

**1700cc & above: 10 percent FED to be withdrawn: Dawood**

Prime Minister's Advisor on Commerce, Textile, Industries and Production and Investment, Abdul Razak Dawood announced on Wednesday that the government will withdraw 10 per cent Federal Excise Duty (FED) on locally-manufactured vehicles of 1700 cc and above. "The government took a wrong decision to impose 10 per cent FED on vehicles above 1700 cc and above and it will withdraw it," he added. The Advisor, however, did not give any specific date from which the FED will be withdrawn.

When the representatives of M/s Indus Motors Company (IMC), Babar Saleem Khan and M/s Honda Atlas, Maqsood Rehmani enquired about the expected date of withdrawal, Chairman Standing Committee assured them that he would check and inform the industry later.

The committee was informed in writing that Board of Investment, Engineering Development Board (EDB) and Ministry of Industries and Production were not taken on board prior to imposition of 10 per cent FED.

According to the Ministry of Industries and Production, vehicle manufacturers have enhanced their prices according to the FED levied, hence the impact has been passed on to the customers. Sale of 1800 cc Honda car is expected to drop significantly which comprises 40 per cent of the total volume of sales of Honda Atlas Cars Pvt Ltd.

Booking of 1800 cc Toyota Altis is projected to drop by more than 70 per cent. Toyota Fortuner will be subject to higher price and lower sales. The financial loss to the company is estimated at Rs 440,613,100.

The Ministry of Industries and Production further stated that top of the line variants of new entrants like Kia, Hyundai, Tucson, Sazagar BIAC BJ 40 plus jeep etc, would be adversely affected as their prices may exceed their received value/ price.

"The imposition of FED will not only raise prices of local vehicles in 1700 cc and above capacity but also shake the confidence of prospective as well as existing investors under ADP 2016-21," he stated.

Abdul Razak Dawood further stated that import of used cars have been made very stringent and now only real beneficiaries may be able to import after due process.

**MUSHTAQ GHUMMAN**