

Feedback Survey Report on Federal Budget 2016-17

By Research & Publications Directorate, ICMA Pakistan

'CMAs at large terms budget as 'Businessfriendly' that would help boost economic growth'

Preamble

The Research and Publications Directorate of ICMA Pakistan conducted this feedback survey of its members, soon after the announcement of Federal Budget 2016-17 on 3rd June 2016 by the Federal Finance Minister, to elicit their initial feedback and viewpoint on the budget speech and the accompanied Finance Bill 2016. The questionnaire was so designed as to judge the general impression and reaction of members with regard to budget proposals, its implications on national economy and general public, different measures that were expected but not made part of budget proposals and various tax anomalies.

The outcome received as a result of this survey of professional accountants, corresponds to the observations and viewpoints as expressed by other stakeholders such as the representative bodies of trade and industry, business community, economists, tax experts, general public etc. The CMAs, being a part of this society, share identical feelings and sentiments as other segments of the society; hence the feedback received from this survey should be judged and taken in the same general perspective.

Overall, the participating management accountants have expressed a positive and optimistic opinion on various budgetary measures proposed in Federal Budget 2016-17, despite acknowledging the fact that it was yet another traditional budget with no significant incentives and relief for the industry and common man.

Some good suggestions have also been provided by the members which merits attention of the government. It has been suggested that those FBR is taking action again non-filers to broaden tax base, there is need for effective monitoring of this drive and the scale should also be enhanced. It has also been suggested that in order to contain inflation, the government need to specifically focus on bringing down the fuel and energy prices which should be kept stable and at the same time, new sources of energy need to be explored while keeping the mix at some fair minimum level. The participants have appreciated the initiatives of providing increment in salaries to government employees and relief and incentives to farmers, however, they have pointed out that electricity cost is still a big issue to be addressed. It has been suggested that government need to consider some price equalization methods in cooperation with the Provinces.

Methodology & Survey Statistics

The feedback survey questionnaire was uploaded on Institute's website on 3rd June 2016 and also placed on Google Drive to provide an opportunity to members to submit their responses online. The members were also invited via email to participate in this brief survey and provide feedback on ten specific questions. They were also asked to identify some tax anomalies in the budget by referring to relevant provision of tax laws and giving justifications. The

'Budget targets are realistic but need serious efforts by government to meet them'

On the positive side, around 52% of CMAs expressed optimism and hoped that the budgetary measures announced by the Finance Minister, being business-friendly, would help boost economic growth. Further, in opinion of 42% survey participants, the targets set by the government in budget 201-17 are realistic and quite achievable with consistent efforts. Around 46% CMAs have indicated that the budget 2016-17 addressed major issues of the business and industry, whereas 53% observed that some pragmatic measures have been proposed in budget for broadening the tax base and bringing the untaxed segment into the tax net. The survey results also pointed out that around 40% CMAs expect inflation to go down in FY 2016-17. Moreover, around 43% CMAs who participated in survey have said the new taxes in budget are justified.

On the negative side, around 76% survey participants have indicated that the budget 2016-17 has failed to provide any relief or incentive to the common people who are already facing extreme difficulties to meet their expenses due to rising inflation. Further, 65% of respondents think that budget lack serious initiatives to check inflation and stabilize the prices of essential commodities.

members were given the deadline of 20th June 2016 for submitting their responses to Research and Publication Department.

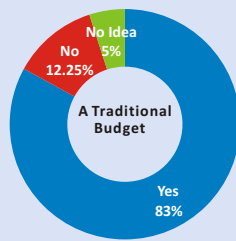
This year's post-budget survey conducted by the Institute have been participated by 217 members which is higher than participation of only 100 members in last year's survey. This indicates that there is increasing interest in CMAs about macro-economic issues, including budget and they are eager to supplement the government's efforts in achieving economic growth and prosperity. In total, 217 responses were received in 18 days, out of which 13 responses were found redundant whereas 204 responses were considered valid.

Survey Questionnaire and Results

The Survey comprised of ten questions that aimed at seeking opinion of respondents on different aspects and implications of budget 2016-17 on the national economy and common people as well as measures for controlling inflation and broadening tax base. Let's have a brief look at the main results of the survey:

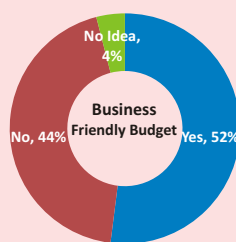
83% terms budget 2016-17 as 'traditional'

Majority of respondents (82.84%) have given a candid and straightforward feedback by terming the Federal Budget 2016-17 as a 'traditional' budget, containing no relief measures for the people and business. Around 12.25% think that budget is not traditional and include some good measures. Around 5% did not answer.



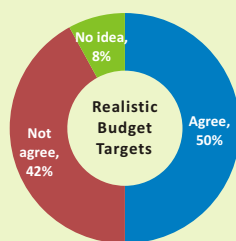
52% hopes budgetary measures would boost economy

More than fifty percent (51.96%) survey participants are optimistic that the budgetary measures announced by the Finance Minister are business-friendly and would help boost the economic growth. Around 44.12% differ and in their opinion the budget 2016-17 is anti-business and would not have any positive impact on the national economy.



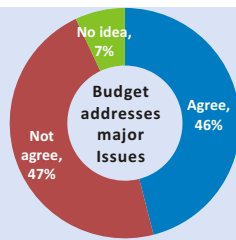
42% thinks budget targets are realistic and not ambitious

Around 41.67 percent respondents have expressed that the targets set by the government in budget 2016-17 are realistic and not ambitious which are quite achievable with consistent efforts. However, 50.49% think that targets are too ambitious and difficult to be achieved. Around 7.84% said they cannot predict at the moment.



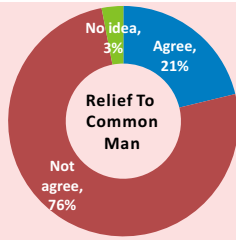
46% says budget addresses major issues

Almost 46 percent survey participants have indicated that the budget 2016-17 have addressed the major issues of business and industry, whereas 47% have communicated in negative.



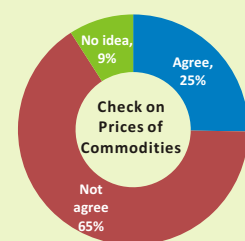
76% opines budget has provided no relief to common man

Majority of the respondents (76%) have opined that the budget has failed to provide any relief or incentive to the common people who are facing extreme difficulties in meeting both ends meet due to lower income and rising and unchecked increase in prices of essential commodities. Around 21% have not agreed with this, whereas 3.43% participants have not expressed any opinion on this question.



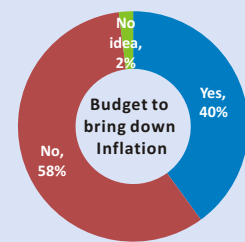
65% thinks budget lack initiatives to check prices of essential commodities

It was asked in the survey whether the budget 2016-17 include measures to stable essential commodities prices. In response, around 65 percent participants have expressed that the budget lacks serious initiatives to check and stabilize prices of essential commodities which have direct impact on the income and spending of common people. Around 26% respondents think that budget have such measures that could help check inflation, whereas 9.31% have not answered this question.



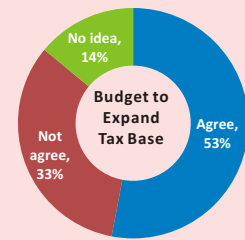
40% expects inflation would go down in FY 2016-17

The survey participants were asked as to whether in their opinion the budgetary measures for FY 2016-17 would help control overall inflation in the country. Around 40.20 percent respondents have agreed, whereas 57.84 percent have not agreed and say inflation would continue, due to ineffective price control mechanism.



53% observes good measures in budget to broaden tax base

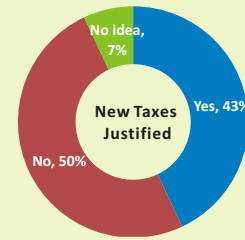
More than fifty percent (53.43%) have observed that budget 2016-17 have proposed some good measures to broaden tax base by targeting the untaxed business segments, especially by expanding the scope of non-filer taxation. Around 32.84 respondents have differed with this opinion.



To another related question, 50 percent survey participants have appreciated budgetary measures to target the untaxed segment of the society for revenue generation. Around 31.86% participants, however, observed that the budget lacks such measures to bring the untaxed class into the tax net.

43% thinks new tax measures in budget 2016-17 are justified

One question was posed to survey participants as to whether the new taxes proposed in budget 2016-17 are justified or not. Around 42.65% respondents have communicated in positive, whereas 50 percent have hinted that new taxes proposed in budget are not justified and should be withdrawn.



Disclaimer: This survey report is based on the personal observations and perceptions of members and other professionals and in any way does not reflect the views of the Institute. The Institute, therefore, does not assume any liability for any financial or other loss that may result from reliance on this survey report for making any decision, investment or otherwise.