

Turnover tax to be slashed to 0.5pc, FBR tells NA panel

KARACHI: Japanese yen has been added as the third currency along with USD and euro to the Asian Clearing Union (ACU) mechanism with effect from next year, a circular issued by ISLAMABAD: The Federal Board of Revenue (FBR) has stated that as per agreement with traders, turnover tax would be decreased from 1.5 percent to 0.5 percent and limit of annual turnover tax would be increased to Rs 100 million from Rs 10 million.

This was stated by the senior officials of FBR before the National Assembly Standing Committee on Finance, which was chaired by Faiz Ullah Tuesday.

The meeting was further informed that limit of electricity consumed by tier-one traders would be increased to Rs 1.2 million and over 700 committees have been constituted across the country by traders to help tax authorities bring traders into tax net.

The government also acknowledged that food inflation (SPI) has eased to 17.94 percent after touching as high as 19 percent and committee directed Governor State Bank of Pakistan and Advisor to Prime Minister on Finance to appear in the next meeting to brief the meeting on the inflation which, members of the committee stated, has been primary cause of concern for the general public.

While considering the report of the sub-committee of the Standing Committee on Finance with Dr Aisha Ghaus Pasha as chairman, the committee expressed its displeasure on the continuous absence of the governor State Bank of Pakistan from the meetings of the committee despite repeated requests and directed the Ministry of Finance to ensure the attendance of the governor SBP in the next meeting of the committee.

The committee also desired that advisor on finance may be requested to attend the next meeting of the committee. Officials of the FBR stated that they have the list of high net worth individuals for taking action against them, but the FBR is not taking action as implementation of so many things simultaneously may have negative impact on the businesses and economy.

The deputy governor SBP stated that 90 percent process of verification of accounts has been completed and verification of dormant accounts is in the process.

The committee deferred the "The Tax Laws (Amendments) Ordinance, 2019" due to late submission of working paper by the Federal Board of Revenue and decided that the same would be discussed in the next meeting of the committee after proper preparations by members of the committee in this regard.

On the agenda item related to the taxation issues being faced by the exporters, importers and retail sectors, the committee members expressed their apprehensions with regard to the targets set by the Federal Board of Revenue after removing the SRO 1125. However, the Member Policy (IR), Federal Board of Revenue, stated that the government is working to resolve the problems of the exporters and importers. He also presented the details of the tax refunds issued by the FBR and stated that total target set in the budget was Rs 185 billion while sales tax refunds were projected at Rs 100 billion. He said that so far Rs 122 billion have been collected and Rs 100 billion were adjusted. He said that additional Rs 55 billion were mobilized from the withdrawal of zero-rating from five export-oriented sectors during the last five months. He said that all the sales tax pending refunds up to September 2019 have been cleared. The committee discussed the matter for elimination of additional customs duty on raw material of wood/timber.

The committee directed the FBR to abolish the regulatory duties on the import of tyre to prevent smuggling.

The committee directed the FBR to address the grievances of textile exporters with the consultation of Hafiz Pasha (an exporter from Faisalabad textile industry).

The committee discussed "The Pakistan Coinage (Amendment) Bill, 2019." The committee was informed by the chairman that subject bill has been deferred till February 2020 on the comments of Ministry of Commerce.

The committee deferred the "The Controller General of Accounts (Appointment, Functions and Powers) (Amendment) Bill, 2019" due to the absence of the mover. The committee discussed the calling attention # 18 regarding deduction of 5% maintenance allowance from the salaries of the federal government employees working in BPS-6 to BPS-15 (moved by Ali Nawaz Awan, MNA).

The meeting was attended by MNAs Jamil Ahmed Khan, Faheem Khan, Aftab Hussain Siddique, Dr Ramesh Kumar Vankwani, Qaiser Ahmed Sheikh, Ali Pervaiz, Dr Aisha Ghaus Pasha, Nafisa Shah, Jawad Hussain, Muhammad Israr Tareen, Abdul Wasay, and Ali Nawaz Awan, besides the senior officers from Ministry of Finance, FBR, the State Bank of Pakistan and Ministry of Law & Justice.