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Saturday, 02 March 2013 10:02 -

KARACHI: Domestic automobile industry has defended the government's decision of abolishing the condition of providing national tax number (NTN) for purchase of a new car, saying instead of shrinking, the move will help broaden the tax net. The government on Thursday announced that anyone could purchase a new car by only showing his or her computerised national identity card (CNIC). Newly appointed Finance Minister Saleem Mandviwalla took this decision after meeting a delegation of auto assemblers of the country. The rationale behind our support to this decision is that now more people can buy new cars, Director General of Pakistan Automobile Manufacturers Association (PAMA), Abdul Waheed, told The Express Tribune. There were many agriculturists and overseas Pakistanis who could not buy new cars because they did not have NTN. Waheed believes that the logic behind the move is correct. Since the Federal Board of Revenue (FBR) has started using CNIC as an alternative to NTN, the move will widen the tax base instead of narrowing it, he said. Replying to a question, Waheed dismissed the perception that this would aggravate the premium problem in car booking process. Rather, he stressed that this would increase car sales in the country. However, auto analysts disagree with Waheed's claim. The government's move is contrary to its claim that it is working for documentation of the economy and broadening the tax base, said Atif Zafar, analyst at brokerage house JS Global Capital. In principle, this decision is not only wrong but also strange. The darker side is that the government will lose potential taxpayers, who were easy to reach because of the NTN condition, said Muhammad Sarfraz Abbasi, analyst at Summit Capital. However, he pointed out that this was a kind of incentive as more buyers would come forward who were holding their money. Now, they would be free to buy as many cars as they wanted, he added. Car sales will increase sharply but the percentage increase cannot be calculated right now, said Abbasi. This is another concession to the car industry, which has already heaved a sigh of relief following the reduction in age of imported used cars from five years to three years. Sales of new cars have started increasing as fewer used cars are now being imported into the country.

Courtesy: Tribune