

### **Tax the evaders, pinch the profiteers until compliance**

LAHORE: Businesses should prefer national interest over petty self interests to ensure benefits to the general public. With clean records they should not fear raids by tax officials; opposition to norms applied on consumer goods universally should not be opposed.

Tax authorities raid businesses to verify the record submitted with the department, while the latter tries to ensure some facts remain undisclosed. These include actual sales, cost of goods, profit margin, and expenditure. All aimed at evading sales tax.

All businesses keep their sales, purchase and production record up to date. Some document part of production, while the rest is disposed without being entered in the official record books.

That however does not mean they do not keep record of those sales. They have to make recoveries and ensure the sales out of book do not go into the hands of their employees. The record of every business deal is available somewhere on their business or production premises.

The raids are made to dig out the 'hidden' record. For clean operators raids do not matter and are welcomed without any objection but the guilty parties call it harassment.

Sometimes tax officials scrutinise the bank accounts of firms when they fail to deposit tax as assessed by the department and do not appeal against the decision. What other action could the tax officials take in this regard?

It is also true that most of the tax machinery is not clean and people take advantage of their bad repute to term any enquiry about their account as harassment. The economic planners should improve the image of Federal Board of Revenue (FBR) by bringing in complete transparency.

The importers of fast moving consumer goods are making hue and cry over the decision of the federal government to ask their suppliers to print the contents on the labels and packing of each product in Urdu in addition to English.

The real intent of this plea is that majority of Pakistanis is not well-versed in English and hence cannot make out the ingredients used and other instructions plus precautions mentioned on the label or packing like the persons allergic to any of the ingredients of the product should not use it.

This compliance is in vogue in most countries around the world and even in countries that are much smaller in size both in population and total GDP than Pakistan.

The contention that the foreign suppliers would not agree to this condition is not true. These suppliers are doing this for other economies of smaller size so why not for Pakistan. Despite the fact that these requirements have no additional cost that could increase the overall cost of doing business, the importers are opposing the new regulation as if it was the end of the world for them.

One explanation could be that almost all large stores do not import the fast moving consumer goods from the original supplier but they buy it in sales lot from the wholesale/retail markets in Dubai, Singapore, Hong Kong and Bangkok.

Sometimes, products whose expiry dates are drawing near are put on a clearance sale at drastically slashed prices. It has been observed that sometimes the supplier have huge stocks of products with a very short shelf life that it disposes of at an almost throwaway price.

Now these non-manufacturers of products are not authorized to print labels in two languages. Moreover removing the original label and repacking it with new label would increase their cost when they were already selling the product at very low price.

The government has already banned the import of all FMCGs that have an expiry date that is a minimum of six months from the time of import. This means that the importers would have to buy these goods from original manufacturers or their designated distributors and not from third party where the quality could be suspect.

These suppliers would comply with the regulations enforced by the government. The price would be the standard that they charge from all other international consumers but the quality would be guaranteed.

The importers would be disappointed as they are used to heavy discount on products procured from open market with a suspect quality.

It is interesting to note that the importers (grocery store chain owners) did not pass on the discount to the consumers and charged them the full rates based on products global price including government duties.

This regulation would definitely benefit consumers and melt the supermarkets' fat profits back to normal.

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