

Senate body voices concern over inordinate delay in ST refunds

The Senate Standing Committee on Finance has shown concern over pending sale tax refunds with the Federal Board of Revenue (FBR), saying the refund issue has become a major problem for business community. A meeting of the finance committee chaired by Senator Saleem Mandviwalla, which met here on Wednesday for the second consecutive day to discuss the proposed amendment in Finance Bill 2017, also questioned how taxes on cigarettes can be imposed before the approval of budget from the parliament.

Officials of Finance Division and FBR stated that the tax on cigarettes has been imposed to bridge the revenue shortfall in revenue. While discussing sales tax related amendments in the Finance Bill, the committee refused to approve the amendment seeking power to the FBR for granting exemptions in special cases with the approval of Minister-in-Charge. The Finance Committee recommended that validation of such SROs should be taken from the federal cabinet.

The amendment was also opposed by the Senator Ilyas Balour and Usman Saifullah on Tuesday as well who stated that move was made by the FBR to take the power of federal cabinet for issuance of SROs in exemption in taxes and duties. The meeting was informed that sunflower and canola seeds have been exempted from import duty in the budget for the next fiscal year and duty on import of combined harvester machines of up to five years old was also reduced from 17 percent to 7 percent in the budget. These measures were appreciated by the committee.

Chairman of the Committee raised the issue of sales tax refund, which he stated have become a major problem for the business community and promises made by the Minister for Finance in his budget speech is now being taken seriously. A senior official of the FBR after the meeting said the government would pay Rs 5.5 billion sales tax refund in July and remaining of over Rs 30 billion in August 15, 2017. He added that refund pay orders of Rs 36 billion were issued in April 2017 and these would be paid in July and August.

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