

INTRODUCTION OF VAT BY THE GOVERNMENT

PRESS RELEASE

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PROF. KHURSHID AHMAD



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Member Senate of Pakistan

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“Show concern for the people of Pakistan and not the world financial institutions and dictates of USA” demanded Pro. Khurshid

Islamabad (April 28, 2010): Senator Prof. Khurshid Ahmad, Naib Amir of Jamaat-e-Islami Pakistan has strongly criticized the Government for surrendering to the IMF pressure in respect of hasty introduction of Value Added Tax. According to Prof. Khurshid Ahmad it is a tragedy of colossal magnitude and he is afraid the people of Pakistan will have to pay a heavy price for this blunder of the present Government.

He however asked the government and particularly the National Assembly not to pass the bill without thorough revision. The Government and the National Assembly should take into view comments and observations of the Senate Standing Committee on Finance and Economy. “The Government had also promised that the Senate Standing Committee of Finance would be involved in bringing about changes in the proposed law in the light of observations of the Committee. I am afraid, in its recent haste, the Government had ignored the observations of the Senate Standing Committee on Finance and Economy and even its own commitment to the said Committee”, Prof. Khurshid stressed.

“If we have to introduce VAT, there is no other option but to introduce it in a phased and staggered manner spread over at least 3 to 5 years. The Government must also review the rate of taxation underway”, he strongly recommended. “It is my firm view” he further stressed, “that food items and all inputs as well as the products in relation to education must be either exempted or subjected to very low rate of VAT, and in my view not higher than two and a half per cent.” However, there is report that paper be used by newspaper industry would be low-rated. According to Prof. Khurshid this justifies the demand that the similar approach must be adopted in respect of education, particularly the school text books and all items of stationery needed for education including papers, ink and other items.

“The highest rate for VAT must not be more than ten percent. The total impact of ten percent VAT for final consumer and on common man would be around fifteen percent. If the proposed fifteen percent rate is adopted its impact would in the range of twenty to twenty three percent. This would be disastrous”, he pointed out; and demanded that the Government must resist IMF pressure and devise a tax policy which is in the best interest of Pakistan economy, particularly, the people of Pakistan over seventy percent of whom are living below the poverty line on the basis of dollars two per day; even those who are below the poverty line of dollar one per day are around the forty percent of population.

“The Government must show concern for the people of Pakistan and not the world financial institutions and dictates of United States of America. Their strategic interests and ours are totally different and the Government must pursue Pakistan’s strategic interests and not of the USA and Global Financial Institutions” he concluded.
