LASBELA CHAMBER OF COMMERCE & INDUSTRY

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Proposals for Federal Budget for the year 2014-15

ESTABLISHING A DRY PORT AT HUB, LASBELA.

In order to further facilitate the industries and investors at Hub and other parts of Lasbela District in Balochistan, and to increase the revenue collection from this region, a Dry Port may be established at Hub. The justification of establishment of dry post at Hub/Gaddani is as follows:-

a) More than 90% of Sales Tax and Federal Excise collected in Balochistan in being collected at Hub, and is likely to be increased with the increase in economic activities in the region.

b) More than 150 industries big and small are operating in Hub and other parts of Lasbela District and many others are either upcoming or under revival. Therefore the volume of import and export goods is likely to expand particularly with the increase in industrial activities.

c) The industries would be benefited by way of saving their time and additional cost of demurrage, if any, besides prompt availability of raw material to them which may otherwise become difficult due to heavy rush at Karachi Ports.

d) The establishment of Dry Port will also facilitate the customs clearance of export cargo particularly of non-traditional items like marble and granite, sea food, agricultural products etc.

e) It will also provide an incentive for the investors showing inclination for investment in Lasbela District.

APPEARANCE OF REVENUE GENERATED IN BALOCHISTAN IN FEDERAL EXCHEQUER.

Amendment in the Sales Tax and Federal Excise Return Forms.

It may be pointed out that the revenue generated from Industries in Lasbela District and from other sectors like fisheries, ship breaking industry etc. in Balochistan, does not appear as revenue generated from Balochistan and hence the Provincial Government does not get its due proportionate returns, like contribution in Sales Tax, Income Tax etc. from the Federal collections, which is becoming not only a financial deprivation for its developmental activities but also for maintenance of exhausted infrastructure.

We would like to suggest that FBR should design policy and procedure to properly document the source of revenue generation. Meanwhile, we would like to suggest as a first step, to add a column in the sales tax and federal excise returns for entry of the **"Source of Origin"** of the respective tax.

COMPENSATION OF LOSSES DUE TO LOCATION DISADVANTAGE.

The Province of Balochistan is least developed as compared to other provinces and the industrial investment in this region becomes a bit costly due to location disadvantage, lack of basic facilities and required infrastructure.

We would like to suggest that in order to facilitate the industrial investment in the region, the import of plants, machinery and accessories under SRO 575(I)/2006 dated 5th June, 2006 and the import of raw material under SRO 565(I)/2006 dated 5th June, 2006 be declared as zero-rated particularly for the industries located in Hub and other parts of Lasbela District of Balochistan, so that the industrial production in this district may be maintained without any break thereby ensuring the continuity and progressiveness in the revenue generation. This will also help boost the industrialization in this province, because it will help compensate the losses due to location disadvantage and will also provide opportunity to the people of Balochistan through employment and area uplifting.

EXPORTS

Issue	**Inclusion of SALT (Sodium Chloride under PCT heading: 2501.0010) in inland freight subsidy list.** Pakistan's SALT exporters have been exploring international markets for their products for over the past several years. Many exporters have been successful in exporting food/industrial/ pharmaceutical grade salt products worldwide but their export volumes are relatively very small as they cannot compete in most major international markets due to higher cost, which include huge expenses on inland freight and transportation incurred to bring the export consignments from salt refineries to sea ports for shipments.
Outcome	Pakistan's salt reserves are located in remote areas at long distance from the sea port city of Karachi and huge expenses are involved in bringing this item to Karachi. There are huge rock salt reserves in the province of Punjab and parts of Balochistan that are yet to be untapped, and sea/lake salt reserves being located in interior of Sindh mainly in District Tharparkar. There is an export market of US$ 260 million per annum, which cannot be penetrated for Pakistan's salt, as this item is used in Road De-icing in winter seasons all across Europe, Far East, North America etc. Pakistan is losing these markets because the cost price of this item is higher as compared to the International market price of US$ 28 to 35 per ton. This is because of huge expenses incurred on the transportation of export consignments.
Proposal	The SALT be included in the list of items eligible for "Inland Freight Subsidy" in accordance with government policy of giving inland freight subsidy on many export oriented products,

Issue	Export Development Surcharge of 0.25% of FOB Value is being collected from the exporters by the negotiating banks on behalf of the Government of Pakistan as per SRO No 10 (I) 2003 dated 04-01-2003. A major portion of the fund is being misappropriated from 04-01-2003 by the Export Promotion Bureau/Trade Development Authority of Pakistan's officials, senior official of Commerce & Trade Group, District Management Group and others.
Outcome	EDS increases cost of exports. A major portion of EDS in being misappropriated. Export Development Suffers.
Proposal	SRO No 10(I) 2003 dated January 4, 2013, may be rescinded and Export Development Surcharge may be withdrawn.
Benefits	Abolition of Export Development Surcharge will reduce cost of Exports. Pakistani products will have level playing in international markets. An avenue of misappropriation will be abolished.

CUSTOM

Issue	Collector of Customs, having Jurisdiction is authorized to issue annual Quantities Entitlement of raw Materials to the importer-cum-manufacturer having suitable in-house facilities and registered with Sales Tax Department as manufacturer. He has to submit a complete list of his annual requirements of imports along with lease documents of the manufacturing unit, Capacity of machinery etc for revalidation for subsequent year the same documents are again called for. If there is any change, the applicant to send now documents. The Collector of Customs issues Provisional Certificate for 3 months for 25% of the quota. In the meantime the Customs Staff audit the previous year records.
Outcome	The behave 75% of the Quantitive entitlement is issued after a considerable delay. The importer-cum-manufacturer cannot clear the consignments in time and have to pay heavy demurrage and detention charges, production and exports suffer.
Proposal	Collector of Customs has power to get the records of the importer cum manufacturer audited whenever deemed necessary as provided in conduction VIII of the SRO. The Collector of Customs Should revalidate full annual Quantitive Entitlement of Raw Materials on receipt of application for revalidation. The application for revalidation of annual Quantitive Entitlement may be made on line to the Collector of Customs and its revalidation may be made online.
Benefits	Save time of the importer cum manufacturer and Collector of Customs resulting from issuance of two Quantitive Certificates. Loss due to delay in issuance in its revalidation will be saved.

Issue

1) Director of Customs Valuations issues. Valuation Rulings after a considerable delay. Similarly under section 25 D of Customs Act, 1969 the application for Review of the Custom Value determined by the collector of Customs or Director of Valuation lie before Director-General of Valuation. It takes a very long time for decision.
2) Valuations Rulings are issued on choose & sick basis.
3) Copies of Valuation Rulings are not forwarded to the applicants of the Valuation Rulings and Stackholders
4) Valuation Rulings contains errors

Outcome

1) Under Valuation of goods continue unabated
2) Applicants of issuance Valuation Rulings does not get VIR in time
3) Applicants of Valuation Rulings and Stakeholders cannot file within the time limit under Section 26D of Custom Act 1969.
4) Erroneous Valuation Rulings create hardships and facilitate under invoicing /mis-declarations.

Proposal

1) Director of Valuation should issue Valuation Rulings and decided the Review application within 90 days of the receipt of the application.
2) Each application for issuance of Valuation Ruling and for Review should be serially numbered. Valuation Ruling may be issued on first in first out Basis.
3) Copies of Valuation Rulings may be forwarded to the Applicants and all the Stakeholders who have attended the meetings of determination of value
4) Final drafts of Valuation Rulings may be shown to the Applicant and Stockholders to avoid erroneous VIR.

Benefits

1. These will benefit Trade and Treasury.
2. Trade and Treasury will be benefitted. These will help in curbing mis-declaration and under invoicing of goods

Issue

EXPORT PROCESSING ZONE CHAPTER XII (6) Removal of goods from Export Processing to Tariff Area Rule 228(5) Twenty percent (20%) of goods produced in a Zone are allowed to be removed from Zone to Tariff Area for Home Consumption subject to the restrictions and formalities applicable to imports from abroad, and payment of duties and taxes levied on similar imports from abroad Due to increase in cost of doing business by 45% in UAE Free Zones, Pakistan investment are relocating their industries in Pakistan.

Outcome

Due to increase in cost of doing business by 45% in UAE Free Zones, Pakistani Investor are relocating in Pakistan.

Proposal

It is Proposed that limit of removal of goods from Zone to Tariff Area may be increased to 59% form 20%.

Benefits

This step will have multiple benefits. This will increase exports & cheaper imports for home consumption, more employment and more revenue.

Issue

Textile Sector is a major export Sector of Pakistan. In order to boost production and exports of Textile Goods, the Government has exempted Custom Duty on Machinery and Equipment falling under headings or sub headings numbers specified in the Table to SRO.809 (I) 2009 excluding those manufactured locally if imported by Textile Industrial Units registered with Ministry of Textile Industry.

Outcome	The Clearance of Textile Machinery is delayed due to the matter of registration and the textile manufacturing units suffer.
Proposal	It is proposed that condition of registration with Ministry of Textile Industry may be with-drawn, instead all the industrial units registered as Manufacturers of Textile with Inland Revenue / Sales tax / Income Tax Department may be given the exemption of Custom Duty under the provisions of SRO.809(I)2009 dated 19 Sep, 2009.
Benefits	Will eliminate red-tape and promote the textile industry which is the prominent export sector.

Issue	SRO No. 575(1) 2006 dated 05-06-2006 Machinery equipment and other Capital goods imported by an industrial concern have to pay 5% Customs Duty, 17% Sales Tax and 5% withholding Income Tax. For availing exemption from Sales Tax, under the provisions of SRO 727(1) 2011 dated 01-08-2011, the registered manufacturers or industrial importers have to submit to the customs authorities post dated cheque equal to the amount of Sales Tax payable at the import stage which shall be returned after import of the machinery on filing of first Sales Tax Return after import of the machinery.
Outcome	This increases the cost of import of Machinery equipment and other Capital Goods. 5% withholding income tax is payable at import stage. Cost of equipments and other Capital Goods increases further by 17% on account of Sales Tax.wich are not covered for exemption from Sales Tax under SRO 727(1) 2011/01-08-2011. This also increases superfluous paper work, and causes avoidable delay.
Proposal	It is proposed that exemption from Sales Tax may be restored as it was available to Sr. No 21 of Table to SRO 575(1) 2006/05-06-2006.prior to amendment. It is also proposed that 1% WHIT may be charged on Machinery Equipment and other Capital Goods as it was being charged prior to amending SRO 549(1) 2008 dated 11-06-2008 on 15-06-2008.
Benefits	This will expedite investment-led economic growth. Production will increase, more exports more employment more Revenue to Government.

Issue	SRO No 565(1) 2006 dated 05-06-2006. Some of the Raw Materials have full exemption of Customs Duty while for several others, 5%, 10%, 15%, 20% duty have to be paid.
Outcome	This is anomaly/discrimination between industries. This makes locally manufactured goods costlier in domestic markets for home consumption and uncompetitive in internal markets for exports. This is disincentive for investments.
Proposal	It is proposed that all the Raw Materials listed in the Tables to SRO 565(1) 2006/05/06/2006, should be exempted from Customs Duty, especially for those industries operating in District Lasbela, Balochistan and other underdeveloped areas of Pakistan.
Benefits	This will remove anomaly/discrimination between industries. This will compensate losses due to location disadvantage. There is lack of basic facilities and necessary infrastructure. This will attract investments in the Province of Balochistan and other underdeveloped areas of Pakistan.

INCOME TAX

Issue	Withholding Income Tax UNDER SECTION 148 of Income Tax Ordinance 2001 on Import of Plant Machinery Equipment and other capital goods. On Import Value of the Goods inclusive of customs duty and Sales Tax: (a) In case of industrial undertakings 5 (b) In all other cases of companies 5 (c) In case of all taxpayers other than covered above 5.5
Outcome	This is a disincentive for industrialization. Huge funds are blocked in Withholding Income Tax.
Proposal	1% Withholding Income Tax may levied on all classes of importers. No Withholding Income Tax may be charged on New Units and Expansion of existence unites.
Benefits	This will expedite investment-led economic growth. Production will increase, more exports more employment more Revenue to Government.

FEDERAL INCOME TAX

Revamping withholding tax regime

Issue

a) Under the Income Tax Ordinance, 2001 tax is required to be withheld from various payments to suppliers of goods and services and a person collection or deducting tax at source is required to furnish a monthly statement to FBR, in addition, as per Income Tax Rules, 2002, a person required to furnish the statement shall wherever required by the Commissioner, furnish a reconciliation of the statement with the amounts mentioned in the aforesaid statements, related annexes and other documents submitted from time to time.

b) As per rule 43(b) of Income tax Rules 2002, deductions under various sections are required to be deposited within 7 days from the end of each week ending on every Sunday.

c) Currently, monitoring of withholding taxes is being done without selection for tax audit under section 177 and authorities seek information without specifying reasons under section 176.

Outcome

It is to be noted that on number of occasions, the Tax department has desired the reconciliations which are practically not possible. To note, reconciling the withholding tax statements with cash flow statement, profit and loss account and individual parties is a very cumbersome exercise.

Proposal

a) It is requested the FBR should suitably device the criteria for withholding tax reconciliation exercise, which is humanly and practically possible. The criteria should avoid indulging the withholding tax agents in unnecessary and lengthy exercise, resulting in wastage of time and resources.

b) It is recommended to allow the companies to deposit the tax withheld within 7 days of end of each month.

c) Appreciate amendments to be made in section 177 to provide the monitoring of withholding tax should only be made in such cases where taxpayer has been selected for audit and after specifying reasons thereof.

Benefits

a) This will avoid undue pressure and reduce administrative burden on the withholding tax agents which are already doing work on behalf of the government as tax collections.

b) Clarifying the scope and extent of section 176 would save taxpayer's time and reduce administrative cost.

Payment to Non-resident under Double Tax Treaty

Issue

Section 152(5) requires that where a person intends to make a payment to a non-resident person without deduction of tax, the person shall notify the Commissioner for exemption.

Outcome

The section further empowers the Commissioner to either allow or refuse the exemption. Obtaining exemption certificates in case where DTTs apply result in waste of time and cost.

Proposal

It is recommended that section 152 should be amended to allow remittance under DTT without exemption certificate.

Benefits

To avoid unnecessary delays in making payment to non-residents.

Issue	**Initial allowance on building, plant and machinery:** Rate of initial allowance on building and plant and machinery has been reduced from 50% to 25% in finance Act 2013.
Outcome	This is harsh and affects investments which are already in the pipeline.
Proposal	The initial allowance on all buildings and plants & machinery should be restored to 50%.
Benefits	Incentive in the form of high initial allowances is the need of time to promote investment in manufacturing sector.

Issue

Minimum tax u/s 113:

a) Minimum tax under section 113 of the Income Tax Ordinance, 2001, is required to be paid by every resident company (including individuals having turnover of fifty million rupees or above). This is also applicable for businesses with high turnovers but low profit margins or companies which are in their startup phase.

b) Further, purpose to decision of Sindh High Court, an anomaly has been created that minimum tax paid in case of loss (including brought forward losses) cannot be carried forward for adjustment against future year's tax liabilities.

Outcome

This is creating hardships for further investment.

Proposal

a) It is recommended that startup companies or those with large turnovers but low profit margins should be fully exempted from payment of minimum tax.

b) It is recommended that appropriate amendments are made to section 113 so that the taxpayers, paying minimum tax, are not debarred from adjustment of such tax from future years.

Benefits

This will help in improving investment climate in the county and would result in reduced taxes on companies who have high turnover and lower profit margins.

SALES TAX

Issue

At present sales tax registration process involves 30 to 60 days time varies from category of registration.

The registration requires following steps after submission of application and documents:

1. FBR marks it to Collectorate for physical verification.
2. After physical verification concern Collectorate present report to registration wing of FBR.
3. After receipt of report FBR issue registration certificate to tax payer.

Outcome

- Undue delay in getting sales tax registration certificate, which may cause huge losses to the Applicant and to the Government and hinder investments in recently announced Amnesty Scheme.
- System consumed a lot of time due to which not only genuine taxpayer suffers after investment but also affecting tax collection of FBR.

Proposal

- The registration office should issue Provisional certificate immediate by after filling of online application for registration, to avoid hassle in initiating business operation and commencing Industrial production. The procedure is working in different countries.
- Basic documents i.e. CNIC, NTN, KCCI membership and bank certificate are production enough to verify the genuineness of tax payer for tracking missing taxpayer's information verification. Rule be simplified to issue online provisional Sales Tax registration certificate within 48 hrs with basic information and above documents.
- Use of Biometric Thumb Impression may be used to prevent fake Sales Tax Registration and Flying Invoices & Refunds.

Benefits

Speedy process of registration will induce unregistered persons for registration. This Will also facilitate investments in recently announced amnesty scheme.

Issue	As per law, there can only be one audit per year on defined parameters. However audit is conducted without following agreed / defined parameters and specified time frame. Audit observations are also not submitted within the prescribed time limit.
Outcome	Multiple and prolonged audits are unnecessary and a source of harassment.
Proposal	• There should be a single comprehensive annual audit within fixed parameters by only one agency and be completed within specified time frame. • There should be no authority to re-audit once an audit has been finalized. • Provisions relating to audit it Sales Tax Act should be implemented in letter and spirit since the prime sufferers are small businesses, punitive clauses should be inserted in tax laws for sales tax officials violating the law. • On the basis of audit report, if show cause notice is issued, proper opportunity be provided to the registered person unless the same has been duly recorded on the relevant file. • If the audit observation is not submitted within 60 days, it will deem to be treated that non contravention/short payment/non-payment has been detected.
Benefits	Saving in time and inconvenience resulting from multiple audits.

Issue	No refund against local supplies / higher input tax and reduced output tax. In terms of clause (X) of SRO 1125 SRO No 1125(I) 2011 dated December 31-2011 after issuance of amending SRO No 221(I) 2013 dated 19th March 2013 no refund is admissible in case of sales tax paid on inputs consumed against local supplies. The Manufacturers of Synthetic Filament Yarns/ Metallic Yarns have to import Raw Materials:- Sale Tax 17% Income Tax 5%, In case of local supplies no refund is admissible. Synthetic Filament Yarns/ Metallic Yarn are imported by end user industrial importers at Sales Tax 2% and 1% Income Tax. Synthetic Filament Yarns/ Metallic Yarn imported by commercial importers at Sales Tax 2% Plus 2% Value addition Sales Tax, Income Tax 3%.
Outcome	This has rendered the Manufacturers of Textile Synthetic Filament Yarns/ Metallic Yarns uncompetitive against its import. Domestic industries will face closures and Bankruptcy. The Government will lose the revenue generated by the Manufacturers of Textile Propylene Filament Metallic Yarns Yarn. Thousands of labors employed therein will be rendered jobless.
Proposal	Necessary amendments may be made in clause (X) of SRO 1125(I) 2011 dated 31-12-2011to remove the anomaly.
Benefits	Local manufacturers of Synthetic Filament Yarns/ Metallic Yarn will have level playing field with the imported Synthetic Filament Yarns /Metallic Yarns.

Issue

Adjustment of Input Sales Tax

a) Clause 8 (1) (ca) of the Sales Tax Act 1990 states that input tax may not be claimed by a registered person on the goods in respect of which sales tax has not been deposited in the Government treasury by the respective supplier.

b) Section 8A of the Act requires that a registered person shall be made jointly and severally liable if sale tax is not paid by the seller of the goods from whom the registered person has purchased goods.

Outcome

This is a highly unreasonable addition to the Act because it is not possible for a buyer to ensure the deposit of the sales tax into the treasury.

Proposal

a) In order to promote the documentation of the economy and create a culture of tax payment, it is necessary that the buyer should be allowed to get timely adjustment of the input tax without the pre-condition of deposit of the sale tax by the supplier.

b) Section 8A should be deleted.

Benefits

a) This will remove the under pressure on legitimate taxpayers, as it is not the responsibility, neither the jurisdiction of the purchaser to ensure that the supplier has deposited output tax.

b) The person making the payment in goods faith should not be made responsible for non-compliance by the supplier.

	Section 2(22A) – Definition of Provincial Sale Tax
Issue	Through the Finance Act, 2013, the definition of Provincial sale tax was substituted, whereby only those provincial laws or laws relating to Islamabad Capital Territory, which are declared by the Federal Government through notification in the Official Gazette, to be provincial sales tax ,will be allowed adjustment of input tax.
Outcome	Difficulty in getting the input of sales tax against the Federal Tax Liability.
Proposal	It is proposal that the notification be issued to allow companies to adjust all provincial sales tax against the Federal output tax liability.
Benefits	This will enable companies to adjust the provincial sales tax against Federal output tax liability, which is the preparative of every taxpayer.

Issue	**<u>Restriction on admissibility of input tax on items mentioned in SRO 45 (I)/2013 dated May 27, 2013</u>** In SRO 450 dated May 27, 2013 certain items are specified on which restriction has been imposed on the claim ability as input tax if they are not “directly used in the taxable activity”.
Outcome	The interpretation of the statement “directly used in the taxable activity” is vague and required judgmental criterion in relation to the activities undertaken by the taxpayer. Moreover there is no concept of ‘direct’ used in section 8(1) (a) of the Federal Sales Tax Act, 1990 (FSTA) under which the said SRO was issued by the federal government. Section 8(1)(a) of the FSTA, restricts the registered person form claiming input tax on the goods or services used or to be used for many purposes other than the taxable suppliers made or to be made by the Federal Government is against the basic concept laid down in section 8.
Proposal	It is recommended to kindly withdraw the said SRO due to the following limitations: The interpretation of the term ‘direct’ or ‘indirect’ use in vague and requires judgment on part of the taxpayer; and SRO 450 is against the basic concept laid down in section 8(1)(a), under which the said SRO was issued by the Federal Government.
Benefits	The stakeholder will be benefited.

Issue

CUSTOMS DUTIES

Discriminatory duty rates:

In previous years, certain policy measures were introduced that increased the cost of doing business and created huge inflationary pressures in Pakistan. One of these measures was an increase in Custom duties on a range of products including personal care products like shampoos. Moreover, the high rate of duties has disrupted the level playing filed between locally produced and imported goods.

Outcome

This has provided unnecessary protection to the local industry which may lead to operational inefficiencies as well as opening the goods gates for smuggling.

Proposal

i. It is proposed that the custom duty rates for such essential items should be restored back to the FY 2007/08 levels.
ii. There should be no ad hoc increase in Customs Duties for any category of products.

Benefits

Such a positive move by the FBR would be a win- win for the consumers , Government and industry of Pakistan as it will:

- Enable local industry to become efficient and cost effective without the need for duty protection.
- Reduced the inflationary pressure on basic hygiene items like shampoo and personal care items, and reduced the burden on lower socio economic classes.
- Reduce room for parallel importers and counterfeiters to operate in the completive market.

Issue	**Zero Duty slab for raw material and plants:** At present, import duties are also on raw materials, machinery and equipment which are not locally available and imported into the country for setting up industry.
Outcome	This is unnecessary increasing the burden of setting up new industries in Pakistan.
Proposal	It is recommended that a new duty slab of zero percent be created for all industry raw materials and machinery imported in the country for setting up plants,for which local equivalents are not available.
Benefits	Facilitation of new investments as this will not hut the local industry as duty rates will only be reduced on raw materials and equipment not produced locally.

Issue	Rate of 17% is too high.
Outcome	Induces tax evasion, corruption and smuggling.
Proposal	GST rate should be brought down in single digit, however at first stage we propose GST rate to be reduced to 12.5%.
Benefits	Expansion of tax base, reduction in smuggling and corruption, rise in government revenues and increased competitive edge.

Issue	(i) The registered manufacturers or industrial importers shall submit to the customs authorizes post-dated cheques equal to the amount of sales tax payable at import stage which shall be returned back on the filing of first sales tax return after import of the machinery; (ii) The commercial importers shall submit to the customs authorizes good-for-payment cheques or bank guarantee or pay order or pay in cash equal to the amount of sales tax payable at import stage, which shall be returned back, or as the case may be, refunded after providing evidence of next supply to the registered manufacturer or industrial users;
Outcome	Causes delay in clearance of imported plant and machinery and industrial production is also delayed securities deposited by the importers are not released promptly on fulfilling the condition of SRO funds of the commercial importers are causing hardships.
Proposal	(i) A registered manufacturers or industrial importers to submit Sales Tax Return of the preceding month at import stage. The commercial importers to submit to customs authorities a post dated cheque and undertaking to provide evidence of next supply and proceeding months Sales Tax Return and Active Tax Payers List.
Benefits	1. Save time of the Importers of Plant , Machinery and equipments 2. Rapid Industrial Stag in Amnesty Investment Scheme. 3. Commercial importers' funds will not be blocked.

Issue	Input of Provisional Sales Tax paid to service providers by the persons who are registered with the Provisional Sales Tax Department is disallowed by the FBR.
Outcome	This amounts to double taxation.
Proposal	Input of Provisional Sales Tax paid to the service providers who are registered with the Provisional Sales Tax Department may be allowed.
Benefits	This will avoid double taxation and it is a demand of justice and fair play as the persons registered with the Provincial Sales Tax Departments have to file monthly Sales Tax Returns to FBR also.

Issue	Conflicting policy statements on sales tax and frequent changes in procedures. Frequent issuance of SRO's complicating most important tax of the future.
Outcome	• Confusion, lack of clarity and fear among the business community, creating in procedures. Frequent business environment. • Sales Tax has yet to emerge as a problem free scheme.
Proposal	• All such measures taken without the consensus of the concerned trade and industry be withdrawn. • Such policy measure should be taken in budget only in consultation with all concerned.
Benefits	• Establish GST the main revenue generating tax regime promoting healthy tax culture. • Promote trust between tax collector and tax payer. • Better business environment.