

2,000 tariff lines may see duty cuts

ISLAMABAD: The government decided to reduce customs duty on approximately 2,000 tariff lines in the FY2020-21 budget to reduce the cost of doing business, documents seen by Dawn showed on Tuesday.

The Tariff Policy Board (TPB), led by Adviser to PM on Commerce Abdul Razak Dawood decided the changes in the duty structure on these tariffs lines after consulting with stakeholders.

Last year, the government shifted tariff policy-setting powers from the Federal Board of Revenue (FBR) and to the TPB.

The documents show that the TPB has decided to abolish two per cent additional customs duty on more than 1,600 tariff lines — raw materials and intermediate goods. All these tariff lines are non-agriculture and related only to industrial sector.

Last year, the government exempted 3pc customs duty on import but refused to exempt the additional customs duty.

The customs and additional customs duties will now come to zero on almost 60pc of the total raw materials and intermediate goods of the non-agriculture tariff lines.

“This is a big decision and massive relief for the domestic industries,” an official source told Dawn.

He said the TPB met 13 times with all relevant stakeholders before finalising these proposals.

These will be the second major recommendations of the TPB since its establishment. The government had empowered the TPB to set tariff for promotion of trade, particularly exports, rather than revenue generation.

In the previous governments, the FBR imposed customs duty, additional customs duty on import of raw materials and intermediate goods to raise quick money.

The second major relief to the industrial sector is reducing the slab of 11pc on tariff lines to 3pc or zero. As per the decision, the government has decided to reduce customs duty on 70 tariff lines of raw materials and intermediate goods to 3pc and zero on five tariff lines from 11pc.

To remove anomalies and other irregularities, the government has also decided to reduce duties on 250 tariff lines and mostly include raw materials and intermediate goods.

The rise number of regulatory duties on various items led to an increase in smuggling over the last few year. The reduction of duties on 70 tariff lines will discourage illegal movement of goods.

The reduction in duties will help mitigate the impact of Covid-19 and encourage import substitution of major consumer items in the country.