

deposited by them under RCM. While the primary objective behind the RCM was to curb tax evasion and improve tax compliance among unregistered businesses, it has proven to be highly burdensome and counterproductive for registered dealers, particularly small and medium-sized enterprises.

Our observations and feedback from the members of the Advocates' Tax Bar Association indicate that the Reverse Charge Mechanism has not yielded the desired revenue boost. Instead, it has created an environment conducive to corruption and harassment. Several registered dealers are reporting increased incidents of bribery and extortion from unscrupulous tax officials, who exploit the complexities of the RCM to coerce businesses into paying extra amounts to avoid scrutiny.

Moreover, the Reverse Charge Mechanism has resulted in excessive paperwork and administrative burden for the registered dealers, leading to increased compliance costs. This, in turn, has hindered their growth and hampered the ease of doing business. The situation is particularly difficult for SMEs that lack the resources to navigate the intricacies of this mechanism efficiently.

Therefore, we earnestly request the Ministry of Finance to reconsider the applicability of the Reverse Charge Mechanism on Registered Dealers, except for Government Organizations and NGOs. By exempting genuine businesses from this provision, we believe that it would lead to the following benefits:

- 1. Improved Ease of Doing Business:** Eliminating the RCM for registered dealers, except for Government Organizations and NGOs, would simplify compliance procedures, reduce paperwork, and foster a more conducive environment for entrepreneurship and economic growth.
- 2. Reduced Corruption:** Removing the RCM's scope would significantly decrease opportunities for corrupt practices, enhancing transparency and promoting ethical tax administration.
- 3. Boost to SMEs:** By relieving SMEs from the burden of RCM compliance, they can allocate resources to focus on innovation, expansion, and job creation.
- 4. Enhanced Tax Compliance:** Rather than discouraging tax compliance, this measure would encourage unregistered businesses to formalize their operations and become registered taxpayers.

We assure you that the Advocates' Tax Bar Association stands committed to collaborating with the Government to ensure the success of tax reforms that benefit all stakeholders involved. We believe that the abolition of the Reverse Charge Mechanism, as suggested, aligns with the larger vision of a simplified and taxpayer-friendly tax regime.