

# LCCI for steps to tax the untaxed Undocumented economy a real threat FBR needs massive changes: LTU Chief

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The Lahore Chamber of Commerce and Industry Thursday urged the Federal Board of Revenue (FBR) to evolve a mechanism to tax the untaxed sectors as the fast widening imbalance between the potential and the actual growth rate is the real threat to the economy. The LCCI President Irfan Qaiser Sheikh, Senior Vice President Kashif Younis Meher and Vice President Saeeda Nazar were talking to Chief Commissioner Large Taxpayer Unit (LTU), FBR, Mustafa Ashraf during a meeting at the Lahore Chamber of Commerce and Industry. LCCI former Presidents Sheikh Mohammad Asif, Mian Anjum Nisar and Shahid Hassan Sheikh also spoke on the occasion and called for measures to curb the menace of Under Invoicing and imports through TT. The LCCI President said that it was very unfortunate the FBR people, unmindful of the dangerous consequences of widening macroeconomic imbalances, keep on issuing SROs without due consultations of the Chambers and sector-specific associations. The business community is very disturbed and confused due to issuance and withdrawal of various SROs related to five zero rated sectors. After withdrawal of exemptions provided in SRO 549 of 2008 and 575 of 2006, SRO 283 was issued to regulate the export oriented sectors. Later it was replaced by SRO 1012, the same was withdrawn immediately. Such a rapid amendments and changes in tax system have created sheer uncertainty in the business community. Such fast changes leave no time for the businessmen to understand and implement the changes. This leads to commission of mistakes in costing and tax calculations. Irfan Qaiser Sheikh said that the SRO 821 of 2011 of Sales Tax, which required stating of Identity Card or Tax Numbers on all invoices, has also added fuel to the fire. This is a very irrational and impracticable provision as it is not possible to mention or to ask for identity card or tax numbers of all the buyers therefore, the business community strongly urges the FBR to withdraw this SRO permanently. The LCCI President said that the rate of turnover tax is too high and should be rationalized to 0.5 per cent. He also demanded that refund of income tax and input of sales tax shall be allowed without any undue hindrance. Irfan Qaiser Sheikh said that there should be consistency in policies like tax returns shall remain the same, each year new tax return is introduced which makes it difficult for the taxpayer to file his return according to new format. He said that presently, there are no incentives for the people who regularly pay their taxes; in order to encourage more people to join the tax net, special incentives shall be provided to the scrupulous taxpayers. In this regard Tax cards, which promise some benefits to the taxpayers, could be issued to distinguish between the taxpayers and the non-taxpayers as the undocumented economy is a very serious threat to the economy.

Earlier speaking on the occasion, the Chief Commissioner LTU Mustafa Ashraf said that massive changes are required to put an end to bureaucratic culture in the Federal Board of Revenue (FBR). To a question about bringing more sectors into the tax net, he said that a system is being evolved to broaden the tax net.

While agreeing with the LCCI proposal, the Chief Commissioner said that deliberate efforts were being made to stop the practice of introducing changes in the format of Tax Return Form. On the issue of SRO 821 of 2011 of Sales Tax, Mustafa Ashraf said that the said SRO would be issued after consultation with the business community as the FBR believes in facilitation to the businessmen so that their businesses could grow. He said that the Lahore LTU, the genuine grievances on the businessmen are resolved in Minimum possible time. LCCI former Senior Vice President Sheikh Mohammad Arshad, former Vice President Aftab ahmad Vohra, Executive Committee Members Waqar ahmad Mian, Ahmed Husnain, Rehman Chan and former EC member Shahzad Azam Khan were also present in the meeting.

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