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GOVERNMENT OF PAKISTAN
MINISTRY OF INTER-PROVINCIAL COORDINATION

MINUTES/DECISIONS OF THE PRE-MEETING FOR 31ST MEETING OF INTER PROVINCIAL COORDINATION COMMITTEE (IPCC) HELD ON 9TH JULY, 2025

The Pre-Meeting for 31st meeting of Inter Provincial Coordination Committee (IPCC) was held on 9th July, 2025 at 11:00 a.m. in the Committee Room of Ministry of Inter Provincial Coordination under the Chairmanship of the Secretary, Ministry of Inter Provincial Coordination. List of participants is annexed.

2. The meeting commenced with recitation from the Holy Quran. The Chair welcomed the participants of the meeting. After the brief introduction the following agenda points were discussed.

Agenda Item No. I	"Issue of illegal trawling and continuous violation by Sindh based trawlers. Further strengthening of joint patrolling & monitoring mechanism. License cancellation of trawlers involved in illegal trawling Summary of the Government of Balochistan"

3. Joint Secretary, M/O IPC briefed the participants about the background of the agenda item. Representative from Ministry of Defence (MoD) stated that Vessel Monitoring System (VMS) will be installed on all boats. And as per commitment reflected in minutes of the 30th meeting of the IPCC, both province Sindh and Balochistan have to contribute Rs. 300 million each, while the Federal Government will contribute Rs. 600 million for the VMS project. Moreover, Ministry of Finance linked the Rs. 600 million with the provision of Rs. 300 million each form the provinces of Sindh and Balochistan.

4. Secretary, IPC Department, Government of Sindh, apprised the committee that Government of Balochistan has already approved Rs. 300 million for VMS. Additional Secretary (Technical, Livestock & Fisheries), Livestock & Fisheries Department, Government of Sindh informed the participant that Rs. 300 million has been allocated for VMS in the budget for the FY 2025-26.

5. The Chair asked the representative of MoD to prepare financial plan, financial phasing, payment scheduled for VMS project during project period along with time line. Secretary, IPC Department, Sindh opined that the Vessel Monitoring System is the only tracking system that will not function properly without the use of artificial intelligence-based tools.

DECISION

1. MoD will prepare financial plan, financial phasing, payment scheduled for VMS project during its period along with time line.

2. A Joint Project Monitoring Steering Committee, comprising representatives from Ministry of Maritime Affairs, Ministry of Defence, Government of Sindh and Government of Balochistan, may be constituted. The project monitoring Committee may quarterly meet and review / monitor the project.

Agenda Item No. II	*"Permission by the Federal government to allow provinces to deduct 5% service charges on account of collection of withholding tax on vehicles"*

6. Joint Secretary, M/O IPC briefed the participants about the agenda item and apprised that consequent upon 25th Amendment in the Constitution, erstwhile FATA & PATA were abolished and merged into KPK. SAFRON removed the Federal Levies from its duties under the Rules of Business and advised that the province of Balochistan to take over the force. As a result, 6559 Levies personnel were rendered as surplus without salaries since July 2022-onward. Government of Balochistan (GoB) has as requested that the Federal Government may allocate grant to the working strength of Federal Levies Balochistan.

7. Representative from Finance Division opposed the suggestion stating that GoB may allocate the funds from its own resources being the provincial subject. The Chair explained that province of Balochistan is facing multiple challenges i.e Law and order situation, war on terror and different emergency situations. Resultantly, law enforcement agencies are highly occupied and overstretched. So, Finance Division may treat this case as special. The Chair asked the representative of Balochistan to prepare a comprehensive plan, pledge Provincial share for submission to the FD for further necessary action. Special Secretary, Home Department, GoB apprised that their Government is in a process to offer golden hand shake for the persons of Levies having more than 50 years of age .

DECISION

1. Ministry of Finance, in the current law and order situation and the ongoing war on terror, may allocate funds to GoB as a special case to cover the expenditure incurred on Levies

2. GoB will share the expenditure incurred on Levies

Agenda Item No. III	*"Permission by the Federal government to allow provinces to deduct 5% service charges on account of collection of withholding tax on vehicles"*

8. Joint Secretary, M/O IPC briefed the participants about the agenda item and invited Secretary, & Taxation Department (ETD), GoB to explain the case before the committee. Secretary, ETD, Government of Balochistan explained that GoB collects withholding Tax on motor vehicle on behalf of FBR. By means of an amendment in Sub-Section 6&7 of Section - 168, Section-34 of Finance Act 2009, Federal Government discontinued the practice of levying 5% service charges on the collected amount by Provinces . Despite discontinuation ETD, GoB and sister provinces continued to deduct service charges from 2009 to 2019. In the light of decision of provincial Cabinet ETD was allowed to discontinue the deduction of 5% service charges to avoid default surcharge. On the pretext of less than targeted collection of withholding tax and levying of service charges, FBR through Finance Division made at source deduction of Rs.1138.685 million from Balochistan's share of NFC. The provinces opposed at source deduction. Secretary, ETD concluded the case and requested for restoration of the practice of levying 5% service charges on the collected amount of withholding tax on vehicles by the Provinces.

9. Representatives from Excise and Taxation Departments of Punjab, Sindh and Khyber Pakhtunkhwa by explanation their respective provinces situation endorsed the proposal of GoB.

DECISION

Ministry of Inter Provincial Coordination will forwarded the request of GoB to the Federal Board of Revenue for consideration.

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