



## SWABI CHAMBER OF COMMERCE AND INDUSTRY

Ref No: SCCI-2021/418-05

Date: 27-05-2021.

Hon'ble Muhammad Zahid Shah.  
Vice President -FPCCI  
The Federation of Pakistan Chambers  
of Commerce and Industry –Peshawar.

Subject: **Budget Proposals.**

As Businessmen Association from initial day, Swabi Chamber of Commerce and Industry is very vocal to provide advocacy and facilitation supportive services through this forum to the trading and industrial communities and performing its very active role to facilitate the Federation as pattern forum to provide the effective advises as to the budgetary proposals to the Federal and Provincial governments and legislative to draft the financial policies and budget as a forum we are active.

In this context budget proposals from numerous industries and trading businesses community of district Swabi are as follows;

– **Provincial Excise Department: Tobacco CESS.**

As we know, 94% of the Tobacco Crop is cultivating in the Khyber Pakhtunkwa province and the districts Charsada, Mardan, Swabi, Baunner, Mansehra has the significant vital importance in Tobacco and allied products Exports. The sector already requesting the Board of Investment –BoIT, Trade Development Authority of Pakistan –TDAP and Pakistan Tobacco Board –PTB to promote their products in the international markets.

– As per 18<sup>th</sup> constitutional amendment Devolution Plan, Tobacco has to be an agricultural rather than an industrial crop. Several meetings with the vigilance committee as well as council of common interest have been held to determine the status of the tobacco crop but so far haven't reached to any logical conclusion.

– It is requested to facilitate the growers and crop processors through waiver in Tobacco CESS. This will motivate the growers, crop processors and researchers as well to produce the very good quality crop of Tobacco and improve the national economy statistics through improvement in Exports.

– **Restoration of Special Procedure of 2007 for Sales Tax Collection:**

The Budget Proposal is related to Steel Industry. In this regard, we received a request/suggestion for the reimplemention of the Special Procedure of 2007 for Sales Tax Collection from these sector industries and to remove the normal regime, because the





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Special Procedure policy for STRN is mutually feasible for the industrial community and government. We observed that government can generate more funds through the Special Procedure of the 2007 policy as compare to the normal regime.

- The said suggestion budget proposal received from our Founding Member and GB Member FPCCI 2021 Mr. Fazal Rahim Jadoon, M/s Tarbella Steel Re-Rolling Mills (Private) Limited. He is also enjoying the status as convener on Iron & Steel in Region and Deputy Convener in Center for the said Standing Committees.
- **Sales Tax Exemption for Cottage /SMEs:**  
The contribution of cottage and SME's sector is around 70% in economic circle. The industries contributing through raw and semi-finished goods and providing the support to the whole economic cycle. Their role is very significant to keep the prices of the finished and consumable products stable. As businessmen association to promote and stimulating economic activities in the country and in province we need to facilitate them through significant exemptions in Sales Tax.
- We are requesting for the Industrial Units, which are paying less than 1.2 million Electricity Bill and their annual turnover is less that 10 million in this regard. The facility was mentioned in the taxation laws. We are requesting to restore the law once again and facilitate the industries to allow the cottage and SME's sector industrialist to pay the taxes sincerely and avoid tax evasion through wrong practices.
- In this regard members' industrial units from SMEs of Plastic and Pipe sectors and Plastic Mats and Mineral Water and Beverages sectors are requesting for facilitation. It is requested to your good self to accept this budget proposal request and facilitate the SMEs to registered their businesses with revenue departments and avoid the evasion from taxation system.
- **Request to Increase the Net Turnover Ratio for SME's of FMGC Sector Industries:**  
We are also requesting to your good self, in the present economic condition to increase the net turnover ratio for Beverages and Mineral water industries up to 30 million to 50 million. This request will facilitate the SME's of FMGC sector industries.
- This will facilitate the industries in filling of Sales Tax Return and improve the production capacity of the mentioned sector industries.





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- **Tax Exemption for Construction Companies in Income Tax:**  
The Construction companies which are working in the mountain hard areas on public sector development projects and facilitating the National Highway Authorities, Provincial Highway Authorities, or Local Public Works Departments in the building of infrastructure, Hospitals, Buildings are paying 7.5% income tax on the completed projects.
- It is requested to your good self as the competent authority, to facilitate the construction companies in their development construction works in the mountain hard areas, because it is not easy, and really difficult for these companies to work efficiently and effectively in these areas.
- In this regard, the requested exemption facility will allow them and make it easy for them to improve their financial performance after the requested exemption in income tax and to complete the development projects of basic infrastructure in the meantime period.
- **Service Tax Exemption Facilitation for Hoteling & Tourism Industry:**  
We are supporting Prime Minister Pakistan's vision for hoteling and tourism industry development and promotion and that's the reason want to request an exemption in services tax. In this context please allow us to explain the industry with its complete market overview. The Pakistan tourism and hotel market was valued nearly at USD 20 Billion in 2020 and the market is expected to grow at a CAGR of 3% by 2026.
- Amidst the current COVID 19 pandemic, Pakistan's tourism and hospitality industry are at great risk, as people are unable to visit Pakistan amidst safety measures and various lockdowns that were imposed by the government. Tourism contributed nearly 7.1 % to the gross domestic products (GDP) of Pakistan in 2019 however; owing to the pandemic the market is witnessing severe losses. The Pakistani government and people hoped the development would attract more investment in tourism-affiliated businesses and help create better-paying jobs. The administration had also announced plans to develop and promote tourism and relax visa restrictions for foreign travelers. But the onsets of COVID 19 and restrictions on worldwide travel have derailed the government's plans and the country couldn't implement the government's tourism strategy in 2020.





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- However, in the long to medium term, the market is expected to gain momentum. Pakistan has emerged as one of the most sought-after tourist destinations over the past few years. Furthermore, the South Asian nation has also topped several international travel lists which are making it an attractive tourist destination amongst travellers. Pakistan government's tourism campaign has also helped raise the country's profile in the global market and increased investments are being made in the country in roads, airports and other infrastructure which have helped ease travel.
- Pakistan is also emerging as an important investment destination for new hotel development and the hotels in Pakistan are witnessing substantial increase in growth, both in terms of occupancy and average rate and this trend is expected to continue further in upcoming years. However, amidst the COVID 19 pandemic the hotels in the country have witnessed severe losses.
- We are requesting on behalf of the industry as business advocacy forum to promote the trade, commerce and industrialization to facilitate the Hotels /Restaurants and Foods amusement parks through exemptions in income and sales taxes.
- **Waiver in the Implemented Tax/ Levies/ Duties for Cellular Phone Trading Industry:**  
According to the Pakistan digital market overview by GSMA, the agency representing the global mobile industry and producing the industry leading event series. 41% populations between 25 to 65 years of ages are actively using the smart phones. That shows the significant evolution of the digital market in Pakistan.
- Digital technology is evolving rapidly, leading to the emergence of new services and applications that are transforming the way people live, work, play and communicate. The large-scale societal adoption and use of digital technologies is a key driver of measurable economic, social and cultural value, including increased productivity, a rise in employment rates, improved security and greater capacity to tackle social and environmental issues.
- We need to improve the development and manufacturing of the Cellular Phone and devices in the local market. In this regard the traders from the local market are





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requesting to facilitate them with the waiver in implemented tax/ levies and duties on cellular phones.

- This will also support the national market for digital gadgets and helps the telecom industry to evolve more rapidly and improve the national digitization objectives.

- **Facilitation for Goods Transporters:**

Goods Transport Companies and Agencies are directly associated with the national manufacturing and trading markets and playing their vital role in circulation of the economy. The Business Firms requesting for the following facilities, details are as follows.

1. Goods forwarding and transportation agencies are requesting to stop the collection of Taxes/ Levies and duties at National Highways and Motorways. They are requesting to add this in fuel prices.
2. According to the *Traffic violation Fines Amended Vide Provincial Motor Vehicles Khyber Pakhtunkhwa Amendment Act XVII of 2010 and Act No. XXXIV of 2014*. There are 67 different codes printed on the challan to collect the fines on different traffic violation. But the collections of these fines are not based on fair basis. It is request to use the digital technology to improve the national and provincial revenue.
3. As we know the Excise and RTA both departments are doing the same working and issuing the 'Traffic Permits and Tokens'. It is requested to allow both departments to issue their services in the same building. This facilitation will ease the doing of business and facilitate the transporters to complete the mandatory procedures as early as possible.
4. It is requested to ease the process of license renewal for the workers associated with Goods Transportation and Forwarding Agencies, because the mentioned sector is directly associated with the industries, manufacturing and trading businesses.

- **Facilitation from Khyber Pakhtunkhwa Revenue Authority -KPRA:**

The Services industry still requesting for facilitation to understand their concerns on registration with provincial sales tax on services and special procedure for withholding and regulations.





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- As businessmen association and advocacy forum we already offered the venue to facilitate the KPRA and Busienss Community to come together and resolve the concerns and improve the revenue collection figure for their province.
- In this regard hoteling, restraints, goods forwarding agencies and SME's have their concerns which need to be address. This will facilitate the provincial authorities and business enterprises to register their businesses more frequently with the public sector departments.

We believe that the FPCCI FBR affairs wing will endorse the suggestions and will do its efforts and FBR and Finance Ministry will be agreeing to adopt the requested exemption and facilitate the Industrial and Trading Community.

Thanking You.

**Muhammad Salman Khan.**  
**Secretary –General**

**Copy to:** Senator Haji Ghulam Ali.  
Mr. Sartaj Ahmad Khan.

VP SAARC Chamber & Secretary General –BMP  
Provincial Coordinator FPCCI, Peshawar.