenue rate increase,** and/or other innovative method of collection of tax needs to be debated;
- **The administrative capacity needs enhancement.** The concerned human resource needs to be trained in the fields of registration, book keeping, assessment, tax

audit, adjudication, appellate matters and thereafter its collection.

- **Appreciation of Land value to be irrigated by Kachi Canal.** A huge amount of money has been spend on Kachi Canal, this would result in increase in capital value of the area which will be irrigated. There should be mechanism in the Law to tax such appreciation on sale of such land or in case of continued use, to tax the yield at higher rate than otherwise applicable for next ten / twenty years.
- **Since Nature of agricultural income is quite different from non-agricultural income;** agricultural income is subject to vagaries of weather. Agriculture Income Tax on the basis of income is more equitable and preferred mode of taxation than land based. Farmers usually are involved in the farming operations with all their families, the taxation principles need to be framed by taking into consideration such factors. Big landlords would naturally be subjected to tax at the higher rate in this mechanism.

There could be a little variation into it too. Agricultural income tax should be coupled with a very small amount of insurance premium and the crops can be insured. Insurance fund managed by the government having representatives of the farming community can be used in the case of any natural calamities like floods, locusts attack etc. Agricultural sector needs an integrated approach.

7. Balochistan Electricity Duty

7.1 Legal and Institutional framework

Electricity is regulated in Balochistan under Electricity Act, 1910. Electricity Duty is levied in Balochistan under section 13 of the Balochistan Finance Act, 1964 amended through Section 4 of the Balochistan Finance Act, 2018. Electricity Act, 1910 addresses the operational part of electricity. Electricity Rules, 1937 framed in accordance with Electricity Act, 1910 further explain the provisions of the Act. This levy is charged at the prescribed rate of the cost of electricity. Such cost of electricity is calculated by multiplying the tariff rate, being notified by National Electric Power Regulatory Authority (NEPRA), with the total number of consumed units of electricity by the consumer. The Balochistan Energy Department is the enforcing and collecting agency on behalf of the GoB for duty payable under section 13 of the Balochistan Finance Act, 1964.

7.2 Reform areas identified during the assessment process

- Levied on Collected Amount instead of Billed Amount:** Electricity duty is levied on collection basis instead of billing. This results that Government of Balochistan is also facing the loss of revenue due to the inefficient 'Electricity Dues Recovery System' of Quetta Electric Supply Company (QESCO). Further, electricity duty is also an indirect taxation like sales tax on goods but unlike sales tax on goods, this duty is levied on the recovered / collected amount rather than the billed amount.
- Loss of Revenue due to Inefficiency of QESCO:** Sub-section (2)(i) of section 13 of the Balochistan Finance Act, 1964 states that the licensee shall not be liable to pay the duty in respect of any energy supplied by him for which he has been unable to recover his dues. This proviso brings huge losses to the provincial exchequer. The QESCO, due to its weak management and recovery system, cannot materialize 30% to 40% electricity dues which results 30% to 40% loss to provincial Government. Similarly, section 13(1) of the Act-1964 also states that electricity duty shall be levied and paid to Government, on the units of energy consumed for the purposes specified in the first column of the Fifth schedule, excluding losses of energy in transmission and transformation. Keeping in view the upward trend in transmission and transformation losses of QESCO, the provincial government has been facing huge losses.

The Payment mechanism is prescribed in Balochistan Electricity Duty Rules, 1964, framed under sub-section (2) of Section 13 of the Balochistan Finance Act, 1964.

- **Exemptions need to be revised:** Sixth schedule to the Finance Act, 1964, regarding the exemption of persons or class of persons from electricity duty needs immediate revision. Upon inspection of the related legal record of electricity duty no revision was found of sixth schedule since 1964.

7.3 Specific Recommendations

- **New law shall be legislated for Electricity Duty. As the Electricity Act, 1910 does not cover the taxation areas of electricity.** Thus, the existing taxation section 13 of the Balochistan Finance Act, 1964 should be repealed by the new act such as Balochistan Electricity Duty Act, 2020.
- **Current sixth schedule, bearing title “Exemptions from Electricity Duty” needs revision.**
Thus, such schedule either may be get revision in the proposed Electricity Duty Act, 2020 or in prospective Finance Bill, 2020.
- **As per section 13(1), currently the electricity duty is levied on the units of energy against which bill realized to QESCO.** However, by mutual consensus of the Energy Department and the QESCO, such charging principle can be amended by levying the duty on the units of energy billed instead of being realized.
- **Electricity Duty shall also be levied on the units being lost either in transmission or transformation. In this case QESCO or NTDC shall bear the incidence of duty** (section 13 of the Balochistan Finance Act, 1964). Further, QESCO has also an obligation to pay duty on the electricity units supplied by them but not recovered the dues due to their inefficiency or any other reason.
- **There should be explicit provisions regarding collection of such tax to energy department, Government of Balochistan.**
- **The mandate of exemption of duty shall be vested in the Provincial Assembly. At-least exemption of this duty shall be granted through a joint exercise** i.e. the concerned administrative department and the Government. Thus, in second proviso of section 13(1), before the word “Government”, the words “The Energy Department, with the approval of” should be inserted.

- **There should be a “definition provision” in law of this duty. This provision would clarify the meaning of different technical terms in the scenario of electricity duty** and ultimately the risk of litigation would also reduce.
- **In new law, there shall be a certain prescribed time in which QESCO is obliged to deposit all the collected duty in the government exchequer.** Further, QESCO should also not be allowed to deduct any type of collection charges similarly, being withholding taxes / duties on behalf of Government. Withholding agent is not supposed to deduct any collection charges.
- **There should be specific provisions in the new proposed act regarding definitions, duty charging principle, amendment in schedules** (rate of electricity and exemptions), cost of electricity, person liable to pay duty, exemptions, duty withholding provisions, delegation of power to administer, collect and enforce duty, time and mode of payment, audit proceedings, offences, penalty, default surcharge, waiver of penalty / default surcharge, recovery of duty not levied or short levied, recovery of the duty arrears, powers to make rules and repeal of section 13 of the Balochistan Finance Act, 1964 etc.

8. Hotel Tax

8.1 Legal and Institutional framework

Tax on Hotels is levied in Balochistan under section 12 of the Balochistan Finance Act, 1965, amended through section 5 of the Balochistan Finance Act, 1994, section 4 of the Balochistan Finance Act, 1995, section 3 of the Balochistan Finance Act, 2018; and through Balochistan Finance Act, 2019. Excise and Taxation department is the enforcing and collecting agency on behalf of the GoB for hotel tax in the province. Key findings of assessment are:

8.2 Reform areas identified during the assessment process

- **Rate of taxation:** In Balochistan, the hotel tax was being levied at a fixed rate i.e. from Rs. 4 per day per lodging unit up to Rs. 100 per day per lodging unit. However, such rates and categories, in perspective of daily rent, have further revised upward to Rupees 5 per day per lodging unit up to 500 Rupees per day per lodging unit. In Punjab and Khyber Pakhtunkhwa such tax is levied at an ad valorem rate on room rentals. In Punjab, the rate is 8 percent (except in hill stations, where the rate is 4 percent). In Khyber Pakhtunkhwa, the rate is 5 percent.
- **Overlapping with Sales tax on services.** Another problem is overlapping of Hotel tax with the Balochistan sales tax on services. Services provided by hotels are already listed as a possible base for the sales tax on services.
- **Self-Assessment:** In Balochistan, there is provision for self-assessment, but in practice the tax liability is assessed by ETD. Gross receipts are estimated as the product of the rate per day per lodging unit and the number of lodging units. The aforementioned tax rates are applied to the estimated revenue base that assumes 50 % occupancy. This notional determination of tax liability frees the ETD from having to monitor the self- assessed base and keep track of actual occupancy rates.
- **Weak administration:** The ETD is responsible to recover the hotel tax but the tax is not levied in many districts. Even in Quetta city, this tax is levied only on few hotels. Many resorts with large number of beds in other districts like Gwadar and Lasbela are outside the tax net. Many other hotel related services such as motels, boatels and restaurants

are also falling outside the net of the said tax.

8.3 Specific Recommendations

- **Tax net shall be increased duly covering all districts and all hotels.** The tax net should be increased to restaurants by amending section 12 of the Balochistan Finance Act, 1965. Similar other services akin to hotels such as motels, boatels etc. should also be included in the tax net through amendments in aforesaid section.
- **Assessment needs to be made on actual occupancy basis instead of estimation of 50%**
occupancy capacity in order to realize the actual revenue potential.
- **Entries related to hotel and its ancillary services should be omitted from the second schedule to the Balochistan Sales Tax on Services Act, 2015** with a purpose to avoid duplication of taxes.
- **Automation can be introduced by installing real time** hotel invoice verification systems or its equivalent.
- **The hotel tax could be merged into the sales tax on services.** This could lead to a revenue gain, even if the smaller hotels are subjected only to a flat charge. This will reduce number of taxes and create ease for tax payments.

9. The Balochistan Infrastructure Development Cess Act, 2019

9.1 Legal and Institutional framework

The Balochistan Infrastructure Development CESS Act, 2019 (BIDC Act) was promulgated on 15 February, 2019. The BIDC Act, levies and collects a Cess for maintenance and development of infrastructure, on goods upon entering or before leaving the Province from or for outside the country, through rail, road, air and sea at a fixed rate of 1% of total value of goods as assessed for customs purposes. As with all newly introduced taxes, this tax is also being criticized by some sectors including the Federal Petroleum Division requests that the petroleum products be exempted. M/s Pakistan Ship Breakers and others have also filed a Writ Petition No. 20305 on 13 July, 2019 against the levy of the Cess.

9.2 Reform areas identified during the assessment process

- **Scope of BIDC Act 2019:** In pursuance of Article 142 of the Constitution of the Islamic Republic of Pakistan, 1973, there is a need to look into the matter whether the subject matter of the Act, *ibid* i.e. infrastructure development Cess on export / import of goods entering from / into the territorial boundaries of Balochistan, falls within the legislative competence of the province. Further, as per the principle of “Pith and Substance”, which is an interpretative rule developed by the courts to determine the true scope and effect of any law.
- **Legislative Foundation:** After determination of the true scope and effect of the BIDC Act, 2019 then, there is a need to examine the legislative entries in the fourth schedule i.e. the Federal Legislative List to the Constitution of the Islamic Republic of Pakistan, 1973. Such examination of entries will enable us to determine whether the provincial legislator can do legislation in respect of infrastructure development Cess or not.
- **Legal and regulatory Environment:** BRA has issued wrong notices to various taxpayers by invoking section 52 of the Balochistan Sales Tax on Services Act, 2015. Whereas, in BIDC Act, 2019 it is nowhere mentioned that recovery of Cess will be made through invoking the recovery provisions of the BSTS Act, 2015. In fact, section 19 explicitly states that separate rules will be framed,

for the purposes of this Act and in particular for assessment, collection and payment of Cess. Keeping this in view, recovery provisions of BSTS Act has no concern with the recovery of Cess under BDC Act unless and otherwise stated in BDC Act, 2019.

- **Wrong Application of BSTS Act 2015:** Section 15 of the BDC Act, 2019 also states that in case of goods imported into or exported out of the Balochistan, the Customs Act, 1969 will apply to the functional areas of assessment, collection, payment and administration of the Cess. Section 19 of BDC Act stipulates framing its own rules for the stated functional areas whereas section 15 of BDC Act, 2019 adopts the provisions of Customs Act, 1969 for the same functional areas. On the other hand, altogether show-cause notices have been issued to taxpayers under the provisions of the BSTS Act, 2015.
- **Weak administration:** After the promulgation of the BDC Act, it was legally required by BRA to promptly frame rules in exercise of powers of section 19 of the BDC Act, 2019 for the purposes and other stated functional areas of the BDC Act, 2019, however, these rules are yet to be framed. In several other tax statutes, it has been noted that where, for further elaboration, rules are required and the same are not prepared. The courts have turned down all the quasi jurisdictional adjudication orders. Thus, there is a risk of further serious litigations against GoB and even at worst any prospective court's judgment may require refund of Cess to the Cess payers.
- **Contradictory provisions:** As regards levy of Infrastructure Development Cess, the geographical facts of Punjab and Sindh provinces are different from each other owing to the fact of port in Sindh. Similarly, Balochistan, because of having a Gwadar port, has the geographical nearness to Sindh. Thus, the BDC Act, 2019 shall appear near to the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 instead of incorporating the provisions of both the infrastructure development enactments of Sindh and Punjab. This resulted certain provisions of the BDC Act, 2019 in contradiction to each other.
- **Retrospective effect:** BDC Act, 2019 is passed by the Provincial Assembly of Balochistan on 11 February, 2019 and assented by the Governor Balochistan on 15 February, 2019 whereas as per section 1(3) of the BDC Act, its enactment date is 1 July, 2018. In this respect, it is worth to note that there is a well settled proposition of law that a taxation statute cannot be given

retrospective effect i.e. enacting tax statute of 2019 from 1 July, 2018. This means to scrutinize how such levy will apply to the past and closed business transactions i.e. on imports or exports that took place before the official gazette notification date of the BDC Act, 2019

i.e. 18 February, 2019.

- **Contradiction with the spirit of Oil Prices Equalization Mechanism:** Imposing BDC on exports and imports will also inflate the petroleum prices in Balochistan compares to Punjab and other non-tariff areas (such as Gilgit-Baltistan). Further Oil and Gas Regulatory Authority(OGRA) is the regulatory authority for petroleum products in Pakistan. By levying Cess at different rates in different provinces may impair the OGRA's 'Oil Prices Equalization

Mechanism' as prevailing in Pakistan. It is worth to mention here that Punjab has exempted such levy on petroleum products;

9.3 Specific Recommendation:

- **GoB should seek a comprehensive legal opinion from the relevant legal advisors, if deem appropriate a constitutional law expert, on infrastructure development Cess** whereby they will undertake the examination of various entries of Federal Legislative List and thereafter to conclude whether the provincial assembly can legislate regarding the infrastructure development Cess.
- **There is an urgent need to frame and promulgate rules under the BDC Act, 2019 to make the Act lawfully functional as a self-contained legislation.**
- **Section 13 of the BDC Act, 2019 stipulate that proceeds of the Cess shall be utilized for maintenance and development of infrastructure and other activities** ancillary thereto which duly include roads, bridges, etc. Similarly, the main purpose of proceeds from Motor Vehicle Taxes levied under the Balochistan Motor Vehicle Taxation Act, 1958 shall also be utilized for the maintenance of roads, bridges and other activities relating thereto. Thus, to clarify the purpose of proceeds utilization, it requires re-visit of section 13 of the BDC Act, 2019.
- We recommend that a detailed examination should take place of the BDC Act, 2019 in light of the aforementioned weaknesses.

10. Tax on Capital Value

10.1 Legal and Institutional framework

Capital Value Tax was imposed through Section 4 of Balochistan Finance Act, 2013. This tax is applicable on the capital value of an immoveable property which is payable by a person who acquires immoveable property in urban areas, through exchange, gift, purchase etc. This tax is payable on three categories: residential immoveable property, commercial immoveable property and residential flats @ 2% of the recorded value of property, in case of non-recorded value, it is payable at Rs. 100 per square yard. Board of Revenue (BOR) is the enforcing and collecting agency on behalf of the GoB for taxes payable under Capital Value Tax. Key findings of the assessment identified are:

10.2 Fiscal Highlights

The table below presents the revenue collected by the provinces on account of capital value tax during fiscal years 2016, 2017, and 2018.

Fiscal Year	Revenue Collected			
	Balochistan	Sindh	Punjab	KPK
Rupees in Millions.....			
2016	181 ⁵⁴	3,052 ⁵⁵	11,038 ⁵⁶	281 ⁵⁷
2017	245 ⁶⁹	2,989 ⁷⁰	10,454 ⁵⁸	358 ⁷²
2018	140 ⁵⁹	3,600 ⁶⁰	463 ⁶¹	382 ⁶²

⁵⁴ GoB Annual Budget statement FY 2016-17

⁵⁵ GoS Financial statements FY 2016-17

⁵⁶ GoP Annual Budget statement FY 2017-18

⁵⁷ GoK Financial statements FY 2016-17

⁵⁸ GoP Annual Budget statement FY 2018-19

⁵⁹ GoB Annual Budget statement FY 2019-20

⁶⁰ GoS Annual Budget statement FY 2019-20

⁶¹ GoP Annual Budget statement FY 2019-20

⁶² GoK Annual Budget statement FY 2019-20

10.3 Reform areas identified during the assessment process

- **Unreconciled Revenue:** The sub-registrar at the time of registration of any transfer is required to ensure that CVT, Stamp Duty, Income Tax and registration fee have been duly paid. Accordingly, any person requesting registration of any property or other documents pays the said taxes. The Treasury Officer receives scroll from NBP and Treasury Challans for reconciliation purposes. However, figures in the books of accounts of registrar and the treasury officer need reconciliation.
- **Absence of fundamental taxation ingredients:** The law for Capital value tax was promulgated through Section 4 of Finance Act 2013. The basic ingredients of taxing statute i.e. chargeability, authority to assess, authority to collect and authority to impose penalties and make recoveries are not enumerated in the law. The law is also silent for the appellate procedures and appellate authorities and remedies available to any aggrieved taxpayer.
- **Transfer of properties without registration:** The revenue from Stamp Act 1899, CVT and Registration fee is dependent on the enforcement of registration requirement for various documents. In recent past, the revenue of the Balochistan has been affected by the fact that most the people transferring properties were not getting their transfer registered with the registrar. The Hon'ble Supreme court has recently directed that all the urban areas to which the Balochistan Land Revenue Act, 1967 did not apply shall be governed by the Transfer of Property Act, 1882 and the Registration Act, 1908 for the Purposes of Transfer of Property and devolution of any right in property. The apex Court further ruled that no oral mutations for the purposes of the transfer of property shall be valid in law in such urban areas (which had become part settled areas including municipalities, town etc.); that the Patwaarkhanas or revenue records could only be maintained for record keeping and not for transfer of property under the modes recognized by the Transfer of Property Act, 1882 or any other law prevalent at the time; and that since the revenue authorities of the Province Khyber Pakhtunkhwa (KPK) were already compliant with the said directions, the findings and directions of the present case shall also apply to the Province of Sindh and Balochistan as well as in Federal Capital.
- **Tax under two different statutes:** Registration fee and CVT both are payable by the buyer at the time of acquisition of immovable property. It depicts that

a fee and a tax under two different statutes are being paid to GoB for same transaction.

10.4 Specific Recommendations:

- **There should be a specific legislation regarding levy of Capital value Tax duly describing the key areas such as definitions, tax charging principle, persons or class of persons who are liable to pay such tax, rate of tax, exemptions, withholding tax provisions, delegation of power to administer, time and mode of payment, audit proceedings, offences, penalty, default surcharge, recovery of tax not levied or short levied, and power to make rules etc.**
- **There is a considerable room for improvement in terms of reconciliation of taxes between the books of registrar or the collector, as the case may be, and tax collected through National Bank of Pakistan.** Tax payable as per books of registrar or of collector should be reconciled on regular basis with amount credited to GoB consolidated fund by the SBP to minimize the risk of pilferage of funds.
- **The feasibility of merging CVT and stamp duty should be further be explored to avoid cost of collection, and promote ease of completion of the transactions.**

11. Policy Recommendations

- Tax reforms should be guided by the following three basic principles:
 - a) **Make the tax base as broad as possible.** A broad and comprehensive tax base with a minimum number of special exemptions and deductions in which every unit is taxable generally provides a good design for the taxation of income. With a broad tax base, similar forms of income and expenditure face the same tax burden resulting in a level playing field. It also leads to horizontal tax equity, or similar tax burdens for people in similar circumstances. To gain political support for a broad and comprehensive tax base, such reforms can be sold as a package of removing the special exemptions and deductions to fund lower tax rates.
 - b) **Keep tax rates as low as possible.** The broad tax base makes it possible to reduce tax rate to generate a given revenue level. The general rule is that the excess burden of taxes increases proportionally to the square of the tax rate, so halving the tax rate implies a fourfold increase in efficiency. From an efficiency perspective, it is better to impose a single rate on a broad base of taxpayers, rather than dividing that base into segments and imposing different rates on each one. Income tax bases should also be broad, treating all incomes, from every source, as uniformly as possible. This need not imply redistribution of income to the rich if the broadening of the tax base focuses on eliminating loopholes that are exploited by those who can afford to employ tax lawyers. Lower tax rate with stricter penalties for non-payment of tax reduces incentives to evade taxes.
 - c) **Make compliance simple and non-compliance expensive.** Not only tax laws should be stated in simple understandable language, their compliance should also be simple and not complex. The cost of compliance for the taxpayer and the tax administration is low where the procedures are simple and automated. But the carrot of simplicity is not enough and needs to go along with the stick of enforcement. This requires, among others, reliable databases, field audits, and penalties against non-filing or under-stating of tax liabilities.

- **An integrated Information Technology Landscape should be adopted. The IT systems should be integrated with other national databases like those of NADRA, QESCO and FBR. etc.** to improve identification of tax evasion. Information from the Excise and Taxation Department, Board of Revenue, Mines & Mineral Department, and other Government departments should be accessed and used to widen the tax net. Cross-organizational data helps the tax auditors and assessors to check the veracity of taxpayers' declarations and boosts accuracy in the declarations.
- **Raising tax revenue in Balochistan would not be possible without legislative reforms.**

Assessment report shows that laws on various revenue instruments are comprehensive yet require amendments to cater the needs of taxpayers. Professional tax for example does not fully explain the appellate procedure, nor it address a mechanism for disputes arising from assessment under tax legislation. Capital Value tax also needs amendments to make it conversant with issues relating to assessments, recovery of CVT, and taxpayer rights. All these issues can be addressed if GoB undertakes tax reforms like other developing countries. For example, Nigeria, in past has done a remarkable job in generating surplus revenue through implementing comprehensive tax reforms. In 2003, Nigerian revenue collection department documented a deficit of 278.5 billion nairas and raised serious concern regarding the capacity of the tax department. Immediately after that, a committee was formed to bring legislative reforms including organizational restructuring, the enactment of a National Tax Policy, improved dispute resolution mechanism, and improved refund mechanism, etc. These reforms proved successful and in the 2011, Nigerian revenue department recorded a surplus of nearly one trillion nairas.

FIRS collection figure rose to nearly 1.2 trillion naira. The collection target set by the Federal Government for the Federal Inland Revenue Service in 2011 was 3.63 trillion naira. Actual collection was 4.62 trillion naira.” (Okauru, 2012, p. vii)

An essential aspect of the Nigerian tax reforms was the establishment of the Presidential Technical Committee (PTC) to come up with a bill that would address all the legal changes required. Four laws were amended namely FIRS Establishment Act 2007, Value Added Tax (Amendment) Act, 2007, National Automotive Council (Amendment) Act, 2007, and Companies Income Tax

(Amendment) Act, 2007. Switzerland has also amended many of its Double Taxation Agreements (DTAs) to comply with the Exchange of Information standards (Phua, 2015). Government of Balochistan should work on improving the Laws to bring clarity to hitherto ambiguous provisions; closes loopholes in the law; makes self-assessment mandatory; and increases sanctions and penalties for infractions against tax laws.

The Study Group on the Nigerian tax system, which was inaugurated by the Federal Government in 2002, laid the foundation for the tax sector reforms.(Okauru,2012,p.viii)

- **Stability in tenure of senior tax managers, investment in key soft infrastructure (IT) and qualified human resources,** and governance improvements are all urgently required. Their success depends largely on the decision power and sustained implementation capacity of the political leadership.
- **Governance effectiveness of the automated IT-supported tax system and its piloting require massive training for senior and midlevel staff.** Some accreditation mechanism should be considered to improve management and human resource policies. This implies improvement in human resource management policies, which should include new job descriptions, hiring policies, and performance, merit, and integrity criteria for staff evaluation. Bonuses should be attached to function-specific targets to evaluate job performance. Managers should be held accountable for enforcing codes of conduct in their jurisdictions.
- **To increase organizational performance, performance-based pay has been used as a tool in many developing countries.** Performance-based pay is a top-up over and above the salary of an employee entrusted for tax collection. The employee is entitled to receive a performance based pay on the achievement of a certain level of benchmark performance. In public sector, average salaries of employees are less as compared to their counterparts in private sector. This low pay has a profound impact on their performance. As with relatively low wages and no or limited performance reward, the motivation of tax officers is prone to corruption, reduced tax receipts and poor performance of tax machinery.

A study (Hardani, Bachri & Dahniar, 2016) shows that performance-based incentives either in the form of pay raise or bonuses, have a positive impact on the performance of civil servants. Similarly, (Bandang, Usman, & Bela 2017) documented that the performance of 83 tax officers at Small Taxpayers Office

(SMO) in Indonesian South Makassar, improved due to the performance-based incentives. The incentives were offered to those officers who met the performance indicator targets set by the government authorities. The study concludes that substantial tax revenue can be raised if the pay of the tax-collecting officers is linked with the revenue targets.

Incentivizing the revenue machinery is not new to Pakistan. Many studies have documented the impact of reward on performance in different organizational settings. (Khan, Khawaja & Olken, 2014) with the help of Punjab Provincial Government, Department of Excise and Taxation, Planning commission and Chief Minister's office have studied the relationship between property tax revenue and performance pay for tax collectors. For the study, total 482 property tax units, with 218 circles and 550 tax officers were selected over two fiscal years with a reward of 30% on total tax revenue above the historical benchmark.

In their study, three revenue schemes, namely revenue base, revenue Plus, and flexible bonus, were tested with slight variation in incentives. The revenue base scheme produced the highest yield and resulted in a 57% higher growth rate. This scheme was based solely on revenue collected above a benchmark predicted from historical data. The second scheme i.e., revenue plus, provided incentives on ranked base performances to officers, performing in upper or lower ranks. The last scheme was a flexible bonus.

We find that, on average across the three schemes, by the end of the two years' performance pay led to an increase in tax revenue of about 9.3 log points based on the administrative data. This translates to a 46 percent higher growth rate in revenues compared to control areas" (Khan, Khawaja & Olken, 2014, p. 2)

scheme, and it incorporated subjective assessments rather than the formula approach. At the end of the second year, these three schemes collectively raised revenue with an impressive growth of 46%.

GoB can also opt for such schemes to raise the revenue from various direct and indirect sources. However, before introducing any such scheme, certain limitations must be kept in mind. First, training for the tax personnel should be conducted, followed by post-training quizzes. Benchmark revenues should be fixed realistically. Moreover, before embarking on a full-fledged implementation, pilot testing should also be launched. The cost-effectiveness of the intervention

must be accounted for as the revenue collected must be higher than the amount paid as incentives.

As the revenue assessment shows that Balochistan is struggling with reliable financial data, the absence of third party revenue assessment, and not fully functional civil machinery, performance pay incentive is a viable and economical solution for the government to achieve the revenue targets.

- **With the help of proper forecasts, the government can earmark funds to priority areas like health, education, infrastructure, and security, etc., and avoid revenue uncertainty.** Raising tax revenue, however, is a tricky subject as it has a dual impact on the economy. On one hand, it raises revenue for the government to maximize its development spending; on other it triggers inflation by causing a decrease in overall GDP of the country and by reducing capitals of the firms (Streimikiene, Raheem, Vveinhardt, Ghauri, & Zahid, 2018). Therefore, forecasting the tax revenue should be aligned with the fiscal targets of the country/province. Forecasting the tax revenue from direct and indirect taxes will also help in setting the target by revenue authorities and take necessary actions in the case of a shortfall.

A recent study, (Anjum, 2016) shows that econometric models using GDP growth rate and tax to G.D.P. ratios provide better results than the Medium Term Fiscal Framework model (M.T.F.F.)⁶³. The study also shows that for FY 2015/2016 Punjab Government estimated Rs.90 billion revenue using M.T.F.F. with the forecasting error of 9 billion (2 % of GDP). The study documented:

In fact, under the assumptions of our model, the Punjab government will raise fiscal surpluses that exceed Rs. 90 billion (0.32% of GDP) in FY2015/16 and go up to over Rs. 370 billion (0.84% of GDP) by FY 2019/20, with interest income on accumulated cash reserves being a contributory factor in generating fairly large fiscal surpluses (Anjum, 2016, p. 8)."

And

⁶³ A Forecasting Model of Punjab Revenue and Spending, Working Paper No. 02-16, Anjum Nasim

The forecast error for the two years for which data is available are highlighted. Our forecasts overestimated revenue by Rs 22 billion in FY2013/14 and underestimated by Rs 9 billion in FY2014/15" (Anjum, 2016, p. 60)

Similarly, Streimikiene D. et al. (2018) estimated the tax revenue of Pakistan for the Fiscal year 2016-2017 using the data from 1985 to 2016. Three different econometric models namely: Autoregressive (A.R.) model with seasonal dummies, the Autoregressive Integrated Moving Average (A.R.I.M.A.) model, and the Vector Auto regression (V.A.R.) has been employed to forecast the revenues. Revenue from direct taxes, sales tax, federal excise duty, and customs duties have been forecasted. The study found that by using A.R.I.M.A. models, a disparity of \$ 2.28 billion could have been avoided between FBR revenue estimates and A.R.I.M.A. models estimates in forecasted total revenues for Pakistan for FY 2016/17. The study concludes that in Pakistan context the A.R.I.M.A. models show the best forecasting ability.

An alternative technique was used by (Fisher & Kingston, 2018) to estimate the revenue forecast in Australian budgets. Revenue estimates were made using the predictive regression on National Accounts data on Household Saving. Household Saving Ratio was used as it helps to predict nominal Gross Domestic Product (GDP) growth. The study exhibited that the efficiency and accuracy of Budget forecasts of tax revenue can improve substantially by using this technique.

Forecasting tax revenue requires data on variables including GDP, imports, the housing market, financial sector activity, income tax receipts, net VAT, and revenue from other sources. With the help of other government departments, including the Ministry of Finance, Statistical Division, and State Bank of Pakistan, GoB can acquire the data to forecast the revenue from direct and indirect sources. It will help them to plan the short and medium- term fiscal policy, reduce the revenue surprises, and plan the government expenditure with more certainty.

After 18th Amendment in the Constitution, the provinces were expected to establish their own organizations to gather the provincial accounts and release official fiscal and other statistics. However, till date the provinces have not been able to raise the statistical departments and therefore, official fiscal statistics at provincial levels are non-existent. The GoB should work on this aspect for better planning of its resources and implementing a well-informed fact-based fiscal policy.

- **As per the Constitution of Pakistan and international best practices, appellate and executive authorities should be independent**, therefore the appellate authorities must be established under independent body, e.g. under Law department or preferably under the Balochistan High Court to discharge their responsibilities independent of the executive.
- **A study should be conducted on simplification of tax rules, procedures, laws, forms, etc. and drive for tax facilitation should be enhanced.** The GoB should establish tax facilitation centers in regional headquarters. Basic tax related information should be provided through call centers to answer the taxpayer's queries at least during business hours. The centers should be manned by personnel who are well versed in all the tax laws prevalent in the province.
- **In case of any discrepancy between tax payment and tax obligation, tax administration imposes a tax bill (penalty).** In such circumstances taxpayer has a right to disagree with the tax administration. However, if there is no option with the taxpayer but to file an action for judicial review with a court, the proceeding is likely to be lengthy and costly. To address this problem, the taxpayer must have access to the review process of the tax administration's decision before resorting to judicial procedure. Having a resolution mechanism of tax dispute before the judicial stage is an effective way to protect taxpayer rights. The benefit of this procedure is cost-effectiveness and less judicial procedures. Many countries are working on the tax dispute resolution system to protect taxpayer rights. Various institutional arrangements are in place to deal with the tax dispute before the judicial stage. In Indonesia, dispute settlement agency works to settle the conflicts before the judicial proceeding. In Korea, the local tax review committee was formed in 2008, and in China, the administrative reconsideration committee is in charge of hearing taxpayer grievance (Araki and Claus, 2014). It is also important that insignificant, technical, and unintentional mistakes which do not cause loss of revenue should not lead to penalties in the case of existing taxpayers. They should not feel that are being punished for being in the tax system while those outside the tax system are enjoying a free lunch.
- **A well-established tax review mechanism is necessary for Balochistan to deal with the Pending tax disputes.** The system will not only facilitate the taxpayer but will lessen the burden on the judiciary, improve tax administration, and strengthened the Government. Tax amnesty in the form

of waiver of penalties and default surcharges can also be offered to settle the tax disputes pending at various forums.

- **An annual directory of taxpayers should be uploaded on the respective assessing and collecting agency website.** In addition taxpayers should be provided special privileges e.g. speedy tax refund service, partial or full-exemption from withholding taxes (as a system to improve cash-flow), and a specific tax-credit.
- **Training of tax officers is another area that needs to be strengthened. It has been documented that training of tax officers on the communication-related aspects** of their job has a positive effect on the performance (Feld & Frey, 2007). A course on “relationship with taxpayer management” was taught by Italian tax authorities to the tax officers, aiming to enhance their capacities on effective communication and active listening roles. A similar training program should be launched by Balochistan Revenue Authority and other provincial tax regimes to equip their tax officers in performing their duties.
- **Implementing comprehensive tax reforms is expensive. Many developing countries fail to do so because of their strained budgetary situation. However, with the limited** option of policy reforms, some countries have already benefited from the tax gap analysis and enhanced their yields from existing taxes.

The tax gap is defined as the total amount owed to the government versus the actual tax collected. It arises when the taxpayer overstates its deductions or understates its income either to avoid or evade taxes due. Many reasons can be attributed to the tax gap, but usually, it arises because of compliance deficiencies by the taxpayer. Globally there is an increasing trend in the tax gap studies to enhance the compliance management power of tax authorities (Jacqui and Neil, 2006). Tax gap for developed countries is usually lower than those of developing countries. In 2005 Bangladesh, South Africa and Thailand recorded tax gaps of 36%, 23% and 53% respectively. For the same time period tax gaps for Australia, UK, and USA were 14%, 13%, and 9%. World Bank report 2009 has highlighted a tax gap of 70% for Pakistan in 2007/2008, highest among the Asian countries. The position of the GoB with reference to provincial tax gap seems not better than that of Pakistan’s overall tax gap.

Pakistan revealed a tax gap of no less than 70% in 2007/2008”

(World Bank, 2009, p. 26)

This disparity can be partially attributed to the non-taxability of the agriculture sector at the Federal level, but other factors have also contributed to this discrepancy, e.g. institutional weaknesses, ill-equipped machinery to enforce the rule of law and political will. Tools and strategies adopted by developed countries to fill this gap vary from country to country. However, information adequacy, incentivizing whistleblowers, and effective use of penalties have proven record of reducing the tax gap.

Effective use of withholding taxes has shown to reduce tax evasion. It has been observed that in developing countries, financial institutions are underutilized when it comes to sharing tax-related information like withholding tax — withholding tax is one tool used by USA and UK to address the tax loss arising due to lack of information.

Where a Government is able to pass on the costs of tax collection to paying agents, withholding of tax has been the main tool used to address potential tax losses from the lack of information sources and accurate disclosure” (Phua,2015, p. 81)

In the UK ‘Pay as You Earn’ (PAYE) Scheme has raised the revenue generation considerably (Phua, 2015). Similar other European countries have used withholding tax information to trace tax evaders. GoB can also use the withholding tax information with the help of banks and other financial institutions to deal with the potential tax losses. In Pakistan too, FBR collects its major tax revenue through withholding taxes.

Lack of tax-related information has been addressed by many countries by using the Whistleblowing Program. The whistleblower is the insider having information regarding the tax evasion and disclosing it to government officers on the condition that their identity will remain confidential. In 2006, Internal Revenue Services USA (IRS) launched a whistleblower program and doubled the tax revenue in less than six years⁶⁴. Whistleblowers were paid 30%-40% of the revenue collected. Singapore also has such a program rewarding 15% to

⁶⁴ 7623(b) of the US Inland Revenue Code was created by the s 406 of the Tax Relief and Health Care Act of 2006, 26 USC tit 1 (PL 109-432).

the whistleblower. GoB can launch a program on the same line with caution to safeguard the identity of the whistleblower.

While devising whistleblower programme, the incentive scheme for the tax collectors should also be kept in mind. A compatible and not competitive scheme would work better.

- **Tax revenue outsourcing is an increasing trend in domestic resource mobilization among developing countries. In Tanzania, for example,** the local government has outsourced its whole of domestic revenue collection to private agents (Nuluva, 2015) and increased tax collection considerably. The increase in tax collection was due to non-leakage in the revenue collection targets by private agents.

For the remittance of revenues collected by private agents, the council is performing relatively very well. The council has had no recorded non- remittance of privately collected revenues in six of the eight audited years since 2007/2008 (NAO 2014, 2016, 2013, 2011, 2010, 2009). This very good performance deserves a thorough study to understand how the council manages outsourcing. (Mgonja & Poncian, 2019, p. 8).

A study by (Dom, 2019) on 49 sub-Saharan African countries over the period 1980–2015 shows that tax to GDP ratio substantially improved after the creation of semi-autonomous revenue authorities (SARAs).

According to this estimator the SARA reform has clearly had a positive and significant effect on revenue collection. The results suggest that SARAs have an immediate impact during the first two years of 8.7 per cent or 1.3 percentage points, if we take the average tax ratio of 14.5 per cent in the sample. This positive impact continues during the first 10 years after which the effect is still positive but no longer significantly different from zero” (Dom, 2019, p. 9)

The study further documented:

With respect to the main sub-components of total tax, there is some evidence that SARAs have had a positive impact on revenue from direct taxes as well as from taxes on goods and services, on average led to a 5.8 and 5.6 per cent increase respectively” (Dom, 2019, p. 9).

Literature has also documented various benefits of outsourcing revenue collection to semi- autonomous bodies. Outsourcing has proven record to increase transparency in tax collection, building the capacity of local governments, reduction in tax volatility and fiscal decentralization.

Pakistan has a well-functioning tax revenue department with 30,000 employees in FBR and more than 100 personals in grade 21. Nonetheless, the capacity of the department is falling short as the tax to GDP ratio is only 11.6%⁶⁵, lowest among the developing countries in the Asia Region. In Balochistan, the situation is even worse, and the assessment report shows that revenue generated by GoB’s own sources is less than 5% of total revenue during the past three years. Keeping in mind this low revenue turnover ‘Tax Farming’ is an option GoB may consider to outsource its tax assessment and collection function. Contractor with professional staffing and financial capacity can be taken on board to expand its tax collection function and to meet revenue targets. This type of contract will enable GoB to predict a particular level of revenue each month on with much safer and predictable output.

However, the challenges GoB might encounter during the execution of such contracts are; capacity of the government to draft and implement such agreements, administration and monitoring of hired Contractor and the political commitment to delegate authority. To make it work GoB should come up with revenue projections, share the targets with an outsourcing contractor, draft a practical contract, and develop the monitoring mechanism. To mitigate risk of abuse of powers the contractor may have limited powers for recovery and in case of dispute regarding tax assessments, the Contractor should submit a strong evidence- b a s e d assessment of taxpayer.

- For **an optimal tax structure**, international best practice suggests the following benchmark patterns of tax policy (See the Box 4)

⁶⁵ Figures published by the SBP

Box 4: Desirable features of tax policy

- Minimize exemptions and tax incentives that jeopardize revenue and good governance and generate no clear, offsetting social benefit.
- Remove minor taxes and fees that are costly to administer.
- Legislate tax laws that are simple, broad-based, and competitive by international standards and set effective tax rates that are reasonably low and uniform across investments. A single statutory rate is recommended. Adopt an accelerated depreciation schedule.
- Lower trade tax rates that have fewer bands and replace the loss with domestic sources (for example, VAT). Eliminate export taxes.

12. Revenue Budgeting – Macro Economic Fiscal Forecasting:

The effective financial management of resources, physical, fiscal or natural, is the key to good Governance and first step towards achieving fiscal discipline. For successful resource management governments across world prepare plans so as to materialize their short and long term goals needed for the development and service delivery to the people. The plans are implemented through the effective use of human, natural and financial resources available to the country. The expenditures, either for development purposes or for current need i.e. non-development purposes, depend upon the resource envelope of the government. The resource envelope of GoB consists of two major components namely Federal transfers and own source resources. The availability of total own resources depends upon tax and non-tax measures.

For any government, accuracy of tax revenue forecasting is important for materializing its projected programs. Otherwise the degree of deviation from accurate forecasting would eventually cause government to lose its esteem among the public. In Balochistan, historically there is a short fall in actual revenue receipts against the projected revenue receipts. The short fall in revenue receipts causes cuts mainly in capital expenditure/development expenditure which is vital for the future growth of the province.

In Balochistan, revenue forecasts are not based on macro-econometric models rather estimated projections are made based on input from the revenue departments of GoB. The budget preparation is annual feature of GoB. The first and the most important step towards budget preparation is the determination of resource envelope available to GoB. There is significant need to develop macro-economic fiscal forecast to develop revenue budget of the Province.

In the last 4-5 decades, there has been significant research on the creation and implementation of macroeconomic models for the purpose of forecasting. These models are of various kinds but broadly can be defined in three categories: i) structural, ii) non-structural and iii) large-scale macro models. Structural models are grounded more in theory. They view and interpret economic data through the lens of these theories. In other words, users of structural models assume that the dynamics of economic processes can be better understood through the details of economic theories than from closely matching macroeconomic data. This often comes at the cost of the model's ability to forecast important macroeconomic variables.

Nonstructural models are primarily statistical time-series models. The forecasting methods attempt to exploit the reduced-form correlations in observed macroeconomic time series, with little reliance on economic theory. They incorporate very little economic structure, and this fact gives them enough flexibility to predict the future based on history. The evolution of nonstructural economic forecasting is less bound to fashions in economic theory⁶⁶. However,

since the future of macroeconomic variables are determined without imposing any clear structure on their paths (i.e. the forecasts are unconditional), they do not provide very accurate numbers when the policy regimes are subject to change. These kinds of non-structural models with good statistical properties but with little economic theory (i.e., a VAR) may be a good forecasting tool but they run the risk of being too over parameterized to give precise answers about the transmission mechanism of variables. The large number of parameters can result in imprecise parameter estimates, which in turn can generate large uncertainty bands for the impulse response functions.

Finally, the large-scale macro models are in general combination of both structural and non- structural macroeconomic models. Similar to non-structural models, they usually have large number of equations from which economic relation among the variables are determined using empirical data. However, these models do not disregard the economic theories completely. Economic theories are often used to put a structure on the way variables are connected to reduce the complexities in the models. These models are able to detect relationships from large number of economic variables, therefore a thorough analysis of the overall economy can be conducted. These models were initially subject to 'Lucas critique'⁶⁷

which argues that it is incorrect to predict the effect of policy changes based on historical relationship among variables only. It was argued that these models do not incorporate the effects of expectations among the agents in determining forecasted values. They can also suffer from 'curse of dimensionality' problem. Following these critiques, important works were undertaken by R. Fair and J. Taylor (for example, Fair, 1984, 1994; Taylor, 1993), who developed methods for incorporating rational-expectations into econometric models, as well as methods for rigorous assessment of model fit and forecasting performance. Models in the Fair- Taylor spirit is now in use at a number of leading policy organizations. International Monetary Fund's MULTOMOD model, The World Bank's MFMOD model, UN's Project Link model are some good examples of this. Some other organizations

⁶⁶ See Diebold, 1998. For more on evaluation of macro models see Pesaran, M.H and Smith, R.P, 1985.

that use similar model include OECD, the Federal Reserve Board, Oxford Economics and several investment banks. For Balochistan, it is important to incorporate all relevant part of the economy in the model, rather than focusing on certain sectors. Therefore, a large-scale macro model similar to the ones used in international organizations will be preferable. It should cover the economy as much as possible by minimizing the 'curse of dimensionality' problem.

12.1 Economic Model for Balochistan Methodology and Data

Creswell (2003), in his exploratory research studied three types of research methods that could be used for social and corporate research; quantitative method, qualitative method and mixed method tactic. Though, every method has its own significance, the author emphasizes that certain types of social research problems call for specific approaches. Therefore, before selecting an appropriate method, the researcher should consider the exact nature of study objectives and problem, also should take into account his/her personal experience and an audience for whom report is written.

⁶⁶ See Lucas, 1976

Considering the present study's research scope, the present research has adopted quantitative method to analyze and model the relationship between GDP and the direct and indirect taxes (revenue receipts) of the province of Balochistan for the time period of June 2008 to June 2017 respectively. The data has been collected from Government of Balochistan (GoB).

12.2 Regression Analysis

The present study has used the ordinary least squares regression method.

The general model:

$$Y_{it} = \alpha + \beta_0 X_{it} + u_{it} \quad (1)$$

Where

Y_{it} represents the dependent variable

β_0 = characterizes an intercept

X_{it} = describes the independent variable

i = actual receipts

t = time period

u_{it} = Error term

The subscript i refer to the unit of observation and t shows the time period dimension

Interpretation of the results for Balochistan

$$\text{Revenue} = 449 + 0.00039\%(GDP) \dots\dots\dots (A)$$

Interpretation of the results for Punjab

$$\text{Revenue} = 10806 + 0.2\%(GDP) \dots\dots\dots (B)$$

Projection of Balochistan on the slop of Punjab

$$\text{Revenue} = 449 + 0.2\%(GDP) \dots\dots\dots (C)$$

The above regression results shows that in case of Balochistan one unit change in GDP will cause 0.0003916% change in revenue while in case of Punjab one unit change in GDP will cause 0.255% change in revenue .There are few things which can be identified through this regression (a) there is a positive effect in GDP growth on the revenue (b) The results are statically significant. Which means that the increase in revenues can be explained by growth in GDP.

This is very promising situation in terms that revenue is not only receptive to change in GDP but it is also positively correlated. This is very helpful in the sense that for policy makers any action that cause GDP to increase will ultimately increase in revenues. However, the figures from last ten years (2008-2017) shows that in terms of number there is disparity between revenue generation and GDP growth. For example in last ten years GDP has been grown from 10,637 billion to 31,922 billion with a growth of 67%. At the same time revenue growth stood at from at 2016 million from 1247 million (excluding sales tax) with a growth of 30%. As our regression results shows that revenue should have been increased by 0.255% times in response to one unit change in GDP. By this standard the revenue from 2008-2017 should have been increased to 27,587 million. The potential loss of 25,571 million revenue⁶⁸ can be attributed to those reasons which were identified during our assessment report.

Based on the above analysis it is concluded that if the recommendations made in assessment report are implemented the revenue will be escalate from 2016 million to 27,587 million.

⁶⁸ Potential revenue amounting to Rupees 27,571 million – actual revenue amounting to Rupees 2016 million) excluding sales tax on services.

13. Tax payer Facilitation

- **Facilitating taxpayers increases voluntary tax compliance and results in achieving the revenue targets. Pakistan ranks 136th worldwide in the World Bank's Ease of Doing Business Index, and 173rd in ease of paying taxes.** These rankings suggest that tax laws are currently one of the largest hindrances to investment in the economy. This section explains the importance of enhancing the trust of taxpayers, facilitate and educate them and use of tax facilitation centers and social media as a tool to educate the taxpayers.

Improving voluntary tax compliance should be the focus of tax authorities. During the assessment, "Clarity in Taxpayer's obligations and rights" is found to be the weakest area. Despite comprehensive Acts and Ordinances in place, an ordinary taxpayer is not aware of his rights and obligations. Motor Vehicle Act 1965, for instance, is available along with the rules; however, the taxpayer is unaware of his rights and responsibilities. Similarly, the Registration Act 1908 is available to deal with the registration of various instruments like property, lease agreement, and mortgage deeds, etc. However, a basic knowledge of registration documents and fee applicable is not known to taxpayers.

Another issue highlighted in the assessment is the lack of information available on the official websites. Excise and taxation department's website fails to provide information on vehicle- related matters, and information on urban immovable property tax is not sufficient to guide the taxpayers. Balochistan Excise Regulations website is falling short of educating taxpayers about the scope of tax on imports, exports and sale, and possession of intoxicating liquor, etc.

- **These issues can be handled by using social media and other available resources as the use of social media in raising taxpayer awareness is getting popular. It is found that providing online legal advice on tax-related issues enhances the taxpayer knowledge.** A study by (OECD, 2011) found that the use of social media like Facebook, Twitter, and YouTube could substantially improve tax administration as it encourages a dialogue between revenue authorities and taxpayers. Chairman, FBR has recently started using

Information can be provided to taxpayers through revenue bodies' websites and other internet based social media, and

taxpayers can more easily access information needed to fulfill their tax obligations” (OECD, 2011, p. 42)

Tax administrations are employing various electronic media to enhance convenience for taxpayers and increase awareness about tax issues. For example, legal and practical information provided on the websites of tax administrations enhances taxpayers’ access to tax-related information” (OECD, 2011, p. 48)

his twitter account to interact with the public, people give their suggestions, feedback and feel part of the system. This good example can be adopted by provincial tax departments also.

- **ADB report 2014, shows that some countries have already started using social media to interact with the taxpayer and facilitate them in tax-related issues. Australia launched its** Facebook account, Twitter account, and YouTube account in 2009, 2010, and 2011 respectively to increase communication with taxpayers. Japan is using a YouTube account to enhance taxpayer awareness. Similarly, other developing countries are using tax facilitation portals to improve communication between the taxpayer and tax authorities.

At home in Pakistan, the FBR has also developed mobile phone applications and developed pages on Facebook and other social media. Handles like @FBRSpokesperson, and

@ShabarZaidi on twitter have become popular. Similarly, Facebook page of the FBR can be accessed to by clicking <https://www.facebook.com/Federal-Board-of-Revenue-944859908912698/> . Similarly, Balochistan revenue authorities can launch a taxpayer awareness program to make tax laws available in a friendly manner, provide videos on tax compliance, and advisory boards on tax updates. (same was done by Japanese tax authorities too) Moreover, the printing of updated tax books and making them available to the general public through public libraries and district administration is also recommended.

Various facilitation tools could be: education of tax laws, trainings on filing returns, entertaining requests for technical advice and sharing tax information brochures. Some of the specific actions may include:

- a) Establishment of taxpayer facilitation centers in major districts, which should have information available on all aspects of provincial taxation.

- b) Establishment of call centers where basic tax-related information is available on call at least during working hours and working days.
 - c) Analyzing Taxpayers grievances and grievance redressal system, which should be adequately empowered, independent and easily accessible.
- **Educating the taxpayers as well as tax officers is imperative in achieving the fiscal target. During the assessment, it was found that provincial tax machinery seriously lacked the** technical capacity to enforce the tax laws. For instance staff in Excise and Taxation department, departmental officials have not received any departmental training on taxes being dealt by them. The ETD does not have any laboratory to assess quality of liquor and match the taxes being paid against the same; similarly staff of Land and Agriculture Income tax department does not have trained staff to deal with matters like assessment of income, issuing of notices and other official matters.

Providing skill training has shown to enhance the capacity of tax officers. Through well- designed training programs, tax officers reassure their responsibilities in observing the organization's best practices. Moreover, trained tax officers have the necessary knowledge to play their roles professionally.

Education, conceived as a constant process of knowledge, skills and resources redefinition within the organization, contributes in a meaningful way to the reshaping of organizational practices. When dealing with fiscal area, marked by a high degree of uncertainty, education is intended to fill those cognitive and emotional "deficits" nourishing mistrust. (Rosa, 2014, p. 116)

In 2012, Italian government designed a course "Behavioral models connected to the exercise of authoritative power" with the aim to raise awareness regarding the importance of respectful and empathic behavior and make auditors aware of the close correlation between fairness and trust (Rosa, 2014).

GoB can launch a capacity building program for tax officers in line with the International Best Practices, to equip its tax machinery with the necessary knowledge on tax-related issues, and guide the taxpayers about the policy and procedures and their rights and obligation. To start with a need assessment of training of tax official be done to define the baseline. Which is followed by

Training designed to fill in the gaps. This training and capacity building should be a regular feature and the staff promotion should be linked with passing examination of the training body.

The tax departments should develop master trainers and resource persons who after getting training themselves by experts can train other staff of the province.

It is observed that one of the most essential factors to enhance tax compliance is the trust of the taxpayer, on the assumption that fiscal behavior is not only economic but social, cultural and psychological factors are also involved (OECD, 2010). A study by (Rosa, 2014) on Italian tax authorities shows that the revenue targets drastically improved when the tax authorities used various tools to gain the trust of taxpayer including internal communication, education programs, and organization management commitment.

Conducting a tax survey is a primary tool to ensure taxes are applied on an equitable basis. Ethnographic survey is a widely used technique to gain the trust of the taxpayer. It is a qualitative method where researchers observe and interact with a study's participants in their real-life environment. Ethnography was popularized by anthropology but is used across a wide range of social sciences. The main aim of the survey is to build a relationship with the taxpayer with the intent to shift the focus from the taxpayer to tax authorities. Moreover, the survey explores the taxpayers' behavior in their terms and the sheds light on psychological factors that might hinder in payment of taxes, non-compliance with tax audits and overall perception of taxpayer about the tax officials. (Rosa, 2014) in the study documented that the use of an ethnographic survey proved to be the best tool for on-job learning, gaining taxpayer trust, doing first audit assessment, and addressing taxpayer grievances.

This convergence is a of different tools, as internal communication, education programs, management commitment; however, ethnographic survey shows the role of learning on the job, by means of which positive models (as well ones) are handed down, particularly following the example provided by own manager or supervisor; the importance of the attitude profile, which for the delicacy of the assigned tasks a self-confident versatility and remarkable skills in managing potentially

If we want to raise tax revenue in Balochistan, taxpayer's trust in the government authorities needs to be regained. The ethnographic survey should be conducted in Balochistan to see the bottlenecks between the taxpayer and tax authorities and to judge the overall perception of the taxpayer. It should aim to bring clarity in taxpayer rights, respect, listening to taxpayer reasons, and neutrality.

14. Tax Revenue mobilization Strategy

14.1 Objective

The objective of the tax revenue mobilization Strategy is to ensure a taxation system that is based on the principles of fairness, neutrality, efficiency, certainty, effectiveness and flexibility in order to use revenue for improved service delivery and economic development.

14.2 Guiding principles of good tax strategy

The guiding principles, listed below, are commonly cited and used as indicators of good tax policy. The first four principles are the maxims of taxation laid out by economist Adam Smith in his 1776 work, *The Wealth of Nations*. These principles, along with the additional eight, have been used for many years by governments, economists, tax advisers and others. The numbered order of the principles in this statement is for reference only and is not an indication of the order of importance of these principles.

- **Equity and fairness:** Similarly situated taxpayers should be taxed similarly.
- **Certainty:** The tax rules should clearly specify how the amount of payment is determined, when payment of the tax should occur, and how payment is made.
- **Convenience of payment:** Facilitating a required tax payment at a time or in a manner that is most likely convenient for the taxpayer is important.
- **Effective tax administration:** Costs to collect a tax should be kept to a minimum for both the government and taxpayers.
- **Information Security:** Tax administration must protect taxpayer information from all forms of unintended and improper disclosure.
- **Simplicity:** Simple tax laws are necessary so that taxpayers understand the rules and can comply with them correctly and in a cost-efficient manner.
- **Neutrality:** Minimizing the effect of the tax law on a taxpayer's decisions as to how to carry out a particular transaction or whether to engage in a transaction is important.

- **Economic growth and efficiency:** The tax system should not unduly impede or reduce the productive capacity of the economy.
- **Transparency and visibility:** Taxpayers should know that a tax exists and how and when it is imposed upon them and others.
- **Minimum tax gap:** Structuring tax laws to minimize noncompliance is essential.
- **Accessibility to taxpayers:** Accessibility and visibility of information on tax laws and their development, modification and purpose are necessary for taxpayers.
- **Avoidance of double taxation:** A same activity should not be taxed twice by two different authorities.
- **Appropriate government revenues:** Tax systems should have appropriate levels of predictability, stability and reliability to enable the government to determine the timing and amount of tax collections.

14.3 Tax Revenue mobilization Action Plan

14.3.1 Theme One: Tax payers' facilitation

Objective: Facilitating the taxpayer, increases voluntary tax compliance and result in achieving the revenue targets.

Reform Actions	Desired Targets to be achieved	Timing
Upgrade websites of BRA, BOR, ETD and other relevant departments. Disseminate the websites through national and social media	Websites are upgraded and updated Website traffic analysis. 100 advertisements per annum through national media and 500 per annum through social media.	ST
Upload relevant laws, regulations and acts on the respective websites	All relevant laws are uploaded on the websites of respective departments. Rights and liabilities of tax payers are clearly mentioned and easy to understand brochures are available.	ST
Periodically update Frequently asked questions (FAQ) section on the websites Encourage public to ask questions	FAQ section updated and all questions are answered	ST
Interactions with taxpayers. Use of social media by revenue authorities to interact with taxpayers.	Social media accounts are created and being updated regularly	ST
Educating taxpayers regarding their rights, obligations and duties.	Tax awareness seminars and sessions are being held regularly	ST
Establishment of tax help line toll free Numbers	Toll free numbers are being used for all taxes	MT
Setting up helpdesks	Helpdesks are established	MT
Publication of taxpayer guides, brochures and other supporting material	Taxpayers guides and brochures are published	MT
Establishment of taxpayer facilitation Centers	Tax payer facilitation centers established in all major cities	MT

Emphasize and encourage E-filing of all tax returns, documents and information instead of manual filing But manual filing should also be allowed.	E-filing of tax returns, documents and other information	LT
Online payment of taxes through debit / credit card. (as additional permissive method)	Taxes and other government duties are being paid online	LT
Address taxpayers' grievances and complaints as soon as possible through tax ombudsman.	Taxpayers grievances and complaints are addressed and resolved	MT

14.3.2 Theme two: Policy and Administrative Reforms

Objective: The purpose of policy recommendations is to enhance the efficiency and effectivity of current system to align it with international best practices.

Reform Actions	Desired Targets to be achieved	Timing
GoB should make the tax base as broad as possible to extend the coverage of tax regime.	The number of tax payers and tax base is monitored on yearly basis with targets set for each tax instrument	LT
GoB should keep the tax rates as low as possible. It is better to impose a single rate on a broad base of taxpayers, rather than dividing that base into segments and imposing different rates on each one	Legislation is started to reduce the tax rates in synchronization with broaden tax base	MT
GoB should made compliance of tax laws simple and easy and non-compliance expensive and difficult	Practical steps are being taken to make compliance simple and easy	MT

IT systems of the departments should be integrated with other national databases i.e. NADRA, QESCO and FBR etc. to improve identification of tax evasion. Information from the Excise and Taxation Department, Board of Revenue, Mines & Mineral Department, and other Government departments should be used to widen the tax net.	IT systems have been integrated with NADRA, QESCO FBR and other databases.	LT
GoB should invest in human resource. Regular training and development courses, sessions and seminars are necessary to update knowledge and skills of employees.	Regular training and development courses, sessions and seminars are being conducted	MT
Performance based incentive scheme correlated with revenue targets should be introduced for employees of tax collecting authorities in order to boost up their morale and to create a sense of ownership	Performance based incentive scheme introduced for employees	MT
As per the Constitution of Pakistan and international best practices, appellate and executive authorities should be independent, therefore, GoB should establish appellate authorities under administrative control of Balochistan High Court.	Relevant legislation to be enacted .	MT
A well-established administrative tax dispute review mechanism is necessary for Balochistan to deal with the pending tax disputes. The system will not only facilitate the taxpayers but will lessen the burden on the judiciary, improve tax administration, and strengthened the Government.	Tax dispute review mechanism has been established to resolve pending tax disputes	MT
An annual directory of taxpayers should be prepared and uploaded on the respective assessing and collecting agency website.	Annual directory of taxpayers has been prepared and uploaded on the respective agency's website	MT

A maiden step towards achieving the tax reforms is the establishment of the working group within GoB setup (BoR, BRA, ETD and FD) to strengthen the tax administrative system. Working groups should be responsible to repositioning and reforms the tax system for better efficiency.	Working group comprising of a representatives from respective department, government officials and renowned tax payer has been established	MT
GoB should consider outsourcing tax revenue, specially property tax. Outsourcing is an increasing trend in domestic resource mobilization among developing countries.	Legislation for outsourcing of tax collection started	LT
Automate the payment of stamp duty just like CPRs in PRAL [Consider issuance of stamp papers through banks]	Payment and documentation of stamp duty is automated [or is issued through banks]	MT
There should be proper and comprehensive management of arrears within all revenue entities by focusing on the level and age of revenue arrears to ensure that debts owed to the government are managed actively and that appropriate processes are adopted focusing on expediting the payment of collectable debt	A proper and comprehensive mechanism has been adopted for management of arrears within all revenue entities.	MT
There should be proper and comprehensive mechanism to have the record within all revenue entities regarding pending court cases in order to follow up these cases on regular basis.	A proper and comprehensive mechanism has been adopted to have the record of pending litigation.	MT

14.3.3 Theme three: Proposed Legislative Changes and amendments

Objective: Changes and amendments in laws, regulations and acts are necessary in order to effectively enforce tax laws based on equity and non-regressive manners. This is also required to achieve revenue targets and to reduce tax evasion and noncompliance.

Reforms recommended Balochistan Sales Tax Act 2015

Reform Actions	Desired Targets to be achieved	Timing
Integrate the IT systems of provincial and federal government to synchronize and harmonize the data to reduce the risk of flying invoices.	IT systems of provincial and federal government are synchronize	LT
Appellate tribunal rules u/s 66 of BSTS 2015 to be promulgated and Tribunal is to be established.	Appellate tribunals established	ST
Proper and systematic framework should be defined for parametric or desk audit. Audit report is accordingly issued as per framework.	Selection for parametric and desk audit of tax payers for audit is carried out in proper and systematic manner	MT
Office of appellate Commissioner appeals to be established which should be preferably under administrative control of law / finance department instead of BRA.	Office of appellate Commissioner appeals is established.	ST
Professionals HR to be hired on market based salary for fixed term contract. System of performance measurement of staff should be introduced in BRA it should be pre requisite for extension of contracts.	System of performance measurement is introduced	MT
Digitalize the notices and orders issued by BRA with barcodes	Notices and Orders are being issued by BRA having barcodes	MT

14.3.4 Reforms recommended Property tax

Reform Actions	Desired Targets	Timing
GoB should carry out Cadastral survey after every three years in order to identify the demarcation of land area and ownership of Land	Cadastral survey has been carried out	MT
Revise UIPT Act,1958 to reduce or minimize the exemptions	Exemptions in UIPT Act,1958 are rationalized	MT
New rating areas should be notified and existing rating areas should be extended to encompass all taxable properties in tax net.	New rating areas are notified and existing rating areas are extended	MT
Method of valuating the property transactions to be improved in order to align with the market value. A couple of methods have been tested internationally appropriate amendment in the laws to be made to incorporate any of the valuation method.	Valuation of property transaction is aligned with market value	LT
Collection of property tax to be outsourced to third party who will also responsible to provide municipal services	Collection of property tax is outsourced	LT
Provide better incentives and performance base bonus to property tax inspectors	Incentives and performance based bonuses are introduced for employees	MT
Increase the staff of qualified property assessors	Qualified property assessors are hired	MT

14.3.5 Reforms recommended Stamp duty

Reform Actions	Desired Targets	Timing
GoB should carry out cadastral survey to assess the valuation of property for levying stamp duty	Cadastral survey has been carried out	MT
Stamp duty should be decreased on first property purchased for residential purpose. [primary properties]	Stamp duty on residential properties is decreased	MT
Stamp duty should be increased on second properties and buy to let or buy to sell property	Rate of Stamp duty on second properties and buy-to-let properties is increased	MT
Buy-to-let properties or second properties owner should pay stamp duty on flat rate regardless of price of property	Flat tax rate of stamp duty is imposed on second properties and buy-to-let properties	MT

14.3.6 Reforms recommended Professional tax

Reform Actions	Desired Targets	Timing
Scope of professional tax to be enhanced in line with other provinces to include mining and industrial set ups under the preview of professional tax.	Scope of professional tax is enhanced in line with other provinces.	ST

14.3.7 Reforms recommended Motor vehicle tax

Reform Actions	Desired Targets	Timing
Rates of taxes under motor vehicle tax to enhance up to at least 80% of taxes applicable in Sindh. registration tax to be doubled at least for expensive vehicles	Rates of tax under motor vehicle ordinance 1965 are revised	ST
Both registration tax and token tax should be automated like CPRs by PRAL	Registration and token taxes are automated.	MT
The process of registration to be made easy by introducing technology, smart card are to introduced for better control time limit for any action by ETD to be defined under each relevant section, Section 28 to be amended appropriately to curb practice of registration of stolen vehicle. Registration form to be made online with number of attributes to be added in accordance to international best practices.	Number of amendment are made in Motor vehicle ordinance 1965, Motor vehicle rules 1969, Motor vehicle taxation act 1958 and rules made their under are amended.	MT
There should be a specific rate structure instead of ad valorem in order to reduce the complications associated with valuation.	Rate structure of token tax is revised	MT

14.3.8 Reforms recommended Agriculture Income Tax and Land Tax:

Reform Actions	Desired Targets to be achieved	Timing
Agriculture Income Tax Ordinance 2000 needs to be revised in order to reduce or rationalize exemptions	Exemptions in Agriculture Income Tax Ordinance 2000 revised	MT

Charge of income tax on agriculture should take into account type of crop, type of land for instance Orchards or normal agriculture land, mode of irrigation and land holding. Tax rates on agriculture income should be redefined and revised keeping in view of practices followed by other provinces as well as internationally recognized system of taxation of agricultural income.	Rates of agriculture income tax are revised and aligned with local practices	MT
In order to collect taxes on agriculture income a method of registration, bookkeeping, assessment, tax audit, adjudication and appellate matters etc. need to be introduced.	AITO 2000 is revised and entries related to method of registration, bookkeeping, assessment of tax, tax audit etc. are incorporated comprehensively.	MT
AIT returns submitted with patwari and tax assessed should be subject to audit	AIT is to be compared with fertilizer consumption, agricultural products and land MIS data LT consumption, agricultural products an	LT
Where ever a tax payer has declared exempt agricultural income with FBR the same should be taxed by relevant officer. Enabling provisions to be incorporated in AIT.	Relevant provisions are introduced in AITO.	MT
Performance based Incentive scheme correlated with revenue targets should be introduced for employees	Performance based incentive scheme introduced for employees	MT

14.3.9 Reforms recommended Balochistan Electricity Duty

Reform Actions	Desired Targets	Timing
Schedules of duty should be revised to enhance rates.	Schedules of duty are revised and rates are enhanced	MT

14.3.10 Reforms recommended Balochistan Infrastructure Development Cess Act, 2019

Reform Actions	Desired Targets	Timing
Section 13 of the BIDCA Act, 2019; the proceeds of the cess shall be utilized for maintenance and development of infrastructure and other activities. This need to be amended.	Purpose of utilization of proceed of development cess is clarified	ST

14.3.11 Reforms recommended Tax on Capital Value

Reform Actions	Desired Targets	Timing
CVT should be merged with registration fee payable at the time of transfer of property. Where after the law should be abolished in order to avoid two different taxes on same transaction.	Legislation is initiated to merge CVT with registration fee at the time of transfer of property	MT

Identification of Potential New Revenue Areas

15. Carbon Tax

To discourage carbon dioxide emission and its harmful effect on climate, the carbon tax is an option not only helping the cause of reducing greenhouse gas emission but a valuable source of tax revenue. In Pakistan, GHG emission is growing at a rate of 6%, which is 18.5 million tons of carbon dioxide (CO₂) equivalent. A study by (Khan and Siddiqi, 2017) on Lahore city shows that the town alone accumulates 50% of GHG emissions of the country. Moreover, from this 50% the total CO₂ emission from motor vehicles contributed two-third of total GHG emission. Other factors that have contributed to GHG are the use of electricity and heating fuel. In 2016 Pakistan's carbon emission was 117 MtCO₂ and projected to be 398 MtCO₂ by the end of 2040. However, if tax policy on carbon emission is introduced with varying levels of tax per ton, it can substantially reduce by 17 MtCO₂ in 2040.

To make carbon tax work, few of the questions must be answered, e.g., what should be the price charged for the carbon tax, how the tax will be collected and how it should be spent. As far as the pricing is concerned there are two types of carbon tax: the first is emissions trading systems (ETS); and the second is carbon taxes. An ETS – sometimes referred to as a cap-and-trade system – caps the total level of greenhouse gas emissions and allows those industries with low emissions to sell their extra allowances to larger emitters.⁶⁹ The carbon tax, on the other hand, refers to the rate on greenhouse emission per ton of carbon. The cost of the Carbon tax was estimated by (Tol, 2013) incorporating a survey of 75 studies with 588 different estimates with the mean cost of carbon as \$ 25 per ton (the 2010-dollar rate used) with a standard deviation of \$ 22. This translates to the Rupee cost of 4,000 Rupees per ton (Dollar @ 160).

The collection of tax is a challenge, and it should be handled carefully. A straightforward approach is to tax the proxies for carbon emission (Marron and Toder, 2014). In the United States, for example, these proxies include emission of carbon dioxide during electricity generation, transportation, industrial production, and residential & commercial heating. Metcalf and Weisbach (2009) proposed that carbon tax should be levied at a point in the supply chain where carbon content could easily be measured. It means the tax on coal should be

⁶⁹ World Bank – Pricing Carbon, <https://www.worldbank.org/en/programs/pricing-carbon#CarbonPricing>

levied at mine; on petroleum products, it should be a refinery, and for natural gas, it should be wellhead. An alternative way is to collect the tax at the end-user level, for example, the consumption of gas, electricity, and the use of petrol by an end consumer.

Globally potential revenue from carbon tax is estimated to be \$ 1 trillion with an average growth of 2% per year. These revenues can be used for refundable tax credit, cut in corporate income tax to promote growth, transitional assistance to coal miners, and environmental remediation. A carbon tax can also result in reduced CO₂ emission (Saleem, 2015).

Balochistan being the largest province (area wise) and rich in natural resources, has enormous potential in the mineral and agricultural industry. Pakistan Economic Survey 2016- 2017 shows that Pakistan Mineral Development Corporation (PMDC) and Lakhra Coal Development Company in a joint venture extracted 235,000 tons of coal per annum (for 2015-16) from Balochistan Provinces. A carbon tax of \$ 25 would yield Rs. 940,000,000/- of tax revenue in this head only.

16. Coastal Area Development

Coastal region of Balochistan capable of producing crops, livestock and fisheries resources. Marine fisheries have an immense potential in contributing towards national economic growth and development. However, the present value of various coastal resources will continue to decline if unchecked due to continued coastal degradation particularly from land based activities. There is an economic loss to future generations from the continued degradation of coastal environments and natural system. This will be reflected in loss of agricultural land close to the coast, loss of biodiversity, dislocation of coastal communities, loss of livelihoods, loss of fisheries, pollution of beaches and recreational facilities and decline of coastal ecotourism.⁷⁰

Balochistan coastal line is about 800 km long. Small scale intervention to introduce various agricultural technologies for the strengthening of local farmers would not only enhance the productivity but would also create new jobs and aid in poverty reduction in target areas.

Okra,⁷¹ called Bhindi, is cultivated in tropical, sub-tropical and warm temperate regions. It can also be grown in the coastal areas of Pakistan.

Betel leaf (In Urdu 'Pan patti') and muskmelon (Cucumis melon) (In Urdu 'Kharbooza') can also be grown in the coastal areas of Pakistan. A detail study conducted by Muhammad Ibrahim Lashari and Ali Muhammad Khushk regarding potential of betel leaf and muskmelon in coastal areas is very encouraging.

In the coastal areas, the groundwater is saline ranging from marginal to hazardous quality and can be used for cultivation of okra and other vegetables. For the purpose, the Coastal Agricultural Research Station of Pakistan Agricultural Research Council (PARC) has taken an initiative for using marginal quality irrigation water in comparison to good quality water under drip irrigation system.

Where there is shortage of water, drip irrigation system can be adopted. It is a system

⁷⁰ Muhammad Ibrahim Lashari and Ali Muhammad Khushk, ISSUES AND OPTIONS IN THE PRODUCTION OF HIGH VALUE CROPS IN COASTAL REGION OF PAKISTAN

⁷¹ <https://www.pakissan.com/2017/10/18/growing-okra-coastal-areas/>

that applies water and fertilizers directly to the root zone of individual plant instead of irrigating the entire area with flood or sprinkler irrigation. The system comprises pipeline network as main, sub-main, lateral lines and emitters or ticklers which are fitted on laterals from which water is delivered to the plant at a low pressure. Demonstrated economic benefit of cultivating fruit and vegetables using drip irrigation techniques on farmer fields.

The amount of water applied through drip system to okra crop was 6,989.7m³/ha. The crop yield and water use efficiency was 16.96t/ha and 2.43 kg/ respectively. Thus, it was concluded that okra crop can be grown successfully on a sandy loam soil using saline (marginal quality) ground water for irrigation.

Coastal Agricultural Research Institute, Karachi⁷² (CARIK) demonstrated economic benefit of cultivating fruit and vegetables using drip irrigation techniques on farmer fields. CARIK also Introduced and demonstrated water conservation and mechanized irrigation systems in peri- urban areas of Karachi and Lasbella. It has successfully grown Cassava (*Manihot esculenta*) at Bhawany, Lasbella and isolated, prepared and evaluated its flour and starch usage in bakery products, as alternative to potato chips and starch for textile industry at small scale. It has also evaluated, propagated and disseminated packages for the cultivation of Custard Apple, Pine Apple, Guava, Pomegranate, Grafted Ber, Papaya, and Coconut in coastal areas.

Most of the coastline of Balochistan is beset with rocky and sandy beaches except the Indus deltaic coast which has numerous islands and harbours as well one of the world largest mangroves forests. There are spectacular coastal cliffs, mountains, terrains with living mud volcano's and archeological sites. There are offshore islands and innumerable small and large beautiful islands with network of creeks for great potential for resorts and a variety of water sports, boating, sport fishing and developing holiday resorts. The beautiful and clean beaches with brown sand and abundant along long coast offer the potential of best recreation. The rocky beaches offer sites for jetties, marinas, and sport fishing. The deep-sea fishing is possible almost all along the coastal belt.

There are also some mud volcanoes and interesting archeological and migratory birds landing sites. It would be necessary to give the tourist site a status of commercial importance. In the superstructure of industry, it is therefore suggested that a term

⁷² <http://www.parc.gov.pk/index.php/en/research-institutes/138-sarc/735-coastal-agricultural-research-sarc-karachi>

of “Commercially Import Tourist Sites” (CITS) be adopted and identified areas should be commissioned by the Ministry of Culture and Tourism as CITS. The site should be commissioned by Ministry of Tourism irrespective of their ownership control and managements as CITS. This charter of commission needs legal definition and would become obligated to code of maintenance, mass accessibility, security and preservation. Legislative support must be made available for all structuring, super structuring and federal / provincial / district shares, private/public shares and cohesion for smooth operation and for achievement of standards acceptable the world over. In this demarcation the Ministry should use a special cell for standards made up of a special body of inspectorial consisting of hired technocrats. The economic objective principles have to be geared on a self-financing methodology, this in fact means that the private sector must take the lead and with more degree of assistance from preferably non- repatriable foreign collaboration investments⁷³.

Aquaculture can also be employed as another income generating activity for the local community. Fish / shell fish and crab/shrimp farming are perhaps the only way to redress the imbalance between supply and demand. Since Pakistan has little or no previous tradition of marine fish / shell fish farming, the development of farming for shrimp, crab and lobster would involve introduction of practices and techniques that are new to the region. In this regard, models of aquaculture in this part of the world need to be studied so that model appropriate to our conditions is adopted. Also safety nets and other mechanisms for reducing losses in event of damage need to be put in place. In the coastal areas, shrimp/crab culture would be undertaken in marginal lands where agriculture is not a viable option, through a well-balanced development programme with financial and technical support.

⁷³ Muhammad Tahir Qureshi, NTEGRATED COASTAL ZONE MAN-
AGEMENT PLAN FOR PAKISTAN

17. PROVINCIAL REVENUE MANAGEMENT (PRM) UNIT

The Finance Department, Government of Balochistan, with the assistance of Multi Donor Trust Fund (MDTF) through Governance & Policy Project (GPP) Balochistan has established a Provincial Revenue Management (PRM) Unit in Finance Department. The PRM Unit is led by a Provincial Revenue Management Expert under guidance of Special Secretary Finance Department, with the vision towards enhanced owned source revenues and aimed at addressing the challenges with adequate and sustainable mechanism, to be in-place.

The PRM Unit besides its strategic goals shall lead Action Plan towards various Tax Instruments thereby ensuring a systematic approach in improved collection of revenue/receipts. The main objectives of the unit are to support Finance Department, in taking informed policy decisions for revenue mobilization and management. Broadly, the mandate of this unit includes Balochistan tax and non-tax reforms, streamlining straight transfers.

PRM unit is working in close coordination with all provincial revenue generating departments particularly tax revenue generating departments. The Unit, as a whole, is being entrusted with the responsibility for enhancing provincial revenues, which includes a re-structuring plan of the provincial taxation framework, introducing reform actions in the existing non-tax revenue sources, exploring new sources of non-taxation revenues. Furthermore, the Unit, in extending its assistance to Energy Department and shall also carry-out a streamlining exercise of straight transfers. This may include several tasks but not limited to a detailed exercise of reconciling the straight transfers with respective federal government ministries and agencies.

The PRM Unit shall also provide technical inputs in the review of tax and non-tax statutes as applicable within the provincial domain. The Unit shall support and monitor the implementation of the Strategic Tax Revenue Mobilization Plan for the Government of Balochistan.

The PRM Unit will entails in assistance in the form of strategic guidance, management, monitoring, coordination and operational support through cross cutting in the areas of procurement, budget management, financial reporting and reconciliation etc.

Balochistan Tax Revenue Mobilisation Strategy



Finance Department
Government of Balochistan
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