

No new tax imposed on ghee, flour: minister

ISLAMABAD: State Minister for Revenue Hammad Azhar has defended his government's decision to increase tax on sugar, but denied imposing any new tax on cooking oil, ghee, flour and raw meat.

While the opposition in the National Assembly has been asking the government to take back its tax-heavy budget, Pakistan Tehreek-i-Insaf stalwart and former finance minister Asad Umar has also asked his government to reconsider the decision to increase tax on sugar, ghee and cooking oil.

Mr Umar has also called for an investigation as to why sugar prices are on the rise. But it appears that nobody in the government now listens to him.

On Tuesday evening, Mr Azhar, while winding up the discussion on the budget for 2019-20, acknowledged having increased the tax on sugar from 11 per cent to 17pc and claimed the move would result in a mere increase of up to Rs3.5 per kilogram.

He said his government did not impose any tax on ghee, flour, fruits, vegetables and raw meat. He said taxes had been imposed only on "branded corn flour", "imported fruits and vegetables" and "processed meat".

Hammad Azhar winds up budget debate in NA

About ghee, he said the government had revised a tax on per kilogram price of ghee but this would not result in any substantial increase in its rate.

He said the price of sugar had been on the rise in the market for the past two months because of the government's action against sugar mills to stop them from evading tax.

Mr Azhar lashed out at the opposition for what he called spreading false information regarding imposition of taxes, unemployment, etc.

He also took to task the governments of the Pakistan Peoples Party and Pakistan Muslim League-Nawaz and said the PTI government was trying its best to clear the economic mess left by them.

He said the PTI government had taken serious measures to remove the structural flaws in the economy which were not addressed by the previous governments.

Referring to the last year of the PML-N government, he said the stability of economy was put at risk during the last two years due to political reasons.

He said the gas sector was facing a loss of Rs150 billion and the circular debt had reached Rs453bn.

The minister said the previous government increased the current account deficit and crippled the economy. It decreased the foreign exchange reserves to \$9bn and left a deficit of Rs2.3 trillion in its last budget.

“When we assumed power, Pakistan had reserves of only \$6bn. Today, foreign exchange reserves as well as the balance of payment (situation) have been stabilised,” he said, announcing that the federal government would not take loans from the State Bank of Pakistan.

He said that during the eight months of the PTI government the exports of readymade garments, fruits and vegetables had increased.

He said the government had allocated Rs217bn for electricity subsidy. He said that 75pc of power consumers used 300 or less units per month and this subsidy would be given to them.

About the revenue target of Rs5.5 trillion for the next fiscal year, he conceded that it was an ambitious target. “We should collect Rs8,000bn every year but we are collecting Rs4,000bn. Where has the remaining Rs4,000bn gone? We have to improve our tax-to-GDP ratio and this will not be achieved without reforms at the FBR and provincial tax bodies.”

The minister said the government had extended the stay overseas for a Pakistani to be called a non-resident from 90 to 120 days.

He took credit for the legislation to end benami and said the PTI government had linked the data of around 53 million Pakistanis and put it online.

Mr Azhar said the government had also taken back powers of income tax commissioners to raid houses in search of dollars and gold.

He said that with the cooperation of the provincial governments, the PTI government would spend Rs280bn on the agriculture sector.

“It would be our top priority to cross the phase of stability to take the national economy towards high growth,” he said, adding that in the new Pakistan sustainable economic growth would not be based on the [fiscal] deficit.”

About Leader of the Opposition Shahbaz Sharif’s offer regarding a ‘charter of economy’, the minister said the government was ready to discuss the matter if the PML-N leader was serious in his offer.

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