

Ghee, cooking oil: Finance Division seeks to raise CED rates for Fata, Pata

The Finance Division may move a proposal to the Cabinet for increase in the rate of Central Excise Duty (CED) from 15 percent to 20 percent on the import of edible oil, vegetable ghee and cooking oil for Federally Administered Tribal Areas (FATA) and Provincial Administered Tribal Areas (PATA).

Sources said that FBR has moved a note for the finance minister with a request to move a summary to the federal cabinet for increasing CED on import of edible oil, vegetable ghee and cooking oil from 15 percent to 20 percent to the extent of FATA and PATA by amending SRO 333(1)/2002, dated June 15, 2002.

Sources further stated that the Prime Minister in his capacity as federal minister-in-charge of finance approved that the summary on the matter should be brought before the federal cabinet. The summary was submitted to Cabinet Committee for Disposal of Legislative Cases (CCLC) on January 25, 2018.

Pursuant to approval of CCLC, the summary will be placed before the federal cabinet for obtaining approval to the proposal. The federal government had issued SRO 333(1)/2002 on June 15, 2002 and, therefore, any amendment in the said SRO requires approval of the federal cabinet including prime minister within the meanings of Article 90 of the Constitution.

Giving background, the sources added that Senate of Pakistan in its recommendation to the Finance Bill, 2017 proposed that CED on edible oil should be increased from 16% to 21.5% as and 1% income tax should be imposed on industry at import stage, which should be final tax liability.

However, the FBR has been of the opinion that in view of the peculiar circumstances in PATA/ FATA, some protection was required to be provided to industry established in FATA and PATA. Therefore, in order to implement the recommendations of the Senate of Pakistan to provide a level playing field to the oil and ghee manufacturers of tariff areas vis-à-vis their counterparts of non-tariff areas, the FBR had approached the finance minister to take approval from the federal cabinet for increase in CED rate.

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