

MEDIA COVERAGE

Roundtable Meeting on Fixing Fiscal Policy

Web Coverage

The News

<https://www.thenews.com.pk/print/1108509-roundtable-on-fixing-fiscal-policy-held>

Tribune Express

<https://tribune.com.pk/story/2435200/income-tax-should-be-universal-not-segmented>

Business Recorder

<https://www.brecorder.com/news/40262036>

<https://www.brecorder.com/news/40262476>

The Nation

<https://www.nation.com.pk/11-Sep-2023/distinction-between-filer-non-filer-must-be-abolished-pide-conference>

Pakistan Observer

<https://pakobserver.net/pide-roundtable-meeting-on-fixing-the-fiscal-policy/>

Independent News Pakistan

<https://www.inp.net.pk/news-detail/pakistan/pide-roundtable-meeting-on-fixing-the-fiscal-policy>

IRSHI V

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THE EXPRESS
TRIBUNE

September 11, 2023

'Income tax should be universal, not segmented'

Speakers at moot say distinction between filer and non-filer must be abolished

ISLAMABAD

The Pakistan Institute of Development Economics (PIDE) Macro Policy Lab recently hosted the "Fixing Fiscal Policy" Round Table Conference in Islamabad.

The event addressed the persistent challenge of fiscal indiscipline in Pakistan and sought to chart a visionary path for the nation's fiscal policy. In his introductory remarks Chief of Macro-Policy Lab, PIDE Dr Nasir Iqbal said that the Round Table Conference, "Fixing Fiscal Policy," aims to unite policymakers and thought leaders to foster collaboration and develop local solutions in the fiscal framework of Pakistan. By bringing together academia and policymakers, we seek to chart a visionary path of fiscal policy in Pakistan for the future, transcending from short-term approaches and firefighting.

PIDE VC Dr Nadeemul Haque said that three things need to be focused on for the fixation of fiscal policy. Firstly, the role of the government is crucial in ensuring effective fiscal management.

Secondly, taxation and expenditure must be carried out in a transparent manner with accountability.

This includes how to collect taxes, how to spend them, and where to allocate funds. Lastly, debt management is also an important aspect that requires attention.

” Taxation, expenditure must be carried out in a transparent manner

PIDE VC **Dr Nadeemul Haque**

Dr Ashfaque Hasan Khan, Principal of the School of Social Sciences and Humanities, NUST while speaking at the roundtable meeting said that to address economic challenges, it is important to immediately reset the role of the government from being an active player to a facilitator.

This would involve eliminating the current regulation-based regime and transitioning towards a rule-based economy. The use of a regulatory guillotine would help in the elimination of unnecessary No Objection Certificates. Distinguished participants included senior economists, researchers, and fiscal experts from various institutions across the country, such as the Ministry of Planning, Development & Special Initiatives, P&D Baluchistan, QAU, SZABIST, the US Embassy, ADTMA, P&D Punjab, IIUI, NUST, and COMSATS. DNA

September 11, 2023

Roundtable on fixing fiscal policy held

Rasheed Khalid

Islamabad

Dr Ashfaq Hasan Khan, Principal, School of Social Sciences & Humanities, NUST, has said that to address economic challenges, it is important to immediately reset the role of the government from being an active player to a facilitator.

Dr Khan was addressing Roundtable Conference on "Fixing fiscal policy" hosted here by Pakistan Institute of Development Economics (PIDE). Dr Khan said that this would involve eliminating current regulation-based regime and transitioning towards a rule-based economy. The use of a regulatory guillotine would help in the elimination of unnecessary No Objection Certificates., he said adding that a rule-based approach, coupled with monitoring and evaluation would ensure a more

efficient and effective economic system.

Shaaf Najib from PIDE said that interest payments account for a significant portion of the targeted tax revenue amounting to 77.5%. The total Federal liabilities, including interest payments, pensions and grants to provinces, stand at Rs 9,512 billion. These liabilities exceed the targeted tax revenue, indicating a lack of a sufficient revenue base to support the functioning of the civil government, subsidies and development spending. As a result, all development expenditure is entirely financed through debt.

Dr Khalid Mahmood, also from PIDE, stated that taxes often take the spotlight in media discussions, however, the tax policy in Pakistan is marred by arbitrary revisions, mini budgets and IMF conditionalities. Additionally, he observed, tax administration in-

efficiencies require attention.

Dr Haider Ali from PIDE highlighted that Pakistan's debt profile worsened in recent years with a significant increase in floating debt. With increasing expenditure, our debt continued to increase. He identified numerous questions that we need to find answers to devise an efficient debt management policy for the long run such as how much debt is sustainable, what is the prudent composite of debt and whether we have an effective debt utilisation framework in place or not.

Mohsin Mushtaq Chandna, Director-General (Debt), Finance Division, mentioned that Pakistan's external debt saw an increase in the last decade when we turned to the global bond market to raise foreign reserve funds. The participants unanimously agreed that the distinction

between a filer and a non-filer must be abolished. They advocated for universal tax return filing, simplification, and the establishment of a reasonable threshold. Income tax should be universal and not segmented, different speakers stressed.

Earlier, in his opening remarks, Dr Nadeem-ul-Haque, Vice-Chancellor, PIDE, said that three things need to be focused on for the fixation of fiscal policy. Firstly, the role of the government is crucial in ensuring effective fiscal management. Secondly, taxation and expenditure must be carried out in a transparent manner with accountability. This includes how to collect taxes, how to spend them and where to allocate funds. Lastly, debt management is also an important aspect that requires attention, he opined.



THE NATION

September 11, 2023

Distinction between filer, non-filer must be abolished: PIDE conference

AGENCIES
ISLAMABAD

The speakers at the Pakistan Institute of Development Economics (PIDE) conference on Sunday said that the distinction between a filer and a non-filer must be abolished in order to execute the fiscal policy.

The Pakistan Institute of Development Economics (PIDE) Macro Policy Lab recently hosted the "Fixing Fiscal Policy" Round Table Conference in Islamabad. The event addressed the persistent challenge of fiscal indiscipline in Pakistan and sought to chart a visionary path for the nation's fiscal policy.

In his introductory remarks, Dr Nasir Iqbal, Associate Prof and Chief of Macro-Policy Lab, PIDE said that the Round Table Conference, "Fixing Fiscal Policy", aims to unite policymakers and thought leaders to foster collaboration and develop local solutions in the fiscal framework of Pakistan. In his opening remarks speaking at the occasion, Dr Nadeem ul Haque, VC PIDE said that three things need to be focused on for the fixation of fiscal policy.

Firstly, the role of the government is crucial in ensuring effective fiscal management. Secondly, taxation and expenditure must be carried out in a transparent manner with accountability. This includes how to collect taxes, how to spend them, and where to allocate funds. Lastly, debt management is also an important aspect that requires attention. Dr Ashfaq Hasan Khan, Principal of the School of Social Sciences and Humanities, NUST while speaking at the roundtable meeting said that to address economic challenges, it is important to immediately reset the role of the government from being an active player to a facilitator.

He said this would involve eliminating the current regulation-based regime and transitioning towards a rule-based economy. The use of a regulatory guillotine would help in the elimination of unnecessary No Objection Certificates (NOCs), he said. A rule-based approach, coupled with monitoring and evaluation, would ensure a more efficient and effective economic system. Distinguished participants included se-

nior economists, researchers, and fiscal experts from various institutions across the country, such as the Ministry of Planning, Development and Special Initiatives, P&D Balochistan, QAU, SZABIST, the US Embassy, ADTMA, P&D Punjab, IIUI, NUST, and COMSATS.

The speakers said that overall, the federal government relies heavily on indirect taxes, resulting in overwhelming collective revenues. The tax mix is not ideal, and there is a need to reconsider functional assignments and the experience of GST on services. The provincial tax efforts also contribute to this burden on the economy. Indirect taxes, such as customs, federal excise tax, and sales tax, outweigh direct taxes, creating distortions and discriminatory resource allocation. The effective tax to GDP ratio, which considers compliance cost, scrapping non-economic taxes, and tax expenditure cost, is calculated to be 14.23 percent for 2019. To address these issues, it is recommended to upgrade both tax policy and authority. The focus is on "Doing Taxes Better" to achieve higher taxes and higher growth.

September 11, 2023

Speakers underscore need for abolishing distinction between filer and no-filer

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In his introductory remarks, Dr. Nasir Iqbal, Associate Prof. and Chief of Macro-Policy Lab, PIDE said that the Round Table Conference, "Fixing Fiscal Policy," aims to unite policymakers and thought leaders to foster collaboration and develop local

solutions in the fiscal framework of Pakistan.

In his opening remarks speaking at the occasion, Dr. Nadeem ul Haque, VC PIDE, said that three things need to be focused on for the fixation of fiscal policy.

Firstly, the role of the government is crucial in ensuring effective fiscal management. Secondly, taxation and expenditure must be carried out in a transparent manner with accountability. This includes how to collect taxes, how to spend them, and where to allocate funds. Lastly, debt management is also an important aspect that requires attention. Dr. Ashfaque Hasan Khan, Principal of the School of Social Sciences and Humanities, NUST while speaking at the roundtable meeting said that to address economic challenges, it is important to immediately reset the role of the govern-

ment from being an active player to a facilitator.

He said this would involve eliminating the current regulation-based regime and transitioning towards a rule-based economy. The use of a regulatory guillotine would help in the elimination of unnecessary No Objection Certificates (NOCs), he said.

A rule-based approach, coupled with monitoring and evaluation, would ensure a more efficient and effective economic system. Distinguished participants included senior economists, researchers, and fiscal experts from various institutions across the country, such as the Ministry of Planning, Development and Special Initiatives, P&D Balochistan, QAU, SZABIST, the US Embassy, ADTMA, P&D Punjab, IUI, NUST, and COMSATS.

The speakers said that over-

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September 08, 2023

PIDE organises roundtable moot on fixing the fiscal policy

T.M. Report

PESHAWAR: The Pakistan Institute of Development Economics (PIDE) Macro Policy Lab recently hosted the "Fixing Fiscal Policy" Round Table Conference. According to a press release issued here on Thursday, the Roundtable Conference held in Islamabad, "Fixing Fiscal Policy," aims to unite policymakers and thought leaders to foster collaboration and develop local solutions in the fiscal framework of Pakistan.

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In his introductory remarks, Dr. Nasir Iqbal, Associate Prof. and Chief of Macro-Policy Lab, PIDE said that the Round Table Conference in Islamabad, "Fixing Fiscal Policy," aims to unite policymakers and thought leaders to foster collaboration and develop local solutions in the fiscal framework of Pakistan. By bringing together academia and policymakers, we seek to chart a visionary path of fiscal policy in Pakistan for the future, transcending from short-term approaches and fire-fighting.

In his opening remarks speaking at the occasion Dr. Nadeem ul Haque, VC PIDE said that three



things need to be focused on for the fixation of fiscal policy. Firstly, the role of the government is crucial in ensuring effective fiscal management.

Secondly, taxation and expenditure must be carried out in a transparent manner with accountability. This includes how to collect taxes, how to spend them, and where to allocate funds. Lastly, debt management is also an important aspect that requires attention. Dr. Ashfaq Hasan Khan, Principal of the School of Social Sciences & Humanities, NUST while speaking at the roundtable meeting said that to address economic challenges, it is important to immediately reset the role of the government from being an active player to a facilitator.

In the first session titled "Role of Government and Economic Stagnation" while presenting the detailed presentation Muhammad Shaaf Najib, Research Fellow, PIDE said that Interest Payments account for a significant portion of the targeted tax revenue, amounting to 77.5%. In his detailed comments, Dr Ashfaq Hasan Khan made a comment on the presentation and stated that "Within the constitutional limits, without improving the NFC Award, we cannot adequately address our fiscal issues

The speakers, while commenting on the session, said that the significant government intervention in economic activity/market, both as an active economic agent and through a regulatory regime, has been a prominent feature in the economy. The second session began with the presentation of Dr Khalid Mahmood, Senior Research Economist, PIDE on "Taxation and Tax Administration". He stated that taxes often take the spotlight in media discussions; however, the tax policy in Pakistan is marred by arbitrary revisions, mini budgets, and IMF conditionalities. Additionally, tax administration inefficiencies require attention.

The speakers said that overall, the federal government relies heavily on indirect taxes, resulting in overwhelming collective revenues. The participants unanimously agreed that the distinction between a filer and a non-filer must be abolished. They advocated for universal tax return filing, simplification, and the establishment of a reasonable threshold. Income tax should be universal and not segmented. The 3rd and last session was "Pakistan's Debt Management" which started with the presentation of Dr. Haider Ali, Lecturer of Economics at PIDE.

September 08, 2023

PIDE Roundtable Meeting on Fixing the Fiscal Policy

Spokesman Report

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) Macro Policy Lab recently hosted the "Fixing Fiscal Policy" Round Table Conference in Islamabad. The event addressed the persistent challenge of fiscal indiscipline in Pakistan and sought to chart a visionary path for the nation's fiscal policy. Distinguished participants included senior economists, researchers, and fiscal experts from various institutions across the country, such as the Ministry of Planning, Development & Special Initiatives, P&D Baluchistan, QAU, SZABIST, the US Embassy, ADTMA, P&D Punjab, IIUI, NUST, and COMSATS.

In his introductory remarks, Dr. Nasir Iqbal, Associate Prof. and Chief of Macro-Policy Lab, PIDE said that the Round Table Conference, "Fixing Fiscal Policy," aims to unite policymakers and thought leaders to foster collaboration and develop local solutions in the fiscal framework

of Pakistan.

In his opening remarks speaking at the occasion Dr. Nadeem ul Haque, VC PIDE said that three things need to be focused on for the fixation of fiscal policy. Firstly, the role of the government is crucial in ensuring effective fiscal management.

Dr. Ashfaq Hasan Khan, Principal of the School of Social Sciences & Humanities, NUST while speaking at the roundtable meeting said that to address economic challenges, it is important to immediately reset the role of the government from being an active player to a facilitator.

In his detailed comments, Dr. Ashfaq Hasan Khan made a comment on the presentation and stated that "Within the constitutional limits, without improving the NFC Award, we cannot adequately address our fiscal issues

The speakers while commenting on the session, said that the significant government intervention in economic activity/market, both as an active economic agent and through a regulatory regime,

has been a prominent feature in the economy. PIDE research suggests that the government has a footprint of over 60% of the GDP and there are more than 200 Federal State-Owned Enterprises (SOEs), many of which are loss-making entities.

The second session began with the presentation of Dr. Khalid Mahmood, Senior Research Economist, PIDE on "Taxation and Tax Administration". He stated that taxes often take the spotlight in media discussions; however, the tax policy in Pakistan is marred by arbitrary revisions, mini budgets, and IMF conditionalities. Additionally, tax administration inefficiencies require attention.

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Indirect taxes, such as customs, federal excise tax, and sales tax, outweigh direct taxes, creating distortions and discriminatory resource allocation.

The 3rd and last session was 'Pakistan's Debt Management'

which started with the presentation of Dr. Haider Ali, Lecturer of Economics at PIDE. He highlighted that Pakistan's debt profile has worsened in recent years with a significant increase in floating debt in recent years.

With increasing expenditure, our debt has continued to increase. Mr. Mohsin Mushtaq Chandana, Director General (Debt), Finance Division mentioned that Pakistan's external debt saw an increase in the last decade when

we turned to the global bond market to raise foreign reserve funds. The CDNS in recent times has dropped due to various policy decisions such as restricting institutional investment in saving schemes.

PIDE roundtable meeting on fixing the fiscal policy

STAFF REPORTER

The Pakistan Institute of Development Economics (PIDE) Macro Policy Lab recently hosted the "Fixing Fiscal Policy" Round Table Conference in Islamabad. The event addressed the persistent challenge of fiscal indiscipline in Pakistan and sought to chart a visionary path for the nation's fiscal policy. Distinguished participants included senior economists, researchers, and fiscal experts from various institutions across the

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September 08, 2023

PIDE organises roundtable conference on Fixing the Fiscal Policy

MT REPORT

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PIDE organises roundtable conference on Fixing the Fiscal Policy

■ OUR CORRESPONDENT
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The speakers, while commenting on the session, said that the significant government intervention in economic activity/market, both as an active economic agent and through a regulatory regime, has been a prominent feature in

the economy.

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PIDE roundtable meeting on fixing the fiscal policy

MEHTAB PIRZADA

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geted tax revenue, indicating a lack of a sufficient revenue base to support the functioning of the civil government, subsidies, and development spending. As a result, all development expenditure is entirely financed through debt. The remuneration of civil servants involves a basic salary and significant monetary and non-monetary benefits. The total reward is significantly higher than the base reward stated in the contract. However, the cost to the government for senior civil servants is much higher than the benefits they provide. In his detailed comments, Dr. Ashfaqe Hasan Khan made a comment on the presentation and stated that "Within the constitutional limits, without improving the NFC Award, we cannot adequately address our fiscal issues. The speakers while commenting on the session, said that the significant government intervention in economic activity/market, both as an active economic agent and through a regulatory regime, has been a prominent feature in the economy. PIDE research suggests that the government has a footprint of over 60% of the GDP and there are more than 200 Federal State-Owned Enterprises (SOEs), many of which are loss-making entities. The Privatization Commission has been inefficient in dealing with these issues. The government's presence is hindering competition and market growth. On the regulatory front, the large size of

the government is evident with over 120 regulatory authorities in Islamabad alone, according to PIDE research. This abundance of registrations, licenses, certifications, and other permissions (RLCOs) has resulted in a high cost of regulatory sludge, which accounts for 45% of the GDP in only 24 activities. The second session began with the presentation of Dr. Khalid Mahmood, Senior Research Economist, PIDE on "Taxation and Tax Administration". He stated that taxes often take the spotlight in media discussions; however, the tax policy in Pakistan is marred by arbitrary revisions, mini budgets, and IMF conditionalities. Additionally, tax administration inefficiencies require attention. The round table conference aims to explore long-term reforms for a modern tax policy. Consequently, it is evident that tax collection primarily burdens the unprivileged while benefiting the privileged class. The implications of the tax structure include exploitative tax composition, complex tax principles, excessive withholding regime, high compliance cost, fragmented tax system, and hindered growth, as well as low fiscal resource mobilization. Furthermore, Pakistan's tax-to-GDP ratio has been declining, indicating a lack of tax efforts, policy, political will, and tax morality. The speakers said that overall, the federal government relies heavily on indirect taxes, resulting in overwhelming collective revenues. The tax mix is not ideal,

and there is a need to reconsider functional assignments and the experience of GST on services. The provincial tax efforts also contribute to this burden on the economy. Indirect taxes, such as customs, federal excise tax, and sales tax, outweigh direct taxes, creating distortions and discriminatory resource allocation. The effective tax to GDP-ratio, which considers compliance cost, scrapping non-economic taxes, and tax expenditure cost, is calculated to be 14.23% for 2019. To address these issues, it is recommended to upgrade both tax policy and authority. The focus is on "Doing Taxes Better" to achieve higher taxes and higher growth. Efforts are being made to improve the overall tax policy, and a few recommendations have been put forth. Essentially, we need to work on creating a clean system of documentation. Filing should not be solely based on the rate differential but should be made mandatory for all items. Additionally, income tax should not be segmented; it should be universal and cover agriculture income tax on the sales tax side. Instead of having too many revenues, the withholding tax (WHT) regime needs simplification. The economy would benefit from reducing withholding to improve efficiency. The process of refund adjustment should be made easier, and the Federal Board of Revenue (FBR) should prioritize streamlining the online refund process to minimize economic costs.

Income tax should be universal, not segmented

MEHTAB PIRZADA

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NEWS PAKISTAN



PIDE Roundtable meeting on Fixing the Fiscal Policy

September 07, 2023

The Pakistan Institute of Development Economics (PIDE) Macro Policy Lab hosted here the "Fixing Fiscal Policy" Round Table Conference. The event addressed the persistent challenge of fiscal indiscipline in Pakistan and sought to chart a visionary path for the nation's fiscal policy. Distinguished participants included senior economists, researchers, and fiscal experts from various institutions across the country, such as the Ministry of Planning, Development & Special Initiatives, P&D Baluchistan, QAU, SZABIST, the US Embassy, ADTMA, P&D Punjab, IIUI, NUST, and COMSATS. In his introductory remarks, Dr. Nasir Iqbal, Associate Prof. and Chief of Macro-Policy Lab, PIDE said that the Round Table Conference, "Fixing Fiscal Policy," aims to unite policymakers and thought leaders to foster collaboration and develop local solutions in the fiscal framework of Pakistan.

By bringing together academia and policymakers, we seek to chart a visionary path of fiscal policy in Pakistan for the future, transcending from short-term approaches and firefighting. In his opening remarks speaking at the occasion Dr. Nadeem ul Haque, VC PIDE said that three things need to be focused on for the fixation of fiscal policy. Firstly, the role of the government is crucial in ensuring effective fiscal management. Secondly, taxation and expenditure must be carried out in a transparent manner with accountability. This includes how to collect taxes, how to spend them, and where to allocate funds. Lastly, debt management is also an important aspect that requires attention.

Dr. Ashfaq Hasan Khan, Principal of the School of Social Sciences & Humanities, NUST while speaking at the roundtable meeting said that to address economic challenges, it is important to immediately reset the role of the government from being an active player to a facilitator. This would involve eliminating the current regulation-based regime and transitioning towards a rule-based economy. The use of a regulatory guillotine would help in the elimination of unnecessary No Objection Certificates (NOCs). A rule-based approach, coupled with monitoring and evaluation, would ensure a more efficient and effective economic system.

In the first session titled "Role of Government and Economic Stagnation" while presenting the detailed presentation Muhammad Shaaf Najib, Research Fellow, PIDE said that Interest Payments account for a significant portion of the targeted tax revenue, amounting to 77.5%. The total federal liabilities, including Interest Payments, Pensions, and Grants to provinces, stand at PKR 9512 billion. These liabilities exceed the targeted tax revenue, indicating a lack of a sufficient revenue base to support the functioning of the civil government, subsidies, and development spending. As a result, all development expenditure is entirely financed through debt. The remuneration of civil servants involves a basic salary and significant monetary and non-monetary benefits.

The total reward is significantly higher than the base reward stated in the contract. However, the cost to the government for senior civil servants is much higher than the benefits they provide. In his detailed comments, Dr Ashfaq Hasan Khan made a comment on the presentation and stated that "Within the constitutional limits, without improving the NFC Award, we cannot adequately address our fiscal issues. The speakers while commenting on the session, said that the significant government intervention in economic activity/market, both as an active economic agent and through a regulatory regime, has been a prominent feature in the economy. PIDE research suggests that the government has a footprint of over 60% of the GDP and there are more than 200 Federal State-Owned Enterprises (SOEs), many of which are loss-making entities.

The Privatization Commission has been inefficient in dealing with these issues. The government's presence is hindering competition and market growth. On the regulatory front, the large size of the government is evident with over 120 regulatory authorities in Islamabad alone, according to PIDE research. This abundance of registrations, licenses, certifications, and other permissions (RLCOs) has resulted in a high cost of regulatory sludge, which accounts for 45% of the GDP in only 24 activities. The second session began with the presentation of Dr Khalid Mahmood, Senior Research Economist, PIDE on "Taxation and Tax Administration". He stated that taxes often take the spotlight in media discussions; however, the tax policy in Pakistan is marred by arbitrary revisions, mini budgets, and IMF conditionalities. Additionally, tax administration inefficiencies require attention. The round table conference aims to explore long-term reforms for a modern tax policy. Consequently, it is evident that tax collection primarily burdens the unprivileged while benefiting the privileged class.

September 08, 2023

PIDE organises roundtable conference on Fixing the Fiscal Policy

TIMES REPORT

PESHAWAR: The Pakistan Institute of Development Economics (PIDE) Macro Policy Lab recently hosted the "Fixing Fiscal Policy" Round Table Conference. According to a press release issued here on Thursday, the Round Table Conference held in Islamabad, "Fixing Fiscal Policy," aims to unite policymakers and thought leaders to foster collaboration and develop local solutions in the fiscal framework of Pakistan. The event addressed the persistent challenge of fiscal indiscipline in Pakistan and sought to chart a visionary path for the nation's fiscal policy. Distinguished participants included senior economists, researchers, and fiscal experts from various institutions across the country, such as the



Ministry of Planning, Development & Special Initiatives, P&D Balochistan, QAU, SZABIST, the US Embassy, ADTMA, P&D Punjab, IIUI, NUST, and COMSATS. In his introductory remarks, Dr. Nasir Iqbal, Associate Prof. and Chief of Macro-Policy Lab, PIDE said that the Round Table Conference in Islamabad, "Fixing Fiscal Policy," aims to unite policymakers and thought leaders to foster collaboration and develop local solutions in the fiscal framework of Pakistan. By bringing

together academia and policymakers, we seek to chart a visionary path of fiscal policy in Pakistan for the future, transcending from short-term approaches and fire-fighting. In his opening remarks speaking at the occasion Dr. Nadeem ul Haque, VC PIDE said that three things need to be focused on for the fixation of fiscal policy. Firstly, the role of the government is crucial in ensuring effective fiscal management. Secondly, taxation and expenditure must be carried out in a transparent manner

with accountability. This includes how to collect taxes, how to spend them, and where to allocate funds. Lastly, debt management is also an important aspect that requires attention. Dr. Ashfaque Hasan Khan, Principal of the School of Social Sciences & Humanities, NUST while speaking at the roundtable meeting said that to address economic challenges, it is important to immediately reset the role of the government from being an active player to a facilitator. In the first session titled "Role of Government and Economic Stagnation" while presenting the detailed presentation Muhammad Shaaf Najib, Research Fellow, PIDE said that Interest Payments account for a significant portion of the targeted tax revenue, amounting to 77.5%.

IS PIDE Conference

Income tax should be universal and not segmented

Spokesman Report

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ensure a more efficient and effective economic system.

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In the first session titled "Role of Government and Economic Stagnation" while presenting the detailed presentation Muhammad Shaaf Najib, Research Fellow, PIDE said that Interest Payments account for a significant portion of the targeted tax revenue, amounting to 77.5%. The total federal liabilities, including Interest Payments, Pensions, and Grants to provinces, stand at PKR 9512 billion. These liabilities exceed the targeted tax revenue, indicating a lack of a sufficient revenue base to support the functioning of the civil government, subsidies, and development spending. As a result, all development expenditure is entirely financed through debt. The remuneration of civil servants involves a basic salary and significant monetary and non-monetary benefits. The total reward is significantly higher than the base reward stated in the contract. However, the cost to the government for senior civil servants is much higher than the benefits they provide.

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The speakers while commenting on the session, said that the significant government intervention in economic activity/market, both as an active economic agent and through a regulatory regime, has been a prominent feature in the economy. PIDE research suggests that the government has a footprint of over 60% of the GDP and there are more than 200 Federal State-Owned Enterprises (SOEs), many of which are loss-making entities. The Privatiza-



tion Commission has been inefficient in dealing with these issues. The government's presence is hindering competition and market growth. On the regulatory front, the large size of the government is evident with over 120 regulatory authorities in Islamabad alone, according to PIDE research. This abundance of registrations, licenses, certifications, and other permissions (RLCOs) has resulted in a high cost of regulatory sludge, which accounts for 45% of the GDP in only 24 activities.

The second session began with the presentation of Dr. Khalid Mahmood, Senior Research Economist, PIDE on "Taxation and Tax Administration". He stated that taxes often take the spotlight in media discussions; however, the tax policy in Pakistan is marred by arbitrary revisions, mini budgets, and IMF conditionalities. Additionally, tax administration inefficiencies require attention. The round table conference aims to explore long-term reforms for a modern tax policy. Consequently, it is evident that tax collection primarily burdens the unprivileged while benefiting the privileged class. The implications of the tax structure include exploitative

tax composition, complex tax principles, excessive withholding regime, high compliance cost, fragmented tax system, and hindered growth, as well as low fiscal resource mobilization. Furthermore, Pakistan's tax-to-GDP ratio has been declining, indicating a lack of tax efforts, policy, political will, and tax morality.

The speakers said that overall, the federal government relies heavily on indirect taxes, resulting in overwhelming collective revenues. The tax mix is not ideal, and there is a need to reconsider functional assignments and the experience of GST on services. The provincial tax efforts also contribute to this burden on the economy. Indirect taxes, such as customs, federal excise tax, and sales tax, outweigh direct taxes, creating distortions and discriminatory resource allocation. The effective tax to GDP-ratio, which considers compliance cost, scrapping non-economic taxes, and tax expenditure cost, is calculated to be 14.23% for 2019. To address these issues, it is recommended to upgrade both tax policy and authority. The focus is on "Doing Taxes Better" to achieve higher taxes and higher growth. Efforts are being made to improve the

overall tax policy, and a few recommendations have been put forth.

Essentially, we need to work on creating a clean system of documentation. Filing should not be solely based on the rate differential but should be made mandatory for all items. Additionally, income tax should not be segmented; it should be universal and cover agriculture income tax on the sales tax side. Instead of having too many revenues, the withholding tax (WHT) regime needs simplification. The economy would benefit from reducing withholding to improve efficiency. The process of refund adjustment should be made easier, and the Federal Board of Revenue (FBR) should prioritize streamlining the online refund process to minimize economic costs.

The participants unanimously agreed that the distinction between a filer and a non-filer must be abolished. They advocated for universal tax return filing, simplification, and the establishment of a reasonable threshold. Income tax should be universal and not segmented.

The 3rd and last session was "Pakistan's Debt Management" which started with the presentation of Dr. Haider Ali, Lecturer of Economics at PIDE. He highlighted that Pakistan's debt profile has worsened in recent years with a significant increase in floating debt in recent years. With increasing expenditure, our debt has continued to increase. He identified numerous questions that we need to find answers to devise an efficient debt management policy for the long run such as how much debt is sustainable. What is the prudent composite of debt? And whether we have an effective debt utilization framework in place or not.

Mr. Mohsin Mushtaq Chandna Director General (Debt), Finance Division mentioned that Pakistan's external debt saw an increase in the last decade when we turned to the global bond market to raise foreign reserve funds. The CDNS in recent times has dropped due to various policy decisions such as restricting institutional investment in saving schemes.