

Sales tax to be major source of revenue: Dawood

ISLAMABAD: Prime Minister Advisor on Commerce and Investment, Abdul Razak Dawood said on Monday that sales tax, not customs duty, will be the major source of tax revenue. Talking to Business Recorder, he said, duty on raw materials should be reduced. Last year, the government had lowered customs duty on 1638 items in the federal budget 2019-20, he said adding that this year, customs duty and additional customs duty on these items will be zero.

He maintained that the recommendations of tariff committee headed by the Late Ali S. Habib about revision of tariff on 300 tariff lines, will be implemented in the federal budget.

“We will reduce duty on tariff lines to some extent recommended by the Make in Pakistan committee,” he continued.

Abdul Razak Dawood was of the view that after the budget Commerce Ministry will start consultation with other stakeholders to prepare tariff roadmap of next three years. He said this year coordination among the Commerce Ministry, Finance Ministry, Industries Ministry and Federal Board of Revenue and National Tariff Commission (NTC) was exceptional.

“This year, we are reducing duty on raw materials but duty on finished goods will remain unchanged. Extra protection will continue due to Covid -19 and from next year duty on finished goods will be reduced,” he added.

In reply to a question, Abdul Razak Dawood said that he has apprised the Minister about tariff rationalization process, in addition to wheat issue and pharmaceutical industry.

He said de-industrialization in the country has stopped but a strategy is under consideration to encourage industrialization. For this purpose, duties at import stage will be curtailed. He said the government’s reliance on duty on import should be done away with and attention would be shifted from customs duty to sales tax. However, this year, this will not be done due to Covid-19. He said, in Pakistan’s total revenue, the share of customs-related duties is 40 per cent whereas in Bangladesh it is 28 per cent and in India 26 per cent. In Malaysia and Indonesia and Europe revenue from customs related duties is even far less.