

Inflation to rise with mini budget's announcement, opine experts

LAHORE: Tax experts have apprehended increase in inflation with the announcement of mini budget, aiming at increase in the rate of withholding tax and regulatory duties.

They said there was no chance of early recovery as the burden of increase in utility tariffs had already broken the back of a common man.

They believe that the government would continue fire-fighting for the remaining part of the current fiscal and chances of economic revival would remain dismal until the start of next fiscal year. The present government has no idea as to how to deal with the situation and majority of the ministers are in a learning process.

It may be noted the federal government is expecting a collection of about Rs 175 billion with increase in withholding tax and regulatory duties. However, the Federal Board of Revenue (FBR) is still doubtful over the capacity of the Board to meet revenue target for the current fiscal year.

The FBR sources said the government was expecting to raise revenue by asking the corporate tax to deposit additional taxes in the kitty. However, this move is going to make no big change in the overall revenue situation of the country. Therefore, the teething problems would continue to haunt the government throughout the fiscal year.

Meanwhile, the industry sources have apprised this scribe that the possibility of clearance of the refund claims is rare because of the paucity of funds. It may be noted that the federal government had asked the regional tax offices to receive refund claims from the exporting industry.

Accordingly, a series of meetings took place between the tax authorities and industry associations over the last two weeks. Despite the fact that the exporters have submitted their refund claims but still there is a general impression that this exercise would remain restricted to processing of claims but clearance of refunds would remain in doldrums.

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