

### **Traders criticise sales tax on retail price of imported goods**

KARACHI: The government has advised Customs authorities to charge sales tax on retail price of imported consumer goods, while directing importers to print retail price on imported items, which the importers have termed a non-tariff barrier.

Younus Soomro, representing importers at Karachi Chamber of Commerce and Industry (KCCI), said calculating the retail price of imported goods before tax assessment was not possible, as currency value was fluctuating.

The importers could not calculate the costs unless the goods were assessed for tax and cleared.

“This is a non-tariff barrier and imports of consumer goods would decline significantly in addition to substantial increase in the consumer price of such goods,” Soomro said, adding that any such provisions should be brought through the Import Policy and not the Finance Act.

The Federal Board of Revenue (FBR) advised Customs that items listed in the third schedule to the Sales Tax Act, 1990 (consumer goods) would be assessed wef July 1, 2019 at the retail price on import stage.

Earlier, all assessment was made on the basis of Customs value, which was essentially the cost price as determined by the authorities.

Moreover, importers have been advised that retail prices should be printed on each individual imported item in the same manner as the locally produced goods.

However, during the interim period up to July 31, 2019 the clearance might also be allowed if the imported goods were affixed with stickers showing declared retail prices.

Soomro said pasting stickers on every single item was not humanly possible.

“Retail price stickers cannot be pasted without tearing off the packing on certain goods and once the original packing is removed, the goods lose their value,” Soomro said.

It was worth noting here that in the year 2001, the Ministry of Commerce had imposed a similar condition, which was subsequently withdrawn.

Abdul Razzak Dawood was the Minister of Commerce then.

The share of imported consumer goods was less than 20 percent of the total consumption in the country, as around 80 percent of these goods were produced domestically.

Khalid Aslam, an importer, said it was impossible to calculate and print the retail price at the place of export given the fluctuating currency exchange rate as it took about three months for the imported goods to be delivered and cleared.

“Cost of imported goods of similar brands and origin differ from importer to importer due to variations in freight, clearance time, exchange rate and quantum of order; therefore there would be huge disparity in the retail prices of similar brand and similar origin goods,” he added.

Javed Mirza