

FPCCI for setting up technical team to identify irritants

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) has recommended that a technical team be formed to identify irritants and harsh measures of the Finance Bill 2019-20 and formulate concrete recommendations for taking them effectively with the concerned quarters well in time.

This recommendation has been made during an emergency meeting of the FPCCI executive committee, general body members and trade body members. The meeting was held under the chairmanship of acting President Noor Ahmed Khan at Karachi, Islamabad and Lahore offices via video link. The participants showed mixed reaction, hailing business-friendly measures as well as identifying harsh measures for their redressal in the statute for improving its impact on trade and industry.

They lamented abolishment on sales tax zero-rated regime for five export-oriented sectors - textiles; leather; carpets; sports goods and surgical goods - and imposition of 17 percent sales tax on items covered under SRO 1125(I)/2011 thus subjecting them to refund regime. They urged restoration of zero-rated scheme to eliminate corruption as well as improving the cash flow of exporters of these sectors.

They recalled that zero-rated scheme successfully lasted for more than a decade during which these export-oriented industrial sectors, particularly textile sector which is the backbone of Pakistan's economy has flourished. They said, "The government step to abolish the scheme, rather fine-tuning the settled decade old zero-rating regime, removing anomalies, loopholes and ensure effective mode to improve sales tax collection on the local segment is quite surprising."

They hoped that the automated refund system would work efficiently. They also proposed that 70 percent of the sales tax amount be immediately refunded on realization of export proceeds/remittances without audit and the balance after post-export audit.

To promote investment and creating employment opportunities in the country they also proposed to restore tax credit @ 10% of the purchase value of machinery. They were of the opinion that 17% FED on edible oil and increase in ST from 8% to 17% would render these items out of reach of common man. Similarly, increase in FED on cement from Rs 1.5 per kg to Rs 2 per kg would increase the cost of construction. They also recommended that Final Tax Regime be maintained and commercial importers, commercial suppliers of goods, etc, be not brought under the Minimum Tax Regime.

They said that the target of collection of additional tax of about Rs 700 billion in Budget 2019-20 would be an uphill task and apprehended that in case the target is not met, there would be a mini-budget to offset the revenue loss.

They suggested that the proposed increase in minimum tax be done away with and maintained at current rate. Increase in holding period to avail gain tax would render the construction industry crippled due to which its 70 downstream industries would also be affected thus cutting jobs.

Increase in ST rate on retail sector be withdrawn; a 'Charter of Economy' for preparation of long-term economic policy be readied; tax @ 10% on advertisements be withdrawn; Export Processing Zone (EPZ) and Special Economic Zones (SEZs) be activated; tax on food industry be withdrawn to safeguard foreign food franchise from collapsing; two-year tax rebate for women entrepreneurs be allowed; utilization of funds allocated for South Punjab project be ensured; returns filed by assesseees under Presumptive Tax Regime on self-assessment basis be accepted and not subjected to audit for two years.

They also hailed the armed forces for freezing the defense budget voluntarily in line with broader austerity measures being introduced by the government; reduction in customs duty on raw material, initiating agriculture insurance scheme and increase in minimum wages, etc.

S M Muneer, leader of the business community, former Chief Executive TDAP and former President, FPCCI, Syed Mazhar Ali Nasir, Advisor to the President & Immediate Past SVP of FPCCI, Muhammad Arshad Jamal, Muslim Mohammedi, Shireen Arshad Khan, Abdul Rauf Mukhtar, Muhammad Ijaz Abbasi, Abdul Waheed Shaikh, Vice Presidents of FPCCI, Shaikh Khalid Tawab, former SVP of FPCCI, Bashir Jan Mohammad, Arif Habib, Abdul Qadir Memon, Ashfaq Tola, Abdul Rahim Janoo, Former SVP of FPCCI ; Abdul Hafeez Muhammad, Hameed Akhtar Chadda and Shaikh Shakil Ahmed Dhingra also attended the meeting.

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