

## **Our antiquated systems – Excise & Taxation**

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“It is extremely frustrating for me to see a country and people that are so capable and intelligent, not making more progress than they should in terms of poverty reduction, inequality, modernising the state, and functioning institutions. It is Pakistani elite that needs to decide whether or not they want a country”.

Marc-André Franche, outgoing country director UNDP Pakistan.

It appears that the Pakistani elite have already made the decision. They want to have a fiefdom which caters exclusively to their own interests, wealth and wellbeing. The rest of lesser beings could trudge along and continue to struggle on the fringes of poverty - their lives made more miserable by the antiquated systems, procedures and services. The unconcerned and self-serving ruling elite fall back on parallel channels and by-pass arrangements for all their legal and extralegal pursuits.

May it be receiving profit on their own savings or paying a tax, the cumbersome and often demeaning procedures inherited from the East India Company era, continue to treat ordinary citizens like slaves. The National Saving Organisation refuses to send profits automatically to the bank accounts of its customers and insists on their monthly appearance and humiliation. The agony designed in the long queues for making payment at the passport office is another example. The annual vehicle tax payment process will perhaps top the list of such agonising and exasperating service delivery processes.

In Karachi alone, 4.7 million vehicle owners are forced to make 2-4 completely avoidable visits every year to pay their annual motor vehicle tax. The Sindh Excise and Taxation (E&T) Department’s representatives attached with the 12 designated National Bank Branches in Karachi operate like totally autonomous ‘free electrons’. They may randomly disappear from their seat, be absent for a day, be missing for a week or simply pull down the shutters on the pretext of “system” being down. Customers are left with no choice but to keep coming back till they find an E&T representative physically available and in a mood to get on with the work.

The actual motor vehicle tax payment process is cumbersome and ill-designed. Customers typically wait in a queue for the E&T representative to scrutinise the registration book, log into the E&T server, fill a form and write down the amount to be paid. Equipped with this information, the customers now queue up at a second window (bank counter) to pay the amount and obtain a receipt. The customers queue up for the third time to present the receipt to the E&T representative. The representative stamps the registration book and updates the computer record. At this stage a 'display sticker' ought to be provided. More often than not, the 'sticker' is either not issued or issued for six months only. In simple words this translates into adding extra visits.

A small injection of modern technology along with a large dose of common sense could completely transform the tax payment process. The annual motor vehicle tax payment (for that matter all other payments to the government) could be made through internet or using phone money transfer schemes at an E&T designated bank account. Pakistan has 130 million mobile phone users and many excellent mobile phone money transfer schemes - 'Easy Paisa', 'Mobicash', 'UBL Omni' and 'Upaisa' to name a few. An SMS message from the E&T Department, at the beginning of every year could inform each car owner the tax that is due for next 1, 2, 3 and 5 years. Customers should have the choice to make advance payment for multiple years. All this could be done without having to leave one's home. An automatic SMS message could confirm the receipt of payment while the car tax sticker could be couriered at the individual's home address.

The concept of citizens visiting banks or government offices to pay their taxes was given up many years back by most developed countries. Why does Pakistan make its citizens suffer by insisting on continuing with the 18<sup>th</sup> century tax payment methods. Often these complex and inefficient systems breed bribery and ghost employees. The Sindh E&T Department ought to dismantle its existing tax payment methodology and enable all citizens to pay their tax using internet or mobile phone money transfer services. Will the Stanford-educated, computer-savvy new Chief Minister please take at least one small step to simplify the lives of ordinary citizens?