

## Minister raises the alarm about external account

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ISLAMABAD: Finance Minister Asad Umar said on Tuesday that external account deficit has reached a dangerous level with stagnant exports and the country has been taking more loans to repay the debt.

Talking to media persons in the Parliament House after presenting the mini-budget, the finance minister stated that some immediate measures are required for the economy "which is in intensive care unit (ICU)." The minister said that current account deficit of \$18.1 billion was recorded last fiscal year while \$18 to \$ 21 billion current account deficit is projected for the current fiscal year.

The government economic team faced some tough questions for reversing two tax reforms initiated by the previous PML-N government to expand the tax base - disallowing purchase of new vehicles and immovable property of over Rs 5 million for non-filers in an effort to force them to become filers.

The minister also claimed that changes in the budget are designed to mobilize tax from those not paying taxes. He said that impact of Rs 100 billion tax adjustment will be on the wealthy people. An effort has been made to improve the governance instead of increasing tax rates, added Umar.

"Our measures are to facilitate the exporters," said the finance minister, adding the government has incentivized exporters and closed factories are going to be made operational.

Minister of State for Finance Hammad Azhar told media persons that tax adjustment of 2.1 percent of the GDP or Rs 716 billion was made in the budget. He added that revenue of Rs 50 billion is expected from tobacco sector due to increase in taxes for formal and informal cigarette sector. He said that total revenue measures of Rs 183 billion have been taken with net impact of Rs 110 billion as Rs 73 billion relief is provided to the various industries in the form of subsidies and duties.

Azhar added that the government has imposed 5 to 10 percent regulatory duty on 312 tariff lines while regulatory duty on 295 tariff lines has been increased. Total revenue from regulatory duties is estimated at Rs 12 billion to Rs 13 billion; however as some regulatory duties have either been decreased or removed for export sectors, the net effect of revenue will be Rs 7 to Rs 8 billion.

Finance Minister Asad Umar said that government will implement recommendations of Tax Reforms Commission and the impact will be visible in coming few weeks.