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Businesspeople to be insulated from NAB activism

ISLAMABAD: Prime Minister Imran Khan has assured the business community that the government has prepared a strategy to resolve businessmen's concerns with respect to National Accountability Bureau (NAB) and a review committee would be constituted having members from business community to amicably resolve the matters pertaining to the NAB and traders.

Prime Minister Imran Khan announced this during a meeting with business community's representatives here on Thursday.

Fulfilling a major demand of business community, Prime Minister Khan also directed the Federal Board of Revenue (FBR) and State Bank of Pakistan (SBP) to make the refund bonds (promissory notes) tradable/negotiable to deal with the critical issue of liquidity crunch of businessmen, particularly exporters.

Prime Minister Khan discussed issues of taxes and duties as well as measures taken to boost the country's exports with the business community.

The Prime Minister held back-to-back meetings with industrialists and representatives of chambers of commerce and industry and assured the government's full support to businesses.

The Premier underlined the need for a close interaction between the government and business community and stated that the country's future is linked to economic progress. He said a strong partnership between the business community and the government is important for economic development of the country.

The members apprised the Prime Minister of the problems being faced by the business community and also presented their proposals in this regard.

On the conclusion of the meeting of Prime Minister and leading businessmen, Federal Board of Revenue (FBR) Chairman Shabbar Zaidi told Business Recorder here on Thursday that the main issue discussed with the business community in the presence of Army Chief General Qamar Javed Bajwa on Wednesday last was how to gain momentum of growth. The first issue raised by the business community was to expedite the privatization process of the state-owned enterprises. The second issue raised was about incentives given to the construction sector.

The government has assured the business community that incentives would be provided to the construction sector and the FBR will issue a fixed tax scheme for developers and builders. The FBR special procedure for the construction sector would be issued next week.

The businessmen demanded the government resolve the issue of refund bonds, as banks are not accepting these tradable. Now the PM has instructed the FBR to resolve this issue as the government has issued securities/guarantees for making bond tradable/negotiable.

Zaidi said that the meetings with the Prime Minister and Chief of Army Staff were aimed at devising a strategy on how to give momentum to the path of economic growth. He said the businessmen asked for fast track privatization of state-owned enterprises (SOEs).

To a query on concerns expressed by the businesses about delayed refunds, the chairman FBR said the tax department could not stop release of refunds processed through new speedy system of FASTER. Business community has not objected to the annexure 'H' of the sales tax return form but they are seeking input credit on the basis of purchases.

The FBR refused to compromise on documentation drive, saying that the CNIC condition would continue; however, the FBR is ready to adopt go-slow policy for not taking adverse action against traders for the next few months.

On the issue of moving towards point of sale, the chairman FBR said the cash machines of large shopping malls and chains stores would be linked with software developed by the FBR and its receipts would be incorporated with bar codes so customers would be able to track down contributions on account of payment of sales tax.

He said that the formal sector would have any incentive to pay lower rate of 14 percent sales tax instead of standard rate of 17 percent.

He said the FBR planned to install software along with cash machines at 20,000 shops and malls all over the country till coming December 2019.

Zaidi opined that the standard rate of sales tax should be brought down from 17 percent to 12.5 percent. Presently, the effective rate of sales tax is not more than 2 to 3 percent.

About latest revenue collection position, he said that FBR has so far collected Rs 963 billion in first quarter (July-Sept) 2019-20 against a target of Rs 1,071 billion. The import compression of \$3 billion resulted into 27 percent reduction in revenue collection in shape of 17 percent sales tax, 9 percent customs duty and 6 percent income tax at import stage, causing a revenue loss of Rs 126 billion.

He claimed that one of the top business tycoons commended the FBR publicly, saying that his offer to give Rs 3 billion tax in advance was declined by the FBR when he desired so and the tax machinery took only due tax amount of Rs 1 billion. The business tycoon described it as a 'pleasant surprise', added Zaidi.

Those who attended the meeting included Minister for Economic Affairs Division Hammad Azhar, Minister for Maritime Affairs Ali Zaidi, Minister for Planning Khusro Bukhtiar, Advisor to Prime Minister on Finance Dr Abdul Hafeez Shaikh, Advisor on Commerce Abdul Razak Dawood, Dr Ishrat Husain and Chairman Federal Board of Revenue Shabbar Zaidi.

Sources told Business Recorder that the review committee comprising of reputed businessmen/professionals would evaluate the cases against businessmen, where loss of public exchequer is involved, before forwarding the same to National Accountability Bureau (NAB).