

# FBR Chairman Visit LCCI

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Federal Board of Revenue Chairman Salman Siddique has assured the business community that all the major issues are going to be resolved with due consultation of business community and it would be taken on board like SRO 821, under invoicing and sales tax problems. He was speaking at the Lahore Chamber of Commerce & Industry here Saturday. The LCCI President Irfan Qaiser Sheikh, Vice President Saeeda Nazar, former LCCI presidents Mian Anjum Nisar, Iftikhar Ali Malik, Mian Misbah-ur-Rehman, Sheikh Mohammad Asif, Mohammad Ali Mian, former president of Karachi Chamber Qaiser Ahmad Sheikh, former LCCI Senior Vice President Sheikh Mohammad Arshad, Tahir Javed Malik, former Vice Presidents Sikandar M. Khan, Aftab Ahmad Vohra, Shafqat Saeed Piracha former FBR Chairman Abdullah Yousaf and LCCI EC members also spoke on the occasion. The Chairman, who spent well over three hours at the LCCI, said that revenue shortfall compelled the country to go for IMF program as out of total Rs 1,558 billion revenue collected by the FBR, Rs 750 billion go debt servicing and Rs 441 billion go to defence spending while one per cent is retained by the FBR on account of tax collection. In addition, after the passage of National Finance Commission award, 60 per cent revenue directly goes to provinces that left the government with no other option except borrowing, he maintained.

The FBR Chairman said that a new tariff regime is being designed to curb smuggling and would be in place in three months time. Over misuse of Afghan Transit Trade, he disclosed that over a period of two and half years, 350000 containers entered Pakistan territory out of which 29000 could no reach the destination and their cases are be adjudicated. Salman Siddique said that all policies were made in better interest of stakeholders, but after implementation some anomalies had been witnessed and the Board was trying to remove them. He indicated that after restructuring the FBR, all regional chiefs were now competent enough to resolve day to day issues on their own. They had been directed to constitute committees in collaboration with chambers, trade bodies and other stakeholders to sort out pressing issue on priority. He also asked the LCCI to forward its nominations for these committees. He further stated that the only objective to formulate such committees was to work out a methodology to tackle individual issue. He revealed that the FBR was also formulating its core policy that would be finalized by the end of the next month. He said that it was the second meeting after a meeting with Rawalpindi Chamber of commerce and Industry and these meetings are being conducted to institutionalize contacts with stakeholders. Salman Siddique said that it was a routine practice that FBR started receiving budget proposals in March. However, this year the FBR had initiated this process by these meeting and it would be completed till March. He said that with the help of NADRA and 19 other sources as many as 1,20000 new assesseees have been identified and they have been served with notices. Out of these new assesseees, 22000 have filed their income tax returns. In his welcome address, Irfan Qaiser Sheikh said that the business community was in favour of expansion in tax net but it rejects any move that aims to tax the already taxed. The businessmen want all incomes should be taxed whether derived from manufacturing, trade, services or agriculture. The LCCI President said that though it is a wise step that the SRO 821 has been suspended for 2 months but the business community wants of the FBR to withdraw this SRO. The LCCI President said that there is no need for Annex – F and H attached with Sales Tax Return.

He said that the PRAL system of e-filing needs urgent improvement to make it user friendly. In case where tax payers have not been able to complete online returns as a result of this problem, no penalty should be imposed on account of non-filing of ST return for the period of August and September. >

“We demand that tax return forms should be simplified as promised by FBR on many occasions.”

The difficulties in registering with the Sales Tax Department are impeding the efforts of government to document the economy. The Rule 5 sub-rule (4) of Sales Tax Rules, 2006 for import of machinery by new manufacturers is being misinterpreted by the FBR officials. A clear and unambiguous procedure should be laid down to tackle this situation. We believe that under SRO 283 of 2011 input tax should be allowed, in case of taxable supplies at the rate of 4 percent and 6 percent, as this denial amounts to double taxation.

I would now like to draw your attention to high rate of Corporate Taxes in Pakistan and this rate should be curtailed to encourage new investment. We also suggest that imports through T.T. should be strongly discouraged in order to promote documentation of the economy. With regards to the turnover tax, its increase to 1 percent from 0.5 percent for all sectors has created an unnecessary irritant, therefore, it needs to be reversed to previous rate of 0.5 percent. The LCCI President also urged the FBR Chairman to improve the system of tax refunds. Irfan Qaiser Sheikh said computerized system of CARE/PACCS is only installed at Karachi while other system is used at all other ports of the country. Similarly, valuation formulas at Karachi port vary as compared to those for rest of the country. It is demanded that such anomalies be removed. The sufferings of the organized and documented sector caused by continuous and unchecked flow of smuggled goods are destroying businesses. The business community also feels that the custom laws with regards to smuggling, under-invoicing and mis-declaration at ports is not up to the mark. Furthermore, our members have reported an increasing trend of smuggling of goods from Iranian borders as well. We have always raised our concern on the devastating impact that Afghan Transit Trade has caused to our economy. Pakistani exporters and importers face many difficulties at the Wagha border, as over and above customs there are other departments like NLC and Rangers are involved. Therefore a uniform SOP with the consultation of all the concerned departments be made to ensure smooth business with India. The country is experiencing an unprecedented de-industrialization because valuable industrial raw materials are being exported. The pet bottle scrap which is a raw material for regenerated polyester fiber is being exported to China and at the same time 50 percent duties and taxes are imposed on it at the import stage. This needs to be rationalized to save the local industry.