

Budget 2019-20, LCCI presents set of joint proposals to finance minister

LAHORE: The Lahore Chamber of Commerce and Industry (LCCI) President Almas Hyder on Wednesday presented a set of proposals to Federal Finance Minister Asad Umer for the Federal Budget 2019-20 from all chambers of commerce & industry.

The LCCI President Almas Hyder was heading a delegation comprising of presidents of various chambers of commerce and industry. The proposals, ranging from, tariff rationalization, refunds, financing to industry and industrial expansion, to free trade agreements, ease of doing business and taxation system, have been formed after various brainstorming and consultative sessions headed between all the chambers of commerce & industry.

Federal Finance Minister Asad Umer, while agreeing with the proposals, Asad Umer said that these would be made part of the Federal Budget 2019-20. On demand of the LCCI President, Finance Minister asked Minister of State for Revenue Hammad Azher to ensure early payment of refunds up to Rs 5 million.

He also agreed with suggestion of automatic payment of refunds within 60 days. He also said that facilitation to the business community is top priority of the government as private sector will be leading economy in near future.

Almas Hyder said that private sector of the country wants to supplement the government's efforts aimed at economic revival of the country. He said that joint proposals will help make budget document business friendly which would ultimately be resulted in a robust export-led growth.

According to joint proposals presented to the Federal Finance Minister, the chambers have proposed to the government that custom duties on all raw materials should be zero or low. Government must eliminate regulatory duties and additional customs duty on raw materials so that local industry can be able to compete with the smuggling and mitigate the effect of low tariff free trade agreements.

He said the rate of duties for trade and industry must be same for providing level playing field to the small and medium enterprises. Custom duties on intermediary products should be reduced so that our industry can be able to import quality materials, components and machinery from the rest of the world.

He said that non-payment of refunds is drying out liquidity from the market. Payment through promissory notes should also be extended to all sectors including five zero rated sectors. Refunds should be issued automatically without application, or pre-audit, within 60 days as per rules, he added.

In proposals, the chambers said that markup rate should be reduced as it has made borrowing expensive. Benefit of tax holiday should not just be for new projects but also for expansions. The provincial governments should re-zone areas in and around urban centres, both for industrial and commercial use to help entrepreneurs invest in green field and other projects. Foreign investment should only be allowed as a joint venture or as a public listed company so that local investors also benefit.

The proposals suggested that company office should be formed for registration of new companies. Registering a company should be separated from regulating a company. There should be one tax collection authority for the collecting of both federal and provincial taxes. Total number of taxes should be reduced to five by clubbing, frequency of tax payments should be reduced and steps should be taken to separate tax collection from service provision.

The chambers said that audits should be risk-based with one month prior notice rather than random audits. There should be holiday for all taxes and levies for three years for the newly registered companies, especially for SMEs.

They suggested that exemption from the payment of sales tax on imported plant and machinery for Greenfield projects should also be granted to Brownfield projects. No exemption should be given on imports, if the equipment, machine or part is locally manufactured. Fixed tax system should be introduced at the SME level to enhance the tax base.

The chambers said that there should be exemption from audit for taxpayers who deposit 20 percent or more tax over the last year.

The tax exemption certificates to commercial importers and manufacturers should be issued automatically if their withheld tax is equal to last year tax, the proposals said.

RECORDER REPORT