

# The Business

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## Long march, again

The much-promised long march date is finally here. PTI Chairman Imran Khan has given a call for a long march to Islamabad, to begin from Lahore on Friday, October 28. Khan's call for a long march has come to be seen as a last resort to put pressure on the PDM government to call early elections. Also important is that the march starts in October right before the highly anticipated month of November, leading PML-N supremo Nawaz Sharif to tweet that Imran's long march is not a 'revolution' but a way to manipulate November's outcome. Imran's 'Haqiqi Azadi March' also comes days after the mysterious murder of journalist Arshad Sharif. While thus far Imran's aggressive speeches have not yielded any results the PTI would welcome, it seems this may be his last trump card: take enough people to the streets to cause some consternation in the power corridors. While peaceful protest is the right of every citizen, demanding that a civilian government wrap up because mobs have immobilized the federal capital is undemocratic — and unfortunately seems to have become a bit of a habit with our former prime minister. Imran's 2014 dharna lasted for over 100 days but he was not able to get any desired results, especially the resignation of then prime minister Nawaz Sharif. We have seen other long marches and dharnas in the past, including Maulana Fazlur Rehman's during Imran Khan's tenure. But neither did the skies fall nor the government. Some questions are also being raised over whether this call was given after a breakdown of backdoor negotiations between the PTI and power stakeholders or if this signifies a breakthrough instead. Back in May, Imran had called off his long march at the last minute. There is also scepticism whether he will be able to mobilize enough people, especially since there have been murmurs that some in the PTI may be opposed to a long march. However, observers say that with two provincial governments on its side — Punjab and Khyber Pakhtunkhwa — the long march shouldn't face many hurdles if it is planned well. The government is not taking the march lightly, having turned to the Supreme Court for some respite but facing yet another rejection, the apex court saying it will not stop the march. Mixed in with all this are fears of violence or clashes during the march — fears that have only been added to by a somewhat confusing press talk by the PTI's Faisal Vawda who has warned of blood on the streets during the march. At the end of the day, will anyone among our ruling elite step back because the moment is ripe for the democratic process to be completely derailed? Do our political actors not worry about such lethal disruptions to the democratic process? What we need most — more than marches and pressers — is for the government and the PTI to sit at the negotiating table instead of having a face-off that can wrap up democracy in the country. Pakistan has seen enough political instability to last us a life-

ZAHID HUSSAIN

IT has come as a huge relief for Pakistan that it has been removed from the Financial Action Task Force's (FATF) 'grey list' after four years of being intensely monitored. It was not for the first time that the country had come under scrutiny by the international money laundering and terrorism financing watchdog, but the targets set this time were certainly much tougher.

It took four years of hard work by the Pakistani authorities to strengthen the laws and to act more resolutely to combat terror financing and money laundering to get the country off the unwanted list. Not surprisingly, both the PTI government and the current rulers have been quick to take the credit for steering the country out of the grey list. Some attributed the exit to the success of the PDM government's diplomacy.

It is certainly not the case. It took some rigorous reform measures carried out by successive governments and the security agencies that helped us cross the barrier. Pakistan was handed two action plans comprising 34 points that required Islamabad to bring in anti-money laundering and anti-terrorism laws in line with international requirements. It took over four years for the state to achieve these targets. The country was also required to take action against some militant groups and their leaders. There was a real danger that Pakistan would be put on the blacklist if it failed to comply with the action plan outlined by the global watchdog. This would have had

REEMA SHAUKAT

Oceans and seas have played a very important role throughout the history of humanity. Nations that understood the utility of seas ruled this world because of their extended reach, economical voyages and lift capacity.

World economies have been sustained and survived over sea trade. A nation which has the sea is considered blessed as enormous potential lies underneath the seas which if exploited optimally accrues great advantages. Pakistan is also one such blessed country. Despite having a 1050 km long coastline, 240,000 sq km exclusive economic zone and 50,000 sq km continental shelf, Pakistan seems deprived of its due share from the sea and marine resources. It's simply not understandable why this incongruity prevails in our country when nations around us make good use of their marine resources. India, Iran, UAE, Oman, Bahrain, Qatar and Saudi Arabia all lie in our region and take substantial benefit from their waters. Pakistan has mostly been focussing on land resources and attention towards our marine resources has been minimal. Successive governments could not accord due importance to this vast resource that lies in our south. The marine potential under our sea therefore seems untapped. The term 'blue economy' has been

# Necessity of reduction in sales tax of Pakistan



MUHAMMAD NADEEM BHATTI

A sales tax is a consumption tax imposed by the government on the sale of services and goods. It is collected from retailers and service providers and then passed on to the government. In addition, it is only charged to the end user because most of the goods in modern economies pass through several manufacturing stages, usually handled by different entities. For instance, a cloth manufacturing factory sells readymade jeans and shirts to a brand that sells them. To avoid paying sales tax, that clothing brand has to obtain a resale certificate stating they are not the end user.

And ultimately, the customer buying that cloth from the brand has to pay the sales tax, excluding the price of the product. Different jurisdictions charge different sales taxes, which often overlap, as when states, counties, and municipalities each levy their own taxes. These are closely related to use taxes, which apply to residents who have purchased items from outside their jurisdiction. The sales taxes depend on the government in power and the individual policies enforced by it, generally being simple to calculate and collect. In other terms, the tax is an additional amount of money paid while purchasing the goods. Tax laws are similar to a living entity, always changing and growing, and hence, it may become difficult to keep up with them.

It is one of the major kinds of taxes that generate revenue for the state exchequer.

And every business dealing in importing or supplying goods or providing services is liable to pay the sales tax. In current scenarios, Pakistan is going through several financial crises. And the tax collecting departments (FBR) are adding insult to injury by applying several different taxes on the citizens. Everyone is feeling depressed and worried due to ever-increasing withholding and sales taxes. Recently, the government has increased all taxes accumulating to about 30%. For instance, a person purchasing goods worth 100,000 PKR has to pay 30,000 in terms of taxes. This price is something that 85% population of our country cannot afford as the per day wages are still less than 500 rupees. So, how can rulers imagine a person paying 30% of the total amount from his entire day's income? Similarly, this goes for every single citizen of the state. Nobody is taking the initiative to start a new business because the economic conditions of the country are not favourable for any kind of business.

The government has also imposed taxes the daily consumable items such as wheat, rice, sugar, oil, tea, etc., and has made the life of the common man even tougher. Several of our industries have either been shut down or have shifted their locations to other countries where they can run machinery and everything else on cheap electricity, including China and Bangladesh.

And the saddest part is the states who got freedom after we are way ahead of our country, and we still are giving comfort to our people with bread, cloth, and house. In addition to salaried individuals and the lower middle class, the rich and wealthy community of the state is hesitating as well to start a new venture or a project.

Nobody can really understand why they have to pay a lot of tax when they cannot even generate that much profit. The government is demanding a 17% tax on the prepared products and items. But, the total profit margin of the companies is not more than 11% to 12%. So, how can one imagine they will willingly pay these taxes? Ultimately, people start stealing the taxes, which is, again, not in favour of the economic conditions of the state. The best solution to improve the sit-

uation is to decrease the sales tax to a single digit only. Let's say if the sales tax on the garment industry is 17% currently, the government should reduce it to between 7 to 9% only.

This reduction in tax is mandatory if we want to see our country grow at full pace. This can attract foreign and Pakistani investors to start businesses and launch new industries and companies because they will have an idea that they will be paying a minimum amount of sales tax for all of their services and products. The current government needs to understand the importance of the situation and that they can just rely on the taxes collected from everyone. If they really want to do something for the betterment of the country, they should work on making a business model and making a strategy by taking advice from experts and the political stability of developed countries. The Chinese nation got freedom after us, and the first thing they did to get successful was punished the culprits and announce death sentences to the corrupt people.

Pakistan should also follow in the footsteps of the Prophet (PBUH) and China, and every culprit, whether huge or not, should be punished according to the law. In my opinion, our country has been blessed with some great minds and intellectuals. But unfortunately, we were not given equal rights to live. Now the time has come that all the political leaders, industrialists, economists, and strategists should sit together and do something Special to bring the tax to a single digit. In addition, the people in power should take an oath that they will not spend the collected taxes on their royal expenses. Similarly, we need to educate our people as well; they should not evade the tax as paying tax is their national duty, and it will be spent on them. I request the honourable Chief Justice of Pakistan (Justice Umar Ata Bandial) to take action on the increased taxes and royal spending of the politicians and about there Commission-when they're in power. And punish them if someone is found guilty of looting the taxes collected from the hard-earned money of our public. This is the only way that our country will rise and shine.

The writer is a senior economic & political analyst and can be



## Out of the danger zone

serious consequences for the country. Although Pakistan is no longer subject to the FATF's increased monitoring process, it does not mean that we are out of the woods. Instead of congratulating themselves on exiting the grey list, the civil and military leadership must ensure the continued enforcement of the action plan. It's not just a matter of satisfying the FATF; a strong anti-terrorism policy is also critical for our own national security.

It is true that Pakistan's inclusion on the grey list was mainly the result of our failure to counter terror financing and growing militancy. There may also have been some geopolitical reasons for keeping Pakistan on a harsher and longer list. But it was essentially our own policy failures that landed us in this unwanted situation. Pakistan was put on the grey list in 2018 for "deficiencies in its legal, financial, regulatory, investigations, prosecution, judicial and non-government sector to fight money laundering and combat terror financing considered a serious threat to the global financial system". The FATF was established in 1989 to curb the threat that the illegal flow of money posed to the banking system and financial institutions. It is an inter-governmental body with international standards meant to prevent such illegal activities and their harmful consequences. "In 2001, the development of standards in the fight against terror-

ism financing was added to the mandate of the FATF." After 9/11, the watchdog body issued "Eight Special Recommendations". The FATF had to revise its standards in 2003, as money laundering evolved new techniques to sustain itself and proliferate. The year 2018 marked the third time that Pakistan was put on the increased monitoring list by the international watchdog since 2008 when the country was first grey-listed for not taking enough measures to restrain terror financing and money laundering. It exited the list in 2010 only to be put on it again from 2012 to 2015. The country managed to exit the list on these occasions. But successive governments could not stop terrorist financing or apprehend wanted militant leaders. That was the main reason why the country was put on the watchlist so often. It was apparent that the situation was far more alarming when Pakistan found itself yet again on the grey list in 2018. With the looming threat of being blacklisted, the state took the matter more seriously. As has been reported, the country cooperated with the "FATF and its affiliates to strengthen its legal and financial systems against money laundering and terror financing to meet international standards" in line with the FATF's recommendations. The military leadership played a key role in bringing on board both the government and the opposition to take

ownership of key reforms. A major obstacle in the way of avoiding being blacklisted was removed with the conviction of Hafiz Saeed, the leader of the banned Lashkar-e-Taiba, on terror financing charges. He was sentenced to 33 years' imprisonment by an anti-terrorism court this year. His alleged role in the 2008 terrorist attacks in Mumbai caused him to be put on the most wanted global terrorist list. No government in the past was prepared to apprehend him. These strenuous and consistent efforts by the state finally got Pakistan off the grey list. But any slackness in the enforcement of anti-terror financing laws or a reversal of anti-terrorism policies could land the country back on the watchlist. In that event, there would also be a danger of being put on the blacklist.

The threat is real if the political leadership across the spectrum does not take ownership of a national counterterrorism policy. Any reversal would be disastrous for national security. The rise of militancy in the last one year is alarming and raises questions about our seriousness in rooting out the menace.

According to a report by a local think tank, there has been a 51 per cent rise in terrorist attacks in the last one year. The return of militancy in Swat and in the former tribal districts is ominous. Earlier this month, suspected militants fired on a school van in Swat, killing the driver. The incident triggered widespread protests in KP. It is an extremely dangerous situation. Pakistan needs to act to contain the rising militancy that threatens its national security before it is too late.

## Taking advantage of the sea

coined to underscore the important contribution of marine resources to the overall economy of a country without degrading the environment. The coast forms the backbone of the 'blue economy' as all the projects related to the blue economy are either established onshore or offshore. Pakistan has two distinct coasts — the Sindh Coast and the Makran Coast, on the east and west of Karachi respectively. Both the coasts are distinct in their features and potential which can bring huge dividends to the country. However, as of now, unfortunately both the coasts are in a dismal state of development with even basic commodities scarcely available. The Pakistan Navy besides its core tasks has always been cognisant of creating awareness about the maritime sector, the blue economy and the significance of marine resources. It conducts formal and informal sessions for people from all strata of society through workshops, lectures, visits, exposures through media etc. Pakistan Navy also conducts Exercise AMAN biannually wherein navies from around the world are invited to Pakistan to participate in a variety of naval and maritime activities. The next Exercise AMAN is scheduled in 2023. In continuation of

its resolve to project Pakistan's maritime potential, Pakistan Navy under the aegis of Ministry of Maritime Affairs has taken another initiative of organizing first ever Pakistan International Maritime Expo and Conference (PIMEC). It will be clubbed with Exercise AMAN next year from February 10-12. The idea of PIMEC is very noble yet not unique as such exhibitions are held by various other countries on a regular basis.

Iran, China, India, Myanmar and Singapore have been regular in organizing such exhibitions. Its purpose is to showcase the country's potential while affording an opportunity of collaboration between local and foreign entrepreneurs. Pakistan's maritime sector is in desperate need of investment. And it is not only foreign investment that we must seek; local investment is also minimal right now and merits to be pursued. It is needless to mention that investors will be ready to invest capital if and only if they consider it to be secure. Governments around the world therefore formulate and implement policies and create an environment that is favourable for investment. The motive should be that the atmosphere must automatically lure investment. This is what De-

fence Minister Khawaja Asif vowed to have during his speech as chief guest on the occasion of soft launch of PIMEC on the 26th of July this year.

If the government of Pakistan formulates and implements investor friendly policies for the maritime sector, initiatives like PIMEC will certainly bear the fruit. The security along our coast had been disturbed during the past few years yet a favourable secure environment persists currently. This has been achieved through the dedicated efforts of our security forces and law-enforcement agencies. Security can be further improved if commercial activities are promoted all along our coast and people are incentivised to visit these areas frequently.

This will also help in contributing to the socio-economic uplift of the locals which is as yet in a bad state. Also, all commercial projects will be a beneficial incentive for the foreign investors and shall automatically form part of the blue economy. The idea of PIMEC is worth appreciating yet it will accrue true potential when supplemented and supported by favourable policies and environment. It's a momentous opportunity being created by the Pakistan Navy and the Ministry of Maritime Affairs to uplift our maritime sector. The opportunity must hence be seized by all stakeholders and this untapped maritime potential may now be finally capitalized upon.