



1. CAN'T ENROLL ALL POTENTIAL TAXPAYERS LISTED BY NADRA: FBR

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Islamabad - Federal Board of Revenue (FBR) has said that it is impossible to bring all the 3.5 million people identified by Nadra in tax net. Briefing a senate committee, FBR Chairman Nisar Muhammad Khan informed that they have served notices on 300,000 potential tax payers which were identified by the data of their foreign visits, school fee and purchase of luxury cars.

The meeting of the Standing Committee on Finance, Revenue and Economic Affairs was presided over by Senator Saleem Mandiwala. FBR chairman said that so far about 113,000 people have filed their tax returns and FBR was striving hard to enhance the cost of non-filers in order to expand the tax base as well as improve the tax compliance culture.

However, the committee was not happy with the slow pace of bringing the non-taxpayers into the net and it asked if it would take decades to bring all the 3.5 million prospective tax payers into the tax net.

Earlier, FBR Chairman Nisar Khan was not ready to accept the claim of Senator Saud Majeed that Nadra has a list of 3.5 million prospective taxpayers but later he said that the Nadra list was an unachievable target.

Chairman of the committee said that 100 million Pakistanis have ID cards and the government needs to connect National Tax Number with ID cards. He asked FBR to get the moveable and immoveable property records and traveling details of all the Pakistanis from Nadra.

He recommended blocking the bank accounts and confiscating property of the non-filers. "There is no culture of filing tax returns, we and FBR have to find way of increasing the tax base," Mandiwala said.

He also asked FBR to reduce taxes on local dried milk so it could compete with international brands.

FBR chairman said that it is against the rules and they cannot apply different sales tax to the imported and local dried milk. However, they could evolve different regulatory duties for both kind of milk.

The standing committee also showed apprehension over the unwarranted withdrawal of money by FBR from the taxpayers' accounts and said that the rule 138 and 148 need to be amended.

The Standing Committee was informed by the FBR that government has achieved its revenue targets of first nine months of current financial year (2015-16).

Briefing the committee, FBR Chairman Nisar Khan said that it was a historic achievement and first time in country's economic history revenue target was not revised.

In past it was a common practice that revenue targets were revised downward twice in financial year but this time government has achieved its revenue targets of the last 9 months and it was also optimistic to collect the revenue targets fixed for rest of the current fiscal year, he added.

Nisar Khan informed the committee that about one million people were filing their tax returns, adding the government was working to enhance direct taxation and it was enhanced from 30 percent to 40 percent.

FBR has also devised a mechanism for swift dispute resolution and ratio of complaints has come



down from 17,000 to 12,000, he added. Besides, he said that FBR was also working on budget suggestion for the federal budget 2016-17 to remove the legal obstacles to facilitate the taxpayers.

The FBR chief said the recommendation of the committee was implemented its letter and spirit and computerised national identity card number was declared as national tax number.

Benazir Income Support Programme secretary informed the committee that it would extend education facility to 2 million children under its Waseela-e-Haq Programme.

He said that BISP was also conducting survey to obtain new data and it would be completed by 2017. He informed that about 700 mobile SIMs were blocked on deceptive messages.

(Also published in Daily Times)

2. FINANCE MINISTER BRIEFS IMF DELEGATION ON ECONOMY

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ISLAMABAD: The visiting International Monetary Fund (IMF) delegation led by IMF Middle East and Central Asia Department Director Masood Ahmed, called on Finance Minister Ishaq Dar on Thursday.

Welcoming the delegation, the finance minister shared with the visiting dignitaries a brief overview of the economy, saying that it was on the right track and all economic indicators were moving in the positive direction.

The minister cited the amount of revenue collection by the Federal Board of Revenue and said that prior to the PML-N government, the revenue growth used to be around 2.5 to 3.0%, which has now

increased to 19.7%, adding that there has been record revenue collection in the current fiscal year. Debt to GDP ratio, he said, was continuously declining compared to the previous years. Exchange rate is stable and fiscal deficit has been contained, he remarked.

He said that Pakistan has achieved fiscal consolidation without compromising on expenditures on development and social protection. The minister said that the government has the desire to achieve 6-7% growth within its tenure and for the CFY 2015-16, it is striving to achieve a growth rate of over 5%.

IMF delegation praised the economic reforms undertaken by Pakistan and said that these have helped achieve macroeconomic stability, which is now widely acknowledged. The focus of discussion on Pakistan at IMF has now shifted from economic stability to growth.

The meeting noted that economic growth in Pakistan was better compared to most developing countries, which was laudable keeping in view the economic slow down experienced internationally. The delegation also commented that Pakistan has made remarkable progress in the ongoing IMF Extended Fund Facility programme. This shows how serious the present government was about economic reform, members of the delegation added.

Now it is time for the government to consolidate the gains it has made so far, the delegation noted. Discussion was also held on structural reforms in different sectors being undertaken by Pakistan with special focus on efforts to enhance effectiveness of public sector enterprises. *The Privatisation Commission chairman, Benazir Income Support Programme (BISP) chairperson, State Bank of Pakistan governor and senior officials of economic ministries participated in the meeting.*

(Also published in Daily Times)



3. 3 OUT OF 10 PAKISTANIS OFFICIALLY POOR

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Poverty definition revised

Numbers out, three out of every 10 Pakistanis are poor

Government changes calculation methodology, classifies 59 million as poor

A SHAHBAZ BANA
Illustration

Poverty rises to **29.5%** and the number of officially recognised poor is now

59m out of 200m

The government has redesigned the country's poverty line to bring the benchmark in line with prevailing socioeconomic conditions and has officially recognised that three out of every ten citizens are poor - a ratio that was earlier just one out of ten.

In absolute terms, 59 million are now being recognised as poor against the earlier figure of 20 million.

Ministers of planning, not finance on Thursday unveiled a new methodology in the presence of international development partners to calculate the percentage of people living below the poverty line.

Pakistan has shifted from a formula based on food energy intake to one based on the cost of basic needs aimed at making the definition of poor more realistic. However, the government again did not change the unemployment definition, which has also become obsolete, recording a 5.4% jobless rate.

Under the new methodology, the poverty ratio was 29.5% in 2009-10, which according to the old definition stood at 9.3% said Ahsan Iqbal, Minister of Planning and Development, while unveiling the methodology.

In addition to the 59 million poor, 20 million people were classified as vulnerable and any economic shock may pull them down the poverty line, said the planning minister.

After the readjustment, the poverty line is now equal to Rs 330 per adult per month, up from Rs 195. According to the new definition, the poverty ratio was 64.3% in 2009 against the old estimate of 14.8%, said the minister.

Finance Minister Ishaq Dar insisted that despite the increase in numbers, poverty was on the decline, no matter which formula was adopted. On the basis of the old methodology, the percentage of people living below the poverty line fell around 25 percentage points from a high of 14.6% in 2000-02 to 9.3% in 2009-10. But took credit of taking a bold but politically sensitive step aimed at reaching an eight-year-old dispute over the actual level of poverty.

According to the new methodology, the poverty ratio dropped from 64.3% in 2009 to 29.5% in 2013-14. The poverty in rural areas was high compared to urban areas. Over one-third of the rural population is classified as poor against less than one-fifth in urban centres.

In absolute terms, the new poverty line will allow up to 7.6 million households to be classified as poor against 3 million households who were considered poor earlier.

In addition to the 59 million poor, 20 million people were classified as vulnerable and any economic shock may pull them below the poverty line, said the planning minister.

"Adoption of the new poverty line will help in the inclusive distribution of benefits and services, especially to the most vulnerable," said International Development Country Director of World Bank. He said the government had taken a bold step to adopt a more inclusive poverty line.

Last time, the benchmark of poor was calculated in 2000.

Since then, ground realities had changed altogether and there had been many structural reforms, liberalisation measures, social safety nets, higher remittances and natural calamities, said the planning minister.

He stressed that the step aimed at countries to raise their poverty threshold when it got as low as it had in the case of Pakistan. The meeting would bring the benchmark of poor in harmony with the prevailing socioeconomic conditions, Iqbal said.

He said the government had decided to set the reference group - the basket of food and non-food items on which poverty is calculated - at 10,400.

"Setting aside politics, we are committing ourselves to a greater challenge because continuing with the 2009 poverty line would have tagged roughly 80 million people as poor and the readjustment raises it to 60 million, so we are raising the bar for ourselves."

The minister said the government had incorporated suggestions of all poverty experts besides seeking advice from renowned development experts like Martin Ravallion and John Gibson who reviewed the findings.

BY SHAHBAZ BANA

ISLAMABAD: Three out of ten Pakistanis live below the poverty line, the government revealed on Thursday, as opposed to the previous figure of one in ten. As opposed to the previous 20 million, 59 million Pakistanis are now officially classified as poor.

The new figures emerged after the ministries of planning and finance devised a new methodology to calculate the percentage of people living below the poverty line. Planning Minister Ahsan Iqbal and Finance Minister Ishaq Dar unveiled the new method in the presence of international development partners on Thursday alongside the revised figure of the country's poor population.

Pakistan has shifted from a formula based on food energy intake to one based on the cost of basic needs aimed at making the definition of

poor more realistic. However, the government again did not change the unemployment definition, which has also become obsolete, recording a 5.9% jobless rate.

4. DAR RULES OUT NEW IMF PROGRAMME

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ISLAMABAD - Government has adopted new model to measure poverty effectively. By resetting the poverty threshold, the government has announced a new poverty line of Rs 3030 per adult per month or less than \$0.97 per day.

By taking the threshold to less than a dollar a day, the government also reiterated its resolve to bring down the poverty level to zero by adopting pro-poor investments, enhancing economic growth rate and further strengthening social safety nets.

According to the old poverty line of Rs 2259 per month per adult there were 20 million poor in Pakistan but after the introduction of new threshold the number has now increased to 60 million.

It is pertinent to mention that the new global poverty line is set at \$1.90 using 2011 prices. Globally when a new set of purchasing power parity exchange rates (PPPs) were published in 1993, the poverty line was \$1.08 per day. PPPs were revised in 2005, and the line was upped to \$1.25 and in 2011 it was again increased to \$1.90.

Jointly addressing a press conference, with the planning, development and reforms minister



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Ahsan Iqbal here, finance minister Ishaq Dar also announced that the government is not going to IMF for the next programme. To a question, the minister replied, "The country does not need another IMF programme," and added: "We have to do a lot of work to sustain the current achievements." He said that no body will be allowed to derail the current growth.

He said that he is leaving on April 12 for attending the World Bank-IMF Spring meetings in Washington.

The finance minister claimed that poverty in Pakistan is declining and said that government has adopted new international best practices where the non-food items, including health and education, have also been included in the new basing of poverty estimation.

He expressed the hope that this new poverty estimation methodology would be useful for the researchers and policy-makers in the country.

The finance minister said that due to prudent economic policies of the government, the poverty ratio has been showing downward trend and in future, it would further decline to the lowest level.

Ishaq Dar said that Pakistan has seen an exceptional decline in poverty in the last fifteen years, down from 35 percent in 2001-02 to under 10 percent in 2013-14.

He said that after having achieved macroeconomic stability the government is actively pursuing economic growth and employment generation.

Ishaq Dar said that the economy was on the right track and all economic indicators were moving in the positive direction. The minister said that for the first time the Federal Board of Revenue has met its target of revenue collection and said that prior to PML-N government, the revenue growth used to be around 2.5 to 3.0%, which has now increased to 19.7%.

The minister said: "When PML-N came to power the net international reserves were less than one billion dollars which are now about \$ 6.5 billion.

Finance minister said that now Pakistan is becoming a favourite destination for the international companies.

Companies from Saudi Arabia and Qatar are keen to invest in Pakistan.

Particularly Kuwait is interested in energy sector in the country.

Addressing the press conference, Ahsan Iqbal said that the issue of poverty estimation was lingering on since 2008 and various steps were taken to resolve this issue.

"I, soon after becoming planning minister, formed a Technical Committee to resolve the issue.

Group of experts deliberated upon the issue and gave various suggestions."

"We have incorporated the suggestions of all the experts in our work. Moreover, we also sought advice of renowned poverty and development gurus like Martin Ravallion and John Gibson to review our findings and they all endorsed us," he said.



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Head count poverty was computed in Pakistan in 2001. Since then the ground reality has changed altogether.

There have been many structural reforms, liberalization, social safety nets, increase in remittances and natural calamities, he added.

Pakistan did not reset poverty breaches threshold of 10% every country rest it, and we are no exception. According to 2001 data current poverty in 9.3% and therefore it needs resetting.

Capitalizing on opportunity of resetting and bringing it in harmony with socio-economic realities, development policies, and massive foreign investment we have decided to make some choices, he maintained.

We needed to choose from reference group, measure of welfare (calories), and method. We have chosen 10-40% of distribution as reference group, 2350 calories as minimum welfare measure and cost of basic needs as method, he added.

Using 2013-2014 data head count poverty comes out to be 29.5%.

In monetary terms, poverty line comes out to be 3030 rupees per adult equivalent per month, he said.

Setting aside politics, we have committed ourselves to a greater challenge because continuing with 2001 poverty line would have tagged roughly 20 million people as poor, while resetting has raised the number to 60 million.

So, we are raising bar for ourselves, but we

have decided to do so, the minister explained.

The government is making this process more and more transparent and will make sure that the micro data, computation method and relevant literature is made available to all researches so that this delay in head count poverty measurement should not happen again, Ahsan Iqbal said.

He said that the methodology, data and literature will be shared on the Planning Commission website so that practitioners, academicians, development partners, government functionaries may be able to use and improve it.

The government has strengthened the social safety nets and trying to create more opportunities for everyone.

Pakistan Vision-2025 has promised a better living for everyone, he added.