

**Business community demands incentives for manufacturing sector**

KARACHI: Business community has suggested that manufacturing sector should be given special incentives in coming budget to keep them operating in present scenario and to sustain its impact.

President Pakistan Businessmen and Intellectuals Forum Mian Zahid Hussain said the budget-making process amid crisis will be a challenge for the government.

The upcoming budget should be a traditional one but a modern document to provide some relief to the masses. It should not focus on enhancing revenue but growth rate so that eighteen million people could be saved from unemployment.

He said documentation of budget is important but reducing the cost of documentation is more important so that it can contribute to revenue, national development and creating of jobs.

He noted that decades of efforts have failed to strike a balance between expenses and income compelling rulers to carry a begging bowl. Now the old-fashioned style should be changed, the burden on masses should be reduced and direct taxation should be promoted.

The government should step forward for a real change to reduce poverty through education and vocation and provision of proper health, education, transportation, income support, pension and other facilities.

He said that the businesses that have escaped bankruptcy should be promoted through a just taxation system, reduced interest rates and utility bills, relief and other facilities.

Zero-rating should be allowed for the export sector, zero tax should be imposed on income up to one hundred thousand, loan repayment should be eased and all taxes should be brought down while the sick industry should be revived to move the wheel of economy, he said.

Government should reduce expenses and its size, failed corporations wasting Rs600 billion should be sold, infrastructure projects should be started and implementation of agriculture tax should be initiated.

Covid-19 has severely damaged Pakistan's economy to a greater extent thus bringing massive shortfall of the revenue up to Rs900 billion, said Ateeq Ur Rehman, economic and financial analyst.

He added that there is news that in the upcoming budget government is considering to impose “Super Corona Tax” on high income bracket earners of all categories including salaried and non-salaried class.

It is like imposing Wealth Tax for generating revenues and overcoming the huge gap in fiscal deficits.

Imposing of wealth tax is going to be an additional burden on the existing taxpayer and shall encourage the hindrances for national savings, investments and expansion of industrialization in the country. More or less most of the countries in the world have avoided imposing wealth tax in their tax collection structure. But why are we planning to proceed for it.

Ateeq said the fact is looking at the major segment of our economy the share of manufacturing or large-scale industry is 21 percent of the GDP whereas paying 70 percent of the total tax collection. Service sector share is 60 percent of the GDP and it contributes 29 percent of the total tax collection. Agriculture sector’s share 19 percent of the GDP but it contributes less than 1 percent of the taxes. Therefore, imposing wealth tax as a direct tax on industries, manufacturing and service sector was a fear more contagious than the existing tax pressure on the business community.