

## **Taxes imposed on online shops, ride-hailing services as PA okays finance bill**

Amid strong protests by the opposition, the Sindh Assembly on Thursday through a majority vote passed into law the Sindh Finance Bill 2019 to levy new taxes and increase rates of the existing ones as part of the budget for the upcoming financial year.

Sindh Chief Minister Syed Murad Ali Shah, who also holds an additional portfolio of the finance department, presented the new finance bill in the legislature. The CM said the government had decided to impose extra taxes but it would make efforts to ensure that the poor do not bear the brunt of new taxes.

He also came up with an unusual offer to convene a special session of the Sindh Assembly to undo the increase in the tax rates in case the Centre paid the Sindh government's dues. The federal government owed Rs126 billion to the provincial government, he said.

The CM said the rate of general sales tax in the province in the coming financial year 2019-20 would be 13 per cent, which was the lowest rate in the country. He added that the provincial government's tax collection from the urban centres would remain the same during the upcoming fiscal year as it had been in the outgoing year.

He quashed the impression of opposition lawmakers that urban areas would mostly bear the burden of provincial taxes. Karachi was and would remain part of Sindh as that aspect needed no further clarification, he said.

"Here an impression was created that Karachi's share in the provincial taxes is far greater while the rest of Sindh pays less tax. Let your minds be clear of such thinking as there exists no interior Sindh as Sindh is only a single entity," the CM said.

He also lamented the aggressive attitude of the opposition during the budget session. On one occasion, the opposition lawmakers resorted to protest against the aggressive tone of the CM's speech as they made noise and thumped their desks.

On another occasion, Leader of the Opposition Firdous Shamim Naqvi, who belongs to the Pakistan Tehreek-e-Insaf (PTI), threatened to walk out from the House to protest against the aggressive tone of the CM.

Responding to the threat by the Opposition Leader, Sindh CM said, "Anybody can leave from here whoever wants so but I will respond to whomever using foul language against my native land."

To this, the opposition leader remarked that he had earlier spoken in a calm manner in the House but the leader of the house was responding to him in an aggressive tone. Briefing the house on the new taxes to be levied in the province, Sindh Excise and Taxation Minister Mukesh Kumar Chawla said the annual rate of tax on luxury vehicles of 3,000 CC had been increased to Rs150,000.

Muttahida Qaumi Movement-Pakistan (MQM-P) MPA Muhammad Hussain Khan said the provincial government would collect Rs25 billion in the coming financial year as the professional tax. The opposition lawmaker lamented that people of the urban parts of Sindh lacked entertainment facilities but even then an entertainment tax had been levied on the food courts. The meal service is no entertainment, he said, adding that the Sindh government would earn an additional Rs200 billion as entertainment tax in the province.

The MQM-P legislator was of the view that consumers would ultimately have to pay from their pockets the general sales tax that was being levied on different services in the province. He said the common people would bear the brunt of new provincial taxes.

He said the people of the urban Sindh contributed up to 90 per cent of the provincial taxes while the contribution of the rural parts of the province in revenue collection did not exceed Rs700 million.

“Owing to such reasons we reject this finance bill. The government should inform truth to the people instead of misleading them,” he remarked. “No one could call this a tax-free budget as rather there is a bombardment of new taxes on Karachi. Karachi will directly be affected by the new taxes in the government’s budget,” he said.

PTI MPA Arsalan Taj said even CNG stations and petrol pumps had not been spared by the provincial government as taxes were also imposed on them. The opposition leader criticised the budget documents of the Sindh government for not mentioning the possible effects of the imposition of additional taxes on people. He said the government had no justification for levying new taxes on the people of Karachi as it did nothing to upgrade the city’s civic infrastructure.

The provincial government should tax the rich and the poor should not be overburdened with taxes, Naqvi said. Later, the opposition lawmakers vociferously shouted “no no” when the House commenced clause-by-clause consideration of the new finance bill.

The assembly also rejected two amendments proposed in the finance bill by MQM-P MPA Khan through a majority vote. Earlier, Khan said the CM should apologise for his remarks directed at the opposition leader. Reacting to the MQM-P MPA’s demand, Sindh Local Government Minister Saeed Ghani said the opposition should first apologise for their attitude towards the CM.

The CM later thanked all the lawmakers in the House for taking part in the discussion on the new finance bill. Keeping in view traditions of the past years, he also announced an honorarium equal to three monthly salaries for the employees of the finance department, the Sindh Assembly secretariat, the excise and taxation department and the revenue department, who participated in the preparation of the new provincial budget.

### **GST on online shops**

As new taxes have been introduced in the province for the upcoming fiscal year, the online marketplaces are also to be taxed. The Sindh Finance Bill defines an online marketplace as “an information technology platform run by e-commerce entity or organization over an electronic network that acts as a facilitator in transactions that occur between a buyer and a seller or between a service provider and a service recipient”.

The new bill also levies five per cent GST on ride-hailing services in the province. Other sectors in the province where GST has been levied are the indoor game services, cold storage services, training centres, insurance agents, waste collection services, power transmission services and agencies involved in mineral extraction.

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