

Written by Administrator

Monday, 16 June 2014 12:47 -

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**ISLAMABAD:** Business leaders from across the country urged the government to

revise increase in taxes proposed in the federal budget 2014-15 to save their businesses from closure and the national economy from further slowdown.

In a post-budget conference organised by the Islamabad Chamber of Commerce and Industry (ICCI) here on Saturday, the business leaders said the hike in taxes would add to the difficulties faced by entrepreneurs and raise inflation.

They said the government should facilitate the growth of businesses which would automatically generate more tax revenue, create more jobs and increase exports of the country.

The conference was attended by the presidents of chambers of commerce and industry from across the country, including Karachi, Lahore, Faisalabad, Sialkot, Rawalpindi, Peshawar and Quetta.

ICCI President Shaban Khalid said the leaders were meeting to develop a consensus and raise a unified voice over the matters of mutual interest.

We want to send a unanimous message to the government for further improvements in the Finance Bill 2014-15.

It was decided that measures like alternate corporate tax, increasing withholding tax rates, raising gas infrastructure development cess (GIDC) up to Rs300/mmBtu (million British thermal units) on natural gas consumption and giving more powers to officers of the Federal Board of Revenue (FBR) under Section 40(b) would badly affect trade and industry.

They said these measures would increase the cost of doing business, promote informal sector and push small and medium enterprises (SMEs) towards closure.

Economists and the technical experts, apart from leaders of business community, also spoke against high taxation in the budget.

New budget will put more pressure on the common man and create a lot of problems for the private sector, said economist Sakib Sherani.

Eighty-five per cent of the total expenditure is spent on debt servicing and the government should focus on mobilising indigenous resources and get rid of heavy borrowings.

He said the FBR was resorting to predatory taxes, putting more burden on existing taxpayers and squeezing the formal sector.

The right approach should be to increase tax coverage, reduce tax rates, simplify tax regime and adopt a progressive taxation regime, Mr Sherani added.

Dr Waqar Ahmed, executive director of the Sustainable Development Policy Institute (SDPI), said the new budget has increased consumption taxes, which would hurt consumers.

He said that instead of improving the economy, new budget has been made just to appease the IMF (international Monetary Fund) due to which budget is not expected to bring the economy out of troubled waters.

He also criticised the frequent cuts in Public Sector Development Programme (PSDP) allocations.

However, Khawaja Tanveer Ahmed, Member Account FBR, defended the government, saying the basic theme of new budget was to facilitate regular taxpayers and motivate non-filers towards the tax net.

Chambers of commerce should also motivate their members towards tax compliance and the FBR will launch awareness seminars in cooperation with the chambers to educate the businessmen on tax obligations, he added.

Published in Dawn, June 15th, 2014