

## MINUTES OF THE MEETING

### Rawalpindi Chamber of Commerce & Industry

#### RCCI Standing Committee Meeting on Sales Tax

**Venue: Khalid Waheed Conference Hall**

**Time: 02:30pm**

**Date: 6<sup>th</sup> May, 2014**

**Chairman: Mr. Jawed Akhter Bhatti**

**Vice Chairperson: Syed Tauqeer Bhukari**

**Minutes Recorded by: Amara Saleem R&D Officer**

S. No	Points Of Discussion
	The meeting was formally started with the recitation of Holy Quran.
1.	Former President RCCI and Chairman of Standing Committee RCCI Mr. Jawed Akhter Bhatti welcomed all participants and elaborated the importance of standing committee in chamber. He further highlighted the following points: <ul style="list-style-type: none"><li>• Sales Tax should be named as progressive tax.</li><li>• Sales tax ratio should be brought down to single digit and that's what Chamber has been putting forward since years.</li></ul>
2.	All participants at the meeting introduce themselves and house was open to discuss the matters related to sales tax.
3.	One of the members in the meeting highlighted the issues related to sales tax refund.
4.	Executive Member Ch. Jamil highlighted that Audits should be done in a proper manner.
5.	It was stated by one of the member that non registered and registered tax payers were having same rate in last budget but to broaden the tax net nonregistered will have to pay more.
6.	Members in the meeting were having some common concerns related to the sales tax like: <ul style="list-style-type: none"><li>• If anyone buy from importer, he has exemption, now whole seller client argue that we have to pay 4% withholding tax. No one is ready for pay taxes.</li><li>• Many of the participants were of the view Sales tax is giving losses Government refund most of it. As it is providing loss, it should be brought to 9%. Chairman Standing Committee on Sales Tax Mr.Jawed Akhtar Bhatti has said that even if it is as low as 5 %, the total collection will be more than what they are getting now.</li></ul>
7.	Executive Member Mr. Aqil Ubaid stated the following points: <ul style="list-style-type: none"><li>• Brought Sales Tax to one digit</li><li>• Complications are there in overall sales tax system and it's totally on non documentation.</li></ul>
8.	Other some common concerns discussed were: <ul style="list-style-type: none"><li>• Tax should be imposed where the product originates like sales tax should be enforce on the raw materials of the textile sector rather on the finished goods.</li><li>• SROs are issued frequently without solving the major issue of refund.</li></ul>

	<ul style="list-style-type: none"> <li>Smuggling is an issue due to which factories hide their sales many of them does so. Retailers are facing difficulty and small retailer should not be overburdened.</li> </ul>
9.	Executive Member Mr. Adil Jan Erkin stated that utilization of tax amount paid is not satisfactory.
10.	Sheikh Hafeez highlighted that once has to be a highly qualified and learned person if he wants to start a business as they are making it complicated. In Islamabad high level business community cannot raise their voice.
11.	Mr. Jawed Akhter Bhatti responded that I would request that we should minimize at bring it down. Make it simple. Simple mean 1% even 2% will be make a good contribution. I can guarantee even 1% can give you manifold. No one is ready to take. No one wants to close the black holes. Sales Tax should be charged on the annual turnover.
12.	Mr. Najam Rehan Former President RCCI elaborated that in Pakistan sales tax is actually considered as purchase tax. Whosoever purchase he has to pay tax. Further points discussed were: <ul style="list-style-type: none"> <li>Sales tax officer does not understand income tax and income tax officer do not understand sales tax.</li> <li>If anyone wants to come under sales tax registration, it is so difficult. Now the issue is budget formulation is the work of technocrats, but bureaucrats makes it. Representative from chambers across Pakistan and practitioners should be involved in the formulation of Budget.</li> </ul>
13.	Former President Mr. Manzar Khurshid Shaikh stated that Problems are identical for everyone but implications are different. Input and Output tax should be understood by all members who are involved in business because system we are adopting is sophisticated. Only solution of this concern is to be aware of the laws.
14.	Some major issues discussed by all members were like: <ul style="list-style-type: none"> <li>Revision of sales tax is important.</li> <li>A request was put forth by a member that a copy of SROs both in printed and through electronic media should be shared with all members of the chamber. SRO should be communicated through some media.</li> <li>Members within chamber can have training related to the understanding of SROs.</li> <li>It was proposed in the meeting that we may invite Punjab Revenue Authority in Chamber to discuss the issues.</li> </ul>
15.	President RCCI Dr. Shimail Duaud stated that all the business community needs sales tax to be brought down that 9% we have spoken a lot about it. We have not submitted a typical budget. We have sent an accumulated budget. We have to work on it. These all things are addressed in our budget. 60% tax is collected through withholding, 80- 20 Lower levels withholding should be minimized.
16.	At the end, Vice Chairperson of Standing committee on Mr. Tauqeer Bhukari thanked all the participants and meeting was adjourned with the vote of thanks.