

## **CNG price to shoot up if FBR raises WHT: senate panel told**

The CNG Association on Tuesday informed the Senate Standing Committee on Finance that the price of CNG would go up by Rs 3 per kg in case the Federal Board of Revenue (FBR) does not reverse its proposed amendment for increasing withholding tax on all incidental charges having tax burden of 4 to 6.5 percent.

The representatives of CNG Association told the Senate panel, that met under the chairmanship of Senator Saleem Mandviwalla here at Parliament House, that "we will become uncompetitive with increased tax burden and will be forced to close down our CNG stations."

The FBR proposed changes in collection of advance tax as earlier 4 percent tax was charged as final tax from CNG pumps. Under the proposed mechanism, the FBR will add incidental charges and then tax will be slapped which, according to CNG association, will increase tax burden from 4 per cent to 6.5 per cent.

Tax authorities have informed the committee that there was confusion over this clause so the FBR made explanation through Finance Bill 2017-18. On the issue of outstanding liabilities of Rs 12 billion in shape of Gas Infrastructure Development Cess (GIDC) against CNG pumps, the Ministry of Finance and the Association agreed on the exact amount of GIDC to the tune of Rs 12 billion from 2011 to 2015.

The Ministry of Finance demanded payment of 60 per cent upfront out of total outstanding liabilities of Rs 12 billion. This 60 per cent payment amounted to Rs 7.2 billion. However, the CNG Association had offered that they could pay 30 per cent upfront amount which turned into Rs 3.6 billion, which could be paid within this month. The Finance Ministry's Additional Secretary Budget told the committee that the government asked them to pay 60 per cent upfront amount within the outgoing fiscal year ending on June 30, 2017 and remaining 40 per cent could be negotiated in shape of installments.

There are 3,000 members of CNG association and they could easily manage to collect Rs 7 billion in one go, said the Finance Ministry official and added that the government had provided maximum relief and no further incentives could be offered without prior approval of finance minister or secretary finance.

The finance committee has also proposed that this upfront amount should be fixed at Rs 4 billion which the CNG association should pay within the ongoing month while remaining installments would be finalised for next financial year. But the CNG association will have to provide guarantee that they will withdraw cases from the courts. On import of raw material for plastic industry, there is zero per cent duty in case of industrial importers if they provide exemption certificate while commercial importers paid 6 per cent tax. Now the manufacturing units are importing more raw materials and selling into markets so misuse of concessionary regime is on the rise.

MNA Qaiser Ahmed Sheikh, who is also Chairman National Assembly Standing Committee on

Finance, also appeared before the Senate panel to plead the case of plastic industry and told senators that the FBR has agreed to bring down tariff on 25 items including raw material of plastic industry. Keeping in view huge revenue impact, the FBR reduced duty structure only for raw material of plastic industry.

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