High earning companies, individuals: Senate body rejects proposed extension in super tax

Senate Standing Committee on Finance has rejected unanimously proposed extension in super tax imposed on high earning companies and individuals for the next fiscal year. A meeting of the Senate Standing Committee on Finance presided over by Senator Saleem Mandviwalla continued discussion on various amendment proposed by the government in Finance Bill for the next fiscal year. Senior official of Federal Board of Revenue while briefing to the committee on amendments stated the government wants extension in super tax for the next fiscal year.

The committee was further informed that super tax was imposed on companies and individuals earning more than 500 million annually and the amount collected through the tax was being utilized on IDPs. However, Senator Balour did not agree to the contention of the FBR and stated that amount collected from super tax has not been utilized on IDPs. Senator Kamil Ali Agha regretted the government sole purpose was pocketing money repeatedly from the same tax payers.

The committee was also informed that government wants to withdraw fixed tax from real estate sector primarily because it was being misused and expected revenue was not materalized, The FBR official stated that the scheme was provided to the builder on their request and assurance that it would generate Rs 30 billion, however, only Rs 110 million was collected during the current fiscal year. Thus, the fixed tax on real estate sector was proven a big failure and the government wants to revert back to the old procedure. The committee supported the changes in law to withdraw the fix tax on real estate sector.

The committee also rejected another proposal to increase the limit of claim by pharmaceutical companies on their expenditure to 10 percent from 5 percent and stated that there was no need to increase the limit for pharmaceutical companies.

The committee was informed that 3 percent tax credit facility allowed to the registered companies for 90 percent sale to the registered persons was being misused and the government wants to withdraw it, the committee was informed adding that the purpose of tax credit was to increase the tax net, however, it went other way as one of the oil company whose entire sale was already to the registered persons had claimed Rs 200 million tax credit. The committee was also informed that government has proposed some measures in the budget to regulate the Non Profit Organization (NPOs). The FBR officials stated that efforts have been made to do away with distortion in duties structure of raw materials to facilitate the local industry.