

## RCCI chief urges FBR to abolish Super Tax

The Federal Board of Revenue (FBR) has been proposed to abolish Super Tax and return enforcement powers of raids/monitoring of business units back to FBR Members from Regional Tax Offices (RTOs) to check harassment by tax officials in the field formations.

Talking to *Business Recorder* here on Tuesday, stock market expert and Rawalpindi Chamber of Commerce (RCCI) President Zahid Latif Khan said traders have raised their voice against harassment of traders in the name of recovery of taxes. This trend of undue tax demands must be stopped. Sealing business centers and seizing bank accounts of businessmen is creating serious negative impact on the business of the traders. Under the tax policy, the FBR and income tax staff should treat traders with respect as claimed in different speeches made by policymakers. The enforcement powers under section 38A, 38B and 40 of the Sales Tax Act, 1990 must be given back to FBR members rather than RTO.

He said, "It is very unfortunate that we have only 1.2 million tax filers in the country with a population of 200 million. The government should introduce reforms to increase tax net rather squeezing existing tax payers. More incentives should be given to filers. This also reflects that our economy is not documented." The RCCI has proposed to bring down sales tax rate from 17% to single-digit. The government as per its commitment is lowering the corporate tax, 1 percent each year. Currently, corporate sales tax has been dropped to 30% which is a good step. However, it would be great to lower it to 25%

Zahid Latif Khan said that the government has extended the levy of super tax for another one year causing more distress for corporate sector in Pakistan. According to him, the imposition of super tax has dragged down the profitability of banking sector in 2016, adding security situation has been improved and temporarily displaced people of Waziristan are returning back. Super tax was imposed for one year but it has been extended for the third consecutive year in the budget which is discouraging investors. The RCCI proposed that super tax must be abolished to encourage foreign investors.

Last year uniform slabs were introduced to collect capital gains tax (CGT) on disposal of securities. Pakistan Stock Exchange (PSX) had proposed to remove these slabs. A uniform tax rate on capital gain for holding securities has been introduced at 15 percent for filers and 20 percent for non-filers to discourage holding securities for a longer period. CGT contribution is linked with market performance. The government earns hefty amount through CGT during bullish trend. However, CGT collection comes down during bearish trend at stock market. Therefore, a comprehensive approach is required here to support PSX.

The sales tax on petroleum products has been fluctuating in different ways. Sometimes the government increases sales tax on diesel, and sometimes on kerosene oil.

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