

MUSHTAQ GHUMMAN

Business community starts formulating 'Survival Plans'

ISLAMABAD: The country's business community has started formulating "Survival Plans" for the next one and a half years, citing worst economic situation and exorbitant taxes.

These comments came from Chainstore Association of Pakistan (CAP) at a meeting of Senate Standing Committee on Commerce and Textile, presided by Senator Mirza Muhammad Afridi.

CAP which comprises of 69 companies with 20,000 outlets, is duly registered Association as tier one category with Federal Board of Revenue (FBR).

The Association's Chairman Tariq Mehboob informed the committee that presently they are paying 20-25 percent taxes which include 17 per cent GST, 1.5 per cent turnover tax, provincial and district taxes.

"We are reducing our outlets, cost and production to survive due to overburden of current taxation percentage," he added.

Tariq Mehboob maintained that the incumbent government had promised that it would provide employment to the jobless but in the present scenario "we are laying off and preparing survival plans for next 18 months".

"If our profitability enters in the negative zone and we shut down our factories, we will not be in a position to reopen these stores," he continued.

Tariq Mehboob sought Federal Board of Revenue's (FBRs) help and guidance to resolve policy and implementation matters suggesting that the deadline of integration system (faster system) should be extended for another four five months by the FBR.

FBR's Member IR, Dr Hamid informed the committee that after graduating from SRO 1125, FBR shared a new mechanism of refunds payment. However, he acknowledged that there are issues in annexure- H (stock statement) and where there are issues with refunds claims they will be processed manually.

He said FBR has formulated a mechanism for trouble shooting, adding that a committee has been constituted with the FBR to hear the grievances of retailers. The committee met with Faisalabad stakeholders and in the next meeting will meet with Karachi traders. The committee will meet every Monday with aggrieved businessmen.

"We have activated this integration system after 13 years i.e. 2016, problems will come out but at the same there are also problems with our exporters. We are checking flying invoices for which many ceilings (checks and balances) have been put in place," he added.

According to Member IR, FBR received 561 refund claims by Tuesday morning of which 361 cases were related to five zero rated sectors.

He said that FBR was expecting revenue of Rs 190 billion through faster system of which Rs 90 billion would be refunded but sales tax collection from Faisalabad was not as per expectations. He further stated that those with Rs 400 million exports will get refunds by submitting Goods Declaration (GDs) whereas others will be paid refunds after their remittances are received. With the faster system, refunds would go into banks within three days, he claimed.

He said that business community should approach FBR for resolution of their issues instead of going to the media. He said, FBR will reduce GST on yarn traders from 17 to 10 per cent within four or five days as their concerns are genuine.

The Senate Committee also constituted a sub committee headed by Senator Ahmed Khan to resolve issues related to smuggling and mis-declaration after a case of mis-declaration of iron bars was detected in Balochistan.

The committee was informed that Prime Minister has directed that checking of consignments should be done only at one point instead of different locations. FBR officials apprised the committee that presently there are 165 check points in Balochistan of which only 14 belong to customs, the remaining belong to other agencies.

Senate Standing Committee discussed the issue of imposition of taxes on import of apples from districts Taftan and Chaghi in Balochistan leading to smuggling of apples. The mover Senator Kauda Babar told the committee that this problem is arising mainly due to absence of quarantine offices who can streamline the process of imports. Representatives from customs and food security department told the committee that the quarantine act was in place since 1976 but was not being implemented; however since 2017 it has been made mandatory and the new draft will be brought to the cabinet soon to curb smuggling of apples from Iran and pave the way for legal import and issuance of import permit.

Adviser to Prime Minister on Commerce and Textile Abdur Razak Dawood told the committee that eradicating the menace of smuggling is the goal of the government and steps are being taken to achieve it. The Adviser suggested holding a meeting with the Quetta Chamber of Commerce to resolve these issues and address the grievances of importers. While discussing the matter of import of onions and tomatoes the same issue was raised. The committee observed that prohibiting import of onions and tomatoes has not strengthened our farmers and has not helped in reducing prices, as claimed. The committee was assured by Secretary Commerce that the task required will be done to address the issue. The committee recommended earliest possible appointment of quarantine officers in Balochistan to curb smuggling and support legal imports.

While discussing allowing import of re-rollable scrap, mutilation of scrap and petroleum products like white spirit and hydrocarbon the committee was told that the restriction on import on three containers of an importer was due to the dispute on whether the contents of the containers qualify as scrap or not. Chief Collector Balochistan told the meeting that the case has been sent to court and will be decided accordingly. A sub-committee was constituted to investigate the matter as well as see the issue of smuggling from a broader perspective to be headed by Senator Ahmed Khan.

According to official statement, he said that the committee also discussed the matter of problems faced by local manufacturers, spinners, weavers, traders and exporters with regard to input tax, GST mechanism for local turnover tax, ID card payment issues and the additional 10% tax imposed on traders as well as status of refunds under new system and problems in submission of annexure-H. Member FBR told the meeting that FBR holds a meeting every Monday with all five sectors of textile industry to address their problems on a regular basis. He said that there are problems in filing of Annexure H but people are learning. He also stated that 561 refund claims of five sectors were received till yesterday and 287 were processed and cleared last week.

The Committee was assured by Member FBR that FBR is willing to sit with all association representatives and manufacturers/exporters etc to resolve their issues regarding inspection teams coming to outlets and not headquarters, giving time and assistance to become part of the integrated scanning mechanism and revision of sales tax percentage. This system will help consumers check if the taxes they pay are transferred to the government or not.

Beside others, the meeting was attended by Leader of the House Senator Shibli Faraz, Senators Nuzhat Sadiq, Maulana Atta ur Rehman, Muhammad Tahir Bizenjo, Ahmed Khan, Kahuda Babar, Ghous Bakhsh Niazi, Rana Mehmood ul Hassan.