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## Rawalpindi Chamber Urges Reconsideration of Rent Tax and Labour Enforcement Policies

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The Rawalpindi Chamber of Commerce and Industry (RCCI) has voiced strong opposition to new taxation and labour enforcement measures introduced by the Punjab government, warning that the 16% sales tax on commercial property rent and punitive actions for wage non-compliance could deal a blow to struggling businesses. RCCI President Usman Shaukat stated that these policies will not only increase the cost of doing business but also risk driving more economic activity into the informal sector.

In a statement released on Sunday, Shaukat criticised the Punjab Revenue Authority's (PRA) decision to impose a 16% sales tax on rented commercial spaces, noting the adverse effects this will have on retailers and small enterprises already grappling with slow market recovery post-COVID. "This will severely impact tenants, discourage retail investment, and further contract an already sluggish real estate sector," he said. The RCCI believes that instead of spurring revenue, such measures could lead to tax evasion and greater economic instability in the region.

Adding to the chamber's concerns are recent amendments to labour enforcement rules that grant authorities the power to arrest business owners for non-compliance with the newly set minimum wage. Shaukat warned that while ensuring fair wages is essential, introducing criminal liability under uncertain economic conditions is both heavy-handed and counterproductive. He noted that many businesses, particularly in retail and real estate, still navigating post-pandemic disruptions and cannot absorb sudden operational cost hikes without government consultation or support.



The RCCI's appeal underscores a larger issue: the lack of meaningful dialogue between the provincial government and the business community. Policies that significantly alter the business climate should be implemented only after careful stakeholder consultation and thorough impact assessments. Overregulation and aggressive taxation not only strain legitimate enterprises but also erode investor confidence and deter formal sector growth. Pakistan's economy needs pragmatic policies that encourage entrepreneurship and formalization not measures that force businesses underground. As Punjab seeks to increase revenue, balancing enforcement with economic incentives will be crucial in fostering a resilient and compliant commercial environment.