

ECC likely to consider power tariff

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ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet scheduled for Tuesday(today) with Finance Minister Asad Umar in the chair, is expected to consider an increase in power tariff, issuance of National Security Certificate (NSC) to KE and export of 1 million tons of sugar.

Well-informed sources told Business Recorder that the Power Division has finalised a comprehensive plan after getting technical opinion from National Electric Power Regulatory Authority (Nepra).

According to sources, Privatisation Commission will submit a report to the ECC about talks between government departments and KE management comprising M/s Shanghai Electric Power (SEP) and M/s Abraaj. M/s Shanghai Electric Power (SEP) will purchase 66.4 per stakes of Abraaj in KE at \$ 1.70 billion. Prime Minister's Advisor on Commerce, Textile, Industries and Production and Investment Abdul Razzak Dawood has been assigned responsibility to resolve all issues aimed at facilitating the transaction.

"They have issues with different Ministries which need to be resolved," Dawood said while talking to Business Recorder.

In reply to a question, he said that Commerce Division has sent a summary to the ECC for export of 1 million tons of sugar which will be discussed during the ECC meeting.

The will also approve 15 per cent increase in cess rates for Flue Cured Virginia (FCA) and Dark-Air Cured Tobacco (DAC), official sources told Business Recorder.

Pakistan Tobacco Board (PTB) has been established under Pakistan Tobacco Board Ordinance 1968 to regulate, control and promote the export of tobacco, tobacco products, undertake research in tobacco and develop new tobacco growing areas.

One of the functions of Pakistan Tobacco Board (PTB), under Section 9 of PTB Ordinance 1968 (I of 1968), is collection of cess levied on tobacco produced in Pakistan. The cess rates, not exceeding three percent ad valorem, are to be notified by the Federal Government. The tobacco cess is collected under cess Collection Rules 1968 (amended vide SRO 9(1)/1998). Ministry of Commerce has notified cess rates for various types of tobacco for the year 2017-18 vide S.R.O No. 699(I)/2018.

Under SRO No. SRO 9(I)/1998) Cess rates have to be determined by PTB. The prices of various types of tobacco are fixed every year and cess rates are also revised. Meetings were held with stakeholders i.e. tobacco companies and tobacco dealers for revision of cess rates for the year 2018-19 wherein it was agreed that cess rates for Flue Cured Virginia (FCV) and Dark-Air Cured Tobacco (DAC) may be increased up to 15% over the last year's cess rates however increase in cess rates for other types of tobacco may remain the same because the cess rates already levied are almost three percent ad valorem as mentioned in section 9 of PTB 1968. Subsequently, the Board of Directors of PTB in its 152nd meeting held on 18-05-2018 approved the following cess rates w.e.f. 01-07-2018 for approval of the ECC (Economic Coordination Committee) of the Cabinet: increase of cess on FCA of 14.99 per cent will have revenue impact of Rs 45.11 million in 2017-18. In plain areas, proposed Minimum Indicative (MIP) Price for 2018-19 is Rs 176, cess rates for FY 2017-18 is Rs.3.67 per kg whereas revised cess rate from July 1, 2018 is Rs 4.22 and cess as percentage of price is 2.40%. In sub-mountainous area, proposed Minimum Indicative (MIP) price for 2018-19 is Rs 202, cess rates for FY 2017-18 is Rs.3.67 per kg while revised cess rate from July, 2018 is Rs 4.22 and cess as percentage of price is 2.09%.

Dar Air-Cured Tobacco (DAC): The proposed Minimum Indicative Price (MIP) for 2018-19 is Rs 87.5 and cess rates for FY 2017-18 is Rs.2.01 per kg whereas revised cess rate for July 1, 2018 is Rs 2.31 which is 14.93% increase over last year's cess rates. The cess as percentage of price is 2.64% and expected increase in revenue over FY 2017-18 is Rs.2.56 million.

White Patta (WP): The proposed Minimum Indicative Price (MIP) for 2018-19 is 76.5 whereas cess

rates for FY 2017-18 were Rs.2.01 per kg. The revised cess rate from July 1, 2018 is 2.01 - 0.00% increase over last year's cess rates. The cess as percentage of price is 2.63% and no change in expected increase in revenue over FY 2017-18.

Burley: The proposed Minimum Indicative Price (MIP) for 2018-19 is Rs 139 and cess rates for FY 2017-18 was Rs.3.67 per kg. The revised cess rate from July 1, 2018 is 3.67 - 0.00% increase over last year's cess rates. The cess as percentage of price is 2.64% and no change in expected increase in revenue over FY 2017-18.

Naswar/Snuff/Hookah and other Rustica Tobacco and its products: The proposed Minimum Indicative Price (MIP) for 2018-19 is 76.5 whereas cess rates for FY 2017-18 was at Rs.2.01 per kg. The revised cess rate from July 1, 2018 is 2.01 - 0.00% increase over last year's cess rates. The cess as percentage of price is 2.63% and no change in expected increase in revenue over FY 2017-18.
—MUSHTAQ GHUMMAN



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