

Aurangzeb praises formal sector

KARACHI: Finance Minister Muhammad Aurangzeb has said the government is taking measures to ensure the current IMF programme becomes the last bailout.

During a wide-ranging discussion on the economy during a visit to the Pakistan Business Council (PBC) on Monday, the finance minister appreciated the sacrifices that the formal sector had to make in the front-loaded tax measures under the IMF programme and assured them as and when the fiscal space permits, this burden would be eased.

On [import substitution](#), the minister lauded the progress made by the fast-moving consumer goods (FMCG) sector on indigenising inputs. However, he opposed protection without a sunset clause and favoured supporting those that achieved a certain percentage of export sales.

On taxation, the unlevel playing field versus the informal sector was highlighted by PBC members. The federal minister requested support from the formal sector to identify such evaders. He also shared the progress on transforming the Federal Board of Revenue (FBR) and infusing it with technology to broaden the tax base.

PBC chief executive Ehsan Malik told *Dawn*, “The finance minister wants to start the budgetary process in February/March instead of May/June and also wants to separate fiscal policy-making from the collection of tax as PBC has been recommending.”

The PBC members proposed recommendations on promoting exports, especially non-traditional goods, by encouraging the unleashing of the significant under-utilised capacity.

On textiles, PBC urged the government to negotiate lower [tariffs](#) on exporting apparel made from US cotton to the US, of which Pakistan is now the largest customer. A review of the EFS to allow domestic industry to supply exporters without GST was recommended, as was the reduction in the 2pc WHT on proceeds on exports of low-margin items.